

**TO THE HEART OF THE CONTINENT:  
CANADA AND THE NEGOTIATION OF  
THE ST. LAWRENCE SEAWAY AND POWER PROJECT, 1921-1954**

by

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## **ABSTRACT**

The St. Lawrence Seaway and Power Project, built cooperatively between 1954 and 1959 by Canada and the United States, is the largest navigable inland waterway in the world and the largest borderlands project ever undertaken jointly by two countries. This thesis combines diplomatic, political, and environmental history to chart the course of domestic and international negotiations, particularly in the 1945-1954 period, that resulted in the bilateral 1954 agreement to build the seaway. The focus is on the Canadian federal government and to a lesser extent the U.S. federal government, as well as involved state and provincial governments and their public power utilities. These negotiations are extremely revealing in terms of the history of Canadian-American relations, and this thesis also examines issues connected to North American attitudes toward water resources, state-building, high modernism, and technology in the early Cold War period.

After a number of failed attempts at a cooperative waterway, in the late 1940s the Liberal government of Louis St. Laurent began to explore the possibility of an all-Canadian seaway, and backed by widespread public support, had adopted this as policy by 1952. The drive for an all-Canadian seaway stemmed from various forms of nationalism which framed the St. Lawrence as an exclusively “Canadian” resource that was intimately tied to Canadian identity. However, the Truman administration and different American interests deemed a unilateral Canadian waterway to be an economic and national security threat to the United States, and delayed the requisite power licenses needed for Canada to undertake the transborder St. Lawrence project. Canada partly contributed to this situation by repeatedly making vague offers to leave the door open

for American involvement in the hopes that this would expedite the hydro aspect of the project. The Eisenhower administration also stalled Ottawa's efforts to "go it alone" until American participation was finally sanctioned by Congress in 1954 and the requisite licenses were granted. The St. Laurent government then reluctantly acquiesced to the American desire for a joint endeavour in order to maintain harmonious Canada-U.S. relations, although Canada did extract key concessions from Washington about the shape and placement of the project.

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## INTRODUCTION

Hugh MacLennan opened his celebrated novel, *Two Solitudes*, with the following:

Northwest of Montreal, through a valley always in sight of the low mountains of the Laurentian Shield, the Ottawa River flows out of Protestant Ontario into Catholic Quebec. It comes down broad and ale-coloured and joins the Saint Lawrence, the two streams embrace the pan of Montreal Island, the Ottawa merges and loses itself, and the mainstream moves northeastward a thousand miles to the sea.

Nowhere has nature wasted herself as she has here. There is enough water in the Saint Lawrence alone to irrigate half of Europe, but the river pours right out of the continent into the sea. No amount of water can irrigate stones, and most of Quebec is solid rock. It is as though millions of years back in geologic time a sword had been plunged through the rock from the Atlantic to the Great Lakes and savagely wrenched out again, and the pure water of the continental reservoir, unclouded and almost useless to farmers, drains untouchably away. In summer the cloud packs pass over it in soft, cumulus, pacific towers, endlessly forming and dissolving to make a welter of movement about the sun. In winter when there is no storm the sky is generally empty, blue and glittering over the ice and snow, and the sun stares out of it like a cyclops' eye.

All the narrow plain between the Saint Lawrence and the hills is worked hard. From the Ontario border down to the beginning of the estuary, the farmland runs in two delicate bands along the shores, with roads like a pair of village main streets a thousand miles long, each parallel to the river. All the good land was broken long ago, occupied and divided among seigneurs and their sons, and then among tenants and their sons.<sup>1</sup>

In this simultaneous paean and lament for the St. Lawrence River, MacLennan poetically describes the St. Lawrence as the lifeblood of (central) Canada, the natural force that carved out the shape of the nation, and the basis of the competing nationalisms of Canada's two European founding peoples. Moreover, the book was published in the last year of the Second World War, and thus during the ongoing St. Lawrence Seaway and Power Project negotiations.<sup>2</sup> The varying perceptions within the book on the role of hydro-electric development on the St. Lawrence as, alternatively, the key to the future or

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<sup>1</sup> Hugh MacLennan, *Two Solitudes* (Toronto: Collins, 1945), 1-2.

<sup>2</sup> The capitalized title, the St. Lawrence Seaway and Power Project, will be used when referring to the completed, post-1954 project. In reference to the pre-1954 plans for a St. Lawrence canal system, the uncapitalized "seaway" and "power project" will be used, as well as terms such as "waterway."

the death knell of the sleepy Quebec parish of Saint-Marc-des-Érables are particularly relevant given the themes of this study. So too is MacLennan's attitude toward the river and hydro-electric development which, like the society and governments of his time, reveals a utilitarian attitude toward the St. Lawrence – the reference to the “wasted” waters – that saw the river as something that could be controlled and harnessed through science and technology for the progress of the nation and mankind.

Prominent contemporary academics, such as Donald Creighton and Harold Innis, were equally enraptured by the St. Lawrence, and found inspiration in the idea that the river determined Canada's historical development – enough so that this notion became one of the greatest meta-theories or narratives in the annals of Canadian history. Although Creighton's Laurentian thesis might today often be seen as a relic of the past, it cannot be denied that the St. Lawrence River has historically exerted a major influence on Canada, serving as the cradle and lifeblood of the country's economy and development: from the First Nations groups sustained by its waters, to the early European explorers and settlers, the Habitants and Loyalists who populated its environs, to the location of many major communities and the majority of the country's population, much of Canadian history has played out along the banks of the St. Lawrence.

The St. Lawrence River drains a vast basin of more than 1.3 million square kilometers, including the Great Lakes, the largest combined body of fresh water in the world. The third-longest river in North America, the St. Lawrence proper has a length of about 1,200 kilometers, and is known for its regular and high flow levels. The river from Montreal to Kingston can be divided into five sections: Lachine, Soulanges, Lake St.

Francis, International Rapids, and Thousand Islands.<sup>3</sup> The three downriver sections are solely in Canada while the upper two sections, the Thousand Islands and International Rapids, form the border between Canada and the United States, as well as Ontario and New York, from the head of Lake Ontario until the Ontario-Quebec border, making any change to the river levels in these sections a bilateral as well as a federal-provincial and federal-state issue.

For centuries, those travelling the St. Lawrence faced a number of natural obstacles. The long stretch of the river from the wide and deep Gulf of St. Lawrence to Montreal provided its own difficulties for those unfamiliar with its current and nuances, but offered relatively few obstructions compared to the rest of the river. Several miles above Montreal the formidable Lachine Rapids formed an impenetrable barrier to water travel. Upriver from Lachine, in the Soulanges section, were the Cascades, Cedar, and Coteau Rapids (between Lake St. Louis and Lake St. Francis) in quick succession, followed further downriver in the International Rapids section by the renowned Long Sault Rapids near Cornwall, Ontario. Further west, before reaching the rock-strewn Thousands Islands, were a series of less severe rapids at Farran's Point, Rapide Plat, Pointe aux Iroquois, Point Cardinal, and the Galop.<sup>4</sup> Moving into the Great Lakes, between Lakes Ontario and Erie the most formidable natural obstacle on the water route

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<sup>3</sup> The Thousand Islands section extends from Lake Ontario to just below Prescott, a distance of about 110 kilometres. The International Rapids section then runs 75 kilometres to the head of Lake St. Francis, over which the water level falls 28 metres. The Lake St. Francis section then covers a distance of 42 kilometres to the Soulanges section, which extends from the foot of Lake St. Francis to the head of Lake St. Louis, a total of approximately 29 kilometres with a fall of about 25 metres. The Lachine section runs 39 kilometres from the head of Lake St. Louis to Montreal Harbour, with a total difference of water level of almost 15 metres. This information is taken from: Government of Canada, "The Great Lakes –St. Lawrence Deep Waterway," General Engineering Branch, Department of Transport, Guy A. Lindsay (Engineer-in-charge), Ottawa: June 1949.

<sup>4</sup> Theo L. Hills, *The St. Lawrence Seaway* (Methuen, 1959), 253.



rose up in the form of Niagara Falls. Once past the falls and into Lake Erie, the path to Lake Huron was partially hindered by shoals and smaller rapids near Detroit, and the major difficulty in entering Lake Superior occurred at the St. Mary's Falls and Rapids, near Sault Ste. Marie.

Construction on the St. Lawrence Seaway and Power Project began in 1954 and was finished by 1959. The seaway technically runs 181.5 miles from Montreal to Lake Erie, including the previously constructed Beauharnois and Welland canals, and features a continual minimum depth of 27 feet, four large dams (two of which generate hydro-electricity), and fifteen locks with a depth of 30 feet. The larger Great Lakes-St. Lawrence water route system, which in addition to the St. Lawrence and the lower Great Lakes, includes the upper Great Lakes as well as Lake St. Clair and the navigation works at Sault Ste. Marie, provides a network of deep canals, channels, and locks that stretch some 3,700 km from the western end of Lake Superior, which is a little over 602 feet above sea level, to the Atlantic Ocean. In addition to the Beauharnois hydro generating station, the St. Lawrence project boasted a massive power dam bisecting the international border between Cornwall, Ontario and Massena, New York. The possibility of hydro-electrical production was a prime factor for building the entire project, and the deeper channels created by the power dam were also necessary in order to make 27-foot navigation into the heart of the continent feasible.

Despite the remarkable rapidity with which the actual construction was completed, it took over half of the twentieth century – spanning two world wars, the Great Depression, and the formative years of the Cold War – and a number of failed negotiations for Canada and the United States to commence joint construction of the

seaway. The result would prove to be a technological and engineering marvel which, in addition to the direct economic and hydro-electric benefits, resulted in an immense range of social, cultural, and regional impacts. The St. Lawrence Seaway and Power Project would prove to be the largest navigable inland waterway in the world, the largest borderlands project ever undertaken jointly by two countries, the largest construction project in Canadian history, and one of the most monumental engineering achievements of the twentieth century. Nor is its importance restricted to its scale. It was the longest continually running issue in U.S. congressional history, and the authors of *Canada and the United States: Ambivalent Allies* declare that the St. Lawrence issue is key to understanding Canadian-American relations for “nothing represents the bilateral [North American] relationship during the cold war better than that seaway.”<sup>5</sup> The completed seaway was, in the words of Gordon T. Stewart, comparable to a gigantic “zipper” pulling together Canada and the United States, and it accelerated the economic, trade, and defence integration of the two North American countries.<sup>6</sup> The resulting hydro-electricity allowed for the industrial and economic expansion of central Canada, while deep-draught inland navigation permitted the import of foreign goods and the movement of iron ore to the Great Lakes region while simultaneously allowing for the increased export of the fruits of Canadian manufacturing, industry, and agriculture.

Although the Seaway and Power Project is generally upheld as a model of transnational Canadian-American cooperation, the genesis of the project reveals a far different story. By radically reconfiguring the international situation and changing the

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<sup>5</sup> John Herd Thomson and Stephen J. Randall, *Canada and the United States: Ambivalent Allies* (Montreal: McGill-Queen’s University Press, 2002), 213.

<sup>6</sup> Gordon T. Stewart, “America’s Canada Policy,” in Norman Hillmer, ed., *Partners Nevertheless: Canadian-American Relations in the Twentieth Century* (Toronto: Copp Clark Pittman Ltd, 1989), 21.

bilateral North American relationship, the Second World War served to reframe the seaway issue and introduce a number of new factors into the St. Lawrence equation. The 1954 St. Lawrence agreement was thus the culmination of the process which accelerated after 1945.

This dissertation explains the political and diplomatic negotiations, primarily between 1945 and 1954, which led to the creation of the St. Lawrence Seaway and Power Project. Given that the seaway issue stretched back over half a century, and involved a range of countries, states, provinces, governments, organizations, and agencies, a full detailed history of the project from all perspectives for the entire 1895 to 1959 period is beyond the scope of this study. Hard decisions about topics and themes for inclusion were therefore necessary and the choice was made to limit the temporal focus primarily to the early Cold War period. Although this is inherently a bilateral topic, the American side of the story has already been explored in considerable detail by other authors than the Canadian perspective, and for that reason this dissertation is chiefly concerned with studying the Canadian federal government's approach to developing the St. Lawrence. The involvement of the Province of Ontario and the State of New York, as well as their respective power utilities, the Hydro-Electric Power Commission of Ontario (Ontario Hydro or HEPCO) and the Power Authority of the State of New York (PASNY) are discussed, but a full examination of the roles of the relevant Canadian provinces and American states will not be attempted.

The central argument forwarded in this study is that, because of a growing need for the benefits of a St. Lawrence project, Canada began to consider a unilateral Canadian waterway in the late 1940s, and this waterway would work in conjunction with a bilateral Canadian-American hydro development. At the time, Ottawa was still more

than willing to embark on a joint project with the United States. But the concept of going it alone struck a responsive nationalist chord in Canada, and between 1950 and 1951 both the St. Laurent government and the Canadian public progressively embraced the concept of an all-Canadian seaway to the point that it became the preferred policy. However, apprehensions about the national security and economic ramifications of Canada developing the deep waterway alone led the United States to frustrate Canadian ambitions until an American seaway role could be secured. Out of concern for the impact on the broader Canadian-American relationship, the St. Laurent government reluctantly acquiesced in 1954 to a joint seaway project.

Canada technically had the right under the Boundary Waters Treaty of 1909 to construct a deep canal system entirely on its own side of the border. However, the deeper waterway channels which would come with the raised water level resulting from a hydro-electric power dam were considered necessary to make a seaway feasible. Many proponents of a St. Lawrence undertaking had viewed the waterway and power project in tandem since at least the First World War, for the cost and work involved in constructing a channel of sufficient depth to accommodate deep-draught shipping without the deeper water levels created by a dam were seen as prohibitive. But since a power dam would raise the water level in the St. Lawrence, an international river forming the border between Canada and the United States for much of its course, it needed the concurrence of both the Canadian and American governments, and the International Joint Commission, under the Boundary Waters Treaty. As a result, a unilateral Canadian waterway was indirectly subject to American consent, since American concurrence was necessary for the power dam, and a dam in turn would make a waterway feasible.

The St. Lawrence matter was, as James Eayrs wrote in 1961, one of the “most difficult and most momentous”<sup>7</sup> issues for Canadian foreign policy. Given the significance of the St. Lawrence Seaway and Power Project, it is surprising that so little has been written about the protracted, even agonizing, wrangling that preceded it, particularly from the Canadian perspective after 1945.<sup>8</sup> Instead, popular accounts of the seaway,<sup>9</sup> generally with a focus on the building and subsequent operation of the St. Lawrence water route, and studies of the impact of the seaway upon Canada<sup>10</sup> and communities along the seaway, proliferate.<sup>11</sup> The standard narratives on the political process that led to the Seaway and Power Project tend to simplify or ignore the Canadian government’s perspective and, even if Ottawa’s serious attempt at an all-Canadian seaway is recognized, it is generally argued that the St. Laurent government wanted American participation all along and was only trying to cajole the United States into a

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<sup>7</sup> James Eayrs, *The Art of the Possible: Government and Foreign Policy in Canada* (Toronto: University of Toronto Press, 1961), 157.

<sup>8</sup> There are several pre-1940 studies such as Harold G. Moulton, et al., *The St. Lawrence Navigation and Power Project* (Washington: The Brookings Institution, 1929); George Washington Stephens, *The St. Lawrence Waterway Project: The Story of the St. Lawrence River as an International Highway for Water-Borne Commerce* (Montreal: L. Carrier, 1930); Conrad Payling Wright, *The St. Lawrence Deep Waterway: A Canadian Appraisal* (Toronto: Macmillan Company of Canada Limited, 1935). Stephens study is particularly useful for the pre-1930 period.

<sup>9</sup> For example: Lowell Thomas, *Story of the St. Lawrence Seaway* (Henry Stewart, 1957); Carleton Mabee, *The Seaway Story* (Toronto: Macmillan, 1961); Hans Van der aa, *Gateway to the World: A Picture Story of the St. Lawrence Seaway* (Chomedy Publications, 1959); Jacques LesStrang, *Seaway: The Untold Story of North America’s Fourth Seacoast* (Seattle: Superior Publishing Co., 1976); and Mabel Tinkiss Good, *Chevrier: Politician, Statesman, Diplomat and Entrepreneur of the St. Lawrence Seaway* (Montreal: Stanké, 1987).

<sup>10</sup> For example: Montreal Research Council, *The Impact of the St. Lawrence Seaway on the Montreal Area* (Montreal: Montreal Research Council, McGill University, 1958); Angelia Roemer, *The St. Lawrence, its Ports and Hinterland* (Tübingen: Im Selbstverlag des Geographischen Instituts der Universität, 1971); Gennifer Sussman, *The St. Lawrence Seaway: History and Analysis of a Joint Water Highway* (Montreal: C.D. Howe Research Institute, 1978); Gennifer Sussman, *Le Québec et la Voie maritime du Saint-Laurent* (Montreal: Institut de recherches CD Howe, 1979); and Gregory L. Witol, ed., *The St. Lawrence Seaway and Quebec* (Halifax: Naval Officers Association of Canada, 1997).

<sup>11</sup> For example: Claire P. Parham, *From Great Wilderness to Seaway Towns: A Comparative History of Cornwall, Ontario, and Massena, New York, 1784-2001* (Albany, NY: State University of New York Press, 2004). See “Epilogue” for a discussion of works focusing on the impact of the flooding caused by the St. Lawrence power dam.

cooperative project. Yet some nationalist commentators, such as Creighton, identify American involvement in the seaway, and the manner in which this participation transpired, as a serious blow to Canadian sovereignty and national identity.<sup>12</sup>

A number of the main political and diplomatic accounts of the St. Lawrence project – such as those of William Willoughby, Carleton Mabee, Theo L. Hills, and Lionel Chevrier<sup>13</sup> – date from the late 1950s and early 1960s. Hills penned a brief 1959 study of the seaway but contributed little to the political and diplomatic wrangling that is the focus of this dissertation. Chevrier was a Canadian Liberal Member of Parliament who served as the first president of the St. Lawrence Seaway Authority (the Canadian Crown Corporation established to oversee the construction of the seaway) and although his book on the seaway provides a first-hand perspective, it is superficial and celebratory. Willoughby, an American historian, authored the only book-length treatment dedicated entirely to the political evolution of the seaway and his work properly remains the standard academic reference on the subject. However, while Willoughby aptly characterized some aspects of the St. Laurent government’s approach to the St. Lawrence project, he concentrated to a much greater extent on the American point of view, particularly the views of Congress, lacked access to a wide range of important archival sources, and did not adequately interpret the Canadian stance.

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<sup>12</sup> According to Creighton, the seaway was the “only great new undertaking of the period; but the division of construction and ownership between Canada and the United States reduced its significance as a national Canadian achievement” for “Canada’s sense of national self-reliance and self-sufficiency suffered another serious injury when, at the eleventh hour, and on the ungenerous terms of its own choosing, the United States decided to participate in the St. Lawrence scheme, and the hope of an all-Canadian Seaway was gone forever.” Donald Creighton, *Canada’s First Century* (Toronto: St. Martin’s Press, 1970), 290-291.

<sup>13</sup> William R. Willoughby, *The St. Lawrence Seaway: A Study in Politics and Diplomacy* (Madison, WI: University of Wisconsin Press, 1961); Carleton Mabee, *The Seaway Story* (Toronto: Macmillan, 1961); Lionel Chevrier, *The St. Lawrence Seaway* (Toronto: Macmillan, 1959); Hills, *The St. Lawrence Seaway*, 1959.

While considerable attention has been paid to the history of the St. Lawrence project within the United States, particularly domestic opposition to the project and its consideration in Congress over the decades,<sup>14</sup> the broader literature on the subject substantially neglects the perspective of the Canadian federal government. Most studies argue that Canada was not serious about unilaterally constructing the seaway in conjunction with the power development, and was merely trying to pressure the Americans into participating. While Willoughby does recognize that Canada was not merely trying to bluff the American Congress into passing St. Lawrence legislation, he fails to recognize Canada's intent to build an all-Canadian seaway and the role of the United States government in blocking this desire. Willoughby also ignores the significance of the seaway negotiations for Canadian foreign policy and Canadian-American relations, and does not adequately explain the Canadian decision-making process, Canadian nationalism, and governmental attitudes toward the environment and technology.

In contrast to the existing literature, this study provides a detailed history of the Canadian perspective regarding the St. Lawrence negotiations in the early Cold War period, which has been sorely lacking, and shows that the Canadian government was not only serious about constructing an independent waterway, but actually came to favour an all-Canadian effort. Moreover, the Canadian approach was the result of a wide-ranging

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<sup>14</sup> In addition to Willoughby, this includes: Harry R. Mahood, "The St. Lawrence Seaway Bill of 1954: A Case Study of Pressure Groups in Conflict," *Southwestern Social Science Quarterly*, vol. 53 (September 1966): 141-149; William H. Becker, *From the Atlantic to the Great Lakes: A History of the U.S. Army Corps of Engineers and the St. Lawrence Seaway* (Washington, DC: U.S. Army Corps of Engineers, 1984); Claire Parham, "The St. Lawrence Seaway, A Bi-National Political Marathon," *New York History* 85, no. 4 (2204): 359-385. There are also a number of graduate theses on the Congressional history of the St. Lawrence project, with Rudolph S. Comstock, "The St. Lawrence Seaway and Power Project: A Case Study in Presidential Leadership," (Ph.D. dissertation, Ohio State University, 1956) the most useful.

resurgent Canadian nationalism which embraced the concept of “going it alone” in regard to the seaway. However, the U.S. government, in conjunction with specific American regional and economic interests, considered an all-Canadian route to be an economic and national security threat, and used various means to thwart the Canadian plan and ensure American participation.

A number of graduate theses on the creation of the seaway have been written, with the majority again dating to the 1950s and 1960s. Only a few of these remain relevant, primarily Rudolph Comstock’s 1956 doctoral dissertation on U.S. presidential leadership and the creation of the seaway. Christopher Pattison’s 1994 Master’s thesis, a chronological exception, looked at Canada and the seaway in the 1950-1954 period including Canada’s intention to go it alone, although it was necessarily limited in scope and in the use of archival material.<sup>15</sup> The publication of several articles on the topic over the last decade suggests there has been a growing interest in the seaway. These include Claire Parham’s “The St. Lawrence Seaway: A Bi-National Political Marathon,” Gary Pennanen’s “Battle of the Titans: Mitchell Hepburn, Mackenzie King, Franklin Roosevelt, and the St. Lawrence Seaway,” and Robert Passfield’s “Construction of the St. Lawrence Seaway.”<sup>16</sup> However, neither Passfield nor Parham provided much insight into Canadian-American relations. Passfield focused on the engineering history of the seaway while Parham relied mostly on secondary sources, such as Willoughby, to provide the Canadian perspective in her study. Pennanen’s article is useful but generally

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<sup>15</sup> Christopher Pattison, “The St. Lawrence Seaway Question, 1950-1954: The Canadian Perspective.” (M.A. thesis, Carleton University, 1994).

<sup>16</sup> Parham, “The St. Lawrence Seaway, A Bi-National Political Marathon”; Gary Pennanen, “Battle of the Titans: Mitchell Hepburn, Mackenzie King, Franklin Roosevelt, and the St. Lawrence Seaway,” *Ontario History* LXXXIX (1997): 1-21; Robert Passfield, “Construction of the St. Lawrence Seaway,” *Canal History and Technology Proceedings*, Canal History and Technology Press, vol. XXII (2003): 1-21.

restricted to the role of Ontario Premier Mitchell Hepburn and does not cover the period after 1941.

The fiftieth anniversary of the opening of the St. Lawrence Seaway and Power Project in 2009 resulted in a spate of publications on the subject. Parham produced a very useful oral history, entitled *The St. Lawrence Seaway and Power Project: An Oral History of the Greatest Construction Show on Earth*, on the building of the Seaway and Power Project, while Jeff Alexander's *Pandora's Locks: The Opening of the Great Lakes-St. Lawrence Seaway* focuses on the environmental damage that resulted from the seaway, primarily in the post-1959 period.<sup>17</sup> Ronald Stagg's recently released *The Golden Dream: A History of the St. Lawrence Seaway* is an excellent survey, covering the history of St. Lawrence navigation from its earliest canals to recent decades; however, it is aimed more at a popular audience, and only provides a brief consideration of the subject matter covered in this study.<sup>18</sup> Continuing the tradition of popular historical writing on the seaway, D'Arcy Jenish's *The St. Lawrence Seaway: Fifty Years and Counting*, commissioned by the St. Lawrence Seaway Authority to commemorate the fiftieth anniversary of the opening of the seaway, is a brief but informative account of the seaway's history since 1959.<sup>19</sup> Other recent contributions of note include Joy Parr's chapter on perceptions of the changed St. Lawrence environment at Iroquois, Ontario while Matthew Evenden authored an informative article on the Canadian

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<sup>17</sup> Claire Parham, *The St. Lawrence Seaway and Power Project: An Oral History of the Greatest Construction Show on Earth* (Syracuse, NY: Syracuse University Press, 2009); Jeff Alexander, *Pandora's Locks: The Opening of the Great Lakes-St. Lawrence Seaway* (Lansing, MI: Michigan State University Press, 2009).

<sup>18</sup> Ronald Stagg, *The Golden Dream: A History of the St. Lawrence Seaway* (Toronto: Dundurn Press, 2010).

<sup>19</sup> D'Arcy Jenish, *The St. Lawrence Seaway: Fifty Years and Counting* (Manotick, ON: Penumbra Press, 2009).

development of hydro-electric resources during the Second World War that touched on the St. Lawrence case.<sup>20</sup>

The history of the seaway is generally ignored in broader works on Canadian-American relations and studies of Canadian politics, defence, and external affairs in the Depression, Second World War, and early Cold War periods.<sup>21</sup> The seaway is often reduced to a minor side issue, instead of being treated as one of the major joint disputes between Canada and the United States. C.P. Stacey's *Canada and the Age of Conflict: A History of Canadian External Policies, Volume II: 1921-1948, The Mackenzie King Era* and Lawrence Aronsen's *American National Security and Economic Relations with Canada, 1945-1954* are the major exceptions as they examine the St. Lawrence case at greater length than other historians.<sup>22</sup> However, Aronsen focused mainly on American sources, while Stacey does not examine the seaway negotiations beyond the Second World War.

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<sup>20</sup> Joy Parr, *Sensing Changes: Technologies, Environments, and the Everyday, 1953-2003* (Vancouver: UBC Press, 2009); Matthew Evenden, "Mobilizing Rivers: Hydro-Electricity, the State, and World War II in Canada," *Annals of the Association of American Geographers* 99 (5), 2009: 847-852. Additionally, a panel at the 2010 annual meeting of the Canadian Historical Association focused on the St. Lawrence Seaway and Power Project: "Rifts in the Rapids: The St. Lawrence Seaway Then and Now" (Presenters: Daniel Macfarlane, Maggie Wheeler, Claire Parham, Rosemary O'Flaherty; Chair: Joy Parr) Canadian Historical Association Conference, Concordia University, Montreal, Quebec, 2010.

<sup>21</sup> Even the normally erudite *Canada in World Affairs* series is not very useful in this regard, including the volume covering the years 1953 to 1955: Donald C. Masters, *Canada in World Affairs, 1953 to 1955* (Toronto: Oxford University Press, 1959). Existing survey histories of Canadian-American relations pay attention to the seaway, but are limited by the fact that there has not been a satisfying study focused on the St. Lawrence case from the Canadian perspective. See Norman Hillmer and J.L. Granatstein, *For Better or for Worse: Canada and the United States into the Twenty-First Century* (Toronto: Thomson/Nelson, 2007); Thomson and Randall, *Canada and the United States: Ambivalent Allies*; Robert Bothwell, *Canada and the United States: The Politics of Partnership* (Toronto: University of Toronto Press, 1992); and E.E. Mahant and Graeme S. Mount, *An Introduction to Canadian-American Relations* (Toronto: Methuen, 1984).

<sup>22</sup> C.P. Stacey, *Canada and the Age of Conflict: A History of Canadian External Policies. Volume II: 1921-1948, The Mackenzie King Era* (Toronto: University of Toronto Press, 1981); Lawrence Aronsen's *American National Security and Economic Relations with Canada, 1945-1954* (Westport, CN: Praeger, 1997).

The historiography on Canadian decision-makers involved in the development of the seaway – such as R.B. Bennett, W.L.M. King, Louis St. Laurent, Lester Pearson, C.D. Howe, and A.G.L. McNaughton – has also not added a great deal to our understanding of the genesis of the St. Lawrence project. The literature on bilateral boundary water issues and Canada’s involvement in the International Joint Commission does discuss the seaway, but these works are predominantly focused on technical issues at the expense of political and diplomatic relations.

The St. Lawrence topic is linked to a range of historical fields including environmental and technological history. In particular, this study contributes to the existing historiography on the relationship between the Canadian state, at various levels, and water manipulation and hydro development, which primarily includes works by H.V. Nelles, Christopher Armstrong, Matthew Evenden, James Murton, Stéphane Castonguay, Lynne Heasley, and Jean Manore,<sup>23</sup> as well as studies of water history

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<sup>23</sup> James Murton, *Creating a Modern Countryside: Liberalism and Land Resettlement in British Columbia* (Vancouver: UBC Press, 2007); Matthew Evenden, *Fish versus Power: An Environmental History of the Fraser River* (New York: Cambridge University Press, 2004); Stéphane Castonguay, “The construction of flood as natural catastrophe: extreme events and the construction of vulnerability in the drainage basin of the Saint-François River (Quebec), mid-nineteenth to mid-twentieth century,” *Environmental History*, vol. 12, no 4 (October 2007), 816-840; James Feldman and Lynne Heasley, “Recentering North American Environmental History: Pedagogy and Scholarship in the Great Lakes Region,” *Environmental History*, vol. 12, no 4 (October 2007), 951-958. A 2010 panel of the American Society for Environmental History focused on Canada-U.S. transborder water relations: “Navigating Canada-U.S. Water Relations,” (Panelists: Phil Van Huizen, Daniel Macfarlane, Lynne Heasley; Chair: Tina Loo), *American Society for Environmental History Annual Meeting*, Portland, OR, March 2010. On hydro-electric development in Canada (particularly Ontario) see: Christopher Armstrong and H.V. Nelles, *Monopoly’s Moment: The Organization and Regulation of Canadian Utilities, 1830-1930* (Philadelphia: Temple University Press, 1986); Karl Froschauer, *White Gold: Hydro-Electric Power in Canada* (Vancouver: UBC Press, 1999); Jean L. Manore, *Cross-Currents: Hydroelectricity and the Engineering of Northern Ontario* (Waterloo, ON: Wilfrid Laurier University Press, 1999); Neil B. Freeman, *The Politics of Power: Ontario Hydro and its Government, 1906-1955* (Toronto: University of Toronto Press, 1996); Ronald J. Daniels, *Ontario Hydro at the Millennium: Has Monopoly’s Moment Passed?* (Montreal: McGill-Queen’s University Press, 1996); Jamie Swift and Keith Stewart, *Hydro: The Fall and Decline of Ontario’s Electric Empire* (Toronto: Between the Lines, 2004); Christopher Armstrong, *The Politics of Federalism: Ontario’s Relations With the Federal Government, 1867-1942* (Toronto: University of Toronto Press, 1981); Louis-Raphael Pelletier, “Revolutionizing Landscapes: Hydroelectricity and the

outside the Canadian context, all of which will be further discussed below. This study also builds on the literature concerning Canadian-American environmental diplomacy, joining authors such as John Carroll and Kurkpatrick Dorsey,<sup>24</sup> as well as studies of Canadian environmental diplomacy from outside of the historical discipline.<sup>25</sup>

The current research adds to our understanding of the foreign policy decision-making process in the St. Laurent government. The St. Laurent government was more willing to follow a path that led away from further integration with the United States than it is often given credit for, but also recognized the limits of this separate path when it threatened to undermine good relations with the United States. The St. Lawrence negotiations reveal that Canada-U.S. relations in the 1950s were not as smooth as is commonly assumed. Moreover, relations were decidedly asymmetrical, as the United States had the direct and indirect ability to shape Canadian foreign policy, but at the same time the bilateral relationship left Canada some room for manoeuvrability in pursuing its own aims.

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Heavy Industrialization of Society and Environment in the Comte de Beauharnois, 1927-1948,” (PhD Dissertation, Carleton University, 2005).

<sup>24</sup> John E. Carroll, *Environmental Diplomacy: An Examination and A Prospective of Canadian-U.S. Transboundary Environmental Relations* (Ann Arbor, MI: University of Michigan Press, 1983); John Kenneth M. Curtis and John E. Carroll, “Transboundary Environmental and Resource Issues,” in Norman Hillmer, ed., *Partners Nevertheless: Canadian-American Relations in the Twentieth Century* (Toronto: Copp Clark Pittman Ltd, 1989); Kurkpatrick Dorsey, *The Dawn of Conservation Diplomacy: U.S.-Canadian Wildlife Protection Treaties in the Progressive Era* (Seattle: University of Washington Press, 1998).

<sup>25</sup> Philippe Le Prestre and Peter Stoett, eds., *Bilateral Ecopolitics: Continuity and Change in Canadian-American Environmental Relations* (London: Ashgate, 2006); Carl E. Beigie and Alfred O. Hero, Jr. *Natural Resources in U.S.-Canadian Relations, vols. 1 & 2* (Boulder, CO: Westview Press, 1980); Annette Fox, Alfred O. Hero, Jr., Joseph S. Nye, *Canada and the United States: Transnational and Transgovernmental Relations* (New York: Columbia University Press, 1976); G. Bruce Doern, *Green Diplomacy: How Environmental Policy Decisions are Made* (Toronto: C.D. Howe Institute, 1993); P. Kyba “International Environmental Relations: Twenty Years of Canadian Involvement” (Guelph, Ont.: University of Guelph, 1990, Mimeographed); and G. Hoberg, “Sleeping With an Elephant: The American Influence on Canadian Environmental Regulation” (Paper prepared for the American Political Science Association meetings, August 30, 1990).

Turning to the roles of specific individuals, the interdepartmental committees that were formed to advise the Canadian Cabinet on St. Lawrence diplomacy featured both bureaucrats and politicians, and it was members of this mix – for example, C.D. Howe, Lionel Chevrier, General A.L.G. McNaughton, and Guy Lindsay – that were behind the Canadian drive for an all-Canadian seaway. While Louis St. Laurent and Lester Pearson certainly supported going it alone, it was their influence, along with Hume Wrong and A.D.P. Heeney, consecutive Canadian ambassadors to the U.S., that led Canada to acquiesce to a cooperative waterway in 1954. Another major factor was the widespread support for going it alone among the Canadian public, indicating the extent that popular opinion influenced the formulation of foreign policy. Yet the fear of straining relations with the U.S. led the St. Laurent government to ultimately go against the very popular sentiment it had helped cultivate.

This thesis adopts the position that there was a unique – terming it “special” would be going too far – bilateral North American relationship during the early Cold War.<sup>26</sup> The relationship was unique in the sense that Ottawa considered the United States to be its primary friend and ally and, accordingly, the main aim of Canadian foreign policy in this period was to ensure smooth relations with the United States. For its part, Washington was often willing to tolerate, accommodate, or humour Canadian policies and sensitivities. The State Department, or at least the section responsible for relations with Canada, was particularly accommodating towards Ottawa. In the long history of the two nations oscillating between conflict and cooperation, the decade after 1945 was mostly characterized by the latter, with the St. Lawrence Seaway and Power

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<sup>26</sup> A 1951 State Department review of Canadian-American relations concluded that the two countries had a “unique relationship.” Aronsen, xvi.

Project a key exception.<sup>27</sup> The relationship also fell short of a “special” status for, as the St. Lawrence case shows, American policies toward Canada were often dictated by geostrategic necessity. When Canadian policies actually were deemed as threatening to the American national interest, even strong Canadian desires were ignored.

This North American relationship was predicated as much on self-interest as on common notions of shared cultural affinities and attitudes, such as liberal democracy, capitalism, anti-communism, and the moral superiority of western, especial North American, culture. Nonetheless, this study seeks a middle ground between the continentalist and critical nationalist traditions in the Canadian historiography so as to avoid the excessive anti-Americanism and championing of Canadian moral superiority characteristic of the latter while avoiding the tendency in the former to see Canada as inevitably benefitting from increased integration with the United States.<sup>28</sup>

This study aligns itself with approaches to the history of Canadian-American relations that point out the importance of these shared North American outlooks and see the bilateral relationship characterized as much by routine political, cultural, and economic interactions as negotiations at the elite and executive government levels.<sup>29</sup> The United States hoped to bring Canada, and its resources, more tightly into the American orbit while simultaneously protecting its northern flank from Soviet encroachment, and was willing to override Canadian sovereignty or desires when American security and

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<sup>27</sup> In the preface to their excellent study of Canadian-American relations, historians Norman Hillmer and J.L. Granatstein state that the bilateral relationship is characterized by the tension between conflict and cooperation. Hillmer and Granatstein, Preface.

<sup>28</sup> Mahant and Mount identify a number of different approaches to the study of Canadian-American relations: liberal internationalism, exceptionalism/exemptionalism, peripheral dependence, Canada as good boy, Canada as forgotten ally. Mahant and Mount, *And Introduction to Canadian-American Relations*, 195-8.

<sup>29</sup> Historians such as Robert Bothwell, Norman Hillmer, Jack Granatstein, and Greg Donaghy can arguably be grouped together in a common “school” that sees the North American relationship as predicated to a large degree on the interactions between

important national interests were at stake. Realizing the diplomatic limitations inherent in aligning itself squarely with the United States, Canada sought to maximize its freedom of manoeuvre and protect its sovereignty to the fullest possible extent while simultaneously benefitting from the American economic engine and security umbrella. As for the nationalist charge that post-war Liberal governments eagerly leapt into the waiting arms of the American empire, it should be recalled that while the St. Laurent government certainly furthered Canadian-American integration, it did so reluctantly and in order to advance what it perceived to be Canada's best interests.<sup>30</sup>

The seaway issue can speak to Canada's search for a wider foreign policy identity in the 1940s and 1950s as the British Empire faded in importance and American global power was in the ascendant. In particular, Ottawa's handling of the seaway issue in the post-1945 years engages debates about the putative "golden age" of Canada foreign policy and related concepts such as middle power and liberal internationalism.<sup>31</sup> As a growing number of scholars have convincingly argued, in contrast to the image of Canada as the altruistic, humanitarian, and peacekeeping mediator, Canada in fact practiced a foreign policy in the early Cold War period that was most often self-

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<sup>30</sup> An example of this charge comes from Creighton, *The Forked Road: Canada, 1939-1957* (Toronto: McClelland and Stewart, 1976).

<sup>31</sup> A number of prominent scholars of Canadian foreign policy have directly cast doubt on the viability of the "golden age." See Greg Donaghy, "Coming off the Gold Standard: Reassessing the 'Golden Age' of Canadian Diplomacy," Public Lecture, Johnson-Shoyama Graduate School of Public Policy, University of Saskatchewan, December 2009; Hector Mackenzie, "Myths of the Golden Age of Canadian Diplomacy," Public Lecture, University of British Columbia, October 2006; Denis Stairs, "Realists at Work: Canadian Policy Makers and the Politics of Transition from Hot War to Cold War," in Greg Donaghy, ed., *Canada and the Early Cold War, 1943-1957* (Ottawa: Department of Foreign Affairs and International Trade, 1998); Norman Hillmer, "The Foreign Policy that Never Was, 1900-1950," in Serge Bernier and John MacFarlane, eds., *Canada, 1900-1950: Un pays prend sa place/A Country Comes of Age* (Ottawa: Organization for the History of Canada, 2003).

interested, pragmatic, cautious, and committed to western security through its alliances, particularly NATO and bilateral accords with the United States.<sup>32</sup>

This dissertation is chronologically ordered, focuses on elite decision-making, and is based primarily on governmental records. However, this approach is supplemented with select theoretical insights from environmental, state-building, and cultural history. Historians of Canadian foreign policy have tended to shy away from cultural theory and postmodernist approaches, although there are recent exceptions<sup>33</sup> as well as contributions from the social sciences.<sup>34</sup> While there are limitations to the utility of postmodern and poststructuralist approaches, particularly the more extreme versions which reject the idea of objective truth, if used judiciously and in conjunction with solid historical evidence, they can usefully be employed to illuminate the connections between foreign policy, environmental consciousness, technology, and nationalism. These methodological approaches and concepts will be further outlined below.

As has already been suggested, the St. Lawrence holds an exalted and iconic place in the Canadian national imagination. In the paradigm of national development, the role of the river is unsurpassed. From the early explorers who travelled up the river

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<sup>32</sup> On the “peacekeeping myth” recent considerations include Eric Wagner, “The Peaceable Kingdom? The National Myth of Canadian Peacekeeping and the Cold War,” *Canadian Military Journal* (Winter 2006-2007), 45-54; Sean Maloney, “Why Keep the Myth Alive,” *Canadian Military Journal* (Spring 2007), 100-102; and Sean Maloney, *Canada and UN Peacekeeping: Cold War by Other Means, 1945-1970* (St. Catharines, ON: Vanwell Publishing, 2002).

<sup>33</sup> In addition to focusing on a previously neglected aspect of Canadian foreign policy, David Webster employs “mental maps” while Robert Teigrob focuses on cultural sources of Canadian attitudes and policies towards the U.S. although the latter’s methodology and findings are very debatable. See David Webster, *Fire and the Full Moon: Canada and Indonesia in a Decolonizing World* (Vancouver: UBC Press, 2010) and Robert Teigrob, *Warming Up to the Cold War: Canada and the United States’ Coalition of the Willing From Hiroshima to Korea* (Toronto: University of Toronto Press, 2009).

<sup>34</sup> From the political science/international relations field, see Brian Bow, *The Politics of Linkage: Power, Interdependence and Ideas in Canada-US Relations*, (Vancouver: UBC Press, 2009) and Patrick Lennox, *At Home and Abroad: The Canada-US Relationship and Canada’s Place in the World* (Vancouver: UBC Press, 2009).

and dreamed of bypassing its rapids, to the settlers who populated the riverine basin in subsequent centuries, it served as the crucible of Canadian settlement and development. Thus, the seaway offered the potential, as William Kilbourn phrased it, to “fulfill that age-old dream at the heart of Canadian history, the Empire of the St. Lawrence.”<sup>35</sup> The sentiment is echoed by Hugh MacLennan, who opines that the St. Lawrence “is more than a river, more even than a system of waters. It has made nations. It has been the moulder of the lives of millions....”<sup>36</sup> This power of the river narrative and aquatic symbolism in Canadian (and American) historiography has been reinforced by the authors of a recent environmental history of the Bow River in Alberta, who illustrate the way that the St. Lawrence has been a central organizing metaphor in Canadian history.<sup>37</sup> Indeed, the significance of the St. Lawrence becomes apparent when we understand the role that water and rivers have played in Canadian nationalism and mythology. Other commentators have noted that Canadians “consider water part of their natural identity”<sup>38</sup> since “rivers are Canadian cultural icons; they have consistently communicated the idea of Canada, its meta-narrative of nation-building and collective identity.”<sup>39</sup>

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<sup>35</sup> William Kilbourn, “The 1950s,” in J.M.S. Careless and R. Craig Brown, eds., Part One of *The Canadians, 1867-1967* (Toronto: MacMillan of Canada, 1967), 319.

<sup>36</sup> Hugh MacLennan, “By Canoe to Empire,” *American Heritage* 12 (6) (1961): 71, quoted in Neil S. Forkey, “‘Thinking Like a River’ The Making of Hugh MacLennan’s Environmental Consciousness,” *Journal of Canadian Studies*, Volume 4, No. 2, (Printemps 2007 Spring), 48-49.

<sup>37</sup> Christopher Armstrong, Matthew Evenden, and H.V. Nelles, *The River Returns: An Environmental History of the Bow* (Montreal: McGill-Queen’s University Press, 2009), Chapter 1: Discovery. The authors themselves borrow from Simon Schama’s *Landscape and Memory* (New York: Vintage, 1996). For further discussion about these themes, see also Carl Berger, *The Writing of Canadian History: Aspects of English-Canadian Historical Writing since 1900* (Toronto: University of Toronto Press, 1986). For another exemplary study of a Canadian river, see Evenden, *Fish versus Power: An Environmental History of the Fraser River*.

<sup>38</sup> Carolyn Johns, “Introduction” in Mark Sproule-Jones, Carolyn Johns, and B. Timothy Heinmiller, eds., *Canadian Water Politics: Conflicts and Institutions* (Montreal: McGill-Queen’s University Press, 2008), 4.

<sup>39</sup> Jean Manore, “Rivers as Text: From Pre-Modern to Post-Modern Understandings of Development, Technology and the Environment in Canada and Abroad” in Terje Tvedt and Eva Jakobsson, eds. *A History of Water, Vol. 1: Water Control and River Biographies* (London: I. B. Tauris, 2006), 229.

Given the importance of rivers and water to Canadian identity, it is no surprise that the St. Lawrence, the greatest of all of Canada's rivers, is the leading protagonist in historical writings that personify geographic factors in the nation's historical development. These metahistorical and nationalist interpretations include Harold Innis's staples thesis, which contributes to what is known as the Laurentian thesis.<sup>40</sup> This Laurentian framework of historical explanation, most prominently forwarded by Creighton, holds that:

Canadian economic and national development derived fundamentally from the gradual exploitation of key staple products – fur, timber, and wheat – by colonial merchants in the major metropolitan centres along the St. Lawrence River system. That system provided the means by which both a transatlantic and a transcontinental market economy could be created.<sup>41</sup>

Creighton elevated Innis's exalted view of the St. Lawrence into, according to Christopher Armstrong, Matthew Evenden, and H.V. Nelles, "new poetic realms"<sup>42</sup> where, in Creighton's words, "[t]he dream of the commercial empire of the St. Lawrence runs like an obsession through the whole of Canadian history .... The river was not only a great actuality; it was the central truth of a religion."<sup>43</sup> A range of prominent historians, such as W.L. Morton and J.M.S. Careless, while taking some issue with unabashed Laurentianism, also accepted the pivotal role of the St. Lawrence in Canada's historical

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<sup>40</sup> Carl Berger provides an excellent historiographical examination of the works of Innis and Creighton, and also notes that Scottish geographer Marion Newbigin's stress on the St. Lawrence predated and influenced both of them. See Berger, *The Writing of Canadian History*, 22-23; 213-223; Marion Newbigin, *Canada, the Great River, Lands and Men* (Toronto: Harcourt, Brace, and Co., 1926), and Harold A. Innis, *The Fur Trade in Canada: An Introduction to Canadian Economic History* (Toronto: University of Toronto Press, 1956).

<sup>41</sup> "Laurentian Thesis," *The Canadian Encyclopedia* (Historica Foundation) < <http://www.thecanadianencyclopedia.com/index.cfm?PgNm=TCE&Params=A1ARTA0004556> > (accessed 28 November 2010); Donald Creighton, *The Empire of the St. Lawrence* (Toronto: MacMillan of Canada, 1956). Originally published in 1937 as *The Commercial Empire of the St. Lawrence, 1760-1850*; Creighton, *Dominion of the North: A History of Canada* (Toronto: Houghton Mifflin Co., 1944).

<sup>42</sup> Armstrong et al., 11.

<sup>43</sup> Creighton, *The Empire of the St. Lawrence*, 6-7.

development.<sup>44</sup> Other popular histories from the era, such as William Toye's *The St. Lawrence*, J.L. Gogo's *Lights on the St. Lawrence: An Anthology*, and Henry Beston's *The St. Lawrence* adopted similarly celebrationist and determinist approaches, with Phil Jenkins's *River Song: Sailing the History of the St. Lawrence* representing a more contemporary example of these types of accounts.<sup>45</sup>

Stéphane Castonguay and Darin Kinsey point out the overly tautological nature of the Laurentian thesis for, along with linked interpretation such as the staples and metropolitan-hinterland theses, "one is led to believe that cod, beaver, grain, and other staples are a part of the elements of the triumphant environmentalism responsible for the 'neo-Wagnerian myth-symbolism complex Canadian nationalists have woven around the St. Lawrence Valley.'"<sup>46</sup> Nevertheless, as Janice Cavell has argued, "no other interpretation of history has ever been so widely and whole-heartedly accepted [in Canada] as Laurentianism once was"<sup>47</sup> at the height of its popularity from the 1930s to the 1960s. It is no coincidence that this overlaps with the time period during which the seaway was under discussion and then construction. It is apparent that the Laurentian thesis helped sustain the conception of the St. Lawrence watershed as the defining and

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<sup>44</sup> W.L. Morton, "Clio in Canada: the Interpretation of Canadian History," (University of Toronto Quarterly, 1946); W.L. Morton, *The Kingdom of Canada: A General History From Earliest Times* (Toronto: McClelland and Stewart, 1963); J.M.S. Careless, *Canada: A Story of Challenge* (Toronto: Macmillan of Canada, 1963).

<sup>45</sup> William Toye, *The St. Lawrence* (Toronto: Oxford University Press, 1959); J.L. Gogo, ed., *Lights on the St. Lawrence: An Anthology* (Toronto: Ryerson Press, 1958); Henry Beston, *The St. Lawrence* (Toronto: Rinehart & Company, 1945); and Phil Jenkins, *River Song: Sailing the History of the St. Lawrence* (Toronto: Viking, 2001).

<sup>46</sup> Stéphane Castonguay and Darin Kinsey, "The Nature of the Liberal Order: State Formation, Conservation, and the Government of Non-Humans in Canada," in Jean-Francois Constant and Michel Ducharme, eds., *Liberalism and Hegemony: Debating the Canadian Liberal Revolution* (Toronto: University of Toronto Press, 2009), 223.

<sup>47</sup> Janice Cavell, "The Second Frontier: The North in English-Canadian Historical Writing," *Canadian Historical Review*, 83.3 (September 2002), 4.

fundamental aspect of Canadian history and identity and, in turn, infused the notion of an all-Canadian seaway with the same nationalist importance and symbolism.

The St. Lawrence could serve as both a bridge and a barrier between, alternatively, English and French Canada, and Canada and the United States. While the works mentioned above are published in English, there is a significant body of French-language literature on the St. Lawrence.<sup>48</sup> Indeed, it can almost be taken for granted that the river is fundamentally intertwined with Quebec's identity, history, and nationalism. Although this study will not explicitly aim to differentiate between French- and English-Canadian nationalism concerning the St. Lawrence, it is safe to say that in both central Canadian provinces, the St. Lawrence was viewed as a Canadian – or *canadien* – river, rather than an American one. The sense of identity with, and ownership of, the St. Lawrence resulted in a fear of American encroachment on the river, particularly in connection with Canadian nationalists reacting against their nation's subservient role as a mere raw material exporter to the United States.

Nevertheless, it would be an over-simplification to argue that all Canadians viewed the development of the seaway as a zero-sum game in which either Canada or the United States would come out victorious, or that Canadians unanimously conceptualized the St. Lawrence canals as symbolic nation-building devices and read Creighton's works. After all, many people were primarily concerned with gauging the economic benefits to themselves and their immediate community. Moreover, those who

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<sup>48</sup> For example, see Jean-Claude Lasserre, *Le Saint-Laurent, grande porte de l'Amérique* (LaSalle, QU: Hurtubise, 1980); Jean Gagne, *À la découverte du Saint-Laurent* (Montreal: Éditions de l'Homme, 2005); Gilles Matte et Gilles Pellerin, *Carnets du St-Laurent* (Montreal: Heures Blues, 1999); Marie-Claude Ouellet, *Le Saint-Laurent-Fleuve à découvrir* (Montreal: Éditions de l'Homme, 1999); Alain Franck, *Naviguer sur le fleuve au temps passé 1860-1960* (Quebec: Publications du Québec, 2000).

thought about the seaway in terms of “state-building” often did so in different and ambiguous ways, and it is necessary to avoid assuming that ideologies and ideas were more coherent or more widely shared than was actually the case. Nevertheless, the dialogues and discussions in the public, intellectual, and governmental spheres indicate that many Canadians, particularly those with the ability to shape public opinion or make governmental decisions, did address the nationalist, technological, and state-building implications of the St. Lawrence project and did so in ways that were common and consistent enough to be worthy of consideration by both the Canadian government and by historians.

The cultural perception of the St. Lawrence as “Canadian” undoubtedly shaped the way in which the river was viewed in Canada – indeed, the likes of Creighton and MacLennan might argue that the river more profoundly shaped the way in which Canadians viewed themselves. When put into the context of post-Second World War Canadian nationalism, it is easy to understand why there was a strong push for dominion control of a St. Lawrence waterway. The extent to which Canadians had embraced the all-Canadian concept was repeatedly revealed in reports, memoranda, polls, and dispatches by both the Canadian and American governments. As an American Department of State official recorded in the early 1950s, “Canada’s decision to build the St. Lawrence seaway as an all-Canadian project has seized the imagination of Canadians. It is a symbol of their new-found strength.”<sup>49</sup> When added to the post-1945 context and mood – economic and technological ability, commensurate self-assurance,

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<sup>49</sup> Government of the United States, National Archives and Records Administration, NARA II, RG 84, file 322.2 – St. Lawrence Seaway (1952), U.S. Embassy, Ottawa, Classified General Records, 1950-1961, Perkins to Secretary, St. Lawrence Seaway and Power Project, November 1, 1952.

and a growing resistance to perceived American domination – Canadian nationalists could not help but be seized by the notion of their country's *own* waterway. The seaway effectively served as a lightning rod for many different expressions of Canadian nationalism: geographic, environmental, technological, political, and economic. The focusing of these various sources of Canadian identity on the waters of the St. Lawrence can be subsumed under the term “hydrological nationalism.”<sup>50</sup>

While an all-Canadian seaway had the potential to represent a nationalist resistance to the United States, it is also true that the two North American neighbours had, by the 1950s, developed extensive economic and defence links. In terms of the latter, because of the Seaway and Power Project's strategic value it also represented a state-building enterprise in that it could serve as a physical defence against the growing threat presented by the Soviet Union. Moreover, as numerous authors have shown, since hydraulic resources are so fundamental to human life, state control of water is a means of controlling society as well – what noted water and environmental historian Donald Worster refers to as “imperial water” in the western American context.<sup>51</sup> The fascination with the “technological sublime”<sup>52</sup> and hubristic domination of nature inherent in the

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<sup>50</sup> Andrew Biro, “Half-Empty or Half-Full?: Water Politics and the Canadian National Imaginary,” in Karen Bakker, *Eau Canada: The Future of Canada's Water* (Vancouver: UBC Press, 2007), 323.

<sup>51</sup> Donald Worster, “Water in the Age of Imperialism – and Beyond,” in T. Tvedt and T. Oestigaard, eds., *A History of Water, Vol. 3, The World of Water* (London: I.B. Tauris), 2006. In his seminal *Rivers of Empire*, Worster contended that the American West was a “a modern hydraulic society, which is to say, a social order based on the intensive, large-scale manipulation of water and its products in an arid setting.” Donald Worster, *Rivers of Empire: Water, Aridity, and the Growth of the American West* (New York: Pantheon, 1985), 7. Worster borrowed his dialectical approach in part from Karl Wittfogel's classic *Oriental Despotism: A Comparative Study of Total Power* (New Haven, CN: Yale University Press, 1957). See also Erik Swyngedouw, “Modernity and Hybridity: Nature, *Regeneracionismo*, and the Production of the Spanish Waterscape, 1890-1930,” *Annals of the Association of American Geographers*, Vol. 29, No. 3, (Sep. 1999), pp. 443-465; Richard White, *The Organic Machine: The Remaking of the Columbia River* (New York: Hill and Wang, 1995). For a recent overview of the different approaches and historiography on conceptions of water and society, see Jamie Linton, *What is Water? The History of a Modern Abstraction* (Vancouver: UBC Press, 2009).

<sup>52</sup> David E. Nye, *American Technological Sublime* (Cambridge: MIT Press, 1994).

seaway megaproject – evidenced by the plans drawn up for the project, as well as engineering, governmental, and public conceptions of the St. Lawrence – was intimately intertwined with Cold War symbolism in Canadian and American attempts to assert the more progressive, modern, and powerful nature of capitalist democracies as compared to communist nations.<sup>53</sup> To illustrate, in a 1951 speech Canadian Minister of Transport Lionel Chevrier emphasized that communist forces threatened the western democracies to the point that the “survival of our civilization now depends above all on our scientific and technical superiority” and specifically cited the engineers working on the St. Lawrence project as a prime example.<sup>54</sup>

These efforts to make a landscape “legible” through simplification, abstraction, and standardization by privileging scientific and bureaucratic expertise over local knowledge and using this technological expertise to order nature and employ it to legitimate and extend governmental control and ordering of society is pejoratively identified by James C. Scott as “high modernism.”<sup>55</sup> Prevalent in Canada from roughly the First World War to the 1960s, and at its peak in the immediate post-1945 era, high modernist planning was a transnational characteristic of other developed and industrialized nations – particularly in relation to major dam and water modification schemes – with varying political, governmental, and economic structures.<sup>56</sup> High

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<sup>53</sup> Moreover, as has been shown in the Canadian context, such postwar high modernist projects are imbricated in discussions on gender and masculinity, a topic that deserves further exploration. For example, see Christopher Dummitt, *The Manly Modern: Masculinity in Postwar Canada* (Vancouver: UBC Press, 2007).

<sup>54</sup> “Stresses Canada’s Need of Scientists, Engineers,” *Toronto Globe and Mail*, 29 January 1951, 12.

<sup>55</sup> James C. Scott, *Seeing Like a State: How Certain Schemes to Improve the Human Condition Have Failed* (New Haven, CN: Yale University Press, 1998). For earlier usage of “high modernism” see David Harvey, *The Condition of Postmodernity: An Enquiry into the Origins of Cultural Change* (Cambridge, MA: Wiley-Blackwell, 1990).

<sup>56</sup> The term “high modernism” has also been applied to types of western art, literature, architecture, etc. of the same era.

modernism was essentially apolitical and thrived in both capitalist and communist countries, especially the United States and Soviet Union.<sup>57</sup>

The United States had been a pioneer in high modernist dam projects, such as the Hoover Dam and Tennessee Valley Authority. Furthermore, Alexander Missal has latterly framed the Panama Canal as an imperial project aimed at building an advanced, ordered, and technologically progressive American empire, and there are strong parallels between the Panama Canal and the St. Lawrence Seaway and Power Project in that regard.<sup>58</sup> Due to its experience with large dam projects before the Second World War, in the early Cold War period the United States played the dominant role in the domestication of major river systems. As Richard P. Tucker reminds us “much of the world’s dammed rivers reflect Cold War zones of competition, and the concentration of fiscal and industrial resources at many dam sites in remote locations cannot be fully explained outside the framework of Cold War rivalries.”<sup>59</sup> Indeed, the American desire to participate in the seaway project stemmed from the same strategic motivations that led the United States to undertake or assist with hydro projects in a number of non-aligned

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<sup>57</sup> For example, see Richard P. Tucker, “Containing Communism by Impounding Rivers: American Strategic Interests and the Global Spread of High Dams in the Early Cold War,” in J.R. McNeill and Corinna R. Unger, *Environmental Histories of the Cold War* (Washington: German Historical Institute and Cambridge University Press, 2010).

<sup>58</sup> See especially Alexander Missal, *Seaway to the Future: American Social Visions and the Construction of the Panama Canal* (Madison, WI: University of Wisconsin Press, 2008). Scholars such as William Appleman Williams and Walter LeFeber have long pointed to cultural sources of America’s international policies and imperialism, dating back to the beginnings of the New Left. This has been articulated more recently in what has been termed the new cultural history, including postmodern and poststructuralist approaches (e.g. the works of Akira Iriye, Andrew Johnston, Walter Hixson). See William Appleman Williams, *The Tragedy of American Diplomacy* (New York: W.W. Norton, 1959); Walter LeFeber, *The New Empire: An Interpretation of American Expansion, 1860-1898* (Ithaca, NY: Cornell University Press, 1963); Akira Iriye, *Power and Culture: The Japanese-American War, 1941-1945* (Boston: Harvard University Press, 1981); Andrew Johnston, *Hegemony and Culture in the Origins of NATO First-Use, 1945-1955* (New York: Palgrave Macmillan, 2005); Walter Hixson, *The Myth of American Diplomacy: National Identity and U.S. Foreign Policy* (New Haven, CN: Yale University Press, 2008).

<sup>59</sup> Tucker, “Containing Communism by Impounding Rivers,” 139.

countries, stretching from Egypt to the Philippines, situated along the Soviet Union's southern periphery.<sup>60</sup>

James Murton points out that studies of state attempts to organize society and the environment need to take into account the “historically specific discursive and ideological formations”<sup>61</sup> in which each operated, while Matthew Farish and Whitney Lackenbauer have argued in their study of Canadian Arctic planning that the high modernist concept needs to be more precisely attuned to the complexities of history and geography.<sup>62</sup> The Canadian government's approach to the St. Lawrence seaway does not fit the despotic and authoritarian mold that Scott associates with high modernist states, possibly with the exception of the treatment of local populations during the construction phase of the project beginning in 1954.<sup>63</sup> Nevertheless, as a state-building exercise controlled by centralized bureaucracies with the aim of reordering the natural environment for the sake of progress, and in turn attempting to organize and regulate Canadian society, the St. Lawrence scheme certainly fits other key elements of high modernism. In her study of high modernism in British Columbia in the 1950s and 1960s, Tina Loo argues that “hydroelectric development was the most prominent manifestation

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<sup>60</sup> Tucker, 142.

<sup>61</sup> Murton provides the example of Worster's “instrumental reason” in which capitalist ideology put no worth in nature unless it was exploited to create wealth. James Murton, “Creating Order: the Liberals, the Landowners, and the Draining of Sumas Lake, British Columbia,” *Environmental History*, vol. 13 (1) (January 2008), 96; Murton, *Creating a Modern Countryside: Liberalism and Land Resettlement in British Columbia*. See Worster, *Rivers of Empire*.

<sup>62</sup> Matthew Farish and P. Whitney Lackenbauer, “High Modernism in the Arctic: Planning Frobisher Bay and Inuvik,” *Journal of Historical Geography* 35 (2009): 519. For another recent application of high modernism to the Canadian context see Tina Loo, “People in the Way: Modernity, Environment, and Society on the Arrow Lakes,” *BC Studies* 142/143 (Summer/Autumn 2004), 161-196; Philip Van Huizen, “Building a Green Dam: Environmental Modernism and the Canadian-American Libby Dam Project,” *Pacific Historical Review* Vol. 79, No. 3 (August 2010), 418-453.

<sup>63</sup> Although only the Canadian government is referred to here, the actual construction of the St. Lawrence Seaway would involve a number of different levels of Canadian government and agencies, as well as a number of entities on the American side.

of the high modernist impulse”<sup>64</sup> in North America and, in his magisterial environmental history of Canada, Graeme Wynn affirms the notion of the seaway as the epitome of a high modernist project:

[a] conjunction of economic and strategic needs with the powerful promise of brute-force technologies and the full bloom of high-modernist confidence in the human capacity to transform nature brought Canada and the United States together in a project of hitherto unrivaled magnitude – the building of the St. Lawrence Seaway.<sup>65</sup>

Thus, high modernism, qualified and understood in a specifically Canadian historical context, is a useful concept for understanding and characterizing the organizing logic and imperatives that drove plans for the St. Lawrence project, particularly its construction and state-building aspects.<sup>66</sup> While a high modernist approach was most evident when the Seaway and Power Project was actually being built between 1954 and 1959, and entire communities relocated, it also underpinned the engineering plans from approximately the First World War onward, as well as the Canadian government’s political and diplomatic approach to the St. Lawrence development. For Canadian elites and governmental planners, the envisioned seaway would result in a transformed natural and social environment, reordered and attuned to liberal principles which had integrated key aspects of high modernism. These were

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<sup>64</sup> Loo, “People in the Way: Modernity, Environment, and Society on the Arrow Lakes,” 165.

<sup>65</sup> Graeme Wynn, *Canada and Arctic North America: An Environmental History* (Santa Barbara, CA: ABC-CLIO, 2006), 284.

<sup>66</sup> Timothy Heinmiller argues that the conceptual and physical transformation of the St. Lawrence from a “river” to a “seaway” was not limited to the 20<sup>th</sup> century: “While a river is regarded as something wild and natural with inherent value, a seaway is seen as something that can be captured and developed to produce economic value, primarily through navigation and shipping. The St Lawrence’s transformation from river to seaway has occurred incrementally over nearly five centuries, but it has been neither complete nor uncontested.” Timothy Heinmiller, “The St. Lawrence: From River to Marine Superhighway,” 244, in Sproule-Jones, Johns, and Heinmiller, eds., *Canadian Water Politics: Conflicts and Institutions*.

reflected through the prism of Cold War imperatives and modalities, and then further channeled by Canadian hydrological nationalism concerning the St. Lawrence.

Turning from theoretical and conceptual approaches to the historical evidence used in this dissertation, this work primarily utilizes sources produced by the governments of Canada and the United States. The archival records of chief concern were located at Library and Archives Canada (LAC) and include the Privy Council Office (RG 2) and the Department of External Affairs (RG 25), as well as the Department of Transport (RG 12), the Department of National Defence (RG 24), and the St. Lawrence Seaway Authority (RG 52). Also examined were the personal papers of key individuals such as William Lyon Mackenzie King, Lionel Chevrier, Louis St. Laurent, Lester Pearson, C.D. Howe, General A.G.L. McNaughton, Hume Wrong, and A.D.P. Heeney. This study also made use of contemporary newspaper, periodical, and public opinion sources, including those found in governmental records. A number of primary sources have been reproduced in printed collections, such as the *Documents on Canadian External Relations* and *Foreign Relations of the United States* series, as well as a wide range of government treaties, agreements, and studies, and the public pronouncements of key government figures.

Although the focus here is on the Canadian side of the story, the subject is nonetheless a bilateral diplomacy topic, and American governmental sources were therefore also examined. The author spent several weeks at NARA II in College Park, Maryland, reviewing the pertinent file collections, which primarily consisted of Department of State records, but also included those of the Department of the Interior, Department of Defense, and the Federal Power Commission. In addition to *Foreign Relations of the United States* and the *Franklin D. Roosevelt and Foreign Affairs* series,

as well as other printed primary source collections, various governmental and personal papers from the Roosevelt, Truman, and Eisenhower administrations were consulted.

This study will proceed chronologically. Chapter 1 covers the history of navigational improvements to the St. Lawrence-Great Lakes basin from the time of European contact to the end of the First World War. The period up to 1945 will be addressed in the second chapter, particularly the negotiation and failed ratification of the 1932 Great Lakes Waterway Treaty and the 1941 Great Lakes-St. Lawrence Basin Agreement. The third chapter delves into the renewed attempts between 1945 and 1950 to achieve a St. Lawrence accord, and the impact of the Cold War, iron ore, and the need for hydro power on a burgeoning movement for an all-Canadian seaway. The fourth chapter explores the process by which the St. Laurent government pursued a unilateral Canadian waterway from 1950 to 1952. In turn, it considers how this démarche was received and interpreted by the United States government, and its impact on the required Federal Power Commission and International Joint Commission licenses. The fifth chapter continues to follow these licensing issues as they played out in 1952 and 1953, and considers the further Canadian maneuvering for a unilateral seaway, as well as the responses of the Truman and Eisenhower administrations. Chapter 6 extends this discussion further into 1953 and 1954, where several developments finally made an American seaway role possible. A focus of this chapter is on the process by which Canada acquiesced to a cooperative seaway, and the manner by which the two countries sought to reconcile their national interests during the ensuing negotiations in late summer 1954. An epilogue looking at the building phase of the St. Lawrence Seaway and Power Project between 1954 and 1959 is followed by a concluding chapter.

## CHAPTER 1

### THE ST. LAWRENCE UP TO THE FIRST WORLD WAR

Canadian history is shaped by the nation's geography, and arguably no natural feature has played a more fundamental role in Canada's development than the St. Lawrence River. However, the early European explorers to the territory through which the St. Lawrence flows were initially quite dismissive of its potential, particularly once they realized that the river was not the coveted trade route to Asia. Instead, the St. Lawrence revealed itself to be an obstacle-filled water highway into the heart of the continent. Although the St. Lawrence is wide and easily navigable for much of its course, rapids and waterfalls create major impediments at several junctures. With such inauspicious beginnings, from a European perspective, it would have been hard to imagine that the river would become the cradle of a vast country. This chapter will begin with a brief history of the river as it pertains to navigation from the time of European exploration to the First World War.

Due to the highly technical and detailed nature of St. Lawrence negotiations, and the fact that planning and discussions were spread over half a century, an outline of the technical, commercial, and economic details is needed to show what was at stake for the countries, regions, provinces, and states involved. The Seaway and Power Project as it finally emerged in 1959 was an enormously impressive achievement, both from an engineering and a political standpoint. The total cost was more than \$1 billion: \$470.3 million split between Canada (\$336.5 million) and the United States (\$133.8 million) for the navigation aspects, with Ontario and New York each spending \$300 million on the hydro works. The final tally was more than double the cost estimated in earlier agreements.

The basic contours of the Seaway and Power Project – deep canals, and channels, and locks combined with a power dam – were established with the 1921 Wooten-Bowden report. Throughout the 1920s and 1930s, Canada and the U.S. debated whether to use a single-stage or a dual-stage dam, and where to place these dams. The U.S. section of the Joint Board of Engineers recommended a single-stage dam, while the Canadian section recommended a dual-stage dam. Either could work in conjunction with a deep waterway, and debates about the proposed canal system during the inter-war years at times explored whether it should have a minimum depth of 25, 27, or 30 feet. A depth of 27 feet was considered the most feasible, and as this depth was selected in the initial St. Lawrence agreements, it became entrenched as the default measure. To repeat a key point, both Canada and the U.S. had the right to technically build a fully national waterway on their respective sides of the border, but cooperation was necessary from a practical perspective for such a waterway to be economically viable. Without the raised water level (Lake St. Lawrence) resulting from the hydro development, the cost of constructing canals of sufficient depth was generally seen as prohibitively costly.

Essentially, a dual-stage dam utilized two hydro-generation stations at separate locations, while a single-stage featured one larger installation. A single-stage project was cheaper, better for navigation, and provided power at slightly lower cost, but the Canadians contended that a dual-stage development would allow for power to be more quickly produced (i.e. before the entire project was completed) and that it was better politically because it would result in substantially less flooding of Canadian land.<sup>1</sup> The dual-stage endeavour initially won out and was included in the 1932 St. Lawrence

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<sup>1</sup> William H. Becker, *From the Atlantic to the Great Lakes: A History of the U.S. Army Corps of Engineers and the St. Lawrence Seaway* (Washington, DC: U.S. Army Corps of Engineers, 1984), 14.

Treaty. However, in 1940 the Joint Board of Engineers decided that the Controlled Single Stage Project – a partial compromise between the single- and dual-stage plans – was the best from both the engineering and economic perspectives. The dual-stage would result in the flooding of between 5,000-6,000 total acres in Canada, while the combined single-stage was expected to inundate 16,000-17,000 Canadian acres. Although considerably more Canadian land would be flooded with the combined single-stage but this was deemed to be more cost-efficient and would yield greater navigation and hydro benefits. The combined single-stage project was incorporated into the 1941 agreement, as well as in a U.S. Engineering Corps report the following year, both of which would serve as the basis for the hydro project eventually constructed in the 1950s (which, in fact, flooded about 22,000 total acres in Canada).

As will be shown, the St. Lawrence River was historically seen in Canada as a determining force in the nation's economic and defence evolution. By the time that a comprehensive deep waterway system was seriously considered near the turn of the 20<sup>th</sup> century, competing transportation forms, primarily railroads, had emerged as serious competitors to water transport. In the following decades, other forms of transportation – chiefly ground, air, and pipeline – provided further competition to water transport and, after the Second World War, Ottawa's transportation policy focused less on supporting railways and more on encouraging competition.<sup>2</sup>

Traditionally, Canada and the United States exhibited competing views about the role of government in transportation policy: transportation routes in the United States were privately financed while Canadian transportation policy was directly connected to

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<sup>2</sup> William L. Marr and Donald G. Paterson, *Canada: An Economic History* (Toronto: MacMillan of Canada, 1980), 336.

state intervention and nation-building goals, such as tying the country together on an east-west basis, both symbolically and physically, through projects such as trans-continental railways. Moreover, Canada had more recently invested in railroad expansion than had the U.S., and this combined with greater provided government support meant that rail rates in Canada tended to be cheaper than in the U.S. in the first half of the 20<sup>th</sup> century.<sup>3</sup> The St. Lawrence was a comparatively minor trade route for the U.S. compared to Canada and, by the 1920s, the American exports trade tended to be channeled to east coast ports via rail, either directly or by trans-shipment from the Great Lakes, or on barges down the Mississippi River to ports on the Gulf of Mexico. The St. Lawrence route would attract strong opposition from these established systems.

U.S. opponents of the St. Lawrence project argued that, on top of being uneconomical, vulnerable to aerial attack or sabotage, and open for only seven months of the year, the seaway could not accommodate many, if not most, types of large vessels. In 1934 an American governmental estimate indicated that approximately 60% of the world's ocean-going tonnage and 70% of its freight cargo tonnage would be able to utilize the proposed seaway.<sup>4</sup> However, in the post-war period, the percentage had declined considerably and neither the Canadian nor American governments believed that there would be serious traffic from ocean-going vessels on a seaway. Instead, seaway traffic would consist primarily of lakers and specialized vessels. Testifying before Congress in 1951, the Federal Maritime Administrator, Vice Admiral Edward L. Cochrane, stated that 75% of the American merchant fleet could use a 27-foot waterway,

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<sup>3</sup> Gordon T. Stewart, *The American Response to Canada Since 1776* (East Lansing, MI: Michigan State University Press, 1992), 137.

<sup>4</sup> Government of the United States, National Archives and Records Administration (NARA) II, RG 59, 711.42157 SA 29/1296, Box 4048, Summary of Reports and Data Relative to the Great Lakes Project, January 16, 1934

but that only about 10% of the American seagoing fleet fully loaded with cargo could operate in canals of that depth.<sup>5</sup>

However, other factors weighed in the balance. Throughout congressional hearings in the early 1950s on the St. Lawrence project, many witnesses – backed by a U.S. National Security Resources Board report – extolled its necessity from a national security perspective, particularly in the key realms of transportation and shipbuilding, electrical power generation, and the procurement of iron ore essential for the American defence industrial base.<sup>6</sup> Compared to other ore possibilities, such as those in South America, the Ungava ores in Labrador and northern Quebec would provide more economical, accessible, and defensible in case of war. Advocates contended that transportation costs for most cargo, but especially ore, via the seaway would be approximately one half of the cost of shipping it to the Midwest via Philadelphia or Baltimore.<sup>7</sup> Thus, the strategic defence importance of minerals and metals underscored the importance both countries attached to the seaway in terms of continental defence and economic mobilization.

Moreover, the Canadian government, as well as those of Quebec and Ontario, also coveted the possibilities of developing the ore. In 1949 the federal Department of Trade and Commerce reported that 335 gross tons had been proven, and there was undoubtedly a great deal more to be had. After the Second World War, central Canada,

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<sup>5</sup> “Admiral Asserts 75% of U.S. Ships could use Seaway with Pay Loads,” *New York Times*, February 24, 1951, 19.

<sup>6</sup> “Report of the National Security Resources Board on the Importance of the St. Lawrence Seaway and Power project to National Security,” April 24, 1950, in *St. Lawrence Seaway Manual: A Compilation of Documents on the Great Lakes Seaway Project and Correlated Power Development*, Senate Document No. 165, 83<sup>rd</sup> Congress, 2<sup>nd</sup> session, Presented by Mr. Wiley, November 15, 1954 (Washington: United States Government Printing Office, 1955).

<sup>7</sup> Theo L. Hills, *The St. Lawrence Seaway* (Methuen, 1959), 71.

and Ontario especially, remained Canada's dominant manufacturing region. For example, automobile production became the largest secondary manufacturing industry in the province, and Ontario was a world leader in aluminum production.<sup>8</sup> After 1948, but particularly after the onset of the Korean War in 1950, American authorities sought out Canadian minerals and metals to fill the stockpile targets that had been set in light of the Paley Commission, which was established in the U.S. to determine what natural resources were needed for national security. Iron ore was one of the most important identified, and in the decade after the end of the Second World War, particularly the last half of the decade, American interests pumped \$1.4 billion in new investment into Canadian mining and smelting.<sup>9</sup>

During the inter-war years many St. Lawrence development proponents, such as Sir Adam Beck of Ontario Hydro, believed that that the hydro portion of the combined project – which would produce in excess of 2 million kilowatts to be split between Canada and the United States – would pay for the navigation element. By the Second World War this belief had disappeared and in 1947 the principle of tolls to make the waterway self-amortizing was adopted, although though not without severe criticism by seaway opponents. This policy went counter to Canadian practices and the expressed reservations of the federal government since Canada had not charged tolls on its waterways in the 20<sup>th</sup> century. But in order to make a joint project more attractive to U.S. legislators, Ottawa reluctantly acquiesced to the tolls principle. In 1951, the Canadian Department of Trade and Commerce predicted 44,500,000 tons of shipping

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<sup>8</sup> Marr and Paterson, 370-1.

<sup>9</sup> Graham D. Taylor and Peter A. Baskerville, *A Concise History of Business in Canada* (Toronto: Oxford University Press, 1994), 401.

annually would move on the seaway. That same year, the U.S. Secretary of Commerce had testified before Congress that seaway traffic would be between 57 to 84 million tons annually, with toll revenue totaling between \$36 and \$49 million per year.<sup>10</sup> Based on these projections, which remained the basis throughout negotiations, the seaway would eventually be self-liquidating.

Looking in particular at the estimates from the 1920s to the 1950s for traffic, trade, and tolls, and then at the actual usage of the seaway after 1959, expectations were off the mark in a number of respects. To better contextualize these erroneous prognostications, it should be pointed out that many of the more optimistic predictions came from public or commercial interests of suspect objectivity.

In the first two years of the seaway's operations, only about 20 millions tons of cargo per annum was shipped, but this rose throughout the 1960s and into the 1970s before declining in the 1980s. With the exception of 1964, over 54 million tons were carried each year in the 1960s. While the governmental estimates of cargo traffic were not wildly off the mark, it was expected that the annual traffic would grow significantly more than actually occurred, particularly after the first few years. Since the self-amortization of the enterprise was predicated on expanding usage, the seaway never came close to paying for itself. After years of debate, the toll levels were agreed upon in 1959 and set at 42 cents per ton for bulk cargo to travel the entire seaway (with lesser

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<sup>10</sup> United States Senate, 83<sup>rd</sup> Congress, 1st Session, "Notes Re St. Lawrence Seaway," Hearings before the Subcommittee of the Committee on Foreign Relations, "Economics and Self-Liquidation of Navigation Phase (Enclosure 2a)," April 14-16; May 20-21, 1953.

rates for shorter trips) and 95 cents for general cargo.<sup>11</sup> However, Gennifer Sussman contends in her study of the operation of the seaway that:

[a]n analysis of receipts and expenditures makes it clear ... that if there had been institutional machinery for ensuring that the two governments increased tolls periodically to comply with the enabling legislation that made full recovery of costs mandatory, the locks could have paid for themselves on schedule even if treated as a commercial venture. Alternatively, if the Canadian and U.S. governments had followed the more usual procedure of investing in the project, rather than of loaning capital at current rates of interest, they would have received a respectable return on their investment, even at prevailing toll rates.<sup>12</sup>

Predictions that ocean-going vessels would not use the seaway turned out to be largely correct, even without taking into account the changing nature of ocean transportation (i.e. container shipping).<sup>13</sup> Ocean-going vessels were awkward in the St. Lawrence canals and draught restrictions meant that they generally could not be loaded to full capacity.<sup>14</sup> In fact, the completed seaway was traversed chiefly by specialized intra-lake traffic which brought iron ore from the eastern half of the continent to the Great Lakes region, or grain from the interior and west.

However, it should not be forgotten that the St. Lawrence project might have proven extremely valuable if the Cold War had turned hot. The seaway effectively carried the two products, iron ore and wheat, for which it was most intended by Canada and the United States. These contributed to the national defence and state-building goals of the two governments, and it is fair to speculate that the St. Lawrence project's full potential would only have been realized if another major war had occurred. Indeed, the possibility of another conflict that would consume resources on the scale of the Second

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<sup>11</sup> Baxter, 75-81.

<sup>12</sup> Sussman, 3.

<sup>13</sup> K.J. Rea, *The Prosperous Years: The Economic History of Ontario, 1939-1975* (Toronto: University of Toronto Press, 1985), 71.

<sup>14</sup> *Ibid.*, 70.

World War was an important motivation for the Canadian and American governments to seek out means of exploiting the St. Lawrence River.

Moreover, the wide-ranging benefits of hydro-electricity – chiefly, providing cheap power for manufacturing on both sides of the river – produced from the Moses-Saunders power dam are often ignored. American and Canadian planners believed that North America’s power supplies had been vital in their previous war efforts, and equally believed that power supplies would play a key role in determining the future of any protracted conflict, such as with the communist bloc. To illustrate, it is debatable whether Canada would have become a world leader in aluminum production without the St. Lawrence project.

With this technical and economic framework established, we can begin a consideration of the historical processes that resulted in the 20<sup>th</sup> century creation of the St. Lawrence Seaway and Power Project. Long before the Canadian and American governments turned to the resources of the St. Lawrence basin, the river played a central role for other societies. From time immemorial, various First Nations centered their lives around “the great river.” When Europeans first arrived, the Algonkian and Iroquois peoples were mainly located along the St. Lawrence, and they were primarily hunter-gathers who relied on the St. Lawrence for food and transportation, often residing in villages.<sup>15</sup> The ancestors of the Iroquoian-speakers of the eastern Great Lakes-St. Lawrence valley developed a diverse economy featuring hunting, fishing, agriculture,

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<sup>15</sup> Bruce Trigger, *Natives and Newcomers: Canada’s “Heroic Age” Reconsidered* (Montreal: McGill-Queen’s University Press, 1986), xii.

and wild-plant collection, and by the end of the fifteenth century grew most of their food from fields through slash-and-burn methods.<sup>16</sup> Agricultural was primarily the domain of the women, while the men used canoes to travel along the river in order to fish and hunt. The different groups around the St. Lawrence utilized the river for trade, and most of the First Nations the early European explorers encountered were eager to trade for European goods.<sup>17</sup> Although estimates vary widely, there may have been 100,000-150,000 First Nations in the eastern Great Lakes and St. Lawrence valley at the time of first contact.<sup>18</sup>

The St. Lawrence provided the transportation route for the early explorers of North America. Although it is possible that Vikings or European fishermen lured by the abundant fish stocks of the Grand Banks had already sailed up the St. Lawrence River, the first recorded European experience of the inland St. Lawrence system was by French explorer Jacques Cartier. On his first voyage to the New World in 1534, Cartier explored the Gulf of St. Lawrence, and when he returned the following year, he sailed beyond the Gulf of the St. Lawrence and traveled over 1,500 kilometres to the present site of Montreal, where he was prevented from proceeding further by the formidable Lachine Rapids. In doing so, Cartier had claimed for France the waters and adjoining lands, rich with fur-bearing animals, of the St. Lawrence system, which early in the following century would become known as New France. While Cartier, from atop Mont Royal, was the first European to view the eventual route of the St. Lawrence, Samuel de Champlain would be the first to actually explore the area west of Montreal, although he would not successfully navigate the waters of Lakes Huron and Ontario until 1615,

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<sup>16</sup> Arthur J. Ray, *I Have Lived Here Since the World Began: An Illustrated History of Canada's Native People* (Toronto: Key Porter Books, 1996), 6.

<sup>17</sup> J.R. Miller, *Skyscrapers Hide the Heavens: A History of Indian-White Relations in Canada*. 3<sup>rd</sup> ed. (Toronto: University of Toronto Press, 2000), 28.

<sup>18</sup> Ray, 21.

which he reached by means of the Ottawa River and Lake Nipissing, guided by First Nations allies. Regarded as the father of New France, Champlain established the first permanent French settlement along the St. Lawrence at Quebec in 1608.<sup>19</sup>

The St. Lawrence dictated New France's patterns of settlement and slow evolution, for it was the main means of transportation, and thus expansion, as well as the lifeline back to the mother country. However, the early inhabitants of the colony appear to have remained unaware that the St. Lawrence River drained the Great Lakes, as hostile Iroquois groups had prevented exploration.<sup>20</sup> Nevertheless, they retained the hope that the Great Lakes offered a trade route to the Orient. Peace with the Iroquois allowed for further explorations in the 1660s and 1670s, and by the end of the century ships and fur-traders were plying the full route from the St. Lawrence to the upper Great Lakes. While the river remained vital for New France's economic development, including the fur trade, the French colony did relatively little to improve transportation on the St. Lawrence over the following century.<sup>21</sup>

From the first European colonies in what would become Canada up to the creation of the Seaway and Power Project in the 1950s, defence and economic considerations were at the forefront of attempts to modify the St. Lawrence. It has been suggested that the first attempt to circumvent a part of the St. Lawrence system was made in 1630 when Cardinal Richelieu of France ordered the construction of a canal around the Lachine Rapids. Whether construction was commenced or completed

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<sup>19</sup> For a recent acclaimed biography of Champlain, see David Hackett Fischer, *Champlain's Dream* (New York: Simon & Schuster, 2008).

<sup>20</sup> Theo L. Hills, *The St. Lawrence Seaway* (London: Methuen, 1959), 30. The name "Lachine" actually derives from "La Petite Chine," the title the great explorer La Salle sarcastically gave to the settlement at the eponymous rapids which served as a base for western explorations aimed at finding a route to the Orient.

<sup>21</sup> See Marcel Trudel, *The Beginnings of New France, 1524-1663* (Toronto: McClelland & Stewart).

remains uncertain, but it is clear that work on another canal had started by the end of the 17<sup>th</sup> century.

