

large as to promise an abundance of fuel for scores of generations. Yet the price of steam coal shows a steady advance, offset, it is true, by increased efficiency in steam generation and utilization, but eventually the relative importance of water power the country over must increase.

"Already the great development of hydro-electric power in California in competition with oil and in Montana in competition with coal, forecasts the future relation of industry to this source of power. In these and adjoining states, irrigation and mining and transportation depend in larger measure each year upon hydro-electric energy, and it is because of this increasing contribution to the industrial life of the nation that public service and public utilities are more than names when applied to the utilization of water power."

The United States is well aware of the economic importance of its coal reserves. Dr. Smith States:—

"Cheap power promises to be in some future century this country's largest asset in the industrial rivalry among nations. Our unsurpassed coal reserves reinforced by these water-power resources constitute a strong line of national defence in that they form the real basis for an industrial organization of the nation's workers. It is only through abundant and well-distributed power that the other material resources of the country can be put to their highest use and made to count most in the nation's development. The people's interest in water power is greatest in its promise of future social progress, and such an interest is well worth protecting."

Ten years ago, the Committee on Rivers and Harbors of the United States House of Representatives directed special attention to the industrial value of Niagara Falls, and the importance of this power supply when considered in connection with the supply of coal. It was urged that the chief and most important procedure for improving the power conditions were:—

First—The utilization of every American water power to its fullest extent.

Second—A more general location of manufacturers close to sources of fuel supply.

Third—The adoption of highly economical steam-driven power plants and more efficient methods of distributing and utilizing the energy.

In his statement to this committee, Mr. W. J. Clark said:—

"The enormous advantage which would accrue from the adoption of these last two suggestions will, however, be neutralized in a comparatively few years if some effort is not made to preserve the coal supply of America.

"It would be unfair to place the responsibility for the rapidly increasing use of coal in the United States, which threatens the ultimate exhaustion of the supply, entirely upon the manufacturing industries, for its consumption for transportation and other purposes has increased even more rapidly than for manufacturing uses. Attention should, however, be called to the leaps and bounds with which American coal production is increasing, so that the importance may be realized of preserving the supply by so far as is practical utilizing water power for all industrial purposes."

And again, it will be recalled that a few years ago the director of the United States Geological Survey, in referring to the world's coal supplies, stated:—

"This glance at the world's reserves of coal shows plainly not only that the United States leads all other countries in production, our annual output being nearly 40% of the total, but also that it possesses the greatest reserves. Yet in respect to no mineral is there greater need to emphasize the folly of exporting the raw material. Let us keep our coal at home, and with it manufacture whatever the world needs."

In November, 1916, during the coal shortage in the United States, in the course of the investigation into the alleged coal combine, held at Buffalo on November 28th, the district attorney in charge of the investigation put this question to one of the witnesses:—

"If the Canadians put an embargo on power when there is a power shortage, should we not put an embargo on their getting coal when there is a shortage here?"

Now, if citizens of Canada demand that electrical energy generated in Canada be used exclusively for citizens in Canada, and that its export to the United States be prohibited, then are not citizens of the United States equally justified in contending against the export of coal to Canada, because it is needed for citizens in their own country?

Good Working Basis is Practicable.—No country need be expected to send out of its borders that which is essential to its own existence.* Between the United States and Canada there is exchange of many natural and manufactured products, and no doubt the problems which are sure to arise in connection with such interchange—including the commodities of fuel and power—can be reduced to a good working basis.

Everyone familiar with the course of events which preceded the ratification of the Boundary Waters Treaty of 1910, knows that under the prior—but since lapsed—Burton Act, it was anticipated that some of the electrical energy developed in Canada would be exported to the United States. In fact, some people believed that it would not be possible to utilize in Canada more than a portion of the great amount of electrical energy that might be developed on her side of the boundary, and that consequently the United States market would import from Canada any surplus energy. These expectations have not materialized as was anticipated because the growth of industries dependent upon electrical energy has been so phenomenal in both countries.

Recollecting that the doctrine of equal benefits is basis to the Boundary Waters Treaty, each country should watch to see that no purely selfish interests shall operate to work any injustice to the other country. For example, after all factors have been duly weighed, if it is found that that any *bona fides* exist which require the exportation of an amount of electrical energy to the United States in order to enable that country to derive the beneficial use from its equity in boundary waters, such *bona fides* should be fully respected.

United States Fears that Canadian Markets May Absorb Electricity.—Those in the United States who have watched the increasing demand for electric power in their own country, have also observed that there has been an increasing demand for electric power in Canada. Those interested in power consumption in the United States have not hesitated to express the fear there entertained, that Canada on account of her growing manufactures and demands would rapidly absorb the electric energy which has been so much coveted for importation into the United States.†

The Secretary of War exercises jurisdiction over the Niagara River, and through the agency of the United States engineers, the War Department has kept in close touch with the Niagara situation. The restraint which this department has enforced upon the power companies, in order to keep them within treaty requirements, as well as within regulations of a domestic nature, is worthy of best commendation.

*For comments upon the application of this doctrine to the exportation of phosphate rock and other commodities, consult article by Arthur V. White, on the "Exportation of Electricity," which appeared in the "University Magazine," October, 1910; also, see "Toronto World" of 18th March, 1912; and "The Monetary Times" of 5th January, 1917. Consult, also, "Annual Reports" of Commission of Conservation, Canada.

†The author here quotes a number of views expressed by prominent United States citizens, confirming this statement.