

FINANCIAL FEATURES

12. In considering this project, the carrying out of which will involve the expenditure of large sums of money, it is necessary to carefully take into account the financial position of Canada. The war debts and railway obligations will, for many years, weigh heavily on the Canadian tax-payer and throughout the country public works have to be undertaken from time to time to provide for urgent needs. Moreover, Canada has already built, at its own expense, an extensive system of canals, has improved navigation facilities in the St. Lawrence River below Montreal and is completing, at a cost to Canada of about \$116,000,000, the Welland Canal, which will connect Lakes Erie and Ontario. Should the new project be undertaken *all the present improvements between Lake Ontario and Montreal will be scrapped*, although they are now rendering good service and are capable of accommodating more traffic than is now available. It may be safe to assume that the beneficial results from this undertaking will accrue to a population of about 40 millions of people in an immensely wealthy country, the United States, whereas in Canada the population affected will, for the time being, not exceed 5 millions of people.

13. An outline of the basis upon which negotiations could be carried on between Canada and the United States is submitted. These suggestions have no claim at being exhaustive or final, but are intended merely to help visualize the extent of Canada's financial participation, under certain conditions which might be improved upon:—

Cost of providing 27-ft. navigation and of developing power incidental to the improvements for navigation:—

Great Lakes—

Connecting channels.. . . .	\$54,900,000
Sault Ste. Marie locks.. . . .	6,500,000
Compensating works.. . . .	3,700,000
	\$ 65,100,000

Welland Canal	115,600,000
Thousand Islands section.. . . .	1,532,000

International Rapids section:

Crysler Island—Two stage development 566,000 horse-power at upper stage and navigation through to Lake St. Francis.. . . .	180,625,000
Lake St. Francis section.. . . .	1,330,000
Soulanges section—First stage—382,000 horse-power.. . . .	105,210,000
Lachine section.. . . .	55,839,000
Channel enlargements below Montreal.. . . .	32,000,000

Total estimated cost.. . . . \$557,236,000

This expenditure of say \$560,000,000 would provide 27-ft. navigation from the Great Lakes to the sea and incidentally, through the improvements to navigation, there would become available 566,000 horse-power in the International Rapids section and 382,000 horse-power in the Soulanges section.

The apportionment of this expenditure *two-thirds for United States and one-third for Canada* would seem to be a generous contribution by Canada. On this basis the cost would be:—

To the United States.. . . .	\$374,000,000
To Canada.. . . .	186,000,000