

not ready to assume any responsibility in connection with the project until its market requires the power.

In brief, the proposed treaty would (a) enable the United States to go forward immediately with the International Rapids Section link in the proposed St. Lawrence deep waterway and the incidental power development; (b) defer Canada's responsibility for completing its share of the waterway for a sufficient time to assure the readiness of the Ontario power market to absorb its share of the power; (c) provide for an international commission to develop plans and advise the two Governments in a program to promote the most advantageous use of the entire Great Lakes-St. Lawrence resource; (d) assure the immediate undertaking under the supervision of this commission of the proposed remedial works to preserve the scenic beauty of Niagara Falls; (e) permit the Province of Ontario to go forward with its plans for diversions from the Albany River basin into the Great Lakes and utilize such additional water for power at Niagara; (f) make available considerable additional Niagara power to each country for development at will; and (g) enable the proposed commission to proceed immediately with the preparation of comprehensive plans for more efficient use of the resources of the Niagara River.

In my memorandum of March 17, 1938, reasons were given why the Government of the United States could not consent to additional importations of hydroelectric power on a withdrawable basis unless provision were simultaneously made for the development of an alternative and equally economical domestic supply to be available when the imported power was withdrawn. Under the proposed treaty such a domestic supply would be made available through the development of the American share of the International Rapids Section and the Government of the United States would therefore be prepared to approve such additional imports of power from Canada, on a temporary basis and without obligation on the part of either party to continue, as Canada might see fit to permit to be exported.

Certain observations on the proposals which have been incorporated in the tentative treaty draft will serve to clarify the extent to which they are designed to meet the needs of both countries.

1. The United States would immediately undertake the development of the International Rapids Section of the St. Lawrence River, in accordance with the provisions of the treaty, and would complete all proposed works except the Canadian power house superstructures and their equipment. Thus, the next important step in the deep waterway project would be assured without requiring the Government of Canada to undertake the immediate completion of its share of the project or the additional expenditure associated therewith.