

VERNMENT
CANADA

STATEMENTS AND SPEECHES

INFORMATION DIVISION
DEPARTMENT OF EXTERNAL AFFAIRS
OTTAWA - CANADA

No. 52/14

THE GREAT LAKES - ST. LAWRENCE SEAWAY:
THE CANADIAN POINT OF VIEW

Text of an address by the Minister of Transport, Mr. Lionel Chevrier, at a meeting of the Economic Club of Detroit, Michigan, made on March 24, 1952.

The invitation to address the Economic Club of Detroit has given me a great deal of pleasure. I have been looking forward to meeting the members and I am happy to be here today enjoying your kind hospitality.

I find that the object of this club is to promote an interest in important national and international issues, bringing the facts before its members but without endorsing any cause. In your 18 years I see that you have heard addresses on a wide variety of topics, given by experts in their field, many of whom are of international repute. I therefore deem it an honour to be asked to address you, particularly since I gather that you have heard more than one talk on the Great Lakes-St. Lawrence Seaway.

It will be my endeavour to bring you the Canadian point of view with respect to this long delayed project. In the time at my disposal I will not be able to deal with all the points that have been raised and that remain topical today, but I will try to deal with those that seem to me the most important.

The proposal to develop the St. Lawrence River has been agitating public opinion for over one hundred years. It has been the subject of negotiation between Canada and the United States since before the turn of the century. Early in the negotiations the project became one for the development of both power and navigation. The proposals were formalized in the St. Lawrence Deep Waterway Treaty, signed in 1932, and in the Great Lakes-St. Lawrence Basin Agreement, signed in 1941. The 1932 Treaty was defeated in the Senate of the United States. The 1941 Agreement, after eleven years, has yet to be disposed of by Congress. It has not been rejected, but neither has it been approved.

Meanwhile, from being highly desirable, the Seaway has become extremely urgent for both countries. The urgency relates both to economic development and to national defence. It applies to both the power and the navigation aspects of the project. These facts are clearly recognized by the administration in Washington and by many Congressmen of both parties. But in Congress the issue has been side-tracked repeatedly as a result of pressure from powerful minority interests. Resolutions approving the 1941 Agreement have been bottled up to die in committee, and have never come to a vote on the floor of either chamber.

We in Canada still think that a joint undertaking with the United States is the most logical and desirable method of procedure, but we cannot wait forever. Seeing no assurance of an end to Congressional delays, the Canadian Government is promoting the all-Canadian Seaway as a second-best alternative. Two steps in this alternative course were approved by the Canadian Parliament last December, approved unanimously. One was the creation of the St. Lawrence Seaway Authority. The other was the conclusion of an agreement with the Government of Ontario respecting the development of power in the International Rapids section of the St. Lawrence River.

The proposed St. Lawrence Seaway is a 1200-mile channel, 27 feet or more in depth, extending from Montreal to the head of the Great Lakes. Together with the St. Lawrence Ship Channel, already provided by Canada, it will permit large vessels to navigate more than 2,000 miles from the Atlantic Ocean to the heart of the North American continent.

Let me make clear this distinction between the St. Lawrence Seaway and the St. Lawrence Ship Channel. The projected Seaway extends above Montreal. The Ship Channel extends from Montreal down to deep water in the open Gulf of St. Lawrence, 30 miles below Quebec. This channel was provided by the Canadian Government to bring ocean-going vessels to Montreal. It now has a depth of about 35 feet, and will provide the ocean link for the St. Lawrence Seaway.

The Seaway and the Ship Channel both lie within the Great Lakes-St. Lawrence Basin. This is a vast drainage system covering an area of 678,000 square miles, 493,000 of which are in Canada and 185,000 in United States. It includes Lakes Superior, Michigan, Huron, St. Clair, Erie and Ontario and the St. Lawrence River, together with all the tributary rivers and streams, the most important of which are the Ottawa, St. Maurice and Saguenay Rivers.

