

of the United States Senate.

As this Niagara agreement was initiated in the formal request of the United States Government on October 20, 1928, and as every step in connection with its various developments has been taken in conformity with understandings mutually agreed to by the two Governments, Canada could well take the stand now that the Convention and Protocol should receive ratification by the United States Senate before Canada would be prepared to initiate further discussions in respect to the St. Lawrence waterway.

I might add here that so far as hydraulic studies and the availability of fundamental data and material is concerned, Canada is now in a position to deal with the Niagara situation any time it becomes an active issue.

It might also be pointed out that while the Niagara situation is quite independent of the St. Lawrence waterway, it is interwoven with the Chicago diversion question, as any settlement of the latter question will raise the question of the apportionment of water at Niagara.

CHICAGO DIVERSION.

With respect to the Chicago diversion, Canada might negotiate a satisfactory settlement on some such basis as the following:-

- (a) Agreement to reduce the diversion to a stated amount (say 4000 cubic feet per second) within a stated period;
- (b) Compensation in power to Canada at Niagara or St. Lawrence for power lost through any diversion which is permitted to continue;
- (c) Compensation in lake levels by the construction of remedial works to compensate for any diversion permitted to continue;

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