

CONFIDENTIAL MEMORANDUM FROM SENATOR WILEY FOR GENERAL EISENHOWER

THE PROBLEM:

The new Administration will be faced with an immediate decision of grave historic consequence on the St. Lawrence Seaway.

The problem is this: Should we

(a) be content to let Canada build the Seaway wholly on Canadian territory and control it forever after; or

(b) should we take steps now to insure the construction of part of the Seaway at the International Rapids Section in Northern New York on U.S. soil so that we shall have equal control over this increasingly important navigation channel.

COMMISSION REVIEW:

Canada has offered to build the whole seaway for a cost of approximately \$300 million, provided that the Federal Power Commission grant a license to the State of New York to complete the power dams between Cornwall, Ontario and Massena, New York.

The International Joint Commission has approved the construction of this power project by Ontario and New York. Application by the State of New York is now pending before the Federal Power Commission.

Provided that this license is granted to New York, the issue still remains whether the United States government should insist upon part of the canal, at the International Rapids Section, being placed on U.S. soil. If so, legislative steps must be taken to authorize the construction of that section of the canal.

BASIC RECOMMENDATION:

I respectfully suggest that the interests of the United States require that we should become part owner and secure equal control over this canal system by constructing the International section on American soil.

REASONS:

I offer the following reasons for this position: —

1. Laws of neutrality - In case of differing international positions of the two governments—for instance, the United States being at war and Canada being neutral or vice versa—(as remote as that situation may appear)—the control of part of the waterway by the United States would be of great importance in tempering the application of international laws controlling the rights of belligerents as opposed to the rights of neutrals.

2. Anti-sabotage protection - It is imperative to have U.S. participation in security measures for the protection of the canals against sabotage and enemy action, and in screening of foreign ships that will transit the canals into our Great Lakes ports.

3. Toll negotiation - In an all-Canadian canal, the level, the duration, and the variations between commodities, of toll rates will be wholly in the hands of the Canadian Seaway Authority and the Canadian Board of Transport Commissioners. On the other hand, joint control would give U.S. spokesmen an opportunity to negotiate these toll rates.

4. Capital accounting - The amount of capital expenditures considered as a rate basis for the setting of tolls will be wholly at the discretion of the Canadian government in the case of an all-Canadian Seaway. By contrast, in a joint enterprise, this may be subject to negotiation and agreement between the two governments so as to hold it down to essential, incremental expenditures necessary for the new seaway.

5. Priorities at locks - In case of capacity usage of the canals and locks, which is likely to occur within as short a period as ten years after

completion, there may have to be priorities set in the use of the canals during periods of peak traffic. A priority system would remain wholly in Canadian hands, subject to determination, as their own interest dictates. The effect of this upon American industry would be unpredictable and perhaps detrimental, since a major share of the traffic using the canal would be of American origin or destination.

6. Possible frictions - There is bound to be occasional discontent or dissatisfaction with the manner in which any one of the above factors is handled by a single nation. Such disputes might grow into serious disaffection and disagreements between the two countries—in spite of their long record of friendship—if the decisions are made unilaterally by one government. On the other hand, joint control and joint decision arrived at by negotiation would carry the prestige of both governments and the concurrence of the citizens of both countries and therefore would be less likely to result in continuing friction.

The examples where cooperative relations have been established between Canada and the United States in such fields as joint control of the boundary waters through the International Joint Commission, of defense preparedness by U.S.-Canadian Joint Defense Board, and other similar fields of activity bespeak the desirability of a similar control over the use of this very important channel of communication.

CONCLUSION:

I respectfully recommend, therefore, that we supplement our support of the application of the State of New York for a license to develop the power project with the request upon the Canadian government that they leave the door open for U.S. participation in the construction of part of the canal on U.S.

territory, without undue delay in Canadian plans.

I propose to introduce legislation to this end, consistent with plans already approved by the International Joint Commission and the application of the State of New York now pending before the Federal Power Commission.

I hope that General Eisenhower will, at an appropriate occasion, reiterate his statement at Abilene that he would prefer U.S. participation in this enterprise.

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