St. Lawrence Deep Waterway
Negotiations, Treaty and Rejection
1919-1934

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Abstract

The purpose of this study is to look at the events, issues and processes surrounding the St. Lawrence Deep Waterway Treaty of 1932. For a decade and a half the question of the dual purpose development of the St. Lawrence held centre stage in the relationship between Canada and the United States. The rejection of the Treaty by the United States Senate delayed development on the river for twenty years. Despite the scale of the proposal and the controversy that it evoked in both countries, historians have given it only passing notice. It is the goal of this study to shed new light on an important phase in Canada-U.S. relations and the domestic consequences of that relationship.
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Abbreviations:

International Joint Commission - IJC
Joint Board of Engineers - JBE
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Introduction

On July 18, 1932 Canada and the United States signed the St. Lawrence Deep Waterway Treaty. It called for the construction of a canal from the Great Lakes to the sea at a depth of not less than twenty-seven feet. This would give the ocean going vessels direct access to the heart of the continent, 1200 miles from the Atlantic seaboard. Significant reductions in transportation costs were anticipated. In addition, the project would permit massive new hydro-electric development on the river. Over five million horse power lay latent in the rapids of the St. Lawrence. This was to be a project of grand proportions. It was the largest navigational and power development project yet attempted on the North American Continent. The estimated cost of the entire development was over $600,000,000.

The Treaty was never ratified. It has therefore been pushed into the shadows of Canadian-American relations. At the time, however, it evoked much controversy. A detailed study of the subject will bring it out of the shadows. We will be able to understand better the relationship between the two countries and the domestic consequences of that relationship. The study will also explain the interplay of public, governmental and industrial interests when large scale development is contemplated.
The international nature of development of the St. Lawrence necessitated co-operation between the two countries. That co-operation was to be on a scale without precedent in the history of Canada and the United States. The process of achieving such an agreement was a long and complicated one. More than a dozen years were spent on study and negotiation. Yet less than two years after the official signing the Treaty lay inert, rejected by the United States Senate.

State and provincial governments also had concerns that demanded attention. Jurisdictional questions arose over which level of government had the right to control the hydro-electric development in the St. Lawrence. The issue produced co-operation and confrontation on both sides of the border. The treaty process did much to resolve this issue.

The proposed improvement was not without enemies. Any move to secure the development came up against political and economic forces that possessed both power and determination. Certain regional and economic interests feared the impact that the development might bring. The size, expense and international nature of the project promoted caution at times in both capitals. Under the leadership of Mackenzie King, Canadian policy was one of delay. This lack of political will arose out of King's perception that the project held few political and economic dividends. The political and economic cost were prohibitive. It would put
great strain on the treasury, and on the fragile union that was Canada in the 1920's.

From 1920 to 1932 a series of Republican Presidents occupied the White House. These governments continually pushed for swift action for the improvement of the St. Lawrence. The matter was popular in the American west and mid-west where it was seen as a way of reducing the cost of transportation. Opposition was strongest on the American east coast. The seaboard communities feared a diversion of goods from their ports. American calls for direct negotiations were continually rejected by the Canadian government until the Conservative election victory of 1930. Only when Conservative and Republican Parties held executive power in each country was there progress on a treaty. This brief window of opportunity was not open long enough to assure success. By the time the Treaty reached the Senate the political and economic situation had dramatically changed.

The study of the St. Lawrence Deep Waterway Treaty is not just the history of a proposal for the improvement of a river. It is also the study of the relationship of two countries and the internal dynamics that arise because of that relationship. The proposed development affected each country in political, economic and regional terms. Few issues in Canadian history have dominated the Canadian psyche as much as our relationship with our neighbors to the
south. That relationship has run the gamut from open warfare to alliance in war, and has contributed to the very fabric of what is Canada. The proposed joint development of the St. Lawrence is a significant chapter in that relationship.
Chapter One

The Background to Negotiations

By the early twentieth century the under-utilized potential of the river was evident on both sides of the border. Public and private development plans for navigation and power became increasingly difficult to resist. Uncontrolled piecemeal development was seen as a threat to the realization of the full potential of the river. Governments sought a comprehensive plan, and entered a period of study and negotiation which resulted in a treaty.

Before turning to the details of the seaway proposal and treaty, it will be useful to look at some background material. The proposal for a deep waterway did not blossom in insolation. The St. Lawrence had been used for navigation for centuries. A canal system had been in place since the late 1840's. The relationship of the two countries, as it related to the river, evolved through a series of treaties. The idea of a ship canal was not new nor was it restricted to the St. Lawrence.

In the age before rail transportation, the St. Lawrence was the fastest and cheapest route to the heart of the continent. Numerous improvements were constructed to
facilitate the efficient movement of commodities and people through the river system. Canada's great era of canal building was between 1841 and 1848. The first recorded improvement was made in the fur trade period but political and financial barriers had long delayed the improvement of the St. Lawrence. Much of the lucrative trade from the expanding American Mid-West was funnelled to New York City after the Erie Canal was completed in 1825. Without a competing set of canals the colonies on the St. Lawrence were isolated from what had formerly been their hinterland. The upheaval of the 1837 rebellions led the British Government to appoint Lord Durham Governor-General of the colony giving him a mandate to assess the causes of the rebellion and recommend a cure. Durham soon recognized the need for improved transportation and, on his advice, Lt.-Col. Phillipotts of the Royal Engineers was appointed to report on the matter. Phillipotts recommended the construction of standardized nine foot canals from Lake Erie to tidewater warning,

Unless we open an uninterrupted navigation for large freight steamers, capable of carrying cargo of at least 300 tons, without trans-shipment before they arrive at Montreal or Quebec, we have no chance whatever of securing any great portion of the vast and important trade which must ere long be carried on between the Western States and the Atlantic Ocean.\(^1\)

In 1841 the Provinces of Upper and Lower Canada were

\(^1\)W.T. Easterbrook, *Canadian Economic History,* (Toronto: MacMillin Company, 1961) p. 40
joined in a political union. The British Government granted an Imperial loan of £1,500,000 to service the combined colonial debt. It was used instead as collateral on the British bond market to acquire funds for the construction of a series of canals along the St. Lawrence. The six locks around the rapids at Cornwall were completed in 1843. A new canal was dug between Lake St. Francis and Lake St. Louis. Completed in 1845, the Beauharnois Canal consisted of nine locks covering a distance of just over 11 miles. The previous unimproved portion of the river adjacent to Williamsburg saw the completion of three new canals in 1847. The Welland Canal was enlarged between 1842 and 1845 to a depth of nine feet. The last improvement to be completed was the new Lachine Canal in 1848. Five new locks replaced the six old ones and were constructed parallel to one another in order to not interfere with the traffic of the existing canal.

The St. Lawrence now had a system of canals upon which great hope for prosperity was pinned. With the completion of the canals the cost of transportation dropped dramatically but, the Canadian system did not capture the volume of trade that had been anticipated. Several factors contributed to the questionable viability of the route. The Erie Canal, completed over twenty years earlier, was a well

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established carrier of goods catering to an established and growing market that terminated at an all season port. Montreal's port was icebound for five months of the year which in turn led to high insurance cost for shippers. As Canada was hurriedly working to complete the improvements, the mercantile system that had been the backbone of its export economy was coming to an end.

Trade on the St. Lawrence had grown to a large extent as a result of two pieces of Imperial legislation: the Corn Laws and the Navigation Acts. The former dealt specifically with the grain trade while the later dealt with trade in general. The guiding principle was that goods shipped from imperial ports would be given preference in the British market. The two acts had combined to foster the growth of a Canadian shipping industry on the Great Lakes and St. Lawrence. They also allowed Canada to build up a milling industry based on American grain which was also given preference if shipped from colonial ports. With the repeal of the Corn Laws and the Navigation Acts in the 1840's, Britain moved to free trade and Canada lost its secure market. Cheaper transportation costs, without preferential imperial tariffs did not make the route through Montreal irresistible to the producers of the interior.

The traffic on the St. Lawrence was further reduced when the American Congress passed a series of drawback acts. These allowed Canadian produce, especially grain, to pass
through the American canal system in bond and thus take advantage of the shipping rates from the eastern Seaboard. In 1850, the volume of wheat exported from Upper Canada through the Erie Canal was fifteen times that going to market via the St. Lawrence.3

The Canadian economy adjusted to the economic realities of the time with great difficulty as was illustrated in the Anexationation Manifesto of 1849. Despite the end of the mercantile system, the colony maintained much of its trade with Great Britain. The industrialization of the United States opened up new markets for Canadian produce.4 The combination of the repeal of the Navigation Acts in 1849 and the Reciprocity Treaty of 1854 led to the removal of restrictions to commerce and the admission of American shipping to the St. Lawrence on the same terms as applied to those under Imperial registration. With these adjustments in place Canada was able to gain a degree of prosperity during the international economic boom of the 1850's. Traffic on the St. Lawrence grew but not to the levels that had been originally hoped. It had lost the trade of the American midwest that the merchants of the St. Lawrence had coveted for so long. Their attention would soon shift to

3 Easterbrook p. 290-291

the creation and capture of their own hinterland."

It was not only economic change that affected the viability of the new canal system, but technological advancement as well. The promise of the canal system was overshadowed by the approach of the new technological revolution brought to transportation by rail. By the 1840's the age of rail transportation was dawning in America. It dominated the capital available to transportation and revolutionized the movement of people and commodities. The system of canals on the St. Lawrence was outmoded from its inception.

The 1850's saw a railway building boom in Canada and the rising population fostered economic expansion. The Grand Trunk Railway, through the acquisition of a number American lines, linked the St. Lawrence tributary system to an ice free outlet on the Atlantic at Portland Maine. As time progressed rail lines stretched to the west and gave the St. Lawrence transportation system a transcontinental character. Macdonald's "National Policy" gave government aid to and facilitate the growth of the centre by allowing it to capture the trade of a new hinterland.

The canal system was maintained and improved in the post-Confederation era, despite the growth of rail transportation. From 1871 to 1899, the canals of the St. Lawrence, including the Welland canals, were either improved

"Easterbrook p. 301"
or replaced, bringing the system up to depth of fourteen feet. Construction often took many years to complete since it was carried on in a manner that did not interfere with shipping. New sections of canal were put into place at Lachine and in the Soulanges section of the river. At the time of the negotiations, 1919 to 1934, the system of canals on the St. Lawrence had reached a depth of not less than fourteen feet.

All the improvements to the St. Lawrence were done up to this point exclusively by interests on the Canadian side. The River is, however, part of Canada's boundary with the United States and thus from the head of Lake Ontario to Lake St. Francis, a distance of some 132 miles, it is an international river. Through a series of treaties the two countries sought to define their relationship in terms of the river.

The first of these treaties was the Treaty of Versailles signed at the end of the American Revolutionary War. It settled the question of each country's northern and southern frontiers as far west as the Lake of the Woods. The Webster-Ashburton Treaty of 1842, further defined the boundary waters of the two countries and stipulated that all channels in the international section of the river "shall be free and open to ships, vessels, and boats of both
In 1854, the United States ratified the Reciprocity Treaty with British North America. Article IV of the treaty extended to the "citizens and inhabitants of the United States...the right to navigate the river St. Lawrence and the canals in Canada...with their vessels, boats, and crafts, as fully and freely as the subjects of Her Britannic Majesty..." The right to navigate the St. Lawrence was discretionary and could be cancelled with appropriate notice. The "privilege" was never revoked despite the termination of the treaty by the United States a decade later.

The United States Government sought to make their access to the river and canals of the St. Lawrence permanent, largely because of pressure from the American midwest. They achieved this with the Treaty of Washington of 1871. Article XXVI reads:

The navigation of the River St. Lawrence, ascending and descending, from the forty-fifth parallel of north latitude, where it ceases to form the boundary between the two countries, from, to, and into the sea, shall forever remain free and open for the purposes of commerce to the citizens of the United States, subject to any laws and regulations of Great Britain, or of the Dominion of Canada not inconsistent with such privilege of free navigation.

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8ibid p. 39

9Chacko p. 60
With this the United States established a permanent stake in the functioning and the development of the transportation system of the St. Lawrence. During the treaty negotiations they had asked Canada to improve the canal system to a depth of 14 feet, though refusing to pay any portion of the improvement.\(^\text{10}\) It was not until more than two decades later that any concerted effort would be made for joint improvement of the river.

Though there is some debate among historians as to where and when the movement for a deep draft ship canal on the St. Lawrence began, it can be safely said that the idea was being circulated by 1895. In that year a Deep Waterway Commission was created jointly by the Governments of Canada and the United States to investigate various river systems and recommend the most suitable route for the construction of a ship canal.\(^\text{11}\) The Commission looked at three alternative plans. Besides the St. Lawrence route from Lake Ontario to Montreal, two separate proposals were studied which contemplated the use of the Hudson River.

In 1897, the commission recommended the deepening of the St. Lawrence to a depth of not less than 20 feet.\(^\text{12}\)

\(^{10}\text{Willoughby p. 46}\)


\(^{12}\text{Sessional Papers 1898 No. 16A "Report of the Deep Waterways Commission"}\)
This was strongly opposed by various groups in the United States who came together under an umbrella organization, the National St. Lawrence Project Conference - A Nation-Wide Organization in Opposition, which through a very effective lobbying campaign was able to have the plan shelved. After much public debate on the pros and cons of the St. Lawrence route over that of the Hudson Mohawk, construction of a new barge canal was started in 1905 that would deepen the link between New York City and Lake Ontario. The fact that this was a barge canal and not a ship canal served only to postpone the debate over the improvement of the St. Lawrence.

Canada was at the same time debating how to improve its canal system. A ship canal linking Montreal via the French and Ottawa rivers to Georgian Bay on Lake Huron was proposed as early as the Quebec Conference of 1864. Demand for it peaked at the turn of the century. The project was supported by Sir Wilfred Laurier and several leading members of his cabinet. A Georgian Bay ship canal was seen as an ideal means of bringing to market the growing agricultural surplus of the Canadian prairies. An all-Canadian route from Georgian Bay eliminated the need to enter into a joint venture with the United States. As Laurier saw it: "the best and most effective way to maintain friendship with our American neighbors is to be absolutely independent of
The Montreal, Ottawa and Georgian Bay Canal Company was chartered in 1894 and had the financial and technical backing of the English contracting firm of S. Pearson and Company. In 1896 a Committee of the Senate of Canada reported favorably upon the proposal. Nothing more was done by the government until March 1903 when Laurier announced to the House of Commons that a Royal Commission would be appointed and asked to prepare a comprehensive plan for the development of Canada's waterway system. The Department of Public Works, in conjunction with the Royal Commission, made an extensive survey and reported that the waterway was feasible. It was estimated that construction would take ten years and cost $100,000,000. The Georgian Bay Ship Canal became part of the election platform of the Laurier Liberals in 1911, but the Liberals and their proposals went down to defeat. The all-Canadian route suffered a further blow in March of 1912 when the Conservative Government under the leadership of Robert Borden announced that it was undertaking the construction of a new Welland Canal. Construction began in the summer of

13Willoughby p. 69
14Legget p. 122
15Canadian Annual Review, 1903, p. 431
1913 and contributed to the movement toward a wider acceptance of the St. Lawrence route.

With the dawning of the new century, the activities in the boundary waters between Canada and the United States reached forms and levels unprecedented in the past. Man now had the capacity to radically alter his environment. In 1900, the opening of the Chicago Drainage Canal threatened navigation throughout the Great Lakes and the St. Lawrence River. These municipal works diverted water from Lake Michigan into the Mississippi watershed. Questions about navigation, irrigation, sewage treatment and the new technology of hydroelectric generation came to the forefront and needed to be answered.17

In the early 1900's Canada and the United States moved to create a permanent mechanism for dealing with boundary waters. In 1905 each country appointed three members to what was called the International Waterways Commission. Initially this Commission had only advisory functions, but it was soon seen that this was an inadequate way to deal with the growing pressures on the waters of the Great Lakes Basin. Negotiations designed "to prevent disputes regarding the use of boundary waters and settle all questions that are now pending...and to make provision for the adjustment and

settlement of all such questions as may hereafter arise." were opened in 1907. Some two years later Britain and the United States signed the Boundary Waters Treaty. This document and its institutional creation, the International Joint Commission, were to have a great impact upon the proposal to improve the St. Lawrence that was to arise a decade later.

The treaty clearly defined the relationship of the two countries to their shared water resources. It created a hierarchy of uses in which sanitation topped the list. This was followed in order by navigation, power generation and irrigation. The "privilege of free navigation" granted in the Treaty of Washington was reaffirmed. The question of future development was dealt with through the creation of the International Joint Commission (IJC). It replaced the International Waterways Commission, which had been purely an advisory board. The IJC was given judicial powers binding both governments. It was agreed that any further "obstructions or diversions, whether temporary or permanent, of boundary waters on either side of the line, affecting the natural level or flow of boundary waters" would be submitted

18International Joint Commission, Interim Order, Opinions and Hearings in the Matter of the Application of the St. Lawrence River and Power Company, (Ottawa: King's Printer, 1919) p. 129

19Sessional Papers No. 230, 1919 p. 5
to the IJC for approval. A mechanism was thus created that would govern the relations of the two countries in regard to independent or joint actions in the area of waterways common to the two countries.

The first attempt to use the new mechanism to consider the improvement of the St. Lawrence originated on the American side of the border in 1913. In July of that year, Senator Charles E. Townsend of Michigan persuaded the United States Senate to adopt unanimously a resolution:

Requesting the President to enter into negotiations with Great Britain with the view to securing an international agreement for the concurrent or co-operative improvements of navigation in the boundary waters of the United States and Canada, for the advancement of the commerce of the two countries.

After the matter was scrutinized by the executive branch, a diplomatic note was passed via the British Embassy to the Canadian Government. Its purpose was to ascertain Canada's attitude to a proposed study for the development of the waters of the Great Lakes-St. Lawrence Basin "for the deep-water navigation and transportation purposes, for fishing purposes, and for power purposes." The note suggested that the whole matter be referred to the IJC for investigation and report. It was further suggested that the

20 The Boundary Waters Treaty, (Ottawa: King's Printer, 1909) Article 3
22 Willoughby p. 81-82
Commission should be asked the following question.

...is it practicable, feasible and desirable for the Government of the United States and the Government of the Dominion of Canada to adopt any plan for the co-operative and concurrent improvement of these navigable and boundary waters, either by concurrent or reciprocal legislation or by special agreement between them to the extent of constructing and developing a deep waterway for ocean-going vessels of ordinary draft throughout said lakes, connecting waters and rivers?23

The note was sent in February of 1914 but went unanswered by the Canadian Government, despite prodding from the British Government.24 Canada had not yet formed a policy on the St. Lawrence. The growing climate of hostility in Europe, and the eventual outbreak of war the following summer, pushed the issue into the background.

The note reflected an increased interest in the deepening of the St. Lawrence on both sides of the border, despite the Canadian refusal to answer it. Various groups, both for and against, debated the merits of the plan. In 1913, the beginning of the construction of a new Welland Canal and the deepening of the Toronto harbour seemed to indicate government sympathy toward the St. Lawrence route.

In Parliament a proposal to study the water levels at the Port of Montreal led to demands for a wider study from members of the opposition. Former minister of Public Works, William Pugsley declared "The St. Lawrence should be dealt

23Wright p. 17

24Borden Papers, p. 59753, L. Hawcourt to Governor General March 24, 1914
with as one great system, the various parts of which are intimately connected with one another, and there should be complete investigation of the system with a view to conserving the whole waterway.".25 Borden replied that "sooner or later" the government would undertake a more comprehensive survey of the river. He expressed concern about the impact of any new development but said that the situation was complicated by the need to co-operate with the Governments of the United States and the State of New York.26 The levels of the river itself were matters to be studied by the IJC.

