

14. Early in 1936, the United States undertook to revive the St. Lawrence Project. Later in that year, discussions between representatives of the two governments took place at Ottawa but were subsequently broken off.

15. In January, 1938, the Canadian Government proposed to the United States Government that the two countries enter into an agreement permitting the Province of Ontario to divert water from Long Lac into Lake Superior and thus provide additional water for power generation by the Ontario Hydro Electric Power Commission at Niagara Falls. In March, 1938, the United States replied to the effect that the needs of both countries could best be served by an agreement comprehending all problems relating to the Great Lakes-St. Lawrence Basin, adding that the United States stood ready to enter into negotiations to this end. In May of the same year the United States submitted the draft of a new Treaty to Ottawa. (W.P. p. 20.)

16. No steps were taken by Canada to enter into new treaty negotiations with the United States until several months after the outbreak of the present war, when rapidly increasing power demands in Ontario indicated the need of securing additional supplies at the earliest possible date. On December 26, 1939, the Canadian Government addressed a note to Washington suggesting that a meeting be arranged between representatives of the two countries to discuss the issues raised by the Treaty proposed by the United States in May, 1938. The United States agreed to this suggestion, and early in January, 1940, preliminary conversations were held at Ottawa. Substantial agreement was reached during further conversations held at Washington later in January. (W.P. p. 33, p. 34).

17. Developments in the negotiations were delayed for a time but in October, 1940, pending the conclusion of a final Great Lakes-St. Lawrence Basin Agreement, the United States consented to additional diversion of water at Niagara Falls by the Province of Ontario for generation of power by the publicly-owned Ontario Hydro Electric Power Commission contingent upon the diversion of water into Lake Superior from the Hudson Bay watershed in an amount equal to that diverted at Niagara. This resulted in making immediately available for war-production needs additional energy from existing plants of the Hydro-Electric Power Commission at Niagara Falls to the extent of some 70,000 horse-power. (W.P. p. 34).

18. At the same time and in order to expedite construction of the project in the International Rapids Section of the St. Lawrence if and when agreement should be reached between the two countries on the undertaking of the larger Great Lakes-St. Lawrence Development, the two countries agreed to appoint Temporary Committees to co-operate in undertaking preliminary investigations of the International Rapids Section. These Committees were appointed and investigations were immediately commenced, the cost of such investigations being defrayed from an allocation of \$1,000,000 to the United States Corps of Engineers by the President of the United States from a special defence fund.

19. At the first meeting of the two Committees at Massena, New York, on October 31, 1940, agreement was reached that the engineering investigations should be undertaken in accordance with a Controlled-Single Stage Project as recommended in a joint report prepared in January, 1940, by a board of engineers representing Canada and the United States and the subsequent investigations carried out under the auspices of the Committees having sustained the conclusions of this report, the Committees met in Ottawa on January 2 and 3, 1941, and submitted a joint report to the two governments recommending the adoption of the Controlled-Single Stage Project and endorsing a report of the re-convened board of engineers of January 3, 1941, in which the board adhered to its recommendation of January, 1940, and included revised estimates of cost.