

WELCOME TO CANADA



required that part of the Columbia-Kootenay valley be flooded. Developing the river to make Grand Coulee and other American dams more efficient meant the Arrow valley would be inundated. Bennett chose the latter course.

But Bennett was anything but a boring politician and the reason why he sacrificed the Columbia are interesting, if not a little strange.

Bennett was a showman, and liked big shows—huge projects that would capture the imagination of the public long enough to secure their votes, and in the early '60s political requirements of the former hardware-merchant-turned-statesman meant a big splash in northeastern B.C.

The splash would be created by a dam across the Peace, not fittingly named after its creator.

However, the Peace Project, while spectacular, wasn't very economical, and if huge amounts of Columbia power at low prices were available, there was no sense proceeding with it.

Jack Davis, research director of B.C. Electric and later parliamentary assistant to Prime Minister Lester Pearson (the man primarily responsible for negotiating the protocol to the treaty) estimated that the cost-benefit ratio of the Columbia was superior to that of the Peace.

Bennett ordered the B.C. Energy Board to prepare a cost-comparison study of the two projects, and according to Derrick Sewell, a University of Victoria water expert:

"The terms of reference for that study loaded the dice in favour of the Peace."

When B.C. Electric told Bennett that it wouldn't buy the more expensive Peace power, thus cutting off the project from the Lower Mainland market, Bennett took the company over, but at a more-than-adequate price.

Having disposed of the McNaughton Plan, whose benefits would have been too great for Bennett to overrule with the Peace development, and now with the corporate opposition taken care of, Bennett could proceed.

However, there is still one name missing from the entire scenario, and that is a name long familiar to Canadians.

The Canadian Pacific Railway, born of sellout, continues to grow and profit from sellout. But in the case of the Columbia River Treaty, it was party to a sellout of almost treasonous proportions.

While Bennett was able to benefit politically from a treaty that hamstrung development on the Columbia, the CPR was in a position to benefit financially from a treaty that provided storage in the right places.

Canadian Pacific is not longer just a railway, and part of the reason is that the federal government gave the CPR millions of acres of land as an "incentive" to build the railway. It also took over railways which governments had given land to as well, and by happy circumstance, some of the land had good stuff in it-like minerals.

Cominco, Canadian Pacific's mining arm, is a highly visible operation in the southeastern corner of B.C. Kimberly, just north of Cranbrook, is the site of a large Cominco mine, while Trail is dominated by the huge Cominco smelter.

CP carries some political weight in B.C. Robert Chodos, in his book on the CPR, said that by 1970, "it is estimated that Canadian Pacific owned or controlled at least a billion dollars in assets in B.C., making it by far the largest corporation in the province."

B.C.'s second-largest corporation, MacMillan Bloedel, is now 12 percent owned by Canadian Pacific Investments. Although CP's investment in MacMillan Bloedel dates from 1963, after the treaty had been signed, J.V. Clyne, chairman of the forest products company, has been a CP director since 1959.

According to 1960 financial reports, Gordon Farrell sat on both MacMillan Bloedel and Cominco boards; two other MacMillan Bloedel directors were directors of the Bank of Montreal, which has some common ownership with CP; two others sat on advisory boards of Royal Trust—the Bank of Montreal's trust company—and two other directors were then directors of Western Canada Steel, a Cominco subsidiary.

One-third of all MacMillan Bloedel directors had, as

the Columbia River Treaty was being negotiated, at least one direct link with the CPR-Bank of Montreal group.

James Sinclair, now the father-in-law of Prime Minister Pierre Trudeau was during the early '60s, a director of the Bank of Montreal and a member of the B.C. Energy Board.

When Bennett's Attorney-General Robert Bonner got tired of politics in Victoria in 1968, he crossed the Georgia Strait to Vancouver and took over as head of MacMillan Bloedel.

Obviously, this much economic power must have left an impression on Bennett when CP informed him that development of the McNaughton Plan would hurt CPR interests.

Running Cominco's Kootenay operations require a lot of power, and to this end, a Cominco subsidiary, West Kootenay Power and Light, had built the largest power dam to date on the Columbia system—the 27,000-kilowatt Waneta dam on the Pend d'Oreille River, just south of Trail, where it joins the Columbia—and had five hydro-electric installations on the West Arm of the Kootenay.

Any development of the Columbia-Kootenay was going to affect Canadian Pacific, and packing its usual political punch, it let both federal and provincial politicians know it.

Bill Gwyer, now chief executive officer of West Kootenay Power and Light (which, strangely enough was not "nationalized" by Bennett when he took over B.C. Electric), said in an interview that the McNaughton Plan would have an adverse effect of power sites on the West Arm, and that Cominco's opposition to the plan was expressed in private negotiations with the federal and provincial

governments.

Gwyer added that "opposed" is too strong a word to express the company's objections, but "we did point out certain disadvantages."

If McNaughton had been successful in pressing his scheme of development and the Kootenay had been diverted into the Columbia, West Kootenay Power's Kootenay sites would have gone to waste. But with Libby dam built, providing upstream storage for West Arm plants and thus maximizing power generation there, Cominco and the CPR could make some money.

According to some sources, Cominco stood to gain about \$3 million a year from the operation of Libby storage, and although the Americans can regulate Libby storage however they want, under the treaty, Gwyer said there is "no way the upstream storage can hurt downstream power generation."

Releases from Libby and Duncan have benefited both Cominco and West Kootenay Power, Gwyer said. In 1973, the company concluded an agreement with Bonneville Power Authority, the American agency that operates dams on the U.S. section of the Columbia, reducing flows from Libby to a level that can be handled by West Kootenay Power.

Another West Kootenay Power spokesman, Joe Drennan, said there has been a "substantial gain to our plants from Libby and Duncan."

Without the McNaughton plan, Cominco has been able to prosper in the Kootenay area of B.C. For CP, the treaty was good business.

The combination of Bennett's political myopia and the CP's desire for profit resulted in Canada being cheated out of a river, whose wealth McNaughton said was the "ransom, not of a king, but of an empire."