Dollier de Casson, Superior of the Sulpician Order in Montreal, tendered a contract for a canal that would avoid the Lachine Rapids to improve security and supply more power to mills located along the waterway.<sup>22</sup> Although the idea had been considered as early as 1680, work did not begin until 1689. It was abandoned that same year when the Iroquois attacked the Lachine settlement, but then restarted in 1700.<sup>23</sup> This canal would join the route of the Little St. Pierre River, which flows into the St. Lawrence at the site of the original French settlement at Ville Marie, with a length of one mile, a width of 12 feet, and a minimum depth of 18 inches at low water; however, after half of the canal had been built, funding ran out and work ceased.<sup>24</sup>

As a result of the Treaty of Paris in 1763, which terminated the Seven Years' War, France ceded to Britain the territory bordering the St. Lawrence. The British, motivated by military and trade considerations in their new colony, such as moving troops and supplies, began to convert the St. Lawrence to their purposes.<sup>25</sup> The threat of invasion from the south during the American Revolutionary War reinforced the necessity of improving navigation in order to enhance security, and in 1779 the Governor of the Province of Quebec, Sir Frederick Haldimand, ordered a series of primitive canals – constructed by the Royal Engineers – at Faucille Rapids, Trou du Moulin, Split Rock Rapids, and Coteau du Lac.

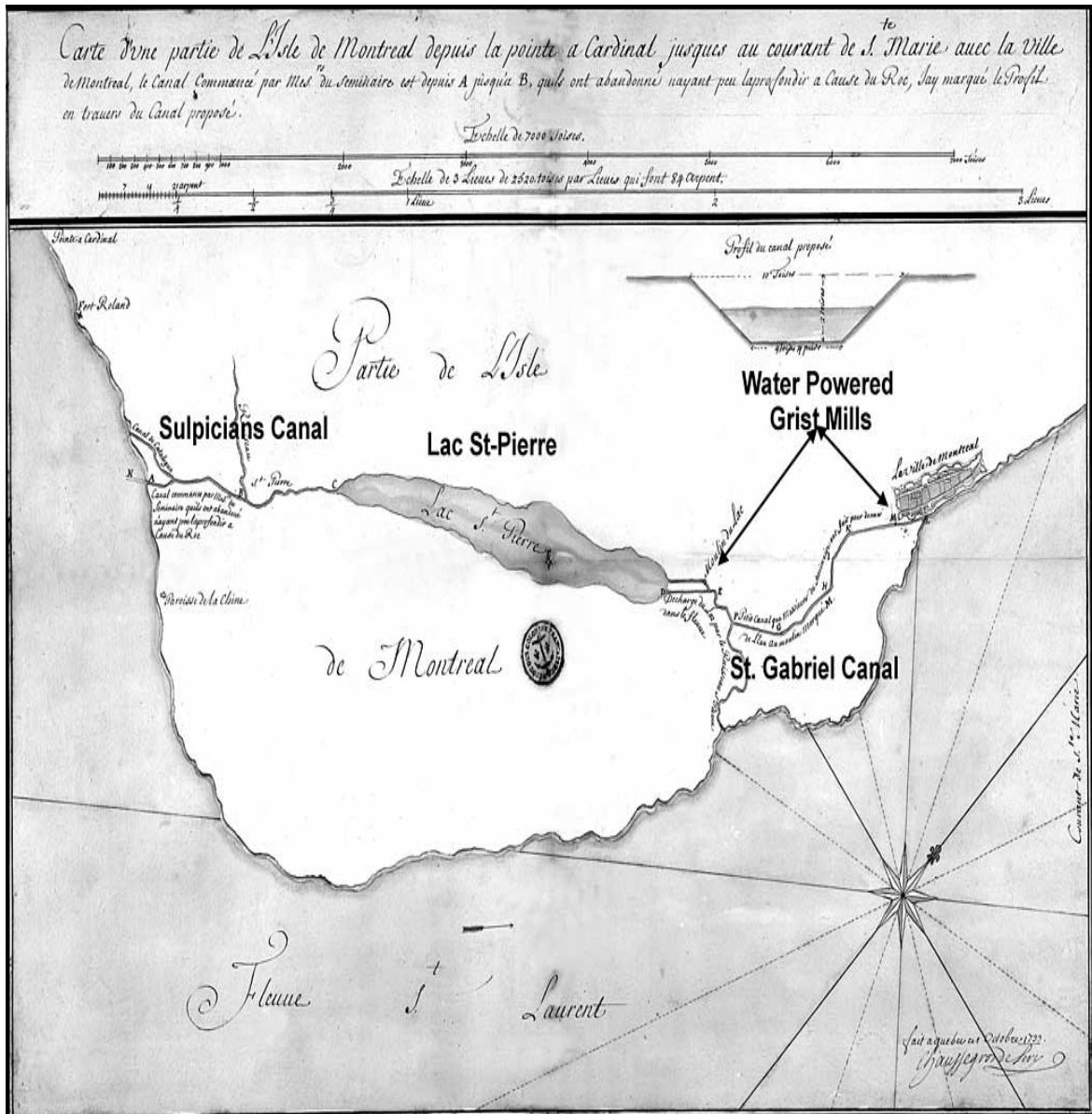
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<sup>22</sup> William Willoughby, *The St. Lawrence Waterway: A Study in Politics and Diplomacy* (Madison, WS: University of Wisconsin Press, 1961), 4.

<sup>23</sup> Ronald Stagg, *The Golden Dream: A History of the St. Lawrence Seaway at Fifty* (Toronto: Dundurn Press, 2010), 23

<sup>24</sup> George Stephens, *The St. Lawrence Waterway Project: The Story of the St. Lawrence River as an International Highway for Water-Borne Commerce* (Montreal: L. Carrier, 1930), 254.

<sup>25</sup> *Ibid.*, 255.



2. Map of the Sulpician canals. Courtesy of Centre des archives d'outre-mer (France), 03DFC 483. In Pauline Desjardins, "Navigation and Waterpower: Adaptation and Technology on Canadian Canals," *IA, The Journal of the Society for Industrial Archeology* 29.1 (2003): 69 pars. Used with permission.

This series of canals between Lake St. Louis and Lake St. Francis was about 1,700 feet in length, with five stone locks, each six feet wide, other than Coteau du Lac,

which was seven feet.<sup>26</sup> While the locks provided for draught of two and a half feet on the sills (the masonry beneath a lock gate) and mitre gates (a double-leaf closure which forms an angle pointing upstream when closed and folds against the canal wall when open), the depth at other parts of the canals were less than a foot and half. In the early 19<sup>th</sup> century, increases in population and technology, such as larger Durham boats (which could carry up to 20 tons) and the advent of steamships, required further modifications and a new canal with larger dimensions to avoid the Cascades and Mill Rapids was in place by 1805 with a further increase in lock size by 1817.<sup>27</sup> The original Beauharnois Canal, which ran on the south shore of the river and replaced the series of smaller canals and locks between Lake St. Louis and Lake St. Francis was completed by 1845, and then superseded by the lengthy Soulanges Canal on the north side of the river channel.

Interest from merchants and military leaders in a canal to bypass the rapids at Lachine had remained constant since the 17<sup>th</sup> century. The first Lachine Canal was opened in 1825 and was about fourteen kilometres long with seven locks at a depth of five feet. The Lachine Canal was enlarged between 1842 and 1848, with the number of locks reduced to five while the depth of the locks was increased to nine feet with the exception of the first two on the downriver side, which were deepened to 16 feet.<sup>28</sup>

Construction started on the Cornwall Canal in 1834, but the outbreak of the 1837 rebellions in the Canadas followed by the union of Upper and Lower Canada, together with a financial depression, caused a complete cessation of work until 1842, and the

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<sup>26</sup> Stagg, 24-26.

<sup>27</sup> *Ibid.*, 27.

<sup>28</sup> The deepening of the first two locks came at the request of Montreal merchants who wanted ocean-going ships to be able to enter the first basin of the canal. Stephens, 262.

Cornwall Canal was not opened for navigation until the following year. It had six locks, each 200 by 55 feet and nine feet deep, these dimensions being the largest of any canal in Canada until after Confederation. In fact, other than the Lachine Canal, Lower Canada tended to oppose developing the St. Lawrence due to cost, lack of interest because of location and the predominance of agriculture, and fear of losing Quebec City's transshipment business.<sup>29</sup> Opposition from Lower Canada, later Quebec, would characterize debates about developing the St. Lawrence well into the 20<sup>th</sup> century.

The Williamsburg canals (Farran's Point, Rapide Plat, Iroquois-Galop), which avoided the turbulent waters of the Long Sault and subsequent rapids further upstream, were completed in the 1850s in the stretch of the St. Lawrence river to the west of the Cornwall Canal. Less than two decades later, this area would be subject to the 1871 Treaty of Washington, which established that the St. Lawrence River west of Cornwall would serve as the international boundary between Canada and the United States. However, it also stipulated that American access to the Canadian canals could be terminated on two years' notice.<sup>30</sup>

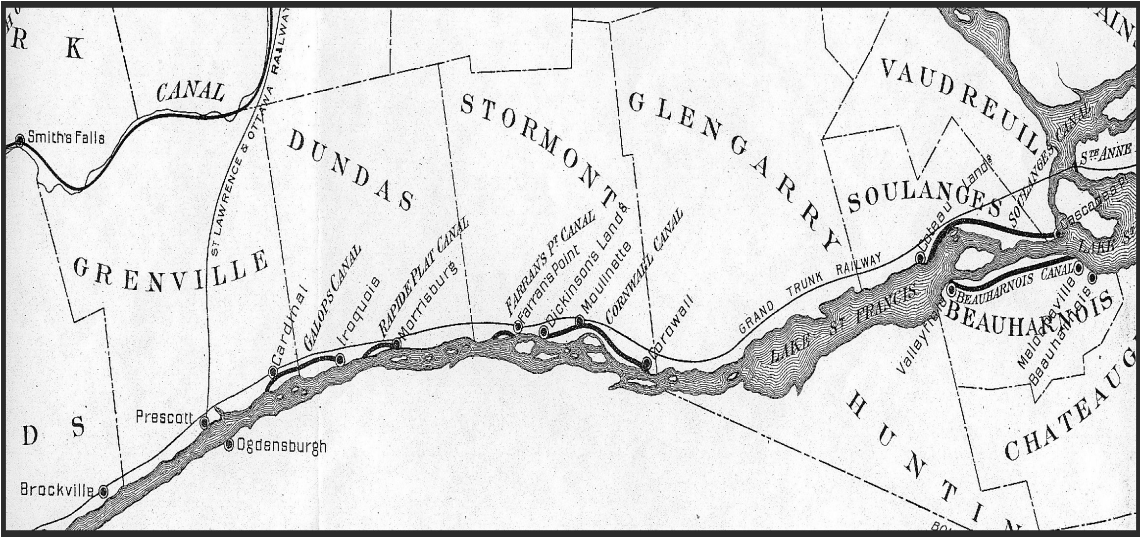
After Canadian Confederation in 1867, a royal commission was struck to study the canal situation in the new dominion. As a result of the findings of the canal commission of 1871, which recommended, for defence and economic reasons, that the Canadian canals be dug to a depth of 14 feet and that the river channels be dredged to an equal depth, the government embarked on an expansion program. Once put into effect, this strategic program would provide a canal and lock system that would allow

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<sup>29</sup> Ibid., 11.

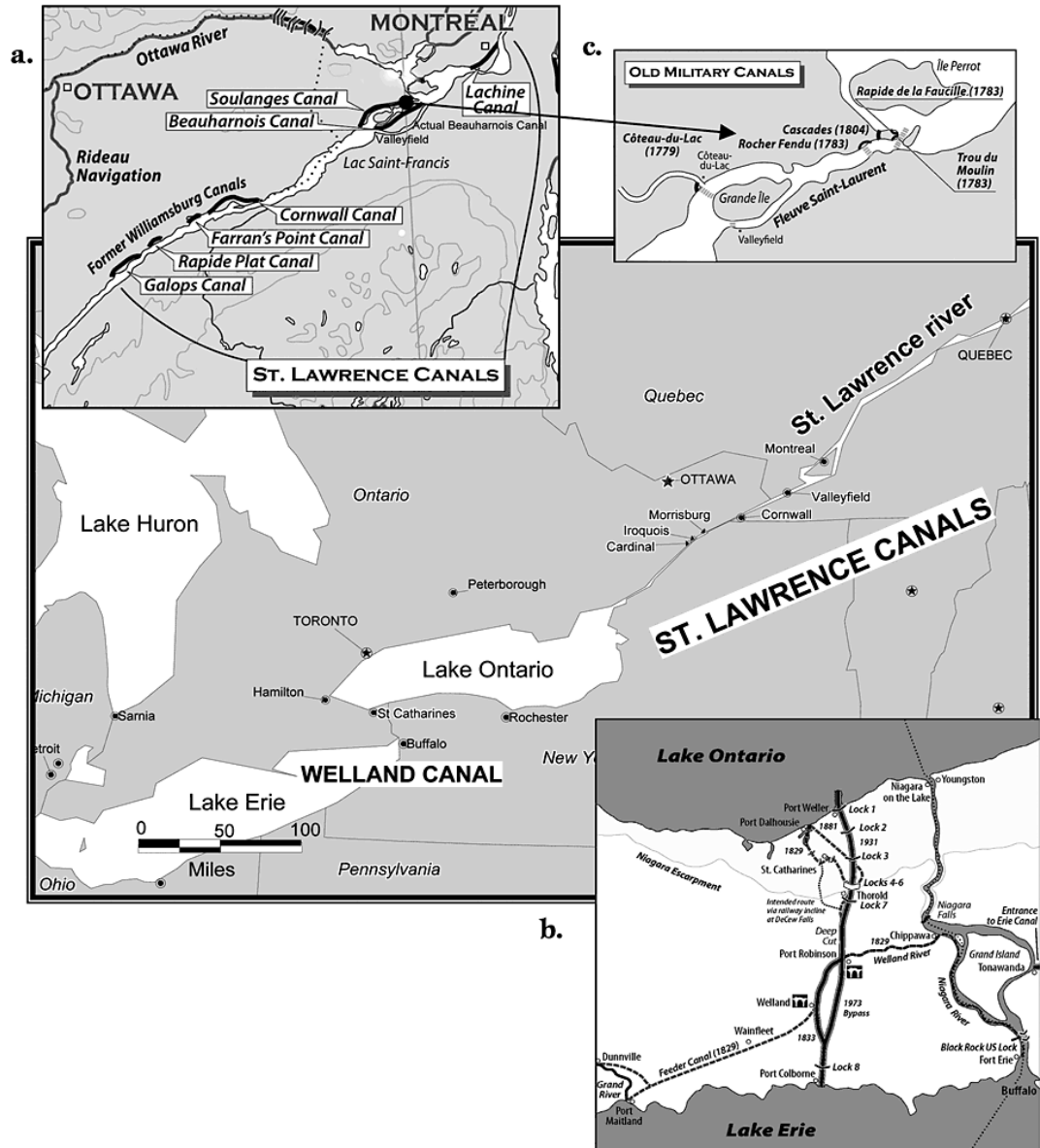
<sup>30</sup> Norman Hillmer and J.L. Granatstein, *For Better or For Worse: Canada and the United States Into the Twenty-First Century* (Toronto: Thomson/Nelson, 2007), 35-40; 46-47.

navigation from the Great Lakes to the Gulf of St. Lawrence. The Cornwall Canal was enlarged to the recommended depth, although this was not completed until 1904, along with the Williamsburg canals. New locks were added to the Lachine Canal, giving it its basic modern dimensions, while the Soulanges Canal resulted from this canal-building boom. Dredging also took place in the St. Lawrence east of Montreal and by both Canada and the United States in various connecting channels in the Great Lakes. The United States began constructing a canal at Sault Ste. Marie to take advantage of the iron ore deposits discovered in Michigan, and then later in the Mesabi range.<sup>31</sup> Although the growth of railroads in the second half of the nineteenth century was a potential threat to canal use, and absorbed government spending that could have otherwise gone towards water navigation, this was at least partially countered by the growth of industry on canals which benefited from close proximity to water power.



**3. Pre-20<sup>th</sup> Century canals on the St. Lawrence River. Canada, *Department of Railways and Canals, Annual Report, 1900-1901, Ottawa, 1902.***

<sup>31</sup> See Willoughby, Chapter V.



4. Location of the old St. Lawrence and Welland canals: (a) the St. Lawrence canals, (b) the Welland Canal, (c) the old Military canals. Maps drawn by David Edwards-May, Euromapping, France. In Pauline Desjardins, "Navigation and Waterpower: Adaptation and Technology on Canadian Canals," *IA, The Journal of the Society for Industrial Archeology* 29.1 (2003): 69 pars. Used with permission.

Until the early 19<sup>th</sup> century, the Ottawa River-Georgian Bay route had been the primary path to the west. Those envisioning a direct route to the Atlantic increasingly turned to the St. Lawrence but, given the ongoing tensions between Britain and the United States, it did have the potential disadvantage of exposing any traffic to the Americans in times of conflict. However, improving the St. Lawrence would strengthen ties and trade between the British colonies in North America and to the mother country, rather than the republic to the south. The War of 1812 had also led to the construction of canals and locks on the Ottawa River, which was followed by the Rideau Canal, completed in 1832.<sup>32</sup>

The first lock around the St. Mary's Rapids (present-day Sault Ste. Marie) between Lake Superior and Lake Huron were put in place at the very end of the 18<sup>th</sup> century by the North West Company.<sup>33</sup> In 1825, the American Erie Canal, an enormous undertaking at the time, was completed. This competitor to the St. Lawrence route – in 1856 the Erie Canal carried upwards of six times more cargo than the St. Lawrence canals<sup>34</sup> – allowed vessels to move from Lake Erie to New York via the Hudson River, and had a number of feeder canals and connected water routes. The Erie Canal allowed ships to avoid Niagara Falls which, since having been first viewed by Europeans in the 17<sup>th</sup> century, had been a formidable obstacle to movement between Lakes Ontario and Erie. Montreal and New York historically competed to be the continental hub for trade

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<sup>32</sup> Robert Legget, *Rideau Waterway* (Toronto: University of Toronto Press, 1986); Robert Passfield, *Building the Rideau Canal: A Pictorial History* (Toronto: Fitzhenry & Whiteside in association with Parks Canada, 1982).

<sup>33</sup> The locks were destroyed during the War of 1812, and not replaced until the United States put in navigation works on the Michigan side in the 1850s, which were replaced during the First World War. Canada completed a canal on its side at Sault Ste. Marie in 1905. Stagg, 66-67; 77. See also Willoughby, chapters IV and V.

<sup>34</sup> Stagg, 63.

and the opening of the Erie Canal, along with other factors, such as the longer shipping season due to a lack of ice, tended to make it cheaper to ship out of New York rather than Montreal during the 19<sup>th</sup> century.<sup>35</sup>

The idea of a canal on what would become the Canadian side of the Niagara to avoid the great cataract apparently dated back to the 17<sup>th</sup> century, but it was not until the efforts of William Hamilton Merritt that the first Welland Canal was built.<sup>36</sup> Merritt hoped that this canal would promote commerce through increased trade – agricultural production was steadily increasing in Upper Canada in the 19<sup>th</sup> century, and farmers hoped to ship their products to the major settlements on the St. Lawrence – and by providing water power for mills and future industries.<sup>37</sup> Given the scale of the enterprise, the Welland Canal was therefore emblematic of a growing belief in the ability to use technology to harness water for man’s benefit – an important theme throughout the history of St. Lawrence canals – and thus be made to serve the needs of growing populations: for example, between 1825 and 1838 Upper Canada’s population soared from 158,000 to 399,000.<sup>38</sup> From 1823 to 1829 the canal was audaciously carved through the Niagara escarpment in a winding route that took advantage of existing creeks and rivers.

However, the Welland Canal experienced many problems, including those stemming from wooden locks, and in the 1840s the second Welland Canal was installed. This newer version followed virtually the same course, but had fewer locks which were made of stone and had a depth of 8.5 or 9 feet (10 feet by 1853). The third Welland

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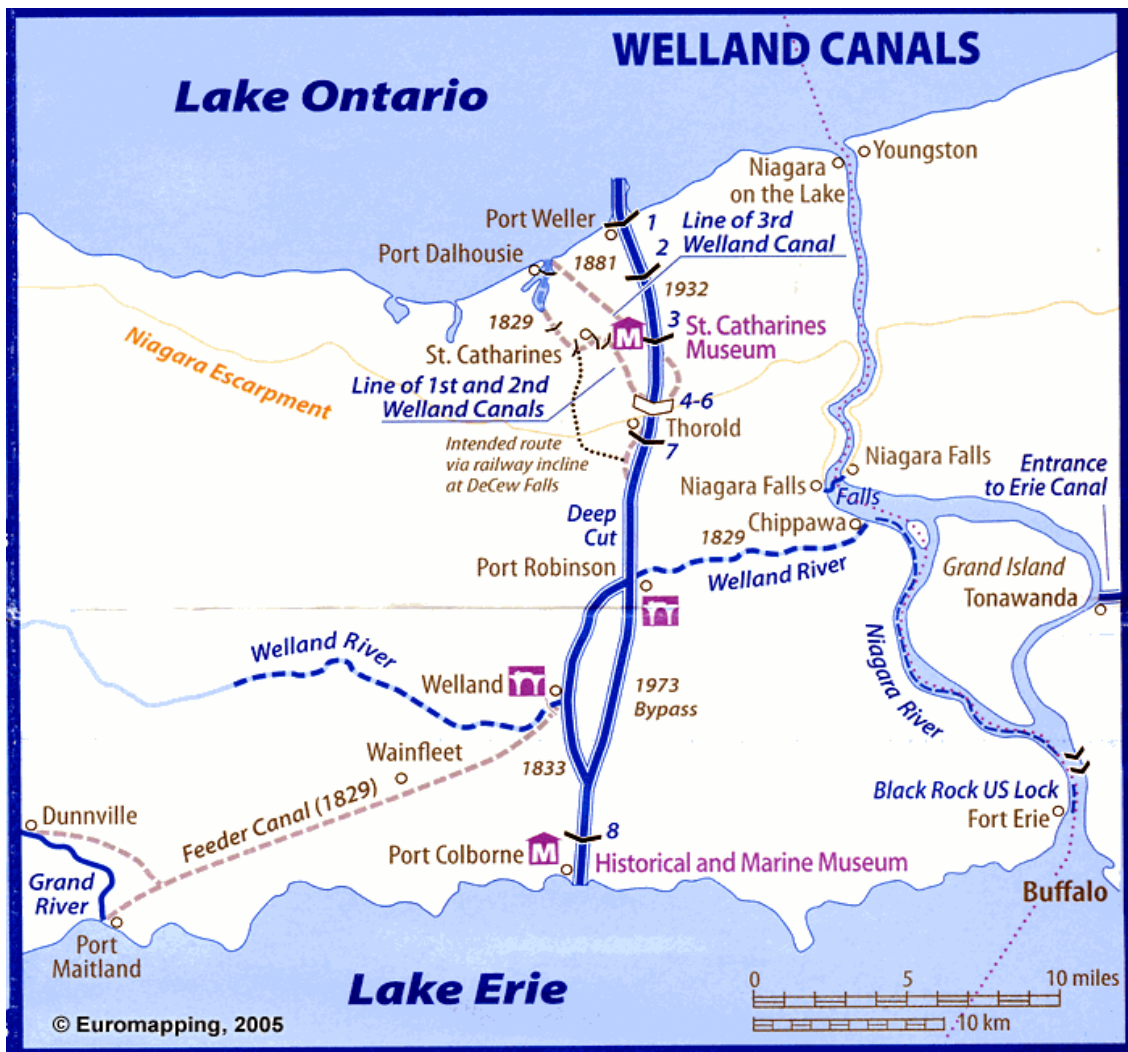
<sup>35</sup> For elaboration see Marr and Paterson, 316.

<sup>36</sup> Robert F. Legget, *The Seaway* (Toronto: Clarke, Irwin & Co. Ltd., 1979), 21.

<sup>37</sup> Lionel Chevrier, *The St. Lawrence Seaway* (Toronto: Macmillan, 1959) 20-23.

<sup>38</sup> Willoughby, 19.

Canal was built between 1883 and 1887, with all locks being enlarged to the standard dimensions of 14 feet. Thus, by the middle of the 19<sup>th</sup> century, a navigable channel with a depth of 9 feet was available from the Atlantic to Lake Erie, and by 1905, there was a navigable channel with a minimum depth of 14 feet from Lake Superior to the Atlantic Ocean. That same year, the Canadian government removed tolls from the St. Lawrence canals.



5. Location of the Welland canals. Map drawn by David Edwards-May, Euromapping, France. In Pauline Desjardins, "Navigation and Waterpower: Adaptation and Technology on Canadian Canals," *IA, The Journal of the Society for Industrial Archeology* 29.1 (2003): 69 pars. Used with permission.

Although the Erie Canal's shallow depth meant that it would not persist as a rival to a possible St. Lawrence deep canal system, the Erie along with other state canals (Oswego, Cayuga-Seneca, Champlain) were joined into the New York Barge Canal, which was completed in 1918. But another potential competitor to the St. Lawrence route remained: the Ottawa River to Georgian Bay route. This involved passage up the Ottawa to the Mattawa River, over the portage to Lake Nipissing and down the French River to Georgian Bay. This route, which had been proposed in the 19<sup>th</sup> century, was shorter from Montreal to Lake Huron than the St. Lawrence-Great Lakes passage, but required more locks because of the height of land. It also did not pass major population centres on the upper St. Lawrence and lower Great Lakes, such as Toronto. Nevertheless, the "Georgian Bay Ship Canal" was studied throughout the latter half of the 19<sup>th</sup> century, and Sir Wilfrid Laurier made it one of his campaign promises during the 1911 election.

However, Laurier and his Liberal party were defeated in that election. The new government, led by Sir Robert Borden, opted instead to build a new Welland Canal.<sup>39</sup> Work began in 1913 on what would prove to be a monumental achievement for the early 20<sup>th</sup> century: the new Welland Canal reduced the number of locks from 26 to seven, plus a guard lock, and the dimensions were 859 feet long, 80 feet wide, and a controlling depth of 25 feet with 30 feet of water over the sills. It also featured three consecutive

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<sup>39</sup> For works specifically on the history of the Welland canal see: Roberta Styran and Robert R. Taylor, *The Welland Canals: The Growth of Mr. Merritt's Ditch* (Erin, ON: Boston Mills Press, 1988); John Burtniak and Wesley B. Turner, eds., "The Welland Canals: Proceedings, First Annual Niagara Peninsula History Conference, Brock University, 21-22 April 1979," St. Catharines, ON: Brock University, 1979; John N. Jackson, *The Welland Canals and their Communities: Engineering, Industrial, and Urban Transformation* (Toronto: University of Toronto Press, 1997).

flight locks to pass ships over the Niagara escarpment. However, due to the economic impact of the First World War, progress was halting and the fourth Welland Canal was not opened until 1931.



6. Map of St. Lawrence Sections and Beauharnois Canal © Canadian Geographic Journal. Used with permission.

Coinciding with the completion of the new Welland Canal was a similar undertaking: the Beauharnois power canal and hydro works just west of Montreal.<sup>40</sup> Begun in 1929 and finished in 1932, and involving a major political scandal, this high modernist megaproject involved constructing a gigantic combined power channel and 27-foot canal with a length of about 24.5 kilometres that displaced vast tracts of

<sup>40</sup> See Louis-Raphael Pelletier's doctoral dissertation, which provides an excellent analysis of the creation of the Beauharnois project: "Revolutionizing Landscapes: Hydroelectricity and the Heavy Industrialization of Society and Environment in the Comté de Beauharnois, 1927-1948," PhD Dissertation, Carleton University, 2005.

agricultural land, virtually creating a new island opposite the Soulanges Canal.<sup>41</sup> The Beauharnois project was constructed by a private firm, the Beauharnois Light, Heat, and Power Company to supply electricity to Montreal, but was purchased by the Quebec provincial government in 1941.

There were several other noteworthy developments in the United States around the turn of the 20<sup>th</sup> century. The completion of the New York Barge Canal has already been mentioned, but its relatively shallow depth of 12 feet ensured that it would not be a serious competitor when the seaway was eventually constructed. However, the Chicago Sanitary and Ship Canal, alternatively referred to as the Chicago Drainage Canal and Chicago diversion, offered potential competition. This watercourse, built between 1892 and 1900, reversed the flow of the Chicago River in order to provide sewage disposal as well as navigation (and small-scale hydro production), although the envisioned deep-draught route from Chicago to the Gulf of Mexico using the Mississippi River never materialized. Since the Chicago Drainage Canal lowered the water levels in the Great Lakes-St. Lawrence system, it received opposition from Canada and other U.S. states bordering Lake Michigan. Ottawa protested many times in subsequent decades, but since the diversion was not subject to the Boundary Waters Treaty, and since successive U.S. administrations were reluctant to lose votes in Congress from those geographic areas that benefitted from the diversion, it would remain a nuisance in Canadian-American relations. The Panama Canal, another monumental accomplishment, opened in 1914 and underlined the technological ability to turn the St. Lawrence into a deep waterway.<sup>42</sup>

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<sup>41</sup> T.D. Regehr, *The Beauharnois Scandal: A Story of Canadian Entrepreneurship and Politics* (Toronto: University of Toronto Press, 1990).

<sup>42</sup> Alexander Missal, *Seaway to the Future: American Social Visions and the Construction of the Panama Canal* (Madison, WI: University of Wisconsin Press, 2008).

Amidst the flurry of various canal proposals and developments in the 1880s and 1890s, the first serious conceptions of a deep St. Lawrence waterway allowing access to the interior of the continent were articulated. In 1892 there were motions put forward in both the Canadian Parliament and the U.S. House of Representatives calling for improved navigation on the Great Lakes-St. Lawrence route. Then, at the 1894 International Deep Waterways Convention in Toronto, Canadian and American delegates called for the cooperative improvement of the St. Lawrence canals. In response, the Canadian and American governments formed the International Deep Waterways Commission, made up of three members from each country, which was charged with studying the feasibility of constructing waterways that would allow ocean-going vessels to pass between the Great Lakes and Atlantic Ocean. Each national group released a report in 1897. The American contingent saw the utility of the St. Lawrence, but highlighted several different routes which were partially or wholly in American territory (e.g. down the Hudson River), while the Canadian report favoured the St. Lawrence.<sup>43</sup> Thus, a tension between competing national routes characterized even the initial discussions on a deep waterway leading out from the heart of the continent. Later in 1897, a three-person American board of engineers was created to evaluate different routes from the Great Lakes to the eastern seaboard; it reported in favour of 21 feet of depth instead of 30 feet, and did not support the St. Lawrence option, partly due to security concerns, situated as it was in a foreign country.<sup>44</sup> In the subsequent decade, the Americans focused their attention on the possibility of expanding the Erie Canal.

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<sup>43</sup> Willoughby, 64.

<sup>44</sup> Willoughby, 66.

Considering the tensions then prevalent in Canadian-British-American relations, such as those emerging from the Alaska Boundary Dispute, it is not surprising that the Americans were wary of relying on the St. Lawrence as a water highway.<sup>45</sup> As William Willoughby suggests, Canadians would not have been too receptive to this idea either, as they took a possessive view of the St. Lawrence and thus were “psychologically unprepared for cooperative development and use of the waters of the St. Lawrence.”<sup>46</sup> Nevertheless, the 1890s had witnessed the first official suggestions of a cooperative effort to furnish a coordinated waterway, and as tensions between the two countries abated and the potential benefits of joint action came into sharper relief, calls for an international waterway increased on both sides of the border.

In 1903 the Laurier government had established a royal commission to investigate a comprehensive Canadian waterway system, but it was abandoned in light of the government’s subsequent commitment to the Grand Trunk Railway. Despite the increasing competition for transcontinental water transportation that railroads represented, a number of improvements to Canadian inland navigation were made in the following years, such as the creation of the Trent Canal, the improvements to the Welland and Lachine Canals, and the deepening and enhancement of Montreal’s port facilities. As has been noted, the Georgian Bay Ship Channel also received serious consideration. Interest in canal development was further piqued by the potential to harness hydro-electricity. Hydro power had been developed at Niagara as early as the 1880s, and the Aluminum Company of America (Alcoa) built a short canal to supply power at its plant near Massena, New York, and its subsidiaries soon began surveying

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<sup>45</sup> Stagg, 102.

<sup>46</sup> Willoughby, 68.

power dam possibilities at Barnhart Island. Alcoa applied for permission to build a St. Lawrence dam, but that was unsuccessful, in part due to Canadian opposition; nevertheless, the concept of combining navigation works with a power development had been broached and would feature in future St. Lawrence modification discussions.<sup>47</sup> In 1906 the Government of Ontario created the Hydro-Electric Power Commission of Ontario (HEPCO), a publicly-owned power utility, and it soon began to push for hydro development on the St. Lawrence.

An important step in the history of North American transboundary water relations was taken when the U.S. and Britain, the latter acting for Canada, agreed on the 1909 Boundary Waters Treaty, which created the International Joint Commission (IJC), a six-member body with jurisdiction to deal with Canadian-American boundary water issues, as well as any other matters affecting the borderlands region (such as air pollution).<sup>48</sup> Some of its more notable stipulations were that each country was granted equal navigation access to the waters covered by the treaty, and regulations were adopted concerning water diversions and changes to water levels. The result of an improvement in Anglo-American and Canadian-American relations, the IJC had considerably more authority and jurisdiction than its predecessors, the Deep Waterways Commission and International Waterways Commission,<sup>49</sup> although its decisions were not binding on the two national governments.

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<sup>47</sup> See Stagg, 105-107.

<sup>48</sup> On the IJC see: N.F. Dreiziger, "The International Joint Commission of the United States and Canada, 1895-1920: A Study in Canadian-American Relations (Ph.D. Dissertation, University of Toronto, 1974); William R. Willoughby, *The Joint Organizations of Canada and the United States* (Toronto: University of Toronto Press, 1979); Robert Spencer, John Kirton, Kim Richard Nossal, eds., *The International Joint Commission Seventy Years On* (Toronto: University of Toronto Centre for International Studies, 1981).

<sup>49</sup> Stephens, 156.

In the years immediately before the First World War, both countries remained ambivalent about a cooperative waterway, and wary of international commitments in general, although several pro-seaway organizations were formed (such as the Canadian Deep Waterways and Power Association) and there were further attempts in Congress and Parliament to legislate a St. Lawrence project. In early 1914 the American government approached Canada with a diplomatic note suggesting that the IJC be allowed to investigate the possibility of a jointly-developed St. Lawrence waterway. However, Prime Minister Borden was concerned about railway expenses and the political consequences of funding a project that would be perceived as primarily benefitting Ontario.<sup>50</sup> In any case, the cataclysm of the First World War soon intruded, and the Canadians never replied to the note. However, prompted by Alcoa's IJC application for a submerged weir in the St. Lawrence for power development, the Canadian cabinet did authorize two of its members to travel to Washington to propose a joint project. But the timing was not propitious, in part because the U.S. Army Engineer reports had recently advised against any improvement in the International Rapids section (IRS) until Canada had sufficiently deepened the connecting links in the St. Lawrence. The Canadian proposal did not elicit a response from the American government.<sup>51</sup>

Geographically speaking, the lines of American opposition to the St. Lawrence project were generally set by the First World War. In the United States, hostility came from Atlantic port cities, New England and, downstate New York, i.e. those connected to traffic using the port of New York. Even though it appeared that New York State would benefit from the river's development given its position astride the St. Lawrence

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<sup>50</sup> Stagg, 110.

<sup>51</sup> Willoughby, 87-89.

River, not to mention the potential benefits of increased hydro-electricity, powerful port interests were worried that a seaway would draw away business.<sup>52</sup> States around the Gulf of Mexico and the Mississippi River tended to take a stance against the St. Lawrence as well, hoping to maintain or bring shipping business in their direction. Railway interests and unions were among the strongest opponents of a deep waterway, and private power concerns were, for obvious reasons, opposed to hydro development by state or federal governments on the St. Lawrence. Before the Second World War, some American isolationists and anglophobes also joined the ranks of the seaway detractors, arguing that it would open up the interior of the continent to foreign vessels.<sup>53</sup> The umbrella organization uniting the various forms of opposition was the National St. Lawrence Project Conference, which in 1930 boasted 250 members organizations, with the Association of American Railroads the most influential.<sup>54</sup>

Political party interests and allegiances also came into play. Members of Congress who were favourably disposed towards the concept of the St. Lawrence project often felt pressured to vote against it, depending on the power of, for example, port and railway unions in their own constituencies.<sup>55</sup> Additionally, since the St. Lawrence issue stretched over many decades and burdened different administrations, Democrats were

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<sup>52</sup> There are many examples in the congressional record to draw upon. For example, see the following for a summary of the traditional opposition to legislation to improve the St. Lawrence: Government of the United States, U.S. Congress, Senate, S.J. Res. 111, 80<sup>th</sup> Congress, 2<sup>nd</sup> session, 525-530.

<sup>53</sup> Hills, 58.

<sup>54</sup> Ibid.

<sup>55</sup> For example, in a conversation with the Canadian Ambassador in March 1952, N.R. Danielian, an important American pro-seaway figure, stated: "In the House, members who might support the bill in principles were handicapped in an election year by reliance on local interests opposed to the seaway – coal unions, railways, ports, truckers, etc." NARA II, RG 84, file 322.2 – St. Lawrence Seaway (1952), Status of the St. Lawrence Project, March 26, 1952.

reluctant to vote for a St. Lawrence agreement negotiated by a Republican administration, and vice versa.

Canadian opposition too seemed to follow regional patterns. The same types of special interests, although not as relatively powerful as their American counterparts, also opposed the seaway up until the early 1950s. Historian Theo Hills actually suggests that Canadian feelings toward a St. Lawrence project were historically characterized more by a lack of enthusiasm than effective opposition.<sup>56</sup> Whatever the case, changes in the wake of the Second World War saw extant resistance virtually evaporate in most areas of the country. The prairie provinces in Canada had voiced a preference for the Hudson Bay railroad as an outlet for their produce, but by the 1940s had shifted their support to the St. Lawrence route since the Hudson Bay route failed to meet expectations. Ontario could be relied upon to provide the most solid support while, until the early 1950s, Quebec could be counted on to provide steady opposition. Quebec's opposition primarily stemmed from economic interests which were concerned about the port and transshipment business in Montreal and Quebec City, along with a reluctance to share, in a sense, the river with the Americans. However, during the post-war decade the Atlantic provinces – politically weak in the Canadian federal structure – tended to oppose improving the St. Lawrence, seeing it as a competitor for Atlantic shipping.<sup>57</sup>

Over the course of several centuries the scope of the ideas for transforming the St. Lawrence River had changed remarkably. The centrality of the St. Lawrence for Canadian development had been proven by successive attempts to improve navigation on the river, as well as early attempts to extract power from its waters. As a result

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<sup>56</sup> Hills, 83.

<sup>57</sup> Stagg, 115.

Canadians had come to view the St. Lawrence as a Canadian resource, and had by the 19<sup>th</sup> century built an extensive system of canals to further the commercial and defence potential of what would become Canadian territory. But by the beginning of the 20<sup>th</sup> century, it was apparent that these canals were not sufficient to accommodate changing industrial and economic conditions. The First World War further brought about a myriad range of changes – political, economic, technological – which would significantly influence the direction of the St. Lawrence project in the post-war years.

## CHAPTER 2

### ACCORDS AND DISCORDS, 1921-1945

Between 1895 and the First World War, the comprehensive deep waterway idea had attracted many followers, but also a number of detractors. This chapter will cover the history of the St. Lawrence negotiations from the end of the First World War to the end of the Second World War. The growth of industrial and agricultural production in North America during the war, the ensuing strain that the great conflict placed on railroad systems, the need for protected shipbuilding, and shortages of electrical power all resulted in the St. Lawrence idea gaining momentum in the post-1918 years. The following decade established a pattern of American pressure for a St. Lawrence agreement, and Canadian indecision, obfuscation, and delay. The most important events concerning the St. Lawrence in this period are the 1921 Wooten-Bowden report, the 1932 Great Lakes Waterway Treaty, and the 1941 Great Lakes-St. Lawrence Basin Agreement.

After the war, Sir Adam Beck of Ontario Hydro promoted hydro development on the St. Lawrence, arguing that power would pay for the seaway. This coincided with some stirrings of interest from Ottawa in the St. Lawrence concept. Sensing that Canada might prove receptive, the U.S. Congress again requested that the International Joint Commission (IJC) be permitted to examine the St. Lawrence case.<sup>1</sup> After careful consideration, the Canadian government consented.<sup>2</sup> In 1920, Washington and Ottawa

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<sup>1</sup> Christopher Armstrong, *The Politics of Federalism: Ontario's Relations With the Federal Government, 1867-1942* (Toronto: University of Toronto Press, 1981), 162.

<sup>2</sup> Willoughby, 92.

created a joint two-man engineering board to study the issue and the IJC began holding an extensive series of hearings.<sup>3</sup>

At the public inquiries on both sides of the border, the majority opinion supported the proposed development, chiefly for economic reasons; however, there was also a vocal opposition which made various objections, countering that ocean-going ships would be unable to use the proposed waterway, the traffic carried would not justify the cost of construction, and a shared project was not in the national interests of either country.<sup>4</sup> The Montreal Board of Trade – which, according to George Stephens, was only one of four “Canadian organizations of importance opposed to the project” along with the Montreal’s Chamber of Commerce and Harbor Commission, and the Shipping Federation of Canada – produced a report strongly criticizing the viability of developing the St. Lawrence.<sup>5</sup> The major differences between advocates and detractors was whether ocean-going ships would use a deep waterway, and whether there would be sufficient cargoes to justify the huge expense that the waterway represented.<sup>6</sup> As a result, an extensive propaganda war broke out that would not abate even when the two countries formally agreed to build the seaway several decades later.

In 1921 the IJC concluded that the St. Lawrence offered the best possible route, and recommended that the two national governments enter into a treaty to authorize the project and include the Welland Canal as part of a larger waterway system. The Wooten-Bowden report, named after the two presiding engineers, was released in 1921 and was also favourable to a general deepening of the waterway from Lake Ontario to Montreal.

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<sup>3</sup> See Stephens, 168-179.

<sup>4</sup> Willoughby, 94.

<sup>5</sup> Stephens, 185; 198. Stephens provides list of American and Canadian organizations based on where they stood in terms of support for St. Lawrence development. See Stephens, 196-98.

<sup>6</sup> Stephens, 190.

The report suggested that the St. Lawrence River be canalized to proportions equivalent to the new Welland Canal, with a depth of 25 feet, featuring nine locks, along with two hydro-electrical developments in the International Rapids section capable of producing 1,464,000 h.p., and recommended that the two countries enter into a treaty and share the estimated \$252,728,200 cost. This cost, a substantial amount particularly in light of the post-war economic downturn, would be split between the two countries. Taken together, the IJC recommendation and the Wooten-Bowden report marked a significant conceptual departure regarding the St. Lawrence by sanctioning the combination of power dams and networks of deep-draught canals and locks into a comprehensive redevelopment plan. Although specific aspects would change, these general elements would remain constant throughout the St. Lawrence negotiations in the following decades.

This represented an early high modernist approach, for instead of attempting to avoid rapids and obstacles by going around them – for example, dyked canals on the river’s edge (Williamsburg Canals) or cutting across land (i.e. Lachine Canal or Welland Canal) – the Wooten-Bowden report essentially envisioned removing the obstacles through means such as flooding them out. Nature would not be circumvented; it would be tamed, dominated, and made to fit mankind’s needs. Reconfiguring the environment implicitly also carried with it ideas about reconfiguring social and economic structures, as agricultural land would be converted to what the North American governments and their planning experts considered to be modern and productive purposes: creating the sufficient head of water to produce hydro power and allow deep-draught navigation. The resulting electricity would benefit industrial development, and the small communities

lost under the waters would be systematically reformed as towns based on efficient and ordered modernist planning and integrated into the industrial economy.

In response to the Wooten-Bowden report and the IJC recommendation, the United States, after some initial delays, sent Canada a formal note in May 1922 recommending the conclusion of a treaty pledging the two governments to undertake the execution of the project. However, according to author C.P. Stacey, William Lyon Mackenzie King, the new prime minister, “shot this project down without even the courteous pretence of careful consideration.”<sup>7</sup> With a minority government the new prime minister, who was cautious under any circumstances, was reluctant to push forward on an issue involving the Americans that had seemed to have little support in Quebec. King appears to have been personally ambivalent about the seaway throughout his long tenure as prime minister, and his concern that relations with the United States could cause domestic discord made it especially unpalatable to the Liberal leader, particularly with Quebec and Ontario’s resistance to developing the St. Lawrence during the 1920s and 1930s.

American agricultural interests, especially in the Midwest, were keen to acquire outlets for their products and pushed their government for improvement of the St. Lawrence. Like the opponents of the waterway, proponents had specific economic and transportation interests in the St. Lawrence project which they framed as national benefits. In November 1923, the U.S. government renewed its request with another diplomatic note, asking whether Canada was willing to enter into talks along the lines suggested in the May 1922 note, but to little avail. Although King’s motives were

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<sup>7</sup> C.P. Stacey. *Canada and the Age of Conflict: A History of Canadian External Policies. Volume II: 1921-1948, The Mackenzie King Era* (Toronto: University of Toronto Press, 1981), 110.

unclear, Gary Pennanen suggests that the prime minister's procrastination stemmed from a number of factors:

conflicts between Canadian and American engineers over the design and location of the dams and power houses along the river; strong opposition to the Seaway in Quebec; the enormous costs of the project; reluctance to subject the railways to more competition from water transportation; and a constitutional dispute with Ontario and Quebec over water power rights on the St. Lawrence River. King feared, moreover, that negotiation of a treaty might create an anti-American backlash in Canada similar to the one resulting in Sir Wilfrid Laurier's defeat over reciprocity with the United States.<sup>8</sup>

Washington's inquiries caught the attention of Canadian nationalists, who insisted that the Americans should not be allowed to encroach on the St. Lawrence, for it was a "Canadian" river. For example, the *Montreal Gazette* opined that a joint project would amount to a loss of Canadian sovereignty, while Senator J.P. Casgrain labeled the potential project as an American "Trojan Horse," a view echoed by Achille Bergevin in the Legislative Assembly of Quebec.<sup>9</sup> Anglican Canon F.G. Scott, who was born in Montreal but since the late 19<sup>th</sup> century had resided in Quebec City, declared that American involvement on the St. Lawrence

would be equivalent to moving the United States boundary line north to the St. Lawrence River, and Canada might find herself in a hopeless national position at any time. The St. Lawrence is a great Canadian asset; it is also an Imperial asset, and must be wholly under [Canadian] control. ... It is the very special marrow of Canada, and on its shores and the shores of its tributaries lie the cities or villages of a large part of Quebec and Ontario. ... Our great river must be ours and ours alone.<sup>10</sup>

Scott and Casgrain were not representative of the entire Canadian population; nevertheless, as highly respected and well-placed public figures, they certainly

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<sup>8</sup> Gary Pennanen, "Battle of the Titans: Mitchell Hepburn, Mackenzie King, Franklin Roosevelt, and the St. Lawrence Seaway." *Ontario History* Volume LXXXIX, Number 1 (March 1997), 2. Stacey suggests King's resistance might also have stemmed from the fact that the IJC reference had been authorized by the Borden government. Stacey, 110.

<sup>9</sup> Willoughby, 99-100.

<sup>10</sup> Toronto *Globe*, July 19, 1921, quoted in *Ibid.*, 99.

expressed the feelings of many Canadians, particularly in Quebec where resistance to a cooperative waterway development stemmed from fears that the province's ports would be bypassed.<sup>11</sup> Quebec Premier Louis-Alexandre Taschereau, for example, publicly inquired in 1923 "[o]n what principle should the moneys of our province be devoted to an enterprise entirely detrimental to Montreal, its great metropolis."<sup>12</sup> "Why favor a project which would place, at least partially, under foreign control," the premier continued, "the exclusive jurisdiction which we now exercise over our great river, and such hydraulic developments as the future may hold."<sup>13</sup> To Taschereau, the waterway carried the threat of cargo bypassing Montreal and potentially diverting American manufacturing investment, and it made sense to align with Ontario against the federal government's claims that navigation rights on rivers superseded provincial power possibilities.<sup>14</sup>

Although Canadian-American relations were difficult for much of the 1920s, due to such problems as prohibition and liquor smuggling, the countries increasingly shared isolationist world-views and sought to exploit the good economic conditions which prevailed for much of the 1925-1929 period. There followed a rapid acceleration of American investment and ownership in Canada, and Canadian nationalist-imperialists who favoured the British connection became increasingly worried about King's leadership and the dominion's ties to the United States.

In 1923 Ontario elected a new government, and Ontario Hydro accelerated its attempts to obtain federal approval for a power development, separate from navigation

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<sup>11</sup> Ibid., 100-102.

<sup>12</sup> Stephens, 209.

<sup>13</sup> Ibid.

<sup>14</sup> Bernard L. Vigod, *Quebec Before Duplessis: The Political Career of Louis-Alexandre Taschereau* (Montreal: McGill-Queen's University Press, 1986), 123-5.

works, near Morrisburg, Ontario. Since the British North American Act was unclear on the division of jurisdiction in regard to water rights, this opened up the constitutional question of whether the federal government or the provinces had jurisdiction over power development. Due in no small part to the demand for power for Ontario – which increased at a rate of about 10% annually in the 1920s and, by 1929, 69% of all Canadian industry depended upon electricity<sup>15</sup> – this debate would persist throughout the 1920s and into the 1930s, and include references to the Supreme Court.

But Canadian constitutional issues were of little concern to the American Super Power Company which applied in early 1923 to the U.S. Federal Power Commission for the right to dam the whole of the St. Lawrence River in early 1923, proposing to market two-thirds of the approximately 1 million horsepower in the United States.<sup>16</sup> This was denied, and the Canadians, whose concurrence would have been necessary under the Boundary Waters Act, opposed it anyway. The Canadian government then proposed a further engineering investigation of the St. Lawrence project. As a result, in 1924 an enlarged Joint Board of Engineers, with three members from each country, was created to work with the IJC. Meanwhile, the United States appointed a St. Lawrence Commission, with Canada instituting a similar body, the National Advisory Committee. According to biographer H. Blair Neatby, King's appointment of this committee was merely a gesture meant to buy time, particularly as the Americans were more interested in the seaway than in the power.<sup>17</sup>

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<sup>15</sup> Armstrong, 160.

<sup>16</sup> Armstrong, 165.

<sup>17</sup> H. Blair Neatby, *William Lyon Mackenzie King, 1924-1932: The Lonely Heights* (Toronto: University of Toronto Press, 1963), 257-258.

Nevertheless, both the St. Lawrence Commission and the National Advisory Committee reported in the affirmative about the desirability of a St. Lawrence scheme in subsequent years. In its 1926 report, the Joint Board of Engineers called for 25-foot canals and five locks.<sup>18</sup> However, the two sides of the Joint Board of Engineers differed in respect to the power development: the American members favoured a single-stage project, as had the IJC in its recent study, with one dam at the foot of Barnhart Island near Cornwall. The Canadian members preferred a two-stage (or dual-stage) project, which meant that there would be two power houses instead of the one in a single-stage project. The largest power house would be in the vicinity of Barnhart Island, with a smaller one on the south shore near Ogden Island. The single-stage would cost less than the dual-stage – \$235,110,000 versus \$274,742,000 – and require one less lock.<sup>19</sup> The Canadians argued that a dual-stage project could be carried out in two parts, meaning that power could be produced before the entire project was completed, would allow for better control of the river flow, and reduce the flooding of land from 28,000 acres to about 18,000 acres.<sup>20</sup>

In the midst of these developments, Ontario Premier Howard Ferguson had become convinced that a St. Lawrence development would not soon come to fruition. This was worrisome because of the power shortages predicted for Ontario and, as Christopher Armstrong has pointed out, Ontario's manufacturing strength stemmed from

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<sup>18</sup> H. Blair Neatby writes that the Americans were growing impatient and this report came at their urging, despite requests from the Canadian government to withhold publication. Neatby, 257.

<sup>19</sup> C. Frank Keyser, "The St. Lawrence Seaway Project," Public Affairs Bulletin No. 6 (Washington: U.S. Library of Congress, Legislative Reference Services, July 1947), 27.

<sup>20</sup> George Washington Stephens, *The St. Lawrence Waterway Project: The Story of the St. Lawrence River as an International Highway for Water-borne Commerce* (Montreal: L. Carrier, 1930), 119.

access to cheap power.<sup>21</sup> In addition to seeking the diversion of water from the Albany River system into Lake Superior, which could then be used for hydro-electric production at Niagara, the premier began exploring water exports from Quebec.<sup>22</sup> Between 1926 and 1931 Ontario would sign a series of contracts with different Quebec power companies to furnish Ontario with electricity.<sup>23</sup> Quebec power interests feared that power from the St. Lawrence power would remove the need for such contracts.

There were rumours that both the Canadian Pacific Railway and the British government were also exerting pressure on the King government to thwart a St. Lawrence development.<sup>24</sup> But the key factors in addition to domestic opposition included:

- 1) such an agreement with the United States would sacrifice Canadian sovereign rights over the St. Lawrence; 2) special interests in the United States wanted cheap power from the St. Lawrence; 3) the Americans must agree to restrictions on the Chicago drainage scheme; 4) Canada's political autonomy would be undermined; 5) the scheme would not be supported in the Conservative-controlled Senate even if the government were to go ahead; and, finally, 6) the St. Lawrence was Canada's most valuable asset, and she should drive a hard bargain by demanding significant U.S. tariff reductions in return for Canadian cooperation on the seaway project.<sup>25</sup>

In 1927 Canada opened its first legation in Washington, as did the United States in Ottawa. The St. Lawrence topic was the Department of State's top priority regarding Canada, and they again asked, in light of the recent reports, whether the Canadian government was prepared to enter into negotiations. The domestic opposition to joint improvement of the St. Lawrence and the constitutional questions surrounding water

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<sup>21</sup> Armstrong, 178.

<sup>22</sup> Armstrong, 165.

<sup>23</sup> Ibid. On Ontario Hydro see also Neil B. Freeman, *The Politics of Power: Ontario Hydro and Its Government, 1906-1995* (Toronto: University of Toronto Press, 1996).

<sup>24</sup> Gordon T. Stewart, *The American Response to Canada Since 1776* (East Lansing, MI: Michigan State University Press, 1992), 137.

<sup>25</sup> Stewart, 138.

rights were both tied up in renewed attempts to obtain a Georgian Bay canal, as well as concerns about the impact of hydro development on existing ports and railroads and questions about the need for the navigation aspect.<sup>26</sup> The Canadian prime minister hoped to avoid the prickly federal-provincial problems that a St. Lawrence would surely bring up, and therefore subtly attempted to stall negotiations and advocate further study.<sup>27</sup> The King government was also concerned about the cost and entertained hopes that the United States government might be willing to shoulder the expenses.<sup>28</sup> Indeed, there had been considerable advocacy of an entirely American deep waterway in the United States throughout the 1920s, although such proposals generally focused on joining with the Hudson River.

The steady stream of official reports recommending the project continued. For example, the Joint Board of Engineers reaffirmed its advocacy of the enterprise, while the U.S. Department of Commerce declared that a shipway from the Great Lakes to the sea was imperative for the future development of a vast area of the interior of the continent.<sup>29</sup> Moreover, the Canadian National Advisory Committee concurred with these affirmative findings and recommended the project.<sup>30</sup> It suggested that Canada develop the parts of the prospective waterway and power project that were exclusively in

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<sup>26</sup> Claire Parham, "The St. Lawrence Seaway: A Bi-national Political Marathon," *New York History* 85(4) (2004), 368; Rudolph Cumstock, "The St. Lawrence Seaway and Power Project: A Case Study in Presidential Leadership" (PhD dissertation, Ohio State, 1956), 112.

<sup>27</sup> For example, see: "Prime Minister to Secretary of State of United States, July 12, 1927," *Documents on Canadian External Relations* (DCER), Alex I. Inglis, ed., vol. 4, 1926-1930 (Ottawa: Minister of Public Works and Government Services Canada, 1971), 420-426.

<sup>28</sup> Stephens, 228.

<sup>29</sup> "Historical Chronology of the St. Lawrence Project, 1907-1947," Hearings Before Sub-Committee on Foreign Relations, U.S. Senate, Congressional Record, Proceedings and Debates of the 80<sup>th</sup> Congress, Second Session, Vol. 94, No. 37, February 27, 1949.

<sup>30</sup> "Minister in the United States to Secretary of State, No. 30, January 31, 1928," *DCER*, Alex I. Inglis, ed., vol. 4, 1926-1930 (Ottawa: Minister of Public Works and Government Services Canada, 1971), 420-426.

Canadian territory, while the United States develop the international section of the St. Lawrence as well as the connecting channels between Lake Erie and Lake Superior. This led to some movement from the Canadian government, which in January 1928 proposed the committee's idea to the United States, which included giving Canada credit for the cost of the new Welland Canal (\$128,000,000). The United States was willing to accept this as a basis for negotiations. But King again began to get cold feet, and his apprehension led to U.S. threats to resurrect the all-American waterway possibility.<sup>31</sup>

While there had been support for a St. Lawrence project in the successive American administrations during the 1920s, advocacy for the development was most pronounced with Hoover, who had won the 1928 U.S. presidential election, in the Oval Office from 1929 to 1933.<sup>32</sup> Friction from potential tariff increases on each country's products did not auger well for a seaway agreement, although there was talk of Canadian flexibility on the St. Lawrence issue if the United States did not increase tariffs. The Canadian prime minister was wary of exacerbating the water-rights situation with Ontario and Quebec and seemed to fear the repercussions of linking Canada too closely to the U.S. via the seaway and power project, but thought that there were greater political dangers in the tariff.<sup>33</sup> But once the tariff bartering was publicly revealed King became opposed to any such linkage due to his domestic political situation.<sup>34</sup> Quebec

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<sup>31</sup> "Secretary of State of United States to Minister in United States, March 13, 1928," *DCER*, Alex I. Inglis, ed., vol. 4, 1926-1930 (Ottawa: Minister of Public Works and Government Services Canada, 1971), 430-433.

<sup>32</sup> James Grafton Rogers was a key State Department official who played a leading role on the St. Lawrence file across different administrations. O.D. Skelton played a similar role in the in regard to Canadian foreign affairs.

<sup>33</sup> Neatby, 284.

<sup>34</sup> Hillmer and Granatstein, 107; Lawrence Martin, *The Presidents and the Prime Ministers, Washington and Ottawa Face to Face: The Myth of Bilateral Bliss, 1867-1982* (Toronto: Doubleday, 1982), 103.

was opposed, eastern and western Canada were largely indifferent, and Ontario, the province most enthusiastic about developing the St. Lawrence, was partially split between wanting to develop only power or obtain an all-Canadian route.<sup>35</sup> Moreover, once word of the potential seaway-tariffs *quid pro quo* was leaked to the press, it was publicly denounced by the Canadian prime minister. Hoover was baffled since King had first raised the possibility of trading the issues.<sup>36</sup>

The case for the seaway was not strengthened by a Brookings Institution study published in 1929. It argued against the construction of the seaway and power project, claiming that the costs of waterway transport, vis-à-vis existing modes of transportation, were not justifiable, adding that the whole project would cost around \$1 billion to build and move a maximum of only 10,500,00 tons a year (60% of which would be wheat).<sup>37</sup>

With the constitutional issue over hydro power still uncertain, Ontario Hydro officials were reluctant to push for development in the St. Lawrence. In 1928 HEPCO asked the federal government to open negotiations with the Americans with the aim of increasing diversions at Niagara, and in January 1929 the two countries signed a Niagara treaty that allowed for an additional 10,000 c.f.s. diversion.<sup>38</sup> However, this agreement was not able to make it through the U.S. Senate.

As debates about federal-provincial jurisdiction over power development continued, the Great Depression set in, and continual American pressure for a St. Lawrence treaty – which included threatening to delay the ratification of two accords concerning Canada: salmon fisheries at Puget Sound and cooperative action to divert

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<sup>35</sup> Stagg, 127.

<sup>36</sup> Neatby, 285.

<sup>37</sup> Harold G. Moulton, Charles S. Morgan, and Adah L. Lee, *The St. Lawrence Navigation and Power Project* (Washington: The Brookings Institution, 1929).

<sup>38</sup> Armstrong, 172.

water from Niagara Falls while simultaneously preserving its beauty – did not achieve any results. The Supreme Court of Canada declared that it could not settle the hypothetical jurisdictional power questions, and the Canadian federal government thus began direct negotiations with Quebec and Ontario in early 1930.

Parenthetically, a 1929 agreement to dredge deeper channels in the Thousand Islands section of the St. Lawrence stalled, as the Americans were opposed to a piecemeal approach to developing the river and were concerned that such dredging, combined with the new terminal the Canadians were planning for Prescott, would be more advantageous to Canada. However, Washington changed its mind in the following years and granted Canada permission to carry out the work on both sides of the border, although King's concerns resulted in each country dredging in its own territory.<sup>39</sup>

The White House pushed Ottawa to appoint negotiators for treaty talks, but King insisted that the domestic jurisdictional dispute about water rights would have to be settled first. A conference with the Canadian premiers finally took place in January 1930, and again in March, but these meetings failed to resolve the constitutional issues.<sup>40</sup> Nevertheless, a positive step towards St. Lawrence development had taken place in the dominion the previous month, in December 1929, when federal and Ontario engineers agreed on the form that power development in the International Rapids section would take: a powerhouse between Barnhart Island and the shore near Cornwall. A 1930

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<sup>39</sup> “United States Charge d’Affaires to Secretary of State for External Affairs, March 15, 1930,” *DCER*, Alex I. Inglis, ed., vol. 4, 1926-1930 (Ottawa: Minister of Public Works and Government Services Canada, 1971), 456-457; NARA II, RG 59, Box 4051-711.42157 SA 293/61, Department of State Memorandum, July 18, 1930; Willoughby, 128-129.

<sup>40</sup> LAC, MG 26 J4 (King fonds), letter from Premier George Ferguson to King, February 24, 1930; LAC, MG 26 J4 (King fonds), from King to Taschereau, March 8, 1930 – Letter; LAC, MG 26 J4 (King fonds), Letter from St. Laurent to Deputy Attorney General, April 26, 1930. Ironically, the author of the latter letter was Louis St. Laurent, who would be the Canadian prime minister when construction began on the joint seaway in the 1950s.

memorandum by Canadian Under-Secretary of State for External Affairs O.D. Skelton reveals that the majority of King's ministers considered a St. Lawrence undertaking realizable and desirable from a number of perspectives, although the economic feasibility depended on the proportion of the cost that the U.S. was willing to assume.<sup>41</sup> Foreshadowing seaway issues of the 1940s and 1950s, Skelton raised the possibility of an all-Canadian seaway, either alone or in addition to an American waterway.<sup>42</sup> However, a Canadian federal election was imminent, with the result that the Canadian prime minister was unwilling to embark on any risky demarches, particularly as he was sensitive to accusations of catering to the Americans.<sup>43</sup>

In the 1930 Canadian federal election campaign the seaway was a major issue. Both King and Conservative leader R.B. Bennett promised action on the St. Lawrence: the latter vouched to "blast a way" through the recent U.S. Smoot-Hawley tariffs (which perhaps could have been avoided had King agreed to collaborate on the St. Lawrence matter) while playing down his party's adoption of an all-Canadian seaway platform at its 1927 convention. King attempted to blame the obstructionist tactics of the government of Ontario. In a diary entry during the campaign, King wrote, in regard to Ontario Premier George Howard Ferguson, "I think I have been able to expose his tactics. He is just a cheap politician & a very sly one. He has never wanted to settle the St. Lawrence question & it will give me satisfaction in telling the people so."<sup>44</sup>

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<sup>41</sup> LAC, MG 26 J4 (King fonds), Memorandum: St. Lawrence Waterway, Draft of points for consideration, 1930.

<sup>42</sup> Ibid.

<sup>43</sup> NARA II, RG 59, Box 4043, Telegram 1283, Ottawa Embassy to Department of State, January 23, 1930.

<sup>44</sup> LAC, MG 26 J13 (King diaries), Entry on June 30, 1930.

Nevertheless, the ensuing Conservative victory made Bennett the prime minister. A government change in Ontario, with George Henry taking over the premier's office, also led to a period of better relations between the province and the federal government and better chances for the seaway project. Bennett was willing to ignore Quebec's opposition since he was not as dependent on that province for electoral support as King had been, putting the Canadian government in a position to sign a treaty with the United States.

Inside of a month of Bennett's taking office, the American minister to Canada, Hanford MacNider, inquired as to whether the Canadian government was now ready to appoint treaty commissioners. The prime minister replied in the negative, which disappointed Hoover, as the previous month the U.S. Congress had passed the Rivers and Harbors Bill which called for the deepening of the channels of the Great Lakes and Thousand Islands section.<sup>45</sup> Moreover, with the U.S. experiencing high unemployment, a major public works project was politically attractive. Midwest supporters of St. Lawrence development, who stood to gain from a deep waterway because of their agricultural and mining products, remained the strongest regional proponents.

In January 1931 the Canadian and American leaders met in Washington. Bennett, who apparently disliked the American president,<sup>46</sup> rejected Hoover's strong overtures to move ahead on a St. Lawrence treaty. There were still a number of factors causing the prime minister to move cautiously, including regional opposition to a St. Lawrence development, Canadian concerns about entering into a treaty with the United States for

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<sup>45</sup> NARA II, RG 59, file 711.42157SA 29/700, Box 4043, Despatch No. 17, Ottawa Legation to Secretary of State, September 5, 1930.

<sup>46</sup> Martin, 105-106.

cooperative use of the St. Lawrence, the cost of the project and the division of responsibilities for its constituent parts between Canada and the United States, Ontario and Quebec's stances on the federal-provincial water rights issue, and the Beauharnois scandal.<sup>47</sup> As William Willoughby summarizes, "in view of the many unfavorable factors, the surprising thing is not that the prime minister delayed for more than a year the opening of negotiations but that he had the temerity to agree to discussions when he did."<sup>48</sup>

Finally, in July 1931 – shortly after William D. Herridge, the prime minister's brother-in-law, became Canadian minister to Washington – the Bennett government relayed its intention to begin talks, indicating that it preferred direct negotiations rather than commissioners.<sup>49</sup> But Bennett still continued to procrastinate. Considering that Canada was in the midst of the depression, and canal and railroad usage had decreased, there were concerns about undertaking a project of the magnitude of the St. Lawrence development. Although domestic opposition to cooperation with the United States seemed to be subsiding, particularly in light of the possibility of a deep waterway entirely in American territory,<sup>50</sup> political considerations were still paramount, and issues such as tariffs and the ongoing Chicago diversion continued to bother Canada even after

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<sup>47</sup> NARA II, RG 59, file 711.42157 SA 29/726, Box 4044, Memorandum, Western European Affairs (Marriner), January 31, 1931; NARA II, RG 59, file 711.42157 SA 29/734-1/2, Box 4044, Memorandum of Conversation with Major Herridge at the White House, (January 30, 1931), January 31, 1931; NARA II, RG 59, file 711.42157 SA 29/742, Box 4044, Memorandum from Hoover to Secretary of State, March 18, 1931; NARA II, RG 59, file 711.42157 SA 29/745, Box 4044, Despatch No. 275, Ottawa Legation to Secretary of State, March 20, 1931.

<sup>48</sup> Willoughby, 137.

<sup>49</sup> NARA II, RG 59, file 711.42157 SA 29/765, Box 4044, Memorandum To the Acting Secretary, July 1, 1931.

<sup>50</sup> NARA II, RG 59, file 711.42157 SA 29/720, Box 4043, Report: Project for Developing International Section St. Lawrence Waterway, American Consul, Kingston, ON, December 19, 1930.

a 1930 U.S. Supreme Court decision capped the amount of water that could be diverted through the canal.<sup>51</sup>

Nevertheless, by the autumn of 1931 serious discussions were underway, as the economic and employment benefits of the project became hard to ignore, including the ability to take full advantage of the recently opened new Welland Canal by removing the bottleneck between it and the Atlantic Ocean.<sup>52</sup> The lurking possibility that the United States would proceed with its own national waterway, as recommended by a 1930 Army Engineers report and subsequently approved by the House Rivers and Harbors Committee, further motivated the Canadian prime minister.<sup>53</sup> Perhaps reports that Hoover, who was strongly in favour of developing the St. Lawrence, would not win the upcoming election were also instrumental in bringing Bennett to the table.<sup>54</sup>

In a 7 October 1931 note, the Canadian government signaled its willingness to enter into treaty talks, which commenced on 14 November 1931 and continued at intervals over the next eight months, culminating with a treaty in July 1932. The tenor of Canadian-American relations at this juncture was more conducive to negotiations, compared to the low point in 1930.<sup>55</sup> Moreover, over the previous decade Canada had made important strides in assuming responsibility for its own foreign policy, including signing in its own right the 1923 Halibut Treaty with the United States, and the 1926

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<sup>51</sup> For more information on the technical aspects of the Chicago diversion see: Louis P. Cain, "Unfouling the Public's Nest: Chicago's Sanitary Diversion of Lake Michigan Water," in *Technology and Culture* (vol. 15, no. 14, Oct. 1974), pp. 594-613.

<sup>52</sup> NARA II, RG 59, Box 4044, No. 13, From PM Bennett to MacNider, September 12, 1931; NARA II, RG 59, file 711.42157 SA 29/796, Box 4044, Memorandum of Conversation with the Canadian Minister, October 21, 1931.

<sup>53</sup> Willoughby, 138.

<sup>54</sup> Armstrong, 176.

<sup>55</sup> C.P. Stacey, *Canada and the Age of Conflict: A History of Canadian External Policies, Volume 2, 1921-1948: The Mackenzie King Era* (Toronto: University of Toronto Press, 1981), 145.

Balfour Report which culminated in the Statute of Westminster in 1931, which established legislative equality to Canada and a number of other self-governing dominions in the British Empire.

As C.P. Stacey notes, Canadian documentation on the 1931-1932 negotiations are sparse, apparently because Bennett preferred to keep the record in his head and between himself and Herridge.<sup>56</sup> The Canadians were not the only ones to leave a sparse record: according to a State Department memorandum from the 1940s, much of the American file on the pre-1933 St. Lawrence may have been destroyed.<sup>57</sup> In mid-November, the Canadian ambassador and Hume Wrong, the first secretary in Canada's Washington embassy, met with members of the American government and presented draft terms.<sup>58</sup> This included a two-stage development, involving power houses on each side of the border, and a lock on the Canadian side at Chrysler Island. An examination of the engineering plans shows that governmental experts were becoming increasingly confident in their ability to harness the river down to the most precise cubic feet per minute measurements.<sup>59</sup> Herridge added that there should be a statement to the effect that either side could build an all-national waterway without going through the IJC; however, the Canadian ambassador reputedly stated that in any event an all-Canadian St. Lawrence project would be needlessly costly and impracticable, and added that his proposed treaty provision "would be nothing more than a sop to the nationalists in Canada who might criticize the Conservative Government for ignoring the [1927

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<sup>56</sup> *Ibid.*, 147.

<sup>57</sup> Government of the United States, "President Franklin D. Roosevelt's Office Files, 1933-1945," William E. Leuchtenburg, ed., Part 1: "Safe" and Confidential Files, Memorandum from the Under-Secretary of State to the President, July 22, 1942.

<sup>58</sup> NARA II, RG 59, file 711.42157 SA 29/1165, Box 4045, Department of State Memorandum, November 16, 1931.

<sup>59</sup> *Ibid.*

Conservative all-Canadian] resolution.”<sup>60</sup> In any event, the Hoover administration balked at the provision, and a watered-down statement about the ability to maintain previous treaty rights of navigation was eventually substituted.<sup>61</sup>

Talks slowed as the Canadian prime minister departed for Britain until December, but then gathered momentum heading into 1932. According to an unidentified American governmental source, the eventual treaty would prove to be the result of Herridge’s personal commitment to the seaway and, due to the willingness of both governments to come to an agreement, the negotiations, which were conducted by the Canadian minister and American Secretary of State Henry L. Stimson, were fairly straightforward.<sup>62</sup> But before Canada would sign the treaty, they asked for the ratification of a salmon treaty which was stalled in the U.S. Senate, and for more favourable terms on cattle imports.<sup>63</sup> Interestingly, General A.G.L. McNaughton, who would play a major role in later seaway negotiations, served as a key advisor to Herridge and helped draw up drafts of the treaty.<sup>64</sup> The two-stage dam favoured by Ottawa remained a point of contention, as each country’s engineering boards had made different recommendations. Due to objections because of the higher cost, the Americans inquired about Canada’s inclination to revisit a single-stage dam, but the Bennett government was unwilling to consider this because of domestic political reasons, the impact of high water

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<sup>60</sup> NARA II, RG 59, file 711.42157 SA 29/1165, Box 4045, Department of State Memorandum, November 16, 1931.

<sup>61</sup> NARA II, RG 59, 711.42157 SA 29/1165, Box 4047, Memorandum: St. Lawrence Waterway Treaty, February 13, 1933.

<sup>62</sup> *Ibid.*

<sup>63</sup> Kottman, 337.

<sup>64</sup> John Swettenham, *McNaughton, Vol. 2* (Toronto: Ryerson Press, 1968), 208n; Stephen Hoogenraad, “Guiding the Ship Through the Storm: W.D. Herridge and Canadian Relations with the United States, 1931-1935,” (M.A. Thesis: Carleton University, 2000), 20-21;

levels downriver in Montreal, and the flooding in Ontario that would result from damming the river.<sup>65</sup>

Canada's disinclination to budge on this issue was aided by the April 1932 Joint Board of Engineers report, which recommended a two-stage hydro plan for the IRS and, in the end, the Americans acquiesced. To make the two-stage dam program, which involved two power houses, more palatable the State Department negotiators requested that Canada be more amenable on the Chicago diversion question and a compromise was eventually arrived at by creating a tribunal with a neutral third member to regulate the emergency diversions of water proposed by the Americans.<sup>66</sup>

Nevertheless, there were some potential complications arising from different quarters. Just as federal-provincial rights to water power had caused problems in Canada, so too were there disputes in the United States over which level of government had rights to the electricity harvested from the St. Lawrence. The Governor of New York, Franklin D. Roosevelt, who cared mostly about the hydro power and wanted it controlled by the state government, was causing problems for Hoover, who was more concerned about attaining the navigation aspect of the project and preferred the federal control of hydro power.<sup>67</sup> Premier Taschereau of Quebec was a similar nuisance for Bennett. In addition to the provincial water rights question, Taschereau insisted that Quebec needed to approve any St. Lawrence treaty, though the federal government

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<sup>65</sup> NARA II, RG 59, 711.42157 SA 29/10165, Box 4045, Memorandum: St. Lawrence Matters, December 2, 1931.

<sup>66</sup> Richard Kottmann, "Herbert Hoover and the St. Lawrence Treaty of 1932," *New York History* 56 (July 1975): 335.

<sup>67</sup> With a treaty agreement pending, Roosevelt sent Hoover a telegram offering to return from his boat trip to work out the power details. Hoover, however, declined. See "President Franklin D. Roosevelt's Office Files, 1933-1945," William E. Leuchtenburg, ed., Part 1: "Safe" and Confidential Files, Hoover to Roosevelt, July 10, 1932.

ultimately decided to ignore him.<sup>68</sup> Roosevelt had problems with the rights of power development and cost allocation. As a result, the New York legislature, acting upon the recommendation of the St. Lawrence Power Development Commission, created the Power Authority of the State of New York (PASNY) to deal with hydro-electric development on behalf of the public interest, including the marketing of hydro-electricity at the lowest possible price. There were also other important matters of contention, many stemming from the fact that Albany and Washington had divergent ideas about the relative importance of navigation and power development. The state-federal dispute continued throughout these Canadian-American negotiations and would remain an issue into the 1950s.

Discussions between Ontario and Ottawa had also been ongoing during the treaty talks. The key issue was the cost-sharing arrangement for the joint works (benefitting both navigation and power) works in the proposed treaty. A division of costs agreement was reached between the Canadian federal government and the province of Ontario in July 1932, right before the signing of the treaty, whereby Ontario would receive the rights to the Canadian share of the St. Lawrence waters. Queen's Park would pay for power development and 70% of the cost of joint power-navigation facilities while Ottawa paid for the navigation elements.

The Great Lakes Waterway Treaty, signed on 18 July 1932, generally satisfied both countries. It provided for a 27-foot waterway from the head of the Great Lakes to Montreal. The United States was responsible for any improvements above Lake Erie, while Canada agreed to furnish the appropriate navigation works in the Quebec parts of

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<sup>68</sup> NARA II, RG 59, file 711.42157 SA 29/1165, Box 4047, Memorandum (From Hickerson), March 14, 1932; Carleton Mabee, *The Seaway Story* (New York: Macmillan, 1961), 97.

the St. Lawrence. Both countries would cooperatively build in the International Rapids section, with each providing a lock and canal on its side, the Canadians at Chrysler Island and the Americans at Barnhart Island, and perform other channel improvements. The agreed upon two-stage development provided for dams at Chrysler Island and Barnhart Island, with powerhouses on both sides of the international border at both locations. The hydro-electricity produced would be an estimated 2,200,000 horsepower. Each country would get half of this power, although due to the jurisdictional federal-state and federal-provincial issues in each country the treaty deliberately left open-ended the precise manner in which the power would be distributed.

It was estimated that the entire project would cost \$543,429,000, split \$270,976,000 to the Canadians and \$272,453,000 to the Americans. However, Canada would receive credit for the Welland Canal and work in the Thousands Islands, although not for work previously undertaken in Quebec, and would thus be responsible for only \$142,204,000, while the U.S. would pay the difference. The U.S. would assume the cost of most of the construction on the Canadian side of the IRS, except for the lock and canal, even though Canadians would do the work. The treaty also established a joint commission composed of five members from each country to supervise the whole endeavour, and issues dealing with other water diversions also featured in the treaty. The Chicago diversion was effectively limited by a 1930 U.S. Supreme Court decision to 3,200 c.f.s. on an annual basis – this was supposed to be done by 1938, although Canada later granted an extension.<sup>69</sup> Canada and the United States affirmed that they would

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<sup>69</sup> This was done after the U.S. appealed for an extension due to worries that low water levels would threaten public health conditions in Chicago, as financial difficulties due to the Depression had caused work to cease on sewage disposal work. NARA II, RG 59, 711.42157 SA 29/1048, Box 4045.

build compensation works at Niagara Falls and Lake St. Clair to offset the Chicago diversion and waters taken for hydro-electricity production at Niagara.

The treaty signing was accompanied by fanfare throughout the Great Lakes region, and initial assessments of public opinion indicated that the St. Lawrence treaty was warmly received in all areas of Canada.<sup>70</sup> Hoover was ecstatic, calling it “the greatest internal improvement yet undertaken on the North American continent.”<sup>71</sup> Nevertheless, the treaty still needed to be approved in both countries and Bennett had decided not to present the treaty to the Canadian Parliament for approval until it had first been ratified in the United States.

If the treaty had been submitted to Congress immediately, it might well have been rapidly ratified, given the sentiment and momentum in its favour.<sup>72</sup> However, Congress had already adjourned for the summer and there was not time in the remaining portion of Hoover’s term for Congress as a whole to sanction the compact since a presidential election was in the offing. Moreover, the Democratic nominee was none other than Roosevelt, who had been a thorn in Hoover’s side over New York’s rights to the hydro-electric power of the St. Lawrence. After Congress resumed in autumn 1933, the Senate’s Committee on Foreign Relations favourably reported the treaty, and PASNY and the Army Engineers arrived at an arrangement for the joint development of power and navigation on the St. Lawrence. Unfortunately, for the sake of the St.

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<sup>70</sup> For example, see NARA II, RG 59, file 711.42157 SA 29/870, Box 4045, American Consulate General, Winnipeg, MB: Attitude of Prairie Provinces on St. Lawrence Waterway Project, April 1, 1932; NARA II, RG 59, 711.42157 SA 29/916, Box 4045, Document File Note: St. Lawrence Waterway, July 15, 1932.

<sup>71</sup> Martin, 107.

<sup>72</sup> Willoughby, 148.

Lawrence treaty and Bennett and Hoover's legacies on this topic, Roosevelt emerged as president.

Roosevelt was a relatively new convert to the seaway concept, as he had always prioritized the hydro power aspect. Pinning down Roosevelt's approach to enabling the treaty is problematic, in part because of his general decision-making manner.<sup>73</sup> The new president favoured a St. Lawrence agreement with Canada and eventually put the 1932 treaty to Congress. Although Roosevelt did not formally introduce the treaty into Congress until January 1934, over the course of 1933 it was debated and the Senate requested several studies on the St. Lawrence project. But since the treaty had been Hoover's accomplishment, Roosevelt did not strongly advocate for it or attempt to invoke his authority to aid the legislation.<sup>74</sup> Many Democrats were unwilling to support the treaty's passage since it had been negotiated by Hoover, a Republican,<sup>75</sup> while many Republicans opposed it since it appeared that the Democrats were trying to take credit for the treaty.<sup>76</sup>

After the treaty had been introduced into the Senate, some changes were made to it, with the assistance of Herridge, in an attempt to make it more attractive to members

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<sup>73</sup> There is an enormous historiography, and equally enormous range of views, on Roosevelt's foreign policy. Some of the leading works examining the 1930s include: Robert Dallek, *Franklin D. Roosevelt and American Foreign Policy, 1932-1945* (New York: Oxford University Press, 1979); Frederick Marks, *Wind Over Sand: The Diplomacy of Franklin Roosevelt* (Athens, GA: University of Georgia Press, 1988); Barbara Farnham, *Roosevelt and the Munich Crisis: A Study of Political Decision-Making* (Princeton: Princeton University Press, 2000). However, there are relatively few works dealing specifically with Canadian-American relations during the Roosevelt era, notwithstanding the survey works on Canadian-American relations and other connected sources referenced in this chapter. For a monograph dedicated to Canadian-American security relations during the Roosevelt era, see Galen R. Perras, *Franklin Roosevelt and the Origins of the Canadian-American Security Alliance, 1933-1945: Necessary, But Not Necessary Enough* (Westport, CN: Praeger, 1998).

<sup>74</sup> Willoughby, 156-157.

<sup>75</sup> "President Franklin D. Roosevelt's Office Files, 1933-1945," William E. Leuchtenburg, ed., Part 4: Subject Files, Memorandum (no author), February 22, 1934.

<sup>76</sup> Kottman, 345.

of Congress. The legislation received consideration for several months, and the president even suggested that Canada might go it alone if Congress did not act.<sup>77</sup> When it came time to vote in March 1934, the majority of the Senate approved the resolution by a division of 46-42; however, a two-thirds majority was required, and the Great Lakes Waterway Treaty went down to defeat.<sup>78</sup> According to John D. Hickerson, an official in the State Department, those who voted against the treaty tended to have general objections to the whole project, or specifically to the Chicago diversion.<sup>79</sup> Essentially, the treaty had become ensnared in politics and in the competition between regions and between various interests that had long plagued the project.<sup>80</sup>

A range of vested interests and groups had arrayed against the St. Lawrence legislation since the idea of a cooperative deep waterway was first broached.<sup>81</sup> There was opposition from port interests on the East Coast and the Gulf of Mexico, as well as from coal, steel, railway and connected interests, and from most of downstate New York, particularly New York City and those concerned with the New York canal route. Representatives from these groups complained that a seaway would provide unfair competition. At the same time, the main St. Lawrence lobbying group, the Great Lakes-Tidewater Association, was experiencing trouble. Although some in the U.S. federal government viewed the St. Lawrence project as an ideal project to create employment and stimulate the economy in the midst of the Depression, the poor economic conditions

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<sup>77</sup> NARA II, RG 59, 711.42157 SA 29/1296, Box 4048, Memorandum: All-Canadian Route, January 26, 1934.

<sup>78</sup> NARA II, RG 59, 711.42157 SA 29/1275-1/2, Box 4047, Memorandum (by Hickerson), March 23, 1934.

<sup>79</sup> NARA II, RG 59, 711.42157 SA 29/1288-1/2, Box 4047, Memorandum (by Hickerson), June 23, 1934.

<sup>80</sup> Hillmer and Granatstein, 100.

<sup>81</sup> For more detail on the events of the treaty in the U.S. Congress, see: Willoughby, chapter IX; Stagg, chapter 3.

tended to hurt pro-seaway forces while strengthening the resolve and membership of the anti-seaway groups. The same was generally true in Canada.

For proponents on both sides of the border, it was a crushing outcome. At the same time, support in Canada for the seaway and power project had apparently dwindled since the treaty was initially signed. In fact, the Canadian government quietly informed Washington that it was not displeased that the treaty had failed to pass.<sup>82</sup> Subsequent inquiries from Washington about the Bennett government's willingness to introduce the treaty into Parliament or approve of changes to the American St. Lawrence bill met with either promises of consideration or refusal, and ultimately no action was taken by Canada.<sup>83</sup> This was connected to the election of Mitchell Hepburn as premier of Ontario in 1934, who had quickly repudiated his predecessor's unratified cost-allocation arrangement with the federal government, which would see the province pay \$67,202,500 to the federal government for its share of the seaway costs.<sup>84</sup> Hepburn did this despite the public support in Ontario for the seaway treaty, which outpaced the rest of the country, and two provisions in the treaty that benefitted Ontario: approval for the Ogoki-Long Lac diversions into Lake Superior, and limitations on the Chicago diversion. The lack of an agreement with Ontario on costs left the federal government in an undesirable situation, for the province would be able to virtually dictate terms if construction on the hydro works started before an agreement had been reached.

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<sup>82</sup> "Memorandum by the Under Secretary of State (Phillips), 711.42157SA29/1291½, July 11, 1934," *Foreign Relations of the United States (FRUS)*, 1934, vol. 1, Canada, 973-974.

