

These are large figures and it is most important that the public of Canada should realize the great magnitude of what is at stake in the settlement with the United States of the matters at issue in the Columbia Basin.

So far in the International Joint Commission, under reference of 1944 we have been principally concerned with the collection of topographical and other relevant information and its study. Parliament has been providing about \$640,000 a year to the Department of Resources and Development for the Canadian section of the Basin, and we anticipate that another two years of field work and an additional year and a half of compilation will be needed before we can make a final report. Meanwhile, because of their more immediately pressing requirements, the United States engineers have been able to advance their section of the work considerably ahead of ours and they now have the advantage of reports which are very voluminous and complete in almost all the possible alternatives.

The result of this was that, two years ago, the United States Army Engineers were able to select definitely a site at Libby, Montana, as the first of the Columbia Basin projects which would flood into Canada or would be dependent in large part on Canadian storage. The United States Government embodied this proposal in an application to the IJC for authority to proceed with construction forthwith. The estimated cost amounted to about 278 million dollars, of which some 7 million was assigned as compensation for flooded land and damage in Canada. The eventual installed capacity was put at 1,000,000 kilowatts approximately, and the 4,620,000 acre-feet of usable storage was estimated to add benefits to existing plants downstream, without any substantial additional cost, of about four times the firm power which would actually be produced at Libby itself. In energy, the amount added to the system by downstream plants would be about 6 billion kilowatt hours annually. That is, this incidental and consequential advantage, taken by itself, amounts to a benefit of the same magnitude as the whole benefit which it is expected will be derived from the Canadian plant at Barnhart.

Following its usual practice, on receipt of the application, the International Joint Commission held a number of public hearings in British Columbia, Montana, and Washington, at which it became apparent that the ideas current in the two countries as to the distribution which should be made of benefits were vastly different. As you know, under the arrangement traditional in Canada, the provinces are responsible for the control and use, within their boundaries, of their natural resources. Official representatives of the Government of British Columbia appeared before the Commission in the public hearings and pointed out that in the selection of Libby as the currently most beneficial project in the Columbia Basin as a whole, the boundary has been disregarded. They said that if this project were gone on with, likewise the boundary should be disregarded in the allocation of benefits. Following an early precedent from the Saint John River, they asked for power at the going rate to compensate for the head made available by Canada, which includes the power sites which Libby would drown out in