The Great Lakes-St. Lawrence Basin contains five steps, which are its chief assets and its chief liabilities. They are its chief assets because they offer 9 million horse-power of electrical energy, all of it close to large and growing markets, most of it undeveloped. They are its chief liabilities, because large vessels must be able to pass them if cheap transportation is to be extended from one end of the Seaway to the other. The five steps are:

1. St. Mary's Falls lying between Lake Superior and Lake Huron, where there is a drop of 21 feet.
2. The St. Clair-Detroit passage joining Lake Huron and Lake Erie, where there is a drop of 8 feet.
3. Niagara River, emptying from Lake Erie into Lake Ontario, where there is a drop of 326 feet.
4. The upper St. Lawrence River from Lake Ontario to Montreal, with a drop of 225 feet.
5. Montreal to the sea, a drop of 20 feet.

These five steps will, it is estimated, develop more than 9,000,000 horse-power, including the following:

Niagara	3,600,000 h.p.
International Rapids Section of St. Lawrence	2,200,000 h.p.
Soulanges Section	2,000,000 h.p.
Lachine Section	1,200,000 h.p.

About two-thirds of the total power is Canadian, one-third American.

It is the three power sites on the St. Lawrence River that are of interest in connection with the Seaway. Here the United States concern is confined to the International Rapids section, where each country will have 1,100,000 horse-power. It is this section that gets most of the publicity, favourable and otherwise.

But in Canada we are concerned with two other sections of the river, Soulanges and Lachine, that lie wholly within our own borders. In each of them we can harness even more power than we will get from the International Rapids. Soulanges will develop 2,000,000 horse-power, Lachine 1,200,000. Harnessing of Soulanges power has not waited on the Seaway. The basic work for a full-scale development was done twenty years ago, installations now in place or under way exceed 1,500,000 horse-power, and a final expansion will involve little more than an additional powerhouse. Now Lachine in turn appears about ripe for development, especially if done in conjunction with the Seaway. Do you wonder then that we are puzzled by all the fuss over the International Rapids?

As for navigation, deep canals and channels have long since been available past the first three steps, making deep draught navigation an accomplished fact throughout the Great Lakes. Canada has built the Welland Ship Canal through the Niagara Peninsula, with locks 30 feet deep. The newest lock at Sault Ste. Marie was opened by the United States in 1943 with a 31-foot depth. The United States also has deepened the various river channels in successive programmes, both here and in the St. Clair-Detroit passage. Now, from Duluth and Fort William to Prescott, the various downbound channels provide approximately 25 feet, and the shallowest upbound channels 21 feet. They serve a great inland fleet that is said to provide the cheapest transportation in the world. The largest vessels load more than 20,000 tons.

Again, at the fifth step, you will recall that the St. Lawrence Ship Channel to tidewater is 35 feet deep. It has made Montreal one of the busiest seaports in the world, attracting any but the largest of ocean vessels.

But at the fourth step, in the 115 miles between Montreal and Prescott, the rapids of the St. Lawrence River are at once an obstacle to navigation and a reproach in un-harnessed power. They are passed only by 14-foot canals with small locks, and this bottleneck keeps the ocean vessels on one side, the lake vessels on the other. The largest vessels that come through these canals carry less than 3,000 tons, most of them about 2,500 tons. In this same stretch of 115 miles, barely a quarter of the available water power has been developed.

Removing this bottleneck and harnessing the untamed water is the essence of the Seaway project today. Major works are required in the three sections of the river that I have referred to already.

The first of these three is the International Rapids section. Here the basic power development would include an upper control-dam near Iroquois and a main dam and powerhouses near Cornwall. Side canals would carry navigation past the dams. In 1941 it was proposed that the canals be on the United States side. But there is nothing to prevent them being put on the Canadian side, and general plans have been prepared for this possibility.

The second of the three sections is Soulanges. Here the basic power development already exists at Beauharnois, and the power canal offers a wide channel for 27-foot navigation -- provided as part of the cost of the power, incidentally. Little more is necessary than to add the locks and short access channels.

The third important link is the Lachine section. The minimum development will be a 10-mile canal and considerable channel enlargement. But a large-scale power development is possible in this section too, as I have indicated. Discussions have been opened with the Government of Quebec, out of which may come an agreement for a combined power and navigation undertaking.

