

Canada. They asked also for an allocation of power in compensation for damages and for an equitable share in the benefits in recompense for the natural resources which the province would be contributing to the project and which would make possible the very large downstream benefits I have mentioned.

On the other hand, the power-hungry interests in the United States would concede no allocation of power whatever to Canada and some have sought to buttress this position by new acts of Congress, seeking to forbid even the discussion of any proposal in which this feature might be involved. These persons have expressed the view that British Columbia should be satisfied with some consequential benefits which would come from the increased storage to the power plants on the lower Kootenay in Canada downstream from Libby. This storage would also provide some benefit to flood control in the Creston area. The United States spokesmen before the Commission have refused anything other than a money compensation for lands flooded or other damage done in Canada. In reply, the British Columbia representatives have pointed out that over the long term of the life of a project such as Libby, which has been put at fifty years, American currency, like other currencies, was not immune to a decline in value which would mean that important resources had passed from Canadian to United States ownership without due compensation.

And so the matter stood, when early last month at the IJC meeting in Washington the United States withdrew the Libby application for the stated reasons that the location of the dam needed reconsideration to reduce consequent damages to railway rights of way and important forest interests which would be seriously affected by the flooding. With this withdrawal, the matter is no longer formally before the Commission, and so it may be discussed in public.

I believe the application must shortly again come forward for consideration, because the project is certainly one of the best from the point of view of its benefit-cost ratio, which is nearly as 2 is to 1. However, whether it is Libby or some other project in the Columbia, we are now face to face with the problem of an equitable allocation of benefits to be derived from storage in the Canadian portion of the Columbia Basin.

Head is, of course, a topographical attribute of the particular country where it exists, but it is only made of value by the flow which comes from wherever the storage may be. Certainly, if this storage is in another country, equity requires that there be some proportionate division of the resulting power. One suggestion which has been advanced is that as a joint enterprise the real costs of the usable energy which is added as a consequence of the contribution of Canadian resources should be determined, and that both the costs and this resulting energy should be divided equally between the two countries.

I am afraid that I must forecast that this problem will not only trouble the International Joint Commission but that it will trouble many other people also until the situation clears and the lines of equity