As the North American economy geared itself towards the production of war materials and foodstuffs for the conflict raging in Europe, the transportation system, largely reliant on rail, was unable to keep pace with the growth. Several "bottlenecks" were created and the system was straining under the weight of the sheer volume that it was called upon to carry. The building of a deep waterway was seen by many as a solution to the transportation problems that were particularly acute in the United States. Shipping goods directly to market from Great Lakes cities would avoid the congestion of the Eastern rail lines and the transhipment delays at the Atlantic ports. The opening of the Panama Canal in 1914 was also seen as a further detriment to the

25Willoughby p. 80
26 Ibid p. 80
economic growth of the American Mid-West. While freight rates on the west coast declined as a result of the canal, the cost of transportation in the American heartland remained unaffected. Many in the Mid-West saw a deep waterway as a means of regaining a competitive footing in transportation rates with those regions that had benefited from the completion of the Panama Canal. Despite these factors, it was not the troubled American transportation system that brought about demands for further improvement of the St. Lawrence canals. The push came from the Canadian Government. The issue was the application of the St. Lawrence Power Company to build a submerged weir in the river at Massena New York to increase its output of hydro-electric power and facilitate the production of aluminum.
Chapter Two

Testing The Waters

The process that eventually led Canada and the United States to a treaty on the development of the St. Lawrence began in the summer of 1918. A decision of the International Joint Commission to allow the construction of a submerged weir in the St. Lawrence near the New York town of Massena led Canada to request a joint study of the river. The Canadian Government wanted to control development on the St. Lawrence and recognized the need for an agreement with the United States. In the American mid-west the forces advocating a deep waterway to the Great Lakes successfully lobbied Congress and the White House. For the first time both countries were willing to deal with the issue of the improvement of the river. Diplomatic notes were exchanged and an agreement was reached to refer the matter to the IJC. After almost two years of study the Commission handed down its conclusions and made its recommendations.

The war in Europe demanded enormous supplies of goods and America mobilized her military and industrial resources to achieve victory. One commodity that was pressed into a variety of uses was aluminum. The sole producer of the metal in the Americas was the Aluminum Company of America (Alcoa). The company not only produced the metal for domestic use but was major supplier to the Allied countries of Europe. Demand for the product had outstripped the
company's five manufacturing plants in the United States and Canada in 1917 by some 20 to 30%. This gap between production and demand had a direct bearing on the relationship of the United States and Canada when the St. Lawrence Power Company, a subsidiary of Alcoa, asked permission of the United States Government to construct various improvements on the American side of the St. Lawrence River adjacent to its power plant at Massena New York. The purpose of these improvements was to overcome the buildup of ice in the winter months that reduced the flow of water and thus inhibited the production of hydro-electric power that was essential to the manufacture of aluminum. The company maintained that if their plan was approved, the facilities at Massena could avoid their yearly shutdown and production could be raised by 6,000,000 pounds. This was presented as the only way by which production could be raised to any large extent in the short term.

The plan called for the dredging of a shoal in the South Sault channel above the power plant's intake and the erection of a moveable ice-boom. This was to be complimented by the construction of a submerged weir across

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27International Joint Commission-The Application of the St. Lawrence River Power Company: Interim Order, Opinions and Hearings,(Ottawa: King's Printer, 1919) p. 61

28Ibid p. 55
the channel below the intake. On September 10, 1917, the American Secretary of War, Newton D. Baker, on his own authority granted a permit for the dredging and the construction of the moveable iceboom as a "war measure" but stipulated that the permit for the submerged weir had to be submitted to the IJC for approval. The company proceeded with and completed the work on the iceboom and dredging as approved by the following spring. At no time during this period was the Canadian Government informed of the modifications taking place on the river bed nor was the subject of the submerged weir brought to the attention of the IJC. Though work of this nature would have been impossible to hide, neither members of the Canadian cabinet or the IJC seemed to be aware of the construction.

The improvements at Massena first came before the IJC in Atlantic City, New Jersey, on August 12, 1918. The Commission was considering an application by the New York and Ontario Power Company when the counsel for the United States Government, George W. Koonce, acting for and on behalf of the St. Lawrence Power Company, asked for an immediate hearing of the application for the construction of the submerged weir. He also submitted a motion that five rules of procedure be suspended to facilitate a speedy

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30IJC p. 263-265
approval of the permit. He maintained that time was of the essence because the construction would take within sixty to ninety days. Work had to be completed by December 15 if it was to have a positive effect upon the production of aluminum the following winter. Frank H. Keefer, representing the Dominion of Canada, expressed his surprise at the approval of the dredging without the consultation or consent of Canada and the IJC. P.B. Mignault, a member of the Commission, wondered why the application had been submitted at such a late date rather than earlier. Keefer, not having had time to consult with Ottawa, opposed the motion but declared that his Government was willing to co-operate because of the war related nature of the project. He maintained that the matter would be better handled through direct consultation between governments.

Since the application had been made on behalf of the government of the United States, the Canadian representatives consented to allow the rules of procedure to be amended in this case. Keefer questioned the motives behind the application. The company had requested permission to construct a similar weir in 1916, but that request had been withdrawn after the exchange of diplomatic

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\(^{31}\)Ibid p. 7-9

\(^{32}\)Ibid p. 9

\(^{33}\)Ibid p. 11

\(^{34}\)Sessional Papers No. 230, 1919 p. 5
notes. Ottawa was against granting additional power rights to private companies in the St. Lawrence because to do so would jeopardize a comprehensive development of power and navigation. Was the application a ploy by the company to gain additional power or was it necessary for the successful conduct of the war? If the United States insisted on the latter then Canada would not oppose a speedy hearing. The next day the Commission brought down an order that suspended the regular rules of procedure requiring notice and publication of the application and fixed a hearing for August 29 in Montreal.

At the opening of the proceedings in Montreal the counsel for the United States presented a letter addressed to the Commission from the American Secretary of War. It reads in part:

The War Industries Board is apprehensive that the supply of aluminum will not be adequate for the requirements of the Government and of our Allies, and is therefore wisely encouraging the increase of output. The War Department is, I need not say, vitally interested that there shall be at all times an adequate supply of this product to meet the requirements of our military program and of the program of our Allies.

Coupled with this plea was the fact that the work had to begin by September 15 if it was to facilitate increased production in the coming winter. The American case boiled

35IJC Part II p. 16
36Ibid p. 18
37Ibid p. 39
down to the two points of urgent need and shortage of time.

Canada opposed the application arguing that the IJC did not have the authority to rule in the matter; the issue must be settled through direct negotiations between the two governments. Article VII of the Webster-Ashburton Treaty of 1842 was key to the Canadian case. It absolutely barred construction of the weir in the South Sault channel, stating "the channels in the river St. Lawrence on both sides of the Long Sault islands...shall be equally free and open to the ships, vessels, and boats of both parties.". The Canadian case was further strengthened by Article VIII of the Boundaries Waters Treaty of 1909 which declared "no use shall be permitted which tends materially to conflict with or restrain any other use which is given preference over it in this order of precedence." Navigation had precedence over power generation, and construction of the weir not only restricted but entirely closed the channel to navigation.

The Americans responded with evidence to show that the channel was not used for commerce. They conceded that the waters had been used in the past but that this use was restricted to downstream tourist cruises that had ceased several years before. They contended that there would be "absolutely no disadvantage to Canadian navigation".

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38 Ibid p. 126
39 Sessional Papers No. 230 1919 p. 5
40 IJC Part II p. 29
The American counsel conceded that the water levels on the Canadian side had already been effected by dredging during the previous summer. The new works had increased the volume of water that could travel down the south channel thus decreasing the volume moving on the north or Canadian side of Barnhart Island. It was their contention that once the weir was in place the water in both channels would return to previous levels.41

The depth of the water in the north channel was of grave concern to Canadian interests. It was in that section of the river that the Cornwall canals were located. This put the Canadian Government between a rock and a hard place. As P.B. Mignault of the Commission put it "unless we authorized the construction of the submerged weir the levels of the water on the other side of the line would be effected by the dredging."42 Amid repeated protests from the Canadian delegation and demands for direct negotiation with the American Government, the IJC adjourned the hearing to render a decision.

The hearings were hotly debated in the Canadian press where criticism centered around the influence of a large United States corporation upon the "international highway".43 Seeing itself lambasted in the newspapers and

41Ibid p. 143
42Ibid p. 158
43Canadian Annual Review 1919 p. 119
denied what it saw as clearly defined rights under existing treaties, the Borden government attempted a diplomatic solution. On September 2, a copy of an order-in-council was sent via the British Embassy in Washington to the Government of the United States.

The Canadian Government, being advised that it would be possible to develop some seven hundred thousand horse power from the waters of the St. Lawrence River in the vicinity of the Long Sault Rapids and recognizing that any such development could only proceed under agreement between the two countries, proposes for consideration that the two governments should take immediate steps jointly to prepare a scheme looking to such power development in the interests of the two countries. In light of this possibility the Canadian government is strongly of the opinion that no permanent project by private interests should be permitted at this time that would prevent or interfere with the carrying out of such a joint program by the countries.44

If accepted, this would have effectively blocked any private power development on the river and put an end to piecemeal and ad hoc development of the river. It also marked the first time that the Canadian Government was willing to look at a comprehensive plan for the development of the St. Lawrence River with the United States. Two days later Arthur Mieghen and A.L. Sifton went to Washington to plead their case and present the proposal to the Secretary of State, Robert Lansing. Five days later the two cabinet ministers returned home without receiving a reply to the proposal. As William Dafoe was to put it several of years later, "The plan was sound; the times were not

In New York City, on September 14, the IJC issued an order that approved the construction of the weir as an interim "war measure". The weir was to be in place for five years or until the end of the war whichever occurred last at which time it was to be removed and the river returned to its original state. It was hoped that this would facilitate the war effort and put to rest the fears of the Canadian Government as expressed by the Solicitor General of Canada, Hugh Guthrie, who stated before the Commission "if it goes in, it will never come out." Construction was started immediately and was completed before the December 15 deadline.

Guthrie's perdition proved true. The works in the river at Massena were not removed five years later but remained in place until the construction of the Seaway in the 1950's. The importance of the hearings were that they forced the Canadian Government to deal with the question of development on the St. Lawrence. If Canada was to reap the potential benefits for navigation and power then a comprehensive scheme had to be formulated. Ottawa feared that if the piecemeal development was allowed to continue

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45John W. Dafoe, Clifford Sifton In Relation to His Times, (Toronto: Macmillan, 1961), p. 451
46IJC Part I p. 6
47Ibid p. 21
much of the river's potential would be wasted. The granting of a permit for the construction of the weir proved that a policy of inaction was no protection against the encroachment of private enterprise.

On October 12, 1918, the Canadian Government protested the decision to allow construction of the weir and proposed a joint study of the St. Lawrence River, in which both power and navigational development on the St. Lawrence would be examined. The Canadian Government argued that without such a scheme there would always be a danger that "the ultimate possibilities of the St. Lawrence navigation may be neglected or even irreparably injured." Power was seen as an important but "subordinate and incidental" to navigation. Ottawa envisioned a plan where the river could be developed in stages as demand required. Controlled development was preferable to the prospects of a "series of unrelated private enterprises." No reply to the note was ever received though it is doubtful that it was ever brought to the attention of the United States Department of State. The issue was, however, not dead.

Coincidentally in the American Mid West there arose a lobby group that was to be very important in bringing the

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49 Sessional Papers No. 230, 1919, Order in Council October 12, 1918 p. 8-10
49 Ibid
50 C.P. Wright p. 21
two governments together. It was to remain a key element in the evolution of the project and would be largely responsible for the first political success in the United States in relation to a deep waterway: the passage of an amended Rivers and Harbours Act in March of 1919.

C.P. Craig, a Duluth, Minnesota lawyer and investment banker, often referred to as the "father" of the deep waterway movement in the United States, was instrumental in forming the Great Lakes-St. Lawrence Tidewater Association in February of 1919. Craig became the executive director of the Association and held that post for the next fifteen years. During that time he was a constant and influential advocate of a ship canal on the St. Lawrence. As directing head of the central office in Washington, he controlled the research and propaganda division and oversaw the day-to-day functioning of the organization.51 Starting with a membership of six states, by the early 1930's the Association could boast the financial and legislative support of twenty-two state governments. It functioned as a lobby group, a liaison between interested groups and governments and a propaganda machine that published a vast array of material and submitted reports to the various commissions and boards set up to study the proposed deep waterway. Financial backing was obtained from the member states who also set the broad policy framework within which

51Willoughby p. 90
the Association functioned.52

In 1926 Craig recalled that "the first duty of our Association was to procure cooperation from the Canadian Government, in a joint study of the engineering and economic facts involved in the project.".53 This may have been their first duty but the first step was to persuade the American Government to agree to enter into negotiations. The Association convinced Senators Lenroot of Wisconsin and Kellogg of Minnesota to move an amendment to the Rivers and Harbors Act in early 1919. It stated,

That the International Joint Commission...is requested to investigate what further improvement of the St. Lawrence River between Montreal and Lake Ontario is necessary to make the same navigable for ocean-going vessels, together with the estimated costs thereof, and report to the Government of the Dominion of Canada and to the Congress of the United States, with its recommendations for cooperation by the United States with the Dominion of Canada in the improvement of the said river.54

The amendment was passed with broad support. Only the representatives of the eastern states opposed it. With President Wilson's signature on March 2 the amendment became law.

Though the forces for the St. Lawrence route had won a victory for their cause, but the rival American route along the Hudson Mohawk would also receive consideration. The

52Ibid p. 305
53Wright p. 24
54Chacko p. 281
amendment not only carried the pro St. Lawrence clause but also a direction to the Secretary of War to initiate a preliminary examination and survey by the United States Corps of Engineers of such routes between the Great Lakes and the Hudson River as may be considered practical by the Chief of Engineers, with a view to securing a waterway admitting ocean-going vessels to the Great Lakes.\(^{55}\) The rivalry between the two routes that had existed as far back as the days of New France and the fur trade was once again a matter of debate.

On April 12, 1919, the Department of State, through the offices of the British Embassy in Washington, sent a note to the Canadian Government enquiring if they were "now ready to submit to the International Joint Commission for investigation and report" the matter of "the development and use of the waters forming the boundary between the United States and Canada."\(^{56}\) The note contained two separate proposals for Canada to consider. It was clear that the American administration preferred that the reference to the IJC be modelled on its note of January 1914. Ottawa was being asked to approve a reference for the entire question of the Great Lakes and St. Lawrence and not merely for the river itself, between "Lake Ontario and Montreal". This had a wider scope than the proposal that had originated in the

\(^{55}\)Wright p. 26

\(^{56}\)Sessional Papers No. 79 1920 Letter Colville Barclay to The Duke of Deveonshire April 12, 1919
Senate with the amendment to the Rivers and Harbours Act. Where the Senate had asked for an investigation of the navigational aspects alone, the White House wanted all outstanding questions including navigation and power to be looked at. If the wider reference was not acceptable to the Canadian Government, the note suggested, the reference to the IJC could be as written in the Rivers and Harbors Act.~7

The receipt of the note sparked debate at the cabinet level in Ottawa. The alternatives of accepting or rejecting the proposal had political consequences that had to be considered. As was clearly illustrated in earlier debates over the proposal for a Georgian Bay Ship Canal, there were a great many Canadians who did not want to participate jointly with the United States in the improvement of the St. Lawrence. Their opinion, whether because of fear of American dominance or out of regional considerations, had to be weighed. The hydro-electric power that would be a consequence of the construction of a ship canal added further complications. The question of who had the right to develop the power in the St. Lawrence was constitutionally unclear and unsettled. It led to a confrontation between the Federal Government and the provinces, especially Ontario and Quebec.

A rejection of the American proposal held dangers of its own. Canada had in October of 1918 sent a diplomatic
note to the Americans insisting on a joint study of the river. Lorne C. Christie, legal advisor of the Department of External Affairs, pointed out to the Prime Minister that a rejection could be interpreted as "something verging on bad faith." Frank Keefer, under secretary of state for External Affairs, advocated the acceptance of the American offer for two reasons. First, the transportation system was inadequate for the efficient movement of prairie grain to market. Any expansion in production would put further strain on the system and Canada could not bear the costs of making the necessary improvements. Second, there was the question of the potential hydro-electric power undeveloped in the International Section of the river. To unlock this vast resource would require joint action with the United States. The demand of private power companies was becoming more difficult to resist each successive year.

Once Borden decided to agree to a reference to the IJC it became a question of choosing between the options presented in the American note. Keefer at first expressed preference for the wider study, declaring that it would be better "to deal with the whole matter instead of piecemeal"

**Borden Papers, p.139279, L.C. Christie to Borden July 15, 1919**

**Ibid, p.1392365, Keefer to Borden May 12, 1919**

**Ibid, p.139267, Keefer to the Prime Minister May 20, 1919**
but upon reflection changed his mind.\(^1\) He reasoned that the larger study would provoke opposition from several quarters. In the United States those interests connected with the eastern railroads, the port cities of the Atlantic seaboard and Chicago, whose drainage canal had been subject to controversy since its construction, might be more inclined to act against the proposal if it were to include the Great Lakes as well. On the Canadian side of the border, the greater sums of money needed to deal with a complete system from the Lake Head to Montreal could cause delays and prevent improving the part of the system which needed it most. With the narrower reference the government could "follow the least line of resistance."\(^2\) In July of 1919, the British Charge D'Affaires in Washington informed the American Secretary of State that the Government of Canada is prepared to join with the Government of the United States in submitting to the International Joint Commission, the matters referred to in Section 9 of the Act of Congress approved on the 2nd day of March, 1919, and that the Government of Canada will forthwith appoint a representative who will discuss with the proper authorities of the United States the terms and conditions to be embodied in the proposed reference.\(^3\)

On August 29, the Secretary of State informed the Canadian Government that Lieutenant Colonel Charles Keller

\(^1\)Ibid, p.139265, Keefer to Borden May 12, 1919 p. 139265

\(^2\)Ibid, p.139267, Keefer to Borden May 20, 1919

\(^3\)Sessional Papers No. 78 1920 Certified copy of a report of the Privy Council July 17, 1919
of the Corps of Engineers, War Department, has been designated to confer with the Canadian Government's representative." Ottawa responded with the appointment of W. J. Stewart, Consulting Engineer of the Department of Railways and Canals, on September 18. Having conferred on three separate occasions, the two engineers submitted a report in the form of a joint memorandum on November 11, 1919. The basis for their agreement was as follows:

It is our view that the necessary work of surveying and preparing plans and estimates in accordance with a number of alternatives should be done jointly by engineers of the respective governments who are already charged with these or similar duties, and that the International Joint Commission should be charged with the duty of making the general investigation and obtaining the information necessary to enable it to select the most desirable plan and to make the desired report and recommendations relating thereto."

The memorandum, which also included the questions to be asked of the IJC and the instructions to be given to the engineers looking into the technical matters, was subsequently approved by both governments.""

