

As matters now stand, the whole Seaway Project hinges on the development of the International Section of the St. Lawrence River. The boundary between Canada and the United States follows the 45th Parallel of Latitude until it strikes the St. Lawrence River near Cornwall, and thence westerly follows the middle of the stream to Lake Ontario. Below Cornwall the river is wholly within Canada, and the necessary works will be Canada's responsibility in any event. In the Great Lakes above, Canada can deepen the Welland Ship Canal, and the improvement of the other inter-lake channels could be left to United States action in response to the normal forces of progress. But some form of international co-operation is necessary for a satisfactory development in the International Rapids Section.

The logical action would be a joint enterprise undertaken by Canada and the United States, as contemplated in the 1941 agreement. However, continued delay in securing approval of that agreement is forcing Canada to proceed with an alternative, namely the all-Canadian Seaway. The possibilities in this direction are exemplified by the application in 1948 by agencies of New York and Ontario for authority to undertake a separate power development in the International Rapids. Given such a power development, by these or any other appropriate agencies, Canada could and would add the navigation canals on her own side of the river. The President of the United States, following an interview with the Prime Minister of Canada recently, has undertaken to give this Canadian project his full support, should Congress fail to take early and favourable action on the 1941 agreement.

It is in this context that the establishment of the St. Lawrence Seaway Authority is to be considered. The Authority has been created to complete the necessary works of the Seaway from Montreal to Lake Erie, and to maintain and operate the Canadian canals on completion. If the 1941 agreement is approved, the Authority will construct the works assigned to Canada in the joint venture. If the project proceeds on any other basis, the Authority will complete and operate the all-Canadian canals.

It is in this same context that the recent agreement with Ontario is to be viewed. This agreement anticipates an all-Canadian Seaway. If, in fact, the development is under the 1941 agreement, its terms will be reviewed in the light of those circumstances. But meanwhile, the Ontario Government undertakes to apply through established channels for approval of works to develop the power, concurrently with a similar application covering complementary works by an appropriate agency in the United States. The Canadian Government for its part undertakes to expedite the Ontario application and to facilitate the works in every way.

If the agreement with Ontario is consummated, the cost of all the St. Lawrence works necessary for a power development would be borne by the appropriate agencies in Ontario and the United States.

The cost of adding the navigation facilities from Montreal to Lake Erie would not much exceed \$250,000,000.

That sum of \$250,000,000 represents a very considerable Canadian expenditure, to be sure. However, the facilities would not be provided as a gift to anyone, least of all to the United States. The initial cost and the operating expenses would be covered by tolls on shipping. In other words, the expense would be borne by the users and the beneficiaries of the facilities.