History of Negotiations

Negotiations between Canada and the United States aimed at developing these twin resources of the St. Lawrence River and the Great Lakes for the benefit of both countries began toward the end of the last century, though, as has been shown, piecemeal development of navigation by Canada in the Great Lakes Basin started centuries ago. Power was first developed at Niagara at the turn of the century. In 1912, the Canadian Government decided to improve the Welland Canal to provide 27-foot depths with locks 800 feet long and 80 feet wide. Work began in 1913, was suspended during the First World War, and was finally completed at a cost of approximately $132 million in 1932. In the same year, Canada and the United States signed the St. Lawrence Deep Waterway Treaty, which was to provide for the joint development of the resources in the Great Lakes basin in the interests of both navigation and power. In 1934, this treaty was rejected by the United States Senate.

After further studies, and urged on by the power needs created by war production, Canada and the United States signed the Great Lakes - St. Lawrence Basin Agreement in 1941, with the same object in view. This agreement, which, like its predecessor, was submitted to the United States Senate for approval, remained unratified by 1949.

The 1941 agreement was intended, among other things, to permit the development, as a joint project, of the power resources available at Niagara Falls, where over the falls alone, 160 feet of drop is available for the production of power. Since there was little prospect by 1949 that the agreement would be approved, a separate treaty was signed and ratified in 1950 setting forth the principles under which the water in the Niagara River could be turned into power by Canada and the United States.

At about the same time, the Canadian Government let it be known that Canada was prepared to proceed with an "all-Canadian" seaway as far west as Lake Erie, once the means had been found to have the power works constructed concurrently in the International Rapids Section of the St. Lawrence River. By December 1951, the St. Lawrence Seaway Authority Act and the International Rapids Power Development Act had been approved by the Canadian Parliament, the first authorizing the construction of navigation works on the Canadian side of the river from Montreal to Lake Ontario as well as in the Welland Canal, the second authorizing the Hydro-Electric Power Commission of Ontario (HEPCO) to join a United States power-generating entity in constructing the necessary power works in the International Rapids Section of the St. Lawrence River.

In 1952, in order to get the power project under way, the Canadian and United States Governments submitted joint applications for the approval of the International Joint Commission to the proposed power development, on the understanding that the Canadian Government would undertake to construct more or less concurrently and to operate all the works necessary to insure uninterrupted 27-foot navigation between Montreal and Lake Erie. Approval of this proposal was given by the International Joint Commission in an Order of Approval dated October 29, 1952.

In 1953, the U.S. Federal Power Commission granted a 50-year license to the Power Authority of the State of New York (PASNY) for the development of the development of the United States half of this power project. Because the order granting this license to PASNY was contested in U.S. courts, it was not until June of 1954 that PASNY had clear authority to join HEPCO in making a start on these works.

In the meantime, however, the United States Congress had enacted the Wiley-Dondero Bill (P.S. 83-358), which authorized and directed the Saint Lawrence Seaway Development Corporation to construct, on United States territory, all the 27-foot navigation facilities required to get shipping round the navigational barriers in the International Rapids Section. The situation thereby created required close consultation between the Canadian and the United States Governments in order to avoid a duplication of locks and canals. A number of compromises and