The two governments had thus reached the stage where the matter could be referred to the IJC for study. On January 21, 1920 two identical notes were sent from Ottawa and Washington addressed to the Commission. A list of nine

**"Ibid" Secretary of State to Canadian Government August 27, 1919**

**"Ibid" Memorandum November 11, 1919**

questions were sent forth,

involving the beneficial use of the waters of the St. Lawrence from Montreal to Lake Ontario, in the interests of both countries, and, in general, the rights, obligations, or interested of either in relation to the other, or to the inhabitants of the other along their common frontier.\textsuperscript{7}

The IJC was asked to look at what further improvement to the St. Lawrence was needed to allow deep draft vessels access to the Great Lakes. It was also asked to determine the most suitable depth and give an estimate of the costs involved. The Commission was to submit two sets of estimates, one for purely navigation works and the second for a combination of navigation and power works. It was to make recommendations on the allocation of costs and the administrative framework for the construction and post-construction periods. The economic impact of a deep waterway was to be studied. The Commission was to report on the effect on commerce, resource development and industry in both countries. The Commission was also asked to determine the impact of both the deep water navigation and the availability of large quantities of hydraulic power. In conjunction with the engineering studies, the Commission was requested to hold a series of public hearings to determine the physical, commercial, and economic feasibility of the project.\textsuperscript{8,9}

\textsuperscript{7}Chacko p. 282

\textsuperscript{8,9}Chacko p. 282-283
The final administrative hurdle that had to be cleared was the appointment of the engineers who would constitute the Joint Board of Engineers. On January 30, 1920, the United States appointed Colonel W.P. Wooten, Corp of Engineers United States Army. Canada waited until April 14 before appointing W.A. Bowden, Chief Engineer of the Department of Railways and Canals, as its representative in the joint technical study. The engineers were to "assist the Commission in answering the questions" as posed in the reference. They were to look at channels of 25 and 30 foot depths at low water and were asked to make "outline plans and lump sum estimates" to insure that they would meet the goal of submitting a report within the year. Two outlines were to be submitted, one for navigation alone and the other to include navigation and power.

The report of the Joint Board of Engineers (JBE) was not binding upon the IJC. Its function was to advise and report on the technical questions. Those findings could be accepted or rejected by the IJC which was ultimately responsibility for final recommendations. Since the Commission was not concerned with the engineering problems of the project until the report of the JBE, it was free to devote its time to the consideration of the "economic

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69Sessional Papers No. 89, 1922, IJC, Report on the St. Lawrence Navigation and Power Investigation, 1921 Page 6
70Ibid p. 6
aspects of the St. Lawrence improvement". The IJC disregarded the narrow nature of the reference and decided, "that no intelligent consideration could be given to the development of the maximum efficiency of the upper St. Lawrence without at the same time taking into account the whole system of the great lakes and their outlet to the sea." The question was seen as "intimately affecting the welfare of a very large population on both sides of the international boundary between the Atlantic seaboard to the rocky mountains". From March to March in the years of 1920 and 1921, the Commission held a series of hearings in sixteen states and five provinces "from Boston, New York and Montreal in the east to Boise and Calgary in the west."

During the hearings the arguments for and against the economic viability of the proposed improvement became "more or less well-defined". The Commission's final report examined what it saw as the three main arguments. First "whether or not ocean going ships could or would use the deep waterway if it were constructed"? Second "whether or not there would be sufficient cargoes outbound or inbound to make the route a success"? And finally, whether this

71 Ibid p. 8
72 Ibid p. 8
73 Ibid p. 9
74 Ibid p. 9
traffic would be sufficient "to justify the very considerable expense involved in its improvement"? There were other minor points that were argued but the Commission felt that many of these were "irrelevant" to the question at hand. The primary factor in the arguments offered seemed to be the region or interest that each witness represented.

The governmental proponents of the St. Lawrence improvement were the "states of Ohio, Illinois, Indiana, Wisconsin, Michigan, Iowa, Minnesota, North Dakota, South Dakota, Nebraska, Colorado, Montana, Wyoming, and Idaho and the provinces of Ontario and Saskatchewan". All of the state governments had either sent official representatives or were represented by the Great Lakes-St. Lawrence Tidewater Association of which each was a member. Sir Adam Beck represented both the Province of Ontario and the Ontario Hydro Commission while Saskatchewan sent its provincial treasurer to speak for the government. Though hearings were held in Quebec, Manitoba, and Alberta these governments did not send official representatives and did not take part in the discussion. Some thirty national and regional organizations also threw their support behind the project along with several score local and commercial

Ibid p. 98
Ibid p. 188
Ibid p. 188
organizations. 78

On the side opposing the improvement, the only state to be officially represented was New York "although a good deal of adverse sentiment evidently existed in other states on the Atlantic seaboard." 79 There were also a number of organizations that were opposed to the improvement including several Atlantic ports. Cities like Buffalo and Montreal, along with companies and associations which had prospered under the existing canal system, settled into the opposition camp. For the most part the testimony of those against the project consisted of "assertions" rather than factual "arguments". According to the report of the Commission "those opposed to the improvement evidently feeling that the burden of proof rested with the affirmative". 80

The testimony of the pro-forces was dominated by the Great Lakes-St. Lawrence Tidewater Association whose Executive Director, C.P. Craig boasted some years later that "every hearing was arranged, the evidence procured, and its introduction supervised by your Executive Director." 81 Besides being the rallying point for the advocates of the deepening of the St. Lawrence, the Association submitted testimony itself. The most important submission was the

78Ibid p. 189-191
79Ibid p. 191
80Ibid p. 109
81Wright p. 37
study it had prepared by two transportation experts, Roy S. MacElwee and Alfred H. Ritter. That study titled the "Economic Aspects of the Great Lakes-St. Lawrence Ship Channel", so impressed the Commission that it was printed in its entirety in one of the appendixes to the report. This document and the testimony of various corroborating "expert witnesses" were to form the backbone of the pro-waterway argument. Where those opposed had come up with "assertions", the advocates were armed with concrete factually backed arguments.

There was very little discussion of the power aspect in the hearings. For the most part testimony on hydro-electrical generation confined itself "to expressions of opinion, and very little real testimony was put before the Commission upon which it could base a reasoned judgement". It was the navigational aspect of the project that dominated the public hearings. The Commission looked at the economic situation of the tributary area on both sides of the border, potential for development, and the capacity of the existing transportation system to meet the present demands and cope with the demands of the future.

While the Commission was holding the public hearings and looking into the economic aspects of the proposal, the Joint Board of Engineers was studying the technical side of the matter. In July and August of 1921, the Board submitted

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"Sessional Papers No. 89, 1922 p. 273"
its report. Although the Commission accepted the plans of the Engineering Board as presented and praised it for its thoroughness, it was recommended that an enlarged board look into the variety of other plans that had been proposed.83

The JBE concluded that the physical characteristics of the St. Lawrence were well suited for the combination of navigation improvements and power development. The study was divided into two parts: the first concerned the international section from Lake Ontario to Cornwall and the second the national or all-Canadian section from Cornwall to Montreal. The primary obstacle to navigation in the international section was the Long Sault Rapids where the river dropped thirty feet in two miles. It was also here that the potential for the generation of hydroelectric power was greatest. It was proposed that a series of dams be placed across the river in the vicinity of Long Sault Island where hydro-electric generating stations with an estimated output of some 1,500,000 horse power would be built.84 A control and protective dam would be build some twenty miles down stream at Ogden Island. At the former there was to be an eight mile, two-lock canal on the Canadian side. At the latter there would be a short one-lock canal on the American side. These dams would raise water levels in certain sections of the river and that was of special concern to the

83Ibid p. 174
84Ibid p. 168
Commission. The flooding would be especially destructive on the Canadian side of the river where several towns, villages, farms and historic sites would be submerged.**

The section of river from the international border to Montreal was designated as the "all-Canadian section". Since the development of hydro-electricity in this section did not require the co-operation of the two countries, the JBE submitted plans that were strictly navigational in nature. The estimated potential 3.5 million horse power that lay latent in the Soulanges and Lachine Rapids were under Canadian jurisdiction and thus a Canadian concern. The Soulanges Rapids were to be avoided with the construction of a fifteen mile canal including two pairs of flight locks between Hungry Bay on Lake St. Francis to a point near Melocheville on Lake St. Louis. The plan to circumvent the final section of rapids at Lachine called for an eight mile, two-lock canal that would, to a great extent, parallel the existing canal.**

The JBE also submitted cost estimates for the initial development on the river. These provided for a canal depth of 25 feet and the development of 1,464,00 horsepower in the international section. The estimated cost of the work was as follows:

Section and Work

**Ibid p. 168

**Ibid p. 169
Thousand Islands $ 100,000
International Rapids: navigation and power development 159,000,000
Lake St. Francis 1,158,000
Soulange rapids: navigation development only 36,590,000
Lachine rapids: navigation development only 55,783,000
Total $252,728,200

The costs listed for the Thousand Islands and Lake St. Francis were for the dredging of shoals. It was further estimated that an additional depth of five feet could be obtained for another $17,000,000. 

Once the IJC had received and accepted the JBE report they retired to write their conclusions and recommendations. On December 19, 1921 the six members of the IJC signed the unanimous report and addressed it to the two governments for consideration. The report summarized the testimony given at the public hearings and examined the various details of "this many-sided question". The Commission found that the consensus of opinion in the two countries "while far from unanimous, was on the whole distinctly favorable to the proposed improvement". In the United States the project was "unreservedly" favoured in the Middle Western and Western States from Ohio to Idaho. The eastern States were on the whole "antagonistic" to the idea. On the Canadian

*Ibid p. 168-182
**Ibid p. 155
***Ibid p. 155
side "anything like general approval" was restricted to Ontario. In the rest of the country "public sentiment appeared to be either indifferent or more or less hostile.".90

The IJC attributed most of the opposition to the proposal to "local patriotism".91 Those against the project may have put their arguments in other terms, but rejected it because they saw it as detrimental to their interests. The Commission recognized that the lack of enthusiasm in much of Canada had several factors at its root. Firstly, many of the country's citizens were preoccupied with alternative outlets to the sea. In the west this manifested itself in "keen interest" for the Hudson's Bay route on which large sums had been spent and great hopes were pinned. The new port would give prairie farmers their own outlet to the sea independent of the influence of the centre. In eastern Canada there was strong support in certain areas, such as Montreal and North Bay, for the Georgian Bay route. Secondly, the benefits of the waterway would be of far greater value to the United States than they would be to Canada. The volume of traffic both entering and exiting the waterway would be overwhelmingly American.92 Thirdly, unlike the American railroad system that was having trouble

90Ibid p. 155
91Ibid p. 158
92Ibid p. 157
meeting the demands placed upon it, the Canadian system had excess capacity.93

The Commission, convinced that proposed deepening of the St. Lawrence was both feasible and superior to the alternatives, presented eleven recommendations to the two governments. It first recommended that Canada and the United States negotiate a treaty for the development of the St. Lawrence between Montreal and Lake Ontario. The proposed works were to be based upon the report of the Joint Board of Engineers but before any final decision was made an enlarged Board should look at the matter in more detail. This second engineering study was to look at alternative schemes, submit more detailed plans and investigate the extent and nature of the damage that would result because of flooding. The Commission also recommended that the New Welland Ship Canal be completed as planned and be embodied as part of the scheme.94

Navigation and power works were to be constructed and maintained by the country in which they were located. Works that spanned the international border were to be operated and maintained by an "International Board" having equal representation from each country. The costs for the navigation works were divided between the two countries according to the benefits each country received as a result.

93Ibid p. 153
94Ibid p. 180-181
of the waterway. The ratio was to be fixed five years after the completion of the seaway and adjusted every five years after that. The allocations were to be based "upon certain known factors such as the development of resources and foreign and coastwise trade of each country within the territory economically tributary to the proposed waterway.".95

The work of the IJC represented the most comprehensive study of the St. Lawrence to that point. Copies of the report, clearly recommending development of the navigational and hydro-electric potential of the St. Lawrence, were forwarded to Ottawa and Washington for consideration by the politicians.

95Ibid p. 180-181
Chapter Three

Meandering Toward A Policy

The response to the report of the IJC was dramatically different in the two capitals. In Washington, the executive branch took immediate steps to ensure swift progress of the proposal. In Ottawa no immediate reaction was perceptible. Washington was on the fast track while Ottawa did not even seem to be on the rails.

The difference in initial reaction was to be mirrored over the next several years as time and time again the American Government took the initiative while the Canadian Government danced around the issue refusing to give a firm policy. Throughout the 1920's the Canadian Government showed a reluctance to move on the question of the deepening of the St. Lawrence. The cost, both financial and political, was seen as too great.

Politically, the issue played far better in the United States. As the IJC pointed out, the project did not have complete support in the country but it was popular among the states of the midwest and west which made up more than a quarter of the American population. Any movement in Washington that was perceived as pushing the project along would be popular north of Dixie and between the Allegheny and Rocky Mountains.
President Harding wanted to open immediate negotiations for a treaty with Canada. Officials in the State Department advised the President to await Congressional reaction to the IJC report. On January 23, 1922 the President sent the report to Congress with the following message:

I have spoken of the advantage which Europe enjoys because of its access to the sea, the cheapest and surest transportation facility. In our country is presented one of the world's most attractive opportunities for extension of the seaways many hundred miles inland. The heart of the continent, with its vast resources in both agriculture and industry, would be brought in communication with all the ocean routes by the execution of the St. Lawrence Waterway project. To enable ocean-going vessels to have access to all ports of the Great Lakes would have a most stimulating effect upon the industrial life of the continent's interior.

The feasibility of the project is unquestioned, and its cost, compared with some other great engineering works, would be small. Disorganized and prostrate, the nations of Central Europe are even now setting their hands to the development of a great Continental waterway which, connecting the Rhine and Danube, will bring water transportation from the Black to the North Sea, from the Mediterranean to the Baltic. If nationalistic prejudices and economic difficulties can be overcome by Europe, they certainly should not be formidable obstacles to an achievement less expensive and giving promise of great advantages to the peoples of North America.

The debate that raged in the two houses of Congress was similar to that heard at the IJC public hearings. The familiar calls for an all-American route and the


**Canadian Annual Review 1922 p. 104**
contention that the project was impractical because of the expense or because of fog and ice was raised by those opposed. Advocates of the proposal reiterated the value of the waterway not only for tributary regions but for the country as a whole. They saw the improvement of the river as both feasible and practical. According to C.E. Townsend, Senator from Michigan, the only thing that blocked the proposal was "the fumbling hands and greedy fingers of the political organization that controls New York Harbour." The debate became bogged down not only because of the divergence of opinion but because of the jurisdictional wrangling of various committees of both houses. This blocked swift action by the legislative branch of the American Government.

The situation in Congress led the State Department to investigate the possibility of informal negotiations with Canada. On May 17, 1922 a note was passed to the British Embassy in Washington from the American Secretary of State, C.E. Hughes. It read in part:

I venture further to suggest that, if it should not be deemed desirable to formulate in the first instance a treaty embracing a complete plan for the execution and the financing of the project, it might be practicable to conclude a treaty, pledging

**Ibid p. 104-105

**Ibid p. 105

100 Willoughby p. 306
the two governments to undertake the execution of the project on the recommendations submitted by the International Joint Commission, or such modifications as may be agreed upon, and making provisions for a joint commission charged with the duty of formulating such a complete plan, which should be subject to the approval of the two governments prior to the beginning of the work of construction.\textsuperscript{101}

The note presented two options for the type of treaty to be negotiated. It could be comprehensive, "embracing a complete plan", or a "pledge" where the details would be worked out later. The note also reflected the President's belief that "this great and commendable enterprise" should be concluded in the shortest possible time. The benefits of the project were seen in Washington as applying to both sides of the international border with the United States willing to contribute a sizable portion of the cost.

The Canadian response to the note both puzzled and disappointed the American administration.\textsuperscript{102} It came in a cautious and noncommittal note, dated May 29, 1922.

The Minister represents, in connection therewith, that Your Excellency's advisors have not thus far had opportunity to give to the report of the International Joint Commission and the accompanying report of the Board of Engineers appointed to examine the subject, that careful consideration which their importance merits, and that, moreover, having regard to the magnitude of the project and the very large outlay of public money involved, the

\textsuperscript{101} Unpublished Sessional Papers no. 101a 1924
Secretary of the United States to His Majesty's Ambassador at Washington May 17, 1922

\textsuperscript{102} Willoughby p. 98
government is of the opinion that it would not appear to be expedient to deal with this matter at the present time.\(^{103}\)

While the note was in transit, King spoke in the House of Commons where he "coldly referred to the costs" and told those assembled that "the present was not the time to take up the matter".\(^{104}\)

Washington regarded the Canadian response as "irrational" and "ill-advised", but it made sense north of the border.\(^{105}\) The Liberal government of Mackenzie King was little more than six months old. The federal election of the previous December had seen the defeat of the Conservative Government and their new leader Arthur Meighen who, in his previous role as Minister of the Interior, had authorized the reference to the IJC. The election had not been clear cut and had produced Canada's first minority government. The newly formed Progressive Party had taken 66 seats while Liberals held 117 out of the 235 ridings represented in the House of Commons. The King Government relied heavily on the support that it had garnered from the Province of Quebec.

\(^{103}\)Ibid. Certified copy of a Report of the Committee of the Privy Council May 29, 1922

\(^{104}\)H. Blair Neatby, William Lyon Mackenzie King, (Toronto: University of Toronto Press, 1963) p. 257

\(^{105}\)Willoughby p. 98
where it had captured all 65 constituencies. Though there was support for the project in Ontario and the west, the IJC had correctly noted that much of the country was either "indifferent or more or less hostile" to the project. The country's press was equally split in its opinion of the waterway. The newspapers of Montreal were hostile to the proposal as was the Ottawa "Journal". In Toronto the "Star and the "Globe" were solidly behind it, as was the St. John "Telegram". The Winnipeg "Free Press" was neutral. The rest of the country's newspapers for the most part remained indifferent. With more than half of his caucus from Quebec, where opposition to the proposal was solidly entrenched, and the opinion in the rest of the country ambivalent, King's reluctance to embrace the scheme becomes somewhat clearer.

Aside from the political reasons for caution there were the economic considerations. While the American economy had rebounded from a brief post-war recession, the Canadian economy remained depressed. The war in Europe had been costly, as had the nationalization of


107Sessional Papers No. 89, 1922, IJC, Report on the St. Lawrence Navigation and Power Investigation, 1921 p. 155

108Canadian Annual Review 1922 p. 108
two transcontinental railways. The national debt had risen to some 2.5 billion dollars while the population of the country was barely 9 million souls.\textsuperscript{109} The Government was already committed to two costly transportation projects; the Welland Ship Canal and the Hudson Bay Railway, both of which were experiencing cost overruns. There were insistent calls for government restraint, so a third and costly project would seem folly, given the economic situation. The question of the need for such an undertaking was also a matter of debate. As pointed out by the report of the IJC, the Canadian railway system had a capacity that exceeded demand.\textsuperscript{110} The ability of the Canadian economy to absorb the vast amount of hydro-electric power generated through the project was also questioned in certain quarters.\textsuperscript{111}

The project also held the danger of provoking a provincial rights campaign. The question of which level of government had the right to develop the hydro-electric potential of a navigable river had not been resolved. The BNA Act made no reference to it. The Federal Government did have authority over navigation and shipping. Ottawa also had the overriding power to

\textsuperscript{109}Willoughby p. 98

\textsuperscript{110}Sessional Papers No.89 1922 p. 153

\textsuperscript{111}Canadian Annual Review 1922 p. 107
declare any project to be to the general advantage of Canada. The provinces had the right to control hydro-electric development not utilizing navigational canal facilities, and not otherwise interfering with navigation. Power developments incidental to the construction and operation of navigational canals had been operated or administer by the federal government.