I pass now to the Great Lakes. In order to achieve Seaway standards, it will be necessary to deepen further the various connecting channels to provide a minimum of 27 feet. The work would be mainly dredging. Except for the Welland Canal, it would be done by the United States. This was a provision of the 1941 Agreement, but in any event it would be a logical continuation of a development carried on by the United States for over a hundred years.

Let me now outline the benefits of the project as we in Canada see them.

In the first place, the international power development would provide low-cost energy to southern Ontario, New York and perhaps neighbouring States. That energy is in immediate demand on both sides of the border. The St. Lawrence is the only major source of hydro power remaining to serve southern Ontario. The market here is growing so rapidly that, in a province which has grown up on cheap hydro power, two large steam plants are under construction to provide almost 900,000 horse-power, one of them right across the river from you here. Without the St. Lawrence power, resort must soon be had to still more steam generation at more than twice the delivered cost. Neither in our country nor in yours can we afford to pass up this block of hydro power in favour of more costly steam power.

Secondly, a power development at Lachine would serve great industrial markets in the Province of Quebec, where demand also is growing rapidly. This province is fortunate in that other hydro sites remain to be developed besides Lachine. Nevertheless, Lachine power will be required in due course anyway, and a development in connection with the Seaway would offer a considerable economy in overall costs.

With respect to navigation, it is the significance of the Seaway for the iron ore development in Labrador that is receiving most attention today. In spite of a welter of

confusing testimony, the essential facts will be quite clear to anyone who takes the trouble to winnow the wheat from the chaff.

The most obvious benefit, from a Canadian point of view, is that the Seaway will open a much larger market for ore from Labrador than could otherwise be reached. As you know, this mining development is going ahead now, with the initial goal of shipping 10,000,000 tons a year. But with the Seaway, and after paying any likely level of tolls, this ore could compete in virtually the whole Great Lakes market, otherwise largely out of economic reach. The mining interests see an immediate sale for at least 20,000,000 tons a year, just double the present goal, and a growing market thereafter.

But there is another side to this coin too. That is the problem of ore supplies now facing the steel mills within reach of the Great Lakes, which account for 75 or 80 per cent of steel production in the United States. For many years the backbone of this production has been the high-grade iron ores of the Mesabi and other ranges near Lake Superior. Production of these ores can no longer keep up with mounting demand, and the mills are seeking additional sources of supply.

Seaway or no Seaway, these mills are going to get the necessary ore, make no mistake about that. But at a price. That is the point -- at a price.

The additional supplies may come partly from more costly workings of high-grade ore, partly from more costly development of taconite and other low-grade iron formations, and partly from imports brought further inland with greater transportation charges. To put the same thing another way, the necessary supply will be forthcoming from these various sources only if the steel mills offer a higher delivered price for ore. At the moment no one can say precisely how much higher, but the indications are that the increase may be a couple of dollars a ton or more within a comparatively few years. Ore shipments from Lake Superior last year were something over 90,000,000 tons. The ore requirements of the consuming mills will be at least 100,000,000 tons and probably more in the very near future. So you see that what is in prospect is an increase of something like \$200,000,000 a year in the cost of raw material for the steel mills, and an even greater increase in the price of the final steel products.

This prospect would be completely changed by the Seaway. If it existed today, it would enable Labrador ore to compete at present ore prices in virtually all of the Great Lakes districts. The ore occurs as outcroppings or with very light overburden over vast areas, and production could be expanded at low cost to meet any likely level of annual demand.

In these circumstances, that figure of \$200,000,000 a year is just one of the costs of not completing the Seaway. It is a cost that would have to be met by the ultimate consumers of iron and steel, that is to say by all citizens in both our countries. In just a few years it would outweigh the whole cost of the St. Lawrence project -- power works, navigation facilities, everything.

Another Seaway benefit would be the savings in the costs of transporting grain, coal and other commodities that now are carried in large and economic lake vessels for only part of their journey. As it is they must trans-ship either

to more costly little "canalliers" or to rail. Thus the saving would be great enough if it were just a matter of allowing cargoes to move in large vessels throughout the Seaway without trans-shipment. It promises to be all the greater because up-bound vessels with ore and other cargoes will find it of advantage to carry grain and other downbound cargoes, making for a greater economy in the use of vessels. It is estimated that this saving will amount to at least \$30,000,000 a year, again after paying any likely level of tolls.

