

*Point of Export of Power.*—I can quite see that you might wish to make sure that Washington would have no objection to exporting power at Cornwall instead of at Niagara, but I would point out that the Hydro-Electric Power Commission is concerned only with a geographical restriction on export which has been imposed by departmental regulations and which is neither expressed nor implied in the Electricity and Fluids Exportation Act of 1907.

At the moment the United States has no restrictions against the importation of electricity and it does not appear to me that it would be advisable to include in any general negotiations relating to the proposed treaty, this suggestion to alter the point at which electrical power may be exported for this in no way affects the total quantity to be exported; its formal inclusion might have undesired consequences. Would not an informal sounding out of the attitude of the United States on this question serve your purpose equally well?

In the matter of export there is a larger issue involved than the one just mentioned. It is the question of whether or not the United States would permit Canada, under or in consequence of a new treaty enabling the St. Lawrence project to go forward, to export to the United States, temporarily or for short periods, additional quantities of reclaimable power produced in Ontario from the St. Lawrence development. This is a question which might have an important bearing on the financial burden of the project and one which could very properly be included in the general discussion relating thereto.

*International Waterways.*—I am not sure that I understand the full meaning of your statement that "Ontario holds the key to this development, and its power needs must to a large extent determine the direction of further negotiations". At our conference, I requested your consideration of a question of viewpoint and responsibility which to my mind is of material importance. It seems to me that a project which may be of great importance to the industrial life of Ontario or any other province, is not a matter of concern for that province only but one of deep interest and importance to Canada. If this is accepted as true, then it follows that it is the proper function, in fact the duty, of your Government to further in every reasonable and practicable way projects which are of deep concern to individual provinces.

In the case of the St. Lawrence, for example, I think it may well be said that it would not be unreasonable to expect Canada to relieve the power users of Ontario of any financial burden during such time as they may be unable to put St. Lawrence power to profitable use. While it may be quite proper for the power users of Ontario to remit to Canada a portion of the cost of the power works and common works notwithstanding that these works are to be constructed at the sole expense of the United States, I feel that Canada may, with propriety