

ation costs which now operate to the disadvantage of many states and a large part of Canada, would serve the industrial well-being of both countries in the development of their power resources, and would tend largely to the increase of prosperity and the stimulation of industry. The Commission recommended that negotiations should be entered into with your Government in an endeavour to arrive at an agreement as to the speedy development of this waterway.

The Government of the United States adopts the recommendations of the St. Lawrence Commission. It appreciates the advantages which will accrue equally to both countries by the opening of the waterway to ocean shipping. It feels that the necessary increase in railway rates due to the war, and the modern practices respecting the generation and transmission of hydro-electric power, have increased the importance and practicability of early development, and believes that the factors which influence its conclusions must have equal application to, and influence upon, the Dominion of Canada.

In view of the action already taken by both governments, it is apprehended that they are in accord on the principle that the project should be undertaken. If this Government's conclusion in this respect be correct, there only remains to be effected an understanding as to the methods and means for its earliest accomplishment. It seems highly appropriate that the development of the common highway for the benefit of both countries should be jointly undertaken.

This Government is prepared to enter into negotiations with a view to the formulation of a convention appropriate to this subject and should be grateful to be informed of the views entertained on this subject by your Government.

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

(Sgd.) FRANK B. KELLOGG

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

2. *From the Secretary of State for External Affairs, Ottawa, to the Minister of the United States, Ottawa.*

OTTAWA, July 12, 1927.

SIR,—The Government of Canada has received and considered carefully the note of the Secretary of State of the United States to the Canadian Minister at Washington of April 13th, 1927, on the St. Lawrence Waterway.

It shares the appreciation felt by the Government of the United States of the importance of the problem of the development of the St. Lawrence and of the aid in the solution of the engineering aspects of this problem afforded by the reports of the International Joint Commission and of the Joint Board of Engineers appointed by the two Governments in 1925.

The report of the Joint Board of Engineers signed on November 16th, 1926, while unanimous in many respects, indicated differences of opinion on important phases of the development proposed. It is understood that in the appendices to the report, which are in preparation, certain further alternative schemes will be presented which will be of essential value in arriving at a conclusion.

The National Advisory Committee appointed by the Government of Canada to report on the economic and general aspects of the St. Lawrence Waterway question will not be in a position to make a final report until all the findings of the Joint Engineering Board, including the appendices, are available. Upon receipt of the report of the National Advisory Committee and upon consideration of the other factors involved, the Government of Canada will be able to