As in the original reference to the IJC, navigation remained Ottawa's prime concern. It felt that it must control the power developments to insure the viability of shipping on the river. Power could be developed in conjunction with navigational improvements but would always have to remain incidental. Both Ontario and Quebec strongly opposed any move by the Federal Government to enter into what they saw as their jurisdictional right to control a resource within their boundaries. The provinces wanted the federal government to give them the right to develop the power on the river as they saw fit. Their only restriction would be if Ottawa could prove that a particular project would interfere with navigation. The federal government saw the onus of proof to lie with the provinces. The two levels of government were arguing about who had the residual powers in rivers and streams which were not directly connected with navigational or hydro-electric projects.
A final consideration was the anti-American sentiment that was never far below the surface in much of the country. The Liberal Party was still haunted by their defeat in the 1911 election over the issue of reciprocity with the United States. King, who had been Minister of Labour at the time, went down to personal defeat and spent the next eight years out of active politics. Typical of the anti-American feeling of the day were the words by Rev. Canon F.G. Scott of Quebec, who granted that the scheme was feasible but warned that the inter-nationalizing of the St. Lawrence would cut us off both really and sentimentally from the lower Provinces. The thing is unthinkable. Would the Americans consent to the inter-nationalizing of the Panama Canal or Mississippi? Our great river must be ours and ours alone. Canadians must face the fact that the joint stock management of the St. Lawrence would be the first step to Annexation.\textsuperscript{112}

The political and economic situation in the country would have made most politicians hesitant to accept the American offer to negotiate. The potential confrontation that direct talks with the United States would spark had to be avoided. Blair Neatby describes King as "flabby and indecisive; never yes, never no, always maybe or partly, always the smoke screen of qualifications which concealed any decision, or hid the

\textsuperscript{112}Meighen Papers, p.26868, "Montreal Gazette" July 17, 1921


115Ibid p. 114
the matter and enter into negotiations along the lines suggested in my note of May 17, 1922." The Canadian answer came on January 23, 1924. Though not yet prepared to enter into direct negotiations with the United States, the Canadian Government felt that the proposal made by the International Joint Commission might be acted upon. It is accordingly prepared to appoint additional engineers to enlarge the joint engineering board with the view of having the Board, so enlarged, prepare a final report covering the engineering features of the whole project, including its cost. My government intends to constitute a Committee which will, in consultation with the Canadian members of the Joint Engineering Board, enquire fully from a national standpoint into the wide questions involved, and hopes shortly to be able to take further action on the proposal made by the Secretary of State. Canada further suggested that a technical committee be constituted to formulate the instructions given to the enlarged board.

1924 was an election year in the United States. The Republican administration was anxious to have the question of the St. Lawrence Waterway settled as quickly as possible to reap the political benefits the following November. The Americans welcomed the Canadian proposal for the enlargement of the engineering board and the appointment of a committee to look into the

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116 Unpublished Sessional Papers No. 101 1924 Charles E. Hughes to Henry Getty Chilton November 17, 1923

117 Ibid Telegraph to the Br. Ambassador at Washington from the Governor General Jan. 23, 1924

118 "New York Times" Feb. 6, 1924
national aspects of the project. They argued, however, "the Commission did not contemplate that negotiations for a treaty should be postponed until after a report should be made by an enlarged board of engineers but that negotiations should forthwith be opened".\textsuperscript{119} To facilitate a rapid settlement of the matter

This Government would propose that the instructions to the enlarged Engineering Board should be prepared in joint conference by the two advisory committees which the governments of Canada and the United States intend to establish, as indicated in your note and this reply, and that the two committees should accordingly be empowered to meet in joint conference for the purpose of formulating such instructions.

This Government further suggests that the two committees be empowered to meet from time to time in joint session in order to prepare supplemental instructions for the Board of Engineers as occasion may require, and to consider and develop the broader aspects of the whole matter so that each committee may be helpful to the other as possible.\textsuperscript{120}

The Canadian Government refused to budge from their position of January 23. They were willing to appoint members to an expanded engineering board. They were unwilling to have the national committees meet jointly which, in the Canadian view, "would be inconsistent with the purpose which it is intended to serve and would change its character from one primarily national to one

\textsuperscript{119}Unpublished Sessional Papers No. 101 1924
Secretary of State of the United States to His Majesty's Charge d'affaires at Washington Feb. 27, 1924

\textsuperscript{120}\textit{Ibid}
of international significance.".121 The purpose of the National Advisory Committee, it was explained to the American Government, was to consider generally whether or not the project would, if completed, be beneficial to Canada, whether the benefits which might accrue and the pecuniary returns, direct and indirect, which may be anticipated from it are such as to counterbalance its disadvantages".122

This argument was little more than a way of avoiding direct negotiations with the Americans. By putting the matter under study, the King Government could put some distance between itself and the thorny problems that the proposed waterway held. The Canadian National Advisory Committee would deal exclusively with Canadian economic concerns and would have no contact with its sister committee south of the border. The appointment of the Committee was a hollow gesture to the Americans. It met twice in 1924 but was inactive for the next three years.123 The Canadian Government was in no hurry.

During the summer of 1924, the technical advisors worked out the questions for the consideration of the Joint Board of Engineers. One of the main stumbling blocks was the issue of diversions from Lake Michigan and at Niagara. Canada argued that the diversion at

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26Ibid Bying of Vimy to the Br. Ambassador at Washington March 19, 1924

122Ibid Order in Council May 7, 1924

123Neatby p. 257
Chicago should be included because the water was being lost to another watershed. Since the water used by Canada at Niagara for the generation of hydroelectricity was returned to the system, it did not need to be discussed.\textsuperscript{124} The fact that the former was under licence while the later had been provided for under the Treaty of 1909 added credence to the Canadian case. The Americans, on the other hand, were not "convinced that it would be wise to consider the power value of diversions from Lake Michigan without, at the same time, considering the power value of other diversions".\textsuperscript{125} The Canadians remained adamant in their stand. The issue was finally resolved when the Americans agreed to Canadian demands. It was decided in Washington that it was wiser "to avoid delay in the consideration of the major questions involved," than to quibble over this one point.\textsuperscript{126} The two governments exchanged notes in February and March and agreed to the questions to be asked of the Joint Board of Engineers. It was to report back in one year with a plan for the navigational and power development of the St. Lawrence.

\textsuperscript{124}Sessional Papers No.191 1925 Letter from British Embassy to Charles Hughes August 14, 1924

\textsuperscript{125}Ibid Charles Hughes to British Embassy Sept. 10, 1924

\textsuperscript{126}Unpublished Sessional Papers No. 191 1925 Frank B. Kellogg to British Ambassador Washington March 17, 1925
The exchange of the diplomatic notes sparked another round of waterway debates in the United States. The advocates of the all-American route tried to garner support for their cause. Congress once again allocated funds for the study of the Hudson Mohawk route, despite the negative report submitted to that body by the Army Corp of Engineers a few years before.

Private enterprise, especially those corporations interested in hydro-electric development, were eager to exploit the potential bonanza that the St. Lawrence project contained. Within the American Government the pro-waterway force's chief ally was Secretary of Commerce Herbert Hoover. To many he came to represent the project itself and it was often referred to as the "Hoover Plan".

Hoover had strongly advocated the project before the IJC hearings and had been largely responsible for the American calls for negotiation with Canada. He saw the St. Lawrence project as part of a comprehensive system of inland waterways for the entire country. Hoover summarized this policy in a speech delivered in Seattle in August of 1926.

Water today is our greatest undeveloped resource. Our streams and rivers offer us a possible total of 55,000,000 horsepower, and of this less than

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11,000,000 has been developed. Of our 25,000 miles of possible inland waterways, probably less than 7,000 are really modernized, and the utility of much of these 7,000 miles is minimized by isolation into segments of what should be connected transportation systems.

We must broaden our sights and determine great policies and programs. The problem is a program of each great drainage. We must no longer think in terms of single power sites or single storage dams or single land projects or single navigation improvements; we must think...in terms of the coordinated long-view development of each river system to its maximum utilization.\textsuperscript{128}

Hoover, throughout his political career, advocated "putting our water to work". The twelve years that he spent in Washington, either in the cabinet or as President, gave a continuity to the American stand in relation to the improvement of the St. Lawrence. No other politician in the United States was so intimately involved in the question for such a length of time.

On November 16, 1926, the six members of the Joint Board of Engineers signed their report in Washington, D.C. and submitted the findings to the two governments. The report lacked two things: details and unanimity. The details would come some eight months later when the appendices to the report, containing the details of costs and construction techniques, were submitted. The board agreed on the economic feasibility of the project and how to deal with four out of five sections of the river. A divergence of opinion developed over the

\textsuperscript{128}Ibid p. 112-113
scheme most appropriate for what they labeled "the international section". The Canadian representatives on the board supported a two stage development with dams near Cornwall and Morrisburg. This would result in minimal flooding in the long term and produce power quickly. The American engineers advocated a single stage plan with a power dam at Barnhart Island which would be more suitable for navigation and create more power at less cost.129 The board disagreed about the best canal depth for the system. The Americans recommended 25 feet while the Canadians advocated a depth of 27 feet.130 Instead of making clear how the international section with its vast potential in hydroelectric power should be developed, the Joint Board of Engineers merely added to the growing number of plans proposed by public and private developers. The State of New York alone had before its legislature three separate development plans for the international section.131

Because of the array of alternatives the Board submitted, it is difficult to summarize them. The following table represents the estimated costs of a 25

129Willoughby p. 110


131Willoughby p. 108
foot canal system with the full development of power in the international section and an initial development of 400,000 hp. in the Soulange Section. This particular plan did not call for the immediate development of the hydro potential of the Lachine rapids.

<table>
<thead>
<tr>
<th>Section</th>
<th>Cost</th>
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<tbody>
<tr>
<td>Thousand Islands</td>
<td>$1,100,00</td>
</tr>
<tr>
<td>International rapids:</td>
<td></td>
</tr>
<tr>
<td>(a) Single-stage or</td>
<td>235,000,000, or</td>
</tr>
<tr>
<td>(b) Two-stage development</td>
<td>264,546,000</td>
</tr>
<tr>
<td>Lake St. Francis</td>
<td>980,000</td>
</tr>
<tr>
<td>Soulange rapids</td>
<td>103,945,000</td>
</tr>
<tr>
<td>Lachine rapids</td>
<td>53,000,000</td>
</tr>
<tr>
<td>Total:</td>
<td></td>
</tr>
<tr>
<td>(a) Single-stage, or</td>
<td>$394,025,000 or</td>
</tr>
<tr>
<td>(b) Two-stage development</td>
<td>$423,571,000</td>
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</tbody>
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The final cost of a 25 foot canal with a complete development of power was estimated to be between $620 and 650 million dollars. Subsequent deepening to a depth of 30 feet would cost an estimated $24,400,000.132

Once the JBE report was received in Washington, the St. Lawrence River Commission was convened. The Commission was the American equivalent to the Canadian National Advisory Committee. Appointed by Calvin Coolidge in March of 1924, its mandate was to "thoroughly consider the whole project in its economic and national aspect."133 Within a month they had made their recommendations to the President. The very make-

133Ibid p. 70
up of the Commission made it predisposed toward a favorable recommendation. Chaired by Herbert Hoover, many of its members were leading seaway advocates including P. Craig of the Tidewater Association. Apart from a brief visit to the St. Lawrence in June of 1924, the Commission made no independent study of its own. Its recommendations were based on the studies of the Joint Board of Engineers, the Department of Commerce economic survey of the comparative merits of the St. Lawrence and Great Lakes-Hudson River routes, and a submission by the Great Lakes Tidewater Association written by A.H. Ritter. The Department of Commerce report made it clear that the St. Lawrence route held several of advantages over that of the Hudson River. While the St. Lawrence would have 21 to 25 miles of restricted navigation, the Lake Ontario-Hudson waterway would have 137 miles. The St. Lawrence would have 9 locks and be spanned by 8 bridges. The all-American route would need 20 locks and 54 bridges. The cost of the latter route would be more than three times that of the former.\textsuperscript{34}

The Commission submitted a short but favorable report on December 10, 1926. It recommended the opening of treaty negotiations with Canada for a ship canal to the Great Lakes. An agreement was to be sought for both

\textsuperscript{34}Willoughby p. 110-111
navigation and power development. The report noted that New York State had a special interest in the question of power in the International Section. The primary function of the waterway was seen as relief for the transportation pressures of the present and prerequisite for the region's future growth.\textsuperscript{135}

In April of 1927, the American Government once again attempted to open negotiations with Canada. A letter was addressed to Vincent Massey, who had been recently appointed as Canada's first official diplomatic representative in the American capital. The letter reviewed the report of the St. Lawrence River Commission and then stated that the United States Government was "prepared to enter into negotiations with the 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."\textsuperscript{136} The Canadian Government replied that the available information was incomplete and that it was awaiting a final report from its own National Advisory Committee.

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

\textsuperscript{135}Wright p. 99

\textsuperscript{136}Sessional Papers, no. 48a, 1928, Kellogg to Massey, April 13, 1927
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...will not be in a position to make a final report until all the findings of the Joint Board of Engineers, including the appendices are available.137

The Canadian reply went on to say that Canada would be glad to talk with the Americans about the proposal once its policy had been decided, but that the opinion of the Advisory Committee was essential to the formation of a Canadian policy. The time frame was left open to "as early a date as possible." It is clear from an entry in his diary in October of 1927 that King was in no hurry. He writes that it would be "inadvisable to be in any haste about it, best to regard it as something to come when & as opportunity offered: that it should be kept for bargaining purposes with the U.S. as open question more or less." 138

The improvement of the St. Lawrence was not the only canal and power question before the Canadian Government in 1927. Two separate and competing development companies vied for the right to exploit the power potential of the Ottawa River. The oldest of these two companies was the Montreal, Ottawa and Georgian Bay Canal Company. First formed in 1894, its

137Ibid King to Phillips, July 12, 1927
138King Diary, October 31, 1927
charter had been regularly renewed from that time on. The company's original purpose was to build a canal from Georgian Bay via the French and Ottawa Rivers to Montreal. It had also been granted the power rights at the canal sites which at the turn of the century had been of little value but by the 1920's had potential for huge profits. In late 1925, the Sifton family acquired a controlling interest in the company. They hoped to develop the one million horsepower that lay latent in the rapids of the Ottawa River.\textsuperscript{139} The second company was the National Hydro-Electric Company who had been able to gain a lease at the power site near Carillon on the Ottawa River.\textsuperscript{140} The charter of the former and the lease of the latter expired on May 1, 1927.

Both of these projects were appealing because they were completely within Canada. The Georgian Bay to Montreal canal and power scheme was an all-Canadian route that offered an alternative to joint action with the United States. The construction of either would have reduced the power shortage that was developing in Ontario. While there were a number of proposals for the development of the power in the St. Lawrence, none of these had been granted a federal charter or lease. The


\textsuperscript{140}Neatby p. 225
federal government was able to ignore them. The problem with the proposals for the development on the Ottawa River was that they could not be ignored. Parliament would have to deal with the problem one way or the other.

The two applications for renewal brought to the forefront the unresolved constitutional issue. In March of 1927, the Ontario Legislature unanimously passed a resolution accusing the government in Ottawa of trying "to alienate valuable water power from the control and ownership of this province, and thereby deprive the people of Ontario of the advantage of one of the greatest natural resources for the benefit and advantage of private promoters."¹⁴¹ To support either of the companies King risked a confrontation with both Ontario and Quebec over provincial rights. The potential for political damage was too high and as a result neither company received the renewal that they had sought. A safer resolution to the jurisdictional problem would be a reference to the court. Though King was reluctant to take this route, preferring a negotiated settlement, he recognized that it may be the only way "to prevent a question of provincial rights becoming a political issue".¹⁴² In early 1928, a set of eight questions were

¹⁴¹Ibid p. 169
¹⁴²Ibid p. 238
sent to the Supreme Court.143

Ontario and Quebec found common cause in their fight with Ottawa over who should control the development of hydro-electricity, but they disagreed on the proposed St. Lawrence waterway. Ontario had long advocated action. As early as 1914, Ontario had urged the Federal Government to join with the United States to develop the St. Lawrence.144 In June of 1922, the Ontario Legislature had unanimously passed a resolution supporting the development.145 The key factor behind the province's support was the potential power development in the international section of the river. In the 1920's the demand for electricity rose in Ontario at a steady rate of 10% per year.146 By 1926 the province was forced to purchase electricity from private power concerns in Quebec.

Quebec had repeatedly shown its disdain for the St. Lawrence project. In an interview in February of 1927, Premier Taschereau maintained that Canada needed neither the additional power nor the transportation facilities and stated that "the St. Lawrence is a

143Sessional Papers, no. 230a, 1928, Order in Council, 14th April, 1928


145Canadian Annual Review 1922 Page 110

146Armstrong p. 160
Canadian waterway and its control must be kept in Canada." 147 In the west there was some expectation that an improved St. Lawrence would reduce freight rates, but alternative routes to the sea held stronger appeal. Alberta and British Columbia looked to the lower mainland for the export of their products. In Saskatchewan and Manitoba the Port of Churchill was seen as the most natural outlet for their export commodities. Except for Nova Scotia, which saw the waterway as opening up a potential market for its coal and iron deposits, the Maritimes saw little advantage in the project.

Canada had been governed since 1921 by the Liberals under Mackenzie King except for a brief period in 1926. The Conservatives had been responsible for the original reference to the IJC, but they had no official policy on the proposed waterway. 148 Meighen had clearly seen the potential benefits of a deep waterway, but had been reluctant to declare himself and the party in favour of the plan. In 1924 he wrote privately that "the chief difficulty in the solution of this navigation and power question, is the very same difficulty that has followed us through all of our history, namely, the avoidance of

147 Willoughby p. 111-112

148 Bennett Papers, p.49074, Frank H. Keefer to T. Guthrie, Feb. 27, 1927
all courses leading to a position of subordination as respects the United States.". By 1927, the party was in search of a new leader. Meighen, who had taken over the reigns of the Conservative Party in 1920, resigned after the party's defeat in the election of 1926.

At the National Conservative Convention held in Winnipeg in mid-October, the party chose Richard Bedford Bennett as their leader. The convention also made a number of "declarations of policy" among which was a pronouncement on the deepening of the St. Lawrence.

Whereas the improvement of the Welland Canal system by the Canadian people is nearing completion, this Convention is of the opinion that the St. Lawrence Canal system as an all-Canadian project should be developed in the national interest, as and when conditions warrant.

The declaration favoured the deepening of the St. Lawrence, but not jointly with the United States. The policy clearly reflected the fears that Meighen had expressed earlier about our relationship with our neighbor to the south. Not everyone in the party held such views. Frank Keefer had lobbied long and hard for a policy in support of the proposal as presented by the IJC. He warned that the Liberal government was sure to take the project on and that it would "be the death-

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149 Bennett Papers, p. 509398, Arthur Meighen to Mr. Chisholm, Feb. 26, 1924

150 Canadian Annual Review 1927-28 p. 161
knell of the Conservative party if they criticise the Government for doing so.".151

In the summer of 1927, the appendices of the Joint Board of Engineers were finally received by the Canadian Government. Instead of sending them to the National Advisory Committee for consideration, King ordered them printed in full.152 Because of the nature of the document, which contained many diagrams and maps, a further delay of several months ensued. King ran out of excuses when the report arrived from the printers on December 6. He called together the National Advisory Committee and asked them to submit their report. He explained to them that "they were an advisory committee not a commission, that their relation to the government was that of counsel to clients.".153 Their primary function was to assist the government and not make waves.