<sup>83</sup> Franklin D. Roosevelt (FDR) Archives, President's Secretary File, Diplomatic Correspondence, Canada 1933-35, Box 25, Letter from Cordell Hull to President Roosevelt, December 14, 1934; "President Franklin D. Roosevelt's Office Files, 1933-1945," William E. Leuchtenburg, ed., Part 1: "Safe" and Confidential Files, William Phillips to Roosevelt, October 31, 1934.

<sup>84</sup> "Secretary of State to President Roosevelt, 711.42157SA29/1326a, December 14, 1934," *FRUS*, 1934, Canada, vol. 1, 979-981; For a larger study of Hepburn, see: John T. Saywell, *Just Call Me Mitch: The Life of Mitchell F. Hepburn* (Toronto: University of Toronto Press, 1991).

The erratic and tempestuous Hepburn had been a backbencher in the King government during the 1920s, and had previously supported the seaway. However, he became a dedicated opponent, possibly due to political considerations, the belief that the seaway would never justify the enormous expenditures it would take to build the waterway,<sup>85</sup> a desire to publicize his province's surplus of power, to protect private railroad or power interests, or some combination of the above.<sup>86</sup> Hepburn sought to generate power through additional diversions at Niagara Falls, which would be aided by extra water from the Ogoki-Long Lac diversion into Lake Superior. However, both diversions required the consent of the United States, as they were boundary waters.

In 1934 Canada inquired, at Hepburn's request, as to whether the U.S. Senate might reconsider the 1929 Niagara Convention, but U.S. authorities indicated that too much domestic opposition remained. Furthermore, Roosevelt had suggested that further diversions at Niagara could damage the grandeur of the falls.<sup>87</sup> Additional American inquiries, extending into 1935, about Canada's willingness to entertain even minor changes to the 1932 St. Lawrence treaty – such as the sovereignty of Lake Michigan, diversion of water from Georgian Bay, expenditure of American funds in the International Rapids section, deepening the draught to 30 feet instead of 27, and single-stage instead of two-stage power development – in order to possibly make it more attractive to Congress met with resistance from Under-Secretary of State Skelton and Prime Minister Bennett.<sup>88</sup> Some changes to the treaty proposed in Congress, such as

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<sup>85</sup> H.V. Nelles, *The Politics of Development: Forests, Mines, and Hydro-Electric Power in Ontario*, 2<sup>nd</sup> ed. (Montreal: McGill-Queen's University Press, 2005), 484.

<sup>86</sup> Pennanen, 5; 16.

<sup>87</sup> Armstrong, 180; 190.

<sup>88</sup> "President Franklin D. Roosevelt's Office Files, 1933-1945," William E. Leuchtenburg, ed., Part 1: "Safe" and Confidential Files, Cordell Hull to Roosevelt, December 14, 1934; "President Franklin D.

giving the United States an additional share of the water, and thus hydro power, from the St. Lawrence were clearly unacceptable from a Canadian perspective.<sup>89</sup> In a conversation with the U.S. Ambassador, Bennett said that the treaty was “dead” in Canada and U.S. ratification offered the only hopes of reviving it.<sup>90</sup>

When King was re-elected as prime minister in 1935, Hepburn became an even greater nuisance. The premier renewed Ontario’s calls for diversions from the Hudson’s Bay watershed into the Great Lakes-St. Lawrence basin. Diverting the flow of the Ogoki River into Lake Superior, for example, could lead to the generation of a further 100,000 horsepower at Niagara.<sup>91</sup> In Quebec, Maurice Duplessis and his Union Nationale were elected in 1936, and Duplessis soon joined Hepburn in resisting the federal government and the St. Lawrence project.<sup>92</sup>

Despite the St. Lawrence treaty defeat, Roosevelt was committed to achieving a St. Lawrence project – he reputedly remarked after the Senate had killed the Great Lakes Waterway Treaty that a seaway would someday be built “as sure as God made little green apples”<sup>93</sup> – and began searching for his own accord with Canada, while

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Roosevelt’s Office Files, 1933-1945,” William E. Leuchtenburg, ed., Part 1: “Safe” and Confidential Files, Cordell Hull to Roosevelt, December 31, 1934; “President Franklin D. Roosevelt’s Office Files, 1933-1945,” William E. Leuchtenburg, ed., Part 4: Subject Files, State Department Memorandum: On Power Situation in Relation to the St. Lawrence Treaty, July 26, 1935.

<sup>89</sup> “President Franklin D. Roosevelt’s Office Files, 1933-1945,” William E. Leuchtenburg, ed., Part 4: Subject Files, State Department Memorandum: Comments Regarding Senator Dieterich’s proposed reservation to the St. Lawrence treaty, respecting the division of water for power purposes as between the United States and Canada, March 9, 1934.

<sup>90</sup> “President Franklin D. Roosevelt’s Office Files, 1933-1945,” William E. Leuchtenburg, ed., Part 4: Subject Files, Under-Secretary of State to President, January 4, 1935.

<sup>91</sup> Armstrong, 182.

<sup>92</sup> Willoughby, 179-180.

<sup>93</sup> NARA II, RG 59, 711.42157 SA 29/1273, Box 4047, Extract from the President’s Press Conference, March 14, 1934.

simultaneously warning Americans that Canada could easily build its own waterway.<sup>94</sup> While contemplating a second try at submitting the 1932 treaty to Congress, the president had asked Bennett for revisions in order to make the treaty more palatable to the Senate,<sup>95</sup> and approached Canada with a draft Niagara treaty on beautification. But Bennett had been unwilling to entertain either, due to Hepburn's opposition and concerns that he would appear to be submitting to American pressure.<sup>96</sup> After King's re-election in 1935, the new prime minister met with Roosevelt. Roosevelt was likely the most knowledgeable about Canada of any previous president, and he built a strong working relationship with King.<sup>97</sup>

The two national leaders talked about revising the Bennett-Hoover treaty,<sup>98</sup> but started to explore the possibility of a new comprehensive agreement, encompassing issues such as the diversions at Niagara and Ogoki-Long Lac, and the export of power.<sup>99</sup> Hepburn wanted these matters dealt with separately from a treaty. The suggestion for a wide-ranging agreement came from Roosevelt, apparently at the suggestion of Frank Walsh, chairman of the Power Authority of the State of New York.<sup>100</sup> However, King displayed his trademark caution, as political concerns left him unwilling to consider a new agreement at that time.

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<sup>94</sup> NARA II, RG 59, 711.42157 SA 29/1273, Box 4047, Extract from the President's Press Conference, March 14, 1934.

<sup>95</sup> "Memorandum by the Under Secretary of State (Phillips), 711.42157SA29/1291, ½, July 11, 1934," *FRUS*, 1934, Canada, vol. 1, 973-974.

<sup>96</sup> NARA II, RG 59, file 711.42157 SA 29/1327 ½, Private and Personal Memorandum for Mr. Phillips, January 4, 1935.

<sup>97</sup> For example, see: Thompson and Randall, chapters 4 and 5.

<sup>98</sup> NARA II, RG 59, 711.42157 SA 29/1375 – ½, Box 4048, Memorandum to the Secretary of State, December 23, 1935.

<sup>99</sup> "Secretary of State to the Minister in Canada (Armour), No. 262, 711.4216Ni/337, February 25, 1936," *FRUS*, 1936, Canada, vol. 1, 837-838.

<sup>100</sup> Pennanen, 6.

In late 1936, the Roosevelt administration approached Canada again in connection with a new treaty.<sup>101</sup> Prime Minister King seemed reluctant, citing the opposition of Hepburn and the difficulty in justifying large expenditures on water development when the railroads were operating at a loss.<sup>102</sup> Nevertheless, King showed enough interest that in February 1937 the Department of State transmitted a draft treaty to the Department of External Affairs.<sup>103</sup> It provided the concessions that Hepburn was seeking on diversions, as well as the ability to delay construction of St. Lawrence power facilities until Ontario was ready to absorb the power, even though Ontario was then purchasing power from Quebec.<sup>104</sup> In reality, Ontario was on the verge of a power shortage, and for a brief time it appeared that Hepburn was willing to approve a St. Lawrence treaty in exchange for U.S. consent to the Ogoki diversion. However, problems with the Quebec power contracts led the Ontario premier to instead call an election and abandon interest in a St. Lawrence treaty.<sup>105</sup> During the campaign, Hepburn focused on the possibility of power from Niagara, including the recent Ontario Hydro proposal for a diversion from Long Lac.

Relations between King and Hepburn became even more strained over the course of 1937-1938. Disputes over water rights were tied into wider constitutional questions and federal-provincial issues, exemplified by the creation of the Royal Commission on Dominion-Provincial Relations (Rowell-Sirois Commission) in 1937. The Canadian

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<sup>101</sup> NARA II, file 711.42157 SA 29/1428-1/3, RG 59, Box 4048, December 4, 1936 – Discussion regarding St. Lawrence Waterway Treaty and Niagara Falls Convention; “Frank P. Walsh, Chairman, PASNY, to Roosevelt, December 12, 1936,” *Franklin D. Roosevelt and Foreign Affairs, vol. III* (Cambridge: Belknap Press of Harvard University Press, 1969).

<sup>102</sup> “President Franklin D. Roosevelt’s Office Files, 1933-1945,” William E. Leuchtenburg, ed., Part 4: Subject Files, State Department Memorandum (John Hickerson), December 14, 1936.

<sup>103</sup> LAC, MG 26 J4, St. Lawrence and Niagara Development, January 6, 1937.

<sup>104</sup> Pennanen, 10.

<sup>105</sup> Armstrong, 187; Freeman, 81.

prime minister assured Roosevelt that negotiations on a St. Lawrence accord could not proceed as long as the Ontario government was intractably opposed.<sup>106</sup> Nevertheless, Canadian officials continued to study the draft American treaty as a basis for future negotiations.<sup>107</sup> The acrimony between the federal government and Hepburn – HEPCO and the majority of Queen’s Park appeared to be in favour of restarting St. Lawrence negotiations – was only exacerbated by Ottawa’s unwillingness to allow Ontario to export hydro power or undertake other water diversion schemes.<sup>108</sup> This was predicated on the fact that the refusal of the United States, which would have to approve the diversions, was assured, but King also took pleasure in rejecting Hepburn’s overtures.<sup>109</sup> This led to charges by the Ontario premier that King was conspiring with Roosevelt to force Hepburn to accept the seaway, and although the extent to which there was actual collusion between the two national leaders is debatable, Roosevelt was using the push for a comprehensive program as a means of making Hepburn more agreeable to a St. Lawrence treaty.<sup>110</sup> The Ontario premier therefore “launched a diplomatic offensive of his own early in 1938 to persuade Roosevelt to adopt a piecemeal approach to waterways problems.”<sup>111</sup> Hepburn created further problems when he began touting the

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<sup>106</sup> LAC, MG 26 J4, Memorandum Re: St. Lawrence Waterway Treaty, November 1, 1937; NARA II, RG 59, 711.42157 SA 29/1482, Box 4049, Despatch No. 1697, St. Lawrence Waterway Project, November 2, 1937.

<sup>107</sup> “Memorandum (By J.T. Johnston, Controller, Dominion Water and Power Bureau, Dept of Mines and Resources, to PM), December 23, 1937,” *DCER*, vol. 6, 1936-1939, ed. John A. Munroe, (Ottawa: Department of External Affairs, 1977), 462-469.

<sup>108</sup> Nelles, *The Politics of Development*, 486. See this work for more detail on the St. Lawrence issue and Hepburn, Ontario Hydro, and King.

<sup>109</sup> LAC, MG 26 J2, Application for License to Export to the United States, From Hepburn to Euler (Min. of Trade and Commerce) January 21, 1938; NARA II, RG 59, 711.42157 SA 29/1618, Box 4050, Memorandum to the President Re: Proposed Next Step to Secure St. Lawrence Treaty, April 11, 1938.

<sup>110</sup> “President Franklin D. Roosevelt’s Office Files, 1933-1945,” William E. Leuchtenburg, ed., Part 4: Subject Files, Memorandum to the President: St. Lawrence Treaty – Ontario-Quebec Plans for Export of Power to the United States, December 16, 1937.

<sup>111</sup> Pennanen, 9.

idea of exporting power to the U.S. from Cornwall, but the American government nixed this plan, as well as a Canadian note requesting to divert water from Long Lac.<sup>112</sup>

The president's resolve to deal with all water matters relating to the Great Lakes and St. Lawrence in a comprehensive package remained steady.<sup>113</sup> In early 1937, the Americans had shown the Canadians a draft St. Lawrence treaty including the St. Lawrence and Niagara elements.<sup>114</sup> While King seemed to think that the U.S. draft constituted a satisfactory starting point, given the federal-provincial tensions in Canada and the prime minister's wariness of creating domestic difficulties, there was still deadlock. In a conversation with Assistant Secretary of State Adolf Berle, who had specifically asked for responsibility for the St. Lawrence file, Roosevelt envisioned the U.S. and Canada creating a joint international authority to handle construction of the project and management of the power.<sup>115</sup> If Canada remained unwilling to build the necessary dam then, the president suggested, the United States could build it alone and extend Canada a 30-day option to take a percentage of the power.<sup>116</sup> While indicative of Roosevelt's interest in the hydro project, without Canadian concurrence such a scheme would have been in contravention of the Boundary Waters Act.

The United States transmitted another draft treaty in May 1938, outlining a program by which the U.S. would build *all* works in the IRS except the Canadian

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<sup>112</sup> Armstrong, 187-88. Nevertheless, Ontario went ahead with construction of the Long Lac channel so that it could at least be used to float pulpwood into Lake Superior. Armstrong, 191.

<sup>113</sup> On January 27, 1938, Canada had sent the U.S. a note asking whether the U.S. was willing to enter into a treaty on the Kenogami diversions, to which the U.S. replied that it wanted a comprehensive package.

<sup>114</sup> "President Franklin D. Roosevelt's Office Files, 1933-1945," William E. Leuchtenburg, ed., Part 4: Subject Files, Cordell Hull to President, March 4, 1937.

<sup>115</sup> Beatrice Bishop Berle and Travis Jacobs, eds. *Navigating the Rapids, 1918-1971. From the Papers of Adolf A. Berle* (New York: Houghton Mifflin Harcourt, 1973), 167-8.

<sup>116</sup> *Ibid.*

powerhouse.<sup>117</sup> This engendered a good deal of debate in the Canadian government, although Ottawa failed to formally reply.<sup>118</sup> It seemed Hepburn might be amenable to the plan, but he was apparently put off by Roosevelt's remarks promoting the seaway while dedicating the new bridge at Ivy Lea in the Thousand Islands in August 1938.<sup>119</sup> Although the media generally focused on the president's remarks that "the United States will not stand idly by if domination of Canadian soil is threatened" the *New York Times* report paid almost as much attention to the St. Lawrence aspect and Roosevelt's fears that the hydro power might become "the private monopoly of United States utility interests if the waterway treaty between the two government was delayed over long."<sup>120</sup>

Later in August King proposed a conference to work out their differences, but Hepburn turned him down.<sup>121</sup> Although the Ontario premier flashed occasional signs of willingness to cooperate in the following months, his obdurate opposition and attacking letters,<sup>122</sup> along with Premier Duplessis's hostility, meant that matters remained at an impasse over the last half of 1938 and into the first half of 1939. Then world affairs intervened, as Canada followed Great Britain into the Second World War. The war broke open the Canadian domestic St. Lawrence stalemate. In October 1939, Duplessis was defeated in the Quebec provincial election by Adélard Godbout, who showed himself to be more cooperative with Ottawa. Meanwhile, in order to make common

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<sup>117</sup> NARA II, RG 59, file 711.42157 SA 29/1511A, Box 4049, Letter from Hull to Marler, May 28, 1938.

<sup>118</sup> LAC, MG 26 J4, Proposed Great Lakes-St. Lawrence Treaty: Comparison of United States Draft of May 28, 1938 with United States Draft of February, 1937, June 8, 1938.

<sup>119</sup> Armstrong, 190.

<sup>120</sup> Felix Belair, Jr., "Aims at Dictators," *New York Times*, August 19, 1938, 1 & 3.

<sup>121</sup> "King letter to Hepburn, August 30, 1938," and "Hepburn to King, September 21, 1938," *Correspondence and Documents relating to the Great Lakes-St. Lawrence Basin Development, 1938-1941* (Ottawa: Edmond Cloutier, 1941).

<sup>122</sup> For a collection of letters between Hepburn and King see: *Correspondence and Documents relating to the Great Lakes-St. Lawrence Basin Development, 1938-1941* (Ottawa: Edmond Cloutier, 1941).

cause in the war effort, and convinced by Ontario Hydro that the St. Lawrence project would be necessary to meet Ontario's power needs in the event of a protracted conflict, Hepburn performed a volte-face and suddenly became amenable to opening St. Lawrence negotiations, provided Ontario could export power and go ahead with the water diversions into Lake Superior.<sup>123</sup> By the middle of October Under-Secretary Berle and Leland Olds (member of the Federal Power Commission) had inquired with the Canadian minister, Loring Christie, about the possibility of moving ahead on St. Lawrence negotiations, including Niagara.<sup>124</sup>

The Ontario premier desired that the St. Lawrence joint works be split 50-50, rather than the 70-30 formula contained in the 1932 Canada-Ontario accord. A new federal-provincial agreement was soon completed along those lines, and Canadian and American representatives met a number of times in January 1940 in both Washington and Ottawa.<sup>125</sup> Progress was made, with the Canadians agreeing to a single-stage dam.<sup>126</sup> Several issues remained outstanding – the time to complete the waterway, the cost, and the Chicago diversion.<sup>127</sup> Regarding the latter, the water run taken away by the diversion could be used to benefit navigation and power in the St. Lawrence, where hydro could be much more efficiently developed.<sup>128</sup> The principal reason for continuing the Chicago

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<sup>123</sup> LAC, MG 26 J4, Memorandum for File Re: Meeting of Cabinet with representatives of the Ontario Legislature, October 3, 1939.

<sup>124</sup> Berle and Jacobs, 266.

<sup>125</sup> LAC, RG 25, 1268-D-40C, St. Lawrence River-Niagara River Treaty Proposals (General Correspondence) (Jan. 4, 1938-Dec. 21, 1940), vol. 2636, Great Lakes-St. Lawrence Project. Discussions at Washington, January 22-25, February 3, 1940.

<sup>126</sup> Ibid.

<sup>127</sup> Berle and Jacobs, 281-2.

<sup>128</sup> Ibid.

diversion, from the Roosevelt administration's perspective, was to protect five votes in the Senate from senators representing the Mississippi valley.<sup>129</sup>

Canadians went to the polls in March to vote in a federal election, a vote that King had called in large part because of Hepburn's charge that the federal government was not prosecuting the war effort with sufficient vigour. After receiving a renewed mandate, though there was still opposition from port interests in the Atlantic provinces and Quebec, as well as power companies in the latter province, the King government was willing to step up the treaty discussions for the prime minister "regarded the whole matter as one of high policy of the greatest importance" since the St. Lawrence talks had "high international implications ... of vital importance, involving American and Canadian friendship."<sup>130</sup>

Hepburn was willing to proceed with a treaty, but Roosevelt was now the more reluctant partner, as he too had to face the electorate in 1940.<sup>131</sup> The president was also unsure as to whether he had the requisite votes to put a waterway treaty through Congress, and was therefore reluctant to force the issue.<sup>132</sup> Berle suggested stressing the hydro aspect as a defence measure, but Roosevelt replied that it was not the time and would delay the adjournment of Congress by a month.<sup>133</sup> To help compensate for his delay, the Roosevelt administration permitted Ontario to divert extra water for hydro production at Niagara Falls and ordered preliminary engineering investigations of the

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<sup>129</sup> Ibid.

<sup>130</sup> LAC, RG 2, Cabinet War Committee Minute, April 4, 1940.

<sup>131</sup> Freeman, 85.

<sup>132</sup> Berle and Jacobs, 309.

<sup>133</sup> Ibid., 315.

prospective St. Lawrence works.<sup>134</sup> After initial reluctance, motivated in part by Quebec private power interests emitting propaganda against the St. Lawrence project, Canada asked to participate in this work.<sup>135</sup>

The Canadian and U.S. governments were eager to collaborate in other regards, particularly in light of what was going on overseas. In the spring of 1940, the “phony war” in Europe ended as Nazi Germany invaded France and the Low Countries, and then turned its attention to Great Britain, whose defeat was widely expected. As a result, at a meeting at Ogdensburg in August 1940 King and Roosevelt established the Permanent Joint Board on Defence (PJBD) in order to integrate and improve bilateral continental defence.

With New York’s need for power growing more acute, PASNY leaned on the president. However, since it still appeared that there was opposition to a seaway treaty in the U.S. Senate, Roosevelt considered an executive agreement, which would only need the approval of the majority of the Senate, rather than the two-thirds required by a treaty.<sup>136</sup> There was also persistent debate over whether New York or the federal government would control the hydro power.

In October 1940, Canada created a Canadian Temporary Great Lakes-St. Lawrence Basin Committee to work with the American St. Lawrence Advisory Committee, enacted the previous week, and the two countries looked at developing only

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<sup>134</sup> LAC, RG 25, 1268-A-40, pt. 1, St. Lawrence-Niagara River Treaty Proposals (Interprovincial Correspondence) (March 21, 1938-March 21, 1942), vol. 4168, Letter from Skelton to Hogg, October 11, 1940; LAC, RG 2, Memorandum Re: Meeting of Cabinet War Committee, – October 14, 1940.

<sup>135</sup> Berle and Jacobs, 353.

<sup>136</sup> “Minister in United States to Sec of State of EA, Despatch 2159, October 16, 1940,” *DCER*, vol. 7, 1939-1941 part 1, ed. David Murray (Ottawa: Department of External Affairs, 1974), 395-397.

the power works.<sup>137</sup> Nevertheless, they soon decided not to separate the hydro and navigation features of the larger project. The two committees reported in early 1941, recommending a single-stage project, whereby there would be a control dam and a power dam rather than the two power dams envisioned in previous dual-stage proposals.<sup>138</sup> *The St. Lawrence Survey*, an extensive 7-volume study completed between 1940 and 1941 by the U.S. Department of Commerce, helped convince the Roosevelt administration of the desirability of the project. This report clearly advocated the construction of the seaway and power project on both economic and national defence grounds. It exhaustively considered an enormous range of economic factors from a number of industries and sectors, as well as comparing shipping/railroad distances and times, and used this information to conclude that the project was not only feasible, given war conditions, but extremely desirable. In the post-war years it became a key plank in the American government's contention that the St. Lawrence development was necessary.<sup>139</sup>

Given the large amount of information and statistic provided by the Department of Commerce's report, it is only possible here to provide a summary of the most salient figures. Between 1910 and 1938, traffic on the existing St. Lawrence canals had risen fairly consistently, to a high of 8,285,167 tons of cargo in 1938.<sup>140</sup> That same year, the

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<sup>137</sup> "From the Secretary of State of the United States, Washington, to the Canadian Minister to the United States, Washington, October 14, 1940," *Correspondence and Documents relating to the Great Lakes-St. Lawrence Basin Development, 1938-1941* (Ottawa: Edmond Cloutier, 1941).

<sup>138</sup> LAC, MG 26 J4, Memorandum for the Prime Minister: Niagara-St. Lawrence Discussions, October 12, 1939.

<sup>139</sup> U.S. Department of Commerce (N.R. Danielian), *The St. Lawrence Survey*, 7 vols. (Washington: United States Government Printing Office, 1941).

<sup>140</sup> *Ibid.*, Part 2, 6.

U.S. had exported 58,418 tons of cargo via the canals and imported 56,952.<sup>141</sup> Given anticipated economic and population growth, a deep waterway would allow for significantly increased traffic along with a wide range of attendant benefits to the American economy, and would not seriously injure railroad and eastern port interests.<sup>142</sup> A seaway would be 30% cheaper than rail for certain types of freight, and up to 340% cheaper (\$9.24 per ton by rail; \$2.10 per ton by seaway) for other types of freight which could be transported more efficiently via water.<sup>143</sup>

In short, utilizing a deep waterway would provide considerable cost-savings for a wide range of commodities moving to a variety of ports compared to the existing routes. *The St. Lawrence Survey* estimated that a deep waterway could immediately allow for 7 millions tons of American traffic, and within a “reasonable period” American traffic alone on the seaway could be up to 10 million annual tons with potential yearly savings on transportation costs of up to \$36 million.<sup>144</sup> The total cost of the project was estimated at \$429,474,515, with the U.S. responsible for about 2/3 of the cost.

After securing reelection in late 1940, Roosevelt urged a resumption of treaty talks. Although King still faced problems with Ontario and Quebec, he was eager to cooperate with Roosevelt, and representatives from both governments met to discuss a draft agreement in January 1941.<sup>145</sup> As the draft covered much of the same ground as the previous 1932 St. Lawrence treaty and 1929 Niagara treaty, by February an agreement

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<sup>141</sup> *Ibid.*, Part 2, 9-10.

<sup>142</sup> *Ibid.*, Part VII.

<sup>143</sup> *Ibid.*, Part III, 53-4. Part III provides in-depth analysis of the prospective seaway on 17 different commodities, such as automobiles, bananas, and sulfur.

<sup>144</sup> *Ibid.*, Part III, 36.

<sup>145</sup> LAC, RG 25, 1268-D-40, pt 2, St. Lawrence-Niagara River Treaty Proposals-General Correspondence, (Jan. 2, 1941-March 31, 1941), Summary of Discussions, Meeting Between Canadian and United States Officials to Consider the December 1940 Draft Treaty on the Great Lakes St. Lawrence Basin (January 3<sup>rd</sup> and 4<sup>th</sup>, 1941), January 1941.

with the United States was all but complete, and it had been decided that this would take the form of an executive agreement.<sup>146</sup> The Canadian prime minister remained wary, particularly because of concerns about the waterway's impact on Montreal and thus on his support in Quebec. Roosevelt was willing to put off the actual development of the canal system until after the war, but was insistent that it be included in the agreement.<sup>147</sup> To help King with domestic opinion, the American president provided him with a message stressing the necessity of the seaway.<sup>148</sup> Additionally, on 19 March 1941, a new federal-Ontario cost allocation was inked, and that same day Canada and the United States entered into the Great Lakes-St. Lawrence Basin Agreement.<sup>149</sup>

The agreement created the Great Lakes-St. Lawrence Basin Commission to oversee construction of a 27-foot waterway from the head of the Great Lakes to the Atlantic in conjunction with a "238-242" combined single-stage hydro dam in the International Rapids section. Canada was again given credit for the Welland Canal, and there were also stipulations governing water diversions and the maintenance of scenic quality at Niagara, limits on the Chicago diversion, and parameters for other diversions into the Great Lakes-St. Lawrence watershed. The limits on the amount of water that Ontario could divert at Niagara Falls was increased (and subsequently increased again several times during the war<sup>150</sup>). Canada could also defer construction in its section until after the war. There were still issues to be resolved concerning Quebec and New York,

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<sup>146</sup> LAC, RG 25, file 1268-B-40, pt 2, St. Lawrence-Niagara River Treaty Proposals (International Correspondence) (1940/41), Memorandum from Robert H. Jackson (US Attorney General) to Sec of State, March 13, 1941.

<sup>147</sup> Armstrong, 194.

<sup>148</sup> Ibid.

<sup>149</sup> "From the United States Minister to Canada, Ottawa, to From the Secretary of State for External Affairs, Ottawa, March 5, 1941," in *Correspondence and Documents relating to the Great Lakes-St. Lawrence Basin Development, 1938-1941* (Ottawa: Edmond Cloutier, 1941).

<sup>150</sup> Two agreement were signed in May and October 1941 for diversions increases by both New York and Ontario, with another diversion in May 1944. Pennanen, 14.

but the government of the former soon came to an agreement with Ottawa and also purchased the Beauharnois canal and power works. New York proved to be more problematic, but by May 1941 PASNY and the Army Engineers had entered into an accord.

The executive agreement was introduced into the House of Representatives' Public Works Committee at the start of June. During weeks of hearings and statements, supporters and opponents alike addressed the defence merits of the project. In the first week of August the committee favourably reported the bill, but instead of the House as a whole voting directly on the St. Lawrence bill, it was lumped in with a number of other projects.<sup>151</sup> But before a vote had taken place, the attack on Pearl Harbor in December 1941 brought the United States into the war. The omnibus bill to which the St. Lawrence agreement had been attached was indefinitely deferred, and it seemed the agreement had virtually no hope of passage while the war persisted.

Nevertheless, in addition to serving as the basis for later St. Lawrence negotiations, the treaty did help to further the spirit of Canadian-American integration and American support for the Allied cause before the entry of the U.S. after Pearl Harbor.<sup>152</sup> In the wake of Congress's inaction on the agreement, consideration was given to authorizing the St. Lawrence project as a war measure in conjunction with a simple exchange of notes with Canada, as other projects and important Canadian-American dual enterprises, such as the recent Hyde Park agreement, had been achieved without the approval of Congress. However, the War Department had recently enacted a policy that all Army Engineers projects that could not be completed before the end of 1943 would

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<sup>151</sup> Willoughby, 191.

<sup>152</sup> Pennanen, 17.

be suspended, and the Secretary of War declined Roosevelt's scheme since the advantages of the project would be three to five years away, but it would immediately consume valuable resources to construct.<sup>153</sup> This refusal meant that the funds for the St. Lawrence project were thus unavailable, and the president had to admit that the project would be shelved for the duration of the war.

In the aftermath of the setback, American proponents of a St. Lawrence development were fatigued and divided between fighting for power or navigation.<sup>154</sup> With the war as the first priority, advocacy trailed off for the rest of the conflict. For example, in May 1944 Secretary of State Cordell Hull wrote to Senator Josiah W. Bailey (Chairman of the Senate Commerce Committee), asking that a new St. Lawrence bill describe the project as a post-war, rather than a war-time, undertaking.<sup>155</sup> In addition to Niagara, Canada and the United States explored a range of possibilities for hydro development, such as exporting power from Cornwall to Massena for aluminum production, as part of further coordination of resources during the war effort.<sup>156</sup> But power shortages remained a constant concern throughout the war.<sup>157</sup> Several bills to approve the St. Lawrence agreement were introduced into Congress but they went nowhere. As a small compensation, a new American lock at Sault Ste. Marie was authorized. With the end of the Second World War appearing on the horizon in 1944,

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<sup>153</sup> "President Franklin D. Roosevelt's Office Files, 1933-1945," William E. Leuchtenburg, ed., Part 1: "Safe" and Confidential Files, Secretary of War to the President, August 5, 1942.

<sup>154</sup> Stagg, 148.

<sup>155</sup> FDR Archives, Olds Papers, Federal Power Commission, National Defense and War Production Power Activities: 1939-1947, Canada, Box 106, Cordell Hull to Josiah W. Bailey, April 10, 1944.

<sup>156</sup> FDR Archives, Olds Papers, Federal Power Commission, National Defense and War Production Power Activities: 1939-1947, Canada, Box 106, J. Dibblee to H.J. Symington, March 17, 1941.

<sup>157</sup> FDR Archives, Olds Papers, Federal Power Commission, National Defense and War Production Power Activities: 1939-1947, Canada, Box 106 Statement by Leland Olds (FPC) before Sub-Committee of Senate Foreign Relations Committee on S.J. Res. 111, May 29, 1947.

attention began to shift to the St. Lawrence development as a post-war project, and proponents began to gear up for another protracted battle.

Although advocates of a seaway and power project in 1945 could take little solace from the fact that consistent 14-foot navigation existed from the Great Lakes to the Atlantic Ocean, it was nonetheless an enormous accomplishment that had taken centuries to achieve. Substantial improvements to the St. Lawrence-Great Lakes basin chain had been constructed by the 1930s, such as the Welland Canal. But in the immediate post-First World War period government planners began to conceptualize a comprehensive hydro-electricity and deep navigation scheme that would radically reconfigure the St. Lawrence River. However, these plans proved illusory throughout the inter-war years and into the Second World War.

After the Wooten-Bowden and IJC recommendations in the early 1920s, the United States was the most consistent suitor in terms of an accord, but was generally met with Canadian ambivalence, particularly with King as prime minister. The 1932 treaty was in many ways the result of a change of government in Ottawa, but Canadian opinion, and the governments in both Ontario and Quebec, remained obstacles to jointly developing the river with the United States. Both countries had also flirted with serious consideration of a canal system entirely within their national boundaries. Although the American Congress rejected both the 1932 and 1941 St. Lawrence accords, provincial political opposition in Canada had been equally as obstructionist, as it had throughout most of the 1920s and 1930s dissuaded Ottawa from embracing American seaway overtures. This had lessened in the years leading up to the 1941 agreement, and with the Second World War creating a higher demand for the benefits of a St. Lawrence project, Canada permanently embraced the idea.

Conversely, the exigencies of America's entry into war led Congress and the U.S. government to shelve the project. With the end of the conflict in sight, St. Lawrence opponents and advocates alike had begun preparing for the anticipated renewal of the debate. Although both governments continued to pin their hopes on the 1941 agreement in the years immediately following 1945, by the midpoint of the 20<sup>th</sup> century the seaway and power project issue would enter a new phase. The transition from hot war to Cold War radically altered the international context and bilateral North American relationship in which the St. Lawrence negotiations would take place, and the introduction of new defence and economic factors further emphasized the ability of a St. Lawrence project to contribute to North American trade and security, particularly the transport of iron ore and the generation of hydro-electricity.

## CHAPTER 3

### VARIOUS DIVERSIONS, 1945-1950

Both Canada and the United States benefitted from their physical distancing from the destruction in Europe and Asia during the Second World War. The U.S. emerged from the conflagration in 1945 as a superpower, although long-time leader Franklin D. Roosevelt had died in April of that year. He was replaced by his vice-president, Harry S. Truman, who proved to be a vigorous proponent of a joint St. Lawrence project. The Liberal government was given a fresh mandate by Canadians in June 1945; this would prove to be Mackenzie King's last term as prime minister, as he would step down in 1948 and be replaced by Louis St. Laurent. With so many countries devastated, Canada too was a leading state for a time, a middle power according to some, as it entered the reputed "golden age" of Canadian foreign policy. Despite its staggering losses, the Soviet Union exited the Second World War as another major force to be reckoned with, and after events such as the Gouzenko Affair, the Berlin Airlift, and the 1949 creation of the North Atlantic Treaty Organization (NATO), the Cold War had taken root.

Radical changes had taken place in the world between 1939 and 1945. In addition to the reconfiguring of the geopolitical map, and the emergence of new multilateral organizations such as the United Nations and the International Monetary Fund, the depression that had plagued the western world seemed to have been brought to a definitive conclusion. The Second World War had prompted Canadian-American defence and economic integration at an unprecedented level, and despite a reduction on some fronts in the immediate post-war period, Canada was in the process of turning out

of necessity from Great Britain to the United States as its main ally.<sup>1</sup> The Department of External Affairs had grown exponentially during the Second World War, and a major goal of post-1945 Canadian foreign policy was to ensure that the Americans did not retreat into isolationism; that worry turned out to be unfounded, as the United States, brandishing nuclear weapons, set out to recast the world in its capitalist liberal-democratic image and contain Soviet expansion, aims which Canada was eager to support.

Attempts to obtain congressional approval for the 1941 St. Lawrence agreement had recommenced during the latter war years – after initial failures immediately following America’s December 1941 entry into the Second World War – and continued into the post-war period. After the Second World War officially came to a close, several Congressmen carried on their efforts to pass seaway legislation. Hoping to capitalize on efforts to cultivate the legislative soil for passage of the seaway legislation, in Truman’s 3 October 1945 Message to Congress he requested that it pass the necessary legislation.<sup>2</sup> Despite arguments that the war had shown the necessity of the St. Lawrence development, and that post-war conditions required it, Congress remained unconvinced. According to then Under Secretary of State Dean Acheson, “[i]nterests fearing

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<sup>1</sup> J.L. Granatstein, *How Britain’s Weakness Forced Canada into the Arms of the United States* (Toronto: University of Toronto Press, 1989).

<sup>2</sup> In general, Truman favoured the internationalization of key waterways, such as the Rhine-Danube, Suez, Panama, Bosphorus Straits, which he mentions in diary entry on July 30, 1945 and in an unsent correspondence with James F. Byrnes on January 5, 1946. See Robert H. Ferrell, ed. *Off the Record: The Private Papers of Harry S. Truman* (New York: Harper & Row, 1980), 58; 80. Interestingly, in an unsent March 15, 1957 letter Truman wrote to Acheson that this approach had been advocated in the Postdam era by “an innocent idealist” which may have been a reference to himself.

competition from seaports on the Great Lakes – railroads, labor, Atlantic ports – were too strong.”<sup>3</sup>

Meeting with continued resistance throughout 1946, seaway supporters had suggested several changes aimed at making the legislation more palatable to recalcitrant members of the House of Representatives and the Senate, such as the deletion of Articles VII (maintenance of rights of navigation under existing treaties) and IX (preservation and enhancement of the scenic beauty of the Niagara Falls and River) of the 1941 agreement, but these either failed to elicit sufficient support or did not receive the approval of the Canadian government.<sup>4</sup>

Congressional hearings revealed a wide range of opposition arguments.<sup>5</sup> According to opponents the transportation and power capabilities of the nation were already sufficient. Detractors argued that it was impossible to accurately predict the costs and that other similar projects, such as the Panama and Suez canals, had gone significantly over budget. Moreover, estimates had left out necessary costs such as the improvement of lake ports, and overestimated savings. Another line of attack was that the seaway would be ice-bound for five months of the year, and its national defence value was low because it could be easily incapacitated by sabotage. Furthermore, construction of the project would discriminate against railroads and Atlantic ports, and subject industries of the Midwest to foreign competition. Only New York would benefit

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<sup>3</sup> Dean Acheson, *Present at the Creation: My Years in the State Department* (New York: W.W. Norton & Company, 1987), 128.

<sup>4</sup> Government of Canada, Library and Archives Canada (LAC), RG 25, file 1268—D-40C, pt 5, (Sept. 6/1944-April 29/1946), vol. 2822, Memorandum for the Prime Minister, April 10, 1946.

<sup>5</sup> The list of objections to the project in this paragraph are summarized in C. Frank Keyser, “The St. Lawrence Seaway Project,” Public Affairs Bulletin No. 6 (Washington: U.S. Library of Congress, Legislative Reference Services, July 1947).

from the hydropower, which in turn would displace a large market for American coal. Regarding the dimensions of the seaway, a large proportion of American and ocean-shipment would be too large to navigate the canals and locks. Finally, there were also complaints that the project should be constituted through a treaty, rather than an executive agreement; moreover, whatever the type of agreement, there were concerns about the reliability of Canada as a partner.

But a breakthrough of sorts came in January 1947 when N.R. Danielian, a former government employee (he had authored the Department of Commerce's 1941 *The St. Lawrence Survey*) who had recently become Vice-President of the pro-seaway National St. Lawrence Association, and Senator Arthur H. Vandenberg proposed that objections to the St. Lawrence agreement based on cost could be met by making the project self-liquidating through tolls. Indeed, the idea that the power aspect would pay for the seaway had basically been abandoned in the 1930s.<sup>6</sup>

Although it was not a new concept, legislation on the self-liquidation proposal led to a lengthy series of hearings in Washington that stretched into early 1948.<sup>7</sup> Estimates introduced into congressional debate by the Department of Commerce speculated that total traffic would range from 57 to 84 million tons, with estimated total revenue based on projected tolls at between \$36,451,250 to \$48,976,250. Regarding the hydro aspect, Leland Olds of the Federal Power Commission attested to Congress that the annual estimated energy output was 6.3 billion kilowatt-hours, with a firm energy

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<sup>6</sup> Ronald Stagg, *The Golden Dream: A History of the St. Lawrence Seaway* (Toronto: Dundurn Press, 2010), 151.

<sup>7</sup> William Willoughby, *The St. Lawrence Waterway: A Study in Politics and Diplomacy* (Madison, WI: University of Wisconsin Press, 1961), 202-211.

output of about 5 billion kilowatt-hours, equivalent to 570,000 kilowatts at all times.<sup>8</sup> The capital cost per horsepower would be \$89, which was comparatively low.<sup>9</sup> In sum, according to Olds there was “no question about St. Lawrence power being absorbed by the power market of the region which it will serve. In fact, such low-cost power tends to create its own market.”<sup>10</sup>

Seaway proponents hoped that the inclusion of tolls in American legislation would reduce opposition to the waterway and power project. C.D. Howe, the Canadian Minister of Reconstruction, had indicated in 1946 that his government would welcome tolls,<sup>11</sup> although he had apparently been too quick to speak for his colleagues, as there was a sharp disagreement in the Canadian cabinet when the U.S. formally approached Canada in January 1947. Nevertheless, the St. Laurent government agreed to consider the tolls proposal provided it could have more information on its ramifications.<sup>12</sup> Divisions of opinion remained in the following months, but the Canadian government recognized that the tolls could help counter claims that a seaway would be unfairly

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<sup>8</sup> Franklin D. Roosevelt (FDR) Archives, Olds Papers, Federal Power Commission, National Defense and War Production Power Activities: 1939-1947, Canada, Box 106 Statement by Leland Olds (FPC) before Committee on Foreign Relations, U.S. Senate, February 18, 1946.

<sup>9</sup> Ibid.

<sup>10</sup> FDR Archives, Olds Papers, Federal Power Commission, National Defense and War Production Power Activities: 1939-1947, Canada, Box 106 Statement by Leland Olds (FPC) before Sub-Committee of Senate Foreign Relations Committee on S.J. Res. 111, May 29, 1947.

<sup>11</sup> LAC, RG 25, file 1268-D-40C, pt 5, (Sept. 6/1944-April 29/1946), vol. 2822. Memorandum for the Prime Minister, April 10, 1946; LAC, RG 25, file 1268-D-40, pt. 6, St. Lawrence River – Niagara River Treaty Proposals – General Correspondence (May 1, 1946 – May 31, 1947), vol. 3560, Letter from C.D. Howe to Julius Barnes, January 20, 1947; Government of the United States, National Archives and Records Administration (NARA) II, RG 59, file 711.42157 SA/1-2847, Box 3302, Memorandum of Conversation: St. Lawrence Seaway Project, January 28, 1947.

<sup>12</sup> LAC, RG 25, file 1268-D-40, pt. 6, St. Lawrence River – Niagara River Treaty Proposals – General Correspondence (May 1, 1946 – May 31, 1947), vol. 3560, Letter from C.D. Howe to Julius Barnes, January 20, 1947; LAC, RG 25, file 1268-D-40, pt. 6, St. Lawrence River – Niagara River Treaty Proposals – General Correspondence (May 1, 1946 – May 31, 1947), vol. 3560, Cabinet Summary: St. Lawrence Waterway; ship tolls, January 28, 1947.

subsidized in comparison to other methods of transportation.<sup>13</sup> Another factor also held out the possibility of undermining economic opposition to the project: the burgeoning realization that the substantial iron deposits straddling the border of northern Quebec and Labrador in the Ungava district would be most efficiently transported to the steel mills of the Great Lakes region via the St. Lawrence.<sup>14</sup>

On 21 March 1947 the King government somewhat reluctantly agreed to inform Washington that Canada would agree to the tolls principle, “subject to the conclusion of satisfactory arrangements during the negotiation of the proposed agreement.”<sup>15</sup> Taken collectively, the tolls and iron ore added a significant financial and national defence inducement to the project and served to reframe the seaway debate in both countries. However, the addition of tolls as a means of placating American domestic interests also complicated matters and changed the basis of the two federal governments’ financial role in the enterprise.<sup>16</sup>

To support ongoing studies on the St. Lawrence project the Canadian cabinet established an interdepartmental committee in June 1947 consisting of top-level officials from all relevant departments including External Affairs, Defence, Finance, and Transport.<sup>17</sup> In October it recommended the revival of the Canadian Temporary Great Lakes-St. Lawrence Basin Commission, and the updating of studies on the St. Lawrence

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<sup>13</sup> See: LAC, RG 25, file 1268-D-40C, St. Lawrence River-Niagara River Treaty Proposals – General Correspondence, part 6 (May 1/46-May 31/47), volume 3560, Wrong to Pearson, March 1, 1947.

<sup>14</sup> LAC, RG 25, file 1268-D-40C, St. Lawrence River-Niagara River Treaty Proposals – General Correspondence, part 7, June 1/47-Jan 16/48, vol. 3560, Minutes from Informal Meeting to discuss the St. Lawrence Seaway project, January 16, 1948.

<sup>15</sup> LAC, RG 2, Cabinet Conclusions, March 21, 1947.

<sup>16</sup> Gennifer Sussman, *The St. Lawrence Seaway: History and Analysis of a Joint Water Highway* (Montreal: C.D. Howe Institute, 1978), 2-3.

<sup>17</sup> LAC, RG 2, W-10-1, Waterways: St. Lawrence Waterway, 1947, vol. 116, Memorandum: Cabinet approves St. Lawrence Interdepartmental Committee, June 26, 1947.

project that predated the 1941 King-Roosevelt accord.<sup>18</sup> During the early months of 1948 the Canadian and American St. Lawrence interdepartmental committees were in close contact due to impending American Senate action on the St. Lawrence matter. While the American side thought its efforts would best be aimed at supporting the passage of the impending legislation, the two committees agreed to continue to share information and cost estimates about the various aspects of the project, ranging from traffic on the Welland Canal and toll levels to the potential yields of the Labrador iron ore deposits.<sup>19</sup>

John D. Hickerson, Director of the Office of European Affairs (to which Canada was still consigned due to its former status as a British colony) in the State Department, as well as Homer S. Fox, Associate Economic Counsellor in the U.S. Embassy, met with Canadian officials in January 1948 for informal meetings to discuss Ottawa's estimates for various aspects of the proposed project. The latter were not yet prepared to provide adequate estimates about their country's share of construction costs, although they tentatively agreed with U.S. estimates.

The Canadian officials were willing to give some concrete answers on other questions. There was general concurrence on estimates for grain and iron ore traffic, and both sides thought general traffic on the seaway would be in the neighbourhood of 30 millions tons. Drilling up to that point in the Labrador range had revealed 150 to 250 million tons of proven ore and it was hoped that this estimate would rise by the end of

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<sup>18</sup> LAC, RG 2, W-10-1, Waterways: St. Lawrence Waterway, 1947, vol. 116, Second Meeting of the Interdepartmental Committee on St. Lawrence, October 2, 1947.

<sup>19</sup> LAC, RG 25, file 1268-D-40C, St. Lawrence River-Niagara River Treaty Proposals – General Correspondence, part 7, June 1/47-Jan 16/48, vol. 3560, Canadian Ambassador to Secretary of State, July 2, 1947.

that calendar year to as high as 300 million tons.<sup>20</sup> There was agreement that 20-27 million tons could be collected annually, although it would take until 1951 or 1952 before any ore could be shipped from the port under construction on the St. Lawrence at Sept-Iles.<sup>21</sup> Additionally, the cost of transporting the ore to buyers in Ohio, for example, was estimated to be equivalent as the cost of delivering Lake Superior ores.<sup>22</sup>

The Americans contended that tolls on the seaway should be based on total cost, while the Canadians felt that they should instead be based on the cost of operation, depreciation on cost items, and any charged interest.<sup>23</sup> Canadian officials also felt that the tolls levels the U.S. had suggested on coal and iron ore were too high.<sup>24</sup> For example, R.A.C. Henry of the Canadian Department of Transport maintained that if the toll on grain was to be 25 cents per ton, then it would be appropriate to charge 12½ cents per ton for iron ore.<sup>25</sup> Tolls would remain a contentious issue throughout the St. Lawrence negotiations. But the extent and availability of the iron ore deposits had been definitively shown and agreed upon at the highest levels, which carried significant ramifications for the future of the St. Lawrence development. In the following weeks the Canadians consented to making the iron ore estimates public since U.S. officials felt that this information would help the case for the seaway in the Senate.

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<sup>20</sup> LAC, RG 25, file 1268-D-40C, St. Lawrence River-Niagara River Treaty Proposals – General Correspondence, part 7 (June 1/47-Jan 16/48), vol. 3560, Minutes from Informal Meeting to discuss the St. Lawrence Seaway project, January 16, 1948.

<sup>21</sup> Ibid.

<sup>22</sup> LAC, RG 25, file 1268-D-40C, St. Lawrence River-Niagara River Treaty Proposals – General Correspondence, part 7 (June 1/47-Jan 16/48), vol. 3560, Eberts to Stone, January 21, 1948.

<sup>23</sup> LAC, RG 25, file 1268-D-40C, St. Lawrence River-Niagara River Treaty Proposals – General Correspondence, part 7 (June 1/47-Jan 16/48), vol. 3560, Minutes from Informal Meeting to discuss the St. Lawrence Seaway project, January 16, 1948.

<sup>24</sup> Ibid.

<sup>25</sup> Ibid.

Within the U.S. Senate, there were ongoing debates about St. Lawrence projections. Alexander Wiley, a Republican Senator from Wisconsin who would prove to be a pivotal figure in the ongoing St. Lawrence debates, argued passionately in favour of Senate Joint Resolution 111 to create the seaway. Opposition came from the traditional opponents of the scheme, such as the railroads. Harry W. Fraser, the chairman of the Railway Labor Executives' Association and president of the Railway Conductors of America, countered that "the seaway, if developed, would be navigable for 7 months out of the year and frozen over during the other 5 months during which the traffic would necessarily be moved by the rail transportation systems,"<sup>26</sup> and asked,

[w]hat about the power and equipment, and the personnel which the railroads would be obliged to maintain on a stand-by basis during the 7 months the seaway was navigable? And in addition to these disastrous elements, the development of the seaway project would impose upon the people of the United States indebtedness of multiplied millions of dollars over and above the load they now carry until the job of world reconstruction is finished.<sup>27</sup>

Senator Wiley, frustrated by these types of complaints, lamented that "[t]he grounds for opposition to the seaway seem strictly four-F in their basis – fear, fancy, folly, and frustration"<sup>28</sup> and then elaborated, "fear of progress, fancy in relying on questionable statements rather than facts, folly because of lack of vision, and frustration because this great Nation will frustrate the ambitions of a few selfish interests."<sup>29</sup>

However, on 27 February the Senate voted 57-30 to recommit the legislation to their Committee on Foreign Relations for further study. Although the resolution remained alive on paper, this effectively ended the project's prospects for the immediate

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<sup>26</sup> Government of the United States, U.S. Congress, Senate, S.J. Res. 111, 80<sup>th</sup> Congress, 2<sup>nd</sup> session, 531.

<sup>27</sup> Ibid.

<sup>28</sup> Ibid, 510.

<sup>29</sup> Ibid.

future. Seaway supporters on both side of the border were disappointed, as they had been optimistic about the resolution's chances in the Senate. With American elections upcoming later in the year, the only hope for a St. Lawrence bill to have a chance of success in 1949 seemed to be a change in the composition of Congress bringing in more votes favourable to the 1941 Canada-U.S. agreement.<sup>30</sup>

There were a number of reasons for the defeat of the St. Lawrence resolution. Although the tolls provision had been introduced in order to gain the support of some fence-sitters, the tolls proposal was too vague to significantly sway the vote.<sup>31</sup> Moreover, the extent of the need for Quebec-Labrador iron ore remained contested. The traditional opponents of the St. Lawrence seaway made their usual objections, while most eastern and southern Congressmen continued to vote against any St. Lawrence bill. Others saw the need for the project but felt that the time and circumstances were not fortuitous.<sup>32</sup> Due in part to the iron ore issue, defence benefits were increasingly stressed by congressional seaway advocates. However, Lawrence Aronsen contends that "throughout 1948 and 1949 the national security argument did not strike a responsive congressional chord, in part because of the inconsistent way it was presented."<sup>33</sup>

A week after the resolution was sent back for study, another obstacle to a dual navigation and power project came into sharper relief. Governor Thomas Dewey of New York and Premier George Drew of Ontario had been working on a plan that would see the American state and the Canadian province develop only the power resources of the

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<sup>30</sup> LAC, RG 25, file 1268-D-40C, St. Lawrence River-Niagara River Treaty Proposals – General Correspondence, part 8 (Jan 14/48 to Dec 31/48), vol. 3560, Memorandum: St. Lawrence Seaway and Power project, May 29, 1948.

<sup>31</sup> Willoughby, 208-209.

<sup>32</sup> Ibid.

<sup>33</sup> Lawrence Aronsen, *American National Security and Economic Relations with Canada, 1945-1954* (London: Praeger, 1997), 151.

International Rapids section of the St. Lawrence River – under this scheme, if any concomitant navigation works were to be constructed, they would be the separate responsibility of the joint federal authorities. A division of this sort had also been considered prior to the signing of the 1941 agreement. Now, in the wake of the recent congressional defeat of the combined project, Dewey and Drew indicated their intentions to proceed with a separation plan. The Ontario-New York proposal would require their respective central governments to submit the provincial/state plans to the International Joint Commission (IJC); however, adopting such a procedure would ensure that the unratified 1941 agreement could never come into effect since it was based on the coupling of the power and navigation aspects. From the perspective of those who considered the navigation project to be an indispensable part of the St. Lawrence scheme, which included the federal governments of both countries, particularly the United States, the “power priority plan” represented yet another stumbling block. On the other hand, pressure to go ahead with any phase of the plan had the potential to serve as a catalyst to development of the dual project.

Ontario’s need for power was acute. Canada’s industrial base and economy had grown exponentially during the war, led by Ontario, and continued apace after 1945. The central Canadian province was already experiencing power shortages, and if the capacity of the country’s most important industrial area was to develop to its full potential, new sources of power were required. In 1945 southern Ontario had consumed 9.9 billion kilowatts, would consume 11.8 billion kilowatts in 1949, and estimates put

the 1951 requirement at 15.6 billion kilowatts.<sup>34</sup> The waters of the St. Lawrence provided the most viable method of meeting this need, and of ensuring that Ontario would play the leading role among the provinces within the Canadian federation. There was little doubt that Ontario, and the dominion in general, needed access to power. Proceeding on a power priority basis, however, could jeopardize advantages that came with a dual project. The Canadian St. Lawrence interdepartmental committee was apprised of Ontario's plans at its first meeting after the Senate recommittal vote, although some government officials had likely learned of it beforehand.

Questions of responsibility for forwarding the applications, and whether either nation should sponsor such a plan, would preoccupy the King and Truman governments in the following months. At an 20 April meeting, the Canadian government deemed support for the Ontario-New York scheme undesirable because, under the 1941 agreement, Canada was given credit for monies already spent on works such as the Welland Canal; moreover, the total costs would be lower if the power and navigation works were constructed at the same time.<sup>35</sup> Accordingly, it was recommended that all efforts be directed towards preventing the adoption of an alternative method, as the effect "would be to entirely preclude the possibility of finally consummating an agreement upon such satisfactory terms, and possibly causing Canada to lose all the advantages which the present tentative agreement provides."<sup>36</sup> If the Province of Ontario and the State of New York were to develop power exclusively, the cost of power and

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<sup>34</sup> LAC, RG 25, file 1268-D-40, pt. 14 (FP. 1), vol. 6345, "Report: The St. Lawrence Waterway and the Canadian Economy," Department of Trade and Commerce (Economic Research Division), Government of Canada, January 1951, 18.

<sup>35</sup> LAC, RG 25, file 1268-Q-40C, St. Lawrence Waterway Project-Interdepartmental Committee – General File, pt 1.1 (June 25/47-April 17/52), Draft Memorandum for St. Lawrence Interdepartmental Committee, April 20, 1948.

<sup>36</sup> Ibid.

navigation would be increased, the possibility of developing the Lachine section in conjunction with the Province of Quebec might be lost, and in all probability the navigation aspect would be indefinitely postponed, depriving Canada of the advantages of low-cost transportation for basic commodities such as grain and iron ore. Estimates put the cost to Canada of separating the power and navigation developments at about \$97,000,000 higher than the 1941 compact, the cost of which was estimated at around \$575,000,000.<sup>37</sup>

The King cabinet decided to wait until it actually received an application from Ontario before deciding on a further course of action,<sup>38</sup> and the Canadian embassy in Washington informed the Americans that Canada continued to favour the joint project.<sup>39</sup> By June 1948, Ontario had still not submitted a formal application. Nevertheless, in a memorandum for the Acting Under Secretary of State for External Affairs, David Stansfield of the American and Far Eastern Division of External Affairs suggested that the proposed Ontario-New York power project be accepted. His reasoning was two-fold. Firstly, regardless of whether Ontario's real motive was to hasten the two federal governments towards implementation of the more financially satisfactory 1941 pact, this "would call the Ontario bluff once and for all" and would, in turn, "jog the United States into approving a new Canada-United States waterway agreement which would compensate Canada adequately for the expenditures already made in connection with the

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<sup>37</sup> LAC, RG 25, file 1268-Q-40C, St. Lawrence Waterway Project-Interdepartmental Committee – General File, pt 1.1 (June 25/47-April 17/52), Draft Memorandum for St. Lawrence Interdepartmental Committee, April 20, 1948.

<sup>38</sup> LAC, RG 25, file 1268-U-40C, St. Lawrence-New York-Ontario-Power Priority Plan – Application to International Joint Commission (3/3/48 –n.d.), vol. 3563, Pearson to Wrong, May 21, 1948.

<sup>39</sup> Government of the United States, National Archives and Record Administration (NARA) II, RG 59, file 711.42157 SA/5-2848, Stone to Foster. May 28, 1948.

Welland Canal.”<sup>40</sup> Secondly, if the power project was undertaken, Canada could then complete a canal on its side of the border and according to its own timetable, the same as it had done with the Welland Canal.<sup>41</sup>

However, due to conflicting evidence, the extent to which the Hydro-Electric Power Commission (HEPCO or Ontario Hydro) fully supported the Ontario-New York push for immediate power development is unclear. For example, on 5 May 1948, Robert Saunders, who had become Chairman of HEPCO in February after previously serving as the Mayor of Toronto, intimated to C.D. Howe “that Ontario’s real motive in pressing for separate power development was to hasten the two Federal Governments toward implementation of the combined power-waterway project”<sup>42</sup> as Ontario anticipated that its expenses under a combined project would be lower. Furthermore, according to E.M. Sutherland (the Acting Secretary of the Canadian Section of the IJC), C.L. Carrick of HEPCO had visited the offices of the Canadian Section of the IJC in relation to the power priority plan and “showed a remarkable lack of enthusiasm for the whole scheme, giving the clear impression that all the pressure was coming from the New York side.”<sup>43</sup> Sutherland surmised that the authorities from the Power Authority of the State of New York (PASNY) had originally thought that the plan would be good political capital in an election year; apparently they had changed their minds about its electoral viability.<sup>44</sup>

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<sup>40</sup> LAC, RG 25, file 1268-D-40C, St. Lawrence River-Niagara River Treaty Proposals – General Correspondence, part 8 (Jan 14/48 to Dec 31/48), vol. 3560, Memorandum for the Acting Under Secretary of State for External Affairs, June 4, 1948.

<sup>41</sup> Ibid.

<sup>42</sup> LAC, RG 25, file 1268-U-40C, St. Lawrence-New York-Ontario-Power Priority Plan – Application to International Joint Commission (3/3/48 –n.d.), vol. 3563, Memorandum, May 15, 1948.

<sup>43</sup> LAC, RG 25, file 1268-U-40C, St. Lawrence-New York-Ontario-Power Priority Plan – Application to International Joint Commission (3/3/48 –n.d.), vol. 3563, Memorandum re: St. Lawrence Waterway Project and the Ontario-New York Power Scheme, June 14, 1948.

<sup>44</sup> Ibid.

However, PANSY seemed to want Ontario to keep the ball rolling, likely in order to sustain pressure for a joint development.

Ontario's application put the federal government in an awkward position, and the Department of External Affairs pondered the various ramifications of rejecting or accepting the application.<sup>45</sup> Delay and continued consultation with the United States appeared to be the best option.<sup>46</sup> Although studies showed that an all-Canadian waterway was theoretically viable from a logistical and economic standpoint, a joint undertaking between the two countries remained the goal. There were rumours that Ontario hoped that its application would precipitate U.S. action on a cooperative waterway but, regardless of whether this was true, it had been deemed a "grave misapprehension" by the Canadian St. Lawrence committee, as the application could very well have the opposite effect.<sup>47</sup> Nevertheless, other Canadian officials believed that the possibility of an all-Canadian waterway might actually prod the Americans, since autonomous Canadian measures would be undesirable for the U.S. economically and would serve as "a sore blow to national pride in the larger and wealthier country."<sup>48</sup>

With the continued failure to ratify the 1941 agreement and no immediate solution in sight, the combination of a separate power plan and a Canadian waterway did potentially offer the fastest means of gaining the benefits of a St. Lawrence development. But the consummation of the Ontario-New York plan would also close the door to a joint Canada-U.S. development. Faced with the dilemma of determining the

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<sup>45</sup> LAC, RG 2, file W-10-1, Waterways; Water Development Projects; St. Lawrence Waterway & Power Development, 1948 (May-Dec.), vol. 117, Memorandum: St. Lawrence Waterway, June 24, 1948.

<sup>46</sup> LAC, RG 25, file 1268-D-40C, St. Lawrence River-Niagara River Treaty Proposals – General Correspondence, Part 8 (Jan 14/48 to Dec 31/48), vol. 3560, Draft – Ontario-New York Plans for the St. Lawrence River, June 16, 1948.

<sup>47</sup> Ibid.

<sup>48</sup> Ibid.

point at which the advantages of proceeding without the American federal government outweighed the disadvantages of proceeding in tandem, the Canadian government continued to temporize. Ottawa hoped that Congress would solve the problem by approving the 1941 agreement, but began considering other options in the event that the American lawmakers did not prove accommodating. The Liberal government hesitantly began to view an all-Canadian waterway as a possible bargaining piece with which to cajole Washington. There were hints that some Canadian officials saw a wholly national route not just as a bartering chip, but as an outright alternative, and enthusiasm within Ottawa for a Canadian waterway continued to grow after the cautious King stepped down as prime minister in November 1948 and was replaced by Louis St. Laurent.

On 18 June 1948 members of the State, Interior, and Commerce departments met with representatives of the Army Corps of Engineers and Federal Power Commission to discuss the legal, policy, and political aspects of the New York-Ontario plan. They agreed that New York could proceed by submitting an application for a license directly to the Federal Power Commission, and that nothing else would be needed, legally or technically, since Congress had delegated full power to the FPC for a project of this sort.<sup>49</sup> Concurrently with the application to the FPC, New York could request that the State Department transmit the application to the International Joint Commission for its permission under Article 3 of the 1909 Boundary Waters Treaty.

Finally, on 16 July 1948, Ontario submitted the power priority application to the Canadian federal government, and its New York counterpart made its submission to the

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<sup>49</sup> NARA II, RG 84, Box 3, Canada. U.S Embassy, Ottawa, Classified and Unclassified General Records, file 715.5: 1949 St. Lawrence Waterway, Memorandum from Foster to Hickerson, Subject: Dewey St. Lawrence Power project, June 18, 1948.

FPC, with the so-called Dewey proposal arriving at the State Department on 26 July.<sup>50</sup> The Canadian embassy apprised the Americans, both informally and formally, of Ottawa's desire to stall until Congress had again considered the 1941 agreement. Simultaneously, Ontario was informed that the Liberal government wished to consult with the United States before making any decisions on the application. However, the State Department was finding it hard to delay a decision indefinitely: the departments of Commerce and War and the FPC all advocated the transmission of the PASNY application to the IJC. The Department of the Interior was more hesitant, in part because of its reluctance to grant a state the right to harvest the hydro power. On 26 August 1948 the FPC announced that hearings were set to commence on Project 2000 (the PASNY application) on 4 October.<sup>51</sup>

Canadian worries about the possible alternatives vis-à-vis Ontario partially dissipated when, on 7 September, President Truman held a press conference to declare that he would not approve of a project that separated navigation and power, although this did not necessarily mean that the American leader would refuse to allow the New York application to go forward. While the president did not elaborate on the reasons for his objections, it appears that Truman feared that the navigation aspect, which he considered more vital for the U.S. than the power development, might not happen if the two were separated. This bought the Canadian officials some breathing space. It appeared that no further word about the official U.S. position would be immediately forthcoming since Truman was locked in a close presidential campaign with, ironically, Governor Dewey

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<sup>50</sup> NARA II, RG 59, Box 3302, 711.42157 SA/5-148, Memorandum from Foster to Tate: New York State Power Authority's Application to the International Joint Commission, July 23, 1948.

<sup>51</sup> NARA II, RG 59, 711. 42157 SA/8-2748, Box 3302, Secretary of Commerce to Secretary of State, August 27, 1948; 711.42157 SA 29/8-3048, Box 3302, Secretary of Interior to Department of State, August 30, 1948; 711.42157 SA/9-248, Box 3302, Secretary of Army to Secretary of State, September 7, 1948.

of New York. Ottawa waited to see what would unfold before making any pronouncements on the Ontario application and used the opportunity to espouse the virtues of a dual project.

Prime Minister King's retirement marked the end of an era in Canada. King had been in power for much of the previous three decades, and had been largely responsible for Canada's position on St. Lawrence development since the First World War, with the exception of Bennett and the 1932 treaty. The replacement for Canada's longest-serving prime minister was Louis St. Laurent. With St. Laurent came the so-called "golden age" of Canadian foreign policy which was predicated on a "liberal consensus" in Canadian society; while the validity of the former term is particularly contestable, Canada in the St. Laurent years was, compared to the pre-war years, able to play a more activist and internationalist role in foreign policy – based on the principle of functionalism, which was in many ways a sophisticated term for Canada acting in its self-interest and capacity – that was largely supported by the domestic population.<sup>52</sup>

Canada's relationship with the United States had also been markedly changed since the earlier King years. Although free trade talks ended just before King left office, due to the prime minister's fears of entering into such an arrangement with the United States, the two countries had become more and more economically intertwined as a result of the Second World War and then the rise of east-west tensions. Between 1946 and 1951, Canadian exports to the United States more than doubled, from \$888 million to \$2.3 billion, while the United States absorbed 38% of Canada's total exports in 1946

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<sup>52</sup> Robert Bothwell, *Canada and the United States: The Politics of Partnership* (Toronto, University of Toronto Press, 1992), 48.

and 59% in 1951.<sup>53</sup> Moreover, Canada's balance of payments crisis in the immediate post-war years had been addressed by American concurrence on offshore buying under the newly-inaugurated Marshall Plan.

These numbers speak to the economic, social, and population boom Canada experienced in the post-1945 period, which in turn was reflected in a more palpable Canadian confidence and nationalism. Aided by this self-assurance, the St. Laurent era would be one of megaprojects: in addition to the St. Lawrence development, these would include the Trans-Canada highway, the Trans-Canada pipeline, and radar defences stretching across the northern reaches of the country. Much of the growth in industry and manufacturing depended on natural resources – such as oil, uranium, iron ore, and hydro power – in which Canada was abundant, making it a leader in communications and technological advances. Due to this financial and material ability the St. Lawrence project was deemed not only viable, but necessary for meeting the country's increased transportation, industrial, and power needs.

The American position regarding the Ontario-New York applications remained uncertain, despite Truman's September statement. Nevertheless, in early October FPC hearings began on Project 2000. The State Department asked External Affairs about the Canadian view on the legal ramifications of these hearings, intimating that the FPC might delay until the Canadian position was known.<sup>54</sup> For its part, the State Department was waiting for the results of the FPC hearings before deciding whether or not to submit the New York application to the IJC. Throughout November, Robert Saunders, the

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<sup>53</sup> John Herd Thompson & Stephen J. Randall, *Canada and the United States: Ambivalent Allies* (London: University of Georgia Press, 2008), 189.

<sup>54</sup> LAC, RG 25, file 1268-D-40C, St. Lawrence River-Niagara River Treaty Proposals – General Correspondence, part 8 (Jan 14/48 to Dec 31/48), vol. 3560, St. Lawrence and Waterway and Power project, November 9, 1948.

HEPCO Chairman, publicly and privately advocated approval of the Ontario-New York scheme. But this pressure was met with further prevarication, as legal officers in both Canada and the U.S. continued to contemplate the issues surrounding the transmittal of the Ontario-New York plans to the IJC.<sup>55</sup>

On 3 December, Saunders wrote to Prime Minister St. Laurent urging that the government do “everything in its power to expedite the St. Lawrence development in whole, or, at least, with regard to the part having to do with power.”<sup>56</sup> Unknown to either, on that same day President Truman, having recently retained the presidency in dramatic fashion, indicated that he intended to continue to pursue joint action rather than move ahead with the power priority plan.<sup>57</sup> Canadian Secretary of State for External Affairs Lester Pearson learned that the White House was not going to take any action on the New York application, as Truman felt that the original St. Lawrence project’s chances in Congress were about 50-50.<sup>58</sup> Canada was informed that the New York Power Authority applications to the Federal Power Commission and the International Joint Commission would be held in abeyance while the president sought congressional validation; the applications would stay “on ice” and the FPC would not even give its

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<sup>55</sup> LAC, RG 25, file 1268-U-40C, St. Lawrence-New York-Ontario-Power Priority Plan – Application to International Joint Commission (3/3/48–n.d.), vol. 3563, Memorandum to the American and Far Eastern Division, Re: St. Lawrence Waterway Project and the Ontario-New York Power Scheme, December 3, 1948.

<sup>56</sup> LAC, RG 25, file 1268-U-40C, St. Lawrence-New York-Ontario-Power Priority Plan – Application to International Joint Commission (3/3/48 –n.d.), vol. 3563, Saunders to St. Laurent, December 3, 1948.

<sup>57</sup> NARA II, RG 59, 711.42157 SA 29/11-148 to 711.4216/10-1447, Box 3304, Memorandum from Harry Truman to George C. Marshall, December 3, 1948.

<sup>58</sup> LAC, RG 25, file 1268-D-40C, St. Lawrence River-Niagara River Treaty Proposals – General Correspondence, part 8 (Jan 14/48 to Dec 31/48), vol. 3560, Canadian Ambassador to Secretary of State, December 9, 1948.

decision on the license, although the proceedings could be quickly resurrected if congressional hearings proved inconclusive.<sup>59</sup>

Ottawa had been granted a further reprieve from dealing with the Ontario application. Support for a joint project was further bolstered by a Permanent Joint Board on Defence (PJBD) endorsement of the dual-purpose project a week later. This combined with notification from the Canadian Department of Natural Resources that a deepened seaway would be needed to exploit the iron ore deposits in Quebec-Labrador,<sup>60</sup> as well as an earlier report from the PJBD, which concluded:

(i) that from the point of view of National Defence that the completion of the St. Lawrence Seaway and Power Development will be of inestimable value in making possible a greater and more sustained industrial war effort in the event of war.

(ii) that adequate defence can be given it in relation to other vital installations on a reasonably economical basis. The defence of the completed project will not increase, to any great extent the forces allocated to territorial defence in time of war. The scale and degree of adequacy of the defences required will have to be ascertained but it is considered that this will be on a parity with other vital installations.<sup>61</sup>

With the immediate prospect of acquiring St. Lawrence hydro power diminished, HEPCO turned to alternative water diversions. When it had informed Ottawa of its plans to submit a formal application for the “power priority plan” Ontario Hydro had also asked for support on a different but related matter: making permanent the Niagara water diversions, which had been taking place on a temporary basis since the Second World

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<sup>59</sup> LAC, RG 25, file 1268-U-40C, St. Lawrence-New York-Ontario-Power Priority Plan – Application to International Joint Commission (3/3/48 –n.d.), vol. 3563, Note for File 1268-U-40C, December 21, 1948.

<sup>60</sup> LAC, RG 25, file 1268-Y-40, St. Lawrence Deep Waterway – Importance of Quebec Labrador Iron Ore Deposits (November 6, 1948 – April 8, 1952), vol. 4169, Summary of “The Market for Labrador Ore. A Study of the Iron Ore Situation” prepared by H.G. Cochrane (Dept. Reconstruction) and W.M. Goodwin (Bureau of Mines), November 16, 1948.

<sup>61</sup> LAC, RG 25, file 50075-40, pt 1, St. Lawrence Waterway – Brief for Meeting of Permanent Joint Board on Defence, 1948 (13 September 1948 to 21 February 1951), vol. 4470, Strategic Implications of the Development of the St. Lawrence Waterway, November 1, 1948.

War. These diversions powered the tremendous growth in manufacturing in the Niagara region that had taken place during the war and continued into the 1960s, leading one optimistic commentator to dub the Niagara peninsula “the Ruhr of Canada.”<sup>62</sup> Moreover, the economic growth of the region was joined by a tourist explosion.<sup>63</sup>

The development of Niagara tied into the St. Lawrence saga in several ways. First, throughout the previous half century of St. Lawrence negotiations, Niagara Falls had at various junctures been included by virtue of its being a transboundary water issue and a part of the Great Lakes-St. Lawrence chain. In particular, Article IX of the 1941 St. Lawrence executive agreement concerned Niagara. Second, the development of hydro-electric power at Niagara could also reduce the immediacy of the need for power from the IRS, even if only by a few months. Thus the Niagara negotiations could have a salient impact on the St. Lawrence discussions and Canada’s approach to the matter. Finally, the construction of remedial and hydro-electric works at Niagara Falls helped to affirm and shape Ottawa’s conceptions of its ability to control and manipulate river systems, which would figure prominently in the evolution of the St. Lawrence issue.

The Canadian government had proved agreeable to the Niagara idea in March 1948, since the diversions did not interfere with navigation and it appeared that they could be performed while still preserving the scenic beauty of Niagara Falls.<sup>64</sup> Although Ottawa felt that no further action should be taken until HEPCO and the FPC first came to an agreement or sufficiently discussed the issue, after some legal modifications, on 23

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<sup>62</sup> Karen Dubinsky, *The Second Greatest Disappointment: Honeymooning and Tourism at Niagara Falls* (Toronto: Between the Lines, 1999), 181.

<sup>63</sup> Dubinsky, 181.

<sup>64</sup> LAC, RG 25, file 1268-K-40C, St. Lawrence – Niagara River Treaty Between Canada and United States – Additional Diversion of Water at Niagara Falls, part 4 (Jan 1/48 to Nov 30/49), vol. 3561, Memorandum to the Minister, March 25, 1948.

December 1948 Canada and the U.S. exchanged notes endorsing a 4,000 cubic feet per second (c.f.s.) diversion at the falls, and another 2,500 c.f.s. diversion from Queenston to DeCew Falls during the non-navigation winter season.<sup>65</sup>

In light of Truman's announcement, the Canadian interdepartmental committee on the St. Lawrence met to review its position. General Andrew "Andy" McNaughton – who held a string of impressive and influential appointments, including his role as a Canadian member of the Permanent Joint Board on Defence,<sup>66</sup> stated that, some months before, cabinet had given instructions for a new approach to be made to the United States in connection with the St. Lawrence undertaking.<sup>67</sup> This approach was to be based primarily on defence considerations for, as Aronsen attests, "Ottawa officials recognized the importance of making their case in the context of national security; this was considered the language that Congress and American public opinion was best able to understand."<sup>68</sup> The meeting proceeded to make contingency plans for scenarios in which Congress either approved or rejected the 1941 agreement, now agreeing that Ontario's separate power plan should be pursued if sectional interests in the United States continued to block progress. It appeared that either scenario would require a federal agreement with Ontario, and the government should therefore take preliminary action towards that end which would comply with the Navigable Waters Protection Act (NWPA). Doing so would mean that "the Canadian government could not reasonably be

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<sup>65</sup> LAC, RG 25, file 1268-K-40C, St. Lawrence – Niagara River Treaty Between Canada and United States – Additional Diversion of Water at Niagara Falls, part 4 (Jan 1/48 to Nov 30/49), vol. 3561, Niagara Diversions, Procedure Re Revisions, March 24, 1948.

<sup>66</sup> John Nelson Rickard has authored a study of McNaughton during the Second World War, but McNaughton's enormous impact on Canadian post-war foreign policy is in need of further study. John Nelson Rickard, *Politics of Command: Lieutenant-General A.G.L. McNaughton and the Canadian Army, 1939-1943* (Toronto: University of Toronto Press, 2010).

<sup>67</sup> See John Swettenham, *McNaughton. Volume 3: 1944-1966* (Toronto: Ryerson Press, 1969).

<sup>68</sup> Aronsen, 155.

held responsible for any later delays resulting from [Ontario's] failure to accept the Canadian Government's advice."<sup>69</sup>

The issue of tolls continued to attract attention in the new year. General McNaughton had labeled himself "something of a heretic" on that issue, because if Canada

ensured that toll revenue was used to liquidate the waterway costs on a 50-50 basis, it should be possible to throw a larger share of the burden of constructing the waterway back on the United States population. The idea should at least be explored. Canada was fortunate because the toll idea had been raised by the United States. Canada had agreed graciously, but reluctantly.<sup>70</sup>

Nonetheless, many of his colleagues remained skeptical about the proposed tolls since congressional approval had failed to materialize. Canada informed the State Department that it preferred that the seaway plan go through without tolls, although it would rather accept tolls than lose the whole project.<sup>71</sup>

For its part, the Truman administration was considering whether an all-out effort would be necessary, or desirable, in order to again attempt to secure approval for the 1941 agreement.<sup>72</sup> The president urged congressional approval in his January budget message. But even though legislation was introduced on 3 January 1949, the attitude of Congress remained uncertain, and several bills subsequently introduced in the House of Representatives were relegated to committees. The State Department told the Canadians

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<sup>69</sup> LAC, RG 25, file 1268-Q-40C, St. Lawrence Waterway Project-Interdepartmental Committee – General File, pt 1.1 (June 25/47-April 17/52), vol. 6184, Memorandum for the Cabinet Committee on Economic and Industrial Development, December 23, 1948.

<sup>70</sup> LAC, RG 25, file 1268-Q-40C, St. Lawrence Waterway Project-Interdepartmental Committee – General File, pt 1.1 (June 25/47-April 17/52), vol. 6184, Synopsis of a talk by General A.G.L. McNaughton at the Thirteenth Meeting of the Interdepartmental Committee on the St. Lawrence Waterway and Power project, December 23, 1948.

<sup>71</sup> NARA II, RG 59, file 711.4216/1-2549, Box 3304, Despatch No. 54. U.S. Embassy to Department of State: Canadian Attitudes toward the St. Lawrence waterway and power project, January 25, 1949.

<sup>72</sup> LAC, RG 25, file 1268-D-40C, St. Lawrence River – Niagara River Treaty Proposals – General Correspondence, part 9 (Jan. 5/1949-Dec. 30/1949), Wrong to Secretary of State, January 11, 1949.

that this would be the last attempt to secure legislative approval of the King-Roosevelt accord, and that it was “virtually certain that if Congress rejects the Agreement this year, the United States will wish to authorize separate power development.”<sup>73</sup> The White House had previously rejected separating power and navigation, but indicated that it would reverse this policy after one final attempt to push the legislation through Congress.

Despite Washington’s assurances, Ottawa remained skeptical in early 1949 about the chances for approval at that session of Congress. According to the U.S. embassy in the Canadian capital, and substantiated by the Canadian government’s various means of assessing public preferences as well as a review of Canadian newspapers, there was popular support for a quick start on the St. Lawrence.<sup>74</sup> The Toronto *Globe and Mail* remarked that “Canadians are sick and tired of waiting for Congress”<sup>75</sup> while a Toronto *Financial Post* questionnaire asked prominent Canadians “Do you favour the St. Lawrence Seaway and Power Projects proceeding now?” and out of the 20 responses, only 4 were negative.<sup>76</sup> These sentiments were not restricted to Ontario: Montreal and Quebec newspapers increasingly supported developing the river, as did most western newspapers that reported or commented on the subject.<sup>77</sup> However, eastern Canadian newspapers, such as the Halifax *Chronicle-Herald* and *Glace Bay Gazette*, were less well-disposed toward the project, and there was speculation that Ottawa might be

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<sup>73</sup> LAC, RG 25, file 1268-D-40C, St. Lawrence River – Niagara River Treaty Proposals – General Correspondence, part 9 (Jan. 5/1949-Dec. 30/1949), Minister’s Handbook, St. Lawrence Waterway and Power Project, January 25, 1949.

<sup>74</sup> NARA II, RG 84, file 711.4216/1-2549, Box 3304, Despatch No. 54. U.S. Embassy to Department of State: Canadian Attitudes toward the St. Lawrence waterway and power project, January 25, 1949.

<sup>75</sup> Ibid.

<sup>76</sup> NARA II, RG 59, file 711.4216/1-2549, Box 3304, Despatch No. 54. U.S. Embassy to Department of State: Canadian Attitudes toward the St. Lawrence waterway and power project, January 25, 1949.

<sup>77</sup> Ibid.

bluffing.<sup>78</sup> Nevertheless, all available evidence indicates that, as of early 1949, the majority of Canadians favoured promptly proceeding with a dual project, and also appeared to support a power-priority plan if no action was immediately taken.<sup>79</sup>

The growing popular desire for action did not fall on deaf ears. To bring some pressure to bear on the situation, on 11 January 1949 Minister of Defence Brooke Claxton stated in a public speech at Sault Ste. Marie that St. Lawrence arrangements should be “started as soon as possible and pressed to completion.”<sup>80</sup> Claxton’s statement signified an important change in his government’s approach to the St. Lawrence seaway, although one that was all but imperceptible to those outside cabinet: the Liberals still strongly desired the combined navigation and power proposal, but should the prospect of approval for this proposal become dimmer, they might favour the development of a power project alone and an all-Canadian seaway.<sup>81</sup> This shift in attitude was reflected in a number of organizational changes that took place in January 1949 in regard to the Canadian government’s handling of the affair. For example, responsibility for the St. Lawrence matter within the Department of External Affairs moved from the American Division to the Legal Division, indicating the intricate procedural problems with which they were grappling.<sup>82</sup>

The interdepartmental St. Lawrence committee also reorganized itself and established a number of sub-committees, drawing up a list of over 40 topics requiring

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<sup>78</sup> Ibid.

<sup>79</sup> Ibid.

<sup>80</sup> LAC, RG 25, file 1268-H-40, St. Lawrence River Waterway Project – Defence Aspects (April 1/41-Oct 31/51), vol. 3335, Speech by Brooke Claxton at Sault Ste. Marie, January 11, 1949.

<sup>81</sup> NARA II, RG 59, file 711.4216/1-2549, Box 3304, Despatch No. 54. U.S. Embassy to Department of State: Canadian Attitudes toward the St. Lawrence waterway and power project, January 25, 1949.

<sup>82</sup> Ibid.

further study.<sup>83</sup> An ad-hoc sub-committee struck to consider ways of approaching Ontario considered whether it should request that Queen's Park appeal to New York State for support on a dual waterway, if this was Ontario's preferred option, and then declare the project a work for the general advantage of Canada. This latter suggestion would allow the federal government to develop the power itself and sell it to the provinces, which at least would give the central government bargaining power in negotiating financial terms with Ontario.<sup>84</sup>

The Canadian prime minister used his trip to Washington to meet with the president on 12 February 1949 as an opportunity to put pressure on the American leader. Two weeks before, St. Laurent had echoed his Minister of Defence by stating in the House of Commons that Canada would have to seriously consider a power-only route if the dual project could not be obtained.<sup>85</sup> And just days before the meeting, the Americans had been informed that the dominion did not favour pre-emptive parliamentary approval.<sup>86</sup> In Washington, St. Laurent told Truman over lunch that, due to the need for hydro-electricity, Canada would have to support a separate power proposal if Congress failed to assent to the combined project by the end of the year.<sup>87</sup>

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<sup>83</sup> LAC, RG 25, file 1268-D-40C, St. Lawrence River-Niagara River Treaty Proposals – General Correspondence, part 9 (Jan 5/49 to Dec 30/49), Memorandum for the Acting Under-Secretary of State for External Affairs, Re: St. Lawrence Waterway and Power project, February 15, 1949.

<sup>84</sup> LAC, RG 25, File 1268-Q-40, St. Lawrence Waterway Project-Interdepartmental Committee – General File, pt 1.2, vol. 6184, Suggested List of Topics for Study by St. Lawrence Interdepartmental Committee, February 11, 1949

<sup>85</sup> LAC, RG 25, file 1268-D-40C, St. Lawrence River-Niagara River Treaty Proposals – General Correspondence, part 9 (Jan 5/49 to Dec 30/49), "Text from speech by Mr. St. Laurent in the House of Commons, Friday, 28<sup>th</sup> January, 1949," January 29, 1949.

<sup>86</sup> LAC, RG 2, file W-10-1, Waterways: Water Development Projects: St. Lawrence Waterway & Power Development, 1949 (Jan.-April), vol. 117, 16<sup>th</sup> meeting of the St. Lawrence interdepartmental committee, February 11, 1949.

<sup>87</sup> According to St. Laurent's close colleague, J.W. Pickersgill, the two national leaders liked and trusted each other. J.W. Pickersgill, *My Years with Louis St. Laurent: A Political Memoir* (Toronto: University of Toronto Press, 1975), 88.

The prime minister emphasized that the development would have a very beneficial impact on the future relations of both countries. The president replied that he hoped Congress would assent, but did not indicate whether he would otherwise support a separate power project if that legislative body reacted unfavourably.

The dual-purpose project still remained the goal of the Canadian government. However, planning for the separate scheme would “shift into high gear ... at the first intimation from Washington that hope for the combined scheme is waning.”<sup>88</sup> External Affairs tasked the Department of Justice with determining whether the Ontario Hydro application was legally valid or whether a special act of the Canadian Parliament was required, as had been the case for the Beauharnois works in the 1930s. An interdepartmental Canada-Ontario sub-committee had been formed to consider terms for a federal-provincial agreement on cost, and it met several times in March 1949. Although concrete action was not taken, largely due to the need to wait for legal opinions from Justice, it did appear that Ontario’s need for power from the IRS put the federal government in a stronger negotiating position than it had been in 1941, since the province was willing to undertake a more costly development in conjunction with New York State.<sup>89</sup>

External Affairs suggested approaching Truman to modify his opposition to the New York-Ontario separate power plan, and to convince him to agree to seek IJC

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<sup>88</sup>LAC, RG 25, file 1268-D-40C, St. Lawrence River-Niagara River Treaty Proposals – General Correspondence, part 9 (Jan 5/49 to Dec 30/49), vol. 3560, Status of the St. Lawrence Project (March 17, 1949), appended to: Memorandum for the Under-Secretary, March 22, 1949.

