

DEPARTMENT OF STATE
WASHINGTON



April 20, 1953

MEMORANDUM FOR MR. SHERMAN ADAMS, THE WHITE HOUSE

It is our understanding that further consideration is being given to the position of the Administration on proposed St. Lawrence legislation. The attached memorandum, outlining the foreign policy aspects of the problem in which United States-Canadian relations are involved, may be helpful.

XOF183-F

W. B. Smith
Acting Secretary XOF8

Attachment:

Memorandum

MEMORANDUM

Brief Historical Summary:

In 1941 the United States and Canada negotiated an agreement to develop jointly the navigation and power potentials of the Great Lakes-St. Lawrence Basin. Congressional approval of authorizing legislation was never obtained.

In September, 1951, Canadian Prime Minister L. S. St. Laurent and President Truman agreed that an alternative plan for St. Lawrence development would be followed if a further effort to secure Congressional approval of the 1941 Agreement met with failure. The alternative plan envisaged resort to the International Joint Commission, in accordance with the appropriate provisions of the Boundary Waters Treaty of 1909, for approval of plans to construct power works. Canada committed itself to provide, concurrently with the construction of the power facilities, the additional works necessary to ensure 27 foot navigation between Montreal and Lake Erie.

The International Joint Commission approved the United States and Canadian applications on October 29, 1952. On November 4, 1952 the Canadian Government informed the United States that it considered the International Joint Commission's order to have superseded the 1941 Agreement and that, therefore, it would not seek Parliamentary ratification of the Agreement.

In order for a United States entity to construct the United States share of the power project the approval of the Federal Power Commission is necessary. The New York Power Authority has applied for a license and its application is currently being studied by the Federal Power Commission.

Bearing of the Matter on United States-Canadian Relations:

The Canadian Government regards the St. Lawrence Project as the most important single facet in its relations with the United States. It regards the prompt beginning of the entire project, both power and waterway, as of great importance to the development of Canada. From the Canadian point of view the development of power is a matter of the highest priority and urgency in view of a developing shortage of low-cost power in industrialized Ontario which will become acute by about 1957. The fact that this is a Canadian election year makes the problem even more acute from the Canadian point of view.

Anything done or not done by the United States Government which would have the effect of delaying the decision of the Federal Power Commission would almost certainly cause serious deterioration in our relations with Canada. As to the waterway part of the project the Canadians, provided the power project is approved, are committed to proceed on their own with the construction of the necessary works to provide a 27-foot waterway from

Montreal

Montreal to the Lakes. There is a strong and probably predominant feeling in Canada that they would prefer this to be an all-Canadian project. The Government has assured us, however, that following favorable action on power it would be willing to discuss with us the question of United States participation in the waterway adding the caveat that this should be done without unduly delaying the waterway. As the Wiley Bill, now before Congress, pertains only to the question of United States participation in the Waterway, which this Department has long felt would be in the United States' interest, it is felt that this particular piece of legislation, provided it is acted on promptly; i.e., this session, should not complicate our relations with Canada. On the other hand, other bills such as the Lehman Bill, which include provisions relating to power and which would almost certainly, therefore, delay a decision on power, contain the risk of jeopardizing our good relations.

In summary the most important action needed to insure a continuance of our close and harmonious relations, which in the political, economic and military fields are of great importance, is prompt and favorable action by the Federal Power Commission on the New York Power Authority's application which is now before the Commission. This would remove any suspicion on the part of the Canadians that the United States Government is delaying the initiation of the power project. It will be helpful in this connection, should the Administration decide to support the Wiley Bill, to give public expression to the fact that this Bill should not in any way delay the power part of the project.