Under the chairmanship of Clifford Sifton the National Advisory Committee submitted their report to cabinet on January 11, 1928. King was pleased with the contents noting in his diary that the report was "in

151Bennett Papers, p.49093, Frank H. Keefer to C.H. Cahan, June 17, 1927
152Wright p. 111
153King Diary Jan. 5, 1928
good form". The Committee agreed with the findings of the Joint Board of Engineers that the project was feasible. It recommended that the system should be built to a depth of 27 feet with locks of 30 feet on the sills. They stated that if the money for the construction was to come out of the public treasury "we unhesitatingly recommend that no action be taken until such time as the Dominion shall have had opportunity to recover from the heavy financial burdens imposed by the war, by our railway obligations growing out of the war, and by necessity, since the war ended, to find the large sums required for needed public works throughout the Dominion.". The Committee did not, however, see the need for the project to be financed through the public purse. How it addressed the question of financing marks its unique contribution.

(4) We are of the opinion, however, that an arrangement might be made which would make possible the undertaking at little, if any, public expense, so far as Canada is concerned. The St. Lawrence, between Montreal and Lake Ontario, consists of a national and an international section, and, with the exception of the Welland Canal, the international problem continues throughout to the head of the Lakes. We believe that the first concern of this Committee should be, and of the Government will be, the national aspects of the proposed undertaking, and we regard it as most desirable that the initial development take place in the purely domestic section of the river lying

154 Ibid January 11, 1928

155 "Report of the Canadian National Advisory Committee", (Ottawa: King's Printer, 1928)
within the Province of Quebec. We believe that if a reasonable time were permitted in which to enable the resultant power to be economically absorbed the development of this national section would be undertaken by private agencies able and willing to finance the entire work, including the necessary canalization, in return for the right to develop the power.\footnote{156}

The Committee went on to recommend that because the JBE had failed to agree on a development scheme for the international section, it would be "in the public interest that a further attempt be made to reconcile the varying views expressed in the report of the Joint Board."\footnote{157} It proposed that the improvements should be constructed in a piecemeal manner. The Canadian portion of the canal was to be completed first. The timing of the projects would depend on the ability of the Canadian economy to absorb the power generated. Once these were completed the international section could then be developed provided there was agreement on construction techniques were arranged.

On the question of allocation of costs the National Advisory Committee suggested "that it would not be unreasonable to expect the United States to undertake the entire work, both for navigation and power, in the international section, and we are further of the opinion that even if the United States should do so the\footnote{158}{Ibid}\footnote{157}{Ibid}
preponderance of the outlay will have been with Canada."\(^{158}\) This contention was supported by the following figures.

### CANADA

**Present Works:**
- St. Lawrence ship channel: $30,000,000
- St. Lawrence and Welland channels: $50,000,000
- Lock at Sault Ste. Marie, Ontario: $5,560,000
  - Total: $85,560,000

**Proposed works:**
- Welland ship canal: $115,600,000
- National section, St. Lawrence shipway, 27-ft navigation and development of 949,300 h.p.: $199,670,000
  - Total: $315,270,000

**Total for Canada:** $400,830,000

### UNITED STATES

**Present works:**
- Dredging St. Clair and Detroit Rivers: $17,536,000
- Locks at Sault Ste. Marie, Michigan: $26,300,000
  - Total: $43,836,000

**Proposed works:**
- International section St. Lawrence shipway, 27-ft. navigation and initial development of 597,600 h.p.: $182,157,000
  - To complete development-additional 1,602,000 h.p.: $92,090,000
  - Upper lake channels to 27 ft.: $65,100,000
  - Total: $339,347,000

**Total for United States\(^{159}\):** $383,183,000

The Canadian claim included not only the proposed work but compensation for the dredging below Montreal and the existing 14 foot canal system that would be made redundant with the completion of the deep waterway. The

\(^{158}\)Ibid

\(^{159}\)Ibid
outlay of public funds in Canada. Since the entire project would be financed by the private sector, the pace of construction would be tied to the availability of investment capital and a market for the electricity produced. It was little wonder that the King Government accepted the report as the basis for Canadian policy. After almost a decade of consideration, Canada at last had a policy for the deepening of the St. Lawrence.
Chapter Four

Troubled Waters

The many years of studying the proposal to deepen the St. Lawrence came to an end in early 1928. The report of the National Advisory Committee closed the preliminary process recommended by the IJC. The road seemed clear for the opening of a dialogue between the two countries. The matter was no longer in the hands of engineers and technocrats but in the hands of the politicians. The Canadian Government at last had a policy upon which negotiations could be based. The Americans continued to show their eagerness to get an agreement while Canada balked once again at moving the proposal significantly forward. The optimism of those who favoured the project would soon fade as winter turned to spring.

Mackenzie King was as aware as ever of the political dangers that were inherent in the proposal. He saw the matter as one "on which we cannot move to carefully". At stake could be the very existence of his government. The question could not be ignored because the Americans had been promised a Canadian response to the opinion of the National Advisory Committee. The drafting of a note to the United States called for careful consideration and caution. King wrote in his diary:

We went over the St. Lawrence project. I emphasized to

\[160\text{King Diary, January 20, 1928}\]
Skelton importance of keeping in mind the political as well as economic considerations. That I feel anything that touched international control wd alarm the country & the appeal to prejudice would be strong as upset any Gov't that attempted a treaty however good it might be. I also stressed the importance of not being driven into a position thro haste which would lead to a dissolut'n of prlt being forced, as with Reciprocity in 1911. I feel in a dispatch we shld emphasize our domestic question of ownership of power-gain time by this reference, & also keep as a reserve position the need of securing both On, & Quebec before making final negotiations. There will remain the quest'n of Gov't vs private operation etc.

King was willing to fulfill his obligation to inform the Americans of the Canadian policy but he wanted several contingency plans to avoid direct negotiations.

On January 31, 1928, the Canadian Government addressed a note to the American Secretary of State. Though evasive, it marked the first time since October of 1918 that a positive opinion had been presented.

While the National Advisory Committee regards the project as feasible from an engineering standpoint, and notes the findings of the International Joint Commission in 1921 as to its economic practicability, it considers that the question of its advisability at the present time depends upon the successful solution of a number of financial and economic difficulties, and upon further consideration of certain of the engineering features as to which the two sections of the Joint Board of Engineers are not as yet agreed. I am instructed by the Secretary of State for External Affairs to inform you that His Majesty's Government in Canada concurs in these conclusions of the National Advisory Committee.

The note went on to detail the plan as advocated by the

1s1Ibid, January 21, 1928

1s2Sessional Papers, no. 230a, 1928, Massey to Kellogg January 31, 1928
National Advisory Committee. It pointed out that in the opinion of the government "the United States would benefit much more from the enlarged navigation facilities, both in extent of use and in margin of saving" and that "Canadian agriculture is more directly affected by the restrictions on importation of Canadian farm products which have been imposed by the United States in recent years" than by any saving gained by a deepened St. Lawrence. The note further addressed the questions of lack of public fervour for the project in Canada, the ability of Canada to absorb the hydro-electric power generated, and the loss of water from the drainage system through diversions.

The constitutional question was the final issue to be raised. The Americans were informed that the matter would be shortly referred to the courts and that in any agreement between the two countries the provinces of Ontario and Quebec would have to be consulted. The Canadian Government had thus presented what it considered an "acceptable basis for negotiation".

The United States Government replied quickly to the Canadian note with a note of their own on March 12. Despite the long list of restrictive demands presented in the Canadian note the American response was positive.

While the United States is not in complete agreement

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163 Ibid, Kellogg to Massey March 12, 1928

164 Ibid
with the recommendations made by the Canadian Government as to the relative benefits and ultimate costs to the two countries of the proposed improvement of the St. Lawrence and the division of expense to be borne by each country, it is inclined to regard as an acceptable basis of negotiation a proposal along the general lines suggested in your note..."165

The note went on to point out the areas of disagreement. Chief among these was the plan to build the Canadian section first. It was argued that all construction should be carried on concurrently. The United States wanted to produce its share of the power in the international section "without waiting until Canada may be able to sell her power from these works."166 Demand for electricity was rising rapidly on both sides of the border. The Americans wanted to develop the power resources in the St. Lawrence for the New York and New England markets. The international section offered the single opportunity for the United States to develop hydro-electricity in the St. Lawrence.

Direct negotiations were advocated. All "outstanding problems affecting the Great Lakes and the St. Lawrence" were open to discussion.167 The Americans were willing to talk about any matter pertaining to the proposal with the attitude that it could all be worked out in negotiations. This included the Chicago Drainage Canal and all other issues or demands Canada felt like raising. The willingness

165Ibid
166Ibid
167Ibid
of the Americans to accept this as a basis for discussion shows the lengths which they were willing to go to secure an agreement and start construction.

On April 5, Canada sent a reply to the American call for negotiations. The note restated its acceptance of the report of the National Advisory Committee and its commitment to consult the provinces before it could comment further on the proposals of the American note.\footnote{Ibid Massey to Kellogg April 5, 1928} The United States Government replied briefly on April 7 thus bringing the correspondence that had begun in January to an end. They expressed their contention that the negotiations could be carried "on concurrently" with the discussions with the provinces, and their willingness to "co-operate to the fullest extent with the Canadian Government at any time for the purpose of accomplishing the improvement contemplated".\footnote{Ibid Kellogg to Massey April 7, 1928}

Four days later King stood before the House of Commons and explained his government's position.

If the project, as I believe it to be, is one that will come in the course of time, and which has very much, even now, to commend it, if certain economic considerations can be satisfactorily met, then it will be made all the more certain of accomplishment by being advanced cautiously, step by step, but always in the right direction.”\footnote{Canadian Annual Review 1927-28 p. 163}
consideration but it was the political considerations that were paramount to King. The consensus needed to carry a project of such magnitude simply did not exist in the country. King believed that he would have to bring Ontario and Quebec "into line" before he had any chance of success in the matter.\textsuperscript{171} The go slow policy of Canada may have been frustrating to the Americans but King was not about to change it on that account.

Unofficial meetings were arranged by the American administration to try to persuade the Canadians to change their position, but to no avail. Despite the private warning to Vincent Massey from Secretary Kellogg, that

\begin{quote}
if Canada wished to have the canal built, she had better enter into a treaty during the time that I am Secretary:...some political situation might arise which would postpone for many years the construction of the canal and might result in undertaking the all-American route.\textsuperscript{172}
\end{quote}

The Canadian position remained resolute.

Running concurrently with the exchange of diplomatic notes was the government's consideration of the application of the Beauharnois Light, Heat and Power Company to construct a power generating facility in the Soulange Section of the river. A syndicate, headed by R.O. Sweezy, proposed to build a fifteen mile power canal between Lake St. Francis and Lake St. Louis. Utilizing the 83 foot

\begin{flushright}
\textsuperscript{172}King Diary Feb 9, 1928
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\begin{flushright}
\textsuperscript{172}William R. Willoughby, The St. Lawrence Waterway, (Madison: The University of Wisconsin press, 1961) p. 119
\end{flushright}
change in elevation, the plan envisioned generating as much as 2 million h.p. depending on the volume of water diverted through the canal. The proposal also allowed for the canal to be used for navigation once construction had been completed. All the Federal Government had to do was put in place the appropriate locks and the canal would become a link in a deep waterway matching the standards of the Welland Ship Canal.

It had been recognized for many years that the Soulange Section of the river held great potential for the production of hydro-electric power. At the time of the Beauharnois application, there were four generating facilities in that section of the river. These power plants were uneconomical and used only a small portion of the elevation change. Together they produced only one-eighth of the river's potential 2 million h.p. Recognizing the potential for power and profit, in early February 1927, R.O. Sweezy, a Montreal investment dealer and engineer, gained control of the Beauharnois Light, Heat and Power Company and with it, the right to divert a portion of the river. A short time later the company presented an application to the Quebec Legislature for an amendment to its charter that would allow the company to construct a canal from Lake St. Francis to

174Ibid
175Ibid
Lake St. Louis. Since the St. Lawrence was a navigable river, federal approval would also be needed. That application was made in March of 1927. It asked for the right to build the canal between the two lakes and a diversion of water that would not interfere with the existing system of navigation nor the generating plants that were in place. The proposal also made provision for a 30 foot channel that could be used for navigation at some future point. The private member's bill was rejected by the Quebec House largely because of the influence of the rival power companies. The temporary setback in Quebec, forced delays in the application at the federal level.

Sweezy and his group of investors formed the Beauharnois Syndicate, once they obtained the necessary amendment of their Quebec charter. In the fall of that year the Syndicate began to lobby actively the Dominion and Quebec governments for the approval of their project. That lobbying process brought them in contact with the Prime Minister in early 1928. King writes in his diary:

The latter (Andrew Haydon) presented to me what seems to me to be a perfectly complete plan for the St. Lawrence development, without cost to the country, & helping to meet a very difficult situation both locally and internationally.

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177Neatby p. 262

178King Diary, January 3, 1928
King's favorable assessment of the proposal was followed shortly by the report of the National Advisory Committee. The Beauharnois plan seemed to fit neatly into the recommendations of the committee. Here was a private company that was willing to construct a navigation canal, at no cost to the Canadian taxpayers, for the right to exploit the power in the Canadian section of the river. While the plan was attractive to King, he still had to consider the opinion of both Ontario and Quebec in the matter.

In late January the company resubmitted its applications to the Federal and Quebec Governments. Despite the continued opposition of the power interests lead by Herbert Holt, the Quebec Government granted the amendment to its charter. Taschereau maintained that he supported the project because it would lower power rates and create competition for the existing power companies. Others read a deeper meaning into the approval. Whether it was to weaken the influence of the existing power interests\textsuperscript{179} or to block the progress of the St. Lawrence waterway,\textsuperscript{180} it put the government in Quebec City, at least publicly, squarely behind the Beauharnois project.

King was reluctant to move on granting federal approval until he had proof that Ontario was also in favour of the


\textsuperscript{180}Willoughby p. 123
project. He got his proof from the Beauharnois President F.P. Jones, who supplied King with a copy of a letter from the Premier of Ontario, Howard Ferguson, to Taschereau. It made it clear that Ontario had been offered the opportunity to import electricity from the project and had accepted. Ferguson writes:

Owing to the undoubted delay there will be in regard to the settlement of the development of the St. Lawrence and Ottawa river powers, and the rapidly increasing demand for power in Ontario, I feel that we will probably again in the near future have to take advantage of your good-will and secure a further supply from some point in your province. Beauharnois would seem to me a very convenient and favorable point from which to procure our requirements.".181

With letter in hand, King took the matter before cabinet. King's cabinet colleges were split over the question.182 James Malcolm saw the Quebec position as a ploy to stall development of the St. Lawrence elsewhere. Earnest Lapointe felt that Quebec was not yet ready for a comprehensive development of the river and the Beauharnois project might be a first step. After over two months of discussion, approval was given.

On March 8, 1929, the Governor General signed an order-in-council that approved the construction of the Beauharnois power canal. As part of that approval 28 conditions were imposed on the company that sought to safeguard both

181Sessional Papers 1929 No. 136B, Ferguson to Taschereau November 19, 1928

182King Diary December 13, 1928
national and international concerns about water levels, navigation and future development on the river. King was pleased at the result. On March 6th he wrote in his diary;

It looks as tho we had safeguarded the St. Lawrence project, and as tho we may now be able to get the provinces the power and ourselves the deepening of the St. Lawrence and both at the expense in large part of the Americans if we so desire.\textsuperscript{183}

By using an order-in-council to approve the project, debate in the Commons was limited to question period. King had been careful to blunt the arguments of those opposed to the development. He had insisted that a clause be added that guaranteed present and future development.\textsuperscript{184} By tabling the correspondence between Ontario and Quebec, he was able to demonstrate support from the provinces most concerned. What debate there was focussed on the question of whether cabinet had the power to approve such projects, or whether they must be approved by Parliament. The opposition was willing to challenge the government on the issue in the House but not in the courts.

With the approval of the application the Government committed itself to the private development of the Soulange section without prior consultation with the United States. In the opinion of the Department of Justice, the Canadian Government was not obligated to bring the matter before the IJC because the water levels in the international section

\textsuperscript{183}\textit{Ibid} March 2, 1929

\textsuperscript{184}\textit{Ibid} March 8, 1929
would not be affected. The Americans viewed the Beauharnois development as a Canadian domestic issue. It was in line with the specifications recommended by the JBE and could fit easily into any future development.

1928 was a pivotal year in American politics. It was a year in which several of the leading political personalities emerged from secondary roles to roles of prominence. The issue of where and when a ship canal should be built became the subject of debate in a variety of forums. In late February, the Lakes to Gulf route along the Mississippi River received a grant of $325 million from the United States Senate for the improvement of that waterway. This infusion of money did much to move the previously ambivalent states of the Mississippi Valley toward the camp opposed to the St. Lawrence waterway. The April publishing of the year's official correspondence between Canada and the United States raised public interest, but the major conduit for this debate was the Presidential campaign.

With Calvin Coolidge's pronouncement "I do not choose to run", the Republican Party turned to the Secretary of Commerce, Herbert Hoover, as their candidate in the November Presidential election. A long time supporter of the

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186King Papers, p. 129266, V. Stuart Edwards to J.B. Hunter December 21, 1928
186Willoughby p.124
187Bennett Papers, p.48823-4, J.D. Reid to R.B. Bennett March 1, 1928
proposal to deepen the St. Lawrence, Hoover made a number of campaign statements on the issue. His pronouncements on the subject were targeted largely to the midwest and west where the Republicans hoped to exploit the popularity of the St. Lawrence route. Typical of his statements is the following:

The development concerns not alone agriculture, but every industry and business in the Midwest... The development should tend to increase manufacturing industry in the midwest and thereby create a larger diversity of employment and a great local market for agricultural products... The Policy of rapid consummation of this great project will be continued.188

Though he supported the St. Lawrence route, he was not prepared to wait forever. In West Branch, Iowa, Hoover stated: "If these negotiations fail, we must consider alternative routes."189 The Democratic candidate was the four term Governor of New York, Alfred E. Smith. Dubbed the "Happy Warrior" Smith was very popular in the urban centers of the country but fared badly in rural areas. As Governor of New York, he had long advocated a ship canal along the Hudson Mohawk route. His pledge that if he were elected as President, he would "restudy" his support of the all-American route did little to ingratiate him with the voters of the midwest. When the second Monday in November was over, Hoover had received 58% of the popular vote and an


189Willoughby p. 119
overwhelming majority of the electoral college votes.\textsuperscript{190} To those who wanted the St. Lawrence improved there could be no better ally in the White House than Herbert Hoover.

Another figure that rose to prominence through the American electoral system in 1928 was Franklin Delano Roosevelt. Elected Governor of New York in the November election, Roosevelt was to play a prominent role in the issue of the St. Lawrence waterway. His campaign statements centered on the power aspects of the proposal. Roosevelt was prepared to accept the development of the international section only if the concerns of the State of New York were met. Like the Ontario Conservatives under Howard Ferguson, he advocated public control and ownership of the power resources in the international section of the river.

It is our power; and no inordinate profit must be allowed to those who act as the people's agent in bringing this power to their homes and workshops.\textsuperscript{191} Roosevelt insisted that any development in the river adjacent to New York must have the approval of that state. This brought him into immediate and continuing conflict with Hoover. The new President was opposed to any publicly run business. He believed that business needed to be regulated from time to time but never owned by the

\textsuperscript{190}S.E. Morison, \textit{The Oxford History of the American People}, (New York: New American Library, 1972) p. 281

government. Hoover was to refuse time and time again to consult the state until the treaty process was completed.

Within days of being elected President of the United States, Hoover began to explore, unofficially, the possibility of opening negotiations with Canada over the St. Lawrence. On November 15, 1928, he wrote the American Ambassador to Ottawa William Phillips.