<sup>89</sup> LAC, RG 25, file 1268-Q-40, St. Lawrence Waterway Project-Interdepartmental Committee – General File, pt 1.2, vol. 6184, Memorandum for the Interdepartmental Committee on the St. Lawrence Waterway and Power project, Re: Revision of the 1941 Canada-Ontario Agreement, March 30, 1949.

approval if Congress had not acted by a stipulated date.<sup>90</sup> Coinciding with news from the American capital, as well as the signing of the NATO agreement in April 1949, the Deputy Minister of Justice finally informed External Affairs that HEPCO did not have the legal authority to alone submit an application to the IJC or to undertake the proposed works. This raised serious problems on several fronts, and chief among them was the question of whether the federal government should inform Ontario of the legal opinion. The St. Lawrence interdepartmental committee was of several minds about the advantages and disadvantages of notifying Queen's Park. Guy Lindsay from the Department of Transport strongly advised against doing so, feeling "that a flat rejection of the Ontario application, with no suggestion of any alternative procedure, would immediately end Dominion-Provincial cooperation on the International Rapids Section estimates."<sup>91</sup> Norman Robertson, one of the leading officials in the Canadian Department of External affairs, thought that failing to inform Ontario would be "dangerous" and, if the Canadian government wished to proceed with separate power development at some point, it might want to suggest an alternative procedure to the Ontario authorities.<sup>92</sup> It appeared that the only method by which separate power plans could proceed was via a Canada-Ontario agreement. Faced with a lack of consensus, the committee was not able to come to a decision.

In early May, Hume Wrong, who served as the Canadian Ambassador to Washington from 1946 to 1953, told his home office that, due to a legislative backlog,

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<sup>90</sup> LAC, RG 25, file 1268-D-40C, St. Lawrence River-Niagara River Treaty Proposals – General Correspondence, part 9 (Jan 5/49 to Dec 30/49), vol. 3560, Memorandum for the Under-Secretary of State for External Affairs, Re: St. Lawrence Waterway and Power project, April 9, 1949.

<sup>91</sup> LAC, RG 25, file 1268-Q-40C, St. Lawrence Waterway Project-Interdepartmental Committee – General File, pt 1 F.P., vol. 6184, 17<sup>th</sup> meeting of the St. Lawrence Interdepartmental Committee, April 12, 1949.

<sup>92</sup> Ibid.

he had almost given up on Congress considering, much less passing, a St. Lawrence bill that session. A few days later Ottawa officials began the process of drafting a letter from St. Laurent to Truman that would appeal for the president's consent to a separate power plan if Congress had not acted by the end of 1949. The prime minister approved of the contents of the letter drafts, subject to approval by C.D. Howe. Howe, now the Minister of Trade and Commerce, wanted to continue to weigh out the options and avoid an irreversible commitment; nevertheless, it would soon be apparent that he favoured a separate Canadian endeavor.

Prior to entering politics, Howe had been an engineer and, after joining the King cabinet in 1935, was the Minister for Railways and Canals and then Minister of Transport; moreover, Howe had been involved in the St. Lawrence file since the 1930s, and was likely St. Laurent's closest ally in the cabinet, although the prime minister tended to have good working relationships with most of his colleagues.<sup>93</sup> Howe, Pearson, and Brooke Claxton held the primary policy reins in the cabinet regarding American relations along with the prime minister, who also allowed the Department of External Affairs and a range of public servants – such as Norman Robertson, Hume Wrong, and J.W. Pickersgill, among others – considerable latitude in formulating foreign policy.<sup>94</sup>

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<sup>93</sup> See Dale C. Thomson, *Louis St. Laurent: Canadian* (Toronto: MacMillan of Canada, 1967); Robert Bothwell and William Kilbourn, *C.D. Howe: A Biography* (Toronto: McClelland and Stewart, 1979). Jack Granatstein writes that, as Secretary to the Cabinet and Clerk of the Privy Council beginning in 1949, Robertson held a great deal of power within the government, but was never able to form a close working relationship with St. Laurent or Pearson. Nevertheless, Robertson still had a strong impact on the St. Lawrence issue. J.L. Granatstein, *A Man of Influence: Norman A. Robertson and Canadian Statecraft, 1929-1968* (Toronto: Denau Publishers, 1981), 250-253.

<sup>94</sup> John Hilliker & Donald Barry, *Canada's Department of External Affairs. Volume II: Coming of Age, 1946-1968* (Kingston: McGill-Queen's Press, 1989), "Part I: The Pearson Years, 1946-1957." See also chapters on Hume Wrong, A.D.P. Heeney, Gerry Riddell, and other key members of DEA in *Greg*

While the letter proposition was temporarily put on hold, the American ambassador to Canada reported to Foggy Bottom on 12 May that he had been informed by a “high Canadian official” that the Canadian government was “being subjected to increasing pressure for approval of the separate St. Lawrence power development” and that Canadians might “reluctantly support [a] separate power plan if Congress fails to approve seaway and power project this session.”<sup>95</sup> By the middle of May, Ottawa had been given more discouraging appraisals of the situation on Capitol Hill as well as further affirmations of the defence utility of joint power and waterway development, and the idea of pursuing an all-Canadian route in tandem with Ontario-New York power works began to receive serious consideration.

At a 17 May meeting of the St. Lawrence committee, a memorandum titled “An All-Canadian St. Lawrence Waterway” was circulated, setting out in detail the case that could be made for a purely Canadian water route.<sup>96</sup> The memorandum began by outlining the disadvantages of the Canada-United States agreement of 1941.<sup>97</sup> First, it would be subject to the whims of the United States Congress, as had been the case for decades. Second, it would cost Canada substantially more than a Canadian canal and Ontario-New York hydro works, for even if the U.S. constructed all the works in the IRS, this would not sufficiently compensate Canada for the other works in the wholly

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*Donaghy and Kim Richard Nossal, eds., Architects and Innovators: Building the Department of Foreign Affairs and International Trade, 1909-2009* (Montreal: McGill-Queen’s University Press, 2009).

<sup>95</sup> NARA II, RG 84, file 322.2 – St. Lawrence Waterway, Box 15, Canada, U.S. Embassy Ottawa, Classified and Unclassified General Records, 1948-1949, Steinhardt to Harrington, May 12, 1949.

<sup>96</sup> LAC, RG 25, file 1268-Q-40, St. Lawrence Waterway Project-Interdepartmental Committee – General File, pt 1.2, vol. 6184, Memorandum: An All-Canadian St. Lawrence Waterway, May 17, 1949.

<sup>97</sup> *Ibid.*

Canadian section and “Canada would thus, in the end, have paid for the lion’s share of a ‘joint’ waterway.”<sup>98</sup>

A waterway built by Canada alone would initially extend only as far as Lake Erie, the memorandum continued, but would be made self-liquidating through tolls unilaterally controlled by Canada; moreover, immediate action would be possible since only the approval of the Canadian government was needed. It would cost \$575,000,000 to build a combined project up to Lake Erie. If Ontario and New York were to pick up the tab for the power and common works in the IRS, and taking into account other variables, a waterway completely on the northern side of the St. Lawrence River would cost Canada \$210,000,000, as a low estimate, and \$275,000,000 as a high estimate. It remained to be seen:

- (a) whether a waterway is worth \$275,000,000 to Canada, either as an outright expenditure or one recoverable in whole or in part by tolls; and
- (b) whether a Canadian and Canadian-controlled waterway, realizable at an early date, is worth more, by \$210,000,000 than a possible eventual jointly-built and jointly-controlled waterway.<sup>99</sup>

Thus, proceeding alone would carry distinct advantages in almost every respect except initial cost. The memorandum duly recommended that a number of further studies on the subject be concluded, and that the Canadian interdepartmental committee on the St. Lawrence, on the basis of the aforementioned studies, report on the feasibility and desirability of the seaway as an autonomous Canadian project.<sup>100</sup>

This démarche engendered considerable debate among members of the St. Lawrence committee, particularly in regards to whether or not the threat of unilateral

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<sup>98</sup> Ibid.

<sup>99</sup> Ibid.

<sup>100</sup> Ibid.

Canadian action would hasten Congress. Although they decided to hold off for a month before relaying the idea to cabinet,<sup>101</sup> the concept of an all-Canadian seaway was now considered a potentially realistic option by important members of the Ottawa mandarin. This coincided with the news that the U.S. Senate would not consider the seaway that year and that the Truman administration would not press the issue.

The Canadian letter to Truman was finally dispatched, asking for an expression of his view on the probability of “securing early action on the combined St. Lawrence project” and, failing that, his view on separating the power and waterway projects and proceeding with the Ontario-New York plan.<sup>102</sup> In conjunction with his campaign for the Canadian federal election upcoming on 27 June, St. Laurent made a series of public statements meant to reinforce his letter to Truman. For example, during a 1 June speech in Cornwall the prime minister stressed the desirability of a dual project, but noted:

[w]e even told our American friends – and let there be no mistake about it, they are our friends – that if we couldn’t get Congressional approval of the joint United States-Canada plan, we would have to support the application made by the state of New York and the Province of Ontario to develop the power which Ontario needs so greatly for its expanding industry.<sup>103</sup>

Truman replied to St. Laurent’s letter a week later, stating that he continued to favour joint action, and was willing to proceed on the Niagara case pending further study. The president also announced that St. Lawrence legislation had been introduced during the

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<sup>101</sup> LAC, RG 25, file 1268-Q-40, St. Lawrence Waterway Project-Interdepartmental Committee – General File, pt 1.2, vol. 6184, 18<sup>th</sup> meeting of the St. Lawrence Interdepartmental Committee, May 25, 1949.

<sup>102</sup> LAC, RG 25, file 1268-K-40C, St. Lawrence – Niagara River Treaty Between Canada and United States – Additional Diversion of Water at Niagara Falls, part 4 (Jan 1/48 to Nov 30/49), vol. 3561, Draft letter from Prime Minister to President, May 25, 1949.

<sup>103</sup> NARA II, RG 84, file 322.2, 1949 St. Lawrence Waterway, Canada, U.S. Embassy, Ottawa, Classified and Unclassified General Records, 1948-1949, Box 15, Steinhardt to Secretary of State, June 1, 1949.

previous week, and that he had urged that it be promptly passed.<sup>104</sup> However, as Ambassador Wrong had been informed in the previous weeks that the president and other key officials had actually given up hope of passage that session, this may have been nothing more than a smoke screen.<sup>105</sup> This temporizing, along with mixed signals about the American legislative activities, continued since the need to await the pleasure of the U.S. Senate, as well as an impending Niagara study, coincided with the Canadian election scheduled for the end of June.

The Canadian cabinet was still reluctant to abandon a Canadian-American enterprise, and the possibility of using Niagara power as a panacea for Ontario until a dual project was approved loomed large. In March 1948 the Chairman of HEPCO had undertaken to reach a preliminary agreement with the concerned American agencies in advance of asking External Affairs to open diplomatic negotiations, and by 1949 the American agencies were reportedly open to the prospect of a treaty. Saunders therefore met with members of the Canadian cabinet to urge that they approach the United States regarding Niagara, which he buttressed with a written request on 20 May.<sup>106</sup> To the consternation of the Canadian diplomatic corps, the HEPCO Chairman also planned to undertake his own lobbying venture in Washington.

However, there was confusion about the extent to which a new treaty to make the Niagara diversion permanent could be regarded as a substitute for St. Lawrence power.

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<sup>104</sup> LAC, RG 25, file 1268-D-40C, St. Lawrence River-Niagara River Treaty Proposals – General Correspondence, part 9 (Jan 5/49 to Dec 30/49), vol. 3560, Secretary of State to Canadian Ambassador, June 15, 1949.

<sup>105</sup> LAC, RG 25, file 1268-D-40C, St. Lawrence River-Niagara River Treaty Proposals – General Correspondence, part 9 (Jan 5/49 to Dec 30/49), vol. 3560, Canadian Ambassador to Secretary of State, May 23, 1949.

<sup>106</sup> LAC, RG 25, file 1268-D-40C, St. Lawrence River-Niagara River Treaty Proposals – General Correspondence, part 9 (Jan. 5/1949-Dec. 30/1949), letter from Saunders to Robertson, Re: The Lawrence Development & The Niagara River Diversions, May 20, 1949.

Even Saunders's own engineers at HEPCO "indicated that the additional power at Niagara would do little more than fill the gap before St. Lawrence power could be produced."<sup>107</sup> While Saunders had not actually stated that pressure for an Ontario-New York power plan would be relaxed if a Niagara accord was quickly approved, it seemed that this might be the *quid pro quo*.<sup>108</sup> In fact, HEPCO had been in regular contact during the preceding months with the Federal Power Commission, New York Power Authority, and the Niagara Hudson Company, and members from these three entities had been working on a plan for the Niagara River "embracing the preservation of the falls diversions, and maximum power production" and they were expected to produce a report near the end of June.<sup>109</sup>

The federal interdepartmental committee did not think that Niagara diversions could make up for St. Lawrence power, but they also saw in this an opportunity to defer a decision to pursue a separate power project. They speculated that the Ontario government itself was not ready to write off the combined Canada-U.S. scheme, even if it was not saying so unequivocally, hence the vigour with which the province was pursuing a Niagara treaty.<sup>110</sup> The Niagara diversions also presented some serious difficulties from the Canadian government's perspective. The temporary diversions of water that had been ongoing since the Second World War were heavily imbalanced in favour of Canada, and this beneficial situation would probably be lost if the case was

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<sup>107</sup> LAC, RG 25, file 1268-Q-40, St. Lawrence Waterway Project-Interdepartmental Committee – General File, pt 1.2, vol. 6184, 18<sup>th</sup> meeting of the St. Lawrence Interdepartmental Committee, May 25, 1949.

<sup>108</sup> *Ibid.*

<sup>109</sup> LAC, RG 25, file 1268-D-40C, St. Lawrence River-Niagara River Treaty Proposals – General Correspondence, part 9 (Jan 5/49 to Dec 30/49), vol. 3560, Canadian Ambassador to Secretary of State, June 1, 1949.

<sup>110</sup> LAC, RG 25, file 1268-Q-40, St. Lawrence Waterway Project-Interdepartmental Committee – General File, pt 1.2, vol. 6184, 18<sup>th</sup> meeting of the St. Lawrence Interdepartmental Committee, May 25, 1949.

renegotiated. Export contracts between the two countries would also need to be cancelled or renegotiated.<sup>111</sup> Faced with the prospect of Saunders lobbying the U.S. State Department, the St. Lawrence committee wanted clearer assurances of Ontario Hydro's position, but eventually Pearson and St. Laurent agreed to make available the resources of the Canadian embassy, provided Saunders made it evident that he was only representing the Government of Ontario.

The Ontario Hydro chairman and Wrong met with State Department officials, as well as FPC Commissioner Leland Olds, in early June. In reply to Saunders's suggestion that the divisions be made permanent, Olds declared that, for a treaty to succeed in the U.S., it would need to embody:

1) technical agreement of engineers on both sides of the line; 2) agreement on the United States side between the Federal Power Commission, the Niagara Hudson Power Company, and the Power Authority of the State of New York; 3) an agreement which would embody not only present diversions, but all feasible future diversions; 4) an agreement which would take account of related factors such as scenic preservation, ice conditions, lake and port levels, etc.; 5) an agreement for equal division of the water except for the Ogoki diversion, and ensuring efficient utilization of water.<sup>112</sup>

The commissioner stated that the FPC had been working on such a proposal for some time, and that HEPCO engineers had been privy to this information. He hoped that PASNY and the Niagara Hudson Power Company would soon agree to this plan. Moreover, if the technical details could rapidly be worked out with the interested Canadian parties, it could be presented to the Senate for approval at the next session.

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<sup>111</sup> LAC, RG 25, file 1268-D-40C, St. Lawrence River-Niagara River Treaty Proposals – General Correspondence, part 9 (Jan 5/49 to Dec 30/49), vol. 3560, Memorandum for the Secretary to the Cabinet, Re: St. Lawrence Development and Niagara River Diversions, May 26, 1949.

<sup>112</sup> LAC, RG 25, file 1268-D-40C, St. Lawrence River-Niagara River Treaty Proposals – General Correspondence, part 9 (Jan 5/49 to Dec 30/49), vol. 3560, Canadian Ambassador to Secretary of State, June 3, 1949.

It was clear that any hopes for immediate action on the St. Lawrence matter in 1949 would not be satisfied. While the Truman administration had been leading itself to believe throughout the summer that this latest legislative effort actually had a realistic chance at success, it was as equally interested in impeding a separate power development and Canadian waterway and thus had at times misinformed Ottawa about the bill's actual prospects. There were worries in the East Block that – in light of reports that Ontario would almost certainly face serious power shortages that winter – the federal government's failure to deal decisively with Ontario's separate power application, or at least the appearance of a failure to do so, could become embarrassing and entail unfortunate consequences in federal-provincial relations. As a result, it seemed imperative “that the Government should at least offer to apply pressure on the United States authorities for early action on separate power.”<sup>113</sup> It appeared that, unless a new Niagara treaty could temporarily placate Ontario's need for power, the Canadian government might have to back a separate power project and an exclusively Canadian seaway.<sup>114</sup>

In October 1949 the White House asked Canada for a formal Niagara treaty. Over the course of that month, HEPCO officials conducted informal discussions with both Canadian and American authorities. Substantial agreement was reached between Ottawa and HEPCO officials at the end of October on the amount of water to be

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<sup>113</sup> LAC, RG 25, file 1268-U-40C, St. Lawrence-New York-Ontario-Power Priority Plan – Application to International Joint Commission (3/3/48 -?), vol. 3563, Memorandum for the Acting Legal Adviser, Re: New York-Ontario Power project, August 16, 1949. This request was repeated by A.D.P. Heeney in a September 1 memorandum: LAC, RG 25, file 1268-U-40C, St. Lawrence-New York-Ontario-Power Priority Plan – Application to International Joint Commission (3/3/48 -?), vol. 3563, Memorandum for the Minister, Re: New York-Ontario Power project, September 1, 1949.

<sup>114</sup> LAC, RG 25, file 1268-Q-40, St. Lawrence Waterway Project-Interdepartmental Committee – General File, pt 1.2, vol. 6184, Memorandum on the International Relations Aspect of the Joint St. Lawrence Seaway and Power project, October 5, 1949.

diverted, the division of the water, HEPCO's plans for development, and control works at Lake Erie. In response to direct questioning, Saunders replied that a Niagara treaty would give Ontario about six months' leeway in terms of the province's power needs. An equal division of the diverted waters was a bone of contention for the Canadians, who had been enjoying a greater amount, as was the question of the locations from which the countries would take their water. The United States could only take water from the Grass Island Pool above the weir – which dispersed water to the edges of the waterfall in order to ameliorate the visual deterioration created by diverting water for power – and for every 20,000 c.f.s. they removed, the water level at the weir would fall half a foot.<sup>115</sup> If all of the new developments from both countries positioned their water intakes before the weir, its value might be nullified.<sup>116</sup> Canada agreed with the American proposal to build control works at Lake Erie, but hoped that this consideration would not slow down the treaty and that a body to study the subject could be established as part of the agreement.

A major challenge was how to balance the desire for the hydro power produced with the benefits, chiefly tourism, that stemmed from the beauty of the enormous cascade.<sup>117</sup> A treaty between Canada and the United States to preserve the scenic beauty of Niagara Falls had been inked in 1929, but ultimately failed to receive the ratification of the U.S. Senate. In the years since, an engineering committee, which included a

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<sup>115</sup> LAC, RG 25, file 1268-K-40C, St. Lawrence – Niagara River Treaty Between Canada and United States – Additional Diversion of Water at Niagara Falls, part 4 (Jan 1/48 to Nov 30/49), vol. 3561, Secretary of State to Canadian Ambassador, October 29, 1949.

<sup>116</sup> Ibid.

<sup>117</sup> See Dubinsky, *The Second Greatest Disappointment: Honeymooning and Tourism at Niagara Falls*.

Canadian representative, had dealt with the scenic debates.<sup>118</sup> These debates are quite revealing in terms of how the North American governments conceptualized the environment and their ability to master it through technology;<sup>119</sup> both governments – along with their respective bureaucracies and experts – displayed key characteristics of high modernism, exhibiting an infallible sense of their ability to manipulate and control riverine environments. In the words of H.V. Nelles, referring to the development of Niagara earlier in the century, since “it existed in harmony with the rational and the romantic world, hydro-electric power could resolve the paradox of ugliness that had blighted nineteenth-century industrialism; it could create factories *and* natural beauty....”<sup>120</sup> Indeed, government officials, including the Canadian Secretary of State for External Affairs, spoke of the cataract as if it were a water faucet to be turned on and off according to aesthetic whim:

In the evening the Falls are floodlighted and 50,000 c.f.s. may not be enough water to provide an adequate spectacle at that time. It may prove necessary to maintain a flow of 100,000 c.f.s. up to midnight in the tourist season. On the other hand, it is probably unnecessary to turn on the full flow at sunrise. It may be better to define “night-time” as the period from midnight to 9:00 a.m. We shall have to discuss this problem with the authorities responsible for lighting the Falls.<sup>121</sup>

While groups such as the Special International Niagara Board were genuinely concerned about the scenic quality of the falls, both federal governments exhibited a technological and environmental hubris about their ability to manipulate the waters of the Niagara

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<sup>118</sup> For a history of Canadian hydro development at Niagara Falls, see H.V. Nelles, *The Politics of Development: Forest, Mines, and Hydro-Electric Power in Ontario, 1849-1941*, 2<sup>nd</sup> ed. (Montreal: McGill-Queen’s University Press, 2005).

<sup>119</sup> For Niagara specifically, see: Elizabeth R. McKinsey, *Niagara Falls: Icon of the American Sublime* (New York: Cambridge University Press, 1985); Patrick McGreevy, *The Wall of Mirrors: Nationalism and Perceptions of the Border at Niagara Falls* (Orono, ME: Borderlands), 1991.

<sup>120</sup> Nelles, *The Politics of Development*, 217.

<sup>121</sup> LAC, RG 25, file 1268-K-40C, St. Lawrence – Niagara River Treaty Between Canada and United States – Additional Diversion of Water at Niagara Falls, part 4 (Jan 1/48 to Nov 30/49), vol. 3561, Secretary of State to Canadian Ambassador, November 7, 1949.

toward their desired ends – again invoking Nelles, “[t]heir aim was the subjugation of the raw and wild, the domestication of elemental forces to man’s ordered plan”<sup>122</sup> – and this attitude was equally apparent in the seaway discussions.

November was taken up mainly by various inter- and intra-governmental consultations regarding Niagara and, by December, two points in particular remained outstanding. The first was whether to make IJC recommendations for remedial works mandatory, a position favoured by Washington, whereas Ottawa desired that these remain recommendations only. This issue was eventually settled without too much distraction, but the second point, the issue of continued Canadian water export contracts at Niagara, proved difficult. Since 1909 Canada had enjoyed an extra 16,000 c.f.s. diversion at Niagara, but it had been exporting the power produced by about 8,600 c.f.s. to the United States. If this situation persisted under a new treaty, the U.S. would receive a *de facto* larger share of the power from the Niagara diversions, a situation Ontario in particular hoped to prevent. The United States refused to recognize in a treaty the existence of the private export contracts, although they were amenable to allowing Canada an extra share of the water after a Niagara treaty had come into effect and until such time as the United States had constructed facilities to use its full share. Saunders originally agreed to this proposal, but then objected because there was no provision for the termination of exports once the extra water reverted to the United States.<sup>123</sup> Nevertheless, the interested parties managed to arrive at an informal agreement whereby, at the appropriate time when the American facilities were operational, a communication

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<sup>122</sup> Nelles, *The Politics of Development*, 219.

<sup>123</sup> LAC, RG 25, file 1268-K-40, pt 5.1, St. Lawrence – Niagara River Treaty Between Canada and the United States – Additional Diversion of Water at Niagara Falls (29-11-49 to 21-4-50), vol. 6183, Memorandum for the Under-Secretary: Niagara Diversion Treaty, January 17, 1950.

would be sent from External Affairs to the State Department stating that the former would cease to permit the export of firm power at Niagara.<sup>124</sup>

On 21 February 1950 the St. Laurent cabinet approved the treaty, pending the Ontario government's acceptance of the terms. Several days later, Canada and the United States exchanged aide-memoires in which Canada declared that it did not intend to renew export contracts once the Americans' facilities allowed them to utilize their full share of the water diversion.<sup>125</sup> On 27 February the Niagara Treaty was signed in Washington. The finished form of the accord equalized water diversions while restricting the flow of water over Niagara Falls to no less than 100,000 c.f.s. during daylight hours of what they deemed the tourist season (April to October), and no less than 50,000 c.f.s. during the remainder of the year. While these reductions were expressly designed to maintain the "scenic beauty" of the falls, it is difficult to escape the impression that there were certain contradictions in a plan which aimed to ensure the aesthetics of the cataract while simultaneously increasing the amount of water diverted away from it.

Negotiations over the Niagara issue had only partially taken attention away from the St. Lawrence question in the two countries. A U.S. State Department memorandum circulated in November named the St. Lawrence as the primary irritant in Canada-U.S. relations, ahead of issues such as delay in implementing the civil air agreement of June 1949; the inability of Canadians to effect military procurement in the U.S.; the failure of U.S. to effect military procurement in Canada; the "Buy-American Act"; recent

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<sup>124</sup> Ibid.

<sup>125</sup> NARA II, RG 59, Box 2804, 611.42322-Ni/1-450 to 611.42322-N/2-22750, Aide-Memoire, From Canada to US re: Niagara, February 24, 1950.

immigration and customs incidents; and Newfoundland bases.<sup>126</sup> This list bespeaks the fact that, at this juncture, Canadian-American relations were arguably the most harmonious they had ever been, accentuating the importance of the St. Lawrence issue.

Cooperative ventures in the fields of economics and defence had characterized Canada and U.S. relations throughout the 1940s. While some of these joint undertakings had ceased with the end of the Second World War, others – such as the Permanent Joint Board on Defence – continued while new forms appeared.<sup>127</sup> The onset of the Cold War and fear of the Soviet threat led Canada to look to the United States for a defensive arrangement and economic prosperity in place of Great Britain, which had emerged from the war substantially worse for wear. This also suited the Americans, who hoped to draw Canada further into a “continental” system with Washington as the senior partner.<sup>128</sup>

Thus it was primarily pragmatic self-interest, along with their geographical locations, that was responsible for the partnership in which Canada and the United States found themselves in the Cold War. The result was a growth of economic and defence collaboration not far removed in scale from the war years, and by 1949 Canada was comfortably ensconced in its new collective security role within NATO and had accepted, with some misgivings, the alliance leadership of the United States.<sup>129</sup> Although a St. Lawrence seaway looked, on the surface, like many other joint Canadian-American ventures of the time period, it was nevertheless proving to be the major irritant

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<sup>126</sup> “Memorandum by the Director of the Office of British Commonwealth and Northern European Affairs (Labouisse) to the Assistant Secretary of State for European Affairs (Perkins), 842.00/11-849, November 8, 1949,” *Foreign Relations of the United States (FRUS)*, 1949, vol. II, Canada, 1949, 402.

<sup>127</sup> See Norman Hillmer and J.L. Granatstein, *For Better or For Worse: Canada and the United States Into the Twenty-First Century* (Toronto: Thomson/Nelson, 2007), Chapter 7.

<sup>128</sup> Hillmer and Granatstein, 172.

<sup>129</sup> Robert Bothwell, *Alliance and Illusion: Canada and the World, 1945-1984* (Vancouver: UBC Press, 2007), 56.

in Canadian-American relations and would prove to be virtually as problematic in the following years as the differences of opinion over the handling of the Korean War.

Before the end of 1949, the Federal Power Commission announced it would resume consideration of the Power Authority of the State of New York's application. The State Department did not seem to know the motivation behind this decision and there was even speculation that it was a move by Republicans to embarrass the president, who was a Democrat.<sup>130</sup> But just before Christmas, the FPC examiner recommended rejecting the PASNY application. Moreover, he advised that a dual-purpose development was more advantageous and that the federal government of the United States rather than the State of New York should exercise jurisdiction over any hydro development on the St. Lawrence.<sup>131</sup> Although the FPC was supposed to be a politically neutral body, Canada had strong suspicions that its decision was influenced by a negative recommendation from the Truman administration.<sup>132</sup> Undoubtedly, Truman remained opposed to the separate power plan, which could not proceed without a license for New York.<sup>133</sup> Moreover, it was clear that the president and the Department of the Interior were adamant that it would not be "consonant with Federal Power policy as laid down in legislation of recent years for the State of New York to take over [construction of] the St. Lawrence power installations and the distribution of

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<sup>130</sup> LAC, RG 25, file 1268-U-40C, St. Lawrence-New York-Ontario-Power Priority Plan – Application to International Joint Commission (3/3/48 -?), vol. 3563, Wrong to Secretary of State, November 9, 1949.

<sup>131</sup> Willoughby, 217.

<sup>132</sup> LAC, RG 2, file W-10-1 (Vol. 1) Filed Separately 1951, St. Lawrence Waterway – Possible Future Action. February 17, 1950.

<sup>133</sup> NARA II, RG 84, file 322.2: 1949 St. Lawrence Waterway, Box 15, Canada. U.S. Embassy, Ottawa, Classified and Unclassified General Records, 1948-1949, Inter-Agency Meeting on the St. Lawrence Project, November 16, 1949.

electricity.”<sup>134</sup> In January 1950 PASNY appealed the FPC’s December decision, and the commission announced that it would undertake a review.

Although FPC action remained a roadblock for the prospects of the Ontario-New York power priority scheme, Canada had gone further down the road towards support for the power works – and to some extent, a concomitant all-Canadian waterway – over the course of the Niagara negotiations. In the House of Commons in November, Lester Pearson remarked that the government was considering abandonment of the waterway aspect and pursuing power alone.<sup>135</sup> Minister of Transport Lionel Chevrier, in response to numerous requests that a minister be given over-all responsibility for the St. Lawrence file, had been appointed with such powers in October. He informed cabinet at the conclusion of 1949 that a new agreement with Ontario was necessary in any scenario – regardless of whether a joint or separate St. Lawrence scheme was followed – due to changed circumstances since the original 1941 agreement.<sup>136</sup>

The chief objections against commencing negotiations with Canada’s largest province were that the various changes required in a new agreement would be best avoided until Canada had a confirmed agreement with the United States, as there were simply too many financial, political, and legal variables that remained unknown until that juncture had been reached.<sup>137</sup> Moreover, if international agreement “should fail of ratification or be radically changed in any respect, then Canada might be committed to

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<sup>134</sup> NARA II, RG 84, file 322.2: 1949 St. Lawrence Waterway, Box 15, Canada. U.S. Embassy, Ottawa, Classified and Unclassified General Records, 1948-1949, Inter-Agency Meeting on the St. Lawrence Project, November 16, 1949.

<sup>135</sup> *House of Commons Debates*, November 16, 1949.

<sup>136</sup> LAC, RG 2, file W-10-1, Waterways, St. Lawrence Water & Power Development, 1948 (January-April), vol. 116, Memorandum to Cabinet re: Canada-Ontario Agreement on the St. Lawrence Waterway Project, December 30, 1949.

<sup>137</sup> *Ibid.*

certain principles that would be inapplicable to the new situation.”<sup>138</sup> There were other concerns as well:

- a) the net first cost to Canada and the annual charges resulting therefrom cannot be estimated until it is known definitively how much Ontario will pay for the work in IR section;
- b) the saving in the cost of power to Ontario resulting from the improvement of the IR section by a joint navigation and power project cannot be determined until a new Canada-Ontario agreement is reached;
- c) present agreement provides that Canada shall acquire the necessary lands for Project; in order to prevent speculation, plans for expropriation be filed immediately once US-Canada agreement is ratified. If it is decided that Ontario will assume responsibility for acquiring these lands, then a new Agreement should be negotiated prior to the negotiation of the Canada-US agreement so that the Province will be in a position to fulfill this part of their obligation.<sup>139</sup>

Ottawa’s inclination towards approving the Ontario-New York separate power plan was largely predicated upon the assumption that congressional approval remained unlikely, and these suspicions were confirmed by news that the Truman administration would not push for a vote prior to the American presidential elections scheduled for November 1950.<sup>140</sup> It was therefore all but guaranteed that the St. Lawrence dual project could not be approved until 1951 at the earliest, and that too appeared improbable. Knowing that Niagara power could only fill Ontario’s needs for six to twelve months, the need to access St. Lawrence power increasingly pointed to a separate hydro development by Ontario and New York.

If Canada abandoned the dual project in favour of the Ontario-New York scheme the navigation works could be built on a schedule determined solely in Canada. However, the benefits of an accompanying waterway, which was only feasible with the

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<sup>138</sup> LAC, RG 2, file W-10-1, Waterways, St. Lawrence Water & Power Development, 1948 (January-April), vol. 116, Memorandum to Cabinet re: Canada-Ontario Agreement on the St. Lawrence Waterway Project, December 30, 1949.

<sup>139</sup> Ibid.

<sup>140</sup> LAC, RG 25, file 1268-D-40C, St. Lawrence River – Niagara River Treaty Proposals – General Correspondence, part 9 (Jan. 5/1949-Dec. 30/1949), Wrong to Heeney, December 17, 1949.

deeper water created by a power dam, were apparent. Both Canada and the U.S. had in the previous decades considered building a deep waterway completely within their respective territories, and the American threat to do so had even motivated Canada to enter into the 1932 St. Lawrence Treaty. Ottawa had long known that an all-Canadian waterway was theoretically possible; since 1949 it had been considered feasible, and by 1950 it was beginning to appear advantageous.

Shortly before the conclusion of the Niagara treaty, Guy Lindsay had suggested that an all-Canadian waterway might be the best option if the 1941 agreement did not pass Congress.<sup>141</sup> Given that Lindsay was the Canadian government's leading engineering expert on the St. Lawrence, having worked on it for twenty years and served since 1949 as the chairman of the St. Lawrence interdepartmental committee, this was a weighty endorsement. Lindsay's views were taken under consideration while External Affairs continued to deal with the Niagara treaty and awaited the resumption of congressional hearings. In April 1950, the republic's House Committee began deliberations on the St. Lawrence legislation, but voted to suspend proceedings before they were even completed. Nevertheless, several important nuances were introduced into the debate. On the one hand, the Truman administration "showed less enthusiasm than on previous occasions for transferring power facilities" to New York State, and the Chief of the Army Engineers testified that a 30-foot draught for a waterway would be better than 27 feet; on the other hand, there were no objections to tolls, and the importance of a seaway for exploiting iron ore now appeared to be widely accepted.<sup>142</sup>

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<sup>141</sup> LAC, RG 2, file W-10-1 (Vol. 1), Waterways; Water Development Projects; etc. St. Lawrence Waterway and Power project, 1950, vol. 207, St. Lawrence Waterway –Possible Future Action, February 17, 1950.

<sup>142</sup> Willoughby, 222.

A number of witnesses, including previously opposed corporations, extolled the virtues of the Labrador iron ore deposits to the House Committee. Favourable opinion was substantiated by a report from the U.S. National Security Resources Board (NSRB) released during the hearings. The report emphasized the importance of the combined St. Lawrence project to national security in several areas: transportation and ship-building, power, and procurement of iron ore.<sup>143</sup>

With the recent Soviet detonation of a nuclear weapon, the fall of China to communism, and mounting tensions in Korea, the United States was close to returning to a war-time footing, and iron ore was one of the highest priority resources for war production. According to the National Resources Board, the so-called Labrador range would be indispensable for meeting America's future needs, given the dwindling Lake Superior supplies, particularly in the event of a national emergency: "[w]hether or not steel can be produced in sufficient quantities to win world war III will depend on our ability to secure an adequate and steady supply of iron ore."<sup>144</sup> Approximately 85% of American's iron ore had come from the Lake Superior region in previous years.<sup>145</sup> Annual demands of 25-30 million tons of iron ore were anticipated within a decade, and the St. Lawrence seaway was deemed necessary to meet these demands.<sup>146</sup>

Without the seaway, small quantities of Labrador ore could move through the existing St. Lawrence canals. But the majority would move by ocean to the ports of

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<sup>143</sup> "Report of the National Security Resources Board on the Importance of the St. Lawrence Seaway and Power project to National Security," April 24, 1950, in *St. Lawrence Seaway Manual: A Compilation of Documents on the Great Lakes Seaway Project and Correlated Power Development*, Senate Document No. 165, 83<sup>rd</sup> Congress, 2<sup>nd</sup> session, Presented by Mr. Wiley, November 15, 1954 (Washington: United States Government Printing Office, 1955).

<sup>144</sup> Ibid.

<sup>145</sup> Ibid.

<sup>146</sup> Ibid.

Baltimore and Philadelphia, and then by rail to manufacturing centres.<sup>147</sup> This would require the construction of ocean-going carriers and unloading facilities at these port cities. If the deep waterway were completed, most of the ore would move via the seaway. Assuming a 50-cent toll per ton (and 15 cents on return trips in ballast) the seaway would be the most economic route, bringing a return of \$3.83 a gross ton, and result in the least traffic and industry disruption.<sup>148</sup> The economic return was most pronounced for transportation to areas north and west of Pittsburgh, but even for the regions to the south and east the seaway would still be more cost-efficient than the alternatives. Additionally, shipping iron ore to Atlantic ports, rather than the seaway, would be a defence liability in the event of war.

Turning briefly to the power aspect of the project, the report surmised that the 700,000 kilowatts of estimated dependable capacity would be easily absorbed by the domestic market and be beneficial to industry in both war- and peace-time. It would also provide a closer integration of Canadian and American supplies, which would be beneficial during another armed conflict. The NSRB report concluded that “a prudent regard for national security requires that the power phase, as well as the transportation phase, of the St. Lawrence project be authorized now and that construction be initiated promptly.”<sup>149</sup>

The Canadian government knew the potential of the reserves, and the Iron Ore Company of Canada had recently been formed in order to capitalize on them. A report from the Department of Trade and Commerce disclosed that approximately 355 million

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<sup>147</sup> Ibid.

<sup>148</sup> Ibid.

<sup>149</sup> Ibid.

gross tons had been proven by 1949, and there was no doubt that there was a great deal more ready for exploitation.<sup>150</sup> It concluded that:

- (a) The completion of the Great Lakes-St. Lawrence waterway and power project will be of great value to the peacetime economy and to the defence potential of Canada and the United States;
- (b) The development of both the navigation and the power features will enhance the value to be derived from the development of each; the project should therefore be carried out as a single undertaking, integrating navigation and power development
- (c) the benefits to be derived from the completion of the project will far outweigh the expenditures which will be required;
- (d) the benefits to be derived from the completion of the project fully warrant the acceptance of a certain degree of risk from enemy attack;
- (e) the strategic risk can be minimized to a large extent by the taking of reasonable precautionary and protective measures; the vital portions of the project can be given defence protection, on a reasonably economical basis, on a par with that accorded to other comparably vital installations.<sup>151</sup>

A lengthy study by the Canadian Department of Commerce and Trade on the economic impact of the seaway was ongoing throughout 1950 and was concluded in January 1951. It came down strongly in favour of the St. Lawrence development, and its estimates on key economic issues such as tolls and traffic would form the basis of negotiations for the Canadian and American governments up to the conclusion of a St. Lawrence agreement in 1954 (see Tables I & II). Although the two government regularly shared their estimates and the information on which it was based – American traffic estimates were predicated in large part on Canada figures for existing traffic on the Welland Canal and St. Lawrence 14-foot canals, and estimates of the iron ore deposits in the Ungava regions depended on Canadian studies –

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<sup>150</sup> LAC, RG 25, file 1268-H-40, St. Lawrence River Waterway Project – Defence Aspects (April 1/41-Oct 31/51), volume 3335, “Report: Development Prospects for Labrador Iron Ore,” Department of Trade and Commerce, Government of Canada, May 5, 1950.

<sup>151</sup> LAC, RG 25, file 1268-H-40, St. Lawrence River Waterway Project – Defence Aspects (April 1/41-Oct 31/51), volume 3335, Memorandum on the St. Lawrence Waterway and Power project, May 18, 1950.

American projections for the potential annual traffic (57-84 million tons) on a seaway were higher than those given by their Canadian counterparts (44.5 million tons).<sup>152</sup>

**TABLE I – Canadian Department of Commerce and Trade:  
Estimate of Potential Traffic on the Canal Systems of the St. Lawrence Waterway  
(in thousands of short tons)**<sup>153</sup>

	St. Lawrence	Welland	Sault Ste. Marie
<u>Downbound</u>			
Wheat	6,000	7,000	10,000
Other grain	2,200	3,100	3,300
Flour and mill products	2,200	1,900	1,000
Iron ore	---	---	60,000
Iron and Steel	1,586	1,000	126
Pulpwood	---	114	793
Soft coal	3,000	4,123	---
Coke	200	48	32
Petroleum and products	50	1,687	4,000
Autos and parts	790	740	---
Fertilizer	75	75	---
All other	<u>2,000</u>	<u>1,500</u>	<u>1,000</u>
Total Down	18,101	21,287	80,251
<u>Upbound</u>			
Iron Ore	20,000	19,000	345
Paper	850	980	---
Woodpulp	300	300	---
Pulpwood	865	690	---
Lumber	375	100	---
Hard coal	500	56	343
Soft coal	500	30	15,500
Petroleum and products	1,014	475	476
All other	<u>2,000</u>	<u>1,500</u>	<u>2,000</u>
Total Up	26,404	23,131	18,664
<b>GRAND TOTAL</b>	<b>44,505</b>	<b>44,418</b>	<b>98,915</b>

<sup>152</sup> United States Senate, 83<sup>rd</sup> Congress, 1st Session, "Notes Re St. Lawrence Seaway," Hearings before the Subcommittee of the Committee on Foreign Relations, "Economics and Self-Liquidation of Navigation Phase (Enclosure 2a)," April 14-16; May 20-21, 1953.

<sup>153</sup> LAC, RG 25, file 1268-D-40, pt. 14 (FP. 1), vol. 6345, "Report: The St. Lawrence Waterway and the Canadian Economy," Department of Trade and Commerce (Economic Research Division), Government of Canada, January 1951, 54.

**TABLE II – U.S. Department of Commerce:  
Summary of Estimated Traffic and Revenue**<sup>154</sup>

Commodity	Estimated Potential Traffic	Suggested Toll Charges (short ton)	Estimated Total Revenue
Iron Ore	30-37 ½ million tons	50 cents	\$15,000,000-\$18,750,000
Grain	6 ½-11 ½ million tons	25-35 cents	1,625,000-4,025,000
Coal	4 million tons	25-35 cents	1,000,000-1,400,000
Petroleum	6-20 million tons	25 cents	1,500,000-5,000,000
General Cargo	11,278 thousand tons	\$1.25 cents	13,501,250
Ballast shipping	25 ½-42 million tons	15 cents	3,825,000-6,300,000
<b>TOTAL</b>	<b>57-84 million tons</b>		<b>\$36,451,250-\$48,976,250</b>

The adjournment of the U.S. Public Works Committee precluded any chances of action at that session of Congress. Throughout the spring of 1950, the Louis St. Laurent government was preoccupied with the question of whether it should wait further on the United States, press for the development of power alone in the international section of the St. Lawrence accompanied by a Canadian waterway, or lobby for the development of both power and navigation works.<sup>155</sup> General McNaughton struck out in a different direction, espousing a reworking of the 1941 agreement at a Permanent Joint Board on Defence meeting.<sup>156</sup> This caught Canadian officials by surprise, as McNaughton's suggestion had not been cleared with Ottawa, and they quickly endeavoured to disabuse the State Department of any notion that McNaughton spoke for the government.

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<sup>154</sup> Arthur H. Schwietert and Leverett S. Lyon, *The Great Lakes-St. Lawrence Seaway and Power Project: Primarily and Analysis of the Testimony Before the Committee on Public Works of the House of Representatives, Eighty-Second Congress* (Chicago: Chicago Association of Commerce and Industry, August 1951), 89.

<sup>155</sup> LAC, RG 25, file 1268-Q-40, St. Lawrence Waterway Project-Interdepartmental Committee – General File, pt 1.2, vol. 6184, 20<sup>th</sup> meeting of the St. Lawrence Interdepartmental Committee, June 7, 1950.

<sup>156</sup> LAC, RG 25, file 1268-D-40, pt. 10, St. Lawrence and Niagara River Treaty Proposals – General Correspondence (January 21, 1950-December 12, 1950), vol. 6343, St. Lawrence Deep Waterway, re: Suggestion of General McNaughton that the Plan for the Development of the International Rapids Section of the St. Lawrence River, June 12, 1950.

The disassociation with McNaughton's proposition revealed that momentum for a separate power plan and Canadian waterway was mounting. At an 11 June commencement address at Canton, New York the prime minister indicated that Canadian patience was wearing thin, "[a]fter all, it is eighteen years since the first agreement ... and it is nine years since the second agreement. Our need in Canada is urgent; particularly for more electrical energy."<sup>157</sup> A few weeks later, on 21 June, Ambassador Wrong informed the U.S. Under Secretary of State that

failure to act on the St. Lawrence Agreement here by the end of 1951 would cause disappointment and complaint in Canada to a degree which might influence cooperation in other respects. It might also make it impossible for the Canadian Government to refrain from strongly supporting a separate power development because of the acute needs for additional power, although what we wanted, of course, was the combined project.<sup>158</sup>

Several Canadian cabinet ministers had also recently gone public with the view that they "might feel compelled to press for priority treatment of the power phase of the project."<sup>159</sup> Pearson underlined the fact that, although Canada still preferred to construct the St. Lawrence works in tandem with the United States, political pressure was building to the point that if the U.S. legislature did not pass legislation during its current session, "such failure would be apt to have an adverse affect upon United States-Canadian

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<sup>157</sup> Louis St. Laurent, "Our North American Partnership," address at St. Lawrence University, Canton, N.Y., June 11, 1950, *Statements and Speeches* (Canadian Department of External Affairs), No. 50/23.

<sup>158</sup> LAC, RG 25, file 1268-D-40, pt. 10, St. Lawrence and Niagara River Treaty Proposals – General Correspondence (January 21, 1950-December 12, 1950), volume 6343, Canadian Ambassador to Secretary of State, June 21, 1950.

<sup>159</sup> NARA II, RG 84, Canada, U.S. Embassy, Ottawa, Classified General Records, 1950-1961, Box 9, Memorandum of Meeting: Niagara Diversion Treaty and the St. Lawrence Seaway and Power project, June 21, 1950.

relations in the broader sense.”<sup>160</sup> Such comments were particularly ominous, and indicate the gravity of the St. Lawrence situation.

These veiled threats about the potential impact on Canada-American relations coincided with the presentation of the Niagara Diversion Treaty to Parliament for approval. Although Canada had initially intended to wait until the American Senate had passed the Niagara legislation, the United States had asked Canada as early as April for prior parliamentary ratification of the treaty. This request was predicated on the hope that Canadian approval might spur on proceedings in the United States. Although this had provoked debate among Canadian officials for several months,<sup>161</sup> they eventually decided that acceding to this treaty would be in the country’s best interests.<sup>162</sup> The following week the Korean War started, further emphasizing in both countries the defence need for power works and a waterway. But this heightened interest did not lead to immediate U.S. action on the Niagara treaty, although the Americans were wary that the Canadians were becoming further frustrated by this hindrance, particular in relation to inaction on the St. Lawrence ratification.<sup>163</sup> By the fall, however, progress had been made, and the Niagara Diversion Treaty came into force on 10 October 1950 and was referred to the IJC, which created the International Niagara Falls Engineering Board on 20 October.

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<sup>160</sup> NARA II, RG 84, Canada, U.S. Embassy, Ottawa, Classified General Records, 1950-1961, Box 9, Memorandum of Meeting: Niagara Diversion Treaty and the St. Lawrence Seaway and Power project, June 21, 1950.

<sup>161</sup> For example: LAC, RG 25, file 1268-K-40, pt 6, St. Lawrence – Niagara River Treaty Between Canada and the United States. Additional Diversion of Water at Niagara Falls (May 1/1950-March 31/1950), vol. 6351, J-C Lessard to Under-Secretary of State, May 31, 1950; LAC, RG 25, Memorandum for the Minister, Ratification of the Niagara Diversion Treaty, June 7, 1950.

<sup>162</sup> Cabinet made this decision on June 9, 1950: LAC, RG 25, file 1268-K-40, pt. 6, St. Lawrence – Niagara River Treaty Between Canada and the United States. Additional Diversion of Water at Niagara Falls (May 1/1950-March 31/1950), vol. 6351, Record of Cabinet Conclusion, June 9, 1950

<sup>163</sup> NARA, RG 59, file 611.42322/7-1450, Box 2804, Ottawa Embassy to State Department, Canada and the Niagara Diversion Treaty, July 14, 1950.

While the Niagara diversion offered up additional sources of hydro-electricity, it could serve as little more than a stop-gap solution. The prospects for any congressional action on the St. Lawrence file at that session were nil, even though the Truman administration claimed that it would present the St. Lawrence project as a strictly military measure – “dressed in uniform” – at the next session.<sup>164</sup> Nevertheless, during the final stages of the Niagara treaty, the Canadian prime minister had made a pivotal decision for the future of the St. Lawrence. According to Minister of Transport Chevrier, St. Laurent had at some point in August or early September told him that Canada “should build the seaway alone. I think the Americans should be made aware of our determination to get the seaway built.”<sup>165</sup> Although there appears to be no explicit directive to this effect, the records of discussion within the Canadian government, as well as their ensuing policies, clearly support Chevrier’s recollection. At the same time that he announced to Chevrier the new approach, St. Laurent had charged the minister with preparing public opinion in both Canada and the U.S. for the possibility of Canada going it alone.<sup>166</sup>

Chevrier, not coincidentally the Member of Parliament from the St. Lawrence city of Cornwall, opened his publicity campaign midway through September 1950. Although the 1941 agreement was the best solution, he opined that, if Ottawa was convinced that no progress could be made on the combined scheme, which seemed to the case, then Canada should forward the Ontario application to the IJC. Furthermore, the minister stated, “Canada should also explore the possibility of constructing a deep

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<sup>164</sup> LAC, RG 25, file 1268-D-40, pt. 10. St. Lawrence and Niagara River Treaty Proposals – General Correspondence (January 21, 1950-December 12, 1950, vol. 6344, Canadian Ambassador to Secretary of State, August 18, 1950.

<sup>165</sup> Chevrier, 42.

<sup>166</sup> Ibid.

waterway on the Canadian side of the boundary.”<sup>167</sup> This was widely reported in the press, but there was plenty of speculation by contemporaries,<sup>168</sup> and subsequently by historians,<sup>169</sup> that Canada was only attempting to bluff the United States into taking action. Since there were mixed messages emanating from Canada, the United States had reasonable grounds for suspecting that this was all posturing. For example, some high-ranking members of the Canadian government, such as the Secretary of State for External Affairs, seem to have considered a Canadian/Ontario/New York plan a pretense, and HEPCO and Queen’s Park appear to have had no qualms about using such machinations in an attempt to pressure the United States into collaborating with the Canadian federal government. Still other Canadian officials were willing to adopt a national waterway, but considered American involvement the preferred option if it was available.

The St. Laurent cabinet had not yet collectively and irrevocably decided that it would actually follow through on a Canadian waterway. But the prime minister favoured the policy advocated by Chevrier, Howe, and important elements of the St. Lawrence committee who sought a solely Canadian waterway.<sup>170</sup> Yet St. Laurent also wanted to proceed pragmatically by preparing the groundwork for a Canadian route without closing the door on American involvement. According to St. Laurent’s biographer, “[i]f the Americans reacted in time, [St. Laurent] reasoned, then a joint venture would still be

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<sup>167</sup> LAC, RG 25, file 1268-D-40, pt. 10.2, St. Lawrence and Niagara River Treaty Proposals – General Correspondence (January 21, 1950-December 12, 1950), vol. 6344, Secretary of State to Canadian Ambassador, September 16, 1950.

<sup>168</sup> Willoughby, 224.

<sup>169</sup> See Hillmer and Granatstein, 185.

<sup>170</sup> Bothwell and Kilbourn, 225. On the same page, the authors state that while St. Laurent was less prone to dictating policy than King had been, he understood how to persuade his colleagues and achieve consensus.

possible; if not, they would have had ample warning, and the national pride of Canadians would have been stirred sufficiently to accept the total financial burden of the enterprise.”<sup>171</sup> However, before irreversibly committing himself in any direction, the prime minister would continue to canvass various opinions, including those of the Canadian public, his own government, and the governments of the United States, Ontario, and New York. Electoral considerations also factored in to some extent. The idea of their own seaway resonated with Canadians for practical and symbolic reasons, as it would enable the economic growth Canadians were hoping for, while providing a valuable addition to Canada’s defence capabilities, and it represented a Canadian ability to strike out independently of the United States. The Liberals hoped to capitalize on this by, at the very least, giving the appearance that they were moving in the direction of a national waterway.

Although a joint project between the federal governments of the two countries had remained Canada’s end goal in the immediate post-war years, by 1950 Ottawa had started down a path toward an exclusively Canadian waterway. Since 1947 Canada had agreed in principle to tolls, and the extent and availability of the iron ore reserves had been largely demonstrated. As the economic and defence potential of a St. Lawrence development came into sharper focus, stronger calls for action emanated from the Government of Ontario and the Canadian public. Ottawa had been pinning its St. Lawrence hopes on the U.S. Congress sanctioning American participation in the 1941 accord, but such hopes remained illusory. In response, Ontario had partnered with the State of New York to push for the approval of joint provincial-state construction of

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<sup>171</sup> Thomson, 307.

power works in the International Rapids section, separate from the excavation and construction of a deep waterway. Although this initially met with stiff resistance from both Ottawa and Washington, Canadian officials began to embrace the idea of Ontario and New York constructing the hydro works if it offered the quickest means of beginning work on the St. Lawrence project, particularly once they realized that it could feasibly be joined by a solely Canadian waterway. By the fall of 1950, an all-Canadian seaway had emerged as the preferable course in the eyes of a number of key Canadian officials. As the next chapter will show, after further debate about the merits of going it alone, Ottawa began to take steps to make an all-Canadian waterway a reality.

## CHAPTER 4

### WATERSHED DECISIONS, 1950-1952

By the fall of 1950 the Canadian approach to the St. Lawrence Seaway and Power Project had been channeled in a new direction. Prime Minister Louis St. Laurent had indicated his support for an all-Canadian waterway; however, this was not yet the official position of the Canadian government since St. Laurent still wanted to leave the door open to American participation. Over the first half of 1951, both the prospects for, and Ottawa's enthusiasm towards, moving ahead without the American federal government in the St. Lawrence enterprise ebbed and flowed. But, when U.S. congressional approval of the 1941 St. Lawrence agreement again came to naught in the summer of 1951, the St. Laurent government began to take proactive steps toward a Canadian seaway and an Ontario-New York hydro development.

The St. Lawrence project proved to be extremely attractive to Canadians on a number of levels. In fact, for many Canadian citizens, the St. Lawrence symbolized something beyond the sum of its parts: an all-Canadian seaway epitomized the possibility of the new Canada. After the deprivations of the depression followed by the trying experiences of the Second World War, a seaway and power project offered a very tangible means of achieving both prosperity and concomitant national self-confidence. Moreover, the seaway project and its anticipated results were intertwined with a burgeoning faith in the ability of technology, science, and engineering to bring about "progress," that nebulous term that captivated governments and countries throughout the developed world, including Canada, in the post-1945 era.

Prior to the Second World War, the central Canadian provinces had resisted a St. Lawrence waterway because of federal-provincial disputes over water and hydro rights,

as well as partisan political reasons. But Ontario was now desperate for the benefits of a St. Lawrence development: although the province's power capacity had increased in the period 1946-1950 by approximately 30%, industrial growth was at an even higher rate.<sup>1</sup> Quebec Premier Maurice Duplessis, who had traditionally been opposed to developing the St. Lawrence, remained in power. But the discovery of iron ore in the Ungava region held great economic potential for the province as a whole and the port of Montreal specifically. Opinion in Quebec, which may not have been as opposed to the St. Lawrence project in previous decades as the province's political elites portrayed, seemed to be of the view that Montreal, and the province in general, would benefit from the shipping of the ore to the steel factories of the Great Lakes region and that the general commerce improvement resulting from a seaway would also benefit Quebec economically.<sup>2</sup> The ore reserves had led the American Hollinger-Hanna group, along with the aluminum and automobile industries in the United States, to end their opposition to the seaway.<sup>3</sup> A number of companies joined with Hollinger-Hanna to form the Iron Ore Company, and this conglomeration of U.S. interests signed a development deal in 1951 with Duplessis, sufficiently minimizing the remaining political and business opposition to the St. Lawrence project in Quebec.<sup>4</sup>

In addition to the changed political situation, from an economic perspective the St. Lawrence undertaking was also a project whose time had apparently come. With the

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<sup>1</sup> William Willoughby, *The St. Lawrence Waterway: A Study in Politics and Diplomacy* (Madison, WI: University of Wisconsin Press, 1961), 218.

<sup>2</sup> Gennifer Sussman, *Quebec and the St. Lawrence Seaway* (Montreal: C.D. Howe Institute, 1979), 8; Susan Mann Trofimenkoff, *The Dream of Nation: A Social and Intellectual History of Quebec* (Toronto: MacMillan of Canada, 1982), 269.

<sup>3</sup> Lawrence Aronsen, *American National Security and Economic Relations with Canada, 1945-1954* (Westport, CN: Praeger, 1997), 167; Carleton Mabee, *The Seaway Story* (New York: The Macmillan Company, 1961), 149.

<sup>4</sup> Sussman, *Quebec and the St. Lawrence Seaway*, 2; 30-2.

decline of agricultural exports in the post-1945 period, the prairie provinces were keen to take advantage of the shipping possibilities a deep waterway would offer their products. Support was more muted, even lacking in some cases, in the provinces bordering the Pacific and Atlantic oceans, but the country generally backed a program that could tap the resources of the St. Lawrence.<sup>5</sup> The Canadian population had risen from about 12 million in 1945 to over 15 million in 1954, the result of a high birth rate and massive immigration. Moreover, thousands of Canadians migrated from rural to urban areas during the war and in the postwar decade. In addition to purchasing new homes – a million were built in the fifteen years after the end of the war – they were purchasing many types of goods, as consumer expenditures totaled \$18 billion in 1948 and rose for the rest of the decade, hitting \$24.3 billion by 1954.<sup>6</sup> Although inflation and consumer prices rose, increased consumption was stimulated by high employment levels and good wages.

As a result, Canada's Gross National Product (GNP) went from \$15.5 billion in 1948 to \$25.9 billion in 1954.<sup>7</sup> This upturn was fuelled in large part by private and public industries that developed energy resources such as uranium, petroleum, natural gas, and atomic power. Total hydro-electric output in Canada rose 50% between 1948 and 1954 and the manufacturing sector kept pace, particularly in southern Ontario.<sup>8</sup> In fact, much of the country's industrial and population growth was taking place in or near the Great Lakes-St. Lawrence basin, and the new factories required electricity and new

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<sup>5</sup> Government of the United States, National Archives and Records Administration (NARA) II, RG 84, file 322.2 St. Lawrence Seaway, Canada & U.S. (1951), U.S. Embassy, Ottawa, Classified General Records, 1950-1961, box 14, Memorandum of Conversation, St. Lawrence Seaway, August 4 1951.

<sup>6</sup> These statistics are from: "Historical Statistics of Canada," <http://www.statcan.gc.ca/bsolc/olc-cel/olc-cel?catno=11-516-X&lang=eng> <accessed April 12, 2010>.

<sup>7</sup> Ibid.

<sup>8</sup> Ibid.

outlets to make and move their products. As a result, Canada invested in a range of transportation networks in the decade after the end of the Second World War. These included the Trans-Canada highway and significant investments in railroad expansion; still, the current means of transportation were operating at full capacity, meaning that the rail interests in Canada did not actively try to block the growth of water transportation via the St. Lawrence.<sup>9</sup> By way of illustration, in 1947 Canadian railways carried 152.7 million tons of cargo while Canadian canals (Sault Ste. Marie, Welland, St. Lawrence) carried 129.9 million tons.<sup>10</sup>

Ottawa ran budget surpluses from 1949 to 1956, despite a massive growth in defence spending, including projects such as the Pinetree, Mid-Canada, and Distant Early Warning (DEW) radar lines, all built in the 1950s. Spurred on by the intensification of the Cold War – the successful Soviet testing of an atomic bomb in 1949, the “loss” of China the same year, the 1950 Sino-Soviet pact, and the Korean conflict (1950-1953) – Canada's defence expenditures rose from \$787 million in 1947 to \$1.95 billion in 1952, accounting for close to half of the federal budget. Indeed, the 1950-1953 period marked a phase of rearmament in preparation for mobilization, and defence spending would remain the single largest item in the Canadian budget throughout the decade.<sup>11</sup> Likewise, the number of personnel in the Canadian armed forces soared from 35,000 in 1947 to 104,000 in 1953.

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<sup>9</sup> Mabee, 158.

<sup>10</sup> LAC, RG 25, file 1268-D-40, pt. 14 (FP. 1), vol. 6345, Report: The St. Lawrence Waterway and the Canadian Economy, Department of Trade and Commerce (Economic Research Division), Government of Canada, January 1951, 27.

<sup>11</sup> Robert Bothwell, *Alliance and Illusion: Canada and the World, 1945-1984* (Vancouver: UBC Press, 2007), 89.

Economic prosperity propelled optimism which in turn fuelled Canadian self-confidence and national identity. For example, Canada's role on the international stage grew, the Canadian Citizenship Act of 1947 created a new and recognized nationality, in 1949 the Supreme Court of Canada became the final court of appeal in the land instead of Britain's Judicial Committee of the Privy Council, and the appointment in 1952 of the first Canadian Governor General, Vincent Massey, further weakened formal ties to Britain. These moves were partly nationalistic and partly pragmatic, as Britain had emerged from the Second World War in a weakened state, especially in comparison to the United States, increasingly Canada's main ally and economic partner.

Helping to fuel the Canadian economy through the postwar growth period were American investments and branch plants. In 1950, 76% of the \$4 billion of foreign investment that came into Canada was from the United States. In October 1951, the two North American countries signed the Statement of Principles of Economic Cooperation, the first of a number of industrial defence agreements that imported U.S. capital and technology on a far larger scale than had the Hyde Park Declaration.<sup>12</sup> But many Canadians were also apprehensive about the commitments and perceived loss of sovereignty such U.S. expenditures implied or required, and Canadian nationalism increasingly began to take the form of anti-Americanism.<sup>13</sup> The Massey Commission and later the Gordon Report spoke to the concerns of at least some segments of Canadian society that American influence needed to be mitigated, and appear to have

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<sup>12</sup> John Herd Thompson & Stephen J. Randall, *Canada and the United States: Ambivalent Allies* (London: University of Georgia Press, 2008), 189.

<sup>13</sup> J.L. Granatstein, *Yankee Go Home? Canadians and Anti-Americanism* (Toronto: HarperCollins Publishers, 1997), 119.

fostered resentment against American encroachment and interference in the Canadian economy and society.

Thus, postwar prosperity made a seaway not only viable from an affordability and technical ability standpoint, but necessary in order to keep pace with the anticipated rate of economic expansion and consumer consumption. The waterway would, for example, allow the iron ore of the Ungava district to move upriver as the grains of the prairies were shipped downriver while the connected hydro works would generate the electricity needed to supply Ontario's booming manufacturing sector. Moreover, the navigation and hydro aspects could both contribute to Canada's defence potential at a time when national security and the defence of the continent was a prime concern. Nevertheless, Canadians wanted this prosperity without an attendant loss of sovereignty. As a result, the nascent desire for an independent Canadian seaway gathered momentum in 1950.

Washington had learned by the end of August 1950, at the latest, that Canada was giving serious consideration to abandoning the dual Canada-U.S. project.<sup>14</sup> At about the same time, officials in the Canadian government had begun taking steps to prepare both Canadian public opinion and the American government for such a possibility. This chiefly took the form of public pronouncements by officials such as Prime Minister St. Laurent, Minister of Transport Lionel Chevrier, and Minister of Trade and Commerce C.D. Howe, culminating in late September 1950 with the Canadian prime minister telling U.S. President Harry Truman that Canada hoped to pursue a separate course, and

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<sup>14</sup> NARA II, RG 59, file 611.42321-SL/9-550, Box 2795, From Niagara Falls Consulate to Dept of State. Possibility of Developing St. Lawrence Seaway and Hydro-Electric Project without Concurrence of U.S. Federal Government, September 5, 1950.

requesting American cooperation in surmounting the necessary legal and constitutional hurdles surrounding the American entity that would participate in constructing the adjoining hydro-electricity development. However, the appointment of an American agency would prove to be problematic since Washington was reluctant to let Canada proceed alone.

Chevrier and Howe maintained the pressure on the United States after the November congressional elections, with Howe publicly stating: “[i]f it is impossible to obtain the joint development referred to in the 1941 Agreement, then consideration must be given – as indeed it already has – to an all-Canadian route.”<sup>15</sup> Other speeches, by Ontario Premier Leslie Frost and head officials from the Hydro Electric Power Commission of Ontario (HEPCO or Ontario Hydro) such as R.L. Hearn and Robert Saunders, echoed Howe’s sentiment. Both Queen’s Park and Ontario Hydro continually badgered the federal government, and public opinion in Ontario was decidedly in favour of Canada bringing a St. Lawrence project into existence as quickly as possible, as well as in favour of Canada proceeding alone on a waterway. As Canada’s most populous province, its industrial and manufacturing heartland, and home to the constituencies of many key officials from the ruling party – including Howe, Chevrier, and Pearson – Ontario’s voice carried a great deal of weight.

In conjunction with their public utterances, Howe and Chevrier continued to push the case for a Canadian waterway to the prime minister.<sup>16</sup> However, in order to

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<sup>15</sup> Government of Canada, Library and Archives Canada (LAC), RG 25, file 1268-D-40, pt 11.1. St. Lawrence & Niagara River Treaty Proposal – General Correspondence (January 4, 1951-March 31, 1951), vol. 6344, Statement by C.D. Howe, November 21, 1950.

<sup>16</sup> LAC, MG 26 (Louis St. Laurent Papers, PMO), file W-10-1, Waterways – St. Lawrence, vol. 1 – Personal and Confidential, 1950-51-52-53, Memorandum from Chevrier to St. Laurent, November 17, 1950; LAC, MG 26 (Louis St. Laurent Papers, PMO), file W-10-1, Waterways – St. Lawrence, vol. 1 –

make feasible a deep waterway the water level would have to be raised as part of the hydro-electric development (i.e., from a power dam). For Ontario and New York to construct the power works, the latter would need the permission of the U.S. federal government and, as the Federal Power Commission deliberations up to that point had revealed, this did not appear likely. Thus, although the refusal of an FPC license did not directly stop the Canadians from building a seaway entirely within their territory, it could prevent the the hydro works from going ahead, which would in effect preclude the creation of a Canadian waterway.

Due to pressure for some type of activity on the St. Lawrence question, the Canadian interdepartmental committee on the St. Lawrence suggested a deadline for agreement of 1 March 1951, while a memorandum to the Cabinet Committee on Economic Policy proposed 1 April of the same year.<sup>17</sup> If there appeared to be no hope for the 1941 agreement by either of these dates, then Canada could try to persuade the U.S. to submit applications to the IJC for the power works, and then decide whether or not to simultaneously construct an all-Canadian seaway.<sup>18</sup> Ambassador Hume Wrong alleged that “[i]f sufficient pressure for a separate power development by New York and Ontario can be exerted by Canada and by Congress it is possible that the President

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Personal and Confidential, 1950-51-52-53, Memorandum from St. Laurent to Chevrier, November 21, 1950.

<sup>17</sup> No author is given for this memorandum: LAC, RG 25, file 1268-D-40, pt. 10.2, St. Lawrence and Niagara River Treaty Proposals – General Correspondence (January 21, 1950-December 12, 1950), vol. 6344, Memorandum for the Cabinet Committee on Economic Policy: Future Action on the St. Lawrence Waterway and Power project, fifth draft, October 26, 1950.

<sup>18</sup> LAC, RG 25, file 1268-D-40, pt. 10.2, St. Lawrence and Niagara River Treaty Proposals – General Correspondence (January 21, 1950-December 12, 1950), vol. 6344, Memorandum for the Cabinet Committee on Economic Policy: Future Action on the St. Lawrence Waterway and Power project, fifth draft, October 26, 1950.

would be ready to change his position.”<sup>19</sup> Although the United States was sure that Canada had not made “a definite determination to proceed alone”<sup>20</sup> influential American Senator Alexander Wiley nevertheless wrote to St. Laurent in order to dissuade Canada from attempting a “singlehanded crack” at a St. Lawrence project.<sup>21</sup>

In December 1950 several Canadian officials, including Wrong and Howe, took up the seaway issue on Capitol Hill. In response to a query from Stanley Woodward, the American ambassador to Canada, about whether Ottawa would actually proceed alone, Chevrier assured him that it remained a practical possibility if a joint arrangement could not be obtained.<sup>22</sup> Chevrier’s assurance that a joint project remained a practical possibility intentionally veiled his belief that Canada should go it alone, in part because he recognized that there were hurdles to overcome in order to do so, but also because it was becoming apparent that if Canada went too far in proclaiming its desire to take unilateral action, the White House might block the requisite PASNY license.<sup>23</sup> On 19 December 1950, the FPC again did just that – on the grounds that navigation works should accompany a power project, and that PASNY might not sufficiently share the resulting hydro power with surrounding states – and recommended instead a combined power/navigation project.

The licence rebuff was evidently due to the Truman administration’s opposition since it was “common knowledge,” according to an internal State Department

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<sup>19</sup> LAC, RG 2, file W-10-1 (Vol. 1), Waterways; Water development, waterworks, projects, etc. St. Lawrence Waterway & Power project, 1951 (Jan-Aug. 31), vol. 207, The St. Lawrence Waterway Project, Position as in December, 1950 and Suggested Procedure, December 15, 1950.

<sup>20</sup> NARA II, RG 59, file 611.42321-SL/11-2750, Box 2795, Ottawa Embassy to Department of State, November 27, 1950.

<sup>21</sup> LAC, MG 26 (Louis St. Laurent Papers, PMO), file W-10-1, Waterways – St. Lawrence, vol. 1 – Personal and Confidential, 1950-51-52-53, Senator Wiley to St. Laurent, October 27, 1950.

<sup>22</sup> NARA II, RG 59, file 611.42321-SL/12-1350, box 2795, Ottawa Embassy to State Department, December 13, 1950.

<sup>23</sup> Ibid.

memorandum, “that the President is in favor of federal power as against private power and as such would undoubtedly be unwilling to agree to an Ontario-New York project.”<sup>24</sup> Moreover, other behind the scenes jurisdictional disputes within the American federal government would hamper the progress of the St. Lawrence project. Although it is not clear that Ottawa was aware of the problems concerning the federal-state power issue, the St. Laurent government was beginning to realize that there was strong resistance in Washington to an all-Canadian plan. Canadian frustration had in the past been aimed at Congress for failing to enact legislation, but there were signs that this discontent was beginning to extend to the White House, which Canada feared was adopting delaying tactics, despite Secretary of State Dean Acheson’s assurances to the contrary.<sup>25</sup>

Truman’s preferences plainly affected the FPC’s decision which, despite the commission’s prescribed insularity from political considerations, is not surprising since all commissioners were presidential appointees. This is revealed by a range of evidence, including the Canadian record of a conversation between Ambassador Wrong and E. Robert De Luccia, Chief of the Bureau of Power of the FPC, concerning the commission’s ability to later revisit its 19 December judgment:

[a]ccording to De Luccia the question of the attitude that the Commission might take in the event of a further application being submitted at some later date would depend primarily on two factors: (a) the attitude of the White House towards such application, and (b) the nature of Congressional reaction during the course of the

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<sup>24</sup> NARA II, RG 59, file 611.42321-SL/12-1650, box 2795, Memorandum of Conversation – St. Lawrence Seaway and Power project, December 16, 1950.

<sup>25</sup> LAC, RG 25, file 1268-D-40, pt 19.1, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (November 1, 1952-December 13, 1952), vol. 6346, Letter from Chevrier, October 22, 1950.

hearings, which are anticipated to be held this year, on the St. Lawrence Agreement.<sup>26</sup>

The Canadian government was approaching the point where any action was preferable to continuing to hold out for a joint plan. But American concurrence remained necessary for a Canadian waterway, and there were other valid reasons for waiting before proceeding alone. Fear of further disrupting relations with the United States certainly left Ottawa reluctant to depart from the type of cooperative effort that had been agreed upon in both 1932 and 1941. Opposition to a St. Lawrence initiative in Montreal and Quebec had certainly dissipated, but Chevrier felt “missionary” work was still required in that province, particularly in connection with developing power at the Lachine Rapids, and that too could take more time.<sup>27</sup> Additionally, if Canada continued to await the favour of the U.S. Congress, there was also the chance that Truman might reverse his opposition to separating the navigation and power works, the FPC might yet still approve the PASNY license, or the changed composition of Congress after the November election could prove more promising.

Faced with these various scenarios and options, the St. Laurent government hesitated to take any actions that would unequivocally commit the country in either direction until a stronger consensus was apparent. An all-Canadian waterway was becoming the more attractive option, not only on its own merits but because it likely offered the quickest possible method of realizing the hydro power from the IRS. In addition to concerns about the general ramifications for bilateral relations and the

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<sup>26</sup> LAC, RG 25, file 1268-D-40, pt 11.1. St. Lawrence & Niagara River Treaty Proposal – General Correspondence (January 4, 1951-March 31, 1951), vol. 6344, teletype from Cdn Amb to Sec of State, WA-54, January 5, 1951.

<sup>27</sup> NARA II, RG 59, file 611.42321-SL/12-1350, box 2795, Ottawa Embassy to State Department, December 13, 1950.

possibility that Congress might unexpectedly pass the 1941 agreement, the Canadian government realized that its pursuit of a unilateral waterway might result in U.S. interference with the legal steps needed to initiate the power development.

Studies from within the Canadian government unequivocally recommended the seaway and power project. A 15 December 1950 report from the Canadian Department of Transport, authored by Guy Lindsay of the Special Projects Branch (and chairman of the St. Lawrence interdepartmental committee), argued that, compared to the provisions of the 1941 agreement, an all-Canadian canal

would be less than 7 miles instead of 11.2. The annual traffic capacity in the lower pool would be about 50% greater and the annual traffic capacity through the whole Section could be increased by 50% at approximately 1/3 the cost of that required to obtain similar capacity in the 1941 project. The cost of deepening in the future to 30 feet would be considerably less with an “All-Canadian Waterway” than with the 1941 project. The total first cost, however, to improve the Section for navigation and power would be greater ....<sup>28</sup>

The Canadian Department of Trade and Commerce produced another report the following month, an extensive study entitled “The St. Lawrence Waterway and the Canadian Economy,” which served as the basis for Ottawa’s estimates on the economic and trade potential of the St. Lawrence project.<sup>29</sup> It strongly urged that the project, either as a Canadian or a joint endeavour, commence immediately on both economic and defence grounds. Regarding the latter:

(a) Labrador ore will be the only continental source in event of war; (b) war production requires large amounts of electric power; (c) effective force in modern

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<sup>28</sup> LAC, RG 2, file W-10-1 (Vol. 1), Waterways; Water development, waterworks, projects, etc. St. Lawrence Waterway & Power project, 1951 (Jan-Aug. 31), vol. 207, Report/Memo, The St. Lawrence Waterway Project. Position as in December, 1950 and Suggested Procedure, December 15, 1950.

<sup>29</sup> LAC, RG 25, file 1268-D-40, pt. 14 (FP. 1), vol. 6345, Report: The St. Lawrence Waterway and the Canadian Economy, Department of Trade and Commerce (Economic Research Division), Government of Canada, January 1951. Figures for American traffic in this report were based on two studies by the United States Department of Commerce: “An Economic Appraisal of the St. Lawrence Seaway Project” (November 1947), and “Potential Traffic on the St. Lawrence Seaway” (December 1948).

war requires specialized production in volume. The combined power and waterway development will increase the strength and versatility of industry and permit dispersal of production; (d) waterway will provide an alternative transportation route to the railways, so hard pressed in the last effort; (e) the waterway will permit all but the largest ocean going vessels to be built a thousand miles from the sea, adding flexibility and dispersal to the program of shipbuilding and repair.

According to the report, although it was difficult to assess the benefits of the project precisely, they “will be out of all proportion to [the St. Lawrence project’s] comparatively moderate cost” for it would save a minimum of \$48 million per year in transportation costs in contrast to an annual cost of \$15.3 million.<sup>30</sup> There would be a general positive economic effect and “every province of Canada may expect to derive some benefit from the waterway, both directly from new opportunities and indirectly as the expansionary reaction spreads through the economy.”<sup>31</sup> The increased sales of iron ore would bring Canada an additional \$70 to \$90 million per annum. Conversely, two of Canadian industry’s major exports, wood and paper products, were not expected to benefit from the seaway.<sup>32</sup>

The seaway’s dimensions were predicted to result in a trend toward larger ships than the canallers using the 14-foot St. Lawrence canals.<sup>33</sup> A boom in ship-building on the Great Lakes could be expected, although there would be competition from overseas. Since canallers would be less economical because of their size, and would overtax the capacity of the locks in the system – particularly the single locks at Welland, which

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<sup>30</sup> Ibid.

<sup>31</sup> LAC, RG 25, file 1268-D-40, pt. 14 (FP. 1), vol. 6345, Report: The St. Lawrence Waterway and the Canadian Economy, Department of Trade and Commerce (Economic Research Division), Government of Canada, January 1951.

<sup>32</sup> Ibid.

<sup>33</sup> A "canaller" was typically 254 feet in length, 43.6 feet in beam, and with a loaded draft of 14 feet and could fit in the St. Lawrence locks that predated the seaway.

would be the potential bottleneck in a larger Great Lakes-St. Lawrence route – the report recommended that canallers could be better phased out if they were charged tolls (suggesting an average toll of about 28 cents per ton of cargo) equivalent to larger ships. The duplication of locks, especially in the Welland, might be necessary in the future to keep up with downbound iron ore. Despite identifying the likelihood of a trend toward larger ships (e.g., lakers), the report argued that ocean vessels would have only a minor role in seaway trade.

**TABLE III – Comparison of Rates Via Direct All-Water and Via Combination Rail-Water Routes to Antwerp and/or Rotterdam from Great Lakes (Rates as of Autumn 1952; in cents per 100 pounds)<sup>34</sup>**

Origination and Commodity	All-water Rate	Combination Rate, Via New York	Combination Rate, Via Baltimore	Combination Rate, Via Montreal
<b>FROM CHICAGO</b>				
Machinery	220	301	298	299
Canned goods, in boxes	125	181	177	193
Edible lard, in drums	145	188	153	185
Dry salt fatbacks	155	213	---	210
Empty glass one gallon bottles	180	218	211	219
Corn syrup and glucose	90	131	115	129
<b>FROM MILWAUKEE</b>				
Machinery	220	305	301	---
Canned goods, in boxes	125	179	177	---
<b>FROM DETROIT</b>				
Machinery	200	283	280	279
Corn syrup and glucose	90	131	---	144
<b>FROM CLEVELAND</b>				
Machinery	210	265	262	262
Empty glass one gallon bottles	130	199	194	196
<b>FROM TORONTO</b>				
Machinery	230	---	---	274
Canned goods, in boxes	125	---	---	189
Corn syrup and glucose	90	---	---	164

<sup>34</sup> The information for this table were taken from U.S. and Canadian government sources, and appears in Harold M. Mayer, "Great Lakes-Overseas: An Expanding Trade Route," *Economic Geography* vol. 30, no. 2 (Apr. 1954), 117-143.

**TABLE IV – Revenue Freight of Canadian Railways Divertable to the Waterway  
(based on 1947 freight movement)<sup>35</sup>**

<u>Product</u>	<u>Potential Diversion from Rail to Water</u>	
	<u>Thousands of Tons</u>	<u>Millions of Ton Miles</u>
Wheat	1,900	1,200
Other grain	1,750	950
Flour & mill products	1,700	1,000
Newsprint	780	300
Woodpulp	275	100
Pulpwood	305	125
Lumber	375	730
Autos & parts	750	100
All other	<u>1,000</u>	<u>200</u>
<b>TOTAL</b>	<b>8,875</b>	<b>4,705</b>

Canadian opposition to the project was groundless in the view of the Department of Trade and Commerce. There would only be short-term economic dislocation, if any at all, for railroads and ports such as Montreal, followed by long-term gain.<sup>36</sup> Although tolls were correctly predicted to be a contentious issue in the future, liquidation of the navigation costs via tolls appeared feasible:

The annual costs chargeable to navigation in this section should not exceed \$12.3 million. A simple toll schedule of the order of 20 cents, 40 cents, and 65 cents on raw materials, semi-manufactures, and general cargo would be adequate to meet these charges. Modifications and refinements could be made in the light of experience, so there need be no doubt as to the ability to meet their carrying charges.<sup>37</sup>

Guy Lindsay supplied an outline of the necessary steps and a timetable by which the project could proceed. Truman's consent would be needed to jointly transmit plans

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<sup>35</sup> LAC, RG 25, file 1268-D-40, pt. 14 (FP. 1), vol. 6345, Report: The St. Lawrence Waterway and the Canadian Economy, Department of Trade and Commerce (Economic Research Division), Government of Canada, January 1951.

<sup>36</sup> LAC, RG 25, file 1268-D-40, pt. 14 (FP. 1), vol. 6345, Report: The St. Lawrence Waterway and the Canadian Economy, Department of Trade and Commerce (Economic Research Division), Government of Canada, January 1951, 11.

<sup>37</sup> Ibid. Although tolls had not been agreed up, and would not be until right before the opening of the seaway in 1959, the two countries had agreed to cap tolls to the equivalent of \$1.25 per short ton of laden cargo.

for the International Rapids section (IRS) to the IJC, and a decision was required on the issue of whether the federal or Ontario government could undertake the Canadian portion in conjunction with New York or whatever entity the Americans designated. Beyond that, various engineering and administrative boards would need to be constituted. In the best-case scenario, with a decision made by the end of March 1951, the earliest that power could be obtained from the IRS would be the winter of 1957, while deep navigation would not be possible until spring 1959.<sup>38</sup>

U.S. officials were confident at the start of 1951 that legislation would pass Congress, and hoped that Canada would clearly state that a joint project remained its first preference.<sup>39</sup> Due to suggestions from the Department of State, the Permanent Joint Board on Defence (PJBD) again strongly recommended the St. Lawrence project to both governments; it had previously done so in May 1947 and December 1948. This was well received in Washington since the St. Lawrence scheme had been a high priority for all U.S. presidents since at least Herbert Hoover. While this enthusiasm to reconfigure the St. Lawrence River traditionally received widespread support within Washington and the geographic areas that stood to benefit from the project, particularly areas of the U.S. contiguous to the Great Lakes and the Midwest, the sectional and regional interests that had conspired for several decades to successfully keep the project from coming to fruition in Congress remained vehemently opposed.

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<sup>38</sup> LAC, RG 2, file W-10-1 (Vol. 1), Waterways; Water development, waterworks, projects, etc. St. Lawrence Waterway & Power project, 1951 (Jan-Aug. 31), vol. 207, Report/Memo, The St. Lawrence Waterway Project. Position as in December, 1950 and Suggested Procedure, December 15, 1950. The total 6 years and 8 months timetable for power development is broken down as follows: negotiations with the US: 4 months; Engineering Board deliberations and preparation of reference to IJC: 8 months; IJC deliberations: 12 months; construction period before first power: 56 months.

<sup>39</sup> LAC, RG 25, file 1268-D-40, pt 11.1. St. Lawrence & Niagara River Treaty Proposal – General Correspondence (January 4, 1951-March 31, 1951), vol. 6344, Canadian Ambassador to Secretary of State, Re: St. Lawrence Agreement, WA-200, January 16, 1951.

For example, Democratic Representative Daniel J. Flood, from Pennsylvania, criticized the cost of the seaway project on national defence grounds: “I had thought it was axiomatic that we cannot have our butter and guns, too. Yet that is exactly what is proposed in the President’s recommendations for the proposed St. Lawrence waterway-hydro-electric project.”<sup>40</sup> As noted earlier, Vice Admiral Edward L. Cochrane, the Federal Maritime Administrator, told Congress that 75% of the American merchant fleet could use a 27-foot waterway, but stressed that only about 10% of the American seagoing fleet could operate in canals of that depth with a full cargo.<sup>41</sup> Opponents jumped on this and, in combination with the restricted shipping season of St. Lawrence canals, used it as proof that a deep waterway would be uneconomical.

However, due to the Ungava iron ore reserves, the steel industry now sponsored the seaway project and indicated its support during congressional hearings.<sup>42</sup> The president of the recently created Iron Ore Company of Canada, a conglomeration of American steel interests formed to develop the Ungava ore, had stressed in 1950 the vital need for these ore supplies because of the dwindling reserves in the Mesabi range. He predicted that this range would be depleted in about 15 years, and the only other alternatives, aside the Labrador ore, were outside of North American (e.g. Chile, Venezeula, Brazil) and could not be counted on in times of war.<sup>43</sup> If a seaway were not built, the ore would have to follow one of two unfeasible routes:

- (1) from Seven Islands by boat to an Atlantic port, a distance of from 1,366 to 1,550 miles, and thence by rail, from 430 to 625 miles, to the mills; or (2) from

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<sup>40</sup> “Drive for Seaway Spurred By Steel,” *New York Times*, February 19, 1951, 39.

