

Mr. LEBOE: I mean in the legal sense; in the economic sense if the United States did want to divert the Pend d'Oreille river wholly within the United States as a result of putting in a dam, and if they sought to do that, they could do it if it was not for the treaty.

Mr. HIGGINS: That is correct.

Mr. CHATTERTON: You said that the alternative which Montreal Engineering developed does not solve the problem at Bonner's Ferry, and you said that the annual cost of flood at Bonner's was something like \$800,000 a year. But Montreal Engineering debited their alternative plan with the annual cost up to 1988.

Mr. HIGGINS: Yes, I know, but that does not solve the problem. This is just a case of putting a charge against the alternative plan. The problem here is not to do an accounting exercise. The problem here is to prevent these people in the Bonner's Ferry and Creston flats area from being flooded annually as soon as possible. I believe that is the real issue.

Now, I do not believe it is any solution or any comfort to the people in the Bonners Ferry area to know that Montreal Engineering Company has taken the \$815,000 damage, which they do, and has made it a charge against the alternative plan.

Mr. CHATTERTON: Would that not be a sensible way of comparing the two?

Mr. HIGGINS: No. The way is to have your alternative boards meet the fundamental problem and solve it, preferably at the same time.

Mr. MACDONALD: Surely the people in Bonners Ferry will be most delighted to know they are getting a dam at Libby which will protect them. If, as you say, you are not interested in accounting of costs, then leave that aside; from the standpoint of their protection, this is the best way to have it.

Mr. HIGGINS: This is the best they can have from their standpoint, yes. Whether they are protected from floods by a United States dam or are protected from floods by dams in Canada, frankly I doubt whether this is of very much concern to the people there.

The CHAIRMAN: Gentlemen, we have a gentleman who I think has been kind enough to qualify himself as an economist. He was very frank in indicating he is not an engineer, and even went so far as to dissociate himself from politicians.

Mr. CHATTERTON: The witness never hesitated to give a reply. If he felt incompetent to reply, he should have said so.

The CHAIRMAN: I have been reading some of the proceedings of our earlier hearings, and I have been concerned over the extent that some of our supplementaries have wandered away from what appeared to be fairly clear problems. I do not want to cut short anybody on questions, but I wish it would not be through the medium of supplementary questions.

Mr. DAVIS: I have one more question in respect of page 21 of your brief. I am still on the conclusions of the Columbia river engineering board, the last of the six conclusions. At the end a sentence is included which Mr. Higgins underlined:

The net results of including High Arrow is that unit costs of incremental power outputs are increased in Canada and decreased in the United States.

Now, you already said that this study paid no heed to the border.

Mr. HIGGINS: That is right.

Mr. DAVIS: Hence the inclusion of the 50-50 concept of the division of the downstream benefits radically alters this conclusion.