I think we will be compelled before long to decide whether we will go ahead with the St. Lawrence or ask Congress to proceed with the New York route. I should like, if possible, to commence negotiations during my term of office, and of course I would like to sign a treaty during that time. A general treaty could be made providing for the improvement with some details left out to be determined from time to time between the two governments. I wish you would sound out the Government as to whether there is any possibility of anything being done between now and the fourth of March.

Hoover wanted immediate action. When Phillips related the contents of the letter to King, the Prime Minister replied there was little that he "could do at the forthcoming session but sit tight."

The late 1920's witnessed a strong swing in American politics toward protectionism. Hoover had campaigned on a platform of higher tariffs. The proposed tariffs were not aimed specifically at Canada, but would have a dramatic

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193 Willoughby p. 120
194 King Diary January 2, 1929
effect on Canadian exports to the United States. The areas of major concern were agricultural and fish products. American trade restrictions threatened to sour relations between the two countries. One of the few levers Canada could apply to pry concessions out of the Americans was the St. Lawrence waterway. King was counting on Hoover's enthusiasm for the project. Though he told Phillips that he was "not proposing a barter— that is cooperation in the St. Lawrence on the one hand, and status quo in the tariff on the other." King was in fact doing so. He had first tried to tie the tariff to negotiations in the Canadian correspondence of January 31, 1928. This had been recognized in the Canadian press in May of that year when M.G. O'Leary wrote in Maclean's magazine:

He (King) has endeavoured and is endeavouring... to use the United States desire to get on with the waterway without delay to secure tariff concessions for Canada that would help him politically.

This earlier attempt had been aimed at reducing existing duties on Canadian agricultural goods entering the United States. If Canada was not exempted from the new round of tariff increases, the pressure to implement retaliatory tariffs would be impossible to resist. Caught between the choice of a "tariff war" with the United States or reaching an agreement on the St. Lawrence, the lesser of the two

195Willoughby p. 121
196M. Grattan O'Leary, The Scramble on the St. Lawrence," Maclean's Magazine", May 1, 1928, p. 75
evils was the seaway.

It was clear to King that the tariff question could not be ignored. During the Presidential campaign Hoover had promised a special session of Congress to deal with the matter. With the opening of that session set for April, King would have to act soon. A restrictive tariff on Canadian goods entering the United States would seriously effect the Canadian economy and could jeopardise the Liberal policy of tariff reduction. The Conservative Party, which had for years advocated a higher general tariff, was taking the popular stand of demanding retaliatory action if the Americans should act. King believed the best way to avoid a confrontation was to persuade the President that the reduced transportation costs of a St. Lawrence waterway would advance the interest of American agriculturalists further than a protective tariff. He also knew that his behaviour in relation to the seaway proposal had not invoked much confidence in Washington of his ability to act in the matter. Direct and official contact with the new Hoover administration was politically unwise so he launched an unofficial campaign designed to achieve this goal.

King used several channels to get his message to the American President. He wrote to Phillips in Ottawa, had Massey meet with the Secretary of State in Washington and sent a letter to the American Ambassador in London via the

197 King Diary February 24, 1929
Canadian High Commissioner. He also sent two unofficial representatives to meet with the President: Sir Henry Thornton, President of the Canadian National Railways and James Malcolm, Minister of Trade and Commerce. King's semi-official and unofficial initiatives were getting results but not the results that he had hoped for. Hoover offered to put a clause in the new tariff act that would allow a return to the status quo if Canada agreed to the construction of the seaway. If Canada was willing to play ball, she too could be brought in to the walls of "fortress America". King was horrified by the prospects of such a clause. He wrote to Massey, "A proposal of this kind would be interpreted as a threat or bargaining lever on the part of the United States to force Canada into a policy which it would not otherwise accept.".

King's fears proved well founded. In early April a number of Canadian newspapers reprinted an article that appeared in the Washington Star. The Montreal Gazette ran a front page headline declaring "U.S. May Offer Tariff Bargain For Waterway".

Quoting a "high authority" the Washington Star, which generally speaks for the administration says: Increases in the tariff duties on certain farm products may depend to a considerable extent on the attitude of the Canadian Government toward the proposed waterway connecting the Great Lakes with the Atlantic by way of

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199 Neatby p. 284-285

199 Ibid p. 285
Reaction to this article was immediate. The next day newspapers from coast to coast ran editorials denouncing the American plan. The Gazette was particularly outspoken maintaining that no "self-respecting country" could submit to such a proposal.

The very character of the proposal now featured in these U.S. newspapers, and the circumstances in which it is put forward, ought to open the eyes of even the most indifferent and credulous Canadian to the seriousness of the step which a so-called partnership on the St. Lawrence would involve.

Even the Toronto Globe which had consistently supported the proposal called for Canada to act independently on the St. Lawrence. The Vancouver Sun criticized the government for not getting a better deal calling for "not a retention of present tariffs, but a substantial tariff decrease that will create real industrial prosperity in Canada."

The reports of the President's offer in the American press inflamed an already volatile situation. Though King had initiated the idea of tying the tariff to the waterway he now had to stand in Parliament and declare that he could conceive of no greater misfortune than that the question of the St. Lawrence Waterway should be mixed up in any way with the question of the tariff in the country or of the United States. Each question must be

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200 "Montreal Gazette" April 4, 1929
201 Ibid April 5, 1929
202 "Toronto Globe" April 5, 1929
203 "Vancouver Sun" April 5, 1929
dealt with separately on its own merits.\textsuperscript{204}

King managed to escape from this brush with disaster with only minor political damage but was very cautious about dealing with the Americans again. When Governor Roosevelt wanted to meet King in July of 1929 he had to decline offer.

The Leader of the Opposition and the Conservative press...assert that I am so much a friend of the United States that I am prepared, if need be, to sacrifice Canadian interests rather than run the risk of offending in any particular the susceptibilities of the neighboring Republic. Any act on my part which in any way is capable of being construed as having a bearing upon the existing controversy is bound to be misinterpreted and magnified out of all proportions.\textsuperscript{205}

The best way to avoid controversy was to avoid any contact with the Americans. Negotiations on St. Lawrence would have to be postponed until after the domestic situation had calmed down considerably. Delay was once again the best policy.

The constitutional question of power rights also came to a head in 1929. King may have used the dispute with the provinces as an excuse not to negotiate a treaty but he had not exaggerated the divisiveness of the controversy. The reference had been argued before the Supreme Court in October of 1928 and a decision was delivered in February of 1929. Certain constitutional facts had been established before the reference to the court. The federal government had responsibility for navigation. All hydro-electric

\textsuperscript{204}House of Commons Debates April 9, 1929 p. 1407

\textsuperscript{205}Neatby p. 286
development that did not interfere with navigation was controlled by the provinces. The dispute revolved around who controlled the water that was beyond that needed to insure immediate navigation. Ontario and Quebec maintained that they had the right to develop power resources as they saw fit. They saw it as the federal government's responsibility to prove a specific hydro-electric development interfered with navigation. Ottawa's position was that the onus of proof was with the provinces. This was the question that the Supreme Court had refused to answer.

Because of the vague and abstract nature of the questions that had been submitted to the court, their discussion did little to clear up the matter. The court itself recognized the problem and at one point in the decision stated: "In the absence of information as to the facts, it is impracticable to give an intelligent answer to the questions propounded." Upon reading the judgement King wrote in his diary that he "could not make head or tail out of it" but when he read the attached statement by Judge Duff, he did

glean that the Dominion has no right to go into the navigation business for power purposes as such, that power belongs primarily to the provinces, and that such power as Fed Govt gets out of navigation works must be used in connection with works etc. It is a very

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intricate and complicated business. 207

Instead of settling the question once and for all, the court decision did nothing but further muddy the waters. The federal and provincial governments would have to return to the process of trying to reach a negotiated settlement that had been abandoned in December of 1927.

In late February, King wrote to Taschereau and explained his government's response to the Supreme Court judgement.

While some points have been clarified, the Court found itself unable to give definite and conclusive answers to a number of the most important questions. In view of the outcome, the Canadian Government has concluded that the most satisfactory method of proceeding would be to endeavour, through a conference with the Governments of Quebec and Ontario, as provinces chiefly concerned in the power phases of the situation, to reach a common understanding. 208

The conference was finally set for the 24th and 25th of January, 1930. King was not at all optimistic about reaching a settlement. On January 20, he wrote in his diary:

It is most involved & difficult & I am not at all sanguine about reaching an agreement with Ferguson and Taschereau in the conference we will have on the weekend but it will at least let us see what the further difficulties are with our people for further communication with the U.S.. 209

The first day of the conference seemed to be productive.

207 King Diary February 5, 1929

208 Bennett Papers, p. 510812, King to Taschereau February 25, 1929

209 King Diary January 20, 1930
The Federal Government offered to maintain a policy that treated the provinces "as if they had a right to the powers". The Dominion would restrict itself to the navigation aspects of the project. Each side was to prepare a draft letter in hopes that a compromise position could be arranged.

The provincial interpretation of King's proposal was that the federal government had surrendered its claims to the power rights in navigable streams. The letter from Ontario and Quebec read:

The Federal Government recognizes the full property rights of the provinces in the bed and banks and waterpowers of all navigable rivers subject, of course, to the right to control of navigation by the Federal authority.

King's intention was not to surrender the federal constitutional rights to the provinces. He was willing to grant them special privileges in the case of the St. Lawrence development. The provinces were to act as if they had the right to the power but legally it would still be a federal concession. He wrote to Taschereau,

It is a position that we cannot possibly take, as it amounts to a renunciation of the Dominion's legal position, which we have no authority to make, any more than the provinces could renounce its legal claims. Our whole purpose, as I am sure you will agree, was to find a practical solution which would make it possible to go forward with waterpower and navigation development on the basis satisfactory to the provinces.

210 Ibid January 24, 1929
211 Bennett Papers, p.510823, Statement prepared by the Pro. of Quebec and Ontario February 4, 1930
and to the Dominion, without prejudice to the legal rights of either.\textsuperscript{212}

Another conference was arranged for March 8 but little came of it for the provinces refused to soften their position. Though no agreement was reached, King felt "there was some Divine Hand in it all" for he could now lay the blame for delay of the St. Lawrence waterway squarely at the feet of the provinces.\textsuperscript{213}

King's Government was now in the forth year of its mandate. He would have to go to the people either in 1930 or early 1931. The late 1920's had been a period of prosperity in Canada but as the new decade opened the economy began to slide into the abyss of the depression. King did not recognize the seriousness of the situation and saw the down turn in the economy as a result of "seasonal slackness" which the country would soon overcome.\textsuperscript{214} The Government had responded to the higher American tariff with a counter-tariff of their own. It was hoped that this would both quell the public outcry and eliminate one of the chief election platforms of the Conservative Party. King felt that St. Lawrence issue was best left out of the upcoming

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\textsuperscript{212}Ibid, p.510827, King to Taschereau February 15, 1930 \\
\textsuperscript{213}King Diary March 9, 1930 \\
\textsuperscript{214}John Herd Thompson and Allen Seager, Canada 1922-1939 Decades of Discord, (Toronto: McClelland and Stewart Limited, 1986) p. 198
\end{flushright}
The election was set for the 28th of July and King entered it confident of success. The Government would run on its record which King saw as "a marvelous one".216

Much to the Prime Minister's chagrin, the Conservatives were not willing to ignore the issue of the St. Lawrence. Bennett opened the campaign with a speech in Winnipeg on June 10 in which he pledged his party

to improve the whole scheme of Canadian transportation system northward, by the completion of the Hudson Bay Railway, and the construction of such branches as may be necessary to render the greatest benefit to the people of every part of Canada, to the Pacific slope via the Peace River outlet, to the east and west by the development of the St. Lawrence Waterway, and we pledge ourselves to aid existing traffic channels and to increase port facilities on the Great Lakes, the Hudson Bay and the Atlantic and Pacific oceans, and to establishment of a national highway system.217

Bennett had thus launched his national transportation strategy. His support of the St. Lawrence Waterway marked a complete reversal of the Conservative position taken at the leadership convention in 1927. Bennett had dropped the notion of an "all-Canadian waterway" and focused his attack on the delays and procrastination of the Liberal Government. Later in the speech he challenged King to state clearly his policy on the St. Lawrence improvement.

The Government did not choose to do anything with respect to it, to-day it stands, in the language of the

215Willoughby p. 131
216Thompson p. 199
217Canadian Annual Review 1929-30 p. 105
Prime Minister, 'still under negotiation'.\textsuperscript{21a} King had wanted the issue kept out of the campaign because of the fear that any movement on it would provoke a backlash against him and the project itself.\textsuperscript{21b} He now found himself unexpectedly on the defensive because of lack of action on his part. This issue was similar to others in the campaign in that the Government was forced to react to a Conservative initiative. From the beginning, the momentum was with the forces under the leadership of R.B. Bennett.

King tried to manoeuver out of the predicament by shifting the blame squarely on the shoulders of the Ontario Premier Howard Ferguson. On June 17, King outlined the proposal that he had offered to the Provinces on power rights.\textsuperscript{220} Ferguson responded by publishing the correspondence between the Dominion and the Provinces of Ontario and Quebec on the St. Lawrence. Ferguson and Taschereau held similar view on the power rights of the provinces but King was unwilling to attack his fellow Liberal from Quebec. Ferguson had supported the seaway development but with qualifications. He wanted the power in the international section developed, controlled, and planned by Hydro-Ontario.

Over the remainder of the campaign a running battle was

\textsuperscript{21a}\textit{Ibid} p. 105
\textsuperscript{21b}\textit{Willoughby} p. 131
\textsuperscript{220}\textit{Canadian Annual Review} 1929-30 p. 106
fought between the two men from the podium and through the press. Accusations and counter-accusations were hurled back and forth. King accused Ferguson of "playing politics". Ferguson maintained that King was pandering to the Americans. On July 24, just four days before election day, King finally declared himself in favour of the project.

I tell you frankly the only reason we have not been able to reach that settlement is because of Premier Ferguson would not have a settlement on any account whatever before this election. We don't intend to let Premier Ferguson play politics with the matter any longer, nor do we intend to have this great development held up any longer on his account. When this present Government is returned to office next Monday, one of the first measures we will proceed with is the construction of the St. Lawrence Waterway.\textsuperscript{221}

It is difficult to determine how much impact the Waterway issue had on the outcome of the campaign. Other issues were involved such as the deepening depression and the Liberal tariff policy. King had been forced from the beginning into a defensive position. This was the first election where the Waterway had been a major issue and both of the two major political parties had pledged themselves to support the project. What was clear was the Conservative majority.

The Americans were eager to capitalize on the new support that had blossomed during the Canadian election campaign. On September 2, Hanford MacNider was appointed as the new United States Minister to Canada. One of his first

\textsuperscript{221}\textit{Ibid} p. 107
official duties was to inform Bennett of the American position on the Waterway.

In pursuance of instructions from the President, I desire to reiterate that the Government of the United States stands ready to proceed with this proposed development at the earliest possible date. I have been directed to inquire whether the Canadian Government now finds itself in a position to appoint commissioners to discuss jointly with commissioners of the United States the details of the seaway, and to formulate a treaty appropriate to this purpose.222

The Americans were eager to get an agreement quickly for two reasons. First, unemployment was rising rapidly and the seaway was attractive from a works project standpoint. Second, there were Congressional elections in November and an announcement on the seaway, it was hoped, would help the Republicans in the mid-west and boost the flagging popularity of the President.223

The political situation in Canada still called for caution. Bennett refused to be rushed and on September 10th replied to the American offer.

The Canadian Government has given consideration to some phases of the St. Lawrence question, but in view of the fact that the Parliament of Canada is now in session, and that the opening of the Imperial Conference has been set for September 30th, it will not be possible to deal with the question in a comprehensive manner at the present moment. I propose, however, to go into the matter immediately upon my return from the Conference in November, and following this examination I shall

222King Papers, p.145740, Hanford MacNider to Bennett September 2, 1930

223Willoughby p. 134
communicate with you further.²²⁴

Though Bennett had not been willing to deal with the issue at that point, it was at least on his agenda.

²²⁴ King Papers, p. 145748, Bennett to MacNider September 10, 1930
Chapter Five

Treaty Signed And Rejected

R. B. Bennett, the new Canadian Prime Minster, had pledged himself in the election campaign to "complete at once" the St. Lawrence Waterway. As he had indicated in his reply to the American call for immediate negotiations, domestic and imperial concerns were to be given priority in the short term. The dynamism that he had displayed during the campaign continued into the final months of 1930 as Ottawa witnessed a flurry of activity. Little more than a month after taking the reigns of power Bennett had named his cabinet and had called Parliament back into special session. The Canadian public looked on as their new leader set out confidently to put the country back on the rails. Bennett himself introduced legislation that was designed to create full employment and increase trade. Once Parliament was adjourned he turned his attention to the international scene and the Imperial Conference convening in London. Despite his efforts to solve the economic ills of the country his initiatives proved fruitless. The active ingredient of Bennett's prescription for recovery was his tariff policy which he believed would "blast" Canada into the markets of the world. Bennett tried to use the tariff weapon at the Imperial Conference but came up against solid resistance to his plan to formulate an imperial tariff policy. Failing to convince the London conference to follow his lead, Bennett
turned his attention to Washington.

At the end of January 1931, Bennett went to Washington for face to face talks with the President. He was accompanied by William D. Herridge, an Ottawa lawyer and trusted advisor rumored to be the next Canadian Minister to Washington. This was billed as an informal visit with no set agenda. Once behind closed doors, Hoover made it clear that his primary concern was the St. Lawrence Waterway. He urged the immediate appointment of commissioners to negotiate a treaty. Bennett replied that because of the number of outstanding issues between the two countries it would be "extremely difficult" to enter treaty negotiations. As King had done before him, Bennett wanted to use the St. Lawrence as a lever in solving other cross-border issues. In an attempt to achieve some sort of movement on the question, Hoover proposed the creation of a commission that would merely study the issue. Their report could be used as the basis of later treaty negotiations. Bennett declined the compromise proposal but did agree to further correspondence in the matter. With this minor agreement the consultations drew to a close. Both sides stressed the friendly nature of the talks but refused to give any details. When Bennett was asked at a Washington news

225 "Montreal Gazette" February 3, 1931

conference "What about the St. Lawrence?" he relied "I believe it is still there." The press began to speculate. It was reported that a "joint board" was to be appointed to lay the groundwork for negotiation. The State Department quickly denied that any negotiations were being contemplated in the foreseeable future.

When the promised Canadian correspondence failed to materialize in the weeks that followed, Hoover began to express his impatience. In mid-March, he directed MacNider to press the issue "and see if we cannot get the Conservatives to make some sort of constructive action." In the ensuing interview Bennett assured the American Ambassador "a note on the waterway would be forthcoming shortly." No such note was ever sent.

Preliminary discussions were to be conducted through the new Canadian Minister to the United States, W.A. Herridge. Appointed in March, he was not officially received in Washington until late June. In July, he began informal discussions with the American administration on the St. Lawrence development. The Canadian Government had

227 "Toronto Globe" February 3, 1931
228 "Montreal Gazette" February 6, 1931
230 Willoughby p. 134
231 Ibid p. 134
concluded that a formal commission of ten members would be unwieldy and that negotiations would be better served by direct and informal talks.\textsuperscript{232} Throughout the summer Herridge commuted between the two capitals.

Much of the Canadian delay was rooted in domestic concerns about the Waterway. The political situation in Canada still called for caution. At the end of September, 1930, Bennett received an interdepartmental memo that outlined the problems that the Government faced in relation to the project. Chief among the concerns was the public perception of the costs involved.