<sup>41</sup> “Admiral Asserts 75% of U.S. Ships could use Seaway with Pay Loads,” *New York Times*, February 24, 1951, 19.

<sup>42</sup> See U.S. Congress, House of Representatives, Hearings on H.J. Resolution 271, 1950, 233-264.

<sup>43</sup> *Ibid.*

Seven Islands by boat to Montreal, 484 miles, and thence, by rail or small canals, from 700 to 1,000 miles, to the consuming centers.<sup>44</sup>

Throughout January a number of Canadian representatives – Richard Hearn (General Manager of HEPCO), C.D. Howe, and Guy Lindsay – met with U.S. officials in Washington.<sup>45</sup> In the first week of February, U.S. Ambassador Woodward called on the Canadian Prime Minister, with Pearson, Howe, and Chevrier in attendance. Woodward provided a chronological review of recent legislative developments in the United States. The review noted that the president believed the prospects for U.S. action on the wartime St. Lawrence agreement were better than at any point since Truman had been involved in the issue.<sup>46</sup> After conferring, the Canadian officials concurred with Woodward's suggestion that it might be best if Canada did not push the St. Lawrence case too vigorously for the time being, even though Robert Saunders of HEPCO had recently called for a public statement from the Canadian government.<sup>47</sup>

Congressional consideration of the St. Lawrence issue continued throughout the spring, but despite some initially encouraging signs, the chances of passing the legislation were obviously dwindling. The Canadian cabinet meanwhile held off making any further decision while the seaway resolution remained before Congress. Throughout the spring, and even into the summer, the Canadian government's approach to going it alone seemed to become more muted. Ambassador Wrong – who had been reluctant to abandon a joint Canada-U.S. seaway approach – had by April 1951 grown pessimistic about Congress's chances of ever passing St. Lawrence legislation. He opined that the

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<sup>44</sup> Willoughby, 222.

<sup>45</sup> NARA II, RG 84, file 322.2, St. Lawrence Seaway, Canada & U.S. (1951), box 14, U.S. Embassy, Ottawa, Classified General Records, 1950-1961, Ambassador's Interview With Prime Minister Regarding St. Lawrence Waterway, Despatch 1015, February 7, 1951.

<sup>46</sup> Ibid.

<sup>47</sup> Ibid.

time had come to decide for or against an all-Canadian seaway.<sup>48</sup> The Canadian ambassador posited that there were three main obstacles in the United States to undertaking a separated project. These were, in ascending order: action by the FPC; approval by the IJC; and reversal of the President's stance of insistence upon a dual-purpose project.<sup>49</sup> While Wrong had correctly identified the obstacles, time would show that he had incorrectly portended their order of difficulty.

Other problems threatened Canada-U.S. relations and, in March 1951, Secretary of State for External Affairs Lester Pearson had initiated a "comprehensive internal review" of Canadian relations with the United States.<sup>50</sup> In 1950 Canada had joined in the Korean War under the auspices of a United Nations force, although in reality it was an American-led mission.<sup>51</sup> This involvement signaled Canada's self-identified emergence as a "middle power," confirmed the patterns of Canadian-American collaboration,<sup>52</sup> and helped convince Ottawa that it had a special ability to shape American policy through "quiet diplomacy."<sup>53</sup> At the same time, the Canadian government also became more apprehensive about American goals and decision-making regarding Korea. As the Chinese joined the war in support of a near-defeated North Korea and the conflict dragged on into 1951, Ottawa increasingly questioned U.S. leadership behind the scenes,

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<sup>48</sup> LAC, RG 25, file 1268-D-40, pt 12.1, St. Lawrence & Niagara River Treaty Proposal – General Correspondence (April 9, 1951-June 29, 1951), vol. 6344, Canadian Ambassador to Secretary of State, St. Lawrence Seaway, No. 1205, April 10, 1951.

<sup>49</sup> Ibid.

<sup>50</sup> Robert Bothwell, *Canada and the United States: The Politics of Partnership* (Toronto, University of Toronto Press, 1992), 53. John W. Holmes writes that the Canadian decision to join in the Korean War was fundamentally a decision to support the United Nations, not the United States. John W. Holmes, *Life With Uncle: The Canadian-American Relationship* (Toronto: University of Toronto Press, 1981), 35.

<sup>51</sup> Norman Hillmer and J.L. Granatstein, *For Better or For Worse: Canada and the United States Into the Twenty-First Century* (Toronto: Thomson/Nelson, 2007), 180.

<sup>52</sup> Bothwell, *Alliance and Illusion*, 89.

<sup>53</sup> Thompson and Randall, 182-183. Also see: Stairs, Denis. *The Diplomacy of Constraint: Canada, the Korean War, and the United States* (Toronto: University of Toronto Press, 1974).

particularly America's potential use of nuclear weapons. Interestingly, during the height of the Korean War in 1951, the Department of State initiated its own assessment of Canadian-American relations over the previous decade; it concluded that a "unique partnership" had developed, particularly in terms of Canada's strategic and economic importance to American national security.<sup>54</sup>

In an oft-cited May speech titled "Canadian Foreign Policy in a Two-Power World" Pearson foresaw the end of relatively "easy and automatic political relations" with the United States.<sup>55</sup> He indicated that the speech was primarily intended for home consumption and was a warning to the people of Canada that open differences with the U.S. might develop. This speech is widely cited as a reference to the Korean conflict, but Pearson revealed separately to U.S. officials that the St. Lawrence was an equally major irritant in their bilateral relations.<sup>56</sup> Although the Korean War tends to overshadow the St. Lawrence controversy as the pre-eminent factor at the time in Canada-U.S. relations, the latter was taking its toll on North American diplomacy and exacerbating relations concerning the Korean situation. As arguably the most pressing issue between the two countries, the St. Lawrence file held great potential for ending this period of "easy and automatic political relations." This is further evidenced by the fact that, just days before Pearson's speech, a Canadian diplomat told an American State Department official that Ottawa was "very discouraged" regarding the St. Lawrence, and the official reported that:

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<sup>54</sup> Aronsen, xvi.

<sup>55</sup> NARA II, RG 84, U.S. Embassy, Ottawa – Classified General Records, Box 9, External Affairs Minister Pearson's Views on Canadian-American Relations, Toronto Consulate, No. 260, by Orson N. Nielsen, May 4, 1951.

<sup>56</sup> Ibid.; NARA II, RG 84, file 320: Canada-United States, U.S. Embassy, Ottawa – Classified General Records, 1950-1961, Box 8, Memorandum of Conversation. Pearson's Speech, April 27, 1951;

Canadian leaders are expressing the view that unless [the U.S.] is prepared to cooperate with Canada on this matter which is so important to them that there are avenues of leverage open to the Canadians which they should not hesitate to use which, of course, would result in the diminution of the cooperation which we have been receiving from Canada on various fronts. Mr. [George] Ignatieff spoke very seriously on this matter and appears to believe that a very unfortunate atmosphere on the matter is developing in Canada.<sup>57</sup>

An unfortunate atmosphere was developing in Canada and, despite contentions that neither side was prone to resorting to “linkage” in the early Cold War period due to the special diplomatic culture the two countries shared at the time,<sup>58</sup> the St. Lawrence problem was starting to have an impact on other bilateral issues.

The prospect of a waterway entirely north of the 49<sup>th</sup> parallel certainly resonated with the Canadian public; in fact, the St. Laurent government felt strong pressure to pursue a wholly Canadian seaway in order to satisfy popular opinion. To provide just a few examples, in May 1951 the Toronto *Globe and Mail* argued that “[t]here is no doubt that Canada can handle the project alone. ... Ottawa should lose no time in making such a decision known” while the Montreal *Gazette* opined that “[r]ecent public declarations on the subject of the St. Lawrence Seaway project have emphasized anew how unwarranted and arbitrary is the persisting blockade of proposals for immediate undertaking of its much needed and quite feasible power phases alone...” and the same city’s *Daily Star* confirmed that “[t]he weight of opinion is in favour of going it alone

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<sup>57</sup> NARA II, RG 59, 611.42321-SL/5-151, Memorandum of Conversation. St. Lawrence Project, Raynor and Ignatieff, May 1, 1951.

<sup>58</sup> Brian Bow, *The Politics of Linkage: Power, Interdependence, and Ideas in Canada-US Relations* (Vancouver: UBC Press, 2009). Bow uses the term “linkage” in referencing to connecting issues that otherwise had no direct relationship in order to exert pressure regarding one of the linked issues.

...”<sup>59</sup> Moreover, a survey of Canadian business leaders and industrialists indicated that they were of the same opinion.<sup>60</sup>

These views continued to proliferate during the rest of 1951. For example, in the summer the *Lethbridge Herald* reported that “[t]he average Canadian is whole-heartedly in favour of the seaway,”<sup>61</sup> and Canadians saw the exploitation of the St. Lawrence as a primary driver of economic growth, employment, and national sovereignty. In August, the *Windsor Star* declared that “Canada is big enough, strong enough, and rich enough to do it alone and should do so...” while the *Globe and Mail* contended that a failure to immediately undertake the St. Lawrence project “would be a betrayal of our national needs and our national future.”<sup>62</sup> A number of other newspapers were more qualified in their embrace of the project, but this mainly stemmed from concerns about Canada’s ability to build unilaterally – as the editors of *Le Nouvelliste* wrote: “[t]he only thing which may make Ottawa hesitate is the cost of the undertaking” – but even those stressing careful consideration realized the potential: “the successful completion of the seaway, although it would strain Canadian resources severely, would be a tremendous fillip to our national pride and it would be an advertisement of our strength which no other country could ignore.”<sup>63</sup> As the feasibility of solely Canadian construction became apparent, those which had previously expressed hesitation tended to endorse the undertaking. A minority of newspapers scattered throughout the country, particularly in

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<sup>59</sup> NARA II, RG 84, file 322.2, St. Lawrence Seaway, Canada & U.S. (1951), box 14, Ottawa Embassy, St. Lawrence Navigation and Power Project, Despatch 1451, May 10, 1951.

<sup>60</sup> NARA II, RG 84, file 322.2, St. Lawrence Seaway, Canada & U.S. (1951), box 14, Ottawa Embassy, St. Lawrence Navigation and Power Project, Despatch 1451, (Survey of Canadian industrialists, Toronto *Daily Star*, May 5), May 10, 1951.

<sup>61</sup> “Canada’s Newspapers Look at the Seaway,” *Ottawa Citizen*, 3 August 1951.

<sup>62</sup> NARA II, RG 84, file 322.2, St. Lawrence Seaway, Canada & U.S. (1951), box 14, Press Comment on St. Lawrence Seaway and Power Project, Despatch 153, August 15, 1951.

<sup>63</sup> *Ibid.*

the coastal provinces, indicated opposition to the project, although even this began to dissipate over time.<sup>64</sup>

A high modernist outlook was also apparent in the popular, press, and government comments on the St. Lawrence project. For example, in February 1951 Minister of Transport Lionel Chevrier, one of the leading Canadian officials on the St. Lawrence project, outlined the impact of the power dam for an Ottawa audience: “All along the front, communities will be submerged. Farmhouses, schools, churches, cemeteries and homes will disappear. These, it is hoped, will rise again on the new shoreline where modern and up-to-date communities will be relocated.”<sup>65</sup> Both the navigation and power aspect were seen as unalloyed progress, and the flooding of vast tracts of land – including numerous communities, farms, highways, and railways – was the necessary cost. Indeed, there was virtually no questioning that this was a sacrifice that would have to be made, that those who were relocated would benefit from the new communities modeled on the most modern planning principles, or that the St. Lawrence environment could or should be manipulated to such an extent. Any opposition in Canada to the project, aside from those who objected to being relocated, instead focused on whether the project was feasible from an economic perspective.

The odds of Congress passing St. Lawrence legislation at the new session again looked slim to none.<sup>66</sup> The anti-seaway lobby – primarily made up of railroad, port, and

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<sup>64</sup> These newspapers included, in August 1951, *Quebec Chronicle Telegraph*, *Halifax Chronicle Herald*, *Victoria Daily Colonist*, *Moncton Transcript*, and *Saint John Telegraph Journal*. See: NARA II, RG 84, file 322.2, St. Lawrence Seaway, Canada & U.S. (1951), box 14, Press Comment on St. Lawrence Seaway and Power Project, Despatch 153, August 15, 1951.

<sup>65</sup> “Seaway Urgent, Says Marshall,” *Toronto Globe and Mail*, 22 February 1951, p. 1 and 2.

<sup>66</sup> Between February and April 1951 a subcommittee of the House Committee of Public Works held extensive hearings on eight bills that, although differing in detail, would essentially confirm the 1941 Executive Agreement. However, none of these proposals made it to the floor for a vote. The Senate too

coal interests – was extremely powerful, and the St. Lawrence advocates were divided over whether hydro power should be disposed of by New York or the federal government.<sup>67</sup> Opponents attacked the administration's claims that the seaway and power project were necessary for national security, arguing, for example, that the project was too expensive, the Mesabi range was not on the verge of exhaustion, there was not conclusive proof that a deep waterway was necessary for developing and transporting the Labrador iron ore, and that a seaway would not be defensible anyway during a war.<sup>68</sup> Moreover, a presidential campaign was on the horizon. After hours of testimony, the U.S. House Committee decided to embark on a tour of proposed seaway sites in the United States and Canada starting on 31 May 1951.<sup>69</sup> Although the trip reportedly enhanced the chances for a favourable committee vote,<sup>70</sup> on 12 July the U.S. Congress adjourned without a vote on the St. Lawrence legislation and on 26 July, the House Public Works Committee tabled the legislation, killing it for that session. William Willoughby provides a detailed analysis of events in the U.S. Congress, arguing that in addition to sectional interests, party politics also influenced the outcome.<sup>71</sup>

As had been previously the case, General A.G.L. McNaughton, due to his roles on the IJC and PJBD, served as a formal and informal interlocutor for the Canadian and American governments and agencies concerned with the St. Lawrence issue. McNaughton, who had extensive experience dealing with the Americans and boasted a

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refused any proposed legislation, and an idea to authorize the waterway as a foreign aid bill was rejected. Aronsen, 157.

<sup>67</sup> Willoughby, 236-7.

<sup>68</sup> Willoughby, 228-229.

<sup>69</sup> On three previous occasions – 1941, 1947, and 1949 – Congressional groups had toured prospective areas for the seaway and power project.

<sup>70</sup> NARA II, RG 84, U.S. Embassy, Ottawa – Classified General Records, Box 9, Perkins to Secretary, June 29, 1951.

<sup>71</sup> Willoughby, 231. See Chapter XV: The Search for a Feasible Procedure (1948-1951).

background as a hydro-electrical engineer, was brought into the IJC by St. Laurent, on the advice of former Prime Minister King, primarily to help with the St. Lawrence impasse.<sup>72</sup> The national security elements of the St. Lawrence project also brought it under the purview of the PJBD, which was a bilateral mechanism for frank discussion of continental defence, and McNaughton ensured that this board was used to further his views on the St. Lawrence.

However, McNaughton was prone to pursuing lines of argument that had not been authorized by his government, perhaps in an attempt to push Ottawa in directions it was reluctant to move. Some instances of this included advocating that the entire St. Lawrence project be handed over to the IJC, which he speculated could perhaps make the elusive congressional approval of the 1941 agreement unnecessary.<sup>73</sup> McNaughton's machinations were nevertheless often useful for floating trial balloons and determining the range of opinions in Washington. Moreover, he was largely responsible for the PJBD's strong sponsorship of the St. Lawrence project.<sup>74</sup>

To illustrate his usefulness as a go-between, during a June conversation he had with Roger McWhorter (Chief Engineer of the FPC), the latter stated that "when the Federal Power Commission is informed that the President is prepared to have the power project considered separately, the Power Commission would give a license to New York

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<sup>72</sup> Swettenham, 212.

<sup>73</sup> LAC, RG 25, file 1268-D-40, pt. 10.2, St. Lawrence and Niagara River Treaty Proposals – General Correspondence (January 21, 1950-December 12, 1950), vol. 6344, Memorandum for Menzies: General McNaughton's Views on the St. Lawrence Waterway, September 16, 1950.

<sup>74</sup> John W. Holmes. *The Shaping of Peace: Canada and the Search for World Order, 1943-1957, Vol. 2* (Toronto: University of Toronto Press, 1979), 261.

State.”<sup>75</sup> When the Canadian government learned of this, it surely reinforced the widespread assumption that the FPC’s decisions were predicated on the disposition of the White House. It also spoke to the fact that after the December 1950 FPC decision the Power Authority of the State of New York had applied for a re-hearing of its application on the grounds that the commission had erred in its findings.

The most recent defeat of the 1941 agreement in the House of Representatives set off a flurry of activity in Ottawa, as the all-Canadian project appeared to offer the quickest start on the St. Lawrence project. In late May, in anticipation of the legislative defeat, the Canadian cabinet had requested a report from the St. Lawrence interdepartmental committee, which it received in June. The committee’s recommendations, which were largely based on a January report by Guy Lindsay, tentatively recommended an all-Canadian route.<sup>76</sup> The Canadian cabinet dove into considering the steps necessary for Ontario and New York to start construction on the power works. A special St. Lawrence cabinet committee – comprised of the ministers of Trade and Commerce, Transport, and Resources and Development – was created to study the feasibility and advisability of unilateral construction of the seaway by Canada. Another purpose of the committee was to open discussions with Ontario and Quebec so that they could come to agreement with the federal government on how to develop the St. Lawrence basin.

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<sup>75</sup> LAC, RG 25, file 1268-D-40, pt 12.2, St. Lawrence & Niagara River Treaty Proposal – General Correspondence (April 9, 1951-June 29, 1951), vol. 6344, Memorandum. St. Lawrence Project, by R.A.J. Philips, June 18, 1951.

<sup>76</sup> LAC, RG 2, file W-10-1 (vol. 1), Waterways; Water development, waterworks, projects, etc. St. Lawrence Waterway & Power Project. 1951 (Jan-Aug 31), vol. 207, Memorandum to Cabinet – prepared by the Interdepartmental Committee on Great Lakes – St. Lawrence Development. Re: The All-Canadian Waterway, June 1951.

While the United States was aware of this committee, it misread Canada's intentions, and believed that a Canadian seaway was "still a rather remote possibility."<sup>77</sup> In retrospect, this was understandable when viewing the situation from the American perspective. Given that Ottawa was torn between furthering two different plans – a Canadian waterway in conjunction with an Ontario/New York hydro project, or a joint federal Canadian/American waterway and hydro project – it had been sending mixed signals to the United States, and Canadian officials had previously indicated that they preferred a joint undertaking. Two of the most prominent Canadian foreign relations officials with whom the U.S. was in regular contact, External Affairs Minister Lester Pearson and Ambassador Hume Wrong, had also voiced skepticism about Canada proceeding alone, due to concerns about cost and the impact on bilateral relations, and some cabinet members and DEA officials were opposed to abandoning the 1941 agreement and a dual American-Canadian waterway.<sup>78</sup> Even Chevrier had somewhat undermined his 1950 all-Canadian seaway promotion effort by publicly stating that he spoke for himself, not his government.

However, contrary to the assessments of the State Department, by the end of summer 1951 Ottawa was on the verge of officially adopting an all-Canadian waterway as government policy. This decision would be cemented later in the year. Although many Canadian officials regarded joint action as their first preference, others were equally well aware that making too much noise about an all-Canadian plan could result in the continued denial of an FPC license for PASNY, which would prevent any plan

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<sup>77</sup> NARA II, RG 84, file 322.2, St. Lawrence Seaway, Canada & U.S. (1951), Memorandum of Conversation, St. Lawrence Seaway, August 4, 1951.

<sup>78</sup> NARA II, RG 84, file 322.2, St. Lawrence Seaway, Canada & U.S. (1951), Memorandum, St. Lawrence Seaway and Power Project, L.D. Brown. US Embassy, Ottawa, August 4, 1951.

from making headway, and thus felt it was in their best interests to at least appear to hold the door open to American participation. In other words, patience and tact were required since an ultimatum was more likely to stiffen American resistance than break it down.

Canadian officials, such as Wrong and Pearson, who had previously expressed reluctance or opposition to moving forward without an agreement with the U.S. federal government, now believed that the need for hydro-electricity was so great that Canada needed to proceed alone if necessary. Pearson warned Don Bliss of the State Department that the reaction would be “strong” in Canada if it was felt that the president “had become responsible for blocking the project.”<sup>79</sup> Canadians increasingly favoured a Canadian solution: for example, a June 1951 Gallup poll indicated that, of the 62% of Canadians surveyed who knew what the seaway plan entailed, 55% were in favour of Canada going ahead alone, 14.5% were undecided, and 30.5% were opposed.<sup>80</sup>

By August 1951 it was apparent to at least some in the State Department that Canada was giving serious consideration to advancing with an all-Canadian plan. While the U.S. State Department realized that “[f]rom the Canadian point of view [1951] is the year of decision as far as the St. Lawrence Seaway and Power Project is concerned”<sup>81</sup> the White House, according to a U.S. governmental source, was only contemplating the

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<sup>79</sup> NARA II, RG 84, file 322.2, St. Lawrence Seaway, Canada & U.S. (1951), box 14, Memorandum of Conversation, St. Lawrence Seaway, August 4, 1951.

<sup>80</sup> NARA II, RG 84, file 322.2, St. Lawrence Seaway, Canada & U.S. (1951), box 14, Transmittal of Text of Gallup Poll on St. Lawrence Seaway, Enclosure: Gallup Poll of Canada (of June 27), July 28, 1951.

<sup>81</sup> NARA II, RG 84, U.S. Embassy, Ottawa – Classified General Records, Box 9, Perkins to Secretary, June 29, 1951

possibility of an all-Canadian waterway for the first time.<sup>82</sup> There were also suggestions that Truman might be willing to consider a “bargain” with the Canadians. The nature of this bargain came into sharper focus in the following months: what the president had in mind was a guarantee that Canada would build a seaway in conjunction with power works. This stemmed from the fact that the navigation aspect of the St. Lawrence project was the most vital from the American perspective – “[t]he general consensus of [U.S.] administration officials is that there is no real objection to the power development aspect of this project, but that the support for power development must be used to obtain endorsement of the seaway [i.e. a joint venture]”<sup>83</sup> – while the Canadian side considered the hydro element as the more pressing concern, although the waterway was of equal importance in the long term.<sup>84</sup>

Diplomatic officials from both governments met in Washington on 6 August 1951. They reiterated that Truman, and likely Congress, would need to have some type of commitment by Canada to undertake a waterway “within some reasonable period” before the president could support a separate power scheme to the IJC or its approval by the Federal Power Commission.<sup>85</sup> Canada and Ontario undertook discussions throughout August to nail down the cost distribution of the hydro aspect of a St. Lawrence project, and a preliminary Canada-Ontario agreement was reached in early September. The ad

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<sup>82</sup> NARA II, RG 84, file 322.2 St. Lawrence Seaway, Canada & U.S. (1951), box 14, U.S. Embassy, Ottawa, Classified General Records, 1950-1961, Memorandum of Conversation, St. Lawrence Seaway, August 4 1951.

<sup>83</sup> LAC, RG 25, file 1268-D-40, pt 12.2, St. Lawrence & Niagara River Treaty Proposal – General Correspondence (April 9, 1951-June 29, 1951), vol. 6344, Canadian Ambassador to Secretary of State, Despatch No. 2185, June 23, 1951.

<sup>84</sup> “Memorandum of Conversation, by Mr. William L. Kilcoin of the Office of British Commonwealth and Northern European Affairs, St. Lawrence Seaway and Hydroelectric Project, 611.423321 SL/8-651, August 6, 1951,” *Foreign Relations of the United States (FRUS)*, 1951, Vol. II, Canada, 911.

<sup>85</sup> *Ibid.*

hoc cabinet committee for the St. Lawrence had, at C.D. Howe's instigation, revised the federal-provincial cost-sharing issues which were still based on 1941 figures and hoped that Ontario Hydro would be willing to pay the full cost of the Canadian half of a separate power development in the International Rapids section.<sup>86</sup> This meant that Ontario would pay for the works that were common to both navigation and power, including the cost of canals and locks required for the continuation of 14-foot draught navigation (which would be flooded out by the prospective seaway and power project) on the Canadian shore of the IRS, and dredging in the seaway channels for a depth of 27 feet, which would be deeper than what was required for a purely hydraulic channel for hydro power and would cost an additional \$21 million.<sup>87</sup> Under this scenario, the total cost of the hydro section and maintenance of 14-foot navigation, not including a seaway, would be \$402.7 million split between Ontario and New York with the Canadian federal government responsible for \$105.9 million.<sup>88</sup>

To help finance this undertaking, tolls "on a relatively modest scale" were considered, and it appeared to the committee that the greater proportion of such tolls would be paid for by U.S. shipping.<sup>89</sup> The committee also authorized overtures to the Quebec government and the Quebec Hydro-Electric Power Commission about power development at Lachine (with the cost estimated at \$235 million for the development of

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<sup>86</sup> LAC, RG 25, file 1268-D-40, pt 13.1, St. Lawrence & Niagara River Treaty Proposals – General Correspondence (July 4, 1951-Oct 13, 1951), vol. 6344, Secretary of State to Canadian Ambassador, EX-1621, August 14, 1951.

<sup>87</sup> LAC, RG 2, file W-10-1 (vol. 1), Waterways; Water development, waterworks, projects, etc., St. Lawrence Waterway & Power Project, 1951 (Jan-Aug. 31), vol. 207, Memorandum for the Prime Minister, St. Lawrence seaway project, August 15, 1951.

<sup>88</sup> LAC, RG 25, file 1268-D-40, pt 13.1, St. Lawrence & Niagara River Treaty Proposals – General Correspondence (July 4, 1951-Oct 13, 1951), vol. 6344, Canadian Ambassador to Secretary of State, EX-1632, August 17, 1951.

<sup>89</sup> Ibid.

approximately 1.2 million horsepower) and, if the province would agree to the same cost allocation as Ontario, the price tag for the federal government for the entire power development would be somewhere between \$53 and \$98 million.<sup>90</sup> However, several Canadian officials cautioned that the United States might well object to the additional charges to the power-developing entities for 27-foot channels and the continuation of 14-foot navigation, which would in fact turn out to be the case.<sup>91</sup> Moreover, there appeared to be constitutional constraints regarding the Power Authority of the State of New York's ability to make an agreement with Ontario and to construct and operate its portion of the joint power development.<sup>92</sup>

The combination of the Canada-Ontario agreement and the apparent lack of hope for the 1941 arrangement led the St. Laurent government to make an important decision in favour of proceeding on the basis of an all-Canadian project.<sup>93</sup> Nevertheless, some cabinet members continued to prefer a joint Canada-U.S. development on the grounds that it would cost Canada less and the canal should be on the American side for engineering reasons, not to mention that much still depended on the compliance of the U.S. authorities, the majority favoured a Canadian development.<sup>94</sup> The Liberals hoped to make concrete proposals in the upcoming 9 October Speech from the Throne, and

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<sup>90</sup> Ibid.

<sup>91</sup> LAC, RG 25, file 1268-D-40, pt 13.1, St. Lawrence & Niagara River Treaty Proposals – General Correspondence (July 4, 1951-Oct 13, 1951), vol. 6344, Canadian Ambassador to Under-Secretary of State, Letter No. 2837, September 8, 1951.

<sup>92</sup> LAC, RG 25, file 1268-D-40, pt 13.1, St. Lawrence & Niagara River Treaty Proposals – General Correspondence (July 4, 1951-Oct 13, 1951), vol. 6344, Secretary of State to Canadian Ambassador, EX-1827, September 20, 1951.

<sup>93</sup> LAC, RG 2, file W-10-1 (Vol. 1), Waterways; Water development, waterworks, projects, etc. St. Lawrence Waterway & Power project, 1951 (Jan-Aug. 31), vol. 207, Memorandum, Robertson to Chevrier, November 26, 1951.

<sup>94</sup> LAC, RG 2, file W-10-1 (Vol. 1), Waterways; Water development, waterworks, projects, etc. St. Lawrence Waterway & Power project, 1951 (Sept. 1-Nov. 15), vol. 207 – Note on Cabinet Conclusions, September 21, 1951; “The Ambassador in Canada (Woodward) to the Secretary of State, file 611.42321 S/9-2251, September 22, 1951,” *FRUS*, 1951, vol. II, Canada, 914-916.

cabinet therefore agreed that St. Laurent should meet with Truman in Washington in the immediate future.<sup>95</sup>

Dean Acheson, the U.S. Secretary of State, indicated to Ottawa that the president would consent to this “surprise” meeting.<sup>96</sup> Acheson also relayed that Truman had decided against further congressional initiatives on the seaway for the time being, would not stand in the way of any Canadian development, and was prepared to give whatever approval was necessary.<sup>97</sup> There were two qualifications: Canada would need to provide a commitment that it would build a deep waterway in addition to the power installations, with no discrimination exercised against United States ships using a Canadian seaway.<sup>98</sup> Despite this apparent cooperation, the White House’s main motive for supporting the Canadian initiative was so that it could spur Congress into taking affirmative action on St. Lawrence legislation,<sup>99</sup> and this support would prove transitory when American lawmakers failed to act accordingly.

Prior to the high-level summit, the State Department cautioned the White House that “[i]ntense resentment caused by [the U.S. obstructing a Canadian development] might well spread into other areas of our relationship with Canada and to some extent jeopardize the essential cooperation now existing between the two countries,” and if Ottawa was to gain the impression that the United States was “putting the Canadians in a

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<sup>95</sup> LAC, RG 25, file 1268-D-40, pt. 13.2, St. Lawrence & Niagara River Treaty Proposals – General Correspondence (July 4, 1951-October 13, 1951), Cabinet Summary: St. Lawrence waterways development; present position, October 3, 1951; “The Ambassador in Canada (Woodward) to the Secretary of State, file 611.42321 S/9-2251, September 22, 1951,” *FRUS*, 1951, vol. II, Canada, 914-916.

<sup>96</sup> Holmes, 252.

<sup>97</sup> LAC, RG 25, file 1268-D-40, pt 13.1, St. Lawrence & Niagara River Treaty Proposals – General Correspondence (July 4, 1951-Oct 13, 1951), vol. 6344, Memorandum for the Prime Minister. St. Lawrence Waterway, September 22, 1951..

<sup>98</sup> *Ibid.*

<sup>99</sup> LAC, RG 25, file 1268-D-40, pt 13.1, St. Lawrence & Niagara River Treaty Proposals – General Correspondence (July 4, 1951-Oct 13, 1951), vol. 6344, Memorandum for the Prime Minister. St. Lawrence Waterway, September 22, 1951.

box in which it appears to them that they cannot get the project either through Congressional action or through cooperation with the administration” then “it would probably injure our relations with Canada *more than any other single incident which has occurred during this century.*”<sup>100</sup> [emphasis added] While this might have been hyperbole, it nonetheless emphasized what was at stake.

The St. Lawrence project was critically important to both countries and to the smooth flow of Canadian-American relations, which underlines the importance of the Canadian prime minister’s arrival in Washington at the end of September to talk directly with President Truman. The point of the meeting was for St. Laurent to formally ask Truman for his support in advancing a Canadian waterway and the Ontario-New York hydro project. St. Laurent opened by discussing Ontario’s power needs,<sup>101</sup> and offered that his government was ready to ask the Canadian Parliament for authority to begin construction of the seaway as a Canadian project as soon as possible.<sup>102</sup> In his memoir of the seaway saga, Lionel Chevrier recounts that “[i]t was amusing to us to see the almost shocked U.S. reaction to our proposals after we had spent many months trying to warn them about our intentions.”<sup>103</sup> The prime minister stated that his government “would

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<sup>100</sup> Government of the United States, “President Harry S. Truman’s Office Files, 1945-1953,” Part 3: Subject File, State Department Memorandum for the President: Visit of Prime Minister St. Laurent on September to discuss the St. Lawrence Seaway and Power Project, September 27, 1951; “Memorandum by the Under Secretary of State (Webb) to the President. Subject: Visit of Prime Minister St. Laurent on September 28 to discuss the St. Lawrence Seaway and Power Project, file 611.42321 SL/9-2751, September 27, 1951,” *FRUS*, 1951, vol. II, 916-922.

<sup>101</sup> NARA II, RG 59, file 611.42321-SL/9-2851, box 2795, Memorandum of Conversation, Department of State, St. Lawrence Seaway and Power Project, September 28, 1951.

<sup>102</sup> LAC, RG 25, file 1268-D-40, pt 13.1, St. Lawrence & Niagara River Treaty Proposals – General Correspondence (July 4, 1951-Oct 13, 1951), vol. 6344, Memorandum, Meeting between the President and the Prime Minister of Canada on the St. Lawrence Project on September 28<sup>th</sup>, 1951, September 28, 1951.

<sup>103</sup> Lionel Chevrier, *The St. Lawrence Seaway* (Toronto: MacMillan of Canada, 1959), 46.

definitely prefer the approval of the 1941 Agreement”<sup>104</sup> but pointed out that opposition in Canada to constructing a waterway had “practically vanished” and, to capitalize on this, it would be useful “to get the Canadian people talking about a constructive project of the magnitude of the St. Lawrence development, which might help to prevent overconcentration on their troubles over prices and short supplies.”<sup>105</sup> The Canadian prime minister did offer that, although Canada could certainly afford to build alone, the Americans could still help with “materials, manpower, and financing.”<sup>106</sup>

In response, Truman reaffirmed his strong affinity for joint action on the seaway, but agreed to support the Canadian plan if Congress was given one last chance to approve the war-time agreement: “My heart’s in this [joint] project. I think it is vital. I want the 1941 agreement, but if we can’t get that, I want to do the next best thing.”<sup>107</sup> The President then suggested a joint press release, which the two sides completed after the conclusion of the meeting.<sup>108</sup>

The conservative press in Canada, which favoured an independent waterway, attacked St. Laurent for refusing to stand up to Canada’s neighbors because of “the lure of Yankee dollars” in order “to save dollars which nobody asked him to save.”<sup>109</sup> As St. Laurent’s biographer, Dale Thomson, suggests, this indicated that “Chevrier’s carefully

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<sup>104</sup> LAC, MG 26 (St. Laurent papers, PMO), file N-1-18, St. Lawrence Seaway, 1949-1954, vol. 226, Report of Conversation between St. Laurent and Truman at the White House, September 28, 1951.

<sup>105</sup> LAC, RG 25, file 1268-D-40, pt 13.1, St. Lawrence & Niagara River Treaty Proposals – General Correspondence (July 4, 1951-Oct 13, 1951), vol. 6344, Memorandum, Meeting between the President and the Prime Minister of Canada on the St. Lawrence Project on September 28<sup>th</sup>, 1951, September 28, 1951

<sup>106</sup> “President Harry S. Truman’s Office Files, 1945-1953,” Part 3: Subject File, Notes on the Meeting Between the President and the Prime Minister (September 28, 1951), October 5, 1951.

<sup>107</sup> Ibid.; NARA II, RG 59, 611.42321-SL/9-2851, box 2795, Department of State, Notes on the Meeting Between the President and Prime Minister St. Laurent of Canada, October 5, 1951; “Announcement Subsequent to a White House Conference Between Prime Minister Louis St. Laurent of Canada and President Truman,” in *St. Lawrence Seaway Manual*, U.S. Senate Document No. 165, 1955, 112-113.

<sup>108</sup> “President Harry S. Truman’s Office Files, 1945-1953,” Part 3: Subject File, Press Release, September 28, 1951.

<sup>109</sup> Thomson, 320.

planned campaign to stir up public support for the project was almost too successful, and threatened to boomerang.”<sup>110</sup> Nevertheless, Truman had unequivocally promised to support a Canadian seaway if an early beginning on the cooperative alternative proved impossible, to which a jointly approved public statement after the meeting attested.<sup>111</sup> Ottawa was optimistic: it appeared to be just a matter of time before a St. Lawrence project would become a reality. Moreover, on the way back from Washington, the prime minister had stopped in Toronto and Quebec City for productive talks with Premier Frost and Premier Duplessis.<sup>112</sup>

As a result, the St. Laurent government immediately accelerated preparations for a waterway and hydro-electricity development. However, plans to introduce a new resolution in Congress were also in the works – the new Blatnik resolution received its first hearing in the House Public Works Committee on 8 October. A Senate bill would soon follow and there was continued speculation that knowledge of Canadian plans might induce the members of that body to finally approve the 1941 agreement.

The day before the St. Laurent-Truman meeting, the U.S. Under-Secretary of State had reported to the president that “[t]he Canadian Government is firmly of the opinion that Canada has a *right* [emphasis in original] to build the seaway itself ... and that it would be unjust for us to stand any longer in their way” adding that “[a]s far as our relations with Canada are concerned, the State Department would like to see this government go along with the Canadians as far as possible as in their new proposal. We

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<sup>110</sup> Ibid.

<sup>111</sup> “Announcement Subsequent to a White House Conference between Prime Minister Louis St. Laurent of Canada and President Truman, September 28, 1951” in R.R. Baxter, ed., *Documents on the St. Lawrence Seaway* (New York: Frederick A. Praeger, 1961), 17-18.

<sup>112</sup> J. W. Pickersgill, *My Years with Louis St. Laurent: A Political Memoir* (Toronto: University of Toronto Press, 1975), 145.

believe that the Canadians have been exceedingly patient in waiting for Congress to act these many years and that their present proposals would benefit both countries.”<sup>113</sup>

Indeed, in the preceding years the U.S. Department of State had shown itself willing to advocate the Canadian viewpoint on the St. Lawrence within the U.S. government since it understood that additional obstructions could lead to a deterioration in North American relations.<sup>114</sup> However, the State Department’s suggestions concerning Canada and the St. Lawrence file generally fell on deaf ears in the Truman White House, with the result that the U.S. government was fickle or double-dealing when dealing with Ottawa regarding the seaway and power project. While it is hard to fault Truman for seeking to advance what he believed to be the best interests of the country for which he held the highest office – for example, a revised version of the April 1950 National Security Resources Board report appeared in February 1951, stressing the need for a seaway to transport the iron ore which was desperately needed because of the sudden outbreak of the Korean War<sup>115</sup> – his methods would prove to be disingenuous. However, the same charges can in some respects also be leveled against the St. Laurent government, which equally pursued what it believed to be in Canada’s best interests.

The Canadian cabinet resolved to introduce St. Lawrence legislation at the opening of the special session of Parliament in October. This legislation would provide for the establishment of an appropriate federal agency to deal with the construction of

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<sup>113</sup> “Memorandum by the Under Secretary of State (Webb) to the President. Subject: Visit of Prime Minister St. Laurent on September 28 to discuss the St. Lawrence Seaway and Power Project, file 611.42321 SL/9-2751, September 27, 1951,” *FRUS*, 1951, vol. II, 916-922.

<sup>114</sup> NARA II, RG 59, file 611.42321-SL/12-1950, box 2795, Cabinet Meeting – St. Lawrence Seaway (December 19, 1950), December 19, 1950. Cooperation between DEA and the Department of State on this score is confirmed by a number of historians, including Lawrence Aronsen. See: Aronsen, 156-160.

<sup>115</sup> This was NSRB #123/2. See Aronsen, 161.

the seaway either as an international undertaking or as an all-Canadian project.<sup>116</sup> Canadian actions and statements in the following weeks, such as at a press conference held by Pearson on 4 October, further demonstrated Ottawa's determination to proceed unilaterally if necessary.<sup>117</sup> Throughout October, discussion and studies continued in both countries regarding the constitutional and legal aspects of PANSY's role, which included considerations of whether the Army Corp of Engineers should handle any share of construction for the United States. But Washington remained undecided about whether it should proceed under the authority of Federal Power Commission legislation or under an IJC recommendation.<sup>118</sup>

Despite the promises of cooperation made in September, the United States was proving to be unaccommodating. A legal officer in the U.S. State Department revealed that the Truman cabinet, "if it agreed to the commencement of the project with Canada alone building the seaway, would place great importance on its rights to join in with Canada at any time in the early construction period."<sup>119</sup> Moreover, "[t]he only indication [given to Canada] as to the time when the Administration might be ready to abandon at least temporarily a joint project was from a junior officer in the State Department who expressed the opinion that this 'shift' would take place very soon as there appeared to be

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<sup>116</sup> LAC, RG 25, file 1268-D-40, pt 13.2, St. Lawrence & Niagara River Treaty Proposals – General Correspondence (July 4, 1951-Oct 13, 1951), vol. 6344, Canadian Ambassador to Secretary of State, WA-3529, September 28, 1951.

<sup>117</sup> NARA II, RG 84, file 322.2, St. Lawrence Seaway, Canada & U.S. (1951), U.S. Embassy, Ottawa, Classified General Records, 1950-1961, box 14, Ottawa Embassy to State Department, St. Lawrence Seaway and Power Project, Despatch 351, October 5, 1951.

<sup>118</sup> LAC, RG 25, file 1268-D-40, pt 13.2, St. Lawrence & Niagara River Treaty Proposals – General Correspondence (July 4, 1951-Oct 13, 1951), vol. 6344, Canadian Ambassador to Secretary of State, WA-3863, October 30, 1951.

<sup>119</sup> LAC, RG 25, file 1268-D-40, pt 13.2, St. Lawrence & Niagara River Treaty Proposals – General Correspondence (July 4, 1951-Oct 13, 1951), vol. 6344, Canadian Ambassador to Secretary of State, Despatch No. 3159, St. Lawrence Project, October 20, 1951.

no other course to follow.”<sup>120</sup> However, that was not entirely true, for a September 1951 memorandum to the president before meeting with St. Laurent reported that the “attitude of the Canadian Federal Government towards the St. Lawrence problem has changed markedly over the past year. As far as we can ascertain, the Government was satisfied to cooperate with us ... up to the fall of 1951.”<sup>121</sup> It further warned that the Canadian government would “react very strongly” to American attempts to block an all-Canadian seaway, a project in which Canada felt it had the “right” to go ahead. American interference would cause “[i]ntense resentment” that “might well spread into other areas of our relationship with Canada and to some extent jeopardize essential cooperation now existing between the two countries.”<sup>122</sup>

It was evident that the Canadians could not take American collaboration for granted. Pearson therefore reasserted the Canadian government’s approach in the House of Commons. He started with praise for U.S. leadership and the need to settle bilateral issues amicably. However, international action on the St. Lawrence at an early date was now impossible, and the Liberal government therefore planned to “strongly recommend that [the] Seaway be built by Canada and we soon will ask and expect US permission to go ahead.”<sup>123</sup>

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<sup>120</sup> LAC, RG 25, file 1268-D-40, pt 13.2, St. Lawrence & Niagara River Treaty Proposals – General Correspondence (July 4, 1951-Oct 13, 1951), vol. 6344, Canadian Ambassador to Secretary of State, Despatch No. 3159, St. Lawrence Project, October 20, 1951.

<sup>121</sup> “President Harry S. Truman’s Office Files, 1945-1953,” Part 3: Subject File, State Department Memorandum for the President: Visit of Prime Minister St. Laurent on September to discuss the St. Lawrence Seaway and Power Project, September 27, 1951.

<sup>122</sup> “President Harry S. Truman’s Office Files, 1945-1953,” Part 3: Subject File, State Department Memorandum for the President: Visit of Prime Minister St. Laurent on September to discuss the St. Lawrence Seaway and Power Project, September 27, 1951.

<sup>123</sup> NARA II, RG 84, file 322.2, St. Lawrence Seaway, Canada & U.S. (1951), U.S. Embassy, Ottawa, Classified General Records, 1950-1961, box 14, Telex for Secretary of State, October 22, 1951.

On 23 October 1951, Dr. N.R. Danielian arrived in Ottawa for a two-day visit to determine whether Canada actually intended to build the seaway.<sup>124</sup> Danielian, who was President of the Great Lakes-St. Lawrence Association (a pro-seaway American organization), would prove to be an important player in the unfolding seaway drama. As a former St. Lawrence expert in the U.S. government – he previously directed the *St. Lawrence Seaway Survey* for the Department of Commerce, which was released in 1941 – Danielian remained a key go-between for the American government in its discussions with Ottawa, in a role similar to that which General McNaughton played for Canada. Moreover, like McNaughton, Danielian was chiefly concerned with furthering the national interests of his country. Ottawa saw the value in working with Danielian since, due to his connections with the various non-governmental groups concerned with the St. Lawrence in the United States, he offered a potential means of back-channel communication. However, Ottawa was also wary about the extent to which he could be trusted: while Danielian professed to favour an all-Canadian waterway in conversations with Canadian officials, ostensibly supporting whatever action would most quickly bring about a deep canal, a Department of State official signaled to Canada that Danielian's aim was to ensure that the seaway would be jointly controlled by the United States.<sup>125</sup>

Norman Robertson, since 1949 the Clerk of the Privy Council and Secretary to the Cabinet, attempted to convince Danielian that Canada was indeed serious about

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<sup>124</sup> NARA II, RG 84, file 322.2, St. Lawrence Seaway, Canada & U.S. (1951), U.S. Embassy, Ottawa, Classified General Records, 1950-1961, box 14, Memorandum for Files, October 25, 1951.

<sup>125</sup> LAC, RG 25, file 1268-D-40, pt 13.2, St. Lawrence & Niagara River Treaty Proposals – General Correspondence (July 4, 1951-Oct 13, 1951), vol. 6344, Canadian Ambassador to Secretary of State, WA-3670, October 11, 1951.

building alone so that the latter would disseminate this intention south of the border.<sup>126</sup> Robertson declared that “[t]here was not the least doubt that Canada could, financially, and would proceed with the all-Canadian seaway project provided the various preliminary approvals could be obtained” for “[e]ven though the all-Canadian route would be more expensive, the public reaction to the various government statements on this subject in recent weeks seemed to indicate that a popular trend may be developing here in favour of an all-Canadian seaway.”<sup>127</sup> The president of the Great Lakes-St. Lawrence Association left Ottawa to report back to the State Department satisfied that Canada’s intentions were serious, but not quite convinced that the government had yet bound itself irrevocably to build a seaway in conjunction with a power development.<sup>128</sup>

The White House now “intimated that they were ready to proceed on the basis of Pearson’s statement that an early beginning of the joint project could *not* [emphasis in original] now be achieved and that the United States would cooperate with Canada in having the seaway built by Canada alone.”<sup>129</sup> But the Canadian and U.S. governments had different interpretations of what constituted an “early beginning”: East Block officials believed that it meant immediately, while the U.S. authorities wanted at least

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<sup>126</sup> J.L. Granatstein has written an excellent biography of Robertson. Granatstein, *A Man of Influence: Norman A. Robertson and Canadian Statecraft, 1929-1968* (Ottawa: Deneau Publishers, 1981).

<sup>127</sup> LAC, RG 2, file W-10-1, Waterways; Water Development, Waterworks, etc. – St. Lawrence Waterway & Power Project (Sept. 1-Nov. 15), vol. 207, Notes on Conversation with Dr. N.R. Danielian during his visit to Ottawa on October 23, and 24, 1951, October 30, 1951.

<sup>128</sup> NARA II, RG 84, file 322.2, St. Lawrence Seaway, Canada & U.S. (1951), U.S. Embassy, Ottawa, Classified General Records, 1950-1961, box 14, Memorandum for Files, October 25, 1951.

<sup>129</sup> LAC, RG 25, file 1268-D-40, pt 13.2, St. Lawrence & Niagara River Treaty Proposals – General Correspondence (July 4, 1951-Oct 13, 1951), vol. 6344, Memorandum: St. Lawrence Seaway Legislation, October 25, 1951.

two more months to evaluate the prospects for the resolution before the House Public Works Committee,<sup>130</sup> a desire that was soon extended to 1 March 1952.<sup>131</sup>

The U.S. authorities further determined that, before they could make any substantial progress on the Canadian proposals, they would have to decide how to legally proceed with respect to PASNY and establish a definite cut-off date for congressional action, since this point had not been covered in the prime minister's conversation with President Truman.<sup>132</sup> Differences of opinion in Washington on the legal issues carried over into November, but U.S. authorities did relay to Canada the tentative view that, due to the 1909 Boundary Waters Treaty, the normal requirements for U.S. states to have congressional approval in order to make an agreement with a foreign body would not be necessary. Thus, the Federal Power Commission could license the Power Authority of the State of New York to make an agreement with Ontario, and in addition to an FPC license, PASNY would also need the concurrence of the International Joint Commission. The United States believed that submitting both the navigation and power projects to the IJC was of "considerable political importance" due

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<sup>130</sup> LAC, RG 25, file 1268-D-40, pt 13.2, St. Lawrence & Niagara River Treaty Proposals – General Correspondence (July 4, 1951-Oct 13, 1951), vol. 6344, Canadian Ambassador to Secretary of State, WA-3863, October 30, 1951; NARA II, RG 59, Bureau of European Affairs, Office of British Commonwealth and Northern Europe (1949-1965), 49, box 1, St. Lawrence Seaway, Memorandum of Conversation: Implementation of Prime Minister St. Laurent's proposals for construction of the St. Lawrence Project, October 31, 1951.

<sup>131</sup> LAC, RG 25, file 1268-D-40, pt 14.1, St. Lawrence & Niagara River Treaty Proposals – General Correspondence (November 2, 1951-February 14, 1952), vol. 6344, Ad Hoc Cabinet Committee on the St. Lawrence Development Project (Meeting of November 24, 1951), November 26, 1951.

<sup>132</sup> NARA II, RG 59, Bureau of European Affairs, Office of British Commonwealth and Northern Europe (1949-1965), 49, box 1, St. Lawrence Seaway, Memorandum of Conversation: Implementation of Prime Minister St. Laurent's proposals for construction of the St. Lawrence Project, October 31, 1951.

to the constitutional issues it raised and the impact it would have on the American public.<sup>133</sup>

While Washington worked to resolve its differences on the legal method of proceeding, both within the government and in consultation with Canadian officials, the Canadian St. Lawrence interdepartmental committee, reporting to the special cabinet committee, was tasked with preparing the bills outlined in the Speech from the Throne. The committee shared drafts with the Department of State, and incorporated the United States' strong recommendations that Canada's legislation make no mention of any agreement with a U.S. authority.<sup>134</sup> On 24 November 1951 a Canadian contingent went to Washington for further talks, following which, on 26 November, the cabinet as a whole tentatively approved the revised proposals, subject to consultation with several officials as well as the American authorities, and placed it on the Order Paper of the House of Commons.<sup>135</sup> The White House also authorized the concerned departments to forthwith begin work on the anticipated Canadian submission to the International Joint Commission.<sup>136</sup>

The revisions to the Canadian federal legislation, on account of the constitutional impediments concerning the State of New York, also necessitated changes in the

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<sup>133</sup> NARA II, RG 84, file 322.2, St. Lawrence Seaway, Canada & U.S. (1951), box 14, Memorandum to the Files, St. Lawrence Seaway, October 26, 1951.

<sup>134</sup> NARA II, RG 84, file 322.2, St. Lawrence Seaway, Canada & U.S. (1951), box 14, Memorandum, November 5, 1951; LAC, RG 25, file 1268-D-40, pt 14.1, St. Lawrence & Niagara River Treaty Proposals – General Correspondence (November 2, 1951-February 14, 1952), vol. 6344, Cabinet Summary, November 12, 1951.

<sup>135</sup> LAC, RG 25, file 1268-D-40, pt 14.1, St. Lawrence & Niagara River Treaty Proposals – General Correspondence (November 2, 1951-February 14, 1952), vol. 6344, Cabinet Summary. St. Lawrence Seaway, draft legislation, resolution, November 15, 1951; LAC, RG 25, file 1268-D-40, pt 14.1, St. Lawrence & Niagara River Treaty Proposals – General Correspondence (November 2, 1951-February 14, 1952), vol. 6344, Secretary of State to Canadian Ambassador, EX-2220, November 15, 1951.

<sup>136</sup> LAC, RG 25, file 1268-D-40, pt 14.1, St. Lawrence & Niagara River Treaty Proposals – General Correspondence (November 2, 1951-February 14, 1952), vol. 6344, Ad Hoc Cabinet Committee on the St. Lawrence Development Project (Meeting of November 24, 1951), November 26, 1951.

Canada-Ontario agreement, which still had not been formally signed into law. The federal cabinet requested further consultations, and the result was the formal signing of the agreement on 3 December. Under this agreement, the Canadian share of the power produced from the International Rapids section of the St. Lawrence River would be managed by Ontario. The province agreed to undertake, concurrently with a complementary authority in the United States, the “construction, maintenance, and operation of all works required for power development, including those which would be required whether or not the seaway is also constructed and including certain channel enlargements required for both power and navigation features of the combined project.”<sup>137</sup> The central government would construct and administer navigation facilities, and the terms of the agreement spelled out the various stipulations for the exchange and compensation of land between the federal and provincial governments.

As part of the agreement, the prime minister gave the premier of Ontario written notice of the cancellation of the Canada-Ontario 1941 agreement; it was understood, however, that if the 1941 Canada-United States agreement was subsequently approved at some point, a new Canada-Ontario accord would again need to be negotiated.<sup>138</sup> This informal escape clause was due to the fact that Ontario would then theoretically be in a position to dictate whatever conditions it saw fit in respect to power development.<sup>139</sup>

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<sup>137</sup> “Agreement between the Government of Canada and the Government of Ontario, signed December 3, 1951,” in Baxter, *Documents on the St. Lawrence Seaway*, 61-65.

<sup>138</sup> LAC, RG 2, file W-10-1 (Vol. 1), Waterways; Water development, waterworks, projects, etc. St. Lawrence Waterway & Power project, 1951 (Sept. 1-Nov. 15), vol. 207, LAC, RG 2, Memorandum from Robertson to J.C. Lessard, December 3, 1951.

<sup>139</sup> LAC, RG 2, file 1268-AL-40, pt 1, St. Lawrence Seaway and Project – Continuing Committee (December 15, 1951-February 23, 1959), vol. 6352, Continuing Committee on the St. Lawrence Seaway and Power Project, January 18, 1952.

The agreement signaled a Canadian commitment to move forward with a national St. Lawrence seaway. However, the Canadian government retained the official stance that a joint undertaking with the United States was preferable, as they were cognizant of the fact that the United States government retained the ability to block the power aspect. A critical mass in favour of Canada building its own seaway had been reached in the Liberal cabinet. Nevertheless, direct American pressure as well as the anticipation of potential interference in the future had required that Canada leave the door open to U.S. involvement.

On 4 December, the day after the conclusion of the Canada-Ontario agreement, two acts were introduced into the House of Commons – the first to ratify the just-inked agreement with Ontario, the second to create the St. Lawrence Seaway Authority – with the expectation that the participation of the United States in the waterway would not be forthcoming. Within a few weeks both pieces of legislation received the unanimous assent of Parliament. This rare concurrence bespoke the wide-ranging support that had developed in support of Canada going it alone. In the apt words of author Carleton Mabee, previous “Canadian railroad, utility, and Eastern port opposition had melted away, in anticipation of watching a newly adult Canada remake the continent without Uncle Sam’s aid.”<sup>140</sup> The St. Lawrence Seaway Authority Act incorporated a federal agency with the responsibility to build and operate, either wholly by Canada or in conjunction with an appropriate authority in the United States, a deep waterway between the Port of Montreal and Lake Erie.<sup>141</sup> The Seaway Authority was given the right to

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<sup>140</sup> Mabee, 158.

<sup>141</sup> “Canada, the St. Lawrence Seaway Authority Act,” in Baxter, *Documents on the St. Lawrence Seaway*, 19-23.

establish and charge “fair and reasonable” tolls, designed to make the Authority’s expenditures self-liquidating.

The bills were very important from both a tangible and symbolic perspective. Not only did they provide concrete and definite steps toward the long-coveted St. Lawrence scheme, but they also revealed a newfound national confidence in the country’s ability to single-handedly carry out a task of such immensity – in the words of Lionel Chevrier, “going ahead with the seaway was notice to the U.S. that we were now a first-class power. Some of my colleagues felt it was high time the U.S. was made aware of this.”<sup>142</sup> These sentiments resonated with Canadians and their elected representatives: all private members who took part in the Parliamentary debate expressed approval for the pending bills and the leaders of the opposition parties proclaimed unanimous and enthusiastic support.<sup>143</sup> One Member of Parliament from the prairies reputedly hoped that Canada could “prevent the Americans getting their hands on the seaway at all. I would rather we sacrificed our chance at hydro power on the river to keep the seaway all-Canadian”<sup>144</sup> while another wanted “to see the U.S. being shoved out of the limelight.”<sup>145</sup> Meanwhile public opinion, as expressed in polls and newspapers, embraced the Liberals’ proposals.

With the necessary legal mechanisms in place, the long-suffering Canadian government set out with alacrity to take the remaining required steps to obtain the hydro and navigation development anticipated by the St. Lawrence legislation. Yet the White House was anxious to forestall precipitous Canadian action until at least the end of

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<sup>142</sup> Chevrier, 47.

<sup>143</sup> *Ibid.*, 47-48.

<sup>144</sup> *Ibid.*, 48.

<sup>145</sup> *Ibid.*

March 1952, lest the Canadian plan “be regarded as a club over the head of Congress.”<sup>146</sup> There was still confusion about whether the FPC license would need to precede an IJC application, and it remained unclear whether PASNY would have to make a new application to the FPC. While this drawn-out process was undoubtedly a partial result of genuine legal difficulties and grey areas, the American government’s procrastination was chiefly responsible for the delay. The United States would form an inter-agency committee to deal with the St. Lawrence matter, but even that did not happen until late January 1952; conversely, in December the various Canadian St. Lawrence committees were amalgamated into a new continuing committee. Norman Robertson would serve as chairman, and the membership consisted of, among others, the Deputy Minister of Transport, the Director of Special Projects from the Department of Transport, the Deputy Minister of Justice, the Deputy Under-Secretary of State for External Affairs, and the Assistant Deputy Minister of Finance.<sup>147</sup>

Growing ever more impatient, before the conclusion of 1951 the Canadian government began drafting a diplomatic note, in consultation with the State Department. By the first week of January 1952 the two sides had largely worked out its contents, and a formal note was forwarded to the United States on 11 January 1952. The note requested American cooperation in preparing concurrent applications to the International Joint Commission, with the caveat that

Such a preparatory step would in no way prejudice the possibility of proceeding with the project on the basis of the 1941 Agreement in the event that Congress

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<sup>146</sup> LAC, RG 25, file 1268-D-40, pt 14.1, St. Lawrence & Niagara River Treaty Proposals – General Correspondence (November 2, 1951-February 14, 1952), vol. 6344, Canadian Ambassador to Secretary of State, WA-4284, December 22, 1951.

<sup>147</sup> LAC, RG 2, file W-10-1, Waterways; Water Development, Waterworks, Project, etc. St. Lawrence Waterway & Power Project. 1951 (Nov. 16-Dec. 31), vol. 207, Record of Cabinet Decisions No. 141, Meeting, Dec. 29<sup>th</sup>, 1951, December 29, 1951.

should approve that Agreement. On the other hand, it is desirable to seek the approval of the International Joint Commission as soon as practicable in order to avoid any further delay in the event that Congress does not approve the 1941 Agreement early in the present session.<sup>148</sup>

The U.S. replied with a note of its own, confirming that if the 1941 agreement was not approved at an “early date” the Government of the United States was prepared to cooperate in preparing concurrent applications to the IJC.<sup>149</sup>

Minister of Transport Chevrier hinted at the significance of the exchange during a CBC address: “this agreement anticipates an all-Canadian Seaway” and the fact that “Canada is able and willing to undertake the development alone is evidence itself of the growth we have already experienced and the stature we have attained.”<sup>150</sup> Removing the “bottleneck” between Montreal and Prescott to allow for “harnessing the untamed water is the essence of the Seaway project today” and the project held “incalculable promise for the economic development of the whole nation.”<sup>151</sup>

At the same time, the St. Laurent government’s optimism was tempered by the apprehension that the United States might not, when push ultimately came to shove, allow the Canadians to proceed alone. According to author William Willoughby, for President Truman the exchange of notes “represented both a hope and an unpalatable possibility.”<sup>152</sup> The hope was that the threat of Canadian action and the sanction of the IJC would lead enough recalcitrant members of Congress to approve the 1941

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<sup>148</sup> “Exchange of Notes Between Canada and the United States, No. 35, January 11, 1952,” in Baxter, *Documents on the St. Lawrence Seaway*, 33-34.

<sup>149</sup> “The Secretary of State to the Canadian Ambassador (Wrong), No. 936, file 611.42321 SL/1-1152, January 11, 1952,” *FRUS*, 1952-1954, vol. VI, Canada, 2022-2023.

<sup>150</sup> LAC, RG 25, file 1268-D-40, pt 14.2, St. Lawrence & Niagara River Treaty Proposals – General Correspondence, vol. 6345, Address by the Honourable Lionel Chevrier, Minister of Transport, Over the C.B.C Network, “The Nation’s Business”, January 8, 1952.

<sup>151</sup> LAC, RG 25, file 1268-D-40, pt 14.2, St. Lawrence & Niagara River Treaty Proposals – General Correspondence, vol. 6345, Address by the Honourable Lionel Chevrier, Minister of Transport, Over the C.B.C Network, “The Nation’s Business”, January 8, 1952.

<sup>152</sup> Willoughby, 235.

agreement<sup>153</sup> while the unpalatable possibility was that this could back-fire if congressional support remained unattainable and the president then needed to either approve the Canadian plans or take measures to impede them.

Chevrier made it clear in his CBC address that “we are not closing the door on United States participation in the Seaway. That participation is still the logical, the desirable choice. But it is results that count.”<sup>154</sup> This statement demonstrates the situation in which Chevrier and other Canadian waterway advocates found themselves: Canada now intended to proceed alone, but since it needed the cooperation of the American federal government to surmount the remaining legal hurdles, the Liberal government needed to at least appear willing to allow U.S. involvement. However, there was also the danger that Canada’s hedging on its commitment to proceed unilaterally would give Washington reason to believe that the Canadian government genuinely preferred to construct in tandem. Indeed, within the American government and media there were many references to Canada’s position as a bluff – some Canadian newspapers had at times questioned Ottawa’s ability or willingness to go it alone, particularly when the prospect of Canada going it alone had first been publicly floated in 1949 – based on the presumption that Canada could not afford to build independently, or was threatening to do so mainly for domestic political purposes.<sup>155</sup>

Further confusing the situation were remarks by Canadian officials. In a conversation with the Americans, Wrong implied, either out of ignorance or for strategic

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<sup>153</sup> Ibid., 236.

<sup>154</sup> LAC, RG 25, file 1268-D-40, pt 14.2, St. Lawrence & Niagara River Treaty Proposals – General Correspondence, vol. 6345, Address by the Honourable Lionel Chevrier, Minister of Transport, Over the C.B.C Network, “The Nation’s Business”, January 8, 1952.

<sup>155</sup> For example see: *The News and Courier* (Charleston, S.C.), “Canada’s Plan For Building Seaway Alone,” December 2, 1951, p. Four-H; *Ottawa Citizen*, “No Bluff on The Seaway,” October 25, 1951, editorials page.

reasons, that Ottawa was only attempting to stave off Ontario's pressure.<sup>156</sup> In an off-the-record conversation, Lucien Dansereau, a Canadian IJC member, offered the personal opinion that an all-Canadian project would inevitably cause friction and resentment between Canada and the U.S. since the former would build in a manner to suit its own interests, and suggested that the United States might be able to join in even after Canadian construction on a waterway had begun.<sup>157</sup> The White House's failure to cooperate with Canada can therefore be attributed to a limited extent to uncertainty about Canadian intentions.

While the St. Lawrence bills had been passed by Parliament, they had not been immediately proclaimed and put into law. The continuing Canadian committee on the St. Lawrence discussed the wisdom of doing so, as a number of technical and engineering questions would have to be addressed in anticipation of construction. Additionally, proclamation might prod Congress into early action on the 1941 agreement since it would demonstrate that Canada was serious about building without assistance.<sup>158</sup> However, the timing was not deemed propitious, for "the Government would look silly if it set up a Seaway Authority and it was then found that there were constitutional difficulties in the US."<sup>159</sup>

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<sup>156</sup> NARA II, RG 84, file 322.2 – St. Lawrence Seaway (1952), U.S. Embassy, Ottawa – Classified General Records, 1950-1961, Box 14, Memorandum of Conversation: St. Lawrence Seaway, February 7, 1952.

<sup>157</sup> NARA II, RG 84, file 322.2 – St. Lawrence Seaway (1952), U.S. Embassy, Ottawa – Classified General Records, 1950-1961, Box 14, Memorandum for Economic Section: Views of Lt. Col. Lucien Dansereau on St. Lawrence Waterway, from Consulate General in Montreal, February 7, 1952.

<sup>158</sup> LAC, RG 2, file 1268-AL-40, pt 1, St. Lawrence Seaway and Project – Continuing Committee (December 15, 1951-February 23, 1959), vol. 6352, Continuing Committee on the St. Lawrence Seaway and Power Project, February 7, 1952.

<sup>159</sup> NARA II, RG 84, file 322.2 – St. Lawrence Seaway (1952), U.S. Embassy, Ottawa – Classified General Records, 1950-1961, Box 14, Briefing Paper for Under Secretary Webb: Canadian Ambassador's call regarding the St. Lawrence Project, no date (approx. February 20, 1952).

At the new session of Congress prospects for the resolutions authorizing the 1941 agreement again seemed poor due to the continued antagonism of the traditional opponents of American involvement, despite Truman's extensive efforts to cajole Congress into enacting the necessary legislation.<sup>160</sup> The Americans established an inter-agency committee on the St. Lawrence, while the Canadians constituted a board of engineers (made up of representatives from Canada, Ontario, and Quebec) on 23 January.<sup>161</sup> However, by early February, Truman had not moved to designate New York as the power-developing entity and did not intend to so do until it became absolutely clear that Congress would not act on the 1941 agreement.<sup>162</sup> Furthermore, the head of the U.S. inter-agency committee indicated that the Corps of Engineers was still under consideration as the potential entity, and contended that naming the agency at that time would cause domestic and constitutional complications.<sup>163</sup>

By refusing to designate New York out of fear that it would threaten the passage of the 1941 agreement, the actions of the president and his government were incongruous with the 11 January notes in which Truman had promised to cooperate in the submission of applications to the IJC. Moreover, throughout the remainder of Truman's term in office, he would provide only a measure of perfunctory collaboration in order to avoid charges of obvious and flagrant interference, and failed to live up to the

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<sup>160</sup> According to Ronald Stagg, in January 1952 Truman sent three messages to Congress over a period of two weeks, inserted a substantial warning in his annual Budget Report, a small reminder in his annual Economic Report, and sent a special message to Congress urging it to pass the 1941 agreement. Ronald Stagg, *The Golden Dream: A History of the St. Lawrence Seaway* (Toronto: Dundurn Press, 2010), 159.

<sup>161</sup> LAC, RG 2, file 1268-AL-40, pt 1, St. Lawrence Seaway and Project – Continuing Committee (December 15, 1951-February 23, 1959), vol. 6352, Continuing Committee on the St. Lawrence Seaway and Power Project, February 7, 1952.

<sup>162</sup> LAC, RG 25, file 1268-D-40, pt 14.2, St. Lawrence & Niagara River Treaty Proposals – General Correspondence, vol. 6345, Memorandum for Mr. Reid, Re: St. Lawrence Project, February 4, 1952.

<sup>163</sup> NARA II, RG 84, file 322.2 – St. Lawrence Seaway (1952), U.S. Embassy, Ottawa – Classified General Records, 1950-1961, Box 14, Briefing Paper for Under Secretary Webb: Canadian Ambassador's call regarding the St. Lawrence Project, no date (approx. February 20, 1952).

spirit of cooperation previously promised to the Canadian government. The State Department, as the lead department on the St. Lawrence file, tried to expedite matters where possible, but was generally handcuffed in its attempts to do so by the White House.<sup>164</sup> However, even this cooperation appears to have been limited to those elements in the department concerned with maintaining good relations with Canada.

Throughout February and March 1952, the Canadian authorities pressed the U.S. to name the partnering power entity, as the cabinet hoped to set up the Seaway Authority before the House of Commons resumed. But the Americans continued to delay the matter, claiming that they needed to consult all the concerned departments.<sup>165</sup> Additionally, there were other “certain difficult marginal questions” ongoing during the early months of 1952 which needed a decision at some point before the completion of the St. Lawrence project – the matter of the Ogoki and Long Lac diversions, as well as a treaty on Canada-U.S. navigation rights in the Great Lakes, which it appeared would be needed to replace Article VII of the 1941 agreement if that compact did not come into force.<sup>166</sup> However, since these could potentially give U.S. opponents further means of blocking Canadian plans, consideration of these matters was temporarily postponed.<sup>167</sup> Although the Department of the Interior had taken the lead in voicing opposition, the available evidence indicates that Truman was still against turning the power over to New

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<sup>164</sup> NARA II, RG 59, file 611.42321-SL/2-2752, Office Memorandum: Program for Canadian-U.S. Committees on the St. Lawrence Seaway and Hydro-Electric Power Project, February 27, 1952.

<sup>165</sup> LAC, RG 25, 1268-D-40, pt. 15, St. Lawrence & Niagara River Treaty Proposals – General Correspondence (February 18, 1950 to April 29, 1952), vol. 6345, Canadian Ambassador to Secretary of State, February 21, 1952.

<sup>166</sup> LAC, RG 2, file 1268-AL-40, pt 1, St. Lawrence Seaway and Project – Continuing Committee (December 15, 1951-February 23, 1959), vol. 6352, Continuing Committee on the St. Lawrence Seaway and Power Project, February 18, 1952.

<sup>167</sup> Ibid.

York, and only reversed this policy in April 1952.<sup>168</sup> If a federal agency was to develop and distribute St. Lawrence power, as opposed to New York, it would require annual congressional appropriations, and the president's resistance to naming the state as the entity was another failure to cooperate with Canada.<sup>169</sup>

The Canadian continuing committee had been asked by the Department of State in January to comment on the St. Lawrence legislation currently before Congress. This was a unique situation, since the Canadian government was being given the opportunity to potentially shape the phrasing of an American bill. Ottawa was chiefly concerned with the toll provisions, as well as the division of costs between power and navigation for common works (i.e., items, such as channel depth, that could reasonably be expected to benefit both power and navigation) and the possibility of "an arrangement for tolls which would result in the United States Government being reimbursed out of shipping revenues for its more generous treatment of the power-users in the United States."<sup>170</sup> Canadian officials preferred to base tolls on the cost of works undertaken solely for navigation.<sup>171</sup> They also found the American proposal unclear about whether Canada would be able to continue to charge tolls on any continuing Canadian 14-foot canals, and were worried that there would be difficulty in agreeing on a formula for setting tolls as

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<sup>168</sup> NARA II, RG 84, file 322.2 – St. Lawrence Seaway (1952), U.S. Embassy, Ottawa – Classified General Records, 1950-1961, Box 14, From Bonbright to Secretary, Discussion of the St. Lawrence Project, April 7, 1952.

<sup>169</sup> LAC, RG 25, file 1268-D-40, pt 15, St. Lawrence & Niagara River Treaty Proposals – General Correspondence (Feb 18, 1950 to April 29, 1952), vol. 6345, Memorandum for the Minister, St. Lawrence Seaway and Power Project, March 25, 1952.

<sup>170</sup> LAC, RG 25, file 1268-D-40, pt 14.2, St. Lawrence & Niagara River Treaty Proposals – General Correspondence, vol. 6345, Secretary of State to Canadian Ambassador, January 11, 1952.

<sup>171</sup> LAC, RG 25, file 1268-D-40, pt 14.2, St. Lawrence & Niagara River Treaty Proposals – General Correspondence, vol. 6345, Secretary of State to Canadian Ambassador, Congressional Approval of the St. Lawrence Project, January 24, 1952.

well as toll limits.<sup>172</sup> In general, Canada preferred that tolls, if they needed to be imposed, should be low, while the Americans wanted them high.

Although the suggested Canadian amendments had merit, the U.S. believed incorporating them would be “extremely dangerous”<sup>173</sup> since they might upset the precarious balance reportedly in favour of the legislation. But this was also a partial cover for U.S. disagreement with the Canadian objections.<sup>174</sup> There was a brief glimmer of hope for the 1941 agreement when, in late February, the Senate Foreign Relations Committee surprisingly voted to open hearings on the pending seaway bill. Nevertheless, despite impassioned debate both for and against a solely Canadian seaway, the opponents of American participation again prevailed.

Pro-seaway witnesses attested that a joint project would be more beneficial to the United States in a variety of ways, the most important of which were input on tolls and the national defence need to have control over a vital artery that penetrated deep into the heart of the continent.<sup>175</sup> Opponents countered that, even if Canada was serious about proceeding on its own, such an approach was commendable since most other countries wanted hand-outs from the United States; moreover, Canada was the logical country to develop the St. Lawrence since so much of it ran north of the 49<sup>th</sup> parallel, and “[t]o suggest that Canada would deny American ships the use of the waterway or discriminate against American goods was to attribute to that neighboring country a selfish and

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<sup>172</sup> Ibid.

<sup>173</sup> LAC, RG 25, file 1268-D-40, pt 15, St. Lawrence & Niagara River Treaty Proposals – General Correspondence (Feb 18, 1950 to April 29, 1952), vol. 6345, Canadian Ambassador to Secretary of State, February 27, 1952.

<sup>174</sup> LAC, RG 25, file 1268-D-40, pt 15, St. Lawrence & Niagara River Treaty Proposals – General Correspondence (Feb 18, 1950 to April 29, 1952), vol. 6345, teletype from Cdn Amb to Sec of State St. Lawrence Project, February 21, 1952.

<sup>175</sup> Willoughby, 237.

unfriendly attitude totally contrary to its past dealings with the United States.”<sup>176</sup> Conversely, opponents alleged that, even with a joint waterway in the IRS, Canada could still close off American access to the rest of the river lying within Canadian territory.<sup>177</sup> Willoughby concludes that Congress largely believed that Canadian construction was a very real possibility, but that it again rejected the St. Lawrence legislation for a range of reasons, including sectoral interests, political allegiances, and doubts about the project’s economic viability.<sup>178</sup>

Returning to the tolls issue, during the U.S. Secretary of Commerce’s testimony before a House committee in 1951, he had estimated seaway traffic at 57 to 84 millions tons annually, and pegged potential toll revenue at between \$36 and \$49 million annually.<sup>179</sup> In 1952, the secretary argued that these were conservative estimates in some respects, and predicted that traffic would total 64 to 83 million tons per year, with prospective toll revenue ranging from \$39 to \$48 million annually.<sup>180</sup> In 1951, the Canadian Department of Trade and Commerce had predicted seaway traffic at 44,500,000 tons, which the U.S. government also considered a conservative estimate. But whatever figure was chosen, the numbers showed that the project would be self-liquidating. It is worth noting that both countries were certain that American interests would end up paying the majority of the tolls.

Exploratory meetings of the respective Canadian and American St. Lawrence committees took place 6-7 March 1952. The Canadian side had hoped to receive a

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<sup>176</sup> *Ibid.*, 238.

<sup>177</sup> *Ibid.*, 238.

<sup>178</sup> *Ibid.*, 240.

<sup>179</sup> United States Senate, 83<sup>rd</sup> Congress, First Session, “Notes Re St. Lawrence Seaway,” Hearings before the Subcommittee of the Committee on Foreign Relations, “Economics and Self-Liquidation of Navigation Phase (Enclosure 2a), April 14-16; May 20-21, 1953.

<sup>180</sup> *Ibid.*

positive indication of which U.S. agency would develop power, and a target date by which U.S. and Canadian applications could be filed with the International Joint Commission. Yet Norman Robertson afterward declared that “[t]hroughout our discussions ... I had the feeling that the U.S. officials were more interested in avoiding anything which might in any way prejudice the chances of success of the 1941 Agreement than in examining in detail the various steps to be taken before construction of an all-Canadian route get under way.”<sup>181</sup> Nevertheless, the meetings “served the useful purpose of giving Canadian officials a clearer understanding of the political and other difficulties faced by the U.S. Administration in connection with the St. Lawrence development project.”<sup>182</sup>

According to the American contingent, there were three possible ways for their country to submit an IJC application: via the U.S. federal government itself, a designated state or agency, or a private entity. If any agency other than the federal government was designated as the principal, a license from the Federal Power Commission – as opposed to congressional approval if the central government was the applying authority – would be necessary.<sup>183</sup> However, the United States explained that the litigation over an FPC license might take one to two years and “hinge either on the constitutional problem or on the effectiveness of FPC legal power in this set of circumstances”<sup>184</sup> as well as legal

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<sup>181</sup> LAC, RG 2, file W-10-1, (January-March) 1952, vol. 253, Memorandum for the Prime Minister, U.S.-Canada meetings on St. Lawrence project, March 10, 1952.

<sup>182</sup> LAC, RG 2, file W-10-1, (January-March) 1952, vol. 253, Second Meeting: St. Lawrence Development Project, U.S.-Canada Meetings, Ottawa (March 6 and 7, 1952), March 7, 1952.

<sup>183</sup> “President Harry S. Truman’s Office Files, 1945-1953,” Part 3: Subject File, Jack Gorrie (Chairman of NSRB) Memorandum to Truman re: Meetings at Ottawa, Canada on the St. Lawrence Seaway and Power Project, March 6 and 7, March 21, 1952; LAC, RG 2, file W-10-1, (January-March) 1952, vol. 253, Second Meeting: St. Lawrence Development Project, U.S.-Canada Meetings, Ottawa (March 6 and 7, 1952), March 7, 1952.

<sup>184</sup> Ibid.

action stemming from flooding and other such impacts the power project might have.<sup>185</sup> Finally, the two countries formed joint legal and engineering sub-committees and agreed to meet again in Washington.

The most important objective from the Canadian point of view became reducing the time between the anticipated abandonment of the 1941 agreement and the date when applications could be submitted to the International Joint Commission.<sup>186</sup> A State Department official suggested that, due to the congressional situation as well as the upcoming American election, Canada could formally request that Truman immediately designate the power development authority on the grounds that it had not been possible to secure approval of the 1941 agreement at “an early date.”<sup>187</sup> The Liberal cabinet approved this approach on 25 March, and it was joined by a request that the Canadian board of engineers finish the IJC application as soon as possible.<sup>188</sup>

The next day, the Canadian ambassador petitioned the U.S. Secretary of State to “ask the President if he did not agree that prospects of favourable congressional action were remote and hence that full reliance should be placed now on the second alternative of a Canadian seaway.”<sup>189</sup> The secretary vowed to pass it on to the president and suggested “that it might be feasible to go forward with the application to the IJC while

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<sup>185</sup> “President Harry S. Truman’s Office Files, 1945-1953,” Part 3: Subject File, Jack Gorrie (Chairman of NSRB) Memorandum to Truman re: Meetings at Ottawa, Canada on the St. Lawrence Seaway and Power Project, March 6 and 7, March 21, 1952; NARA II, RG 84, file 322.2 – St. Lawrence Seaway (1952), Status of the St. Lawrence Project, March 26, 1952.

<sup>186</sup> LAC, RG 25, file 1268-D-40, pt 15, St. Lawrence & Niagara River Treaty Proposals – General Correspondence (Feb 18, 1950 to April 29, 1952), vol. 6345, Memorandum for the St. Lawrence Committee, March 17, 1952.

<sup>187</sup> LAC, RG 25, file 1268-D-40, pt 15, St. Lawrence & Niagara River Treaty Proposals – General Correspondence (Feb 18, 1950 to April 29, 1952), vol. 6345, Memorandum for the Minister, St. Lawrence Seaway and Power Project, March 25, 1952.

<sup>188</sup> LAC, RG 2, W-10-1, (January-March) 1952, vol. 240, Record of Cabinet Decisions No. 166, Item 14: St. Lawrence development project, March 25, 1952.

<sup>189</sup> NARA II, RG 84, file 322.2 – St. Lawrence Seaway (1952), Status of the St. Lawrence Project, March 26, 1952.

keeping alive the possibility of reverting to the 1941 Agreement if Congress should approve it before the IJC made recommendations.”<sup>190</sup>

But after a week without a reply from Truman, apparently because his subordinates had not passed on the entreaty, Canada backed down from its request. Pearson relayed that Canada did not expect a “yes or no” answer but hoped that the inquiry had served to indicate the urgency Ottawa attached to continued efforts to start on the project.<sup>191</sup> Although it is not clear why Ottawa retreated, since Canadian officials were unaware that the original request had not been given to the president it probably stemmed from a fear that the lack of a U.S. response signaled American dissatisfaction with the quasi-ultimatum. The request was finally brought to Truman’s attention on 7 April. In a conversation with Dean Acheson, the president expressed that the Canadians had been very patient and cooperative and that the executive branch of his government should now follow through on its undertakings.<sup>192</sup> Truman thought that the Canadian hope for authorizing action no later than 1 May was reasonable, and agreed to see Lester Pearson a week later.<sup>193</sup>

Pearson and Chevrier met with Truman on 14 April. The president consented to the request for the simultaneous forwarding to the IJC of the Canadian and American applications. But he now stipulated that he wanted to wait until mid-May, rather than 1 May, to see what action the Senate might take, adding that this was the last time that a

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<sup>190</sup> LAC, RG 25, file 1268-D-40, pt 15, St. Lawrence & Niagara River Treaty Proposals – General Correspondence (Feb 18, 1950 to April 29, 1952), vol. 6345, Canadian Ambassador to Secretary of State, March 26, 1952.

<sup>191</sup> NARA II, RG 59, file 611.42321-SL/3-31-52, Department of State Memorandum: Telephone call from Ambassador Woodward, March 31, 1952.

<sup>192</sup> NARA II, RG 84, file 322.2 – St. Lawrence Seaway (1952), Memorandum of Conversation with the President, Item 2: St. Lawrence Seaway, April 7, 1952.

<sup>193</sup> Ibid.

suggestion for a further delay would be made.<sup>194</sup> Truman proposed that the U.S. federal government would be the applying party, but would later designate another agency to handle the power facilities. Pearson agreed, remarking that Canada preferred New York State, and indicated that the Canadian reference to the IJC need not include the Canadian waterway, although he was prepared to give the most “definite assurances” that his government would go ahead with the seaway.<sup>195</sup> Pearson concluded the meeting with the remark that “it was only in the past couple of years that [the Canadian government] had realized what a great nation Canada had become and that before they hadn’t dreamed of building the seaway alone.”<sup>196</sup>

The meeting signaled a change in tactics by Truman, as he hoped that going ahead with the IJC applications might jolt Congress into realizing that Canada was committed to proceeding alone.<sup>197</sup> Nevertheless, the president still managed to squeeze in a few more weeks of delay. Following the Pearson-Truman meeting, Canadian Ambassador Hume Wrong surmised that other U.S. officials working on the St. Lawrence development “would have preferred to proceed at a slower pace than that agreed to by the President. For this reason, we should press forward at the greatest possible speed so that the impetus of the President’s action will not be lost.”<sup>198</sup>

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<sup>194</sup> NARA II, RG 84, file 322.2 – St. Lawrence Seaway (1952), Minutes of Discussions with the President on the St. Lawrence Project Held at the White House (April 14, 1952), April 14, 1952.

<sup>195</sup> LAC, RG 25, file 1268-D-40, pt 15, St. Lawrence & Niagara River Treaty Proposals – General Correspondence (Feb 18, 1950 to April 29, 1952), vol. 6345, Canadian Ambassador to Secretary of State, April 15, 1952.

<sup>196</sup> NARA II, RG 84, file 322.2 – St. Lawrence Seaway (1952), Memorandum of Conversation: St. Lawrence Seaway and Power Project, April 14, 1952.

<sup>197</sup> LAC, RG 25, file 1268-D-40, pt 15, St. Lawrence & Niagara River Treaty Proposals – General Correspondence (Feb 18, 1950 to April 29, 1952), vol. 6345, Canadian Ambassador to Secretary of State, April 15, 1952.

<sup>198</sup> LAC, RG 25, file 1268-D-40, pt 15, St. Lawrence & Niagara River Treaty Proposals – General Correspondence (Feb 18, 1950 to April 29, 1952), vol. 6345, Canadian Ambassador to Secretary of State, April 16, 1952.

In the meantime, President Truman made a last-ditch effort to urge congressional leaders to approve the 1941 agreement: “[i]t would be extremely unwise and unrealistic for the Congress voluntarily to abandon the opportunity for the United States to jointly control a waterway so vital to our security, our commerce and industry, and our relations with our Canadian neighbors.”<sup>199</sup> A motion was passed to report the Senate resolution out of committee, but without the customary recommendation it did not receive a high-priority rating, and was consequently not considered by the Senate until June.<sup>200</sup> Since Canada was serious about going it alone, an outright rejection would have been preferable from a Canadian perspective, for as long as St. Lawrence legislation remained alive, however slightly, it encouraged the White House to continue its holding pattern.

An 24 April gathering of American and Canadian engineering and legal committees in Washington suggested that the Americans expected that the St. Lawrence project would eventually be jointly constructed, for they had given little serious consideration to Canada going it alone. The U.S. representatives turned in a lackluster performance revealing they had spent little time preparing and “did not appear to have studied the problems involved in detail before [the] meetings”<sup>201</sup> and “agreed to proceed on the basis of the Canadian draft because it was obvious to us and to them that ours was a much better and more comprehensive one as I gathered theirs was prepared very

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<sup>199</sup> LAC, RG 25, file 1268-D-40, pt 15, St. Lawrence & Niagara River Treaty Proposals – General Correspondence (Feb 18, 1950 to April 29, 1952), vol. 6345, Canadian Embassy to Under-Secretary of State, April 22, 1952.

<sup>200</sup> Willoughby, 238.

