

national Joint Commission is without power to approve the proposed structure, and it is apparent that the application if pressed as at present must fail.

2. It is true that the project in question might have been put forward in such a manner that it could properly have become the subject of inquiry and recommendation by the International Joint Commission. In the turn which the proceeding actually took the United States Government became in effect the real party; the case became in substance a United States Government matter. Such a case might properly have been referred to the International Joint Commission for inquiry and report under Article IX of the Treaty of January 11, 1909; for it is under this Article that governmental matters or projects should be submitted to and considered by the Commission. It need only be added here that the Government of Canada was prepared from the beginning to entertain such a course and to assist in every possible way in carrying it out.

3. As already intimated, the Canadian Government is not unmindful of the considerations of urgency advanced in this matter on behalf of the Government of the United States; it is not only ready, but is very anxious to do everything in its power to promote in every sphere of endeavour the most effective and harmonious co-operation in the prosecution of the war, in which the two governments are associated under common ideals against a common foe.

4. For this great purpose the Canadian Government recognizes that in view of the near approach of the winter season it is highly desirable that a speedy conclusion should be reached upon the question of the necessity for the construction of the proposed works in the South Sault Channel. To this end the Canadian Government would suggest that the whole matter should be withdrawn from the purview of the International Joint Commission and be made immediately the subject of diplomatic negotiation between the two governments. This suggestion is advanced in the belief not only that it will if accepted conduce to a speedy conclusion of the matter, but that it is more appropriate that all proposed measures of co-operation in respect of the war should be discussed in this manner rather than through the medium of the International Joint Commission. In the view of the Canadian Government it was never contemplated that the machinery of this Commission should be used for the settlement of such unusual executive measures as present themselves to the two governments in the extraordinary emergency that confronts them today; rather the Commission was designed to promote, for permanent and comprehensive application, the establishment of a system of principles under which a great natural highway, common to the two countries, might be wisely and deliberately developed for the common benefit. The circumstances in which the present matter has been brought forward and heard need only be recalled to show how little calculated they are to afford to the Commission the opportunity for careful and fully informed consideration that is so essential to the fulfilment of the Commission's real purpose.

5. If, therefore, the United States Government still considers that the proposed works ought to be constructed as a war measure, the Government of Canada is prepared to enter into immediate discussion upon the matter, and to that end it would propose the following as a basis.

(a) If the Government of the United States is satisfied that, unless the proposed works are constructed in the South Sault Channel, there must necessarily be a substantial shortage in the supply of aluminum for the purposes of the United States and the Allies in the prosecution of the war, the Government of Canada will assent to the proposed construction as a war measure. In pursuance of this undertaking, the present application of the St. Lawrence River Power Company to the International Joint Commission should be withdrawn.

(b) The terms upon which the proposed works shall be constructed shall be agreed upon at a conference between representatives of the two governments delegated and empowered for this purpose.