

No. 14

*From the Prime Minister of Canada,
To the Premier of Ontario.*

OTTAWA, August 30, 1938.

MY DEAR PREMIER,

I have received your letter of August 19th, regarding the proposals of the United States Government for a jointly planned development of the natural resources in the Great Lakes-St. Lawrence River basin which I sent you with my letter of May 31st last.

These proposals suggest for discussion a plan for the solution of many outstanding phases of the development of the St. Lawrence-Great Lakes system which are of interest to both Canada and the United States. These questions include the development of the international section of the St. Lawrence for navigation and power; the preservation of the scenic beauties of Niagara, together with substantially increased provision for the utilization of its power resources; the recognition that water diverted into the Great Lakes from the Hudson Bay watershed, as for example at Ogoki and Long Lake, shall be available to Canada for power uses in boundary waters below the point of diversion; the general question of power interchange, and provision for the permanent settlement of the Chicago Sanitary Canal diversion and the restoration and regulation of Lake levels. These questions have been dealt with separately or in various combinations in negotiations between the two countries over a long period of years. The new draft proposes the consideration and settlement of all the outstanding questions in one negotiation, with provision for carrying the several parts and stages into execution as opportunity and the needs of each country permit.

The Government of Canada is primarily concerned in the questions of the improvement of navigation, the safeguarding of lake levels, the settlement of the Chicago diversion and other general phases of Great Lakes development. It is examining the draft proposals in their bearing on these questions. In examining the navigation question, due weight will be given to the consideration that the greater part of the Canadian share of the work of improvement has already been done, and that in the division of the total costs between the United States and Canada, credit would be given for the \$125,000,000 which the Dominion has already expended in providing the new Welland Ship Canal. For any