<sup>201</sup> LAC, RG 25, file 1268-D-40, pt 15, St. Lawrence & Niagara River Treaty Proposals – General Correspondence (Feb 18, 1950 to April 29, 1952), vol. 6345, Canadian Ambassador to Secretary of State, April 25, 1952.

hastily ... the day before.”<sup>202</sup> They decided that the best manner of proceeding would be for both federal governments to apply and later designate the appropriate authority, although it seemed clear that New York and Ontario would be the agencies named.<sup>203</sup> There was also consensus on many of the key engineering aspects, including concurrence that the Iroquois control dam should remain as envisioned in the 1941 accord.<sup>204</sup>

Despite the agreement that was reached between the legal and engineering officials, there was discord at the political level. Part of this dissatisfaction stemmed from the recent amendments to the Senate resolution on the 1941 agreement which “completely nullify the intended effect of the agreement between the President and the Prime Minister last September as developed in our subsequent discussions” because of its toll and cost allocations proposals.<sup>205</sup> Ottawa was now being held back by legislation that it would not accept even if it was passed, displaying the continual disregard Congress had for Canadian plans.

In the first half of May 1952, Canada and the United States exchanged draft notes outlining the former’s intention to construct the seaway in connection with the

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<sup>202</sup> LAC, RG 25, file 1268-D-40, pt 15, St. Lawrence & Niagara River Treaty Proposals – General Correspondence (Feb 18, 1950 to April 29, 1952), vol. 6345, Memorandum for File – St. Lawrence Project – Legal Discussions in Washington, April 29, 1952.

<sup>203</sup> LAC, RG 2, W-10-1, (April) 1952, vol. 240, Memorandum for Mr. Lionel Chevrier, April 29, 1952.

<sup>204</sup> LAC, RG 2, W-10-1, (April) 1952, vol. 240, Memorandum for Mr. Lionel Chevrier, April 29, 1952.

<sup>205</sup> LAC, RG 25, file 1268-D-40, pt 16.1, St. Lawrence & Niagara River Treaty. St. Lawrence Project – General File (May 1, 1952 to June 30, 1952), vol. 6345, Secretary of State of Canadian Ambassador, May 3, 1952. The Canadian objections to S.J. Res. 27 were: (1) It provides for a maximum toll of \$1.25 per short ton; (2) It provides that tolls shall only apply on new navigation facilities in the St. Lawrence River; and (3) it provides a formula for the allocation of costs as between power and navigation, which is more generous to the interest of power than any contemplated in Canada.

power development, and also forwarded detailed engineering plans.<sup>206</sup> After the Canadian interdepartmental committee and the American inter-agency committee met to further revise their draft applications for the power phase, all points of conflict were resolved, with the exception of the cost allocation issue.<sup>207</sup> The Canadian view was

based on the premise that the power development “entities” in both countries would construct all works necessary for the development of power, including all dams, dykes, channels, rehabilitation works and works necessary to ensure the continuation of the 14-foot waterway, as set forth in the agreement with the Province of Ontario of December 1951. ... Under this plan, the concept of “common works” ... disappears altogether because all such works are required in order to develop power. ... On the other hand, the United States officials maintained that the public power policy of the United States Government, and the Federal Power Commission, would require that power must be supplied to consumers at the lowest possible cost and that, for this reason, some of the cost of the dams, dykes, etc. should be amortized through tolls or otherwise borne as a navigation facility.<sup>208</sup>

The Canadian group took this under consideration, but reminded U.S. officials that under both the 1932 and 1941 accords none of the project’s costs were to be borne by direct charges on shipping, and Canada had only very reluctantly acquiesced to tolls in 1947.<sup>209</sup> While Ottawa’s perspective was partially based on principle, financial reasons were equally important. The more costs that would be shared by the power phase, and thus by Ontario and New York, the less the federal government would have to pay for the navigation aspect. Moreover, it would be impracticable for the power entities to have a “vested interest” in toll arrangements, which would be the result if these entities were

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<sup>206</sup> LAC, RG 25, file 1268-D-40, pt 16.1, St. Lawrence & Niagara River Treaty. St. Lawrence Project – General File (May 1, 1952 to June 30, 1952), vol. 6345, Canadian Ambassador to Secretary of State, May 12, 1952.

<sup>207</sup> LAC, RG 25, file 1268-D-40, pt 16.1, St. Lawrence & Niagara River Treaty. St. Lawrence Project – General File (May 1, 1952 to June 30, 1952), vol. 6345, Note for Heads of Division Meeting, St. Lawrence Project, May 19, 1952.

<sup>208</sup> Ibid.

<sup>209</sup> Ibid.

reimbursed through a share of tolls.<sup>210</sup> Although higher development costs for power would result in higher costs for the United States, this position was supported by both principles and finances, as well as the 1941 agreement. Canada argued that it had

never committed itself to do anything except complete whatever needed to be done to make possible deep navigation after Ontario and New York had agreed to provide all the works required if power were to be developed alone. Furthermore, since the seaway was to be an all-Canadian undertaking, the development of the U.S. share of the power could not be considered to be a multipurpose project and, therefore, the usual concept of equitable sharing of costs between the various users of the project did not seem to the Canadians to apply in this instance.<sup>211</sup>

Afterwards, Canadian officials surmised that “the Americans were in a bargaining frame of mind and that they might eventually accept the Canadian offer if it became evident that the only way in which power could be developed on the U.S. side of the boundary in the International Section would be on the Canadian terms or not at all.”<sup>212</sup> At the same time, it seemed American officials were genuinely anxious to avoid attacks by domestic opponents of the project, and this would be achieved if no aspects related exclusively to navigation were charged to power.<sup>213</sup>

The Canadian cabinet decided that, aside from the relatively minor \$1.5 million outlay for dredging in the Thousands Islands, Canada would stick to the 1941 agreement and “could not now consent to a return to the concept of allocation of so-called common works costs between power and navigation.”<sup>214</sup> The White House appeared to backtrack, with one official characterizing the U.S. position at the 16 May meeting as “little more

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<sup>210</sup> LAC, RG 25, file 1268-D-40, pt 16.1, St. Lawrence & Niagara River Treaty. St. Lawrence Project – General File (May 1, 1952 to June 30, 1952), vol. 6345, Memorandum for the Minister: St. Lawrence Project, Reference to the International Joint Commission (Cabinet Document No. 156-62), May 1952.

<sup>211</sup> Ibid.

<sup>212</sup> Ibid.

<sup>213</sup> Ibid.

<sup>214</sup> LAC, RG 2, Cabinet Conclusions, May 21, 1952.

than thinking out loud” because of a lack of study.<sup>215</sup> The American stance stemmed from the need of the Department of the Interior, the Federal Power Commission, and the Power Authority of the State of New York to keep down power costs as fully as possible.<sup>216</sup> However, the U.S. government still thought that the Canadians could be convinced to accept \$20-30 million in costs for works which could reasonably be attributed to navigation.<sup>217</sup>

But the Canadians refused to budge. In the first week of June the Canadians sent a letter to the head of the U.S. inter-agency committee clearly expressing their intentions: the extent of the Canadian government’s undertaking would remain on the basis outlined in the 1951 Canada-Ontario power agreement, aside of the Thousand Islands dredging.<sup>218</sup> The U.S claimed to be “shocked” that Canada still expected that the cost for common works was to be borne by the power-developing entities.<sup>219</sup> When the two sides met on 11 June, the Canadian delegation was not given any discretion to depart from the Canadian letter.<sup>220</sup> No final agreement could be reached at the meeting, as both sides firmly maintained their stances.

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<sup>215</sup> LAC, RG 25, file 1268-D-40, pt 16.1, St. Lawrence & Niagara River Treaty. St. Lawrence Project – General File (May 1, 1952 to June 30, 1952), vol. 6345, Canadian Ambassador to Secretary of State, May 22, 1952.

<sup>216</sup> Ibid.

<sup>217</sup> NARA II, RG 84, file 322.2 – St. Lawrence Seaway (1952), Memorandum for Files: Meeting of U.S. representatives regarding costs to be charged to the Seaway, June 3, 1952.

<sup>218</sup> LAC, RG 25, file 1268-D-40, pt 16.2, St. Lawrence & Niagara River Treaty. St. Lawrence Project – General File (June 19-30, 1952), vol. 6345, Summary (by American and Far Eastern Division): St. Lawrence Seaway and Power Project: preparation of application to International Joint Commission, June 4, 1952.

<sup>219</sup> LAC, RG 25, file 1268-D-40, pt 16.2, St. Lawrence & Niagara River Treaty. St. Lawrence Project – General File (May 1, 1952-June 30, 1952), vol. 6345, Notes on meeting of Canadian Interdepartmental Committee and the U.S. Inter-Agency Committee on the St. Lawrence Seaway and Power Project (June 11, 1952), June 13, 1952.

<sup>220</sup> LAC, RG 25, file 1268-D-40, pt 16.2, St. Lawrence & Niagara River Treaty. St. Lawrence Project – General File (May 1, 1952-June 30, 1952), vol. 6345, Secretary of State to Canadian Ambassador, June 10, 1952.

The differences can be summarized as follows: the United States believed that navigation should bear a charge of approximately \$25 million for the cost of channel enlargement and also approximately \$10 million, which was half of the estimated cost of the proposed Iroquois Dam (as the Americans thought it was necessary for navigation only, but not power).<sup>221</sup> The Canadian position was that the seaway costs should bear neither of the items suggested by the United States; instead, Canada should receive compensation in the order of \$14 million for the loss of 14-foot navigation.<sup>222</sup> The Americans argued that it had been their practice for years to assume an equal division of the cost of common works; the Canadians again countered that this was not a dual-purpose project since their proposal to build a waterway was based on the idea that the power works were going to be built first in any case, so it was irrelevant to speak of common works since Canada would simply be adding on to a separately existing development.<sup>223</sup> While American delegates accepted that the \$14 million reimbursement was logical and reasonable, it was not practicable because it would need congressional acceptance.<sup>224</sup> Faced with this impasse, the U.S. side implied that the Federal Power

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<sup>221</sup> LAC, RG 2, W-10-1, (May) 1952, vol. 240, Memorandum Re: St. Lawrence Seaway (Stead to Abbott), June 16, 1952.

<sup>222</sup> LAC, RG 25, file 1268-D-40, pt 16.2, St. Lawrence & Niagara River Treaty. St. Lawrence Project – General File (May 1, 1952-June 30, 1952), vol. 6345, Canadian Ambassador to Secretary of State, June 12, 1952.

<sup>223</sup> LAC, RG 25, file 1268-D-40, pt 16.2, St. Lawrence & Niagara River Treaty. St. Lawrence Project – General File (May 1, 1952-June 30, 1952), vol. 6345, Notes on meeting of Canadian Interdepartmental Committee and the U.S. Inter-Agency Committee on the St. Lawrence Seaway and Power Project (June 11, 1952), June 13, 1952.

<sup>224</sup> LAC, RG 25, file 1268-D-40, pt 16.2, St. Lawrence & Niagara River Treaty. St. Lawrence Project – General File (May 1, 1952-June 30, 1952), vol. 6345, Canadian Ambassador to Secretary of State, June 12, 1952.

Commission might be inclined to withhold a license if an American entity was required to pay for all common works.<sup>225</sup>

Canadian officials poured over various options, and despite consideration of an ultimatum, decided to compromise.<sup>226</sup> This was chiefly due to the fear that a failure to do so would result in the FPC denying a license to New York.<sup>227</sup> The two governments began crafting a settlement. On 18 June, the cabinet approved the decisions arrived at by the Prime Minister, Minister of Commerce, Minister of Transport, Minister of Finance, and the Canadian interdepartmental committee “to agree that reimbursement in lieu of continuance of 14-foot navigation be excluded from the total costs to be allocated between Canada and the U.S. power-developing entities and that, in addition, the Canadian government was prepared to make a contribution of approximately \$15 million to the costs of dredging to be undertaken in the International Rapids Section by the power-developing entities.”<sup>228</sup> That same day the traditional nemeses of a St. Lawrence development again flexed their muscles as the Senate voted to recommit the seaway bill back to the Senate Foreign Relations Committee, effectively rejecting it.

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<sup>225</sup> LAC, RG 25, file 1268-D-40, pt 16.2, St. Lawrence & Niagara River Treaty. St. Lawrence Project – General File (May 1, 1952-June 30, 1952), vol. 6345, Notes on meeting of Canadian Interdepartmental Committee and the U.S. Inter-Agency Committee on the St. Lawrence Seaway and Power Project (June 11, 1952), June 13, 1952.

<sup>226</sup> LAC, RG 25, file 1268-D-40, pt 16.2, St. Lawrence & Niagara River Treaty. St. Lawrence Project – General File (June 19-30, 1952), vol. 6345, Secretary of State to Canadian Ambassador, June 19, 1952.

<sup>227</sup> LAC, RG 25, file 1268-D-40, pt 16.2, St. Lawrence & Niagara River Treaty. St. Lawrence Project – General File (May 1, 1952-June 30, 1952), vol. 6345, Notes on meeting of Canadian Interdepartmental Committee and the U.S. Inter-Agency Committee on the St. Lawrence Seaway and Power Project (June 11, 1952), June 13, 1952.

<sup>228</sup> LAC, RG 2, W-10-1, (May) 1952, vol. 240, Record of Cabinet Decisions, No. 193, (June 18th, 1952), including: Item 3: St. Lawrence Development Project; modification in financial basis of Canadian proposal, June 18, 1952.

The Canadian compromise was extended to the Americans on 19 June in a draft note.<sup>229</sup> The American ambassador and president were receptive, and within a few days the American St. Lawrence committee acquiesced.<sup>230</sup> Other government departments needed more convincing, as did PASNY, which wanted higher compensation than Ottawa was offering for dredging costs in the International Rapids section. But PASNY consented once it realized that the Canadians would not budge on the amount.<sup>231</sup> By 26 June, there was a Canadian-American consensus which was cemented with an exchange of notes on 30 June.<sup>232</sup> This cleared the way for a major step in the history of the St. Lawrence Seaway and Power Project, and that same day both countries submitted applications to the IJC.

In sum, Canada dropped claims of compensation for the 14-foot canals which would be flooded out by the construction of the deep waterway in consideration of the fact that they would be unnecessary<sup>233</sup> and agreed to make a contribution of \$15 million – of the \$20-25 million estimated cost – for excavating channels in the International Rapids section by the power-developing entities.<sup>234</sup> The United States had also asked that the navigation aspect be attributed financial responsibility for half of the estimated

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<sup>229</sup> LAC, RG 25, file: St. Lawrence Seaway 1952-1954, Department of External Affairs Minute on St. Lawrence Project, June 24, 1952.

<sup>230</sup> LAC, RG 25, file 1268-D-40, pt 16.2, St. Lawrence & Niagara River Treaty. St. Lawrence Project – General File (June 19-30, 1952), vol. 6345, Canadian Ambassador to Secretary of State, June 24, 1952.

<sup>231</sup> LAC, RG 2, Cabinet Conclusions, June 26, 1952.

<sup>232</sup> “Exchange of Notes between Canada and the United States of America concerning the Construction of the St. Lawrence Seaway, signed at Washington, June 30, 1952,” in Baxter, ed., *Documents on the St. Lawrence Seaway*, 50-54.

<sup>233</sup> The Canadian note contained a clause that, in the event that only the hydro works were completed without an adjoining waterway, the power-developing entities would be responsible for the continuance of 14-foot navigation. “Exchange of Notes between Canada and the United States of America concerning the Construction of the St. Lawrence Seaway, signed at Washington, June 30, 1952,” in Baxter, ed., *Documents on the St. Lawrence Seaway*, 52.

<sup>234</sup> LAC, RG 25, file 1268-D-40, pt 16.2, St. Lawrence & Niagara River Treaty. St. Lawrence Project – General File (June 19-30, 1952), vol. 6345, Canadian Ambassador to Secretary of State, June 28, 1952.

\$21 million that the Iroquois Control Dam would cost; on this subject, Canada refused.<sup>235</sup> In the diplomatic note, the Canadian government guaranteed that it would proceed with concurrent construction of a 27-foot waterway from Lake Erie to Montreal, but stated that it was only doing so in conjunction with a “sound power project.”<sup>236</sup> The net effect of these changes would be to raise Canada’s investment in the seaway from an estimated \$245 million to approximately \$275 million, while reducing the overall cost of developing power from \$403 million to approximately \$374 million.<sup>237</sup>

However, largely due to the FPC’s wishes, the U.S. declined to name at that time its power-developing entity.<sup>238</sup> Canada also tentatively abandoned its claims for an additional share of water from the Ogoki and Long Lac diversions, which diverted water from the Hudson Bay drainage basin into the St. Lawrence-Great Lakes system, as an extra share of the water would mean that the Canadian power entity would have to bear an extra share of the cost.<sup>239</sup> Moreover, Canada and the United States provisionally agreed to a draft treaty to make permanent navigation rights in the waters of the St. Lawrence and Great Lakes basin, subject to certain amendments. Finally, in a matter that would later prove to be a thorn in the Canadian side, Ottawa agreed to make a separate reference on water levels in Lake Ontario to the International Joint Commission.

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<sup>235</sup> LAC, RG 25, file: St. Lawrence Seaway 1952-1954, Department of External Affairs Minute on St. Lawrence Project, June 24, 1952.

<sup>236</sup> “Exchange of Notes between Canada and the United States of America concerning the Construction of the St. Lawrence Seaway, signed at Washington, June 30, 1952,” in Baxter, ed., *Documents on the St. Lawrence Seaway*, 51.

<sup>237</sup> LAC, RG 2, W-10-1, (May) 1952, vol. 240, Record of Cabinet Decisions, No. 193, (June 18th, 1952), including: Item 3: St. Lawrence Development Project; modification in financial basis of Canadian proposal, June 18, 1952.

<sup>238</sup> LAC, RG 25, file 1268-D-40, pt 16.2, St. Lawrence & Niagara River Treaty. St. Lawrence Project – General File (June 19-30, 1952), vol. 6345, Canadian Ambassador to Secretary of State, June 24, 1952.

<sup>239</sup> LAC, RG 25, file: St. Lawrence Seaway 1952-1954, Department of External Affairs Minute on St. Lawrence Project, June 24, 1952.

The IJC applications represented a protracted victory for the prospect of an all-Canadian seaway, but at the expense of a great deal of time and effort. The drawn-out process could be traced back to the fall of 1950 when the Canadian prime minister first authorized serious consideration of a solely Canadian route. While cabinet's enthusiasm for advancing alone had ebbed and flowed in the first half of 1951, following the latest in a long line of congressional failures to endorse the 1941 agreement, Canada had taken a watershed decision that it hoped would culminate in an all-Canadian waterway along with a hydro development. Ottawa's desire to move ahead as rapidly as possible stemmed from Ontario's pressure for hydro power, the general economic stimulation and defence benefits that the project would bring, and because the St. Laurent government realized the widespread support in Canada that its plans had attained. The idea of an all-Canadian seaway had tapped into various forms of Canadian nationalism and anti-Americanism, which every available means of assessing public opinion – press accounts, survey, governmental reports – consistently demonstrated.

Truman had been appraised of the Canadian intention to pursue a separate course in September 1951, but failed to adequately follow through on his pledged cooperation by adopting delaying tactics, such as refusing to designate an American authority to partner in the construction of the hydro works, and championing the 1941 agreement at the expense of the Canadian plan. This interference stemmed from several interrelated concerns. The Truman administration was wary of letting a state entity develop the hydro-electricity, valued the navigation aspect of the project higher than the power development, feared that the waterway might be unduly delayed, and worried about the economic and defence repercussions for the United States if Canada alone controlled the seaway.

Canada went forward to the extent possible on matters under its control, which included a Canada-Ontario agreement on the construction of the power works in the International Rapids section, and enacting parliamentary legislation to ratify this agreement and establish the St. Lawrence Seaway Authority. In a Canadian-American exchange of notes on 11 January 1951 the former asked for cooperation in moving the Canadian waterway and Ontario-New York project forward. Washington determined that the participation of the American partner in the power development, likely the Power Authority of the State of New York, would need to be approved by the Federal Power Commission, and both countries would need to submit applications to the International Joint Commission. A range of subsequent bilateral meetings, consultations, and exchanges of correspondence followed as the two sides attempted to sort out issues such as the division of costs between the power and navigation phases of the St. Lawrence project. Here too the White House sought to stall as long as possible. Finally, on 30 June 1952, due to continual Canadian pressure and the White House's hope that the threat of an all-Canadian waterway would motivate Congress to take action, the St. Laurent and Truman governments agreed to make joint submissions to the International Joint Commission.

However, the IJC applications required Canada to yield on several important points. While the St. Laurent government certainly hoped to maintain amicable diplomatic relations with its southern neighbor, the primary factors inducing the Canadian government to concede on the cost allocations were the desire to expedite the project and obviate further obstruction by the United States government, Congress, and special interest groups. Moreover, despite the dual IJC submissions, there were suspicions in Ottawa that Truman might do what was necessary in the future to prevent

the Canadians from acting alone. Over the following year, these suspicions would prove prescient. Despite Ottawa's desire for an all-Canadian seaway, the Truman administration would use the various means at its disposal, such as attempting to stall the IJC and FPC applications, in order to create obstacles to a unilateral Canadian waterway.

## CHAPTER 5

### LICENSED DELAY, 1952-1953

By the summer of 1952, the St. Laurent government had made the decision to pursue an all-Canadian St. Lawrence seaway, despite being hindered by a lack of cooperation from the Truman cabinet, which hoped that American participation in a joint seaway could be secured. Nevertheless, Canada had continued to pressure Washington and an important step in realizing the St. Lawrence dream took place on 30 June 1952 when Canada and the United States submitted dual applications to the International Joint Commission (IJC) for approval to develop hydro-electric power in the International Rapids section (IRS) of the St. Lawrence. The approval of the IJC was one of the last hurdles, as the hydro works would make a deep-draught waterway practicable.

For Canada and the United States, the early 1950s was a period of amicable relations and rapid economic integration. While this relationship was at times uncomfortable, especially for Canada, broadly speaking few neighbouring states enjoyed such privileged and fruitful relations. But the relationship had hit a stretch of turbulent waters due to the ongoing St. Lawrence impasse and Lester Pearson, Secretary of State for External Affairs, had predicted in 1951 that the period of relatively “easy and automatic political relations” between Canada and the United States was coming to an end.<sup>1</sup> Despite official promises to the contrary, the Truman administration had broken its pledge to cooperate with Canadian plans for separate development of the St. Lawrence. But Canada and the United States still remained staunch allies, and despite fears of

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<sup>1</sup> Government of the United States, National Archives and Record Cabinet (NARA) II, RG 84, Canada, U.S. Embassy, Ottawa, Classified General Records, 1950-1961, box 9, Toronto Consulate, No. 260, External Affairs Minister Pearson’s Views on Canadian-American Relations. May 4, 1951.

American encroachment on their national sovereignty, many Canadians still looked to their southern neighbour for protection, leadership, and prosperity.<sup>2</sup>

Since the first serious consideration of an all-Canadian route in 1949-1950, the idea had continued to gather momentum. As further political and technical steps were taken toward unilateral Canadian construction, reverting to a joint plan as envisioned in previous St. Lawrence agreements became both less possible and less palatable to Ottawa. By 1952, the conception of a wholly Canadian initiative as simply the quickest available option for getting the St. Lawrence seaway started had been joined by the idea of the Canadian seaway as the best option, irrespective of whether United States involvement was possible. For that to become reality, the St. Laurent government hoped that Congress would remain unwilling to authorize American participation in a deep waterway, and that the United States government would, as a result, realize the importance of the dual project to Canada and consent to construction of the hydro and navigation works.

As resistance within the Canadian government to a unilateral waterway had dissipated, key cabinet ministers had begun to prepare popular opinion on both sides of the border for the possibility of Canada acting alone. This was evidenced in the various speeches made by St. Laurent, Chevrier, and Howe. The Canadian public proved receptive, and soon newspapers, polls, letters to the prime minister, and House of Commons debates revealed that there was a groundswell of support for Canada going it alone. This support was particularly acute in Ontario, where the International Rapids

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<sup>2</sup> This general idea is forwarded by a number of recent studies, including: Robert Bothwell, *Alliance and Illusion: Canada and the World, 1945-1984* (Vancouver: UBC Press, 2007); Norman Hillmer and J.L. Granatstein, *For Better or For Worse: Canada and the United States Into the Twenty-First Century* (Toronto: Thomson/Nelson, 2007), John Herd Thompson and Stephen J. Randall, *Canada and the United States: Ambivalent Allies*, 4<sup>th</sup> ed. (Montreal: McGill-Queen's University Press, 2008).

section of the St. Lawrence River was located, and where the Progressive Conservative party had its power base; it was thus also territory in which the Liberals hoped to make inroads.<sup>3</sup> There was a reciprocal effect, as widespread support for the all-Canadian plan further strengthened the St. Laurent's government resolve to take steps to attain it, which in turn further enhanced the plan's popular appeal.

The seaway was also inextricably bound up in the Liberal government's post-war nation-building goals. An all-Canadian seaway would better link the various parts and elements, physically and symbolically, of the growing nation, in conjunction with projects such as the Trans-Canada highway and Trans-Canada pipeline. The project represented progress and, by providing access to hydro power while allowing for the movement of key economic and defence commodities such as wheat and ore, was seen as the means of fulfilling the age-old dream of the St. Lawrence. Thus, despite the obstacles that would continue to be placed in the way of the all-Canadian seaway, the St. Laurent government had a variety of motivations driving it onward.

Donald Creighton, in his contribution to the Canadian Centenary series, wrote that Canada's relations with the United States in this period required the former to make a choice along a "forked road."<sup>4</sup> While in the postwar period Ottawa had, in Creighton's estimation, chosen the wrong branch of this split by virtue of its absorption into the American orbit, the June 1952 submissions to the International Joint Commission meant that, in at least one respect, Canada was attempting to take the road that led away from further intertwinement with the United States.

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<sup>3</sup> NARA II, RG 84, Canada, U.S. Embassy, Ottawa, Classified General Records, 1950-1961, box 8, From Perkins to the Secretary; Material on Canada, November 19, 1952.

<sup>4</sup> Donald Creighton, *The Forked Road: Canada, 1939-1957* (Toronto: McClelland and Stewart, 1976).

Thus, within a week of the IJC application, Prime Minister St. Laurent stated that he wanted to “take the earliest opportunity to let the United States Government know that we can no longer regard Canada as bound by the 1941 Agreement once we proceed with detailed engineering work on the all-Canadian alternative and that we are anxious to get on with this work as soon as possible.”<sup>5</sup> However, he decided not to do so right away in light of Truman’s April 1952 “eleventh hour appeal to the Congress” for passage of St. Lawrence legislation, considering it unlikely that President Truman would announce the identity of the U.S. agency until after the conclusion of the Democratic Presidential Convention later in July.<sup>6</sup> Nevertheless, the prime minister was anxious to make the Canadian position clear as soon possible “without jeopardizing the whole project”<sup>7</sup> and, accordingly, the Canadian ambassador gave the State Department a hint of what was in store by relaying that it was “becoming progressively more difficult for any reversion to the joint project.”<sup>8</sup>

Truman’s appeal to Congress marked yet another failure to cooperate with the Canadians, as per their agreements since 1951. As an unabashed champion of St. Lawrence development, Truman had previously sought to hamper the progress of the Canadian plan because he believed that his country would benefit from participating in a joint project. While Truman had allowed the IJC applications to go forward, he did so

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<sup>5</sup> Government of Canada, Library and Archives Canada (LAC), RG 25, file 1268-D-40, pt 17, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (July 2, 1952 – August 30, 1952), vol. 6345, Secretary of State to Canadian Ambassador (Pickersgill to Wrong), July 8, 1952.

<sup>6</sup> LAC, RG 2, Cabinet Conclusions, July 15, 1952.

<sup>7</sup> LAC, RG 25, file 1268-D-40, pt 17, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (July 2, 1952 – August 30, 1952), vol. 6345, Secretary of State to Canadian Ambassador (Pickersgill to Wrong), July 8, 1952.

<sup>8</sup> LAC RG 25, file 1268-D-40, pt 17, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (July 2, 1952 – August 30, 1952), vol. 6345, Secretary of State to Canadian Ambassador (Wrong to Pickersgill), WA-1814, July 10, 1952.

only after there seemed to be no other legitimate recourse, and at the urging of the State Department which reminded him that failure to do so would jeopardize relations with Canada.<sup>9</sup> However, by the end of 1952 Truman saw a Canadian development as better than none at all. Furthermore, Truman would not be running in the presidential election later that year, and thus realized that there would be no opportunity for Congress to authorize the joint agreement during his remaining time in office. Given his dedication to the seaway concept, perhaps Truman saw the Canadian scheme as the only remaining means of having a final St. Lawrence agreement attached to his legacy as president. Regardless, Truman's willingness to cooperate would prove to be short-lived.

Immediately after the 30 June 1952 IJC applications had been transmitted, Canada resumed its inquiries as to when the United States would officially name PASNY as the entity that would cooperate with Ontario in constructing the power portion of the St. Lawrence project. Not only would this enable HEPCO and PASNY to begin technical discussions, but preliminary talks with IJC members, such as General McNaughton, also indicated that the commission would not likely approve the St. Lawrence submissions until the entity had been designated. The U.S. Department of State indicated that this designation would be prompt, and that there were only technical matters, rather than political considerations, slowing down the process.<sup>10</sup> However, despite the State Department's best intentions, political considerations would end up hampering the license, for there were numerous obstacles in the United States. The

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<sup>9</sup> See previous chapter.

<sup>10</sup> A State Department official relayed that "the hold-up was due to the difficulties within the Federal Power Commission in that the 1948 application of the New York Power Authority is within the circuit court of Philadelphia. Present question lies with the method of getting the application away from the courts for possible further consideration by the FPC." NARA II, RG 84, file 322.2 – St. Lawrence Seaway (1952), U.S. Embassy, Ottawa, Classified General Records, 1950-1961, Memorandum of Conversation: St. Lawrence Seaway and Power Project, July 10, 1952.

Department of the Interior, for example, believed that St. Lawrence power should be developed federally, instead of by PAsNY; conversely, other American interests favoured private development. Moreover, the members of the Federal Power Commission, a quasi-judicial body, also delayed proceedings in order to determine which way the political winds were blowing.

The general outline of the engineering plans for the power aspect of the project in the IRS – a hydro dam at Barnhart Island, a little bit further upstream the Long Sault control dam to help raise the water level for the power dam, and the Iroquois control dam a further 45 kilometres upstream, as well as Method of Regulation No. 5 (which regulated water levels in the St. Lawrence River and was based on a maximum flow of 310,000 c.f.s.) – remained the same as in the plans connected to the 1941 agreement, but debates persisted between the Canadians and Americans about the methods for regulating water levels, the necessity of another control dam at Iroquois, and the placement of locks.<sup>11</sup>

However, these debates stemmed from competing national aspirations, rather than differing conceptual views of the project, as the approaches of both the Canadian and American governments to the St. Lawrence project were undergirded by a high modernist ethos. Indeed, Ottawa's political and diplomatic approach to the seaway was based on the idea that developing the St. Lawrence for navigation and hydro-electricity was the most efficient, rational, and productive usage of the river basin, for the waters would otherwise run wasted to the sea. Revealingly, many of the officials actively taking

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<sup>11</sup> “St. Lawrence Waterway, International Rapids Section, General Plan: Controlled Single Stage Project, 238-242,” *Correspondence and Documents Relating to the Great Lakes St. Lawrence Basin Development, 1938-1941* (Ottawa: Edmond Cloutier, 1941), 73.

part in shaping Canadian diplomacy were themselves involved in planning the actual construction of the seaway and power project. Guy Lindsay and R.A.C. Henry, key figures on the St. Lawrence interdepartmental committee, were professional engineers in the Canadian Department of Transport. Moreover, two of the other leading officials in the internal Canadian debate about the future of the St. Lawrence waterway, C.D. Howe and General McNaughton, both had engineering backgrounds. Howe was at the helm of the Canadian megaprojects of the 1950s (Trans-Canada Pipeline, Trans-Canada Highway, uranium development, St. Lawrence project) and personified the ethos of “The Engineer as Hero” – the title of a chapter in a book commemorating Canada’s war effort which was financed by government contractors and dedicated to Howe.<sup>12</sup>

These officials conceived of the St. Lawrence as something to be harnessed and exploited to further Cold War security needs and large-scale industrial development. In this line of thought, mass displacement in the St. Lawrence valley was a small price to pay for the production of hydro-electricity and the increased accessibility of iron ore deposits. Flooding out thousands of people was justified in the name of progress, as defined by the national government, and for the benefit of the nation. The reorganization and resettlement of those affected by the power development would be for their own benefit as they would be placed in consolidated new towns – instead of scattered about in inefficient villages, hamlets, and farms – with modern living standards and services. But such plans also imposed state-defined political, economic, and social values, and would enable the Canadian state to control how these communities fit into the emerging

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<sup>12</sup> This anecdote about the book *Canada at War* is noted in Michael Bliss, *Northern Enterprise: Five Centuries of Canadian Business* (Toronto: McClelland and Stewart, 1987), 463.

post-war order so that they could be more fully integrated into the wider political and industrial capitalist structures.

Interestingly, McNaughton, Howe, Lindsay, and Henry were all strong advocates of an all-Canadian seaway. At this juncture, it is important to revisit the theoretical underpinnings of conceptual approaches evident in the St. Lawrence negotiations. While there are a range of opinions on the extent to which Canadian views of the environment were formed in opposition to, or similarity with the United States, the St. Lawrence case suggests that Canadian-led development of natural resources offered a means, real or perceived, of escaping American domination and exploitation.<sup>13</sup> Christopher Armstrong and H.V. Nelles, among others, affirm that hydro power in the 20<sup>th</sup> century promised to deliver Canada from its “hewer of wood servitude to American industry and its bondage to American coal.”<sup>14</sup> This was recognized later in 1952 by the U.S. State Department:

there is a latent uneasiness [in Canada] about the extent to which U.S. capital is joining in the recent development of Canada. The idea seems to be that Wall Street is muscling in on the Canadians’ birthright and they will be left as ‘hewers of wood’. There is, for example, some criticism of the St. Lawrence Waterway as permitting Labrador iron ore to move to the States.<sup>15</sup>

The duality between the environment as a means of domination by the United States or, conversely, of escaping such domination, is also germane to the various views of the link or dialectic between nationalism and technology in modern Canadian history,

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<sup>13</sup> Canada developing its own hydraulic resources, and the attendant uses for the resulting hydro power, can be seen as means of escaping American domination. However, applying the hydraulic manipulation methods associated with the United States, particularly the American West, could indicate an adoption of American values and attitudes, and indicate a subservience to American interests. On the latter point, see: Andrew Biro, “Half-Empty or Half-Full?: Water Politics and the Canadian National Imaginary,” in Karen Bakker, *Eau Canada: The Future of Canada’s Water* (Vancouver: UBC Press, 2007).

<sup>14</sup> Christopher Armstrong and H.V. Nelles, *Monopoly’s Moment: The Organization and Regulation of Canadian Utilities, 1830-1930* (Philadelphia: Temple University Press, 1986), 237-238.

<sup>15</sup> “Memorandum to the Assistant Secretary of State for European Affairs (Perkins) to the Secretary of State, Subject: Material on Canada, No. 955, 611.42/11-1952, November 19, 1952,” *Foreign Relations of the United States (FRUS) 1952-1954*, vol. VI, Canada, 2051-2053.

discussed by prominent intellectuals such as Harold Innis, George Grant, Marshall McLuhan, and Ramsay Cook.<sup>16</sup> While these scholars arrive at different interpretations of the impact of technology on nationalism, and vice versa, they all agree that the two are inextricably entwined.<sup>17</sup> The materialist view of nationalism, which is adopted here, is described by Marco Adria as positing that “the requirements of industrial society introduce a measure of cultural homogeneity that is coincident with the unifying call of nationalist sentiment”<sup>18</sup> and carries important ramifications for the Canadian case. Taking the perspective that technology can be considered both a cause *and* an effect of nationalism, the argument that “technological nationalism has characterized the Canadian state’s rhetoric concerning identity”<sup>19</sup> is extremely persuasive – for example, the history of Canadian staples trade and then railroad building – and is applicable to St. Lawrence nationalism.

Technological nationalism also corresponds to what R. Douglas Francis has identified as the “technological imperative” in Canada. Francis contends that in the early twentieth century:

technology had a negative identity when associated with the United States and American imperialism. Technology was seen as instilling American values into Canadian society that were antithetical to traditional British Canadian morality. Technology was also seen as a source of power that had enabled the United States to dominate Canada and, through American imperialism, to control the entire world.<sup>20</sup>

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<sup>16</sup> See Marco Adria, *Technology and Nationalism* (Montreal: McGill-Queen’s University Press, 2010); R. Douglas Francis, *The Technological Imperative in Canada: An Intellectual History* (Vancouver: UBC Press, 2009); Cole Harris, “The Myth of the Land in Canadian Nationalism” in Peter Russell, ed., *Nationalism in Canada* (Toronto: McGraw-Hill, 1966).

<sup>17</sup> Adria, Chapter 2.

<sup>18</sup> *Ibid.*, 22.

<sup>19</sup> *Ibid.*, 45.

<sup>20</sup> Francis, 2. This view of the impact of technology on North American integration was also promulgated by philosopher George Grant. See his *Lament for a Nation: The Defeat of Canadian Nationalism* (Toronto: McClelland and Stewart Ltd, 1965); Grant, *Technology and Empire: Perspectives on North America* (Toronto: House of Anansi Press, 1969).

However, technology (and the modernity it represented) was, as Francis deems it, a “double-edged sword,”<sup>21</sup> for Canadian control of modern technology – and, by extension, the environment – coupled with changed conceptions of technology in Canada through the 1930s and 1940s held out the potential for the nation to evolve independently of the United States through technology, rather than further integrating the two countries.<sup>22</sup> The seaway and power works, as well as other contemporary transportation projects such as the Trans-Canada Highway, had the potential to serve as a nation-building parallel to the late 19<sup>th</sup> century transcontinental railways; to borrow from A.A. den Otter’s persuasive argument about these railways, the seaway could serve as a means of promoting and facilitating Canadian identity, national unity, progress, and prosperity while linking the country in an east-west orientation, in contrast to the north-south pull of the United States.<sup>23</sup> To the more stringent Canadian nationalists, including the likes of Howe and McNaughton, U.S. involvement in the St. Lawrence project and the negation of a solely Canadian route would result in yoking Canada more tightly into the American grasp and further subservience to U.S. foreign policy; an all-Canadian seaway promised the opposite.

In mid-July Dr. N.R. Danielian, Executive Vice-President of the Great Lakes-St. Lawrence Association, resumed his role as an American emissary. He asked Hume Wrong, Canadian Ambassador to the United States, for his thoughts on strategies for attempting congressional approval of the 1941 agreement at the next session. Wrong

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<sup>21</sup> Francis, 134.

<sup>22</sup> The St. Lawrence project was not the only economic/technological nation-building mega-project in the post-war period: the Trans-Canada highway and Trans-Canada pipeline are obvious examples, and the extension of television and the CBC could also qualify.

<sup>23</sup> A.A. den Otter, *The Philosophy of Railways: The Transcontinental Railway Idea in British North America* (Toronto: University of Toronto Press, 1997).

attempted to head Danielian off, indicating to him that there was no point in seeking congressional approval:

while the door to a joint development was not closed, it was now closing. One reason for this was the movement of opinion in Canada which, after so many years of waiting for Congress to act, was becoming enthusiastic for a Canadian waterway. Another was that preparations for the construction of the waterway in Canadian territory had to be undertaken. In consequence, I thought it most unlikely that it would be possible to revert to the 1941 Agreement six months hence, when the new Congress would have assembled, and particularly so if the International Joint Commission had approved the present applications and the Federal Power Commission had issued a license to the State of New York for its share of the power development.<sup>24</sup>

In the following weeks, Danielian met with Lionel Chevrier and Lester Pearson, who reiterated Wrong's central points: the Canadian public had embraced the all-Canadian plan and too much money, time, and personnel had already been committed for Canada to revert to a joint plan.<sup>25</sup> Both Canadian officials stressed that, while they remained willing in principle to consider a joint project, if the IJC was delayed in order to give Congress more time to take action, Canada would "resent" any such delays or difficulties.<sup>26</sup>

Since there did not appear to be any scenario in which the United States could become involved without delays or difficulties, the Canadian officials were trying to indicate that Canada had decided to proceed alone. Towards that end, government officials had begun to consciously avoid emphasizing, or ceased mentioning entirely, the

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<sup>24</sup> LAC, RG 25, file 1268-D-40, pt 17, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (July 2, 1952 – August 30, 1952), vol. 6345, Canadian Ambassador to Secretary of State, July 15, 1952.

<sup>25</sup> LAC, MG 27 III B 20, C.D. Howe fonds, Secretary of State to Canadian Ambassador, July 25, 1952.

<sup>26</sup> LAC, RG 25, file 1268-D-40, pt 17, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (July 2, 1952 – August 30, 1952), vol. 6345, Memorandum of Interview with Dr. N.R. Danielian, August 1, 1952.

joint project in public utterances.<sup>27</sup> Fear that the Canadian approach would be frustrated if Ottawa did not at least appear to be willing to countenance American involvement motivated Canadian diplomats to couch any blunt assertions in judicious language. Internal DEA memoranda were more straightforward. For example, a joint project was now “impossible” and the seaway entirely on the Canadian side of the border was “the only way to proceed” to avoid delay.<sup>28</sup> Nevertheless, Danielian left Pearson with the “uneasy feeling” that the IJC hearings would be delayed in order to “give American supporters of the international scheme another opportunity.”<sup>29</sup>

Preliminary hearings before the International Joint Commission took place in July and August on both sides of the border, with the main hearings scheduled to begin on 3 September 1952. Preparatory consultations between Canadian and American officials revealed that a main issue before the commission, as far as the U.S. was concerned, would be the relation between the proposed power works and its ability to lower water levels on Lake Ontario. This issue focused in particular on the Gut Dam, a low barrier in the vicinity of Prescott-Ogdensburg which was blamed by Lake Ontario shore-dwellers for high water levels.<sup>30</sup> The chairman of the U.S. section of the IJC had stated that the St. Lawrence project would be approved “over his dead body” if the Gut Dam was not removed first, and it became clear that the Canada would need to consent

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<sup>27</sup> LAC, RG 25, file 1268-D-40, pt 18.2, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (Sept. 2, 1952-Oct. 31, 1952), vol. 6346, Memorandum for the Acting Minister: St. Lawrence Project; Application to the I.J.C, October 15, 1952.

<sup>28</sup> LAC, RG 25, file 1268-D-40, pt 17, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (July 2, 1952 – August 30, 1952), vol. 6345, Memorandum on the St. Lawrence Project, August 1, 1952.

<sup>29</sup> LAC, RG 25, file 1268-D-40, pt 17, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (July 2, 1952 – August 30, 1952), vol. 6345, Memorandum of Interview with Dr. N.R. Danielian, August 1, 1952.

<sup>30</sup> The dam consisted of a stone-filled timber crib about 30 feet in width resting on the river bottom, topped with about two feet of concrete. A mixture of stone and clay was placed along the upstream side of the crib and a rock fill, on the downstream side.

to the removal of the dam in order for the St. Lawrence application to proceed.<sup>31</sup> Feeling that this concession would help smooth the way for the application, at the end of August Canada agreed to the dam's removal, provided it would not prejudice navigation, power, and other interests downstream.<sup>32</sup>

Throughout the autumn of 1952 the Canadians continued to receive conflicting indicators of the Truman cabinet's stance. On one hand, the U.S. Secretary of State pledged that his government had no desire to delay proceedings in either the FPC or the IJC;<sup>33</sup> on the other, a Canadian IJC member revealed that he had been "reliably informed that the only reason the U.S. cabinet withholds immediate designation of the U.S. entity is to allow another opportunity for approval for the 1941 Agreement during the next session of Congress."<sup>34</sup> On 12 August the PASNY application – which had been moved to the U.S. court system after the 1948 licensing attempt – was remanded to the FPC. This had been done with the FPC's cooperation, but there were plenty of potential difficulties remaining, both from within and outside the FPC. The State Department then warned Ottawa that, even if the FPC quickly took favourable action on the application, appeals and litigation could stretch on for many months. Chevrier again pressed the United States to name New York as the power-developing entity, but kept receiving

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<sup>31</sup> LAC, RG 25, file 1268-D-40, pt 17.2, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (August 1, 1952–August 30, 1952), vol. 6346, Memorandum for the Minister: St. Lawrence Project, August 26, 1952.

<sup>32</sup> LAC, RG 2, file W-10-1 (August) 1952, vol. 240, Record of Cabinet Decisions No. 206, Meeting, August 27<sup>th</sup>, 1952: Item 6 – St. Lawrence Development Project; application to International Joint Commission, August 27, 1952.

<sup>33</sup> LAC, RG 25, file 1268-D-40, pt 18.1, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (Sept. 2, 1952–Oct. 31, 1952), vol. 6346, Visit of the Secretary of State for External Affairs to Washington, September 4-5, 1952, Summary of Conversation at Dinner at the Embassy Residence (September 4), September 5, 1952.

<sup>34</sup> LAC, MG 26, Louis St. Laurent fonds, PMO, file W-10-1 – St. Lawrence Waterways, vol. 168, Memorandum for the Prime Minister: Mr. Dansereau's letter of September 19 regarding the St. Lawrence Seaway and Power Project, September 26, 1952.

inconsistent responses. In a conversation with Acheson, President Truman disavowed his ability to influence the commission, stating that “God, Himself, couldn’t move the FPC.”<sup>35</sup> In truth, the White House would repeatedly demonstrate that it could move the FPC when it was deemed beneficial.

Danielian ominously warned Gordon Cox of the Department of External Affairs that “certain major organizations ... are mobilizing to oppose Federal Power Commission action”<sup>36</sup> and said there was a “slim chance” that New York would obtain a license.<sup>37</sup> Danielian proceeded to outline the various groups, organizations, and individuals which were collaborating to block the New York license, and this included several officials from the Truman cabinet.<sup>38</sup> Since the Federal Power Commission process called for lengthy appeal periods, opponents of a license, such as the Association of American Railroads and the National Coal Association, also had further means of delaying the license even after the FPC had granted its approval. Moreover, the FPC commissioners would likely wait to make a decision until after the new president was chosen and had given some indication of his views. External Affairs considered making a formal approach to the presidential candidates or requesting that the State Department intervene with the FPC.<sup>39</sup> Instead, in light of growing momentum for another congressional crack at passing St. Lawrence legislation, the St. Laurent cabinet returned

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<sup>35</sup> NARA II, RG 84, file 320: Canada-United States, U.S. Embassy Ottawa, Classified General Records, 1950-1961 (1950-1952: 050 to 1950-1952: 310), Perkins to the Secretary: Material on Canada, November 19, 1952.

<sup>36</sup> LAC, RG 25, file 1268-D-40, pt 17.2, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (August 1, 1952–August 30, 1952), vol. 6346, Danielian to Cox, August 19, 1952.

<sup>37</sup> LAC, RG 25, file 1268-D-40, pt 17.2, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (August 1, 1952–August 30, 1952), vol. 6346, Memorandum for the Minister: St. Lawrence Project; Recent Developments, August 27, 1952.

<sup>38</sup> *Ibid.*

<sup>39</sup> LAC, RG 25, file 1268-D-40, pt 17.2, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (August 1, 1952–August 30, 1952), vol. 6346, Memorandum for the Minister: St. Lawrence Project; Recent Developments, August 27, 1952.

to the idea of informing the Americans that Canada could no longer revert to the 1941 agreement.<sup>40</sup>

The issues complicating the FPC matter had also spread to the IJC. It just so happened that the Chief Engineer of the Federal Power Commission, Roger McWhorter, was also the chairman of the American section of the International Joint Commission. McWhorter wished “to save the F.P.C. the embarrassment of having to rule on this contentious item [PASNY application] and therefore prefers to keep it in the I.J.C. as long as possible.”<sup>41</sup> In early September, McWhorter suggested adjourning up to two months.<sup>42</sup> Although McWhorter privileged partisan interests, counter to the role of an IJC commissioner, General McNaughton was doing the same as chairman of the Canadian section. The U.S. commissioners were also displeased with the allocation of costs between power and navigation, which had preoccupied Canada and the United States in the negotiations leading to the 30 June 1952 submissions. There were strong indications that the American section of the IJC would not approve the submissions unless there was some stipulation allowing for the allocations to be revisited in the future.<sup>43</sup>

The Canadian commissioners also expressed discontent with the cost distribution between the navigation and power aspects because they felt it lessened the availability of

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<sup>40</sup> LAC, RG 25, file: St. Lawrence Seaway 1952-1954, vol. 3175, DEA Minute on the St. Lawrence Project, August 28, 1952.

<sup>41</sup> LAC, RG 25, file: St. Lawrence Seaway 1952-1954, vol. 3175, DEA Minute on the St. Lawrence Project, September 4, 1952.

<sup>42</sup> Ibid.

<sup>43</sup> LAC, RG 25, file: St. Lawrence Seaway 1952-1954, vol. 3175, DEA Minute on the St. Lawrence Project, September 4, 1952.

cheap electricity in the St. Lawrence valley.<sup>44</sup> The St. Laurent government wanted to forestall a reopening of this issue, and stated that, along with the water levels issue, the cost allocation was not within the IJC's purview in respect to the St. Lawrence application. Although the Canadians agreed to consideration of the Gut Dam and Lake Ontario levels for political reasons, they refused to countenance a reconsideration of the cost allocation issue. U.S. Ambassador Stanley Woodward called on the Canadian prime minister and told him about the concern expressed by certain members of the Federal Power Commission, especially McWhorter, regarding the division of expenditures. Woodward warned that, although Truman would do what he could in regards to the FPC, that body might take the position that the New York power application was contrary to its mandated policies and not in the best interests of the United States since the cost of electricity would be unduly high owing to expenses not directly connected to power development.<sup>45</sup>

St. Laurent refused to saddle the prospective Canadian seaway with additional costs, particularly ones he felt were unjustified. Granted, at least some of the State Department's motivation for revisiting the costs was to obviate a potentially problematic situation, since the department feared that the FPC might not grant New York a license due to the allocations issue.<sup>46</sup> Additionally, some members of the Department of State

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<sup>44</sup> NARA II, RG 84, file 322.2 – St. Lawrence Seaway (1952), U.S. Embassy, Ottawa, Classified General Records, 1950-1961, Memorandum of Conversation: St. Lawrence Seaway and Power Project, October 20, 1952.

<sup>45</sup> "The Ambassador in Canada (Woodward) to the Department of State, No. 948, 611.42321/10-2752, October 27, 1952," *Foreign Relations of the United States (FRUS) 1952-1954*, vol. VI, Canada, 2037-2038.

<sup>46</sup> NARA II, RG 84, file 322.2 – St. Lawrence Seaway (1952), U.S. Embassy, Ottawa, Classified General Records, 1950-1961, Memorandum of Conversation, St. Lawrence Seaway, October 17, 1952.

were erroneously under the impression that Canada wanted to reopen the cost question, which St. Laurent contended was confusing the issue.<sup>47</sup>

The prime minister again contended that, although it had been the Truman administration's policy that hydro-electricity would not be developed in the IRS without a concurrent waterway, there were no "common works" in the cases before the IJC or the FPC.<sup>48</sup> The only matter for consideration was the development of power and power alone, for "the proposal to construct the deep waterway between Lake Erie and the Port of Montreal is something which the Canadian Government is unilaterally and quite independently superimposing on a power development project to be undertaken in the International Rapids Section."<sup>49</sup> As a result, it would be "unrealistic to expect the people of Canada or their elected representatives to countenance any change in these laws at this late date."<sup>50</sup> According to the prime minister, there were no "justifiable grounds" for reopening the question.<sup>51</sup> The State Department surmised that St. Laurent's "position can be appraised as a willingness to risk delays in the St. Lawrence project in order to safeguard the Liberal party's political interests in Canada"<sup>52</sup> particularly since St. Laurent's government "had already been criticized for doing too much for central

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<sup>47</sup> LAC, RG 25, file: St. Lawrence Seaway 1952-1954, vol. 3175, October 27, 1952.

<sup>48</sup> LAC, RG 25, file 1268-D-40, pt 18.2, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (Sept. 2, 1952-Oct. 31, 1952), vol. 6346, letter from St. Laurent to Woodward, October 27, 1952.

<sup>49</sup> Ibid.

<sup>50</sup> LAC, RG 25, file 1268-D-40, pt 18.2, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (Sept. 2, 1952-Oct. 31, 1952), vol. 6346, letter from St. Laurent to Woodward, October 27, 1952.

<sup>51</sup> NARA II, RG 84, file 322.2 – St. Lawrence Seaway (1952), U.S. Embassy, Ottawa, Classified General Records, 1950-1961, letter from St. Laurent to Woodward, October 27, 1952.

<sup>52</sup> NARA II, RG 84, file 322.2 – St. Lawrence Seaway (1952), U.S. Embassy, Ottawa, Classified General Records, 1950-1961, Memorandum: St. Lawrence Seaway and Power Project, November 1, 1952.

Canada.”<sup>53</sup> As a result, Ambassador Woodward recommended to Truman that the matter not be pursued since the U.S. already had “a reasonably good deal” on the basis of the 30 June notes, and the president concurred.<sup>54</sup> However, the Canadian resistance was apparently not as well received in other American circles and further stiffened the resolve of those who hoped to deny New York an FPC license. While the cost issue would subside for the time being, it would later return as a bone of contention.

McWhorter continued to oppose approving the dual Canadian-American applications on account of the cost distribution. Nevertheless, the other five members of the IJC had been convinced – it would seem in large part due to McNaughton, who was determined to force the applications through<sup>55</sup> – that the IJC had no jurisdiction over the cost allocation and was willing to approve the application on the understanding that the U.S. power-developing agency would be named later. Thus, on 29 October 1952, the IJC issued an Order of Approval on the Canada-U.S. applications by a 5-1 margin, representing another major achievement in the history of the St. Lawrence development. Predictably, McWhorter was the lone dissenter, citing the allocations, lack of U.S. input on future St. Lawrence tolls, and a general loss of U.S. sovereignty if Canada proceeded alone.<sup>56</sup> The IJC applications had been predicated upon the understanding that both governments would withdraw their applications if Congress approved the 1941

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<sup>53</sup> “The Ambassador in Canada (Woodward) to the Department of State, file 611.42321/10-2752, October 27, 1952, No. 948,” *FRUS*, 1952-1954, vol. VI, Canada, 2037-2038.

<sup>54</sup> NARA II, RG 84, file 322.2 – St. Lawrence Seaway (1952), U.S. Embassy, Ottawa, Classified General Records, 1950-1961, Woodward to President, October 28, 1952.

<sup>55</sup> LAC, RG 25, file 1268-D-40, pt 18.1, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (Sept. 2, 1952-Oct. 31, 1952), vol. 6346, Minutes of Meeting between General McNaughton and D.W. Mundell, September 17, 1952.

<sup>56</sup> LAC, RG 25, file 1268-D-40, pt 19.2, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (Nov. 1, 1952-Dec. 13, 1952), vol. 6346, text of McWhorter’s dissenting opinion, November 19, 1952.

agreement;<sup>57</sup> however, the inverse was also true, for once the IJC had approved the New York-Ontario power plan it, along with the Canadian seaway, would be the official *modus operandi*.

Canada therefore felt justified in announcing that it considered the 1941 agreement to have been superseded by the IJC Order of Approval. In the view of the Canadian interdepartmental committee, the main reasons for this course of action were:

- (a) that the Federal Power Commission is required by its governing statute to favour inexpensive power and the mere existence of the 1941 Agreement naturally prejudices the FPC in favour of this Agreement to the detriment of the Canadian alternative;
- (b) that all of the resolutions recently placed before the U.S. Senate and Congress depart substantially from the terms of the 1941 Agreement and at least some of them are not likely to be acceptable to the Canadian Government even in the absence of the all-Canadian project;
- (c) that the Canadian people now expect the seaway to be developed by Canada alone and it would be extremely difficult, if not impossible, to secure approval of the 1941 Agreement if it were introduced in Parliament at this time;
- (d) that the 1941 Agreement (Article I) provides for the establishment of a ten-man commission vested with powers, the exercise of which might result, in practice, in some degree of indirect control by this International body of waters in the purely Canadian sections of the River; and
- (e) that the Premier of Ontario has publicly expressed his preference for the current proposal over the 1941 Agreement and that it is unlikely that the Province of Quebec would now favour some of the provisions in the 1941 Agreement.<sup>58</sup>

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<sup>57</sup> “There was a clear understanding, expressed in the agreed minutes, that the joint plan would remain before Congress for approval only whilst the applications to the I.J.C. were under consideration.” LAC, RG 25, file 1268-D-40, pt 20, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (Dec. 16, 1952-Jan. 31, 1953), vol. 6346, Memorandum to the Under-Secretary: St. Lawrence Project, December 23, 1952.

<sup>58</sup> LAC, RG 25, file 1268-D-40, pt 18.2, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (Sept. 2, 1952-Oct. 31, 1952), vol. 6346, Memorandum for Cabinet. St. Lawrence Project: Canadian withdrawal from 1941 Agreement, October 31, 1952.

So long as there appeared to be two alternatives, the opponents of the development of the navigation and power resources of the St. Lawrence would endeavour to play one off against the other, and thereby thwart the development itself.<sup>59</sup> But since IJC approval had, in theory, made the 1941 agreement defunct, it had removed this conquer and divide possibility and the FPC's grounds for denying New York a license.<sup>60</sup> External Affairs further elaborated on the disadvantages of the King-Roosevelt accord:

- (1) The 1941 Agreement has been overtaken by events and has already been modified – for example, the whole of Article IX of the Agreement, covering the entire plan for the redevelopment of the Niagara River, has been eliminated and, with it, part of the reason for the “Great Lakes-St. Lawrence Basin Commission”, consisting of ten members, the name of which would imply that it had jurisdiction over the entire basin.
- (2) When the Agreement of December 1951 was made with the Province of Ontario, the Agreement of 1941 with Ontario, covering the power works in the International Rapids Section, was cancelled. The implementation of the United States-Canada Agreement of 1941 would, therefore, require a new agreement with Ontario. The negotiation of such an agreement would be complicated by the arrangements for tolls on the waterway. The allocations of costs in Canada between power and navigation would be unduly influenced by the bargain arranged between power and navigation in the United States.
- (3) The 1941 Agreement establishes a ten-member Great Lakes-St. Lawrence Basin Commission. Although the terms of reference of this Commission are set out in the Agreement, its name would imply that it was intended to have powers which might be taken to infringe upon Canadian sovereignty over the St. Lawrence basin below the international boundary. This is, perhaps, a small point but one which some Hydro-Quebec officials are reported to take seriously and one of which some United States officials can be expected to take full advantage.
- (4) The arrangements for tolls to amortize the cost of the seaway, to which agreement in principle has already been given, would undoubtedly become complicated by the fact that the Canadian share of new navigational facilities

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<sup>59</sup> LAC, RG 25, file 1268-D-40, pt 18.2, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (Sept. 2, 1952-Oct. 31, 1952), vol. 6346, draft letter from St. Laurent to Truman, October 31, 1952.

<sup>60</sup> LAC, RG 25, file 1268-D-40, pt 19.1, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (Nov. 1, 1952-Dec. 13, 1952), vol. 6346, Note for Heads of Division Meeting: St. Lawrence Project, November 10, 1952.

between Lake Erie and Montreal would be very small in comparison with that of the United States: (considerably less than \$100 million on one side as compared with more than \$300 million on the other). Moreover, the division of costs between power and navigation, contemplated in 1941, varies considerably as between the two countries. If the cost of new navigation works only is to be amortized, Canada would receive no recompense for the Welland Canal, even at its original cost, or for the other navigational facilities provided, particularly those below Montreal. Moreover, if power in Canada is to pay a larger share of the cost of common works, Canada's share of toll revenue would be correspondingly decreased at the expense of power consumers.

- (5) In any case, although Congress has often studied the 1941 Agreement extensively, it has always been disposed to suggest modifications, many of which would be disadvantageous to Canada. If the Congress ever endorses the 1941 Agreement, the indications are that at least some of these modifications would be attached to the resolution of approval. This would result either in embarrassing delay or acceptance by Canada of whatever disadvantages were involved.<sup>61</sup>

Thus, there were clearly many reasons for Canada to reject the 1941 agreement and the joint project it anticipated. The St. Laurent cabinet unanimously agreed that Canada should, before Truman's successor was known, signal its intent to abandon the 1941 agreement.<sup>62</sup> With the American election less than a week away, a personal visit by the prime minister was ruled out; instead, they decided to verbally inform the State Department and the president on 3 November, the day before the election, followed by official notification on election day.<sup>63</sup>

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<sup>61</sup> LAC, RG 25, file 1268-D-40, pt 19.1, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (Nov. 1, 1952-Dec. 13, 1952), vol. 6346, Note from the Canadian Ambassador in Washington to the Secretary of State to the United States, November 4, 1952.

<sup>62</sup> LAC, RG 25, file: St. Lawrence Seaway 1952-1954, vol. 3175, DEA Minute on St. Lawrence Project. October 31, 1952.

<sup>63</sup> The reasoning for prior oral notification was that it would allow Truman the opportunity to object before a formal written transmission was submitted. Moreover, giving notification on election day would avoid the accusation that the Canadian government was attempting to influence the American election or, in the event that Canada provided notice of withdrawal after the election, that Canada had been influenced by the new administration in the United States. LAC, RG 25, file 1268-D-40, pt 18.2, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (Sept. 2, 1952-Oct. 31, 1952), vol. 6346, Memorandum for Cabinet. St. Lawrence Project: Canadian withdrawal from 1941 Agreement, October 31, 1952.

Following through on this plan, a note to Washington reviewed Truman's 28 September 1951 and 14 April 1952 commitments to advance the Canadian waterway, relaying that Ottawa had concluded that "it would no longer be practicable to revert to the terms of the 1941 Agreement or to place that Agreement before Parliament for approval. The Canadian Government, therefore, considers that Agreement as having been superseded and does not intend to take any action to have it ratified."<sup>64</sup> Although some U.S. officials, chiefly in the State Department, contested the validity of the Canadian *fait accompli*,<sup>65</sup> Truman accepted the note, stating that the Canadians had proven themselves patient and were entitled to this approach.<sup>66</sup> Hours later, Republican candidate Dwight D. Eisenhower was elected as the next president of the United States. For several reasons, both State Department and Canadian officials initially believed that a Republican victory augured well for action on the FPC license.<sup>67</sup> Not only would the interfering Department of the Interior officials be removed, but Governor Dewey of New York was a prominent member of that political party and a strong proponent of New York developing power in the IRS.<sup>68</sup> The Canadians hoped that New York could receive an FPC license by the end of 1952. If so, construction on both the power facet and the Canadian waterway could then begin in the new year.

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<sup>64</sup> LAC, RG 25, file 1268-D-40, pt 19.1, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (Nov. 1, 1952-Dec. 13, 1952), vol. 6346, letter from Wright to Acheson, November 4, 1952.

<sup>65</sup> "Memorandum of Telephone Conversation, by the Secretary of State. Memorandum of Conversation with the President, November 3, 1952, No. 953," *FRUS, 1952-1954*, vol. VII, Canada, 2045-2046.

<sup>66</sup> *Ibid.*

<sup>67</sup> LAC, RG 25, file 1268-D-40, pt 19.1, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (Nov. 1, 1952-Dec. 13, 1952), vol. 6346, Canadian Ambassador to Secretary of State: The election results and the St. Lawrence project, November 6, 1952; LAC, RG 25, file 1268-D-40, pt 19.1, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (Nov. 1, 1952-Dec. 13, 1952), vol. 6346, Canadian Ambassador to Secretary of State: Possible Canadian appearance at St. Lawrence hearings by F.P.C., November 6, 1952.

<sup>68</sup> LAC, RG 25, file 1268-D-40, pt 19.1, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (Nov. 1, 1952-Dec. 13, 1952), vol. 6346, Canadian Ambassador to Secretary of State: The election results and the St. Lawrence project, November 6, 1952

In late September 1952, PASNY had finally been allowed to file a modified version of its 1948 application with the Federal Power Commission. But this involved a lengthy process that included external consultations and an initial perusal by an Examiner before the application went before the entire commission.<sup>69</sup> Furthermore, the day before the originally established deadline of 30 October, the Federal Power Commission suddenly and unexpectedly announced that the period for interveners had been extended until 1 December 1952. This postponement effectively delayed the hearings until later in December at the earliest.<sup>70</sup>

The State Department was unclear as to whether the Department of the Interior had actually intervened with the FPC to delay the hearings, although the evidence points to this being the case.<sup>71</sup> At any rate, Ottawa was definitely convinced that there had been collusion.<sup>72</sup> Faced with this situation, the White House recommended that American diplomats remain non-committal if Canada raised the delaying issue; if pressed on the matter they could say, in reference to St. Laurent's negative response to revisiting the cost allocations between power and navigation, "that Canada does not appear entirely

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<sup>69</sup> "Following procedures established by its regulations, the FPC has referred New York's application to the Corps of Engineers, United States Army, and to the Department of the Interior for investigation and report. These reports, when received, will be coordinated by the Bureau of Power of the FPC and passed to the Bureau of Law for further examination on points of law. The application is then referred to the membership of the Commission, who will appoint an Examiner. The Examiner must then afford an opportunity for intervenors to be heard at a public hearing. 30 days must elapse before a hearing can be held and Examiners must allow reasonable time for applicant and intervenors to reply to each other's arguments. Upon completion of this process, the Examiner must then report to the Commission and the Commission will probably find it expedient to waive the customary final hearing before reaching its decision." LAC, RG 25, file 1268-D-40, pt 18.1, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (Sept. 2, 1952-Oct. 31, 1952), vol. 6346, Note on Teletype WA-2342 dated September 29 from Washington, September 30, 1952.

<sup>70</sup> NARA II, RG 84, file 322.2 – St. Lawrence Seaway (1952), U.S. Embassy, Ottawa, Classified General Records, 1950-1961, Perkins to Secretary, St. Lawrence Seaway and Power Project, November 1, 1952.

<sup>71</sup> Ibid.

<sup>72</sup> Ibid.; NARA II, RG 84, file 320: Canada-United States, U.S. Embassy Ottawa, Classified General Records, 1950-1961 (1950-1952: 050 to 1950-1952: 310), From Perkins to the Secretary: Material on Canada. November 19, 1952.

guiltless, referring to Prime Minister St. Laurent's attitude which would indicate a preference to protect an internal political position even at the sacrifice of early construction of the St. Lawrence seaway."<sup>73</sup> The State Department accused the Canadians of "becoming increasingly complacent, introspective and engrossed with internal politics. To the extent that Canadian interests on the international scene are or could be endangered, there is a concomitant endangering of United States interests."<sup>74</sup>

Ottawa grappled with whether Canada should be represented at the FPC hearings, set for 9-16 December 1952, and ultimately decided to appear.<sup>75</sup> The White House seemed to be leaning on certain members of the FPC for a quick decision.<sup>76</sup> However, contrary to expectations, instead of announcing a decision, the FPC counsel continued to study the competing application of the Public Power and Water Corporation. This company, led by one Hugo Spalinski, proposed an alternative seaway development plan that, among other differences with the PASNY application, would be toll-free and entirely in American territory.<sup>77</sup>

It was obvious that Spalinski's plan was ludicrous and that he was only trying to stall the New York application: he had virtually no capital and estimated construction

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<sup>73</sup> NARA II, RG 84, file 322.2 – St. Lawrence Seaway (1952), U.S. Embassy, Ottawa, Classified General Records, 1950-1961, Perkins to Secretary, St. Lawrence Seaway and Power Project, November 1, 1952.

<sup>74</sup> NARA II, RG 84, file 320: Canada-United States, U.S. Embassy Ottawa, Classified General Records, 1950-1961 (1950-1952: 050 to 1950-1952: 310), From Perkins to the Secretary: Material on Canada. November 19, 1952.

<sup>75</sup> LAC, RG 25, file 1268-D-40, pt 19.1, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (Nov. 1, 1952-Dec. 13, 1952), vol. 6346, Secretary of State to Canadian Ambassador, November 8, 1952.

<sup>76</sup> There was talk of Truman sending a letter of some type to the FPC requesting quick and favourable action, although that was eventually deemed unwise. See NARA II, RG 59, 611.42321-SL/12-252, Box 2796, Memorandum of Conversation, Bell and Brown, December 2, 1952.

<sup>77</sup> Spalinski also proposed to allow Alcoa a dike and intake system to provide their plant with water to produce hydro power during the construction of a waterway and power project, a subject that had also been discussed with Ontario Hydro. LAC, RG 25, file 1268-D-40, pt 18.1, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (Sept. 2, 1952-Oct. 31, 1952), vol. 6346, Minutes of Meeting between General McNaughton and D.W. Mundell, September 17, 1952.

costs at less than 1/3 than those proposed in the scheme under review for license by the FPC.<sup>78</sup> The Canadian government went so far as to state before the commission that the Spalinski plan was unacceptable to them.<sup>79</sup> Nevertheless, instead of dismissing the Spalinski application, the FPC recessed until 2 February 1953, meaning that no license could possibly be procured before March 1953. The St. Lawrence project had reached another critical phase in which a wide variety of interests were again disrupting progress.<sup>80</sup> The timing was particularly disconcerting from the Canadian's perspective since they could not rely on the Eisenhower cabinet to necessarily respect the commitments of the Truman administration, but would have to gain the former's support by convincing them that it was "both fair and sensible to help [Canada] proceed."<sup>81</sup>

Why did the FPC avoid taking action? In addition to the various groups and individuals seeking to pressure the commission into denying New York a license for hydro power in the International Rapids section, the available evidence indicates that the FPC members were also simply protecting their own personal interests.<sup>82</sup> Eisenhower would be inaugurated on 20 January 1953, and FPC commissioners were presidential appointments. Only a few short years before, in 1948, the FPC had declined licensing

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<sup>78</sup> William Willoughby, *The St. Lawrence Waterway: A Study in Politics and Diplomacy* (Madison, WS: University of Wisconsin Press, 1961), 244.

<sup>79</sup> LAC, RG 25, file 1268-D-40, pt 20, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (Dec. 16, 1952-Jan. 31, 1953), vol. 6346, Canadian Ambassador to Secretary of State, December 18, 1952.

<sup>80</sup> LAC, RG 25, file 1268-D-40, pt 20, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (Dec. 16, 1952-Jan. 31, 1953), vol. 6346, Note for Heads of Division Meeting: St. Lawrence Project, December 16, 1952.

<sup>81</sup> LAC, RG 25, file 1268-D-40, pt 20, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (Dec. 16, 1952-Jan. 31, 1953), vol. 6346, Canadian Ambassador to Secretary of State, December 29, 1952.

<sup>82</sup> LAC, RG 25, file 1268-D-40, pt 20, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (Dec. 16, 1952-Jan. 31, 1953), vol. 6346, Secretary of State to Canadian Ambassador, December 17, 1952. Willoughby argues, stating that numerous other writers have reached the same conclusion, that the FPC was influenced by political considerations. Willoughby, 249.

PASNY for St. Lawrence power because of Truman's intervention; now it was Eisenhower, not Truman, that the FPC hoped to please. If the FPC commissioners aspired to retain their positions, it was in their best interests to avoid alienating the soon-to-be president by taking a position counter to his on the PASNY licensing issue. Proponents of American participation in the seaway had canvassed key members of the incoming Eisenhower cabinet and found that they supported a joint project.<sup>83</sup> However, Eisenhower himself was undecided and noncommittal about his views towards the St. Lawrence project, as he was not convinced of its security necessity, and his only statement since his nomination as Republican candidate the previous July indicated that he did not think that the United States should forego its interest in the waterway.<sup>84</sup> The FPC commissioners thus had a strong motivation to delay taking a decision until the president-elect's preferences were more clearly expressed.

The FPC postponement provided a "golden opportunity"<sup>85</sup> for those in the United States committed to a U.S. share in the deep waterway, which now included the leaders of the powerful U.S. automotive industry.<sup>86</sup> Determined to seize the opportunity provided by the Federal Power Commission process, proponents readied for what appeared to be the last push to allow American participation in the seaway project. Canada's November 1952 withdrawal from the 1941 agreement had not precluded the possibility of a new agreement for a joint plan, and on 12 December 1952, Congressmen

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<sup>83</sup> LAC, RG 25, file 1268-D-40, pt 19.2, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (Nov. 1, 1952-Dec. 13, 1952), vol. 6346, Canadian Ambassador to Secretary of State, December 8, 1952.

<sup>84</sup> Ibid.

<sup>85</sup> Willoughby, 245.

<sup>86</sup> LAC, RG 25, file 1268-D-40, pt 18.2, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (Sept. 2, 1952-Oct. 31, 1952), vol. 6346, Memorandum for the Acting Minister: St. Lawrence Project; Application to the I.J.C., October 15, 1952.

George Dondero asked the State Department to send a letter to Ottawa indicating that he intended to introduce legislation in January 1953 calling for a new St. Lawrence accord between the United States and Canada.<sup>87</sup> A few weeks later, Senator Alexander Wiley, who was about to become chairman of the Senate Foreign Relations Committee and introduce a new Senate resolution on the St. Lawrence, penned a confidential memorandum to Eisenhower requesting that Canada be convinced “to leave the door open.”<sup>88</sup>

The Great Lakes-St. Lawrence Association was, along with other Midwest spokesmen, at the forefront of this push for new St. Lawrence resolutions. Some proponents still had the impression that Canada welcomed and wanted American involvement. For instance, Danielian, the association’s vice-president, had come to believe through his talks with Canadian officials that they would “leap at a proposal” for American participation since it would save some \$100 million; a State Department official with his finger obviously better situated on the pulse of Canadian opinion had to suppress his “doubts as to the heights of joy to which the Canadians would jump.”<sup>89</sup> In truth, the Canadians were actually contemplating whether or not to warn the incoming Eisenhower government that “any further delay on the part of the United States in

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<sup>87</sup> LAC, RG 25, file 1268-D-40, pt 19.2, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (Nov. 1, 1952-Dec. 13, 1952), vol. 6346, Canadian Ambassador to Secretary of State, December 12, 1952.

<sup>88</sup> Government of the United States, Eisenhower Presidential Library, Online Documents, “Confidential Memorandum from Senator Wiley for General Eisenhower, December 30, 1952.”

<sup>89</sup> NARA II, RG 84, file 322.2 – St. Lawrence Seaway (1952), U.S. Embassy, Ottawa, Classified General Records, 1950-1961, Memorandum of Conversation: St. Lawrence, December 2, 1952.

facilitating construction of the power project would have very damaging results for Canada-U.S. relations.”<sup>90</sup>

Other U.S. factions were concerned that the upper lake states would be left out of the development since Canada was committed to extending deep water navigation only to Lake Erie.<sup>91</sup> Collectively, the Great Lakes-St. Lawrence Association and other similar interest groups threw their weight behind the new congressional attempt to bring the U.S. on board the seaway before the ship had sailed. This included interfering with the Federal Power Commission. Danielian told External Affairs that if his

organization could be assured that sufficient time for Congress to act would elapse between the granting of a license and the taking of the first irrevocable step toward the Canadian Seaway in the International Rapids Section (even if the F.P.C. action is not challenged in the courts), the Great Lakes-St. Lawrence Association will continue to urge its members in the upper lakes region to refrain from challenging the F.P.C. license if granted. They would attempt to limit the proposals of supporters in Congress to the seaway only and to counsel that such proposals be delayed until the F.P.C. has acted.<sup>92</sup>

However, the Canadian government, according to Ambassador Wrong, had already “taken irrevocable steps toward the construction of the seaway.”<sup>93</sup> Nevertheless, DEA cautioned against responding in this fashion since Danielian was threatening interference with the FPC process. Instead, the department deemed it best to suggest that Canada would consider any new proposals if and when they were properly put forward.<sup>94</sup> As had been the case on numerous past occasions, Canada again felt

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<sup>90</sup> LAC, RG 25, file 1268-D-40, pt 20, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (Dec. 16, 1952-Jan. 31, 1953), vol. 6346, Secretary of State to Canadian Ambassador, December 17, 1952.

<sup>91</sup> LAC, RG 25, file 1268-D-40, pt 19.2, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (Nov. 1, 1952-Dec. 13, 1952), vol. 6346, Canadian Ambassador to Secretary of State, December 12, 1952.

<sup>92</sup> Ibid.

<sup>93</sup> Ibid.

<sup>94</sup> Ibid.

compelled to understate its seaway commitment in an attempt to avoid prolonging the FPC license.<sup>95</sup> There did not seem to be much alternative to this approach, and the drawback was that it could easily backfire. In truth, it was already starting to do so, since Danielian and others still believed that Canada would welcome American participation.

A number of events in the United States coalesced to further complicate the prospects for an FPC license. Undermining his assistance over the previous months, Truman began throwing his support behind the renewed congressional attempts at passing St. Lawrence legislation. Before being scuttled by the Department of State, Truman had even started to formulate a letter to St. Laurent advocating a joint project.<sup>96</sup> Just before Christmas, the National Security Resources Board (NSRB) promoted the seaway as a defence requirement in its annual report. The NSRB report called for the president to request Congress to appropriate funds for federal participation in both the seaway and power projects. Although the White House told Ottawa to disregard the NSRB report as irrelevant, important and influential groups in the U.S. were nonetheless pursuing the joint waterway with renewed vigour. Canada remained dedicated to its unilateral seaway, but cognizant of the American ability to circumscribe Canadian plans: “we feel we need not open the door yet to new negotiations for joint development of the sea-way. ... while we might conclude later that we will need to open the door we might wait for a louder knock.”<sup>97</sup>

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<sup>95</sup> Ibid.

<sup>96</sup> NARA II, RG 84, file 322.2 – St. Lawrence Seaway (1952), U.S. Embassy, Ottawa, Classified General Records, 1950-1961, Woodward to Charles S. Murphy (Special Counsel to the President), December 18, 1952. The draft letter from Truman to St. Laurent is attached.

<sup>97</sup> LAC, RG 25, file 1268-D-40, pt 20, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (Dec. 16, 1952-Jan. 31, 1953), vol. 6346, Memorandum to the Under-Secretary: St. Lawrence Project, December 22, 1952.

However, “a considerably louder knock on the door”<sup>98</sup> was soon heard. Ottawa learned on 2 January 1953 that President Truman, further abandoning his previous commitments to cooperate with Canada, would use his budget message on 9 January to exhort Congress to authorize American participation in the seaway and appropriate funds for the U.S. share of the cost: “I believe ... that there is still an opportunity for the United States to join, as we should have long ago, in building the St. Lawrence seaway. If the new Congress proposes practical arrangements for sharing the cost and construction of the seaway, I believe that Canadians will, even at this late date, admit us to partnership in the seaway.”<sup>99</sup>

Canada was under no legal or formal responsibility to consider these proposals. However, according to an official in DEA’s American Division, Truman’s budget message, combined with the NSRB report and the Wiley and Dondero proposals, could jeopardize Canada’s arrangements if Ottawa failed to respond at all, since this would suggest that Canada would not even consider the proposals of U.S. seaway advocates.<sup>100</sup> The Canadian government rushed to determine a response that could be timed to coincide with Truman’s budget speech on 9 January.<sup>101</sup> Pearson cautioned that Canada needed to expect at least one more effort by the U.S. to authorize their participation,

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<sup>98</sup> LAC, RG 25, file 1268-D-40, pt 20, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (Dec. 16, 1952-Jan. 31, 1953), vol. 6346, Memorandum for the Under-Secretary. St. Lawrence Project: President’s Budget Message, January 3, 1953.

<sup>99</sup> “President Harry S. Truman’s Office Files, 1945-1953,” Part 3: Subject File, Stanley Woodward to Truman, January 2, 1952; LAC, RG 25, file 1268-D-40, pt 20, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (Dec. 16, 1952-Jan. 31, 1953), vol. 6346, Canadian Ambassador to Secretary of State, January 2, 1952.

<sup>100</sup> LAC, RG 25, file 1268-D-40, pt 20, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (Dec. 16, 1952-Jan. 31, 1953), vol. 6346, Memorandum for the Under-Secretary. St. Lawrence Project: President’s Budget Message, January 3, 1953.

<sup>101</sup> LAC, RG 2, Cabinet Conclusions, January 7, 1953.

considering how “forcefully” Truman had championed U.S. involvement.<sup>102</sup> The *Globe and Mail* published a story ascribing to “Ottawa circles” the attitude that Canada would not allow U.S. participation – Pearson argued that if certain American interests believed this to be the case they “would find some way of delaying the present arrangements for power until we were prepared to revert to a joint scheme for the seaway as well.”<sup>103</sup>

The Canadian interdepartmental committee on the St. Lawrence and the Liberal cabinet contemplated whether the progress that had been achieved on the power project would be jeopardized if Canada failed to respond to the president’s proposal.<sup>104</sup> If the U.S. wished to submit an alternative plan for joint participation, which the cabinet estimated would save some \$35 million, the Canadian government would have to be “prepared to discuss such a plan with the U.S. authorities provided that such discussion did not cause any serious delay in the construction of either the power project or the seaway.”<sup>105</sup> The government went through several draft memoranda chiefly due to debates about whether they were too “uncompromising” in terms of how the possibility of U.S. participation was framed.<sup>106</sup> The resulting text, which amounted to a conditional offer to the United States, maintained the precarious position of attempting to leave the door open just wide enough to placate the Americans, causing them to grant New York a partnership role with Ontario in developing the IRS. An all-Canadian seaway was still the preferred option for the majority of St. Laurent’s cabinet, despite any statements to the contrary. Furthermore, the government was aware that its previous efforts to prepare

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<sup>102</sup> LAC, RG 25, file 1268-D-40, pt 20, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (Dec. 16, 1952-Jan. 31, 1953), vol. 6346, Secretary of State to Canadian Ambassador, January 5, 1953.

<sup>103</sup> Ibid.

<sup>104</sup> LAC, RG 2, Cabinet Conclusions, January 7, 1953.

<sup>105</sup> Ibid.

<sup>106</sup> Ibid.

popular opinion for the possibility of Canada going it alone had handcuffed it to an extent: there might be serious repercussions for the Liberals at the polls if, after stoking the fires of Canadian nationalism concerning the seaway, they backed down and accepted American involvement. However, the cabinet could not completely close the door because of the need for hydro-electric power and fear of the repercussions for their overall relationship with their more powerful neighbour.

On 9 January 1953, the United States Ambassador saw Prime Minister St. Laurent and expressed Washington's hope that the Canadian government would allow the possibility of future participation by the United States in the seaway project. The prime minister proceeded to give the ambassador the text agreed upon by cabinet:

President Truman's observation in his budget message to Congress that there is still an opportunity for the United States to join in building the St. Lawrence seaway has been noted by the Canadian Government. Various other proposals by members of the Congress for United States participation in the St. Lawrence seaway have also come to the attention of the Canadian Government.

While the Canadian Government is, of course, prepared to discuss, in appropriate circumstances, joint participation in the seaway, the demand for power in the area to be served by the International Rapids power development is so urgent that the Canadian Government is most reluctant to engage in any discussion which might delay the progress of the plan now under way for the development of power in the International Rapids section of the St. Lawrence River at the earliest possible moment.

Once an entity is designated and authorized to proceed with construction of the United States share of the power works, if the United States wished to put forward a specific proposal differing from that put forward by the Canadian Government for the construction of the seaway in the international section which proposal would not delay the development of power under arrangements agreed upon in the exchange of notes of June 30, 1952, and approved on October 29, 1952 by the International Joint Commission the Canadian Government will be prepared to discuss such a proposal.

The Canadian Government would naturally expect the discussion to be such as not to cause any serious delay in the completion of the whole seaway.<sup>107</sup>

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<sup>107</sup> LAC, RG 25, file 1268-D-40, pt 20, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (Dec. 16, 1952-Jan. 31, 1953), vol. 6346, Memorandum to the United States Ambassador, January 8, 1953.

The day before the budget message, what could perhaps be seen as an initial step in the eventual St. Lawrence Seaway and Power Project took place: on 8 January 1953, the Canadian Minister of Transport announced that the removal of the Gut Dam had been completed.<sup>108</sup> Dondero introduced his St. Lawrence bill into the House of Representatives the same day as the budget address.<sup>109</sup> Moreover, in the process of introducing a new St. Lawrence resolution in the Senate authorizing the creation of a St. Lawrence Seaway Development Corporation that would join with Canada in building a waterway, Wiley revealed his own willingness to interfere with the FPC for the sake of American participation and threw a thinly veiled warning at Canada. The Senator stated very frankly

that I would propose delay in the Federal Power Commission licensing, if I felt that the Canadian Government would not allow joint participation in the seaway. But I am so convinced of the fair-minded and friendly attitude of that splendid government toward the United States that I feel that even after such a license is granted for the power project, our good neighbors to the north will definitely leave the door open for joint participation by the United States.<sup>110</sup>

U.S. seaway proponents embraced the Canadian government's 9 January statement, but it became clear that they were "studiously ignoring"<sup>111</sup> or misinterpreting the key points in Canada's press release – specifically, terms such as "reasonable", "specific", "earliest", and "delay" – that placed limited parameters on future U.S. involvement in the potential waterway. Moreover, the Wiley and Dondero proposals had

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<sup>108</sup> Elizabeth Marie Beck, "An Historical Evaluation of the St. Lawrence Seaway Controversy, 1950-1953" (Ph.D. diss., St. John's University, 1954), 84.

<sup>109</sup> Danielian drafted both the Dondero and Wiley resolutions. LAC, RG 25, file 1268-D-40, pt 20.2, vol. 6347, Canadian Ambassador to Secretary of State, January 15, 1953.

<sup>110</sup> LAC, RG 25, file 1268-D-40, pt 20, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (Dec. 16, 1952-Jan. 31, 1953), vol. 6346, Canadian Ambassador to Secretary of State, January 2, 1952.