...there has existed a great deal of apprehension in the public mind to the cost of the proposed Great Lakes and St. Lawrence Deep Waterway project and as to the amount of such costs which must be borne by the public purse. Figures extending from $800,000,000 to $1,500,000,000 have been loosely used in this connection. This misapprehension has resulted from a lack of a clear understanding as to the apportionment of the total cost as between power and navigation. When it is clearly appreciated that the power costs will be borne by those who develop and use the power, it will be seen that the cost to the public purse of the Deep Waterway project to a very reasonable figures.\textsuperscript{233}

The memo went on to say that the total cost to the treasury would be $150,000,000 spread over a period of ten years. It also recommended that a treaty should be restricted to the construction in the international section of the river.

\textsuperscript{232}Bennett Papers, p. 508174, H.H. Wrong to Skelton June 17, 1931

\textsuperscript{233}Ibid, p. 508141, Memo to the Prime Minister September 30, 1930
Despite the public misperception of the costs involved, the political situation had improved in several ways from the decade before. Ontario was now solidly behind the proposal. With the retirement of Howard Ferguson, George S. Henry, a proponent of the seaway, was selected as leader of the Ontario Conservatives and thus Premier of the province. The Ontario Liberal Party officially endorsed the project at its convention in December of 1930. Resistance was softening in Quebec. In November of 1930, the Montreal Board of Trade supported the deepening of the St. Lawrence for the first time. It tempered its endorsement by stating that the project should be done in a piecemeal manner sometime in the future but did recognize the value that a deep waterway would bring to Montreal. At the end of May 1931, the On-to-the-Sea-Convention, meeting at the Lake Head, passed a resolution that called for the immediate start of negotiations. They argued that the project should be conducted as a public works program to deal with the unemployment crisis. On the down side, the public debt had grown to three billion dollars and the economy was continuing to deteriorate. With Government expenditures rising many argued that the country could ill afford to

234"New York Times" December 17, 1930

235Bennett Papers, p. 509467, Resolution of the Montreal Board of Trade November 26, 1930

236Ibid, p. 509542, Resolution from the On-to-the-Sea Convention May 28-30, 1931
spend money on a project that was of questionable value.\textsuperscript{237}

Domestic considerations aside, Bennett had concerns about the viability of a treaty in the United States. It was clear that the Hoover administration itself supported the seaway proposal but it was not clear that a treaty could pass the American ratification procedure. Before he launched negotiations, Bennett wanted to be sure of a reasonable chance of success. The Canadian Legation in Washington was given the task of assessing the American situation. On April 18, 1931 H.H. Wrong, the Canadian Charge d' affaires in Washington, addressed his assessment to the Prime Minister.

Canada will probably be able to strike a better bargain with the United States on the St. Lawrence Waterway during the year 1931 than in 1932 or later years. The political fortunes of Mr. Hoover and of the Republican Party, the character of the sentiment in Congress, the possible trend of export trade of the United States, the development of the power issue--these and other factors point in one direction. If, therefore, (and, of course, the condition is of supreme importance), we are preparing to go ahead with negotiations, the sooner the better.\textsuperscript{238}

The letter noted that the opposition to the waterway had been silent for some time but once the issue was out in the open a hostile campaign was "inevitable". The effect of this on the behaviour of the Congress and public opinion was impossible to predict. The assessment of the existing

\textsuperscript{237}Willoughby p. 135

\textsuperscript{238}Bennett Papers, p. 508171, Letter from H.H. Wrong to Bennett April 18, 1931
Congress was as follows:

It is generally expected that the Foreign Relations Committee of the Senate would approve without delay a St. Lawrence Waterway Treaty. Probably also the majority of two-thirds of the new Senate could be secured in favour of ratification; but there will be hostile votes, and there would also be a number of Senators who would wish to discuss the project at length, though they will ultimately vote in its favour. Such a treaty would likely remain in the Senate for a considerable time before its ratification could be brought to a final vote, no matter what its provisions might be.239

Wrong warned the Prime Minister that if a treaty was not submitted before January 1932, the chances of ratification would diminish.240 Bennett read the report and concurred with the conclusions.241

The informal talks of the summer of 1931 started to bear fruit. On September 12th, Bennett informed MacNider that the Canadian Government was ready to discuss the reconstitution of the Joint Board of Engineers. On October 7, the two countries simultaneously issued a press release announcing the opening of negotiations.

Negotiations between the Governments of the United States and Canada looking to the framing of a treaty for the development of the St. Lawrence seaway will be initiated at once. The Canadian Government has expressed the opinion that in the initial stages of the negotiations progress would more definitely be assured by direct and verbal exchange of views between the two governments and President Hoover has agreed to the

239Ibid
240Ibid
241Ibid, p. 508172, Skelton to Wrong, April 24, 1931
procedure.\textsuperscript{242}

After almost a dozen years of study and delay negotiations had begun. Bennett had failed in his attempt to use the St. Lawrence project as a lever by which to pry concessions out of the Americans in other areas of dispute. He felt that the time for an agreement was right. In February 1932, Bennett stood in the House of Commons and related his reasons.

We are not hurrying the St. Lawrence waterway treaty. All you have to do is look at the map and see your completed Welland Canal and your twenty-seven foot waterway to Albany, and then you know why the Canadian government is concerned in the matter...the reason why this government is now carrying on negotiations for the completion of the waterway is not that we desire to add one more to the burdens we have, but that the development we have reached in connection with our own canal system and the canal systems of our great neighbour to the south makes it essential that now, and at no other time, we should consider it.\textsuperscript{243}

Other considerations were the benefits that would accrue to western farmers and the relief it would give to rising unemployment. It had also been a campaign promise and Bennett, although not always able to deliver the desired result, tried to live up to this promise.

Negotiations were slow. After a month of meetings, Herridge had still not presented a Canadian program for the development. The American Secretary of State, Henry L. Stimson, expressed American frustration at the pace of

\textsuperscript{242}\textit{Ibid}, p. 508178, Press Release, Department of State October 7, 1931

\textsuperscript{243}\textit{Willoughby} p. 139
negotiations and made it clear to the press that the delay originated with the Canadians. On November 14, 1931, negotiations opened in earnest.

The Joint Board of Engineers was reconvened and asked to prepare a general plan that would be mutually agreeable. The main area of concern was to be the international section. The 1926 report presented two separate and unique proposals: the Canadian two-stage and the American one-stage development. The Canadian members of the Board remained as appointed in 1924. The three American engineers were new appointments. The former members had either retired or been promoted. Throughout the negotiations the Canadian representatives remained firm in their demands for an acceptance of the 1926 two-stage development plan. The American members of the Board presented several alternatives but were unable to change the Canadian position. In the end, the Americans gave their approval to the two-stage development.

The October announcement that the two countries were pursuing a treaty initiated opposition on both sides of the border. Premier Taschereau led the attack in Canada. He criticized the Federal Government for not consulting Quebec before entering into negotiations with the Americans.

The Province of Quebec is vitally interested in these water powers. These are our own resources, our own great resources, yet no one has asked the Province of

244 "Montreal Gazette" November 6, 1931
Quebec to take part. For the moment, I have no wish to place the responsibility upon anyone, but, as a Quebecer, I have a right to resent what has been done as regards negotiations in this matter in the sense that we have not been consulted.245

Taschereau maintained that the seaway was merely a ploy by the Americans to get power at Canada's expense. Unlike the Americans, Canada needed neither the power nor the navigational improvements. He called the joint development a "national crime" that made no sense economically especially in these "times of financial stringency".246 On January 13, 1932, Quebec Legislators officially recorded their displeasure. By a vote of 59-10, they declared the development of the international section as "premature" and further stated that it would be "preferable to improve that which is purely Canadian."247

On March 14, Bennett and Taschereau met in Ottawa to discuss the matter. The Quebec Premier took the stand that any agreement on the St. Lawrence should be ratified by the legislature in Quebec City before being presented to Parliament. Bennett refused to comply with the request and the meeting ended.248

Some two weeks later Taschereau wrote a lengthy letter to the Prime Minister detailing his objections. A number of

245Ibid November 7, 1931
246Ibid January 14, 1932
247Ibid January 14, 1932
248Willoughby p. 140
his earlier arguments were repeated and he stressed that the expense was unwarranted merely to give Ontario a cheap source of power.

I have no hesitation in saying the contribution by the whole of Canada and, consequently, by Quebec and the other provinces which are not interested, for the purpose of giving 1,000,000 h.p. to Ontario is a supreme injustice to us. Particularly you give that Province, at our expense, electric power cheaper than we can produce it because all this energy will go to Ontario Hydro which pays no tax, whilst the Quebec companies are heavily burdened and you place therefore Quebec industry and that of the other provinces on a footing of inferiority to that of Ontario.

The letter was made public a few days later and reaction to it was immediate. The Winnipeg Free Press saw the reasons behind the Quebec opposition "revealed in all its arrogance and selfishness" as "the power trust in Quebec must not be disturbed." The Toronto Globe asked "Has Ontario no rights...? Must we wait...while the private power interests in Quebec reap rich rewards at our expense." The Ottawa Citizen also reacted strongly.

Special privilege may seem to be strongly entrenched behind Premier Taschereau, but there is a definite limit to this pushing of sectional interests against national interests. It is about time to remember, too, that the United States has an interest in the St. Lawrence River. Canada does well to move with caution. But the United States cannot be expected to submit to such treatment as the interests behind Premier Taschereau appear to think can be imposed in the development of the St. Lawrence project.

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249 "Ottawa Citizen" April 4, 1932
250 Willoughby p. 140
251 Ibid p. 140
The letter had clearly damaged Taschereau's credibility and rallied support behind the Federal initiative.

In the United States, the New York and the Federal governments disagreed over jurisdiction in the St. Lawrence. Governor Roosevelt had created the New York Power Authority in January of 1931. It had been given responsibility for all aspects of power development in the St. Lawrence. Several attempts were made by the Authority to secure Federal recognition of the state's interest in the river.252 These had been rebuffed, despite Hoover's 1926 statement as Chairman of the St. Lawrence River Commission that "the United States should recognize the proper relation of New York to the power development in the International Section."253

With the opening of negotiations New York registered a strong protest at the lack of prior consultation.254 The state demanded that an agreement be reached on the details of construction prior to the negotiations with Canada. Secretary Stimson replied that no agreement could be reached with New York until after negotiations were completed.255

254Bennett Papers, p. 508183, "New York Times" October 9, 1931
255Ibid, p. 508191, H.H. Wrong to Bennett October 29, 1931
The Federal Government claimed that the power generated as a result of the St. Lawrence development was a by-product of navigation and thus outside the authority of the State of New York. Hoover remained firm in his stand. Even when negotiations had been completed he refused to talk with the state. He delayed further discussion by maintaining that no agreement could be reached until the treaty had been ratified by the Senate.

The conflict between Albany and Washington was not restricted to the jurisdictional question. The motivations for and the mechanisms of development that each side advocated were essentially different. To Hoover the project was in the aid of navigation and the power developed was incidental. To Roosevelt the navigation potential of the St. Lawrence held little appeal and in fact conflicted with his support of the all-American route via the Hudson River. His concerns centred around the power aspects of the project. Through Roosevelt's two terms as Governor, he continually pushed for the public ownership and development of the power in the international section. Hoover found public ownership particularly abhorrent. In early March of 1931, the President had vetoed the Norris Bill which proposed federal development and sale of power at Muscle

"Montreal Gazette" November 5, 1931

Bellush p. 236-237

Willoughby p. 314-315
Shoals. His veto statement reflected Hoover's views on public enterprise when he wrote "it is destruction of equality of opportunity and enterprise of the American people; it is the negation of the ideals upon which our civilization has been based."²⁵²

The relationship between the two levels of government was handled very differently in Canada. Where the U.S. administration viewed a Federal-State agreement as something to be achieved in the post-treaty era, the Canadian Government saw a Dominion-Ontario agreement as a prior necessity. In late 1929, Canadian and Ontario engineers reached an agreement on the "most effective and economical" method for the development of the international section.²⁵⁰ This was a slight variation on the two-stage plan that had been put forward by the Canadian section of the Joint Engineering Board in 1926.

With the technical details out of the way, the one remaining stumbling block was the jurisdictional question. The confrontation that had been the trademark of much of the King-Ferguson era had been replaced by co-operation between Bennett and Henry. Ontario was to be consulted on all


²⁵⁰Willoughby p. 130
aspects of the negotiations. In mid-January 1932, the Federal Government offered to make available to the Government of the Province of Ontario, or the Hydro Electric Power Commission, all the power developed in the international rapids section, retaining at cost the amount required for the operation of the locks and purposes of navigation.

The offer echoed the findings of Supreme Court Justice Duff and finally put an end to the wrangling over the right to develop power in a navigable river. The Federal Government had acquiesced in the matter. While the Dominion retained the right to design the navigation structures it was willing to grant Ontario representation on "any international board or commission set up for the construction of the works in the international rapids section."

The only outstanding issue to remain was the allocation of Canadian share of the costs in the international section. In early March this too was resolved. The Province was to pay for "purely power structures" and 70% of the works common to power and navigation. The Dominion would pay all of the strictly navigational costs and 30% of common works.

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261 Bennett Papers, p. 510534, Confidential Letter from Bennett to Henry November 10, 1931

262 Ibid, p. 510562, Notes on St. Lawrence Waterway Conference with Ontario January 13, 1932

263 Ibid

264 Ibid, p. 508369, Confidential memo, Notes, Re. Dominion, Ontario and St. Lawrence Agreement March 8, 1932
With the Dominion-Ontario agreement settled the final domestic barrier was cleared for signing a treaty with the United States. However the progress of the treaty negotiations had stalled over the question of compensation for the water lost through the diversion at Chicago. At first Canadian officials sought to reach a separate treaty or convention but under pressure from Ontario had made compensation for the Chicago diversion a condition for reaching an agreement on the St. Lawrence. For more than three decades the issue had soured Canada-U.S. relations and had in part motivated the Borden Government's original attempt to reach an agreement on the St. Lawrence. It had been repeatedly claimed that the diversion lowered water levels in the Great Lakes and the St. Lawrence River and thus had an adverse effect on hydro-electric generation and shipping. Despite the protests that originated not only in Canada but from shipping interests throughout the Great Lakes, the amount of water diverted continued to increase. Legal and political action in the United States did not resolve the problem. To Hoover it was not only an international problem but a domestic concern as well. He had no objection to the matter being included in a treaty.

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235 Hoover p. 235
236 Bennett Papers, p. 507800, Letter from Henry to Bennett February 3, 1931
237 Ibid, p. 49093, Frank H. Keefer to C.H. Cahan June 17, 1927
What did bother him was the delay that resulted because of it. The issue was finally resolved when an agreement was reached on a schedule for the reduction of the abstraction at Chicago. On July 18, 1932 the St. Lawrence Deep Waterway Treaty was signed.

The Treaty was the result of a compromise on both sides of the border. The National Advisory Commission's recommendation that Canada be compensated for dredging above Montreal and for the 14 foot canal system already in place was dropped. The Americans accepted the two-stage plan advocated by the Canadian negotiators for the construction of the works in the international section. The Americans also accepted the Canadian preference for a canal depth of 27 feet.

The Treaty separated the development into three sections. The all-American portion involved the deepening of locks and canals connecting the upper Great Lakes. The all-Canadian section consisted of the newly finished Welland Ship Canal and the St. Lawrence between Cornwall and Montreal. Each country "pledged" to complete these works, but they were treated as domestic affairs under the Treaty. It was the joint development in the "international section" that was the prime concern of the Treaty.

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288 Hoover p. 235

289 St. Lawrence Deep Waterway Treaty, (Ottawa: King's printer July 18, 1932)
Construction in the international section was to be supervised by the St. Lawrence International Rapids Section Commission. This was to be made up of five members from each country and was to be a temporary body. Each country was to construct works on its side of the river and absorb the costs involved. The works in the river itself were to be paid for by the Americans. Canadian engineers, labour and material was to be used in the Canadian half of the river even though Canada was not footing the bill. After the completion of construction, each country was to maintain the works on its side of the border. The Treaty also dealt with the question of the diversion at Chicago. It provided that the diversion should be reduced to 1,500 cubic feet per second by 1938. Any change in the amount to be diverted would have to be brought before an international arbitral tribunal.

The distribution of costs was based on the estimates of the reconvened Joint Board of Engineers. Costs and compensation were made on the basis of all three sections. The final cost of project, including the two stage development of the international section, was estimated at $543,429,000. The Canadian share would be $270,976,000 and the American $272,453,000. Canada was given a $128,772,000 credit for the navigational works of the completed Welland

\[27^0\text{Ibid, Article III}\]

\[27^1\text{Ibid Article VIII}\]
Canal and the proposed dredging in the Thousand Islands section of the river. The United States was compensated for the existing navigational modifications in the Great Lakes. Canada's share of the entire development had been reduced to $142,204,000 while the United States was to pay $257,992,000.\textsuperscript{272} The higher American contribution was to be absorbed by the river construction in the international section.

Each country was to pay for and maintain the power developments on its side of the border. The project-wide share paid by the Dominion Government was thus further reduced by $104,000,0000 when Ontario's investment in the proposed hydro-electric plant in the international section was taken into account. The federal capital cost outlay could be expected to drop even more if Quebec was to accept a power development agreement similar to Ontario's for the Lachine canal.\textsuperscript{273} The cost allocations between Washington and Albany had yet to be agreed upon.

The text of the Treaty was made public at once and Hoover and Bennett made statements to the press. In a lengthy speech the Prime Minister detailed the contents of the document and the cost to the country. He pointed out that the Treaty protected Canadian sovereignty and settled the controversy of the diversion at Chicago. It would also

\textsuperscript{272}Willoughby p. 146

\textsuperscript{273}\textit{Ibid} p. 316
benefit the whole country.

This Treaty fulfills one of the objects of Confederation. The maintenance of our east-west trade route is vital to our political and economic existence. It is the means by which the parts of Canada are brought near to one another. It is the supreme assurance of our closer political and social union. The Treaty is made in the interest of Canada as a whole. All our actions must answer to that test. While some provinces will benefit more directly than others, there is no province which will not greatly profit from it. 274

Bennett concluded the speech by asserting that if Canada was to grow great she must trade. If she must trade, she must be able to compete. The St. Lawrence Waterway was a means to accomplish this.

Hoover's statement also lauded the benefits of the seaway. He predicted that industry and agriculture of the mid-west and west would grow as a result of the reduction in transportation costs. The northeast, he asserted, would benefit from the additional electric power. 275 Hoover saw the signing of the Treaty as "another step forward in this the greatest internal improvement yet undertaken on the North American continent.", but warned it still had to be ratified by both countries. 276

Now that the Treaty had been signed the Canadian Government let the issue float in a kind of limbo. Bennett maintained that only when the Treaty received ratification

274 Bennett Papers, p. 508781, Speech July 18, 1932
275 Wilbur p. 274
276 Hoover p. 235
from the American Senate would the matter be brought before the House of Commons. He consistently refused to debate the issue publically.

The opposition under King, was cautious about broaching the question. They had never officially opposed the project. King recognized that the issue could be politically damaging to Bennett in Quebec and the Maritimes. He also saw the agreement as "a fairly good bargain." Since there would be no formal debate until the Americans had completed their treaty procedure, the Liberals struck a wait and see pose. King wanted to confer with his supporters and watch the debate develop in the United States before he was willing to comment. Though there were protests from the provinces east of Ontario, the central debate had shifted to south of the border.