It is to be noted further that the combination of power and navigation development would stimulate industrial expansion. Right here is, I think, the answer to those railways, ports, power interests and others who oppose the Seaway for fear of harmful repercussions to themselves. I think the Seaway will bring them new business out of this industrial development. But I will go no further into the matter than to quote Mr. Donald Gordon, President of our own Canadian National Railways. On being asked whether he foresaw injury to the railway from the Seaway project, he is reported in the press as replying:

"Whatever tends to open Canada up and help it grow is good for this railroad."

I recommend to opponents of the Seaway that they ponder Mr. Gordon's statement and see if it does not apply with equal force in their own cases.

Look now at the Seaway from the viewpoint of national defence. One of its main contributions would be in the matter of iron ore supplies. The demand for ore has risen sharply in the present period of preparedness, and would rise sharply again on the outbreak of a major war. The Lake Superior ores have lost their ready expansibility and taconite concentrates will never have it, while seaborne imports will be highly vulnerable to submarine attack. With the Seaway open, however, all the necessary ore could be moved from Labrador in comparatively safe inland waters.

The Seaway will permit any but the largest of naval and ocean vessels to be built in inland yards, adding flexibility and dispersal to a wartime shipbuilding programme. I know that opponents deride this contention, saying that the role of inland yards can be confined to small vessels. But in the late war it was found necessary to build 28 large submarines and 72 cargo vessels of 5,000 ton capacity on the Great Lakes, though they had to be squeezed out with great difficulty through the Chicago Drainage Canal and the Mississippi River. Surely it is obvious that more and bigger vessels would have been built on the Lakes if the Seaway had been open.

There are at least three other contributions to defence that I can only mention in passing. The project would create a reserve of power in a great industrial area to be drawn on in the emergency. It will provide a new transportation route between the factory and battlefield, supplementing the railways which were so hard pressed in the recent effort. And the stimulation to industrial growth which I have mentioned already will make us that much better able to produce in volume the specialized needs of modern war.

It is objected that Seaway facilities could be damaged or destroyed by a determined air attack. The same could be said for any one of the existing hydro developments, steam power plants, the locks at Sault Ste. Marie, the ore docks on

Lake Erie, taconite concentration plants, the steel plants themselves, or the railway lines. But an enemy would find it extremely difficult to knock out all the various alternatives at the same time. Surely the best defence is to increase the alternatives. The military leaders responsible for defence planning in both our countries are on record to the effect that the risk is a reasonable one and that the project warrants a high defence priority.

Nor can I accept the argument that we cannot afford to divert men and materials to Seaway construction at this time. It is precisely in a period of preparedness that we must press forward with such defence-supporting projects. That is established Canadian policy. If we do not divert resources to this project we must divert as much or more resources to alternative projects that would be less suitable.

I have outlined why we in Canada believe that the Seaway should be completed at once. As we see it the urgency from a United States point of view is just as great or greater. We would welcome full participation, along the lines of the 1941 Agreement. But with the uncertainty we face on that score we have been forced to consider how else our objective can be achieved.

It will be clear that the whole project hinges on a satisfactory development in the International Section of the St. Lawrence River. Below Cornwall the river is wholly within Canada, and the necessary works will be Canada's responsibility in any event. In the Great Lakes above, Canada can deepen the Welland Ship Canal, and the improvement of the other inter-lake channels could be left to United States action in response to the normal forces of progress. But some form of international co-operation is necessary for the basic power development in the International Rapids section, where the river marks our common boundary.

In this connection you will recall that the power agencies of New York and Ontario applied in 1948 for authority to undertake a separate power development. Given such a development by these or any other appropriate agencies, Canada could and would provide the navigation canals on her own side of the river. That would be the all-Canadian Seaway that we are proposing. The President of the United States has undertaken to give this Canadian project his full support, should Congress fail to take early and favourable action on the 1941 Agreement.

