

CA1
EA
41C51
ENG
DOCS

b 2712596^M

CORRESPONDENCE BETWEEN

THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS

and

THE UNITED STATES MINISTER TO CANADA

relating to

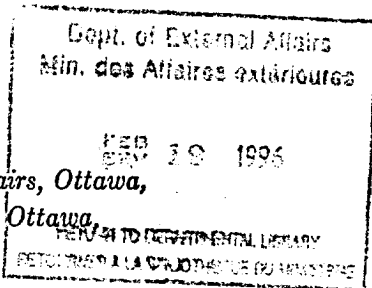
**GREAT LAKES-ST. LAWRENCE BASIN
DEVELOPMENT**

1. Note From The Secretary of State for External Affairs, Ottawa,
To The United States Minister to Canada, Ottawa,
March 5, 1941.

2. Note From The United States Minister to Canada, Ottawa,
To The Secretary of State for External Affairs, Ottawa,
March 10, 1941.



OTTAWA
EDMOND GLOUTIER
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1941



*From The Secretary of State for External Affairs, Ottawa,
To The United States Minister to Canada, Ottawa,*

OTTAWA, March 5, 1941.

SIR,

I have the honour to refer to certain questions which have arisen in the course of the St. Lawrence Waterway negotiations, and which we have discussed recently.

2. As you are aware, my colleagues and I have been giving prolonged consideration to the problems presented by the St. Lawrence Waterway project. We have noted the progress made in the preparation of the engineering plans for the international section and in the drafting of the general agreement. There is, however, one consideration of a fundamental character to which we desire to call attention.

3. The growing intensity of the war operations and the apprehension that still more serious perils will have to be faced in the very near future, necessitate the most careful examination of any proposed expenditure from the point of view of public need and in the light of war requirements.

4. In existing circumstances, the Canadian Government desires to know whether the Government of the United States is of the opinion, in view of the position in Canada, and, of course, the position in the United States as well, that the project, as outlined in the State Department's proposals of 1936 and 1938, and under consideration since that time, should now be proceeded with.

5. We have, of course, been fully aware of the desire of the Government of the United States to have a treaty or agreement respecting the St. Lawrence Waterway concluded at as early a date as possible, and negotiations, which have been carried on more or less continuously for some time past, have had in view the desire on our part to arrive, at the earliest possible date, at terms of agreement which would be mutually advantageous. We are also aware of the pronouncements, which have been made from time to time by the President, respecting the added emphasis given by the war to the importance alike of power and navigation developments in the Great Lakes-St. Lawrence Waterway project. We are also duly appreciative of the agreement recently reached between our respective Governments, whereby the Province of Ontario has obtained the right to the immediate use of

43-274-551
.62710596

additional power at Niagara, and the diversion of the waters of the Ogoki and Long Lac Rivers into Lake Superior, in consideration of which, authority as given for the immediate investigation by United States engineers of the project in the international section of the St. Lawrence River in Ontario, in order to enable work of future development to proceed with the least possible delay, once an agreement between the two Governments, respecting the St. Lawrence development was concluded.

6. We would naturally be inclined to view with favour power or navigation developments which the United States may deem necessary to the prosecution of measures calculated to aid Great Britain, Canada and other parts of the British Commonwealth of Nations in the present war, or to further the security of the United States itself against possible future events, which, at the moment, cannot be foreseen, but of which in times like the present full account must be taken. We realize that the Government of the United States will be as solicitous as our own Government to appraise the project at the present time in terms of its contribution to the efforts which are being put forward by our respective countries to preserve and to restore freedom.

7. It is from this point of view and in this spirit that we would ask that the St. Lawrence project be again reviewed by the Government of the United States before an agreement or treaty be finally entered into.

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

W. L. MACKENZIE KING,
Secretary of State for External Affairs.

The United States Minister to Canada,
Legation of the United States of America,
Ottawa, Canada.

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

OTTAWA, March 10, 1941.

SIR,—

I lost no time in bringing to the attention of my Government your note of March 5 in regard to the St. Lawrence waterway negotiations. In view of the importance of the question you raised, the matter was laid before the President, and I have been instructed by way of reply, to transmit the following personal message from him to you:

"I have given careful consideration to your recent request that in view of the growing intensity of current war operations and the apprehension over perils which may have to be faced in the near future, the Government of the United States review the St. Lawrence project and give you an indication of its views as to whether, in the existing circumstances, this project as outlined in the State Department's proposals of 1936 and 1938 should not be proceeded with.