<sup>111</sup> Willoughby, 247.

aspects unacceptable to Canada, even if American involvement were permitted, such as locating the canals and locks in the international section of the St. Lawrence on the American side.<sup>112</sup> However, the St. Laurent government feared that if it commented on the congressional legislation, it would be implying a tacit acceptance of American involvement in general and the Wiley and Dondero bills specifically.<sup>113</sup> Other ideas for expediting the St. Lawrence process floated around the East Block, such as building a seaway before, and independently of, the power works.<sup>114</sup> However, the costs incurred from building this canal separate from the power development would likely be in excess of an additional \$100 million, and this suggestion was dropped.<sup>115</sup> The notion that an independent waterway scheme could at least be used as a bluff was also deemed unwise.<sup>116</sup>

In addition to the Wiley and Dondero bills – which did not call for a treaty or agreement with Canada but were instead a unilateral declaration that the United States would share in the construction costs in the IRS – a number of other congressional resolutions were introduced and debated throughout January. However, the other bills would eventually fall by the wayside and the Wiley and Dondero resolutions would emerge later in 1953 as the legislation receiving serious consideration in Congress. But

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<sup>112</sup> LAC, MG 27 III B 20, C.D. Howe fonds, PMO, Secretary of State to Canadian Ambassador (from Howe to Canadian Ambassador): St. Lawrence Waterway, March 4, 1953.

<sup>113</sup> See: LAC, RG 25, file 1268-D-40, pt 21.1, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (Feb. 2, 1953-May 20, 1953), vol. 6347, Memorandum for the Minister, St. Lawrence Project: Mr. Wrong's Views on the Dondero and Wiley Proposed Invitation, February 6, 1953; LAC, RG 25, file 1268-D-40, pt 21.1, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (Feb. 2, 1953-May 20, 1953), vol. 6347, St. Lawrence Seaway and Power Project: Notes on a meeting held on Wednesday, February 11, February 13, 1953; See: LAC, RG 25, file 1268-D-40, pt 21.1, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (Feb. 2, 1953-May 20, 1953), vol. 6347, Secretary of State to Canadian Ambassador, February 13, 1953.

<sup>114</sup> LAC, RG 25, file 1268-D-40, pt 20.2, vol. 6347, Memorandum for the Under-Secretary, St. Lawrence Project: Proposal for a Completely Independent Canadian Seaway, January 13, 1953.

<sup>115</sup> Ibid.

<sup>116</sup> Ibid.

the opinion of Eisenhower on the St. Lawrence project and the New York power license remained an enigma. In 1947, as Chairman of the Joint Chiefs of Staff Eisenhower had gone on record in favour of the joint project as a defence measure; however, he had been noncommittal during his presidential campaign and remained so in the initial months of his presidency, failing to mention the seaway in his State of the Union address and omitting it from his list of essential legislation for that session of Congress.

Eisenhower, the famed Second World War general and NATO's first Supreme Allied Commander, took over the Oval Office on 20 January 1953. The Republican's military credentials, coupled with the "loss" of China in 1949 and the stalemated Korean War, had made him an appealing electoral alternative to the Democrats. Although there are a range of views on Eisenhower's handling of American foreign policy and the extent to which he controlled decision-making, or delegated them to his Secretary of State, John Foster Dulles,<sup>117</sup> it appears that the president effectively held the policy-making reins of control.<sup>118</sup> In terms of Canadian-American relations, the Eisenhower era brought with it no basic change, and the two countries continued to solve most bilateral problems quietly and informally.<sup>119</sup> Economic and defence integration proceeded apace, although the White House and State Department carried on the approach of treating Canadian nationalism as an element that occasionally needed to be "humoured" since Canada occupied a strategic Cold War position, both geographically

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<sup>117</sup> See Richard H. Immerman, "Foreign Relations in the 1950s," in Robert D. Schulziner, ed., *A Companion to American Foreign Relations* (Malden, MA: Blackwell Publishing, 2003).

<sup>118</sup> A leading proponent of this view is Fred I. Greenstein *The Hidden-Hand Presidency* (New York: Basic Books, 1982).

<sup>119</sup> Bothwell, *Alliance and Illusion*, 108; Thompson and Randall, 191.

and in terms of natural resources.<sup>120</sup> The major exception would prove to be the St. Lawrence.

FPC hearings on the New York and Spalinski applications resumed in early February 1953. Yet, by the end of April, no ruling had been made. This excruciatingly slow pace stemmed partly from the commission's rules of procedure and other items on the FPC's docket, but was chiefly attributable to Eisenhower's delaying until 13 April to appoint the vacant chairmanship of the FPC. For its part, the FPC remained disinclined to take action until the president, who would remain undecided for several months, or Congress indicated their views.<sup>121</sup> In terms of the latter, the various and competing St. Lawrence resolutions introduced into Congress motivated the FPC to delay, and congressmen were keeping alive resolutions that muddied the waters because they realized the impact this would have on the FPC.<sup>122</sup>

Ottawa spent much of January waiting and considering various means of making direct overtures to different individuals – including the president and governor of New York – who could possibly bring some influence to bear on the FPC situation, but decided that contacting any of them in such a manner was inappropriate or could be used against them in front of the Federal Power Commission.<sup>123</sup> By February, the Canadians were again becoming palpably upset with American delays, which Minister of Transport Lionel Chevrier and Secretary of State for External Affairs Lester Pearson stated,

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<sup>120</sup> Bothwell, *Alliance and Illusion*, 108.

<sup>121</sup> Willoughby, 249.

<sup>122</sup> LAC, RG 25, file 1268-D-40, pt 21.1, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (Feb. 2, 1953-May 20, 1953), vol. 6347, Canadian Ambassador to Secretary of State, February 25, 1953.

<sup>123</sup> LAC, RG 25, file 1268-D-40, pt 21.2, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (Feb. 2, 1953-May 20, 1953), vol. 6347, Memorandum for the Under-Secretary: St. Lawrence Project.

respectively, in speeches at Port Arthur and in Parliament.<sup>124</sup> Despite the 9 January stipulations that American overtures must not delay a quick start to the power project and connected waterway, that was exactly what was occurring. News of Pearson and Chevrier's statements only seemed to further antagonize the Chairman of the FPC.<sup>125</sup>

The reasons for Eisenhower's disinclination to make a decision remained a matter of conjecture. There was speculation that it was calculated indifference in order not to appear beholden to special interests,<sup>126</sup> while cabinet records hint that it was at least partially based on cost.<sup>127</sup> The president's indecision was likely a combination of these, along with the theories circulating Washington at the time:

- (1) It has been suggested that this is his method of work carried over as a sort of "command procedure" from his military days. On this view he will not be prepared to form a conclusion until he has submitted the project to his staff and received their reports.
- (2) The president is now considering the matter not on its merits as a defence matter but as a political question.<sup>128</sup>

On 11 March, the heads of the Departments of State, Defense, Justice, Commerce, Treasury, Interior, and Budget all reported to the American cabinet that they supported the Wiley Bill.<sup>129</sup> On 19 March, Eisenhower stated at a press conference that he would "personally be distressed to see Canada go ahead completely independent of the United States so that in the future we might have reason to regret our lack of

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<sup>124</sup> LAC, RG 25, file 1268-D-40, pt 21.1, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (Feb. 2, 1953-May 20, 1953), vol. 6347, Memorandum for the Minister: St. Lawrence Project: F.P.C. Proceedings, February 13, 1953.

<sup>125</sup> Ibid.

<sup>126</sup> Lawrence Aronsen, *American National Security and Economic Relations with Canada, 1945-1954* (Westport, CN: Praeger, 1997), 169.

<sup>127</sup> LexisNexis, Confidential Files of the Eisenhower White House: Minutes and Documents of the Cabinet Meetings of President Eisenhower (1953-1961), Reel 1 (Microfilm), Cabinet Meetings, 0221, March 13, 1953.

<sup>128</sup> LAC, RG 25, file 1268-D-40, pt 21.2, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (Feb. 2, 1953-May 20, 1953), vol. 6347, Report on Federal Power Commission Proceedings on Power Project, March 3[?], 1953.

<sup>129</sup> Eisenhower Presidential Library, Online Documents, White House Memorandum, March 11, 1953.

responsibility and cooperation in such a project.”<sup>130</sup> By 30 March 1952, there was a consensus in the Eisenhower cabinet that it should take a stand in favour of the St. Lawrence seaway.<sup>131</sup> The principle reasons advanced were:

- a. The Canadian Government intends to move in any event and our interests could badly suffer if we did not take some action to achieve cooperative control.
- b. Unless the United States cooperates, Canada will construct the Seaway on Canadian soil, at a cost substantially in excess of the proposed United States location. This will result in increased toll costs to United States shipping.
- c. The Canadians propose to construct the Seaway with a 27-foot channel, insufficient to accommodate United States shipping. The American proposal, as provided in the Wiley Bill, contemplates the authorization of a channel of greater depth, which from our point of view is most desirable for both our commercial and defence requirements.
- d. The provisions of the Wiley Bill reduce the cost to the United States below any other proposal so far submitted.<sup>132</sup>

However, the president wanted to wait until after the Senate Foreign Relations Committee hearings, slated for mid-April, were finished before making a final determination of policy on the seaway project.<sup>133</sup> Nevertheless, Eisenhower appeared to be leaning in the direction of approving American involvement.

The Canadian interdepartmental committee had met on 9 March to discuss directly contacting the president and decided to send a letter from St. Laurent bringing

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<sup>130</sup> LAC, RG 25, file 1268-D-40, pt 21.2, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (Feb. 2, 1953-May 20, 1953), vol. 6347, Canadian Ambassador to Secretary of State, March 19, 1953.

<sup>131</sup> Eisenhower Presidential Library, Online Documents, Memorandum for Legislative Meeting, March 30, 1953: St. Lawrence Seaway, March 30, 1953.

<sup>132</sup> Reasons (e) and (f) omitted. Eisenhower Presidential Library, Online Documents, Memorandum for Legislative Meeting, March 30, 1953: St. Lawrence Seaway, March 30, 1953.

<sup>133</sup> LAC, RG 25, file 1268-D-40, pt 21.2, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (Feb. 2, 1953-May 20, 1953), vol. 6347, Canadian Ambassador to Secretary of State, April 1, 1953.

“to the attention of the president the Canadian interest and anxiety in the matter.”<sup>134</sup>

However, Pearson decided that it was wiser to go through normal diplomatic channels and sent the communication to the U.S. Secretary of State on 21 March, urging him to bring it to the attention of the president, which he eventually did.<sup>135</sup> It described the necessity of an immediate start on the project in order to avert a major problem and again left the door open to Washington:

The development of the power potential of the St. Lawrence River is thus a matter of prime importance and urgency to Canada. If Canadian economic resources are to be adequately developed to meet civilian and defence needs, the Government of Canada must arrange for the construction of this power project without delay. The Government and people of Canada would, of course, very much like to see an immediate start made on the seaway. Indeed, all the necessary legislation has been taken to enable the deep waterway to be constructed either by Canada alone or under mutually agreeable arrangements by both our Governments together. The immediate development of power works, however, would in no way prejudice whatever arrangements may be mutually agreed upon for the development of the deep waterway.<sup>136</sup>

Canadian discontent eventually took the form of an explosive 7 April speech by C.D. Howe in New York. It excoriated the Americans:

The apparent unwillingness of your government to extend the small degree of cooperation required to enable Canada to proceed with this project puzzles us completely. ... Canada's desire to further improve its outlet to the ocean can be, has been, and is being frustrated by lack of cooperation action by your Congress ... the St. Lawrence Seaway is, and always has been, a Canadian seaway. Every important improvement has been built and paid for by Canada, from Lake Erie down .... Why then, should your country withhold its cooperation and thus delay completion of this vital Canadian transportation outlet? .... Proposals are now being advanced that the United States should build the new canal in the International Rapids Section. It seems to me that such a proposal can only complicate the present situation. Ownership by the United States of a short section of a very long seaway would not only add to the overall construction cost, but

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<sup>134</sup> LAC, RG 25, file 1268-D-40, pt 21.2, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (Feb. 2, 1953-May 20, 1953), vol. 6347, Note for File. St. Lawrence Seaway, March 10, 1953.

<sup>135</sup> LAC, RG 25, file 1268-D-40, pt 21.2, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (Feb. 2, 1953-May 20, 1953), vol. 6347, Memorandum for the American Division: St. Lawrence Project, March 16, 1953.

<sup>136</sup> Eisenhower Presidential Library, Online Documents, letter from Pearson to Dulles, March 24, 1953.

would complicate problems of maintenance and operation of the canal system. It seems obvious to me that continued ownership by one national authority of the entire seaway represents the most efficient procedure.<sup>137</sup>

The State Department interpreted Howe's speech as a change in the position of the Canadian government, reporting that American diplomats were "flabbergasted."<sup>138</sup> In truth, there had been no change in Canadian policy. It appears that Howe was attempting to bring back into equilibrium the balancing act between leaving the door open and moving ahead with the Canadian seaway and Ontario-New York hydro project.<sup>139</sup> There may also have been a measure of truth to the Department of State's speculation that Howe was simply trying to appeal to his northern Ontario constituents in advance of the upcoming August 1953 election, who might "take a strong attitude regarding the U.S. attempts to muscle in on the St. Lawrence Seaway."<sup>140</sup> Strangely, compared to the other public statements by key Canadian officials about the St. Lawrence project, which were generally analyzed and orchestrated ahead of time, there are few governmental records pertaining to Howe's speech. However, there does not appear to be any indication from the St. Laurent cabinet that they were unhappy with Howe's actions, and it was highly improbable that a person of Howe's stature within the cabinet would have acted without

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<sup>137</sup> LAC, RG 25, file 1268-D-40, pt 21.2, St. Lawrence & Niagara River Treaty, St. Lawrence Project – General File (Feb. 2, 1953-May 20, 1953), vol. 6347, Secretary of State to Canadian Ambassador, April 7, 1953.

<sup>138</sup> NARA II, RG 59, file 611.32321-SL/4-853, Box 2800 (January-September 1953), Memorandum of Conversation: Remarks in New York by the Hon. C.D. Howe regarding the St. Lawrence Waterway, April 8, 1953.

<sup>139</sup> The day after his New York speech, Howe told an American diplomat that he had inside information that the soon-to-be appointed FPC chairman would be friendly to the PASNY application and therefore break the deadlock in the commission; thus, Howe had felt he did not need to worry about antagonizing the FPC with his remarks. NARA II, RG 59, file 611.32321-SL/4-853, Box 2800 (January-September 1953), Memorandum of Conversation: Remarks in New York by the Hon. C.D. Howe regarding the St. Lawrence Waterway, April 8, 1953.

<sup>140</sup> NARA II, RG 59, file 611.32321-SL/4-853, Box 2800 (January-September 1953), Memorandum of Conversation: Remarks in New York by the Hon. C.D. Howe regarding the St. Lawrence Waterway, April 8, 1953.

St. Laurent's knowledge. It is likely that the lack of recorded discussion on Howe's speech was a manoeuvre calculated to ensure plausible deniability.

The Department of External Affairs received varying reports in regards to whether various FPC commissioners were expediting or slowing down the process. It appeared that the commission was deadlocked 2-2.<sup>141</sup> There was still one remaining vote on the 5-person commission, that of the chairman, but his term had expired although he was continuing to act as the chair on an interim basis.<sup>142</sup> Hence, the person chosen by the Eisenhower cabinet as the next chairman would effectively cast the vote determining whether or not PASNY would be licensed. At the start of April, the Canadian cabinet was operating under the assumption that that the FPC would not take any action until the summer or autumn of 1953.<sup>143</sup> Moreover, the St. Laurent government understood that, even when the FPC approved the project, there would likely be lengthy appeals that could stretch on for years.<sup>144</sup>

During cabinet meetings in the first half of April, Eisenhower drew back from his previous tentative support for the seaway. However, the defence potential of the seaway and power project was underlined when a National Security Council (NSC) report recommending promptly taking whatever action was necessary to get the St. Lawrence development underway, be it a joint or Canadian endeavour.<sup>145</sup> It argued that

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<sup>141</sup> LAC, RG 25, file 1268-D-40, pt 21.1, The St. Lawrence Project (Feb. 2, 1953-May 20, 1953), vol. 6347, Memorandum: St. Lawrence Project, March 4, 1953.

<sup>142</sup> LAC, MG 27 III B 20, C.D. Howe fonds, file 1, S. 35. St. Lawrence Waterway, 1949-1957, vol. 85, Memorandum Re: Tactics in St. Lawrence discussions (Pickersgill to Howe), March 30, 1953.

<sup>143</sup> LAC, RG 25, file 1268-D-40, pt 21.1, The St. Lawrence Project (Feb. 2, 1953-May 20, 1953), vol. 6347, Memorandum for the Minister, St. Lawrence Project: Your Letter Dated March 20 to Mr. Dulles, April 4, 1953.

<sup>144</sup> LAC, RG 2, Cabinet Conclusions, April 2, 1953.

<sup>145</sup> Eisenhower Presidential Library, Online Documents, A Report to the National Security Council, By the NSC Planning Board on National Security Interests in the St. Lawrence-Great Lakes Seaway Project, April 16, 1953. The report was NSC #150

American defence could not be conducted independently of Canada since the two “constitute a single defence unit”<sup>146</sup> and warned that “[p]ublic opinion in Canada, however, increasingly supports the construction of an all-Canadian Seaway, partly as a symbol of developing Canadian nationalism.”<sup>147</sup> Furthermore, delay “would serve only to exacerbate U.S.-Canadian relations. These relations in many fields – economic, political and military – have been close and harmonious and it is not in the U.S. interest to damage them by delaying, in any way, a development of direct economic and political importance to the Canadian Government.”<sup>148</sup> Canada’s view of the St. Lawrence as “the most important single facet in its relations with the United States”<sup>149</sup> was confirmed by the State Department, which again highlighted the upcoming Canadian election and recommended prompt and favourable action by the FPC.<sup>150</sup>

The NSC recommendation, along with the support of the Joint Chiefs of Staff, joined a Permanent Joint Board on Defence’s reaffirmation of its recommendation to develop the St. Lawrence, which had been forwarded earlier in the month. In fact, the St. Laurent cabinet had asked General McNaughton, the Canadian chairman of the PJBD, to submit the endorsement.<sup>151</sup> These recommendations from a national security perspective had a salient effect on Eisenhower, coming at a time when concerns about the “bomber gap” scare and the air and radar defence systems for North America were prominent.<sup>152</sup>

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<sup>146</sup> Ibid.

<sup>147</sup> Ibid.

<sup>148</sup> Ibid.

<sup>149</sup> NARA II, RG 59, file 611.32321-SL/4-853, Box 2800 (January-September 1953), Memorandum for Mr. Sherman Adams, The White House, April 20, 1953.

<sup>150</sup> NARA II, RG 59, file 611.32321-SL/4-853, Box 2800 (January-September 1953), Eisenhower Presidential Library, Online Documents, Memorandum for Mr. Sherman Adams, The White House, April 20, 1953.

<sup>151</sup> Eisenhower Presidential Library, Online Documents, Memorandum: PJBD reaffirms its recommendation to develop St. Lawrence, April 2, 1953; LAC, RG 2, Cabinet Conclusions, April 2, 1953.

<sup>152</sup> Aronsen, 173

On 22 April 1953, the president finally appointed James Kuykendall to the chairmanship of the FPC (although he would not assume this position until 15 May) which augured well for the future of the PASNY license since Kuykendall was known to be favourably disposed towards it.<sup>153</sup> The next day, Eisenhower stated after a press conference that his cabinet now endorsed the St. Lawrence project for security reasons,<sup>154</sup> and supported New York's participation with Ontario in creating the power works in the IRS.<sup>155</sup> Moreover, the president requested that the NSC report be forwarded to the current FPC chairman for "such action as he may deem appropriate," indicating Eisenhower's desire that the FPC grant the license.<sup>156</sup>

While divulging his cabinet's approval for the development of the St. Lawrence, Eisenhower had also stated at a press conference that if Congress refused to allow American participation, his government would remove all obstacles to Canada constructing the seaway alone.<sup>157</sup> However, like Truman, the length of time given Congress to make a decision seemed to continually expand. To assist the cabinet in making a decision, Eisenhower established an inter-agency committee to make a recommendation on U.S. involvement in the seaway. Revealingly, one cabinet member stressed the desirability of the seaway for gaining access to Labrador-Quebec iron ore, but also for "opening up French Canada."<sup>158</sup>

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<sup>153</sup> LAC, RG 25, file 1268-D-40, pt 21.3, The St. Lawrence Project (Feb. 2, 1953-May 20, 1953), vol. 6347, Canadian Ambassador to Secretary of State, April 16, 1953.

<sup>154</sup> LAC, RG 25, file 1268-D-40, pt 21.3, The St. Lawrence Project (Feb. 2, 1953-May 20, 1953), vol. 6347, Canadian Ambassador to Secretary of State, April 23, 1953.

<sup>155</sup> *Ibid.*

<sup>156</sup> Eisenhower Presidential Library, Online Documents, Letter from Eisenhower to Wiley, April 23, 1953.

<sup>157</sup> LAC, RG 25, file 1268-D-40, pt 21.3, The St. Lawrence Project (Feb. 2, 1953-May 20, 1953), vol. 6347, Canadian Ambassador to Secretary of State, April 23, 1953.

<sup>158</sup> Confidential Files of the Eisenhower White House: Minutes and Documents of the Cabinet Meetings of President Eisenhower (1953-1961), Reel 1 (Microfilm), Cabinet Meetings, 0267, April 24, 1953.

In Toronto on 21 April 1953 Chevrier had indicated that “[t]he Wiley Bill, while unquestionably intended to be helpful, in effect only helps to delay the power application.”<sup>159</sup> A week later he was an invited speaker at the Heartland Conference in the United States. This was tantamount to walking into the lion’s den, since the conference was basically rallying ground for supporters of the Wiley bill. Chevrier mouthed the necessary platitudes about the Canadian-American relationship but echoed Howe by expressing surprise that the Americans were withholding the cooperation which had generally characterized the relationship between the two countries in recent years and suggested that, if the Americans wanted to participate, they should build a seaway on their side of the river and let Canada go its own way.<sup>160</sup>

Additionally, during the conference, there was a meeting between a number of key officials from both countries concerned with St. Lawrence negotiations where the Canadian contingent further pressured its southern counterparts. The Canadians heard depressing news about the FPC prospects and the reputed ability of coal and railroad interests to take hostage the American government and people with their obstructionist tactics.<sup>161</sup> Canadian officials countered by obliquely threatening an all-Canadian power project that would be joined by a waterway to put all the components of the St. Lawrence project in Canadian territory.<sup>162</sup>

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<sup>159</sup> LAC, RG 25, file 1268-D-40, pt 21.3, The St. Lawrence Project (Feb. 2, 1953-May 20, 1953), vol. 6347, Letter from G.G. McLeod (Transport) to Under-Secretary of State, April 23, 1953.

<sup>160</sup> LAC, RG 25, file 1268-D-40, pt 21.3, The St. Lawrence Project (Feb. 2, 1953-May 20, 1953), vol. 6347, Canadian Ambassador to Secretary of State, May 4, 1953.

<sup>161</sup> LAC, RG 25, file 1268-D-40, pt 21.3, The St. Lawrence Project (Feb. 2, 1953-May 20, 1953), vol. 6347, Memorandum for St. Lawrence File, May 6, 1953.

<sup>162</sup> LAC, RG 25, file 1268-D-40, pt 21.3, The St. Lawrence Project (Feb. 2, 1953-May 20, 1953), vol. 6347, Canadian Ambassador to Secretary of State, May 4, 1953.

Still, Chevrier's speech, like other pronouncements by the Canadian government, had not explicitly excluded American involvement. On 7 May, St. Laurent and Pearson went to Washington to meet with Eisenhower. Interestingly, there was relatively little deliberation about the St. Lawrence issue. The meeting focused more on establishing a good personal rapport between the two leaders, which was achieved, and dealing with trade and agricultural issues.<sup>163</sup> As St. Laurent hoped, Eisenhower was ready to support the PANSY application; however, the president also stressed his new commitment to make the St. Lawrence project a joint one and asked Canada to again wait longer.<sup>164</sup> St. Laurent emphasized that his government needed to get on with the job as soon as possible, but would be willing to discuss American participation provided that it did not result in further delay.<sup>165</sup>

The day after the St. Laurent-Eisenhower meeting, the American cabinet sub-committee that had been formed to study the St. Lawrence issue reported in favour of American involvement in the seaway.<sup>166</sup> The national defence argument sufficiently impressed the president and the Eisenhower cabinet officially adopted U.S. participation as policy the same day.<sup>167</sup> However, the cabinet had set conditions for American participation: (a) satisfactory assurance that the under-lying power project would go ahead, pursuant to appropriate authorization; (b) satisfactory assurance that Canada

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<sup>163</sup> Dale Thomson, *Louis St. Laurent: Canadian* (Toronto: MacMillan, 1967), 346-347.

<sup>164</sup> J.W. Pickersgill, *My Years with Louis St. Laurent: A Political Memoir* (Toronto: University of Toronto Press, 1975), 186.

<sup>165</sup> Willoughby, 251.

<sup>166</sup> Confidential Files of the Eisenhower White House: Minutes and Documents of the Cabinet Meetings of President Eisenhower (1953-1961), Reel 1 (Microfilm), Cabinet Meetings, 0276, May 8, 1953.

<sup>167</sup> *Ibid.*

would go ahead with its part of the navigation project, in cooperation with the United States, and (c) predication of the project on a self-liquidating basis.<sup>168</sup>

A few days after the Eisenhower administration came out in support of an American seaway role, the Examiner for the Federal Power Commission denied the Spalinski application and simultaneously recommended that PASNY be granted a 50-year license – while the entire FPC would still need to provide formal approval, this was a near certainty due to the Examiner’s report. It was no coincidence that once the White House announced its support for the license and American participation, the FPC quickly complied. However, both Ottawa and Washington knew that this license would be appealed by various groups and interests, resulting in lengthy delays. As one door opened, another closed.

By May 1953 Canada was only marginally closer to breaking ground on the St. Lawrence project than it had after the applications to the International Joint Commission at the end of June 1952. Reviewing events since then, the IJC applications had been approved, although with obvious partisan resistance, and by the fall of 1952 many key Canadian officials believed that Canada would indeed be going it alone. While the FPC still needed to authorize the project, Ottawa hoped that the PASNY license would be quickly forthcoming. However, it was clear that political considerations had entered into the FPC’s deliberations and different forces in the United States conspired to stall the license.

The Truman cabinet’s reversal of its brief display of cooperation in 1952 had slowed matters down, and the fact that Truman was not going to stand for re-election

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<sup>168</sup> LAC, RG 25, file 1268-D-40, pt 21.3, The St. Lawrence Project (Feb. 2, 1953-May 20, 1953), vol. 6347, Canadian Ambassador to Secretary of State, May 8, 1953.

contributed to the ongoing delays since he was effectively a lame-duck president. The new president, Eisenhower, remained undecided about American involvement in the navigation aspect of the St. Lawrence project until several months into his term. Growing increasingly frustrated with inaction in the United States, particularly when Canada had felt it was on the cusp of starting the St. Lawrence project, leading cabinet members such as Howe and Chevrier had resorted to public statements to convey this exasperation. After all the delay, the Eisenhower cabinet decided that the national security dimension of the seaway necessitated American involvement, and the Federal Power Commission quickly issued a license to PASNY, although lengthy appeal periods were anticipated.

Canada thus found itself in virtually the same position in which it had been with Truman in the Oval Office: the White House gave official promises to cooperate with Canada in taking the necessary steps for construction to begin, while seeking to delay matters until U.S. involvement could be secured. In addition to absorbing an exorbitant amount of time, there were other costs. In order to have the power license approved, Canada had continued to hold the door open to American involvement in the seaway. The St. Laurent government had unequivocally adopted the all-Canadian seaway as the preferred policy once the IJC applications had been submitted, although they begrudgingly anticipated that if the United States insisted on being involved and was willing to do whatever was necessary to make that involvement a reality, Canada might have to permit American collaboration. Such a possibility was increasingly unpalatable, not only because of the tangible steps that had already been taken toward a solely Canadian route, but because the idea of an all-Canadian seaway had seized the Canadian popular imagination, as evidenced by government statements, the press, and public

opinion. Support for the all-Canadian seaway was so widespread that it was virtually taken for granted by both the Canadian and American governments, as a number of different sources of Canadian nationalism had coalesced in support of the Canadian alternative, and the perception of the St. Lawrence as uniquely “Canadian” undoubtedly shaped public sentiment, and the St. Laurent government’s approach, toward St. Lawrence diplomacy.

While the St. Lawrence issue had certainly created a rift between Canada and the United States, it was not enough to sever the generally smooth state of relations the countries shared in the first half of the 1950s. This helped to ameliorate the friction caused by the St. Lawrence negotiations, as the two countries were intertwined on many other levels. Yet the St. Lawrence issue had the potential of flaming into a more dangerous diplomatic fire. While it has been argued that neither side was prone to resorting to “linkage” during early the Cold War period,<sup>169</sup> both sides had made a number of threats indicating that there would be repercussions because of the St. Lawrence difficulties, although the extent to which these were directly or indirectly carried out is unclear.<sup>170</sup> The seaway affairs was fostering anti-American sentiment among the Canadian public and planting seeds of discord that would eventually grow to damage the tenor of the Canada-U.S. relationship. Over the remainder of 1953 Ottawa retained its pursuit of an all-Canadian seaway, but the United States continued to stand

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<sup>169</sup> Brian Bow, who defines “linkage” as “attempts to break an impasse or otherwise improve one’s bargaining position on a particular issue by tying it to another, unrelated issue,” argues that for the first decades of the Cold War, a key characteristic of Canada-US relations was a lack of linkage. Brian Bow, *The Politics of Linkage: Power, Interdependence, and Ideas in Canada-US Relations*, (Vancouver: UBC Press, 2009), 3.

<sup>170</sup> John Holmes makes this argument about linkage on a personal but not institutional level. John W. Holmes, *Life With Uncle: The Canadian-American Relationship* (Toronto: University of Toronto Press, 1981), 55.

in the way. By early 1954, the prospects within the United States for American participation in the waterway had markedly improved and, by the fall of 1954, an all-Canadian seaway would be superseded by a joint venture.

## CHAPTER 6

### CAUGHT BETWEEN TWO FIRES, 1953-1954

By mid-1953, if not earlier, the St. Lawrence Seaway and Power Project had become the most contentious issue in Canadian-American relations. However, the St. Lawrence file was more important in Ottawa than in Washington. Although the State Department and White House both considered the project to be the outstanding issue in the nations' bilateral interactions, Canada in general was not accorded a high priority by the United States, compared to Cold War concerns such as nuclear arms or conflicts in Asia. While relations with Canada were not inconsequential to the White House, considering Canada's role in continental defence and the North American economy, Washington still saw Canada as an ally whose concurrence and support could largely be taken for granted.

The death of Josef Stalin in March 1953, followed by a succession period from which Nikita Khrushchev eventually emerged as the new Soviet leader, led to a partial thaw in east-west relations. The conclusion of the Korean War in July 1953 was the first major example of this. As Arnold Heeney, the new Canadian Ambassador to the United States, opined when he arrived in Washington to take up his post that same month, "the international tension had perceptibly lessened."<sup>1</sup> Nevertheless, the ambassador was equally quick to point out that a number of issues were lurking around the corner which

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<sup>1</sup> A.D.P. Heeney, *The Things That Are Caesar's: Memoirs of a Canadian Public Servant* (Toronto: University of Toronto Press, 1972), 115. The proceedings from DFAIT's centennial conference in December 2008, titled *Architects and Innovators: Building the Department of Foreign Affairs and International Trade, 1909-2009*, features a chapter on Heeney, as well as others chapters on a number of other Canadian diplomats. Francine McKenzie, "A.D.P. Heeney: The Orderly Undersecretary," in Greg Donaghy and Kim Richard Nossal, eds., *Architects and Innovators: Building the Department of Foreign Affairs and International Trade, 1909-2009* (Montreal and Kingston: Queen's Policy Study Series, McGill-Queen's University Press, 2009).

would “raise the temperature” of the Cold War and perhaps adversely affect the Canadian-American relationship.<sup>2</sup> Asia, for example, remained a hot spot, particularly in light of Eisenhower’s “domino theory,” which held that if one country came under the influence of communism its neighbours would follow.

Without delving into the scholarly debates concerning the extent to which the new president’s approach to nuclear weapons and brinkmanship exacerbated the Cold War,<sup>3</sup> Eisenhower was more willing to negotiate with the Soviets than Truman had been, but nonetheless practiced an active foreign policy based on the New Look, a national security policy which featured a reduction in conventional forces and a greater reliance on strategic nuclear weapons and the threat of massive nuclear retaliation in the event of Soviet aggression. Historians Robert Bothwell, Ian Drummond, and John English indicate that the Eisenhower administration treated Canada with “friendly unconcern” although this sometimes turned into “uncomprehending annoyance” on issues such as McCarthyism and the admission of certain countries to the United Nations.<sup>4</sup> With the exception of American agricultural protectionism and subsidies, economic relations between the two countries flourished during Eisenhower’s first term and cross-border trade and investment continued apace, although Canada did experience a brief recession and deficit in 1953-1954.

The diplomatic friction created by the seaway was at least partially balanced by the continued growth of joint North American defence planning. By 1953 discussions

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<sup>2</sup> Heeney, 115.

<sup>3</sup> For a survey of the historiography of Eisenhower’s foreign policy, see Stephen G. Rabe, “Eisenhower Revisionism: The Scholarly Debate,” in Michael Hogan, ed., *America in the World: The Historiography of American Foreign Relations Since 1941* (New York: Cambridge University Press, 1995).

<sup>4</sup> Robert Bothwell, Ian Drummond, and John English, *Canada Since 1945: Power, Politics, and Provincialism* (Toronto: University of Toronto Press, 1989), 126.

that would culminate in the 1957 North American Air Defence Agreement (NORAD) were already underway.<sup>5</sup> The Pinetree Line, a series of jointly-built radar defence installations at about the 50<sup>th</sup> parallel intended to warn of Soviet air encroachment, was in place by 1954.<sup>6</sup> Moreover, negotiations had already commenced on the Mid-Canada Line (McGill Fence), another cooperative radar security venture which would supplement the Pinetree Line, while the foundation for bilateral discussions on the Distant Early Warning (DEW) Line had already been established. The DEW Line, completed in the late 1950s above the Arctic Circle, would be financed, built, and staffed by the Americans on Canadian soil. There are strong parallels between the negotiations for the seaway and those for northern radar defence, as the waterway deliberations foreshadowed many of the same nationalist and sovereignty concerns in Canada that would result from the construction of the DEW line.<sup>7</sup> Moreover, the radar defence lines, as well as NORAD, represented a coordination or harmonization of forces, rather than a single authority conforming to a joint pattern, which would also prove to be the case with the seaway and power project.

Based on conceptions of the St. Lawrence as a “Canadian” river and resource, Canadian public opinion had proven to be extremely receptive to Ottawa’s efforts to build a unilateral waterway. Spurred on by this popular enthusiasm, the Liberal government of Louis St. Laurent had since 1949 been moving towards officially

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<sup>5</sup> See Joseph T. Jockel, *Canada in NORAD, 1957-2007: A History* (Montreal: McGill-Queen’s University Press, 2007).

<sup>6</sup> Norman Hillmer and J.L. Granatstein, *For Better or For Worse: Canada and the United States Into the Twenty-First Century* (Toronto: Thomson/Nelson, 2007), 185.

<sup>7</sup> Moreover, at the same Cabinet meeting that received Pearson’s report on the seaway negotiations, the Minister of National Defence argued that Canada had no alternative but to approve, in principle, the United States proposal for early construction of the DEW line, since the U.S. would construct, man, and operate the line by itself. Library and Archives Canada (LAC), RG 2, Canadian Cabinet Conclusions, 18 August, 1954.

adopting an all-Canadian seaway approach, and the approval of the power plans by the International Joint Commission (IJC) in October 1952 served as a catalyst to Ottawa's full embrace of a national waterway. However, the St. Laurent government was aware that, if the United States was determined to become involved in the waterway project, plans for an all-Canadian seaway might have to fall by the wayside. The United States could continue to block the requisite power license, and even if a way was found to push the all-Canadian project through, defying the Americans would not likely be worth the cost of a national waterway given Canada's economic and defence reliance on the United States.

Thus, to borrow from noted commentator John Holmes, Canada was forced to cope with the paradoxes created by the St. Lawrence negotiations. First, there was the problem of how to obtain both the coveted hydro development *and* the all-Canadian seaway. Second, Canadian pursuit of an all-Canadian seaway, while in the national interest from an economic, nationalist, and sovereignty perspective, simultaneously threatened the broadly defined national interest since its pursuit ran counter to the overarching goal of Canadian foreign policy, which was maintaining amicable and productive relations with the United States.<sup>8</sup>

This chapter will examine the process by which the St. Lawrence seaway officially became a joint undertaking in August 1954. A week after the Eisenhower cabinet made the decision in early May 1953 to seek a seaway role, it threw its unanimous support behind the Wiley bill. On 16 June 1953, the full Senate Foreign Relations Committee approved the bill by a vote of 13 to 2, while the House Public

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<sup>8</sup> John W. Holmes, *Life With Uncle: The Canadian-American Relationship* (Toronto: University of Toronto Press, 1981), 78-79.

Works Committee continued to address the Dondero bill, which was the House of Representatives' version of the Wiley Senate legislation. Although Eisenhower's decision had prompted the FPC to move closer to granting PASNY a 50-year license, Canadian officials remained apprehensive about the likelihood of extensive litigation due to the appeals process. Lester Pearson, the Secretary of State for External Affairs, worried that "Canadian public opinion would regard this as a retrograde step requiring the inauguration of further protracted negotiations between Canada and the US,"<sup>9</sup> particularly heading into a summer election campaign. Additionally, the St. Laurent government had significant reservations about the contents of the Wiley bill.

In early June a number of groups filed appeals against the FPC license, and the United States remained unwilling to officially name New York as the developing entity until all the litigation was cleared away. In fact, every intervenor in the original PASNY license hearings, with the exception of the New York power authority itself and the Government of Canada, had filed an exception to the FPC's decision. Faced with the prospect of continuing delays, the Canadian federal government explored the available steps it could take to advance the project while the PASNY license was under appeal. The St. Laurent government looked at putting into effect the two federal statutes, passed by Parliament in January 1952, pertaining to the St. Lawrence and decided to immediately proclaim the International Rapids Power Development Act. However, the cabinet refrained for the time being from proclaiming the other piece of legislation, the St. Lawrence Seaway Authority Act; while it would likely expedite completion of the

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<sup>9</sup> Government of the United States, National Archives and Records Administration (NARA II), RG 59, file 611.42321 SL/5-593, Box 2800 (January-September 1953), Memorandum of Conversation, May 9, 1953.

considerable amount of remaining preliminary engineering work, bringing the authority into effect also carried the risk of causing U.S. promoters of a joint seaway to increase pressure on their federal government, which would “further reduce the already none too bright prospect that [Canada] will eventually have an all-Canadian seaway.”<sup>10</sup>

The Canadian and Ontario governments also explored the possibility of proceeding with construction work on some elements of the St. Lawrence development while they waited, such as the Iroquois control dam, but this proved legally impossible until PASNY was officially licensed to cooperate. In the meantime, Ontario Hydro had already undertaken exploratory drillings. The Canadian government commenced arrangements for establishing its half of the St. Lawrence River Board of Engineers, which was appointed in accordance with the Order of Approval issued by the IJC on 29 October 1952 to oversee construction.<sup>11</sup> At the same, there was both debate and progress on the related Niagara diversions and remedial works issue, which included the establishment of a bilateral International Niagara Control Board in August.<sup>12</sup>

In terms of the other water issues that had traditionally been connected to the St. Lawrence case, there were continuing talks and consultation about the Gut Dam and Lake Ontario water levels – Canada averred that the seaway and power project works

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<sup>10</sup> LAC, RG 25, file 1268-D-40, pt 21.3, vol. 6347, Memorandum for Mr. Pickersgill: St. Lawrence Project, May 15, 1953.

<sup>11</sup> It was eventually agreed that there would be two representatives from each country on the Board of Engineers. NARA II, RG 59, file 611.42321 SL/7-753, Box 2800 (January-September 1953), Memorandum of Conversation: Draft terms of reference for the St. Lawrence River Joint Board of Engineers, July 7, 1953; LAC, RG 25, file 1268-D-40, pt 22.2, vol. 6347: The St. Lawrence project (May 20, 1953-Aug. 14, 1953), teletype from Secretary of State to Canadian Ambassador, July 31, 1953.

<sup>12</sup> The remedial works were anticipated to cost around \$17.5 million, and involved a control structure extending 1550 feet from the Canadian bank of the river about a mile above the falls, together with excavation and fill on both flanks of the Horseshoe Falls.

would solve that bone of contention<sup>13</sup> – and there were intermittent discussions about Canada’s continuation of the Ogoki-Long Lac diversions, which the United States opposed, and the Chicago diversion.<sup>14</sup> The latter had been an issue since its construction in 1900 to carry sewage away from Chicago and to provide a navigable channel to the Mississippi River. Diverting water from Lake Michigan reduced the water level in the Great Lakes-St. Lawrence basin, which hurt navigation. Moreover, Illinois often exceeded the prescribed amount of water that could be diverted, and efforts to limit the diversion were disputed between the state and federal government, including court references.<sup>15</sup> As the diversion removed water from the Great Lakes without returning it, Canada objected under the terms of the 1909 Boundary Waters Treaty, and sought restrictions on the diversions.

The FPC continued its deliberations on the PASNY license throughout June and into July. Hugo Spalinski from the Public Power and Water Corporation, who had previously submitted a competing license application, was again the license competitor with his unworkable alternative plan for a deep waterway, but the available evidence suggests that he was serving as a proxy for interests opposed to the seaway, particularly the railroads.<sup>16</sup> While Canadian officials were dismayed at the slow pace of the proceedings, it appeared that the Federal Power Commission or the Eisenhower administration were no longer stalling, but rather it was the statutory requirements of the

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<sup>13</sup> NARA II, RG 59, file 611.42322/9-3053, Box 2803, Foreign Service Despatch No. 292, Ottawa Embassy, Diversion of Long Lac-Ogoki Rivers, September 30, 1953.

<sup>14</sup> Canada claimed that these diversions were solely a Canadian concern and not a bilateral issue. NARA II, file 611.42322/9-453, Box 2803, Foreign Service Despatch No. 221, Ottawa Embassy, Diversion of Long Lac-Ogoki Rivers into Lake Superior, September 4, 1953.

<sup>15</sup> J.Q. Dealey, “The Chicago Drainage Canal and St. Lawrence Development,” *The American Journal of International Law*, vol. 23, no. 2 (April 1929), p. 309-10.

<sup>16</sup> LAC, RG 25, file 1268-D-40, pt 22.2, vol. 6347: The St. Lawrence project (May 20, 1953-Aug. 14, 1953), Item for Weekly Divisional Notes: St. Lawrence Project, July 23, 1953.

Federal Power Act in the United States that made it necessary for the FPC to follow time-consuming procedures.<sup>17</sup> Furthermore, it appeared that any Canadian indication of public dismay would likely arouse U.S. antagonism toward the Canadian position.<sup>18</sup> But with an August federal election fast approaching, the Liberals were becoming increasingly perturbed at the inaction.

The prospects for a unilateral Canadian waterway received a further boost when, on 15 July 1953, the FPC rejected the Spalinski appeal and, subject to certain conditions, approved the PASNY license. Moreover, three days later the U.S. Senate decided to put off further consideration of the St. Lawrence legislation until January 1954. This meant that Congress could not approve U.S. involvement in the seaway for the remainder of 1953. Consequently, Canada had a large window of opportunity to move ahead alone, and as Chevier commented, “[t]he situation has never been so favorable as at present.”<sup>19</sup> This news was widely welcomed in the Canadian press – although it had to contend for space with the Korean War armistice on 27 July 1953 – as the conservative *Calgary Herald* urged the federal government “to get cracking on the navigation development”<sup>20</sup> while the *Winnipeg Tribune* crowed that “[t]here is no longer any question about Canada’s financial ability to shoulder the burden, and certainly we have the engineering skill to complete the project.”<sup>21</sup>

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<sup>17</sup> LAC, RG 25, file 1268-D-40, pt 22.1, vol. 6347: The St. Lawrence project (May 20, 1953-Aug. 14, 1953), Memorandum for the Minister: St. Lawrence Project: Federal Power Commission Proceedings, June 25, 1953.

<sup>18</sup> Ibid.

<sup>19</sup> NARA II, RG 84, U.S. Embassy, Ottawa – Classified and Unclassified General Records, 1938-1963, Despatch No. 82, Ottawa Embassy, Canadian Press Reaction to St. Lawrence Seaway Developments in United States, July 22, 1953.

<sup>20</sup> NARA II, RG 84, U.S. Embassy, Ottawa – Classified and Unclassified General Records, 1938-1963, Despatch No. 82, Ottawa Embassy, Canadian Press Reaction to St. Lawrence Seaway Developments in United States, July 22, 1953.

<sup>21</sup> Ibid.

This played right into the hands of the Liberals, who were re-elected with a majority on 10 August 1953. According to John English, Lester Pearson's biographer, this election result was virtually a foregone conclusion due to the dominance of the Liberal party and the popularity of the prime minister: "with the Queen on the throne, peace at home, Stalin in his grave, and old age pensions in the people's pockets, St. Laurent put on his grey felt hat and charmed the country once more."<sup>22</sup> The widespread support for the all-Canadian waterway only added to the prime minister's popularity. However, English also contends that the 1953 election marked the high point before the beginning of the Liberal government's decline in popularity,<sup>23</sup> and it is fair to say that it also marked the high point in hopes for an unilateral waterway as the the window of opportunity for the all-Canadian seaway would slowly close.

As anticipated, four days after the election four groups – the Public Power and Water Corporation, the Central Pennsylvania Coal Producers Association, the National St. Lawrence Project Conference, and the Lake Ontario Land Owners and Beach Protection Association – launched appeals against the license the Federal Power Commission had granted to the Power Authority of the State of New York. These groups claimed that the New York could not cooperate with Ontario on the power development as the compacts or agreements by states were unconstitutional without congressional approval. On 4 September, these four appeals were denied by the FPC, but the parties had 60 days to file a petition for review with the United States Court of Appeals, and there were discouraging reports about the potential timetable for the appeals process,

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<sup>22</sup> John English, *The Life of Lester Pearson, Vol. II: The Worldly Years, 1949-1972* (Toronto: Lester & Orpen Dennys, 1989), 78.

<sup>23</sup> English, 80.

particularly if the appellants aimed to, as expected, drag the litigation out to the maximum extent possible, and it appeared unlikely that the appeals could be disposed of before October 1954.<sup>24</sup>

As a result, over the following months the Canadian Department of External Affairs was occupied with finding methods of expediting the appeals process, even though this meant involving itself in a U.S. domestic legal matter. Ottawa realized it would need the cooperation of the American bureaucracy to take any steps to hasten the appeals process, and after careful consideration decided to approach the Americans in regard to leap-frogging the Court of Appeals and petitioning the United States Supreme Court for *certiorari* (requesting a lower court to forward its decision for review by a higher court) before judgment immediately upon the filing of the notices of appeal.<sup>25</sup>

On 8 October, C.D. Howe met with the U.S. Attorney General Herbert Brownell and urged American cooperation in accelerating the PASNY hearings.<sup>26</sup> The Canadian Minister of Trade and Commerce (as well as Defence Production) brandished a memorandum that stressed the need for St. Lawrence power for Canadian industries, which in turn were vital to American defence concerns:

Nearly half of Canada's total manufacturing capacity is located in this part of Canada served by the Hydro-Electric Power Commission of Ontario. Nearly one-half of Canada's current production of defence goods comes across this region. ... From the area served by Ontario Hydro, the United States obtains aircraft, ammunition, explosives, air frame sub-assemblies and many other items important

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<sup>24</sup> It was estimated that it could take six or seven months for the Court of Appeals to dispose of these appeals, and the opponents, representing different economic, regional, and political interests, could then go to the Supreme Court within 90 days; as the Supreme Court normally recessed from the middle of June until October, it appeared unlikely that the appeals could be disposed of before October 1954. NARA II, RG 59, file 611.42321-SL/10-653, Box 2801 (October 1953 – August 1954), Memorandum of Conversation: St. Lawrence, October 6, 1953.

<sup>25</sup> LAC, RG 25, file 1268-D-40, pt 23, vol. 6347: The St. Lawrence Project (Aug. 17/53 – Oct. 21/53), Burling to Le Pan, September 14, 1953.

<sup>26</sup> Heeney relates that, during his time as ambassador in Washington, Brownell became a "close friend." Heeney, 121.

to the defence of the United States. Practically all the electronic gear and most of the building materials which will enter into the erection of the Canada-United States early warning radar screens come from Ontario. Ontario industries supply all the nickel mined and treated in Canada and over 90 percent of the supply available to the United States. They also account for all the cobalt, calcium, and platinum group metals produced and exported from Canada....The Canadian Government strongly urges, therefore, that everything possible be done to expedite the clearing away of any impediments to an early commencement of the construction of the St. Lawrence Project in the national interest of both our countries and the advisers to the Canadian Government in both Washington and Ottawa have been instructed to cooperate in every appropriate manner with United States officials to this end.<sup>27</sup>

Brownell was impressed with Howe's suggestions, particularly the use of *certiori*, although the Attorney General was concerned about legal matters regarding the prospective St. Lawrence Board of Engineers and did not commit himself to anything.<sup>28</sup> Nevertheless, the Attorney General discussed the matter with Eisenhower, who apparently supported expediting the license proceedings.<sup>29</sup> The Canadian request was received sympathetically by the American departments of State and Justice, and the latter worked "strenuously to come up with a procedure which would dispose of appeals with all possible despatch."<sup>30</sup>

Howe also urged Lester Pearson to bring up the matter with U.S. Secretary of State John Foster Dulles, since they were already scheduled to meet. Pearson was counseled by External Affairs to urge the State Department to assist in avoiding some of the legal proceedings so as to get a final decision from the Supreme Court before June 1954, which would allow for work on the St. Lawrence project to begin during the 1954

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<sup>27</sup> LAC, RG 25, file 1268-D-40, pt 23, vol. 6347: The St. Lawrence Project (Aug. 17/53 – Oct. 21/53), Secretary of State to Canadian Ambassador, October 8, 1953.

<sup>28</sup> LAC, RG 25, file 1268-D-40, pt 23, vol. 6347: The St. Lawrence Project (Aug. 17/53 – Oct. 21/53), Memorandum for File, October 9, 1953.

<sup>29</sup> LAC, RG 25, file 1268-D-40, pt 23, vol. 6347: The St. Lawrence Project (Aug. 17/53 – Oct. 21/53), Canadian Ambassador to Secretary of State, October 16, 1953.

<sup>30</sup> LAC, RG 25, file 1268-D-40, pt 23, vol. 6347: The St. Lawrence Project (Aug. 17/53 – Oct. 21/53), Canadian Ambassador to Secretary of State, October 16, 1953.

construction season. He would also give Dulles an aide-memoire, which was “worded so Canada could not be accused of urging the U.S. Government to take action which would deprive U.S. citizens of their undoubted constitutional right to appeal to the U.S. Courts.”<sup>31</sup> For his part, Dulles was briefed by his staffers to “receive Mr. Pearson sympathetically and, if he so requests, agree to inform the Attorney General that State [Department] considers that any means which can be found to expedite court action would be in our own interest and would contribute to the maintenance of close and essential relations with Canada.”<sup>32</sup>

In their 20 October encounter, Pearson followed roughly the same line as Howe had taken with the Attorney General, stressing the importance of hydro power in Canada’s ability to contribute to North American security. The Canadian Secretary of State for External Affairs pointed out that his country had no intentions of interfering with a domestic U.S. legal matter, namely the power license appeal process, and was thus appealing to the State Department to provide assistance. Pearson drew attention to the potential ill-will that could develop amongst the Canadian populace as a result of additional delays and added as a subtle threat that the public “would accuse the [Canadian] Government of a lack of diligence but more importantly there would be a feeling developed against the United States which might be of such a nature as to make Canadian cooperation in fields such as continental defense more difficult.”<sup>33</sup>

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<sup>31</sup> LAC, RG 25, file 1268-D-40, pt 23, vol. 6347: The St. Lawrence Project (Aug. 17/53 – Oct. 21/53), Memorandum for the Minister: St. Lawrence Project, October 19, 1953.

<sup>32</sup> NARA II, RG 59, file 611.42321-SL/10-1953, Box 2801 (October 1953 – August 1954), Memorandum: Judicial Consideration of St. Lawrence Power Project, October 19, 1953.

<sup>33</sup> NARA II, RG 59, file 611.42321-SL/10-2053, Box 2801 (October 1953 – August 1954), Memorandum of Conversation: Canadian Request for Assistance in Expediting Handling of Anticipated Legislation re St. Lawrence Power Development, October 20, 1953.

Within a week of the Pearson-Dulles meeting, the U.S. Department of Justice had adopted the Canadian suggestion and petitioned the Court of Appeals in the District of Columbia to hold hearings on 15 December,<sup>34</sup> stating that the Eisenhower administration had a “direct interest in seeing that the promptest possible attention be given to this matter” in part because it would have a salutary effect on Canadian-American relations.<sup>35</sup> Moreover, the appellants were notified of Justice’s tactics so as to deprive them in advance of the argument for an extension on the grounds that they had been taken by surprise.<sup>36</sup> A few days later, members of the Power Authority of the State of New York also met with the Attorney General to push for a quick closure to the legal appeals.<sup>37</sup> The Attorney General then filed a motion for accelerated hearings in the Court of Appeals, and oral arguments on the substance of the PASNY license appeals were subsequently moved up to 23 December, a situation that the Canadian ambassador deemed “quite satisfactory.”<sup>38</sup>

Additionally, on 4 November 1953, PASNY officially accepted the license that was the subject of appeal; New York had initially avoided taking up the license for several financing and strategic reasons, such as the fact that construction had to begin within one year of the acceptance of the license.<sup>39</sup> The next day, Eisenhower formally designated PASNY as the entity that would construct the American share of the power

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<sup>34</sup> LAC, RG 25, file 1268-D-40, pt 24.1, vol. 6347: The St. Lawrence Project (Oct. 22/53-Nov. 23/53), Canadian Ambassador to Secretary of State, October 28, 1953.

<sup>35</sup> NARA II, RG 59, file 611.42321-SL/10-2253, Box 2801 (October 1953 – August 1954), Letter From Dulles to Herbert Brownell, Jr., Attorney General, November 2, 1953.

<sup>36</sup> LAC, RG 25, file 1268-D-40, pt 24.1, vol. 6347: The St. Lawrence Project (Oct. 22/53-Nov. 23/53), Canadian Ambassador to Secretary of State, October 28, 1953.

<sup>37</sup> LAC, RG 25, file 1268-D-40, pt 24.1, vol. 6347: The St. Lawrence Project (Oct. 22/53-Nov. 23/53), Canadian Ambassador to Secretary of State, October 26, 1953.

<sup>38</sup> LAC, RG 25, file 1268-D-40, pt 24.2, vol. 6347: The St. Lawrence Project (Oct. 22/53-Nov. 23/53), Canadian Ambassador to Secretary of State, November 19, 1953.

<sup>39</sup> LAC, RG 25, file 1268-D-40, pt 23, vol. 6347: The St. Lawrence Project (Aug. 17/53 – Oct. 21/53), Canadian Ambassador to Secretary of State, September 12, 1953.

works, and established the United States section of the St. Lawrence River Joint Board of Engineers,<sup>40</sup> with the latter cemented by a Canadian-American exchange of notes.<sup>41</sup>

This cooperation was a volte-face from what the Canadians had experienced in the past from the White House, although ascribing this assistance to altruistic motives would be misplaced.<sup>42</sup> Even if the methods of expediting the legal process proved successful, the appeals would not be cleared away until some point in 1954, by which time Congress would have had another chance to approve administration-sponsored legislation for a joint seaway. Thus, expediting the process was also in the interests of the Eisenhower administration since it believed that the end result would be a hastening of a joint Canadian-American St. Lawrence project. Moreover, cooperation at this point could serve as a means of additional leverage for later pressuring the Canadians into accepting a joint project.

On 14 November 1953 Eisenhower arrived in Ottawa for a scheduled state visit. According to Heeney, it was a “popular success” and the president left a “most favourable impression” on the Canadian cabinet.<sup>43</sup> Although there was little official discussion regarding the seaway, the president did declare to Parliament that a joint development was “inevitable and certain”<sup>44</sup>; unfortunately, the Canadian side did not undertake to disabuse him of this notion. According to Arnold Heeney, Ottawa officials failed to ask hard questions about any topic, leaving the president and his advisers with

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<sup>40</sup> LAC, RG 25, file 1268-D-40, pt 24.1, vol. 6347: The St. Lawrence Project (Oct. 22/53-Nov. 23/53), Canadian Ambassador to Secretary of State, November 5, 1953.

<sup>41</sup> LAC, RG 25, file 1268-D-40, pt 24.2, vol. 6347: The St. Lawrence Project (Oct. 22/53-Nov. 23/53), Note No. 820, Heeney to Dulles, November 12, 1953.

<sup>42</sup> NARA II, RG 59, file 611.42321-SL/10-2253, Box 2801 (October 1953 – August 1954), Letter From Dulles to Herbert Brownell, Jr., Attorney General, November 2, 1953.

<sup>43</sup> Heeney, 123.

<sup>44</sup> Dale C. Thomson, *Louis St. Laurent: Canadian* (Toronto: Macmillan, 1967), 358.

the impression that “Canada had no problems of consequence with the United States,”<sup>45</sup> including the St. Lawrence. While the continued pattern of Canadian silence on the matter can be ascribed to a reluctance to be implicated in any American domestic issues or to imply acceptance of American plans for a cooperative waterway, the result was that the U.S. government either interpreted this reticence as concurrence with their efforts to seek a seaway role, or assumed that Canada wanted the project to be jointly developed.

As 1953 drew to a close and the Wiley and Dondero bills began to appear ominously on the horizon, Canadian officials accelerated consideration of their response to the reintroduction and potential passage of the American seaway bills in the upcoming session.<sup>46</sup> In addition to its toll provisions, there were other principal parts of the legislation that appeared to be unacceptable from the perspective of the Canadian government: namely, the U.S. capital outlay on the seaway would be restricted to \$105 million, leaving Canada to swallow the remaining expenses, which were several times that amount.<sup>47</sup> This was close to a reversal of the cost distribution in the previous St. Lawrence agreements, as both the 1932 and 1941 accords had given Canada credit for the cost of the Welland Canal. It also appeared that Ottawa would be precluded from a satisfactory solution to two nagging issues from the 1952 IJC applications, the \$15 million for dredging and the Canadian 14-foot canals, and there were also problems with the possibility that the United States might impose restrictive security and commercial shipping practices on Canadian vessels.

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<sup>45</sup> Heeney, 123.

<sup>46</sup> LAC, RG 25, file 1268-D-40, pt 25.1, vol. 6348: St. Lawrence General Correspondence (Nov. 23/53-Jan. 29/54), Memorandum, American Division, December 29, 1953.

<sup>47</sup> LAC, RG 25, file 1268-D-40, pt 25.1, vol. 6348: St. Lawrence General Correspondence (Nov. 23/53-Jan. 29/54), Memorandum for the Minister, St. Lawrence Project: Proposal for United States Participation in the Seaway, January 6, 1954.

Nevertheless, the Canadian cabinet decided that it was still not a propitious time to inform the Eisenhower administration of its displeasure with the legislation. Since the Wiley bill was the last chance for an American seaway role, the Canadians would be accused of acting in “bad faith” as their objections would be equivalent to a denunciation of American participation, which would be “irreconcilable with the much needed assistance of the United States Administration to end the pending litigation on the FPC’s order.”<sup>48</sup> As Pearson later characterized the situation of choosing whether or not to comment on the Wiley bill, the Canadian government was “caught between two fires.”<sup>49</sup> As had been the case in the past – the United States had on a number of occasions going back to early 1953 asked the Canadian government for its input on the Wiley legislation<sup>50</sup> – Ottawa also refrained from expressing its reservations so as to avoid committing itself “in advance by either rejection or acceptance of suggested forms of United States participation.”<sup>51</sup> Withholding comment on the U.S. legislation was in line with a tradition, dating back to at least Prime Minister King, of avoiding consultation since it could entail a commitment to agree and participate.<sup>52</sup>

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<sup>48</sup> LAC, RG 25, file: St. Lawrence Seaway 1952-54, Department of External Affairs Minute on the St. Lawrence Project, vol. 3175, Memorandum for Mr. LePan: Notes on Canadian Attitude towards United States Participation in the St. Lawrence Seaway Project, January 14, 1954.

<sup>49</sup> LAC, RG 25, file 1268-D-40, pt 30.2, vol. 6349, St. Lawrence Project: General Correspondence (June 7/54-June 30/54), St. Lawrence Seaway Meeting (June 28, 1954), June 29, 1954.

<sup>50</sup> “In various instances the United States authorities have invited the views of the Canadian Government on the Wiley Bill. On February 16, 1953, Dean Brown, in the course of a visit to Ottawa, enquired whether we would be ready to comment on the draft bill. On March 19, 1953, Raynor who was at the time preparing the State Department’s statement for the hearings on the Wiley Bill, also expressed the desire to discuss our views on the subject. ... On February 18, Mr. Matthews said to Mr. Phleger that ‘... in addition to action authorizing the power project by the Federal Power Commission, the Wiley Bill or another proposal should have been approved by Congress, or its prospective approval should be manifest, before we would wish to reopen discussions on United States participation in the Seaway.’” LAC, RG 25, file: St. Lawrence Seaway 1952-54, Department of External Affairs Minute on the St. Lawrence Project, vol. 3175, Memorandum for Mr. LePan: Notes on Canadian Attitude towards United States Participation in the St. Lawrence Seaway Project, January 14, 1954.

<sup>51</sup> Ibid.

<sup>52</sup> Holmes, 134.

The Eisenhower administration vigourously backed the Wiley bill, and it was included in the president's State of the Union address. National defence arguments came from important quarters, including the Joint Chiefs of Staff, who believed that "[t]he concept of unilateral control by a foreign government, however cordial our relations may be, of an inland waterway touching the borders of the United States is inconceivable ... from a defence standpoint."<sup>53</sup> Moreover, the prospect of a Canadian seaway was proving to be a powerful inducement for Congress to act, as many members realized that their northern neighbour was indeed serious about going it alone.<sup>54</sup>

Despite the White House's assistance in speeding up the appeals process, it looked as though it would still take until the middle of 1954, at the earliest, before the license would be in the clear. Since there would be ample time for the congressional St. Lawrence legislation to be passed before then, Canadian officials reluctantly contemplated the increasingly likely scenario that American participation would be authorized before PANSY had received its license. Although there were a range of opinions within the government, a critical mass was slowly developing around the idea that Canada was bound to seriously consider any U.S. proposal for a joint waterway by virtue of the various statements in the previous years that been made in order to get the U.S. government to take the necessary steps in connection with the power works.<sup>55</sup> Chiefly, the Canadian prime minister's 8 January 1953 memorandum to the United States had stated that his government would be prepared to discuss an American seaway

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<sup>53</sup> Government of the United States, Eisenhower Presidential Library, Online Documents, "Letter from Arthur Radford (JCS) to Senator Homer Ferguson, January 18, 1954."

<sup>54</sup> Willoughby, Chapter XVII.

<sup>55</sup> LAC, RG 25, file: St. Lawrence Seaway 1952-54, Department of External Affairs Minute on the St. Lawrence Project, vol. 3175, Memorandum for Mr. LePan: Notes on Canadian Attitude towards United States Participation in the St. Lawrence Seaway Project, January 14, 1954.

proposal if it did not cause “serious delay” to the whole project, and a few days afterward, Pearson had commented that until the final decision on the location and construction of canals in the International Rapids section had been made, joint action would remain a possibility. This had been reaffirmed by St. Laurent in his talks with Eisenhower in May 1953. However, these various assurances about Canada’s willingness to discuss U.S. involvement in the seaway had always been “carefully hedged and qualified.”<sup>56</sup>

Of course, allowing room for American involvement had appeared to be the only course available to the Canadian government that would allow it to pursue an all-Canadian seaway while simultaneously ensuring that the Americans would not block, via the FPC license, the hydro project. But the drawback of this approach was now becoming apparent: it had obscured Canada’s commitment to proceeding alone and contributed to the tendency in the U.S. government, Congress, and among the American public to assume that Ottawa welcomed an American role, which had its basis in the fact that Canada had, until recently, always sought American participation in the project. This assumption competed with those State Department officials who were aware of Canada’s intentions to proceed alone, and those in Washington who called for U.S. involvement on national security grounds regardless of Canada’s preferences or intentions. The St. Laurent government realized that disclosing their objections could help kill the Wiley bill and thus open the way for the all-Canadian seaway; however, it was safe to assume that the power license would be blocked as a result.

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<sup>56</sup> LAC, RG 25, file 1268-D-40, pt 25.2, vol. 6348: St. Lawrence General Correspondence (Nov. 25/53-Jan. 29/54), Canadian Ambassador to Secretary of State, January 16, 1954.

While the Canadian government was mulling over this situation in the first three weeks of January, the Wiley bill was gaining momentum in the Senate. The combination of the administration's support, iron ore development, the national security argument, and the lower cost to the United States (compared to the 1932 and 1941 agreements) were vital in acquiring the necessary congressional votes.<sup>57</sup> But the chief reason was the knowledge that Canada was going to go it alone; in the same way that an all-Canadian seaway had seized the nationalist imagination in Canada, so too the patriotic impulse in the United States balked at the idea of the great river being controlled only by the Canadians. On 20 January 1954, after five previous Senate attempts since the 1930s to authorize an American seaway role, the Wiley bill was approved 51 to 33. While the House of Representatives still needed to approve the Dondero measure, there was considerable momentum indicating that it would be successful, and the Wiley bill was thus hailed as a breakthrough achievement by seaway supporters in the United States.<sup>58</sup>

This legislation did not actually outline a joint seaway, for the Wiley bill only approved the construction by the United States of navigation works in the International Rapids section which would work in conjunction with Canadian works. Yet the American press, as well as members of the Congress and U.S. government, immediately hailed the passage of this monumental legislation as allowing Washington to join Ottawa in the dual development of the St. Lawrence seaway; this considerably irked the

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<sup>57</sup> For more information about American internal political perspective see: William Willoughby, *The St. Lawrence Waterway: A Study in Politics and Diplomacy* (Madison, WS: University of Wisconsin Press, 1961); Carleton Mabee, *The Seaway Story* (New York: Macmillan, 1961); Ronald Stagg, *The Golden Dream: A History of the St. Lawrence Seaway* (Toronto: Dundurn Press, 2010); H.R. Mahood, "The St. Lawrence Seaway Bill of 1954: A Case Study of Pressure Groups in Conflict," *Southwestern Social Science Quarterly*, 47:2 (1966: Sept), 141-149; Forrest Keesbury, "The Role of Dwight D. Eisenhower in the Development of the St. Lawrence Seaway," M.A. Thesis, Bowling Green State, 1965; F. Rolin, "The St. Lawrence Seaway and Power Project: A Study of Pressure Groups at Work," M.A. thesis, University of California-Berkeley, 1955.

<sup>58</sup> Stagg, 155-156.

Canadian Department of External Affairs since Canada had not yet consented to a joint project.<sup>59</sup>

The Canadian diplomatic corps also took particular notice of several newspaper pieces. A Canadian Press story quoted a cabinet source as saying that Canada was going to push for its own seaway regardless of what Congress did, although if the U.S. insisted Canada might have to yield since “[w]e would rather do that than wreck the project.”<sup>60</sup> This sounded suspiciously like C.D. Howe or Lionel Chevrier, and the story was picked up by numerous media outlets.<sup>61</sup> Canadian newspapers, particularly in Toronto, decried the prospect of the United States “buying in cheap” and renewed their clamor for an all-Canadian seaway.<sup>62</sup>

Over the following month, both the left- and the right-wing in Canada excoriated the federal government in regard to the potential U.S. involvement. The leader of the Labor-Progressive Party wrote in the *Ottawa Citizen*: “[t]he people of Canada are profoundly shocked to learn that the Government, without consulting Parliament, has entered into an under-the-table deal with the United States to scuttle the long-promised all-Canadian Seaway in return for short-term power concessions” and asked “[i]s our historical Canadian river – the mighty St. Lawrence, to become a Yankee Canal? Are we to abandon the course of Canadian nationhood charted by the Fathers of Confederation?”

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<sup>59</sup> LAC, RG 25, file 1268-D-40, pt 25.2, vol. 6348: St. Lawrence General Correspondence (Nov. 25/53-Jan. 29/54), Secretary of State to Canadian Ambassador, January 21, 1954.

<sup>60</sup> Ibid.

<sup>61</sup> LAC, RG 25, file 1268-D-40, pt 25.2, vol. 6348: St. Lawrence General Correspondence (Nov. 25/53-Jan. 29/54), Canadian Ambassador to Secretary of State, January 21, 1954.

<sup>62</sup> NARA II, RG 84, U.S. Embassy, Ottawa – Classified and Unclassified General Records, 1938-1963, Despatch 681, Ottawa Embassy, Comment on United States Participation in St. Lawrence Seaway, February 5, 1954.

Is our country to be sold into bondage?”<sup>63</sup> While this could be dismissed as pro-Marxist propaganda masquerading as Canadian nationalism, the key points of the critique, particularly that the St. Lawrence was a *Canadian* river, were shared across the political spectrum. For, example, the conservative Toronto *Globe and Mail* lamented that the Canadian government had made a

well-calculated gamble, bartered its chances for an all-Canadian seaway in return for a broad guarantee from the U.S. Government to push approval of the power phase of the St. Lawrence project. ... The deal, made more than a year ago, has backfired to the extent that it is now virtually certain that Congress, opposed to any kind of seaway participation at that time, will now approve construction of the widely publicized canals and locks around the International Rapids.<sup>64</sup>

On the other side of the border, noted columnist Walter Lippmann penned an opinion piece with the general conclusion that it would be better if Canada were to build the seaway alone because it would lead to a minimum of international complications.<sup>65</sup> Lippmann argued that “there are strong reasons for believing that Canadians would not be disappointed, but on the contrary relieved, if in fact Congress decided to drop the joint project and to let Canada proceed alone with the seaway.”<sup>66</sup> It turns out that Lippmann had been talking with the Canadian embassy while drafting the article, the

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<sup>63</sup> LAC, RG 25, file 1268-D-40, pt 26.2, vol. 6348: St. Lawrence General Correspondence (Feb. 1/54-March 11/54), Advertisement in the *Ottawa Citizen*, By Tim Buck, National Leader, Labor-Progressive Party, titled “An Open Letter to Members of Parliament,” February 23, 1954.

<sup>64</sup> LAC, RG 25, file 1268-D-40, pt 26.1, vol. 6348: St. Lawrence General Correspondence (Feb. 1/54-March 11/54), Toronto *Globe and Mail* article, “All-Canada Seaway Bartered for Power,” by Clark Davey, February 19, 1954

<sup>65</sup> LAC, RG 25, file 1268-D-40, pt 25.2, vol. 6348: St. Lawrence General Correspondence (Nov. 25/53-Jan. 29/54), Memorandum to the Minister, St. Lawrence Project: United States Participation in the Seaway, January 21, 1954.

<sup>66</sup> LAC, RG 25, file 1268-D-40, pt 25.2, vol. 6348: St. Lawrence General Correspondence (Nov. 25/53-Jan. 29/54), Canadian Ambassador to Secretary of State (Walter Lippmann, “A Project Outgrown”, N.Y. Herald Tribune), January 21, 1954.

contents of which the Canadian ambassador deemed “unobjectionable from our point of view.”<sup>67</sup>

On 22 January Transport Minister Lionel Chevrier gave a speech in Quebec City which seemed to anticipate an all-Canadian waterway. The minister stressed the goodwill, friendly relations, and shared mindsets that existed between the two countries; in reference to the seaway, he stated

The government is determined to construct an all-Canadian seaway as soon as these legal hurdles are overcome. At the same time we are committed to consider any firm proposal for U.S. participation that would not upset present power plans and would not unduly delay competition of the Seaway. Congress has such a measure before it even now, but its prospects are most uncertain, especially in the House of Representatives. Unless it is approved by both chambers before Canada is in a position to start her own canals, the long history will end with an all-Canadian Seaway.<sup>68</sup>

Yet the American government tended to think that any advocacy north of the border of the all-Canadian seaway was “calculated to cause congressional representatives to hasten the approval of the Wiley Bill”; of course, it was the opposite, and the St. Laurent government continued to believe that if Canada “wishes to keep its hand free to build an all-Canadian seaway, the best way would be to maintain a public attitude of indifference concerning the Wiley Bill.”<sup>69</sup>

After conversations with DEA officials, the American embassy in Ottawa reported that there was considerable sentiment in favour of an all-Canadian project in Canadian government circles. However, the embassy continued, this was personal inclination, not policy, and the St. Laurent government had not even considered rejecting

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<sup>67</sup> Ibid.

<sup>68</sup> LAC, RG 25, file 1268-D-40, pt 25.2, vol. 6348: St. Lawrence General Correspondence (Nov. 25/53-Jan. 29/54), Secretary of State to Canadian Ambassador, January 22, 1954.

<sup>69</sup> LAC, RG 25, file 1268-D-40, pt 26.1, vol. 6348: St. Lawrence General Correspondence (Feb. 1/54-March 11/54), Memorandum for the Minister: St. Lawrence Project, February 3, 1954.

U.S. participation in the event that congressional legislation passed.<sup>70</sup> On the one hand, there were important members of the government dedicated to an all-Canadian seaway, and others were considering the rejection of U.S. participation; on the other, there were those who believed that an American desire to come on board would inevitably need to be accepted. It appears that the Department of External Affairs, which was well attuned to the need of maintaining good relations with the United States, expressed the least reluctance to embrace a joint project. For example, on 15 March, Pearson gave a speech at the National Press Club in which he stated that an international waterway was preferable.<sup>71</sup> Conversely, Howe and Chevrier were two of the strongest proponents of an all-Canadian seaway, and in this regard had a number of important and strong allies in the interdepartmental seaway committee, such as McNaughton and Henry.<sup>72</sup> This divided state of affairs only contributed to Washington's belief that Canada desired or would at least accept American participation.

The prime minister's view in 1954 is difficult to determine. St. Laurent had definitely championed the all-Canadian seaway concept, particularly its electoral appeal. However, the prime minister put an even higher priority on maintaining good relations with the United States. As his decision-making style was that of consensus-building, the prime minister was not likely to directly impose his beliefs on his cabinet. At any rate, St. Laurent was out of Canada for most of February and half of March due to his 42-day

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<sup>70</sup> NARA II, RG 84, U.S. Embassy, Ottawa – Classified and Unclassified General Records, 1938-1963, Despatch 681, Ottawa Embassy, Comment on United States Participation in St. Lawrence Seaway, February 5, 1954.

<sup>71</sup> LAC, RG 25, file 1268-D-40, pt 29, vol. 6348, St. Lawrence Project: General Correspondence (May 17/54-June 10/54), Memorandum: St. Lawrence Seaway, May 24, 1954.

<sup>72</sup> For example, see: LAC, RG 25, file 1268-D-40, pt 28, vol. 6348, St. Lawrence Project: General Correspondence (April 9/54-May 14/54), Secretary of State to Canadian Delegation to the Korean Political Conference, Geneva, May 4, 1954.

world tour. In the meantime, the U.S. Supreme Court had denied the appeals of three of the appellants in the New York license case, meaning the hydro license would likely be authorized by June. This also had the side-effect of strengthening PASNY's ability to obtain financing and begin early construction on its share of the power works. The Court of Appeals for the District of Columbia Circuit denied the last petition for rehearing on 19 February 1954, which started the clock ticking on the ninety days during which appellants could petition the Supreme Court for a writ of *certiorari*.

In the meantime, the House Public Works Committee reported the Dondero measure to the House with a 23 to 6 recommendation that it pass. However, it became bogged down in the House Rules Committee, which featured a number of members who had traditionally opposed the St. Lawrence project. Finally, at the end of April, the legislation was passed and sent for debate to the House of Representatives as a whole. In the House, debate

followed much the same pattern as had prevailed in the Senate. Spokesmen of the Midwest made the principal speeches in defense of the project while representatives of Maryland, Pennsylvania, New Jersey, and other eastern states spoke in opposition. The most thoughtful opposition speech ... [claimed that] instead of a unified plan, Congress was now being asked to approve 'a plan for disjointed single-phase development' of the St. Lawrence and a scattered, rather than a unified, plan of management.<sup>73</sup>

The Canadian cabinet had issued, apparently near the start of January,<sup>74</sup> a directive to the Canadian embassy instructing it not to discuss navigation aspects of the

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<sup>73</sup> Willoughby, 257.

<sup>74</sup> "After discussing with his colleagues the support which President Eisenhower is now giving the Wiley Bill authorizing United States participation in the St. Lawrence Seaway and the increasing probability that this legislation may be endorsed by Congress, the Minister directed that nothing be said to United States officials for the present on the substance of the Wiley Bill." LAC, RG 25, file 1268-D-40, pt 25.1, vol. 6348: St. Lawrence General Correspondence (Nov. 23/53-Jan. 29/54), Note for file 1268-D: St. Lawrence Project: Proposal for United States Participation in the Seaway, January 8, 1954.

St. Lawrence project with U.S. officials. Nevertheless, Canadian and American officials engaged in some exploratory talks about a joint waterway.<sup>75</sup>

In early April 1954, the Canadian ambassador advised Ottawa that there was nothing further that could be done to ensure favorable action by the Supreme Court on the FPC license before the end of spring.<sup>76</sup> Regarding the congressional St. Lawrence legislation, External Affairs identified three possible scenarios: 1) the Wiley bill was defeated, and Canada proceeded alone; 2) the Wiley bill was not dealt with in the House of Representatives, which would entail a “twilight period” from the date of the Supreme Court decision on the power license until the end of the current session of Congress during which Canada could proceed with the construction of a wholly Canadian seaway; 3) the Wiley bill was passed before the Supreme Court decision, and the United States would presumably forward a proposal for a joint project.<sup>77</sup> The latter was deemed the most likely, and there also were doubts about the viability of the putative twilight period. Heeney pointed out that it would hardly be feasible for the Canadian government during such a period to take any irrevocable steps to commence construction of an all-Canadian seaway, given their past assurances to entertain an American proposal, and was firmly of the opinion that no such steps should be taken before Congress rose for the summer.<sup>78</sup>

At the end of April, there was a brief scare when Spalinski appeared to secure an extension of thirty days from the Supreme Court in the period for filing petition of

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<sup>75</sup> LAC, RG 25, file 1268-D-40, pt 28, vol. 6348, St. Lawrence Project: General Correspondence (April 9/54-May 14/54), Canadian Ambassador to Secretary of State, May 14, 1954.

<sup>76</sup> LAC, RG 25, file 1268-D-40, pt 27, vol. 6348, St. Lawrence Project: General Correspondence (March 2/54-April 8/54), Canadian Ambassador to Secretary of State, April 6, 1954.

<sup>77</sup> LAC, RG 25, file 1268-D-40, pt 28, vol. 6348, St. Lawrence Project: General Correspondence (April 9/54-May 14/54), St. Lawrence Seaway and Power Project (Draft), April 7, 1954.

<sup>78</sup> LAC, RG 25, file 1268-D-40, pt 28, vol. 6348, St. Lawrence Project: General Correspondence (April 9/54-May 14/54), Canadian Ambassador to Secretary of State, April 29, 1954.

*certiori*. This could have resulted in a Supreme Court decision being postponed until the fall, but action by the U.S. Assistant Solicitor General resulted in guarantees that the petition would be filed by 19 May.<sup>79</sup> The timing became even more important when, after being tied up for two months in the House Rules Committee, on 6 May 1954 the Dondero bill was approved in the House of Representatives by a vote of 241 to 158. As there were some minor differences between the Dondero and Wiley bills these discrepancies needed to be approved in the Senate; by May 13, however, the Senate had voiced its approval and the president had affixed his signature.<sup>80</sup>

The passage of the Wiley-Dondero act, which is often referred to simply as the Wiley act, was a major victory for not only the Eisenhower administration, both in its own eyes and in the mind of the American public, but for the long-suffering American proponents of a joint St. Lawrence seaway and power project.<sup>81</sup> William Willoughby lists seven reasons for the affirmative votes on the Wiley-Dondero legislation: support from the Eisenhower administration and other interested agencies in the government; the zeal and leadership of individual members of Congress; the lobbying activities of Danielian and the Great Lakes-St. Lawrence Association; the extensive and virtually open logrolling that preceded the Senate vote; the emergence of the iron ore issue; the

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<sup>79</sup> LAC, RG 25, file 1268-D-40, pt 28, vol. 6348, St. Lawrence Project: General Correspondence (April 9/54-May 14/54), Canadian Ambassador to Secretary of State, St. Lawrence Project: Litigation, April 27, 1954.

<sup>80</sup> There was some debate in Canadian circles before and after the fact about whether Ambassador Heenev should have attended the presidential signing and the “hoopla” surrounding it, which he ultimately did. LAC, RG 25, file 1268-D-40, pt 29, vol. 6348, St. Lawrence Project: General Correspondence (May 17/54-June 10/54), Heenev to MacKay, May 13, 1954; LAC, MG 30 E144, file 23 – memoirs, chapters 14, #2 – notes and diary, Career Correspondence and Memoranda (1935-1970), vol. 2, Diary (Jan-March 7, 1954), May 13 entry.

<sup>81</sup> LAC, RG 25, file 1268-D-40, pt 30.1, vol. 6349, St. Lawrence Project: General Correspondence (June 7/54-June 30/54), Memorandum: St. Lawrence Seaway, June 17, 1954.

lower price tag attached to the project; and the fear that Canada would build an all-Canadian seaway.<sup>82</sup>

The Canadian St. Lawrence interdepartmental committee had met in early May, a few days prior to the passage of the Dondero bill, to consider the future of a Canadian waterway. General Andrew McNaughton, now a part of the committee despite his role on the International Joint Commission, argued that it “did not appear that there was a formula for joint construction of the Seaway which Canada could accept without prejudicing our national life” considering that the St. Lawrence had “traditionally” been developed by Canada, and contended that it was more logical to build a 27-foot waterway on the Canadian side and let the U.S. build their own link on the American side of the IRS if they so desired.<sup>83</sup> R.A.C. Henry concurred with this assessment, pointing out that an American buy-in at around \$100 million would give them equal voice in the control of a \$700 million seaway stretching from the Atlantic to the head of the Great Lakes.<sup>84</sup> There was little opposition to that course within the committee, and they agreed that no reply should be made to any specific U.S. proposal for a joint seaway until they were satisfied that no obstruction remained in the way of an immediate start on the power project.<sup>85</sup> However, there was widespread agreement that the U.S. government would not likely receive this dual seaway proposal favourably, and

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<sup>82</sup> Willoughy, 259-60.

<sup>83</sup> LAC, RG 25, file 1268-D-40, pt 29, vol. 6348, St. Lawrence Project: General Correspondence (May 17/54-June 10/54), Meeting of the Interdepartmental Committee on the St. Lawrence Project (May 3, 1954), May 27, 1954.

<sup>84</sup> Ibid.

<sup>85</sup> LAC, RG 25, file 1268-D-40, pt 32, vol. 6349, St. Lawrence Project: General Correspondence (July 21/54-July 31/54), Memorandum for File 11513-40, St. Lawrence Project, May 4, 1954.

the committee agreed that the international repercussions of Canadian action along these lines would have to be studied.<sup>86</sup>

A few days later, Ambassador Heeney strongly disagreed with the McNaughton-Henry line, as he was under the impression that there had been an “informal agreement” within the government to consider any U.S. proposal.<sup>87</sup> According to Heeney, “Canada cannot refuse such an invitation to negotiate without exposing itself to charges of bad faith that would have far-reaching consequences for relations between the two countries.”<sup>88</sup> Heeney then revealingly elaborated on the nationalist motivations for, and potential bilateral repercussions of, an all-Canadian seaway:

I appreciate that such a decision will cause keen regret in many quarters in Canada. Ever since Champlain labeled it on one of his maps “La grande riviere du Canada”, the St. Lawrence has been, and has been considered, an essentially Canadian river; and if recent events had turned out differently, there would have been wide satisfaction in the construction of an all-Canadian seaway. No doubt there is also validity in many of the arguments advanced by Mr. Henry and General McNaughton, and these will have to be borne in mind in our negotiations with the Americans, where, I have no doubt, our negotiators will defend Canadian interests stoutly. But I do think that our reputation in the United States would be gravely tarnished if we refused to enter into negotiations with the United States looking towards the completion of a seaway in which some of the canals would be on the United States side of the river and some on the Canadian side. Our reputation would also suffer, I think, if we did not make an honest effort, in the course of such negotiations, to work out co-operative arrangements with the Americans that would be both workable and fair.<sup>89</sup>

The prime minister and a sufficient number of cabinet ministers shared Heeney’s view about the necessity of accepting a U.S. proposal, and decided that, in the interests of staying in Washington’s good graces and obtaining a start on the power project, the Canadian government was obliged to again hold the door open to American

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<sup>86</sup> Ibid.

<sup>87</sup> LAC, RG 25, file 1268-D-40, pt 28, vol. 6349, St. Lawrence Project: General Correspondence (April 9/54-May 14/54), Canadian Ambassador to Secretary of State, May 7, 1954.

<sup>88</sup> Ibid.

<sup>89</sup> Ibid.

involvement. However, in doing so, there was a reluctant admission that consenting to negotiations would likely result in jettisoning the all-Canadian seaway.