It is in the light of these considerations that Canada has created the St. Lawrence Seaway Authority. The Authority will be responsible for building the Canadian works of a deep waterway from Montreal to Lake Erie, whether in accordance with the 1941 Agreement or as an all-Canadian canal system. On the other hand the federal agreement with the Government of Ontario does anticipate an all-Canadian Seaway, but its terms would be reconsidered if in fact the United States participates in the project as a full partner.

There are those in the United States who choose to doubt the sincerity of the Canadian proposal. I quote from an editorial in an American magazine of wide circulation as follows:

"As to Canada's threat to build the Seaway alone, there are commentators who say that any time a country wants to spend its own money, with no contribution from the United States -- that we must see, if strictly from amazement."

A smug and opinionated remark if I ever heard one. The editorial writer does not make that statement as his own, but neither does he indicate whom he is quoting. But if these nameless persons wish to be so easily amazed, let them look at what Canada has already done in this very matter. Canada has invested about \$100 million in the St. Lawrence Ship Channel below Montreal, has spent or committed over \$200 million in harnessing the St. Lawrence River at Beauharnois, and has built the Welland Ship Canal at a cost of \$132 million. These projects are integral parts of the Seaway or related directly to it, and in terms of physical work they outweigh what remains to be done. They all were built without any help from the United States, as were our successive 9- and 14-foot canal systems into Lake Erie and our canal at Sault Ste. Marie. Completion of the Seaway has been prevented only by obstruction from minority groups in the United States. But if these obstructionists wish to be further amazed, let them in fact give us the opportunity to spend our own dollars on this last link in the Seaway.

Canadians in their turn are amazed at the success of the obstructionist minority in a nation that prides itself on broad vision and prompt action on major projects. You have a well-earned reputation in such fields, which you live up to magnificently even in Europe, with great power and navigation developments financed from Marshall Aid. I think, for example, of the Rhone and Rhine developments, described in your local papers on March 6th, costing far more than the Seaway. These costs will never be repaid to you in dollars, but in a stronger European economy better able to share in the defence of democracy. You might well be proud of this vision and statesmanship. But where are these same qualities when it comes to a project that concerns your own economy and Canada's, your own defence and ours? A project that will repay you every dollar you put into it, whether you share in the power alone or the Seaway as well?

We see no great problem in liquidating the capital cost plus interest during construction. If the project proceeds as an all-Canadian Seaway, for example, the cost of all the works necessary for an international power development would be borne by the power agencies in Ontario and the United States. Based on prices obtaining in December of 1950, the cost of adding the navigation facilities from Montreal to Lake Erie would be about \$250,000,000. The annual charges to cover operation, maintenance, interest and amortization over 50 years would be somewhere around \$17,000,000 at current rates of interest. Tolls to recover this sum would impose only a comparatively light burden on the traffic foreseen.

Look at the Panama and the Suez Canals on a map of the world and you will see the overwhelming logic behind them. Their construction was inevitable, and they would have been justified at many times their cost. On this proposed link between the Great Lakes and the Atlantic Ocean the verdict must be the same. More cargo now passes through the locks at Sault Ste. Marie in a season than passes in twelve months through the Panama and Suez Canals combined. The volume to be carried by the new St. Lawrence canals and by the Welland will also outrank that on either of these famous canals.

Looking at both power and navigation together, I say again that the Seaway project is an urgent must. We in Canada are determined to have it at the earliest possible date. In view of the great benefits that would accrue also to the United States, we hope that the weight of far-sighted opinion will bring prompt and decisive approval of the 1941 Agreement. Failing that, we must ask our friends in the United States to unite in support of a plan for an international power development. With that, Canada will provide the canals of a complete deep waterway.

The friendly relations existing between Canada and the United States for well over a century have been greatly enhanced during two world wars. These wars and particularly the last one have brought us together more than ever before. They have shown that on many problems not only do we think alike but frequently we act together. Such was the case at Ogdensburg, on the Permanent Joint Board on Defence, at Hyde Park, on the Alaska Highway, in the Northwest Staging Route and perhaps more particularly in the air by means of our trans-border services. Our governments think alike on the development of the St. Lawrence Waterway. I believe the vast majority of our people think alike, but we must translate this thinking into action. We must act together upon it so that in the days to come the Canadian and the American peoples will, for their own safety and the good of all, walk together in majesty, in justice, and in peace.

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