

*Welland Canal.*—A method was discussed whereby an additional 270 c.s.f. of water can be made available from the Welland Canal for the DeCew Falls plant. This involves serving an existing private industry by electric power instead of water power, and diverting the water so released to DeCew Falls, where it can be used more efficiently. An arrangement was also discussed through which power from our Welland Canal hydro plant can be substituted temporarily while repairs to equipment are effected in your DeCew Falls plant.

*Point of Export of Power.*—You suggested 40,000 h.p. of electrical power could be exported at Cornwall instead of at Niagara. We are prepared to include this proposal in the negotiations with the United States for settlement of all international waterway problems.

*International Waterways.*—You indicated in the course of our conference that you are prepared to support acceptance of the general proposals made by the United States Secretary of State, Mr. Cordell Hull, in May, 1938, regarding the future utilization of the Great Lakes-St. Lawrence basin. The draft treaty transmitted by Mr. Hull provided for construction of the International Rapids Section of the St. Lawrence deep waterway, the diversion of additional water on both sides of the Niagara River with remedial works just above the Falls, and the utilization on our side for power purposes of waters diverted from the Long Lac and Ogoki watersheds at the lakehead and at Niagara. In the discussions last week it was agreed that the draft Treaty must be examined in detail before a definite reply could be made. Ontario holds the key to this development, and its power needs must to a large extent determine the direction of further negotiations. I understand that a review will be made by the Ontario authorities of the power requirements of Ontario in their bearing on the type of development to be adopted in the St. Lawrence, and the date of completion of the different stages of the work, and an examination made of the agreement of 1932 between the Province of Ontario and the Dominion in order to determine what, if any, modifications in this agreement would now be necessary. In the meantime, the detailed examination of the engineering and cost phases of the project is being continued here, and our officials will be prepared to discuss the questions further at any time with Dr. Hogg or other Hydro representatives.

The negotiation of the St. Lawrence water project has wide implications, and a thorough study is necessary before definite commitments can be made. I feel that very definite progress has been made through the conference with yourself and the detailed discussions with Dr. Hogg. We are prepared to advance the matter as rapidly as engineering studies and negotiations with the Hydro will permit.