If the Treaty had been presented to Congress immediately following the signing, it may have had a relatively smooth ride. The pro-waterway forces were better organized than those opposed. The administration clearly backed the project and would have made a strong case before any Congressional hearings on the matter. Speedy consideration was, however, not to be. The Treaty was

277 Bennett Papers Speech July 18, 1932
278 King Diary July 16, 1932
279 King Papers, p. 162045-7, King to Raoul Dandurand July 27, 1932
signed two days after the adjournment of Congress. The Foreign Relations Committee, which originally was to hold hearings during the recess, decided to postpone consideration of the Treaty until after the Presidential and Congressional elections.\textsuperscript{280} It wasn't until late November 1932 that the Treaty started its journey through the American ratification process. By that time a number of factors had changed, lessening the prospects of success. The delay had allowed the anti-seaway groups to become better organized. The depression was getting worse. The railroads were in grave financial difficulty, and the demand for electricity was dropping rapidly.\textsuperscript{281} This prompted many to ask if this was the right time for such a large and costly project. More important, Hoover had lost the election. The window of opportunity that had opened was closing quickly.

Roosevelt had conducted a vigorous and aggressive campaign. He prescribed a "new Deal" for the "forgotten man". Hoover ran on his record and maintained that a change of course would lead to disaster. Roosevelt made clear his economic and social policies, but his attitude toward the St. Lawrence project was unclear. On several occasions he spoke on the essential nature of the power to be developed but did not address the transportation aspect of the

\textsuperscript{280} Willoughby p.148
\textsuperscript{281} Ibid p. 148-149
development. His public criticisms were confined, not to the terms, but to the way they had been negotiated. The destiny of the Treaty was to a large extent in the hands of the new President. Though he had supported certain aspects of the project the fact remained that it had been a Republican initiative, and the Republicans had repeatedly rejected his efforts to influence it.

On November 14, 1932, the Foreign Relations Committee convened and held a series of hearings on the Treaty. This was the important first step in the ratification process and was followed closely in the Canadian press. The witnesses that appeared before the committee reflected the opinions of the various groups for and against the Treaty. It was here that the line between advocates and opponents became clearly and publicly drawn. The first week was taken up by negative submissions. The cities of the eastern seaboard sent various official representatives to argue against the development.

The railroad companies were also strongly represented. Even the railroads of the northwest, which had in the past been favorable to the waterway, joined forces with the eastern lines to form a common front. Much of the negative testimony was based on the book by Harold G. Moulton, The

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2 Bennett Papers, p. 508802, W.D. Herridge to Bennett November 19, 1932
St. Lawrence Navigation and Power Project. Moulton had maintained the waterway would be uneconomical and would further burden the railroads at no reduction of rates. Many saw the benefits of the seaway overwhelmingly in favour of Canada. As one railroad representative put it, "Canada has everything to gain and nothing to lose, while the United States has everything to lose and nothing to gain." The fact that the Americans were to spend some fifty million dollars on the Canadian side of the river was given special attention. It was charged that this money would be used to reduce the cost of electrical generation in Canada.

The defence of the Treaty was led by the Great Lakes St. Lawrence Tidewater Association supported by members of the Hoover Administration. The pro-waterway forces argued that the economic benefits far outweighed any injury to the existing transportation system. A deep waterway would increase trade and industrial development on the Great Lakes and produce power for the markets of New England and New York. The hearings ended on December 14 and the committee retired to consider the testimony.

Hoover had one last chance to secure ratification before his Presidency came to an end. The old Congress would sit a final time before its mandate ran out on March

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Ibid

Ibid

Ibid

Ibid
4, 1933. On December 6, Hoover submitted the Treaty to the Senate for consideration. In a letter to Bennett, Herridge gave the Treaty no more than an even chance of being ratified in the Congressional short session. He maintained "the sentiment favouring the Treaty is strong, but possibly not strong enough to overcome the congestion of business before the Senate in January and February." Herridge's observations proved accurate; the treaty was left as part of the unfinished business when the seventy-second Congress came to an end.

Though the Treaty was not put to a vote in the seventy second Congress, it did make progress on two fronts. With Roosevelt poised to enter the White House, the road had been cleared for reaching an agreement with New York State on the St. Lawrence development. The state would not give its approval of the Treaty until the questions of cost allocation and the diversion at Massena were answered. New York had been concerned that Alcoa's licensed right to divert water at Massena would be made permanent with the Treaty. On January 13, 1933, this was dealt with through an exchange of notes. It was agreed that the effect of the St. Lawrence Treaty was not "to recognize, confirm, or establish any rights or claims...in respect to the diversion of water for power purposes through the Massena Canal and Grass

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*Ibid*, p. 508810, W.D. Herridge to Bennett December 17, 1932
River."\textsuperscript{287} Canada agreed to treat "the question of continuance control, or elimination of such a diversion as a domestic question."\textsuperscript{288}

In February, the War Department and the Power Authority came to an agreement on the allocation of costs in the international section. The Federal Government would pay $125,765,250 for the navigation works. New York would pay $86,726,000 for the power works and a share of the structures common to both power and navigation.\textsuperscript{289} February also saw the submission to the Senate of a favorable report by the Committee on Foreign Relations. By a vote of 15 to 5 the members of the committee recommended ratification of the Treaty.\textsuperscript{290} The report had come too late in the short session and was not considered at the time.

On March the 4th, 1933, F.D. Roosevelt was sworn in as the President of the United States. The first "Hundred Days" of the new administration witnessed a legislative pace that was unprecedented in American history. Just five days after inaugural day Congress was sitting in a special session. By mid-June some thirteen major bills had been passed. The legislative activity was dominated with

\textsuperscript{287} Willoughby, p. 151
\textsuperscript{288} Ibid
\textsuperscript{289} Ibid
\textsuperscript{290} William Starr Myers, The State Papers and Other Public Writings of Herbert Hoover, (Garden City, New York: Doubleday, Doran & Company, Inc., 1934) p. 597
Roosevelt's recovery program. Despite fierce lobbying from advocates of the waterway to include the Treaty in the President's program, Roosevelt refused to send a special message to Congress requesting ratification. Privately Roosevelt stated that he would welcome the ratification of the Treaty in the special session but would not say so publicly. He feared that the debate would be lengthy and was anxious not to prolong the session.291

On March 28, the Senate adopted the report of the Committee on Foreign Relations but it did not deal with the Treaty itself. On April 17, a joint resolution was introduced designed to confirm the cost allocation deal between New York and the American Government. It was passed by the House of Representatives on April 26 but encountered a filibuster in the Senate. This marked the first opportunity for the opponents of the treaty to express their views on the floor of the Senate. The attack was led by Senators Long of Louisiana and Copland of New York. Both argued along nationalistic lines. Typical of the remarks were Senator Long's statement: "When this Treaty shall be ratified the only thing for those of us living in the Mississippi Valley and in the Eastern States to do will be to move to Canada."292 In a similar vein Senator Copland

291Bennett Papers, p. 509130, W.D. Herridge to Bennett June 19, 1933

292Ibid, p. 509108, Herridge to Bennett April 19, 1933
said. "I cannot conceive it possible that the Senate would vote to spend $325,000,000 of American money on an all-British canal at a time we are reducing the pensions of veterans and wages of employees." As H.H. Wrong put it when he wrote to Skelton in May of 1933, "the opposition is solidifying itself and includes several of the strongest long-distance talkers in the Senate." An attempt was made to secure passage of the resolution by submitting it as an amendment to the National Industrial Recovery Act. This was soundly defeated. The session ended without the consideration of the Treaty and without confirming the cost allocation agreement between the United States and New York governments.

During the summer of 1933 a rumour circulated around Washington that the President would call a special session of Congress to deal with the St. Lawrence Treaty. By September, it was clear that this was just a rumour. In that month Roosevelt set up an inter-departmental board to examine the navigation and power aspects of the proposal. September also saw the first public indication that he was favorably inclined toward the ratification of the Treaty. On September 16, Secretary of State George H. Dern, spoke on behalf of the President in Superior, Wisconsin. He said in

293Ibid, p. 509109, Herridge to Bennett April 19, 1933
294Ibid, p. 509131, Wrong to Bennett September 28, 1934
295Wright p. 271
I hope the treaty will be ratified without delay, as the construction of the St. Lawrence Waterway is an important part of the President's recovery program. The President favours ratification of the treaty in its existing form. 296

It was significant that Roosevelt favoured ratification of the Treaty as signed. Some two weeks before, the President of the Mississippi Valley Association, Colonel Robert I. Randolph, gave his qualified support to the waterway. This support was subject to an increase in the amount of water the Chicago Drainage Canal would be allowed to divert to the Mississippi watershed. An increase in the supply of water would facilitate shipping on the river. It was clear that the states along the Mississippi River would not support the Treaty if an amendment to the diversion clause was not secured.

In the Autumn of 1933 the fate of the Treaty still hung in the balance. Both sides seemed confident of victory. H.H. Wrong analyzed the situation as follows.

I understand that opponents of the Treaty are stating that they have enough votes assured to defeat it in the Senate. Its supporters, however, are equally confident. The division may be a close one, with its results depending on whether the President is prepared to exert strong pressure to secure ratification. 297

In January Roosevelt received a favorable report from the inter-departmental board. He sent a summary of the

296Ibid, p. 509131, Wrong to Bennett September 28, 1933
297Ibid
report and a special message to the Senate calling for the ratification of the Treaty. The President pointed out the benefits to be gained in both countries from the improvement of transportation and the development of power. To reject the Treaty would reverse generations of co-operation with Canada.

I want to make it very clear that this great international highway for shipping is without any question going to be completed in the near future and that this completion should be carried out by both nations instead of by one.298

On January 12, the debate began and ran for just over two months. The arguments were similar to what had been stated time and time again over the past decade or more. As the debate continued, the forces opposed became more confident of success. On March 14, 1934 the Treaty went to a vote in an unamended form. The result was 46 for and 42 against. Unlike domestic bills, treaties require a two-thirds majority for ratification. The treaty had been clearly defeated.

The vote cut across party lines, reflecting regional interests. 31 Democrats voted for the Treaty and 22 against. The Republicans split 14 for and 20 against. From the sixteen states along the Atlantic seaboard only four Senators voted for the Treaty. The Mississippi Valley was evenly split. The Senators representing the States around the Great Lakes and in the Western half of the country

298Wright p. 275
supported the Treaty. Those on the Atlantic rejected it fearing the diversion of traffic from their ports.\textsuperscript{299} Coal mining interests feared the cheap power that would be generated as a result of the construction. Those states that bordered the Mississippi feared the project would sound the death knell of their dream of a Lakes to Gulf Waterway.

An hour before the treaty went to a vote the President admitted to the press that defeat was certain. He called the project "ordained by nature" and promised to reintroduce the Treaty again and again until success had been achieved.\textsuperscript{300} The vote effectively killed any chance of starting construction in the short term. Over the next several months various minor changes to the Treaty were suggested but nothing concrete was agreed upon. Neither Bennett nor Roosevelt were willing to make the changes needed to placate those who had voted against the Treaty.

By 1934, the idea of a deep waterway on the St. Lawrence was far less attractive to Canadians. Government expenditures had risen to unprecedented levels while industrial and agricultural output declined. The combination of drought and low grain prices dramatically reduced the country's need for an improved transportation system. The victory of the anti-seaway movement in the

\textsuperscript{299}Bennett Papers, p. 509155-56, Herridge to Bennett March 17, 1934

\textsuperscript{300}Ibid
United States added confidence to those opposed in Canada. Bennett no longer had the support of a friendly government in Ontario. In June of 1934, the Liberals under Mitchell Hepburn swept to power in Ontario. The development of the St. Lawrence became embroiled in the Ontario election campaign. Hepburn denounced the project as unjustified for either transportation or power.\footnote{Montreal Gazette" June 19, 1934} In October, he announced that the Ontario-Ottawa agreement reached in 1932 would not be ratified.\footnote{Ibid October 24, 1934} To reduce the surplus of electrical power in Ontario, Hepburn went on to cancel or repudiate power contracts with private Quebec power companies. Because of the depression, the demand for power was sharply reduced. Demand for new sources simply did not exist. 1935 saw the return of Mackenzie King as Prime Minister of Canada. If he was unwilling to build the waterway in the prosperous 1920's, King was not about to do so in the depression ridden 30's.
Conclusion

Rejection of the St. Lawrence Deep Waterway Treaty by the American Senate in March of 1934 effectively killed the proposal. It was not until the return of better economic times in the 1950's that it was to be seriously considered again, though from time to time attempts were made to revive the idea of ship canal.

The depression changed circumstances dramatically in the two countries. Trade was reduced to a trickle of what it had been, and the demand for navigational improvements diminished. Where there had been a shortage of hydroelectricity there was now an oversupply. The Republicans no longer controlled the White House or the Senate. The proposal that had looked so appealing in years of economic expansion of the 1920's held far less appeal in the depression of the 1930's.

The treaty had been defeated by regional interests. It was not that the document itself was flawed but these interests feared the consequences of its implementation. It is ironic that throughout the 1920's the Americans had continually pushed for a treaty; yet it was the Americans who in the end rejected it. The fact that it had taken so long to conclude an agreement contributed largely to its defeat. A treaty was much more vulnerable to attack than a domestic piece of legislation. The American ratification process requires a two-thirds majority in the Congress.
Though the Senate vote produced a simple majority in favour, the treaty was defeated.

Most of the delay came from the Canadian side of the border. Canada's cautious Prime Minister, Mackenzie King, lacked the political will needed to overcome the barriers that blocked the way. King was not in politics to provoke confrontation. He wanted to avoid it. The proposal was fraught with political danger. It was not until Bennett led the Conservatives to power that a Canadian Government was willing to tackle the problems that the proposal raised domestically. This coincided with the decline of Republican influence in American politics. By the time a Treaty was finally signed the prospects for success were declining rapidly.

The St. Lawrence and the Great Lakes are arguably North America's single most important shared resource. Actions on one side of the border can and do have a profound impact on the other side. As man's technological capabilities advance, so does his ability to reshape the environment. By the early twentieth century activities in one part of the watershed could be felt hundreds of miles away. Each successive year brought increased pressure to bear on the system. The first three decades of the century were times of expansion, and the unused resources of the Great Lakes and St. Lawrence were seen as potential power for that expansion. If these water resources were to be
exploited efficiently, large scale modifications to the flow of the water were needed.

With the Boundary Waters Treaty of 1909, the two countries created a mechanism to deal with the pressures that modern technology was placing on the system. All the modifications, whether for navigation, electrical generation, irrigation or sanitation, had previously been done in a piecemeal manner. No comprehensive plan existed for the development of the system. Each successive year brought new proposals from public and private enterprise to make further modifications. It became increasingly clear to both countries that if the shared water resources were to be exploited in an efficient and economical way some sort of agreement had to be concluded. This paper has been the study of that process. Though the agreement was ultimately unsuccessful, it is important to look at how the two countries tried to deal with the problem.

The years of study and negotiation resulted in a treaty in 1932. Whether ratified or not, this treaty between Canada and the United States marked a significant phase in their relationship. These were years when Canada established for itself an independent foreign policy. Diplomatic activity was becoming increasingly the responsibility of the Government in Ottawa. During this time foreign missions were set up in each capital and much of the government to government activity in relation to the
negotiations was handled through these offices. The treaty was one of the first that Canada negotiated and signed on its own behalf. Canada may have been involved in other cross-border and international issues, but none was as important as the deep waterway.

The deep waterway represented a level of co-operation between the two countries that was unprecedented in their histories. Canada has always been cautious and suspicious when dealing with the United States. Governments had fallen for advocating a closer relationship between the two countries. With a project of this size Canadian politicians had to be particularly careful not to provoke the anti-American sentiment that was never far below the surface. Any major issue that involves both countries has always stimulated debate in Canada. The size and importance of the project ensured the debate was long and extensive.

The scale of the development was truly grand. The outlay of capital for the development of navigation and hydro-electric works was contemplated to be more than half a billion dollars. The navigational works were to be the rival of any of the great canals of the world, and the potential for the generation of electricity was staggering.

Few projects in North America have been as divisive. It fired the imagination of many who lived in the tributary area. An outlet to the sea held the promise of prosperity and growth. The exploitation of the hydro-electric resource
held the promise of expansion of industry and profit. It also struck fear into those who had a stake in the status quo. The proposal stimulated a swirl of human activity. It was debated in the press, legislatures and meeting rooms of the continent. Associations with large bureaucratic and propaganda machines were created to lobby for and against the project. The changes contemplated sent shockwaves far beyond the proposed construction sites.

The project not only required the co-operation between the two national governments but included the involvement of the state and provincial governments. Questions of jurisdiction over the waters of the St. Lawrence sparked many confrontations on both sides of the border. The style and method of dealing with the problem was markedly different in each capital. Ottawa continually insisted that a resolution of the federal-provincial dispute was a prerequisite to negotiations. Washington viewed constitutional disputes as domestic detail to be dealt with in the post-treaty era. By the time the treaty was rejected these jurisdictional disputes had been largely resolved and set precedents for future developments.

Despite the size of the proposal and the number of years that it was before the two countries, it has been given only cursory attention by Canadian historians. The study of canals in Canada has for the most part concentrated on the initial period or on the Seaway itself. The St.
Lawrence Deep Waterway Treaty should be considered as part of the evolutionary process in Canada's transportation system. The Treaty did serve as a model for later construction.

Anything that could be considered a major work on the negotiations of 1919 to 1934 was written either at the time or immediately following the signing of the treaty. In 1961 William R. Willoughby published *The St. Lawrence Waterway*. This work is a survey of activity on the river from the fur trade to the opening of the Seaway. A good deal of space is dedicated to the study of the Deep Waterway proposal but it lacks an investigation of the primary material that has been released since its publication. A search through the papers of various Canadian Prime Ministers' has given new insights into the motivations behind the decisions made at the time. Where earlier works could only guess at the reasons behind a decision we are now able to see the reasoning itself emerge.

This study of the St. Lawrence proposal fills a gap in the writings on the relations between the two countries. Little has been written concerning the period under study here. Historians have tended to focus on successful agreements, traumatic events and war time alliances. These are studies in crisis management and often lack an evolutionary perspective. The question of the comprehensive development of the St. Lawrence was before the two countries for a decade and a half. Political and economic conditions
were not static in either country. Changing domestic concerns and attitudes had an effect on the relationship of the two countries. This study of the deep waterway shows how the twists and turns of domestic politics can and do have an effect on cross-border issues. This study also shows the inter-relationships of the different issues that confronted the countries during the period. The deep waterway was not isolated from other international concerns. Movement on one issue was often tied to concessions on another.

The St. Lawrence development fits well into the pattern of what has been written about the economies of Canada and the United States in the 1920's and 30's. The ship canal was a project for a time of expansion. It looked to the future with optimism. When pessimism reigned in the 1930's the project lost its appeal. As has been written many times, Canada was moving increasingly into the economic orbit of the United States. Canada's reluctance to move rapidly into the joint development of the St. Lawrence shows characteristic apprehension and caution.

Canada has been built to large degree on the basis of mega projects. The deepening of th St. Lawrence fits easily into this tradition but has its own uniqueness as a bridge between early and modern projects. When the country was young these projects were transportation related. In the present these projects are energy related. The St. Lawrence
Deep Waterway Treaty encompassed both these elements. When the Seaway was built in the 1950's it marked the final large scale centrally initiated transportation development in Canadian history. It also marked one of the first large scale energy projects. The international aspect of the development may have complicated the matter but the proposal followed the tradition set by Macdonald's National Policy.
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