

this surplus at a profit which would have enabled us in turn to grant a further reduction in rates to the power consumers of Ontario. It is the responsibility of this administration and not yours to provide the necessary power for our present and future requirements and in this respect we are fully cognizant of our responsibility.

I have on various occasions ventured the opinion that the St. Lawrence Waterways project could not be justified on economic grounds. Our interests are confined to power but nevertheless as the keystone province of the Dominion, we are also interested in the railway situation which has not been improved since you have been head of the administration at Ottawa. Until such time as you solve what is considered to be one of the major problems of Canada—that of the national railway deficits—I cannot conceive how you could seriously consider spending public funds for the purpose of creating another public, competitive avenue of transportation, which would undoubtedly have the effect of further increasing the deficits of the Canadian National Railways; furnishing a further threat to the security of the employment of the railway men of Canada even to the extent of placing more people on our already overburdened relief lists; and a further threat to the very credit of the Dominion, the Provinces, and the municipalities.

No one has yet been able to estimate with any degree of accuracy the cost of this entire project but I do know, according to a memorandum submitted to me by Dr. Thomas Hogg, Chairman of the Hydro-Electric Power Commission of Ontario, that under the old agreement Ontario was obligated to pay as its share a sum varying between \$62,000,000 and \$73,000,000 (not including the cost of interest).

Irrespective of any propaganda or squeeze play that might be concocted by you, you may rest assured that this Government will resist any effort to force us to expend public funds in such an unwarranted manner or to foist upon the people of Ontario an additional burden of debt and taxation.

Yours truly,

M. F. HEPBURN.

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