and with the optimum development of the site and the whole watershed. If no effective use of the water resources can be made in Canada, the improvement executed in Canada to permit downstream utilization in another country must provide for benefits commensurate with the water resources thus made available. Projects involving the storage of water in Canada to regulate the downstream flow must provide for long-term arrangements with the United States or some authority designated on its behalf and for a reasonable share of the downstream power or for a fair return in real terms. If, in order to launch a project in Canada, it is necessary to contract for the sale outside of Canada of a declining proportion of the Canadian share of downstream benefit power, then the sale of that power must be treated as an export of electricity and made subject to similar regulations as those pertaining to the Exportation of Power and Fluids and Importation of Gas Act. I use the expression "declining proportion" to indicate that there is no intention to alienate power permanently.

Not a New Trend

This attitude of the Government of Canada in respect to downstream benefits and to power development in general cannot be interpreted as a new trend in our thinking. It is merely an application to this particular field of a well-established policy. The Canadian Government has always thought that our natural resources should be exploited to the best advantage of our country. This is the position taken in the United States about United States resources, and it is the only responsible position that a government can take. We place special emphasis on energy in view of the fact that it is a strategic factor of industrial expansion in the framework of modern technology. Within the energy field we devote particular attention to water power as one of our most valuable resources. We must put it to its optimum use in Canada. We cannot be expected to make it available outside the country on terms which could hinder our own industrial progress . . .

It must be realized that British Columbia is still in its early period of expansion and that most of its resources are almost untapped. The U.S. Pacific Northwest has reached a much more advanced stage of development. This is not the first time that regions of the two countries show such a difference in timing of development. The Province of Ontario once thought that its power potential was much greater than its needs and that it could make part of it available to the State of New York. Just a few years later it needed that power but could not recover it. It took many years to solve this difficulty. To-day, southern Ontario has almost completely developed the full potential of its water resources and its power requirements are still increasing rapidly. Where there was once a surplus of really cheap power, there will, in the immediate future, be an acute shortage.

Even at the present time, the power requirements of certain areas in southern British Columbia are doubling every seven years. There is no doubt that if British Columbia experiences a normal rate of growth, all its cheap sources of power will be required in the next two or three decades.

If Canada does not want to see the economic future of its west coast area jeopardized, it cannot allow the sale in the United States of on-site or downstream power from British Columbia at a price corresponding to the average cost of power presently available on that market. This power is produced at very low cost because the main projects were built during the depression and part of their cost was assigned to irrigation, flood control and navigation. The real value of power in the United States Pacific Northwest is represented by the cost of producing additional power from the cheapest source now available in the area. Canada cannot be expected to permit the sale of its power on the