

would not be the case, but for the reason that any new agreement might involve lengthy discussion which it is desired to avoid because it has now become most urgent that an early start be made on construction.

This need for early action applies not only to the works contemplated on both sides in the International Section of the river for power for which there have long been unsatisfied markets in each country for their respective shares; the need applies also for early action on the construction of the navigation facilities which recent estimates show will be used, well up to capacity, as soon as they are made available and because their absence has become a serious disadvantage to the trade and commerce of Canada.

Mr. Howe has pointed out that, now that the principal of tolls to cover the operating, maintenance and amortization costs of the navigation facilities has been accepted by both countries, it makes very little difference whether the capital costs are shared at the start or written off from revenue later. He has proposed therefore that subject to arrangements being accepted for New York and Ontario to handle themselves the profitable developments for power on their respective sides of the boundary, the Federal Government of Canada would agree to construct all the works required for navigation not only in the National Section of the river in Quebec but also in the International Sections above Cornwall and St. Regis. To this end it is proposed that the navigation canal locks placed on the New York side in the earlier plans should now be built on the Ontario side where it is said they will give a somewhat greater traffic capacity but at some additional cost.

As you well know, an agreement covering the power aspects of this alternative to United States participation to the Seaway part of the project was signed in Ottawa on Monday last by representatives of the Federal Government of Canada and the Government of Ontario.

Similarly to the support consistently given by the Government of Canada to the development of the St. Lawrence for navigation and power also in the United States, each President in turn, from President Harding through Presidents Coolidge, Hoover, and Roosevelt to President Truman, has endorsed the project and sought the approval of Congress in one form or another for its execution. This favourable attitude by the Government of the United States continues at this time, when the matter is again being most strongly urged by the members of Mr. Truman's Cabinet that the project should be pressed by reason of the great urgency of providing improved navigation, particularly for the carrying of iron ore and also by reason of the urgent need for more hydro-electric power. The representations which have been made to the Congress of the United States favour the combined project for navigation and power as conferring the most far-reaching benefits to the peacetime economy of the two countries; they make clear also that the early completion of the works for navigation and power is a vital matter in relation to the defence of the North American continent in this period of deep anxiety and great concern.

In addition to the favourable report and recommendation given by the International Joint Commission, the project for the combined development of the St. Lawrence for navigation and power has been repeatedly before a