

it would be economical to at once build a new lock and deepen the Soo Canal until such time as the St. Lawrence is nearing completion so that there would be a demand for deeper channels. It is clearly advisable that the large expenditures required for depths in excess of present needs be deferred until the greater depths can be profitably used.

The United States fully recognizes the right of the Dominion of Canada to the ownership and use of the Canadian share of the power which may be developed in the international section of the waterway as well as to all that developed in the national section and it recognizes also that the disposition of the power is purely a domestic question. It recognizes further that this share is an inherent attribute of Canadian sovereignty, irrespective of the agency by which the power may be developed.

The United States regards it a fundamental economic principle that the beneficiaries of power developed in the improvement of the International Section of the St. Lawrence should pay ultimately their fair share of the cost of its production, whether the agency constructing these works be a corporation, a state or province, or a national government. It believes that a practical means can be found for effecting the fulfillment of this principle in the arrangements made for the improvement of the international section of the river for the joint benefit of navigation and power development, and believes that the negotiations entered into in furtherance of the undertaking of the project should have this end in view.

The large expenditures required for the undertaking are a matter of grave concern to the United States as well as to Canada. It is felt that when the United States embarks on the enterprise all expenditures should be on a sound economic basis.

The United States accepts without reservation the principle that the operation of works in the International Section must be such as will control fluctuations of the outflow from Lake Ontario in such manner as to safeguard all interests on the purely Canadian sections of the river, including especially the Port of Montreal. It regards as acceptable the proposal that the design and operation of works in the International Section of the river be under joint technical control and assumes that the design of all works on the waterway will comply in general with the plans agreed upon by the Joint Engineering Board as embodying the best principles.

The United States is fully in accord with the view that the advisability of undertaking the improvement at the present time depends on the solution of the financial and economic problems involved. It shares the hope expressed that a solution will be found which will fully safeguard the interests of the two countries and will afford an equitable basis for a division of the cost. It is confident that when these economic principles are determined, the solution of the engineering problems required for their fulfillment will be speedily realized.

I have the honour to suggest, therefore, that the two countries proceed with the appointment of commissioners to discuss jointly the problems presented in your note, and those which I have presented herein with a view to the formulation of a convention appropriate to this subject.

The Government of the United States will be glad to have this discussion extended to the further consideration of any outstanding problems affecting the Great Lakes and the St. Lawrence as suggested in your note.

Accept, sir, the renewed assurance of my highest consideration.

(Sgd.) FRANK B. KELLOGG.

The Honourable VINCENT MASSEY.  
Minister of the Dominion of Canada.