"May I say at the outset that I am aware of Canada's increasing war effort and I readily agree that it must have first call upon your country's resources and man power. I also agree that in view of the existing situation the most careful examination of any proposed expenditure is necessary from the point of view of the public need and in the light of defense requirements.

"With these considerations in mind, the Government of the United States has as you requested reviewed the St. Lawrence project. We have welcomed this occasion to review the project because of the fact that our own defense program renders it desirable that all public expenditures in the United States be weighed in the light of considerations similar to those set forth in your communication. The Government of the United States is engaged in a great defense program. It is determined to supply such aid in material to Great Britain, the members of the Commonwealth and their allies as may be necessary to enable them to bring the war to a successful termination. Simultaneously our own defenses are being strengthened to the extent necessary to prevent any foe from menacing the security of this hemisphere. It is indispensable that all public projects contemplated by the Government of the United States be considered from the standpoint of their relationship to these supreme objectives.

"The Government of the United States regards the Great Lakes-St. Lawrence basin project as directly associated with the accomplishment of the foremost national objectives of this Government. It believes that the project should be proceeded with and that construction should commence at the earliest possible moment. It regards the construction of this project as a matter of vital necessity.

"You refer to the engineering investigation now being conducted in the international section of the St. Lawrence River. I need hardly say that I directed the release of \$1,000,000 from the special defense fund for this purpose only because of my conviction that the completion of this project by 1945 might prove of vital importance to our defense effort. It is gratifying that there has been sufficient progress to make possible the initiation of construction this spring.

"I am sure you will agree with me that, while our countries must put forth the maximum immediate defense effort, we must also prepare for the possibility of a protracted emergency which will call upon the industries on both sides of the border to meet constantly expanding demands. The combination of advantages offered by the St. Lawrence project makes it imperative that we undertake it immediately.

"In terms of the time factor, the St. Lawrence project as a part of our defense program is not exceptional, since we are to-day appropriating money for construction of vessels of war which will not be ready for service until the completion of the St. Lawrence undertaking.

"I am convinced of the urgent need for the large increment in low cost electric power which the St. Lawrence project will provide. Already the demand for power is running ahead of expectations. In fact one of the most serious handicaps to the rapid expansion of airplane production is the difficulty of finding the large supplies of high-load factor power required for aluminum production. We are of course expanding our electric facilities for this purpose as fast as practicable but by the time the St. Lawrence power is available other sources of cheap power will have been largely allocated.

"The St. Lawrence project offers by far the soundest and most economical provision for the power requirements of certain portions of our long-range defense program, more particularly for certain high-load factor defense industries. Furthermore the manufacturing facilities and skilled labor available for the construction of steel turbines and electric equipment will be needed to meet the requirements of the vast areas of our continent where water power is not so economically available.

"I am also convinced that the opening of the St. Lawrence deep waterway to afford an outlet for naval and cargo ships constructed in Great Lakes shipyards, far from representing a diversion of funds and resources from the defense effort, would have the opposite effect. Our shipbuilding program, to meet the requirements of defense, will call for a great expansion of shipyards with their associated machine shops and adequate supplies of skilled labor. The extent to which intensified submarine and air attacks on convoys may necessitate an expansion of the program is still unknown. If the war is protracted however it seems certain that the number of shipyards required will have to be several times those at present available. In terms of our present industrial arrangements, many of these can be made most readily and economically available in the Great Lakes area.



3 5036 20005887 6

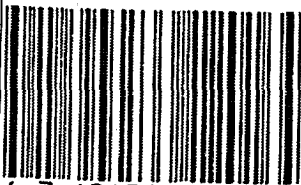
"If the full burden of our expanding ship construction must fall on seaboard shipyards the time required to complete the vessels themselves must, in many instances, be increased by the period necessary to construct new shipyards and facilities. With this in mind it is apparent that the deep waterway could be completed in time to provide an outlet to the sea for many of the new vessels included in the present program.

"In the light of these facts it is my belief that the funds and man power required for the earliest possible completion of the St. Lawrence project could not be better spent for our joint defense effort, including aid to Great Britain. It is my feeling that failure to take advantage of the possibilities of this project would be short-sighted, in no way contributing to an increase in our immediate defense effort, while limiting our defense program in the difficult years which lie ahead."

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

PIERREPONT MOFFAT.

The Right Honourable,
The Secretary of State for External Affairs,
Ottawa, Canada.



4 7 104566 120164