

IV.

In considering the international aspects of the case, it is essential to bear in mind (1) that whatever interest New York State may have in the development, it is the United States federal government which will make the decision as regards that country and conduct the negotiations, and (2) that the interest of the United States federal authorities and particularly of President Hoover, is primarily in transportation rather than in power.

Any negotiations with the United States should aim to preserve certain definite Canadian interests:

- (1) Complete Canadian control of the Canadian section of the river, without any United States intervention;
- (2) Joint action in development of the international section;
- (3) The assumption by the United States of the greater part of the cost of the new construction for transportation purposes, in the Upper Lakes and international section of the St. Lawrence, Canada counting the Welland costs as part of its share;
- (4) No additional privileges to be accorded the United States in Canadian waters.
- (5) Possibly - revision of the present project to ensure either (a) retention of present 14-foot canals in Canada with construction of new 25-foot canals on United States side, or (b) provision for eventual construction of duplicate 25-foot canals on Canadian side, or (c) transfer of Canals and locks in initial scheme, to Canadian side, the latter plan meeting the political demand for an "all-Canadian waterway", but involving an additional expenditure of say \$7,000,000, and not easy to induce the United States to adopt; *add \$35,000,000 extra*
- (6) Satisfactory settlement of the Chicago Sanitary Canal diversion; possibly on basis of:
 - (a) Agreement to reduce diversion to 4167 c.s.f.;
 - (b) Compensation to Canada at Niagara or St. Lawrence for power lost through continuing diversion;
 - (c) Diversion into Great Lakes of Nipigon waters, counted as Canadian.
 - (d) Canada to have navigation rights in any Lakes to Mississippi waterway.

7,000,000

2/7

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