Thus, the same day that the Dondero bill was passed in the House of Representatives, the Canadian prime minister stated in the House of Commons that his government remained willing to discuss any specific proposal the U.S. wished to put forward, once an entity was designated and authorized to proceed with construction of the U.S. share of the power works, and provided that the resulting discussions did not delay either the power or seaway project.<sup>90</sup> But this was done rather grudgingly, and the American embassy in Ottawa reported that:

The response of Government officials was unexcited and unenthusiastic. Most would prefer a Canadian seaway, but they seemed prepared to accept a joint seaway if the United States offer was speedy. The emphasis was on no delay. The press headlined the Congressional action. Montreal and Toronto papers bewailed the probable passing of their “all-Canadian dream”.<sup>91</sup>

The White House was starting to see that Canada was not as enthusiastic as had been assumed about a joint waterway, as a little over a week later U.S. Secretary of State Dulles wrote that: “[o]pinion in the Canadian Government is hotly divided on the issue of joint construction of the seaway, as against an all-Canadian seaway. C.D. Howe and Chevrier are leaders of the ‘all-Canadian’ sentiment and they are supported by a significant group in the Government, in Parliament, and in the Canadian Press.”<sup>92</sup> Since Ottawa had not voiced official or private objections to the Wiley bill, despite having ample opportunities since the previous year to have done so, it seemed best to Dulles “to

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<sup>90</sup> LAC, RG 25, file 1268-D-40, pt 28, vol. 6348, St. Lawrence Project: General Correspondence (April 9/54-May 14/54), Note: PM’s remarks in the House of Commons, May 6, 1954.

<sup>91</sup> NARA II, RG 59, file 611.42321-SL/5-1354, Box 2802, Despatch No. 996, Ottawa Embassy to Department of State: Canadian Reaction to United States House Action of Joint St. Lawrence Seaway Bill, May 13, 1954.

<sup>92</sup> NARA II, RG 59, file 611.42321-SL/5-1754, Box 2802, White House Memorandum (Dulles): Negotiations with the Canadian Government on the St. Lawrence Seaway, May 17, 1954.

continue to assume that the new legislation is in principle acceptable to the Canadian Government.”<sup>93</sup>

Heeney reported that, to his chagrin, American newspapers assumed that Canada was going to cooperate and very few reminded their readers that an agreement still needed to be made with Canada,<sup>94</sup> and the Canadian embassy employed different avenues to disabuse U.S. public opinion of the notion that the Wiley bill was the last obstacle to a seaway agreement.<sup>95</sup> Heeney repeated his previous arguments that – although “from the earliest times the St. Lawrence has been considered an essentially Canadian river” and the U.S. would be perceived by Canadians as a “Johnny-come-lately” to the enterprise and “buying in cheap” – Canada’s only real option was to enter into negotiations.<sup>96</sup>

Due to the cabinet directive against discussing the navigation side of the St. Lawrence project with the State Department, External Affairs was unsure what diplomatic course Washington would pursue in the wake of the passage of the U.S. St. Lawrence legislation.<sup>97</sup> The Eisenhower administration did not plan to submit any proposal until appeals to the United States Supreme Court had been disposed of and until they had established the St. Lawrence Seaway Development Corporation, which was created by the Wiley-Dondero legislation to oversee construction of the American

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<sup>93</sup> Ibid.

<sup>94</sup> LAC, RG 25, file 1268-D-40, pt 29, vol. 6348, St. Lawrence Project: General Correspondence (May 17/54-June 10/54), Canadian Ambassador to Secretary of State: St. Lawrence Seaway: United States participation, May 19, 1954.

<sup>95</sup> LAC, RG 25, file 1268-D-40, pt 30.1, vol. 6349, St. Lawrence Project: General Correspondence (June 7/54-June 30/54), Canadian Ambassador to Secretary of State, June 22, 1954.

<sup>96</sup> LAC, RG 25, file 1268-D-40, pt 29, vol. 6348, St. Lawrence Project: General Correspondence (May 17/54-June 10/54), Canadian Ambassador to Secretary of State: St. Lawrence Seaway: United States participation, May 19, 1954.

<sup>97</sup> This directive was apparently lifted some time in June or July.

elements of the St. Lawrence seaway.<sup>98</sup> This gap gave Canada additional time to debate its response, and although considerable governmental sentiment continued to persist in favour of Canada building its own seaway, it was apparent that St. Laurent's 6 May statement committed Ottawa to at least entertaining a U.S. proposal.

At the end of May, the U.S. Solicitor-General continued his cooperation in removing obstacles to the power development by submitting a brief to the U.S. Supreme Court in opposition to the petition for a writ of *certiorari* concerning the PASNY license. The solicitor-general's efforts proved successful as, in the first week of June, the court denied the request to review the case, which meant that the appeals to the PASNY license had seemingly ended. However, there was one complication: applicants could within two weeks after rejection of the application apply for a re-hearing. Thus, as the Court was rising for the summer the very day it denied the request, there would still be a possibility of an application for re-hearing within the two weeks after the Court resumed in September. United States authorities asserted that this was only a technicality and that they were prepared to go ahead with negotiations on the seaway project at an early date.<sup>99</sup> To this end, the State Department had decided to simultaneously transmit to Canada a formal proposal to join in the St. Lawrence undertaking,<sup>100</sup> which was done as a diplomatic note on 7 June.<sup>101</sup>

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<sup>98</sup> Dulles recommended that the President appoint forthwith the Administrator for the St. Lawrence Seaway Development Corporation. NARA II, RG 59, file 611.42321-SL/5-1754, Box 2802, White House Memorandum (Dulles): Negotiations with the Canadian Government on the St. Lawrence Seaway, May 17, 1954.

<sup>99</sup> NARA II, RG 59, file 611.42321-SL/6-754, Box 2802, Memorandum from Bliss to Horsey, June 7, 1954; June 7, 1954 – Memorandum for Mr. Wershof. St. Lawrence Seaway Project

<sup>100</sup> NARA II, RG 59, file 611.42321-SL/6-354, Box 2802, Memorandum from Raynor to Merchant: Note to Canadians on St. Lawrence Seaway, June 3, 1954.

<sup>101</sup> NARA II, RG 59, file 611.42321-SL/6-754, Box 2802, Memorandum from Bliss to Horsey, June 7, 1954.

However, the U.S. proposal consisted simply of a short note, with the Wiley bill attached, announcing the passage of the Wiley act and the creation of the St. Lawrence Development Corporation, “which, under certain conditions is authorized and directed to construct in the United States territory a portion of the St. Lawrence Seaway” and do so substantially in accordance with the 1941 agreement.<sup>102</sup> It quickly became apparent in Ottawa that this did not constitute the requested “specific proposal.”<sup>103</sup> A particularly perturbing aspect was that the Wiley bill, and thus the U.S. note, called for unilateral American construction of the works in the International Rapids section of the St. Lawrence, despite the fact that the only existing arrangement that had actually been agreed upon by both countries, the 30 June 1952 exchange of notes, had involved Canadian development in the IRS, while the unratified 1932 and 1941 agreements were for joint development of the IRS.

The St. Lawrence interdepartmental committee met on 11 June to debate the Canadian response. McNaughton and McKay repeated their arguments for an all-Canadian seaway, but the committee was generally of the opinion that Canada was at the very least committed to entering into discussions, although it could still decide in favour of a unilateral seaway during negotiations. Part of the motivation for this view seemed to stem from the recognition that, because there still existed a two-week period in which the Supreme Court could be asked for a re-hearing on the PASNY license, if Canada did not appear reasonable there might be additional delay on the power issue.

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<sup>102</sup> “Exchange of Notes Between the United States and Canada, June 7 and 16, 1954,” *St. Lawrence Seaway Manual: A Compilation of Documents on the Great Lakes Project and Correlated Power Development* (Washington: U.S. Government Printing Office, 1955), 168-170.

<sup>103</sup> LAC, RG 25, file 1268-D-40, pt 30.1, vol. 6349, St. Lawrence Project: General Correspondence (June 7/54-June 30/54), Memorandum, St. Lawrence Seaway: United States Participation, June 9, 1954.

Interdepartmental committee discussions also revealed a sentiment that had been circulating for several months and which called for entering into negotiations with the United States in order to provoke a breakdown or ensure futile discussions so that Canada could then claim that it had no choice but to build alone.<sup>104</sup> This approach was termed “productive disagreement.”<sup>105</sup> The counter-argument was that there was no conceivable situation whereby the terms of the Wiley bill (which had been partially modeled upon the Canadian St. Lawrence Seaway Authority Act in order to provide compatibility) would be so unacceptable from the Canadian point of view that Canada would be obliged to go ahead with an all-Canadian seaway.<sup>106</sup> Moreover, this line of argumentation continued, although Canada could break off talks if the results proved to be unacceptable, they could not in good faith enter into these discussions with the aim of disrupting them.<sup>107</sup>

The cabinet met on 14 June and generally affirmed the interdepartmental committee’s recommendations of replying that the Canadian government did not accept the note as a specific proposal, but assumed that it indicated the U.S. intention of preparing a specific proposal and that Canada would be prepared to consider this provided it occasioned no delay.<sup>108</sup> Pearson conveyed this to the State Department,<sup>109</sup>

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<sup>104</sup> LAC, RG 25, file: St. Lawrence Seaway 1952-54, Department of External Affairs Minute on the St. Lawrence Project, vol. 3175, Memorandum for the Ambassador, May 10, 1954.

<sup>105</sup> LAC, RG 25, file: St. Lawrence Seaway 1952-54, Department of External Affairs Minute on the St. Lawrence Project, vol. 3175, DEA Minute on St. Lawrence Seaway, July 20, 1954.

<sup>106</sup> LAC, RG 25, file 1268-D-40, pt 29, vol. 6348, St. Lawrence Project: General Correspondence (May 17/54-June 10/54), Canadian Ambassador to Sec of State. St. Lawrence Seaway: United States participation, May 19, 1954.

<sup>107</sup> LAC, RG 25, file 1268-D-40, pt 29, vol. 6348, St. Lawrence Project: General Correspondence (May 17/54-June 10/54), MacKay to Heeney, May 25, 1954.

<sup>108</sup> LAC, RG 25, file 1268-D-40, pt 29, vol. 6348, St. Lawrence Project: General Correspondence (May 17/54-June 10/54), Meeting of the Interdepartmental Committee on the St. Lawrence Project (June 11, 1954), June 15, 1954.

which found the Canadian reply surprising and “none too encouraging” as the U.S. government had considered the Wiley bill to be an adequate proposal, despite previous Canadian statements, but nonetheless believed that “it is the best we can expect at this stage and that it offers a sufficient basis for going ahead” and thus agreed to government-to-government negotiations.<sup>110</sup>

The first round of talks was scheduled for 5-6 July 1954 in Ottawa with the purpose of preparing an agenda for an ensuing intergovernmental meeting. Beforehand, the St. Lawrence Seaway Authority Act was brought into force, and Lionel Chevrier appointed as president of the eponymous agency. Canadian officials affirmed that they had to enter negotiations in good faith, but should under no circumstances give up rights to Canadian canals in the future. From the perspective of both countries, the purpose of these Ottawa meetings was to feel each other out. The American side included the Deputy Secretary of Defense, the Ambassador to Canada, the Assistant Secretary of State, FPC members, and other State Department officials, while the Canadian contingent was led by the Minister of Transport, the Clerk of the Privy Council, and a number of other important mandarins.

Both sides were pleased with the general tone that pervaded the talks. A U.S. report, for example, stated that: “[i]t was the friendly, generous attitude on the part of the Canadian chairman in presenting the Canadian points of concern first which made it possible for the discussion to get under way so easily, and this attitude was a clear

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<sup>109</sup> NARA II, RG 59, file 611.42321-SL/6-1554, Box 2802, Despatch No. 1107, Ottawa Embassy, St. Lawrence Seaway, June 15, 1954.

<sup>110</sup> NARA II, RG 59, file 611.42321-SL/6-1954, Box 2802, Memorandum from Merchant to Robert B. Anderson (Dep. Sec. of Defense), June 19, 1954; NARA II, RG 59, file 611.42321-SL/6-2254, Box 2802, Memorandum from Phleger to Merchant: St. Lawrence Seaway – New Arrangements with Canadian Government, June 22, 1954.

indication that the Canadians had no obstructionist intentions.”<sup>111</sup> Nevertheless, it quickly became apparent that the stated Canadian desires could not easily be met; though the Americans realized the equity of the Canadians requests, they were unwilling to seek the legislation that would be required, since the Wiley bill provided neither the authority nor the funds for compensating Canada.<sup>112</sup> The United States was authorized, under the Wiley bill, to spend up to \$105 million on navigation works, and thus it would be impossible – except through tolls – to compensate Canada the \$15 million for common works.<sup>113</sup> Nor would there be compensation for the 14-foot canals, and the United States was displeased that Canada was considering continuing these canals since they could serve as competition for the anticipated American navigation works.<sup>114</sup> The Americans also stressed the prestige that the Eisenhower administration attached to the Wiley bill, which was of considerable importance with American mid-term elections scheduled for November 1954.

A few days later, DEA official Max Werhof advised that the Canadian government “should understand and accept the fact (unfair as it may be) that asking the United States to go back to Congress [to change the Wiley bill] is like asking them to go to the moon.”<sup>115</sup> Just as the Wiley bill tied the hands of U.S. negotiators, so too were the Canadians constrained by worries about the impact on public opinion of appearing to

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<sup>111</sup> NARA II, RG 59, file 611.42321-SL/7-954, Box 2802, Despatch No. 24, Ottawa Embassy, St. Lawrence Seaway Discussions, Ottawa (July 5-6), July 9, 1954.

<sup>112</sup> LexisNexis, Confidential Files of the Eisenhower White House: Minutes and Documents of the Cabinet Meetings of President Eisenhower (1953-1961), Reel 2 (Microfilm), Cabinet Meetings, 0069, July 16, 1954.

<sup>113</sup> NARA II, RG 59, file 611.42321-SL/7-954, Box 2802, Despatch No. 24, Ottawa Embassy, St. Lawrence Seaway Discussions, Ottawa (July 5-6), July 9, 1954.

<sup>114</sup> LAC, RG 2, Cabinet Conclusions, July 6, 1954.

<sup>115</sup> LAC, RG 25, 1268-D-40, pt 31.2, vol. 6349, St. Lawrence Project: General Correspondence (July 1/54-July 20/54), Memorandum for Mr. MacKay: St. Lawrence Seaway, July 10, 1954.

bow to American pressure.<sup>116</sup> To the consternation of the Americans, the Canadians were considering constructing the preparatory works for a future 27-foot canal in place of the 14-foot canals (as this would be cheaper before the flooding from the power dam) and were thus unwilling to guarantee that they would not, at a later date, duplicate the American navigation works. Parenthetically, a question that dated back a number of years had again been raised in both countries, particularly the United States: whether the locks and canals should be deeper than 27 feet.<sup>117</sup>

Moving to the transit of Canadian vessels, Canada hoped that it would be able to use the American canals on terms no more onerous or restrictive than was granted to American vessels, but for security, immigration, and customs reasons the United States contingent doubted that this could be achieved since the required clauses might be unconstitutional. Nor could the U.S. give any assurances about favourable treatment of third-party shipping coming to or from Canadian ports, which was extremely important because of Canada's reliance on foreign shipping and commerce.<sup>118</sup>

Although General McNaughton was not a part of the official Canadian delegation, he nevertheless played an important role, meeting informally with American

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<sup>116</sup> There are explicit and repeated statements to this effect. For example: "...we consider it essential to take on a small share of the work in the International Rapids Section, and the Iroquois canal and lock is in our view the only appropriate share. Our decision to forego building the principal navigation works in the International Rapids Section will be more acceptable to Canadian opinion if Canada build the minor works at Iroquois." LAC, RG 25, 1268-D-40, pt 33.2, vol. 6349, St. Lawrence Project: General Correspondence (Aug. 3/54-Aug 14/54), Notes for Mr. Pearson, St. Lawrence Seaway Meeting – Iroquois Canal, August 12, 1954.

<sup>117</sup> LAC, RG 25, 1268-D-40, pt 35, vol. 6350, St. Lawrence Project: General File (Aug. 26/54-Sep. 30/54), Department of Transport, Special Project Branch: St. Lawrence Seaway, Estimates of Costs, August 6, 1954; NARA II, file 611.42321-SL/4-205, RG 59, Box 2795, Memorandum: Administration's Position Regarding Channel and Sill Depths of Uncompleted Portions of St. Lawrence Seaway, April 20, 1950.

<sup>118</sup> LAC, RG 25, 1268-D-40, pt 35, vol. 6350, St. Lawrence Project: General File (Aug. 26/54-Sep. 30/54), Department of Transport, Special Project Branch: St. Lawrence Seaway, Estimates of Costs, August 6, 1954; NARA II, file 611.42321-SL/4-205, RG 59, Box 2795, Memorandum: Administration's Position Regarding Channel and Sill Depths of Uncompleted Portions of St. Lawrence Seaway, April 20, 1950.

Deputy Secretary of Defense Robert Anderson.<sup>119</sup> McNaughton emphasized the difficulties, due to Canadian public opinion, that might ensue if the Americans stuck to too rigid an interpretation of the Wiley act.<sup>120</sup> The general said that

the addition of the Seaway features by Canada to the St. Lawrence power projects was now a matter which was universally approved by public opinion in Canada. There was not a dissenting voice in Parliament. There was acceptance in all the Provinces, even in Quebec, where the differences were superficial only. It would be a great disappointment to Canadians if the plans were to be changed by the United States taking over construction on the United States side in the International Section.<sup>121</sup>

McNaughton emphasized that “there was not the least likelihood that Canada would accept the rigid prescription of the Wiley Act nor give the kind of assurances which it seemed the Congress had implied would be demanded,” and warned Anderson that unless Canada was given the freedom and flexibility to build on its side, there would be strong repercussions, including the potential breakdown of the joint negotiations.<sup>122</sup> Furthermore, he hinted that Canada would be more disposed to an agreement if the U.S. met the current Canadian demands on the \$15 million for common works and the 14-foot canals. While there is no evidence that McNaughton had been authorized to speak in such a manner by cabinet, it is probable that this approach had been taken in collusion with Howe, Chevrier, or the interdepartmental committee. At any rate, McNaughton’s

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<sup>119</sup> John Swettenham also gives an account of the McNaughton-Anderson talks: John Swettenham, *McNaughton, Vol. 3: 1944-1966* (Toronto: Ryerson Press, 1969), 227-228.

<sup>120</sup> LAC, RG 25, 1268-D-40, pt 31.2, vol. 6349, St. Lawrence Project: General Correspondence (July 1/54-July 20/54), Memorandum of McNaughton’s talk with the Deputy Secretary of Defence Robert T. Anderson on 6 July 1954, July 7, 1954.

<sup>121</sup> *Ibid.*

<sup>122</sup> *Ibid.*

intervention evidently played a part in convincing the U.S. government that Canada was not going to back down.<sup>123</sup>

Support for a strong Canadian position also emanated from the embassy in Washington. In response to the news that the United States could not guarantee free right of passage to Canadian ships in U.S. locks, but expected Canada to rely on the good faith and sense of the U.S. government and people, Ambassador Heeney retorted that in retaliation the U.S. should not be allowed to control transportation facilities in Canada related to natural gas, and this stance might cause the U.S. to compromise on Canadian requirements in the intergovernmental discussions, and motivate the White House to bring pressure to bear on the FPC.<sup>124</sup> It does not appear, however, that this threat was put into effect. Nevertheless, the suggestion of linkage is noteworthy, and is indicative of the importance that the Canadian government attached to the St. Lawrence project, given that a number of prominent students of Canada-U.S. relations during the first decades of the Cold War have concluded that the relationship was marked by the absence of coercive linkages.<sup>125</sup>

After the intergovernmental meetings, the St. Lawrence interdepartmental committee reviewed the advantages and disadvantages of both a Canadian and a joint waterway. There appeared to be many disadvantages stemming from the latter, including the recent assertion by Canadian engineers that construction would be cheaper on the

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<sup>123</sup> LexisNexis, Confidential Files of the Eisenhower White House: Minutes and Documents of the Cabinet Meetings of President Eisenhower (1953-1961), Reel 2 (Microfilm), Cabinet Meetings, 0069, July 16, 1954.

<sup>124</sup> LAC, RG 25, 1268-D-40, pt 31.1, vol. 6349, St. Lawrence Project: General Correspondence (July 1/54-July 20/54), Canadian Ambassador to Secretary of State, re: Natural gas: FPC opinion No. 271, July 9, 1954.

<sup>125</sup> The most prominent include John Holmes and Brian Bow. See Holmes, *Life With Uncle*, 55; Brian Bow, *The Politics of Linkage: Power, Interdependence, and Ideas in Canada-US Relations*, (Vancouver: UBC Press, 2009), 3.

Canadian side; still, both countries claimed that costs would be lower on their side of the river.<sup>126</sup> Indeed, from an engineering, economic, and navigation perspective the committee deemed it better for Canada to go it alone, as indicated by a list in the cabinet conclusions of the disadvantages of a joint seaway:

a) Canada could not be sure of full protection of Canadian and foreign shipping destined to Canadian ports in the Great Lakes; b) Some additional expenditure (which may be greater or lesser depending on the nature of the works undertaken) would be required to ensure continued access by water to the various industries, some of which are rather important, along the existing Cornwall canal; c) Canada would be losing a transport facility of considerable value which would provide important employment opportunities to Canadian labour; d) In the International Rapids Section future industrial expansion would likely be attracted to the United States where seaway navigation facilities were available rather than in Canada where such facilities were not to be had; e) Less efficient administration is only to be expected if the St. Lawrence Seaway is to be subject to two rather than to one national authority; f) In view of developments since the Fall of 1951, a majority of Canadian public opinion might react unfavourably if the so-called “all-Canadian” seaway was now not brought to fruition.<sup>127</sup>

Moreover, Ottawa certainly had ample grounds for arguing that the Americans had not presented the requisite “specific” proposal, that the negotiations would delay the power project, and that Canada therefore could by all rights proceed by itself.

Conversely, the committee contended that there was really only one advantage to a joint project, aside of having the U.S. absorb a portion of the cost: harmonious Canada-U.S. relations. However, this was the determining factor for the St. Laurent cabinet, which therefore continued to believe that a “productive disagreement” approach

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<sup>126</sup> Canadian estimates pegged the cost of building the Iroquois works on the Canadian side at 20% less than on the American side (LAC, RG 25, 1268-D-40, pt 31.1, vol. 6349, St. Lawrence Project: General Correspondence (July 1/54-July 20/54), Draft Memorandum for Cabinet: St. Lawrence Seaway, U.S. Proposal for participation in construction and operation; report on meetings of Canadian and U.S. officials held on July 5 and 6, July 9, 1954). However, a 21 July 1954 memorandum indicates that the estimates had been revised, and it would cost about the same to build on either side of the border (LAC, RG 25, 1268-D-40, pt 32, vol. 6349, St. Lawrence Project: General Correspondence (July 21/54-July 31/54) Memorandum to Paul Pelletier, re: 27-foot canal around Iroquois Control Dam, July 21, 1954).

<sup>127</sup> LAC, RG 2, Cabinet Conclusions, July 6, 1954.

should not be followed.<sup>128</sup> Furthermore, the cabinet believed that it had the upper hand in terms of bargaining position since the Wiley bill required assurances that Canada would build the connecting parts of the seaway outside the IRS,<sup>129</sup> and identified different means of exacting compensation for the issues on which the United States could not meet Canadian requests. In particular, the St. Laurent government looked at the possibility of building the navigation works in the IRS at Iroquois Point on the Canadian side, even though the Wiley bill called for construction by the United States on the American side of the river at Point Rockaway.

The next round of bilateral discussion were set for the second week of August, but in order to clarify some of the outstanding legal issues, Canadian and American officials met in Washington on 23 July 1954. However, the results were fairly discouraging for both governments. No agreement was forthcoming on the rights of Canadian vessels in the future American canals. There was concurrence that Article 1 of the 1909 Boundary Waters Treaty guaranteed freedom of navigation on a non-discriminatory basis to Canadian vessels in canals mentioned in the Wiley bill, but when the Canadians pushed for a treaty, contending that non-discrimination was not enough, the American side replied that this would be unconstitutional, nor could the United States in any case sign a treaty because it would amount to a surrender of U.S. sovereignty.<sup>130</sup> The United States government was prepared, however, to consult with Canada before any new legislation or regulations were enacted that might have an effect

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<sup>128</sup> Ibid.

<sup>129</sup> For example see: LAC, RG 25, file 1268-D-40, pt 28, vol. 6348, St. Lawrence Project: General Correspondence (April 9/54-May 14/54), Memorandum from American Division to Acting Under-Secretary: St. Lawrence Project, May 12, 1954.

<sup>130</sup> LAC, RG 25, file 1268-D-40, pt 32, vol. 6349, St. Lawrence Project: General Correspondence (July 21/54-July 31/54), Memorandum: St. Lawrence Seaway, Draft Report of Discussion Between United States-Canadian Legal Officers, July 26, 1954.

on Canadian shipping. Regarding third-party shipping, the same constitutional and sovereignty issues obtained, but it was agreed that treaties of commerce of friendship with other countries applied to seaway ports.<sup>131</sup> There was also some question of whether the International Joint Commission would need to re-approve any changes to its previous order authorizing the all-Canadian seaway and the power project, but this was later decided in the negative.<sup>132</sup> No meeting of minds was forthcoming on the tolls issue, as Canada continued to fear that if it agreed to joint tolls, they would be geared to American preferences. The United States delegation then attempted to scare the Canadians by threatening that Canada could not build an all-Canadian seaway without the concurrence of the United States; moreover, a U.S. official directly noted that Congress could at any time terminate the license issued to PASNY.<sup>133</sup> This threat would not go unheeded.

It was apparent in the wake of the legal discussions that there was virtually no chance of Canada obtaining a treaty on Canadian and foreign shipping in U.S. canals.<sup>134</sup> This led to another round of discussion within the Canadian government about whether it was worth breaking off or undermining the negotiations and proceeding alone with a deep waterway. A consensus was beginning to form around the idea of building the

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<sup>131</sup> Ibid.

<sup>132</sup> In addition to the delays IJC approval could entail, a Department of External Affairs official wrote that "... it is not in Canada's long term interest to allow any "back-door" recognition of the IJC's in-existent jurisdiction over navigation works ... any "precedent" now created would be held against Canada when Canada decided to build on Canadian territory in the future." LAC, RG 25, file 1268-D-40, pt 32, vol. 6349, St. Lawrence Project: General Correspondence (July 21/54-July 31/54), Memorandum (Cote to Werhof), July 29, 1954.

<sup>133</sup> LAC, RG 25, file 1268-D-40, pt 32, vol. 6349, St. Lawrence Project: General Correspondence (July 21/54-July 31/54), Memorandum: St. Lawrence Seaway, Draft Report of Discussion Between United States-Canadian Legal Officers, July 26, 1954.

<sup>134</sup> LAC, RG 25, file 1268-D-40, pt 32, vol. 6349, St. Lawrence Project: General Correspondence (July 21/54-July 31/54), Memorandum for Dr. MacKay, re: St. Lawrence Seaway; treaty to ensure navigation rights, July 22, 1954.

navigation works at Iroquois, and reserving the right to build 27-foot canals and locks at Barnhart Island as indemnification, even though American officials had proven unreceptive to this plan. As a result, the cabinet resolved that Canada could build at Iroquois first, which would hopefully result in the Americans accepting this as a *fait accompli*.<sup>135</sup>

In the remaining time before the next intergovernmental meetings, scheduled for 12-13 August 1954, External Affairs and the interdepartmental committee on the St. Lawrence produced a number of drafts concerning negotiating instructions for the Canadian participants.<sup>136</sup> Construction at Iroquois remained the preferred method to compensate for the apparent U.S. inability to meet Canada's demands, as the tolls from the Iroquois lock would offset the \$15 million Canada would have to pay for dredging and not receiving a guarantee of equal treatment for shipping in American navigation works. Putting the lock at Iroquois Point would also partially appease the Canadian public's desire for an all-Canadian project, which exerted a strong influence on the St. Laurent government's approach to the negotiations, as well as lower the cost of completing such a project in the future.<sup>137</sup> On 28 July 1954, the St. Laurent cabinet affirmed that Canada should construct the Iroquois works.<sup>138</sup> Regarding 14-foot navigation in the vicinity of Barnhart Island, several different scenarios were under

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<sup>135</sup> LAC, RG 2, Cabinet Conclusions, July 28, 1954.

<sup>136</sup> LAC, RG 25, file 1268-D-40, pt 32, vol. 6349, St. Lawrence Project: General Correspondence (July 21/54-July 31/54), Draft Memorandum of Instructions to the Canadian Negotiators, July 29, 1954; LAC, RG 25, file 1268-D-40, pt 33, vol. 6349, St. Lawrence Project: General Correspondence (Aug. 3/54-Aug. 14/54), Draft Memorandum of Instructions to the Canadian Negotiators, August 4, 1954; LAC, RG 25, file 1268-D-40, pt 33.2, vol. 6349, St. Lawrence Project: General Correspondence (Aug. 3/54-Aug. 14/54), Draft Memorandum of Instructions to the Canadian Negotiators, August 9, 1954.

<sup>137</sup> LAC, RG 25, file 1268-D-40, pt 33.2, vol. 6349, St. Lawrence Project: General Correspondence (Aug. 3/54-Aug. 14/54), Notes for Mr. Pearson: St. Lawrence Seaway Meeting – Iroquois Canal, August 12, 1954.

<sup>138</sup> LAC, RG 25, file 1268-D-40, pt 33.2, vol. 6349, St. Lawrence Project: General Correspondence (Aug. 3/54-Aug. 14/54), Pelletier to St. Laurent (at St. Patrick), August 5, 1954.

consideration, a number of which involved different levels of preparatory works for a future 27-foot Canadian canals and locks.<sup>139</sup>

The day before the negotiations began, the cabinet approved the final negotiating instructions. In essence, the St. Laurent government had decided to refrain from building a purely Canadian seaway, at least for the time being, and would attempt to come to a joint seaway agreement in line with the Wiley act. However, the cabinet resolved that, if the United States could not meet the most important Canadian requests, particularly those relating to navigation rights and the \$15 million contribution toward channel excavations, the Canadian government would construct the canal and lock at Iroquois in Canadian territory, and would fix tolls on Canadian navigation works at a level sufficient to amortize not only the capital outlay of these works but also the \$15 million contribution towards channel excavations in the International Rapids section.<sup>140</sup> Moreover, if the works at Barnhart were going to be constructed by the United States, then Canada would continue 14-foot canals, and make preparations for 27-foot Canadian navigation works at Cornwall, which were together estimated at a cost of between \$13 to \$20 million.<sup>141</sup>

The United States needed Canada's consent for the terms of the Wiley bill to construct all the canals and locks in the International Rapids section, as well as assurances that Canada would install the remaining seaway links, and therefore potentially had the most to lose since, if negotiations failed, Canada could – at least

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<sup>139</sup> LAC, RG 25, file 1268-D-40, pt 33, vol. 6349, St. Lawrence Project: General Correspondence (Aug. 3/54-Aug. 14/54), Draft Memorandum of Instructions to the Canadian Negotiators, August 4, 1954.

<sup>140</sup> LAC, RG 25, file 1268-D-40, pt 34.2, vol. 6350, St. Lawrence Seaway Project: General Correspondence (Aug. 16/54-Aug. 19/54), Summary: St. Lawrence Seaway Project, August 23, 1954.

<sup>141</sup> LAC, RG 25, file 1268-D-40, pt 33.2, vol. 6349, St. Lawrence Project: General Correspondence (Aug. 3/54-Aug. 14/54), Pelletier to St. Laurent (at St. Patrick), August 5, 1954.

theoretically – fall back on the all-Canadian seaway. Canada, however, was fully aware that, if it was perceived by Washington as not having made an honest attempt to come to an agreement, there would be serious repercussions and the power project could be interminably delayed. The power project remained the higher priority for Ottawa, and any thoughts of a solely Canadian waterway had to be tempered by the impact such a course might have on the future of the hydro-electric development.

Despite these fears, the PASNY license was still in effect and, although the future of the waterway remained to be determined, on 10 August 1954 there were ceremonies at Cornwall and Massena to mark the beginning of construction on the Ontario-New York hydro-electric development. The intergovernmental meetings to continue the seaway discussions on 12 and 13 August were slated for Ottawa, although they ended up extending to 14 August. The chairman of the Canadian delegation was Secretary of State for External Affairs Pearson, and he was joined by other ministers such as Howe and Chevrier, along with an impressive team of Canadian officials. The American contingent was again led by Deputy Secretary of Defense Anderson, and contained other high-ranking American officials.

The object of these meetings, which would prove decisive for the ultimate form of the seaway, was to find a mutually acceptable formula for modifying the existing international arrangements, the June 1952 Canada-U.S. exchange of notes and IJC applications, which specified that Canada would build all navigation elements in the St. Lawrence seaway. Aside of the overarching question of whether the seaway would be jointly built, the points of contention between the two federal governments were basically the same as in their July meetings: regulations and conditions of navigation for Canadian and third-party shipping in canals and locks to be constructed on the United

States side of the International Rapids section; the continuation of 14-foot navigation on the Canadian side and compensation to Canada for the destruction of its existing 14-foot facilities; and the \$15 million payment which was to be made to the power entities for channel dredging beneficial to both power and navigation.

Discussions moved rapidly during the 12 August morning session, with both countries reiterating their previous positions. Anderson indicated that the U.S. could perhaps, over the long term, repay Canada the \$15 million dredging expenditure out of tolls.<sup>142</sup> However, this was only a possibility, plus in this scenario the tolls would need to be joint, which ran counter to the Canadian preference of unilateral tolls.<sup>143</sup> Turning to 14-foot navigation, Howe explained that there had been a canal on the Canadian side of the International Rapids section for the last century, that industry had been built around it, and that the 1941 St. Lawrence agreement and the 1951 Canada-Ontario agreement provided for the maintenance of a 14-foot canal. As matters stood, Ontario would probably have to pay \$15 million to reimburse the federal government for the loss of these older canals.<sup>144</sup> Anderson replied that the United States was cognizant of this problem, but that the United States could not go beyond its legislation. After further inconclusive talks, they agreed to return to the matter at a later point.

Pearson opened the discussion of navigation rights for Canadian vessels by stressing their importance, proffering a draft navigation treaty, and declaring that “[i]f this were granted it would be infinitely easier to get Canadian public opinion fully to

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<sup>142</sup> LAC, RG 25, file 1268-D-40, pt 34.2, vol. 6350, St. Lawrence Project: General Correspondence (Aug. 16/54-Aug. 19/54), Memorandum from American Division: St. Lawrence Seaway Talks August 12 and 13, August 20, 1954.

<sup>143</sup> Ibid.

<sup>144</sup> Ibid.

support this project.”<sup>145</sup> The Americans appreciated Canadian apprehensions on this score, but had serious doubts as to whether the U.S. could enter into “an inflexible treaty whereby the power of Congress to legislate would be circumscribed,” and even if Congress could be moved to approve such a treaty, it was unlikely to be constitutional.<sup>146</sup> Canadian officials continued to stress their desire for a guarantee of Canadian, and third-party, navigation rights, but to no avail. Thus, Pearson read out what the United States side termed as the Canadian “haymaker”<sup>147</sup>: an aide-memoire in which Canada informed the U.S. that it would modify the exchange of notes of 30 June 1952 by building all the navigation works from Lake Erie to Montreal with the exception of the two locks in the vicinity of Barnhart Island, meaning that Canada would build the lock at Iroquois.<sup>148</sup>

The aide-memoire had been prepared with the expectation that the United States would be unable to meet the key Canadian demands. As Pearson explained, Canadian control of Iroquois would put the St. Laurent government in a better position to assuage Canadian public opinion, build an all-Canadian seaway in the future, and absorb the costs of channel enlargements and the replacement cost of 14-foot navigation.<sup>149</sup> C.D. Howe was more blunt, stating that “[w]e have come to the conclusion that this is what we can get away with politically.”<sup>150</sup> American officials were taken aback by this proposal, and initially declared that the aide-memoire was phrased in language clearly

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<sup>145</sup> Ibid.

<sup>146</sup> Ibid.

<sup>147</sup> NARA II, RG 59, 611.42321-SL/8-1954, Box 2802, Despatch 122, Ottawa Embassy, St. Lawrence Seaway Discussions, Ottawa (August 1954), August 19, 1954.

<sup>148</sup> Ibid.

<sup>149</sup> Ibid.

<sup>150</sup> Ibid.

directed at Canadian public opinion, and believed it to be “unsuitable in an intergovernmental exchange.”<sup>151</sup>

Breaking for lunch, the American contingent huddled together to decide on their next move. They agreed that Canada had the right to build at Iroquois, as did the United States.<sup>152</sup> The U.S. returned to the table in the afternoon with some suggested modifications, and the two groups began to use the aide-memoire as the basis for an agreement. Canada mused hopefully about whether the United States could refrain from building at Iroquois, and when the U.S. expressed doubts and questioned the seriousness of Canada’s intentions there, Howe sharply affirmed that his government intended to immediately build at Iroquois.<sup>153</sup> During the lunch break, a small group of American and Canadian members had also conferred to produce a “draft consultation clause” which was to substitute for a navigation rights treaty, and both sides found it generally agreeable during the afternoon discussions.<sup>154</sup> Canada agreed to provide the assurances required by the Wiley bill – to build the remaining seaway works outside of the IRS as nearly as concurrently as possible with the power project – although the method for doing so would be worked out in the future.

As a result of the Canadian haymaker, by the end of the first day, most of the substantive issues had been agreed upon, or at least declared, and an agreement for a joint seaway had largely been hammered out: the United States would participate in the seaway but would not go beyond the strictures of the Wiley legislation, while Canada

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<sup>151</sup> Ibid.

<sup>152</sup> Ibid.

<sup>153</sup> LAC, RG 25, file 1268-D-40, pt 34.2, vol. 6350, St. Lawrence Project: General Correspondence (Aug. 16/54-Aug. 19/54), Memorandum from American Division: St. Lawrence Seaway Talks August 12 and 13, August 20, 1954.

<sup>154</sup> Ibid.

had indicated its resolve to build at Iroquois and take steps for a future Canadian deep-draught waterway. It had already been agreed that this new St. Lawrence accord would be contained in an exchange of notes, and during the evening of 12 August the Canadian delegation gave the U.S. a note based on this new understanding. The talks continued the next day on the basis of the Canadian draft note. Although progress was made in the afternoon of 13 August on reconciling draft notes from both sides, it was apparent that an exchange of notes would take more time to settle. Hence, the American contingent left three members in Ottawa in order to jointly hash out the specific language with their Canadian counterparts. This took several days, with the notes formally exchanged on 17 August.

In the exchange of notes, both sides recognized the rights of the other to duplicate facilities within its territory in the IRS, but agreed to appraise each other in advance. Promises of consultation were also exchanged regarding any changes to third-party shipping within each country's respective navigation installations, and it was understood that both countries would endeavour to avoid placing unreasonable restrictions on the transit of passengers, shipping, or trade in the IRS. However, Canada also reserved the right to install 14-foot navigation in the future, but promised to notify the U.S. if tolls were instituted on future 14-foot navigation, although this consultation

did not extend to the actual levels of the tolls.<sup>155</sup> The U.S. reply simply noted Canada's intentions regarding Iroquois, 14-foot canals, and a potential all-Canadian seaway.<sup>156</sup>

On 18 August the two countries also made available press releases announcing their concurrence. They had originally agreed to keep quiet publicly until they had conducted an exchange of notes. But due to speculation from Canadian correspondents about what had transpired in the meetings, Pearson held a small press conference on 14 August, though this did not succeed in quelling the speculation.<sup>157</sup> The Canadian government had agreed to downplay its intentions regarding Iroquois and a future all-Canadian seaway in its diplomatic note to the American government, but this was predicated on being more forthright in the press release.<sup>158</sup> Consequently Pearson's public emphasis on Canada's resolve to build at Iroquois and reserve the right to a future Canadian waterway caused consternation on the American side.<sup>159</sup>

The 18 August Canadian press release was meant for Canadian public consumption and the St. Laurent government therefore used it to elaborate on their intentions.<sup>160</sup> Canada expressly hoped that the U.S. would not proceed with all of the navigation works called for by the Wiley bill, meaning Iroquois. Moreover, it clearly

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<sup>155</sup> R.R. Baxter, ed., *Documents on the St. Lawrence Seaway*, "Exchange of Notes Between Canada and the United States of America, Modifying the Exchange of Notes of June 30, 1952. Concerning the Construction of the St. Lawrence Seaway. Signed at Ottawa, August 17, 1954. No. X-214," (London: Stevens & Sons Ltd., 1960).

<sup>156</sup> Baxter, "Exchange of Notes Between Canada and the United States of America, Modifying the Exchange of Notes of June 30, 1952. Concerning the Construction of the St. Lawrence Seaway. Signed at Ottawa, August 17, 1954. No. X-214."

<sup>157</sup> NARA II, RG 59, Box 2802, Letter from George S. Vest to William L. Wight, Jr., August 14, 1954.

<sup>158</sup> LAC, RG 25, file 1268-D-40, pt 34, vol. 6349, St. Lawrence Project: General Correspondence (Aug. 16/54-Aug. 19/54), Secretary of State to Canadian Ambassador, August 18, 1954.

<sup>159</sup> NARA II, RG 59, 611.42321-SL/8-1954, Box 2802, Despatch 122, Ottawa Embassy, St. Lawrence Seaway Discussions, Ottawa (August 1954), August 19, 1954.

<sup>160</sup> LAC, RG 25, file 1268-D-40, pt 34, vol. 6349, St. Lawrence Project: General Correspondence (Aug. 16/54-Aug. 19/54), Memorandum: St. Lawrence Seaway, August 18, 1954.

stated that Canada intended to construct parallel works near Barnhart when conditions warranted, thereby creating an all-Canadian seaway.<sup>161</sup>

Although Pearson indicated during a subsequent press conference that Canada was still undecided about the future of 14-foot navigation, his comments put a positive spin on the joint waterway by stressing that Canada would be spending three times as much as the United States, exhibiting some condescension that Canada as a good neighbor had “agreed” to let the United States take part in the project and also considerable self-satisfaction that Ottawa had “wisely” held on to the long-term prospect of an all-Canadian seaway.<sup>162</sup>

Thus, Canada and the United States had, after years of false starts and failed hopes, finally agreed upon a method for constructing the seaway. This bilateral seaway agreement was the culmination of efforts stretching back several decades, but it was equally shaped by the events of the previous year. A seaway agreement had proven too contentious for a treaty in 1932 and an executive agreement in 1941, and Canada and the United States had thus resorted in 1954 to an exchange of notes to cement their concurrence.

This less binding form was partly the result of the failure to ratify the previous attempts, but also reflected that Canada and the United States were really agreeing to construct two separate systems which were intended to work together. No deep-draught vessel would be able transit through the International Rapids section without using the locks from either country, but the locks would nevertheless technically remain under

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<sup>161</sup> LAC, RG 25, file 1268-D-40, pt 34, vol. 6349, St. Lawrence Project: General Correspondence (Aug. 16/54-Aug. 19/54), Press Release No. 50, August 18, 1954.

<sup>162</sup> NARA II, RG 84, U.S. Embassy, Ottawa – Classified and Unclassified General Records, 1938-1963, Despatch 140, Canadian Reaction to the St. Lawrence Seaway Agreement, August 27, 1954.

separate national control. The seaway proper would cover the distance from Montreal to Lake Erie – Canada would control the canals and four locks in Quebec and the one lock at Iroquois, and the Welland Canal, while the U.S. would build two locks at Barnhart Island.<sup>163</sup> For the navigation works, Canada would pay \$336.5 million and the U.S. \$133.8 million, for a total cost of \$470.3 million; including the cost of the power phase and other parts, the bill for the entire project was over \$1 billion. The anticipated St. Lawrence seaway would also work in conjunction with other navigation works in the wider Great Lakes-St. Lawrence system, which primarily consisted of the upper Great Lakes and locks such as those in the vicinity of Sault Ste. Marie.

Canadians had hoped that the seaway would be constructed solely within their country's territory in 1954, rather than potentially in the future, but the commencement of the joint project, after half a century of prevarications, was at least a noteworthy consolation prize. General McNaughton – who, through his meetings with Deputy Secretary of Defense Anderson in July 1954, appears to have been instrumental in convincing the United States that Canada was not bluffing – crowed that “we have come out of the discussions ... without having conceded a single point which is vital and not possible of correction at our own instance at appropriate times of our own devising.”<sup>164</sup> However, given McNaughton's determination to keep the seaway exclusively in Canadian hands, this statement was likely the result of his trying to put a positive spin on a less than satisfactory outcome.

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<sup>163</sup> The Canadian government had previously entered into talks with Quebec about building a hydro-electric development at Lachine concurrently with the construction of the navigation works. Premier Maurice Duplessis had remained non-committal and, in October 1954, the federal government decided to go ahead with the navigation works without a decision from Quebec on the power works.

<sup>164</sup> Swettenham, 231.

Moreover, press criticism of the Canadian negotiating results were apparent even before the two governments had finalized their agreement with the exchange of notes, and the St. Laurent government was inundated with letters critical of Canada's allowance of American involvement.<sup>165</sup> For example, according to the *Globe and Mail*:

...this is no partnership that has been arranged at Ottawa. The agreement reached at last week's talks makes us not even junior partners of the Americans, but their humble servants, their grateful apprentices. Canada provides all the facilities which will make the American seaway effective. And in providing them, Canada takes upon herself the greater part of the total expenditure. We pay the piper; they call the tune.

Why has Canada backed down like this? Why did it not tell the Americans that the terms they offered were totally unacceptable? We are informed that this is an election year in the U.S., and the Eisenhower Administration needs to take credit for getting the seaway started. What business is that of ours? We are informed that U.S. participation on the present basis will save Canada some \$100 million. Is that the price we have put on our national pride? ... After all the fine words that were spoken, after all the high hopes that were aroused, our leaders have emulated Esau, and sold the nation's birthright for a mess of pottage.<sup>166</sup>

Overall it is clear that disappointment was the prevailing mood, particularly in central Canada, although this seems to have been tempered by some realization that the reality of the Canadian-American relationship dictated that the project would be a cooperative one, and that the agreement was in many ways a reasonable outcome. Over time, press and public opinion seemed to move toward acceptance of the joint project and the view that the federal government had stood its ground in negotiations. For example, the editors of the *Ottawa Journal* opined in October 1954 that:

Practically, having right regard for Canada's interests, there never was a chance for an all-Canadian seaway – not certainly unless Canada abandoned the hope of

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<sup>165</sup> LAC, RG 25, file 1268-D-40, pt 34.2, vol. 6350, St. Lawrence Seaway Project: General Correspondence (Aug. 16/54-Aug. 19/54), Pearson to Marler, August 27, 1954; LAC, RG 25, file 1268-D-40, pt 36.2, vol. 6350, St. Lawrence Seaway Project: General File (Aug. 26/54-Sep. 30/54), Address by the Rt. Hon. Louis S. St-Laurent on the Celebration of the Tenth Anniversary of Le Syndicat des Journalistes de Langue Francaise de Montreal (October 23, 1954), October 23, 1954.

<sup>166</sup> LAC, RG 25, 1268-D-40, pt 34, vol. 6349, St. Lawrence Seaway Project: General Correspondence (Aug. 16/54-Aug. 19/54), *Globe and Mail* editorial, "A Mess of Pottage," August 16, 1954.

getting power, which she needed more urgently than the seaway. The idea that we could just go ahead and build the seaway on our own, telling the White House and the Congress to go take a jump into the Potomac, was plain idiocy.<sup>167</sup>

Moreover, as the reality of a cooperative enterprise set in, there was excitement that the project was at long last coming to fruition.

Although the public opinion backlash was not as severe as anticipated,<sup>168</sup> the idea of an all-Canadian seaway had nonetheless seized the public imagination. DEA officials therefore wrote several memoranda rationalizing the reasons for which Canada was embarking on a joint project.<sup>169</sup> As to why Canada had not started much earlier to build the navigation works in its own territory, and thereby presented the U.S. with a *fait accompli* before the Wiley act was put into law:

The simple answer is that Canada could not commence any 27-foot navigation works in the International Rapids Section until it was certain that the power dams would be built. The dams are essential to the seaway. ... There were sound practical reasons for the Canadian Government's decision to delay – for a period which may prove to be short – the building of parallel works in Canada. There was also another reason. Canada and the United States are good friends and neighbors, bound together in peace and war in a multitude of great projects. Although there are often differences of opinion, even disputes between us, it is the deep desire of the peoples and governments of both countries, regardless of party affiliation, to try to settle common problems by consultation and agreement, rather than by unilateral competing decisions. Once the people and Congress of the United States resolved to participate in the seaway by building works in the international section, a Canadian design to “go our own way” and to build now the Barnhart works in Canada without any regard to the decision of the United States, however late in the day that decision may have been taken, would have been a blow to good relations, and would therefore have done damages to Canada's broad national interests.<sup>170</sup>

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<sup>167</sup> Editorial, “Call it ‘a bad deal?’” *Ottawa Journal*, October 26, 1954.

<sup>168</sup> NARA II, RG 84, U.S. Embassy, Ottawa – Classified and Unclassified General Records, 1938-1963, Despatch 140, Canadian Reaction to the St. Lawrence Seaway Agreement, August 27, 1954.

<sup>169</sup> LAC, RG 25, file 1268-D-40, pt 34.2, vol. 6350, St. Lawrence Seaway Project: General Correspondence (Aug. 16/54-Aug. 19/54), Draft reply to persons and organizations urging the Government to construct the St. Lawrence Seaway entirely in Canada, August 24, 1954.

<sup>170</sup> “Appendix B. Memorandum on St. Lawrence Seaway by Department of External Affairs, August 26, 1954,” *St. Lawrence Seaway Manual*, 201-2.

While this quotation stresses the unique nature of the Canadian-American relationship as the reason for Canadian accommodation of American preferences regarding a joint waterway, if Canada had proceeded alone, it would have entailed repercussions for the country's broad national interests. In a speech in the United States two weeks after the August 1954 St. Lawrence accord, Pearson too made reference to the abandonment of an all-Canadian seaway as being in the "national interest."<sup>171</sup> Reading between the lines, it is clear that these officials viewed the national interest as above all maintaining good relations with Washington, which was threatened by a Canadian attempt to build its own seaway in the face of American opposition. Another departmental memorandum, although couched in the language of the special bilateral relationship, was more straightforward:

The two countries are not in the habit of settling their common problems by unilateral separate action, but by consultation and agreement; and the St. Lawrence Seaway should not be an exception to this rule. Having sought United States participation in the Seaway for so many years, it would surely have been a serious affront to the Congress and people of the United States had Canada proceeded with construction of a so-called "all-Canadian" Seaway after the United States Congress passed, and the President signed, the Wiley Act. Such an affront would surely have caused long-run damage to our national interest; we are intimately bound not only by tradition but by so many day-to-day and practical circumstances, to the destinies of our powerful and friendly neighbor.<sup>172</sup>

Indeed, the relationship that the two countries shared in the early Cold War certainly played a role in the manner and method in which the St. Lawrence matter was settled, and in the wake of the joint agreement, there were numerous statements across the border about the long tradition of friendly and co-operative Canadian-American

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<sup>171</sup> LAC, RG 25, file 1268-D-40, pt 35, vol. 6350, St. Lawrence Seaway Project: General Correspondence (Aug. 26/54-Sep. 30/54), Extract From an Address Entitled "Canada and the United States; Our Area of Economic Co-operation," delivered by the Honourable L.B. Pearson, Secretary of State for External Affairs, at the University of Rochester, Rochester, N.Y. (September 2, 1954), September 2, 1954.

<sup>172</sup> LAC, RG 25, file 1268-D-40, pt 34.2, vol. 6350, St. Lawrence Project: General Correspondence (Aug. 16/54-Aug. 19/54), Draft Memorandum on St. Lawrence Seaway, August 25, 1954.

relations that settled disputes by consultation and agreement. But Canada had been willing to go it alone, and would have done so if not for the insistence by successive American administrations that the U.S. should have an equal controlling interest in the seaway. In the end, the St. Laurent government had consented to American involvement chiefly because of the possible and likely negative ramifications for the Canadian-American relationship.

## CHAPTER 7

### EPILOGUE

Construction on the St. Lawrence Seaway and Power Project started almost as soon as the proverbial ink had dried on the Canadian-American executive agreement for joint construction. Although sod-breaking ceremonies had taken place at Cornwall and Massena on 10 August 1954, it took a few more months for the serious work to begin, as Canada awarded its first contract in October of that year, and the U.S. did the same in January 1955. It would prove to be the largest construction project in Canadian history, the largest transborder construction project ever, and one of the greatest engineering achievements of the twentieth century.

Even though Canada and the United States had agreed on the broad contours of the Seaway and Power Project in their 1954 agreement, it quickly became apparent that there would be an endless supply of modifications and additions which required further negotiations at different governmental levels. Because of the bilateral and transborder nature of the undertaking, multiple levels of government entities were involved in the project: the International Joint Commission (IJC), the two federal governments, provincial and state governments (Ontario, Quebec, New York), the Hydro-Electric Power Commission of Ontario (HEPCO), the Power Authority of the State of New York (PASNY), several joint engineering and supervisory boards (St. Lawrence River Joint Board of Engineers, International St. Lawrence River Board of Control, International Lake Ontario Board of Engineers), the U.S. Army Corps of Engineers, and the two national bodies set up to administer the navigation and hydro-power project, the Canadian St. Lawrence Seaway Authority and American St. Lawrence Development Corporation.

The project cost more than \$1 billion: \$470.3 million (U.S. dollars) split between Canada (\$336.5 million) and the United States (\$133.8 million) for the navigation aspects, and Ontario and New York each spent \$300 million on the hydro works. Over the course of the construction, a number of bilateral issues still needed to be resolved. This included toll levels, which after extensive negotiations, were settled upon just before the seaway was officially opened in March 1959.<sup>1</sup> Although tolls were supposed to be reexamined in 1964, because of bilateral disagreements about rates the tolls remained the same until 1978.

In the months following August 1954, Canada and the United States continued to talk about the Iroquois lock, as both countries retained the right to construct navigation works there. However, internal U.S. records dating from the August 1954 meetings indicate that American officials, including the namesake of the Wiley bill, were already willing to give up construction of the Iroquois canal and lock.<sup>2</sup> The two sides arrived at a verbal *quid pro quo* in late 1954 whereby the United States would refrain from building at Iroquois so long as Canada refrained from doing the same at Barnhart, and this was cemented with an exchange of letters in February 1955.<sup>3</sup> Although this agreement militated against Canada eventually constructing an all-Canadian seaway, it had

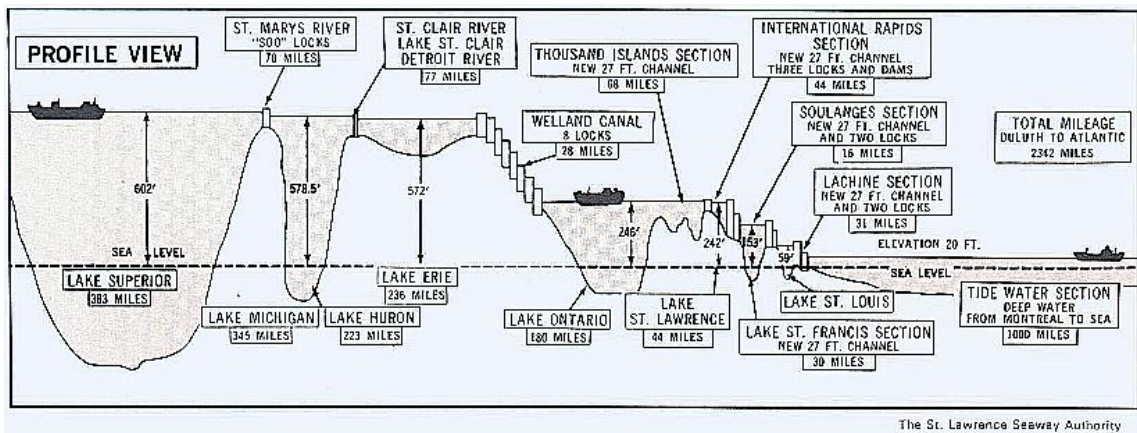
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<sup>1</sup> It was decided in March 1959 that the tolls for the seaway sections between Montreal and Lake Erie would be divided as follows: 71% to Canada, 29% to the United States. See: "Exchange of Notes between Canada and the United States of American concerning the Application of Tolls on the St. Lawrence Seaway, signed at Ottawa, March 9, 1959," in R.R. Baxter, ed., *Documents on the St. Lawrence Seaway* (New York: Frederick A. Praeger, 1961), 74-81.

<sup>2</sup> For example: NARA II, RG 84, U.S. Embassy, Ottawa, Classified General Records, 1950-1961, box 8, Memorandum for the Files: St. Lawrence Waterway Negotiations (by James C. M. Bonbright), August 16, 1954.

<sup>3</sup> LAC, RG 25, 1268-D-40, pt 37.2, vol. 6350, St. Lawrence Seaway Project: General File (Aug. 26/54-Sep. 30/54), Memorandum for Mr. Skelton: St. Lawrence-Niagara Development, Division of Costs Between Canada and Ontario, December 4, 1954.

nonetheless reserved the right to do so, and many Canadian officials were, at the time, confident that it would soon become a reality.<sup>4</sup>



7. Cross-section of Great Lake-St. Lawrence Seaway System © St. Lawrence Seaway Authority. Used with permission.



8. Great Lakes-St. Lawrence Seaway system © Steven Fick/Canadian Geographic. Used with permission.

<sup>4</sup> “Appendix B. Memorandum on St. Lawrence Seaway by Department of External Affairs, August 26, 1954,” *St. Lawrence Seaway Manual*, U.S. Senate Document No. 165, 1955, 201-2.

For the construction period, Canada and the United States also agreed to create a sort of delimited zone across the border in which each country could freely bring in men, supplies, and equipment free of custom duties and taxes.<sup>5</sup> Other bilateral issues during the construction period included discussions of whether the seaway locks should be enlarged from the agreed upon dimensions – 80-foot width, 800-foot length, and 30-foot depth – to a width of 100 feet, a length of 900 feet, and a depth of 32 feet. American shipping interests and the U.S. Navy Department pushed for this increase, but Canada resisted because of the higher cost, estimated to be several hundred million dollars, and the complications that would stem from a need to change the Canadian St. Lawrence legislation.<sup>6</sup>

Another question centered on the location of the bridge for the New York Central railway line, which was eventually abandoned and subsequently replaced by a high-level international traffic bridge at Cornwall Island.<sup>7</sup> Perhaps the most problematic issue turned out to be the issue of dredging in the south channel off Cornwall Island. The United States wanted to perform this work to aid navigation through the Wiley-Dondero ship channel, but Canada contended that this would affect conditions in Canadian waters, and threaten the future of Canada duplicating navigation works at Cornwall. Ottawa was mainly motivated by political considerations, and the issue was taken to the IJC, where the Canadian position was upheld. The two sides did manage to come to a compromise whereby Canada would be responsible for a large excavation cut along the

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<sup>5</sup> William Willoughby, *The St. Lawrence Waterway: A Study in Politics and Diplomacy* (Madison, WS: University of Wisconsin Press, 1961), 268.

<sup>6</sup> *Ibid.*, 267.

<sup>7</sup> William H. Becker, *From the Atlantic to the Great Lakes: A History of the U.S. Army Corps of Engineers and the St. Lawrence Seaway* (Washington: U.S. Army Corps of Engineers), 56.

southern shore of Cornwall Island.<sup>8</sup> Also, further attempts by the Canadian government to convince Premier Duplessis of Quebec to cooperatively build a hydro-electricity development at Lachine in conjunction with the navigation works at Montreal were unsuccessful.<sup>9</sup>

The St. Lawrence was a complex and highly integrated navigation, power, and water-control project.<sup>10</sup> The construction of the deep waterway had an enormous visual and sensory impact on the St. Lawrence basin.<sup>11</sup> It required a massive manipulation of the river and its environs. In excess of 210 million cubic yards of earth and rock – more than twice that of the Suez Canal – were moved through extensive digging, cutting, blasting, and drilling, using a litany of specialized equipment and enormous machines.<sup>12</sup> Approximately 110 kilometres of channels and locks were built and others rerouted, while many kilometres of cofferdams and dykes were required.

Under the supervision of the St. Lawrence Seaway Development Corporation, the Army Corps of Engineers was designated to handle construction of the navigation works for the United States. The Corps was responsible for dredging in the Thousand Islands section and the Wiley-Dondero ship canal containing the Robinson Bay and Grass River locks (the names were changed to the Eisenhower and Snell locks, respectively, before the project was completed). The Canadian project manager was the

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<sup>8</sup> Ibid, 100.

<sup>9</sup> Willoughby, 266-67.

<sup>10</sup> Ibid, 48.

<sup>11</sup> For studies of the construction, see Passfield, Parham, Stagg, Becker, and Willoughby. Passfield and Becker provide the best overview of the technical and engineering aspect, Willoughby and Stagg cover the political, while Parham focuses on the social and cultural aspect. Claire Parham, *The St. Lawrence Seaway and Power Project: An Oral History of the Greatest Construction Show on Earth* (Syracuse, NY: Syracuse University Press, 2009); Ronald Stagg, *The Golden Dream: A History of the St. Lawrence Seaway at Fifty* (Toronto: Dundurn Press, 2010).

<sup>12</sup> 197 million cubic yards of material were excavated and dredged while 6.5 million yards of concrete were poured. Passfield, 47.

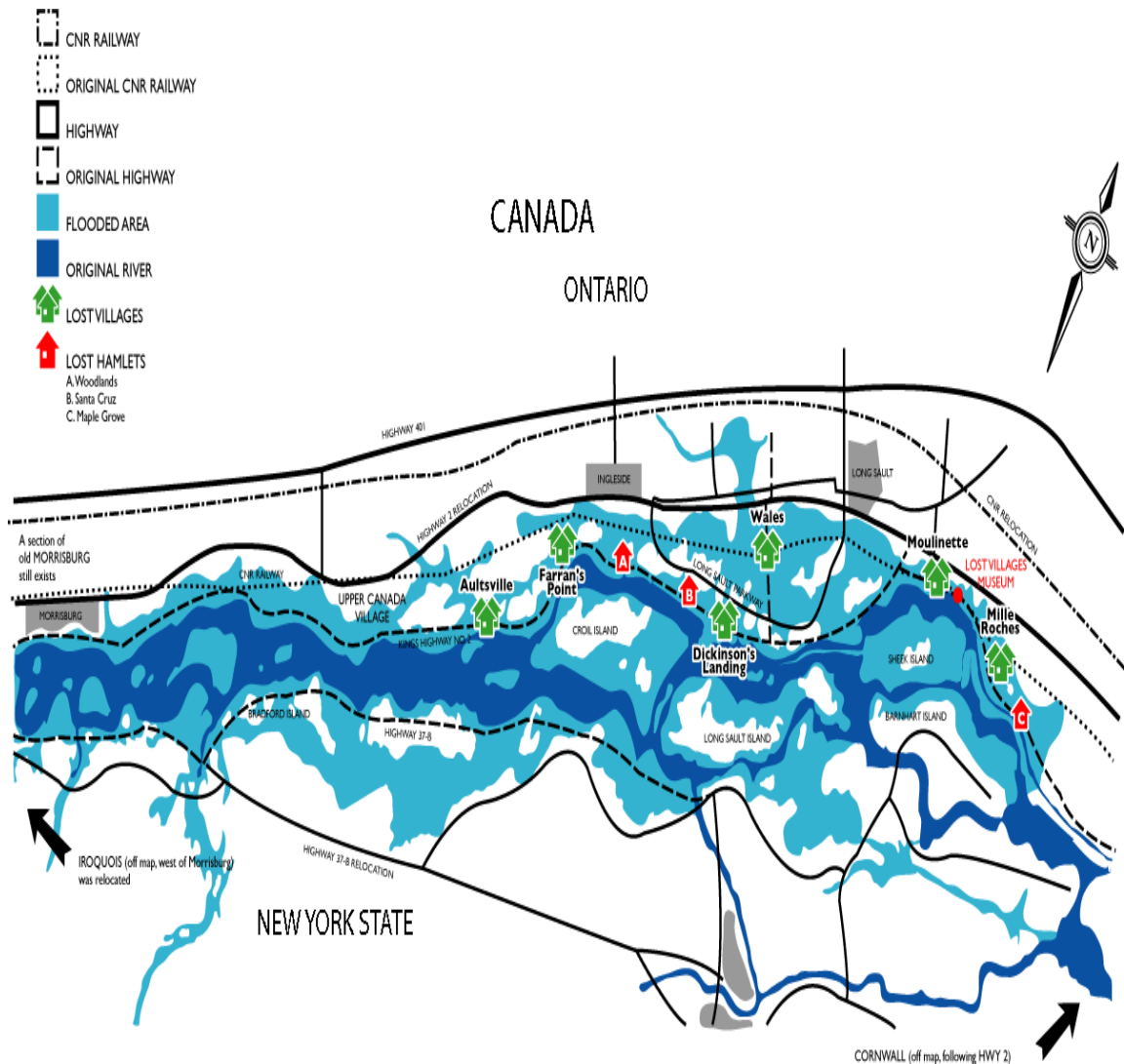
St. Lawrence Seaway Authority, which had incorporated the body previously responsible for the navigation aspects of the St. Lawrence project, the Special Projects Branch of the Department of Transport. Its responsibilities included deepening the Welland Canal, part of the Thousand Islands, and other sections, to 27 feet, in addition to building the Iroquois lock and canal, two locks beside the Beauharnois power works, and two locks and a long canal in the Lachine section. HEPCO and PASNY were responsible for the hydro installations. Much of the construction on both sides of the border was contracted out to private companies, and all work was overseen by the bilateral Joint Board of Engineers.

Given its magnitude, the completion of the project on schedule was an amazing feat. Dubbed the “greatest construction show on earth,”<sup>13</sup> the St. Lawrence required three new dams: the Moses-Saunders powerhouse, the Long Sault spillway dam, and the Iroquois control dam. The latter regulated water levels on Lake Ontario and the portion of the St. Lawrence River to the west of Iroquois, while the Long Sault dam helped control the water levels at the eastern end of the newly-created Lake St. Lawrence in conjunction with the power dam. The Moses-Saunders powerhouse, a gravity power dam with 32 turbine/generator units, was a bilateral project with the Canadian and American halves meeting in the middle. As a result of the dams, the raised water level formed Lake St. Lawrence, which inundated some 22,000 acres of land on the Canadian side alone between Cornwall and Iroquois, along with another 18,000 acres on the American shore. On both sides of the border, numerous roads, bridges, railroad tracks,

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<sup>13</sup> Used as Parham’s subtitle, which she attributes to M.W. Oettershagen, deputy administrator of the Seaway Development Corporation in 1959. Parham, xxiii.

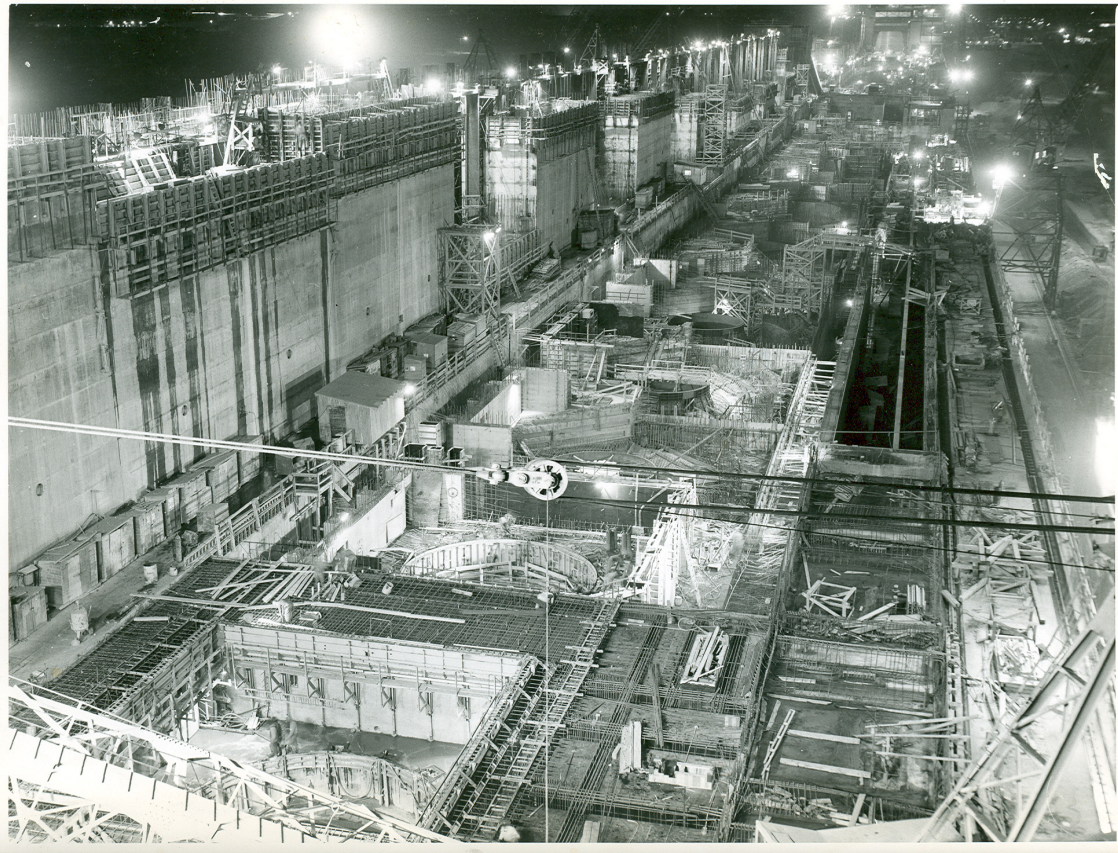
and power lines needed to be relocated due to the flooding, while traffic tunnels were constructed under the Beauharnois and Eisenhower locks.



**9. Map of the flooded area and the Lost Villages © Lost Villages Historical Society. Used with permission**

Between Montreal and Cornwall there were seven bridges crossing the St. Lawrence which needed to have 120-foot clearance, and providing this required a number of engineering breakthroughs. In Montreal, the Jacques Cartier bridge was

raised through an innovative jacking system, and the Victoria bridge was given a Y-configuration splitting the bridge with two vertical lift spans on each side of the St. Lambert lock. The Lachine section of construction, where the Jacques Cartier and Victoria bridges were located, was entirely in Canadian territory. It was the most expensive of the different navigation sections, which also included the International Rapids and Thousands Island sections. It featured a 30-kilometre channel on the south shore of the river from Montreal to Lake St. Louis, with the Laprairie dyke running the whole length of this channel to separate it from the river. Two locks, the St. Lambert and Cote Ste. Catherine, were built into this channel, with the former across from the Montreal Harbour and the latter at the foot of the Lachine Rapids.



**10. Construction on Moses-Saunders Power Dam © Stormont, Dundas, and Glengarry Historical Society. Used with permission.**

In order to construct the power dam, the area of the river in the International Rapids section had been dried out through extensive cofferdamming, and on 1 July 1958, some 20,000 people gathered for “Inundation Day” to witness the creation of Lake St. Lawrence. After the removal of the upstream cofferdams, water started to flow into the dewatered stretches of the river, eventually creating a lake that at its widest stretched over 6 kilometres across. In conjunction, what is considered the largest rehabilitation project in Canadian history – moving the towns, people, and infrastructure that would be under water – had been started in the previous years.<sup>14</sup>

On the Canadian side of the IRS, 225 farms, seven villages and three hamlets (often referred to as the Lost Villages), part of an eighth village, 18 cemeteries, around 1000 cottages, and over 100 kilometres of the main east-west highway and main line railway were relocated.<sup>15</sup> So as not to create navigation and other difficulties in the new lake, *everything* had to be moved, razed, or flattened, including trees and cemeteries.<sup>16</sup> HEPCO was responsible for this work and compensating those who were relocated, which required an enormous logistical and public relations effort. A number of people chose to transport their houses via special vehicles to the new communities created west of Cornwall and further north of the St. Lawrence to house the displaced residents: Ingleside, Long Sault, and New Iroquois.

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<sup>14</sup> Heather M. Cox, Brendan G. DeMelle, Glenn R. Harris, Christopher P. Lee, and Laura K. Montondo, “Drowning Voices and Drowning Shoreline: A Riverside View of the Social and Ecological Impacts of the St. Lawrence Seaway and Power Project,” *Rural History* 10 2 (1999), 239.

<sup>15</sup> Stagg, 169.

<sup>16</sup> While this razing was undoubtedly a pragmatic consideration, Tina Loo argues that a key aspect of modernity was a rejection of the past which is symbolized by the removal of buildings and infrastructure in areas to be flooded as part of hydro-electric projects. The relocation of buildings and resettlement and consolidation of communities was also part of the Arrow Lakes project. Tina Loo, “People in the Way: Modernity, Environment, and Society on the Arrow Lakes,” *BC Studies* 142/143 (Summer/Autumn 2004), 177-180.

While the project constructed in the 1950s was similar in many respects to that envisioned in the engineering plans of the early 1920s, there were important differences. Besides the shift from a dual-stage to a single-stage dam, and changes to the navigation route near Montreal, in the Soulanges section, and at parts of the International Rapids section, the Wooten-Bowden report had, in its scale and comprehension, been an early effort in high modernist engineering, while the 1940s and 1950s versions of the project reveal a high modernist confidence in full bloom.

Since the 1920s, and particularly after the Second World War, the confidence of the “hydraulic bureaucracies” on both sides of the border in their ability to control and manipulate the riverine environment had grown enormously. The fourth Welland Canal had been built over the span of almost twenty years (1913-1931), with construction actually taking place in thirteen of those years, and construction plans for the St. Lawrence project in the 1930s and early 1940s anticipated taking up to a decade. As of 1951, Canadian engineers were predicting it would take close to seven years to complete, but in the next few years they progressively started whittling down the expected time of the building phase.<sup>17</sup> Envisioned by 1954 as a five-year project, an accelerated construction schedule was adopted and, as a result, power came on-line in 1958 and the whole project was completed in the first half of 1959. Thus it had taken only four years to build a significantly larger and more complex project than what had been planned for in the previous decades and agreements. Ultimately, almost all of the

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<sup>17</sup> LAC, RG 2, W-10-1, vol. 1, Waterways: Water development, waterworks, projects. Etc., St. Lawrence Waterway & Power Project, (Jan-Aug. 31, 1951), Memorandum to Cabinet, Prepared by the Interdepartmental Committee on Great Lakes-St. Lawrence Development, Re: The All-Canadian Waterway, n.d. (July 1951).

actual work, besides dredging and bridge-building, was completed in a three-year time span, between 1955 and 1958.<sup>18</sup>

The perceived ability to master nature and order society extended to planning the model “modern” towns to replace the communities that would be flooded out by Lake St. Lawrence as a result of the power dam. High modernism was evident in the physical appearance of the key elements of the power project. The Moses-Saunders powerhouse (3,216 feet long and 195.5 feet high) was an obvious example, as the architecture of the dam emphasized its size, grandeur, and domination over the river.<sup>19</sup> As Tina Loo has demonstrated, resettlement was a key strategy in high modernist projects, for it allowed planners to take communities scattered along the riverfront and organize them in more rational and efficient ways (e.g. consolidating a number of small villages and hamlets into towns).<sup>20</sup>

Indeed, HEPCO designed the three relocated towns on the latest planning principles: new homes with basements, paved streets that looped around rather than following a grid pattern, modern sewers, water and hydro facilities, and sewage treatment plants.<sup>21</sup> Ontario Hydro boasted that it would create parkland that would exceed the scenic value of the pre-seaway era “in every way.”<sup>22</sup> The many farms would be made productive and useful in a modern sense by virtue of the conversion of their land into a power pool, which in turn would be used to generate the hydro-electricity

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<sup>18</sup> Robert W. Passfield, “The Construction of the St. Lawrence Seaway,” *Canal History and Technology Proceedings*, XXII (2003): 44.

<sup>19</sup> Theodore Steinberg, “‘That World’s Fair Feeling’: Control of Water in 20th Century America,” *Technology and Culture*, 34 (1993), 402.

<sup>20</sup> *Ibid.*, 170-172.

<sup>21</sup> Stagg, 217; Passfield, 219.

<sup>22</sup> “Hydro Parks Program for Seaway Valley – An Editorial in the Cornwall Daily Standard-Freeholder,” *Toronto Globe and Mail*, 20 November 1954, Editorial/Opinion page.

necessary for large-scale industrial production. By reorganizing spatial and physical environments planners aimed to “improve” the lives of residents by providing more efficient access to services, such as centralized strip malls, municipal buildings (schools, churches, post offices, etc.), and places of employment, which in turn would be linked to each other and integrated into the larger economy via improved transportation networks. All of this would simultaneously serve to simplify and control the political and economic structures of the community and region.

While the general consensus at the time seemed to be that living conditions were better in the new towns, others complained of the sterility, a decline in community spirit, and dislocation from the river they had known.<sup>23</sup> It seems that, due to the expected economic benefits of the St. Lawrence project, there was generally a tacit acceptance that relocating people was the price to be paid for progress.<sup>24</sup> However, there were certainly those who strongly resisted.<sup>25</sup> While there is debate about Ontario Hydro’s rehabilitation and relocation practices, one seaway worker recalled that the majority “don’t have much to complain about. Ontario Hydro rebuilt the roads, the churches, and the schools, and gave us new shopping centers. Many residents of the Lost Villages got new homes that were cheaper to maintain and more valuable than their old ones.”<sup>26</sup> However, others have argued that the flooding exacted a cost that cannot be measured in dollars and new houses. Joy Parr, for example, suggests that the local residents were not

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<sup>23</sup> Rosemary Rutley, *Voices From the Lost Villages* (Ingleside, ON: Old Crone Publishing, 1998); Anne-Marie L. Shields, *Lost Villages Found Communities: A Pictorial History of the St. Lawrence Seaway* (Cornwall, Astro Printing, 2004).

<sup>24</sup> Joy Parr writes that “the megaprojects could not have been effected at the pace or on the scale national military, economic development, and redistributive priorities then denominated if fully informed consent from the citizenry had been required” which is surely true; nevertheless, the lack of resistance from the affected populace is a striking aspect of the whole process, as Cox, DeMelles, Harris, Lee, and Montondo have found. Parr, 196; Cox et al, 235-257.

<sup>25</sup> Cox et al, 239.

<sup>26</sup> Parham, 68.

adequately consulted, and that there was an “unnatural homogeneity” about New Iroquois which undermined a sense of belonging and contributed to anomie.<sup>27</sup> The formation in 1977 of the Lost Villages Historical Society also speaks to a desire to commemorate and remember the communities lost to the flooding, although even this society’s website is generally supportive of the idea the Lost Villages were sacrificed in the name of “progress” and for the “common good.”<sup>28</sup>



**11. Artist’s Conception of the completed IRS. Ontario Power Generation/LAC C0-22732.**

The representation of the seaway in the Canadian imagination had been modified in the transition from Depression to World War to Cold War. The river had transitioned from wild and untamable – canals went *around* the rapids in previous decades and

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<sup>27</sup> Joy Parr, *Sensing Changes: Technologies, Environments, and the Everyday, 1953-2003* (Vancouver: UBC Press, 2009), 94.

<sup>28</sup> Lost Villages Historical Society, “Lost Villages,” [http://www.lostvillages.ca/en/html/lost\\_villages.html](http://www.lostvillages.ca/en/html/lost_villages.html), accessed: 6 September 2010.

centuries – to something that could be controlled and even removed, such as flooding out the rapids, converting the water power to hydro power, and turning a river into a lake. Nevertheless, although the project was completed on time and did feature a plethora of significant engineering accomplishments, there were a range of construction problems which often stemmed from faulty planning and lack of knowledge about specific and local conditions that could not be replicated on a model or predicted in an office. Moreover, these issues were exacerbated by the accelerated schedule for completion. Some of the chief problems were subsurface conditions such as difficult glacial till, sticky marine clay, and fault lines running under major works. As one worker later recalled, “a lot of it technically did not work out quite as nice[ly] as how they had planned it. Water and natural obstacles like soil and rocks can make the best laid plans and scientific data useless.”<sup>29</sup> Moreover, as Claire Parham’s oral history of the construction of the St. Lawrence project reveals, there was a good deal of trial-and-error, with many shortcuts and rushed jobs.<sup>30</sup>

The creation of Lake St. Lawrence allowed 14-foot navigation and the power dam to commence operations in late summer 1958. Despite some delays due to inclement weather and unprepared facilities, 27-foot navigation started on 26 April 1959. While it was perhaps fitting that the seaway dream was consummated, or at least commenced, by a Canadian prime minister who bore the very name of the sacred river, the Liberals were replaced by the Progressive Conservative government of John G. Diefenbaker in 1957. Thus, Diefenbaker was in office for the official opening of the

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<sup>29</sup> Parham, 40.

<sup>30</sup> The cement in the Eisenhower lock, for example, soon had to be replaced and constantly maintained. See Parham, “Construction Dilemmas.”

seaway, attended by Queen Elizabeth II and President Eisenhower and marked by great fanfare, on 26 June 1959. As part of this commemorative cruise, the Queen unveiled a stone at the international border bisecting the power dam. It bore the inscription: “This stone bears witness to the common purpose of two nations whose frontiers are the frontiers of friendship, whose ways are the ways of freedom, and whose works are the works of peace.”



**12. Aerial view of construction on Moses-Saunders Power Dam © Stormont, Dundas, and Glengarry Historical Society. Used with permission.**

In its first decades, the seaway fared relatively well, though short of the lofty expectations. The volume of cargo carried on its waters went from 20.6 million tons in 1959 to 51 million tons in 1970, and the best years were in the late 1970s when cargo

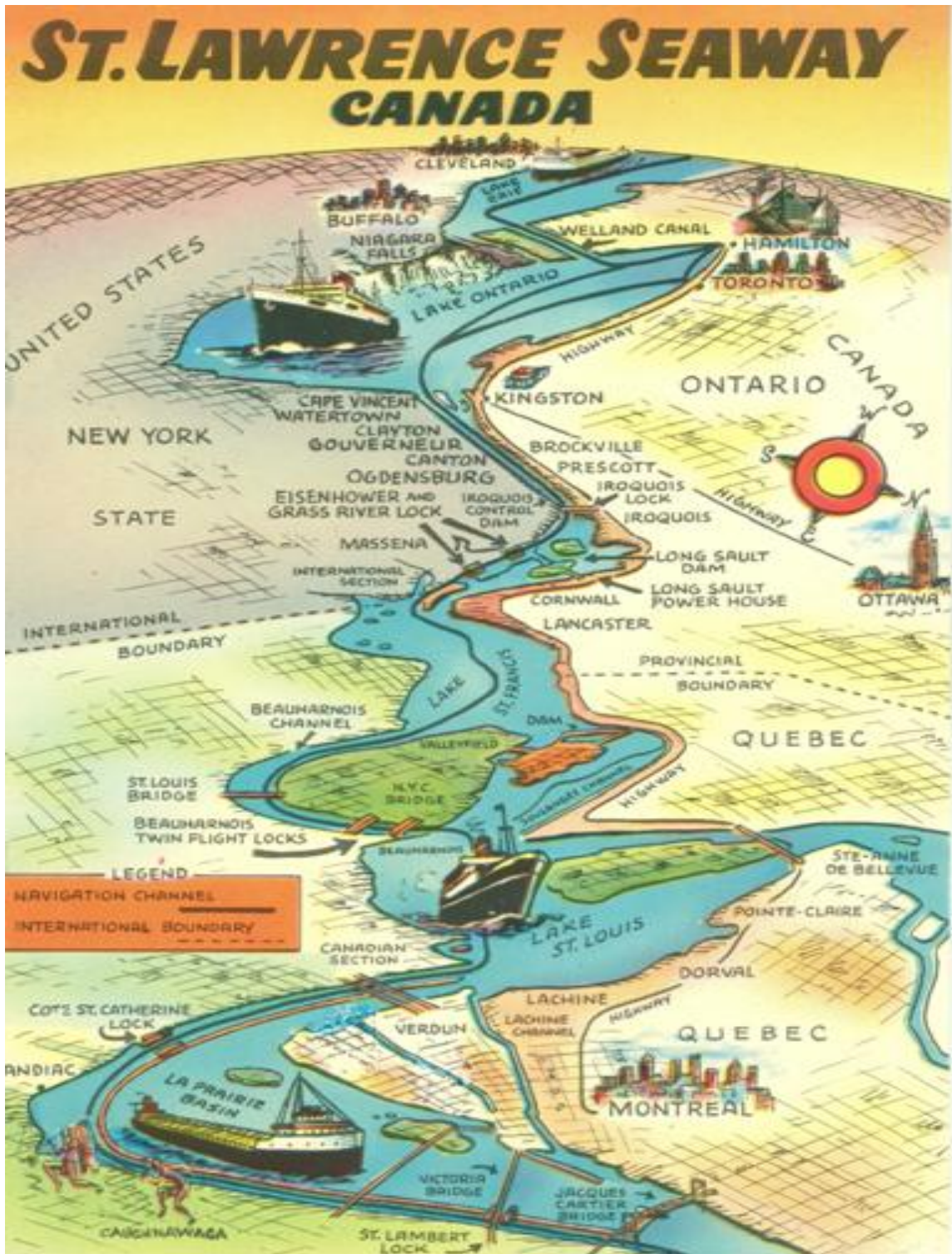
volumes reached 70 million tons.<sup>31</sup> Iron ore and grain immediately became the dominant commodities, combining for well over half of the total cargo shipped, a status they have maintained to the present. Other important cargoes included coal, petroleum products, and various manufactured goods. Nevertheless, seaway traffic was not enough to warrant the construction of the remaining links in the all-Canadian seaway at Cornwall, despite ambitious Canadian predictions and the construction of the preparatory works for a lock on the north side of the Moses-Saunders power dam. However, despite subsequent claims that the project was a federal government initiative foisted on Quebec, studies have shown that the seaway was in fact beneficial for that province's economic and port interests.<sup>32</sup>

The economic downturn of the 1980s hit the seaway hard, particularly the declining iron ore industry. The waterway has never fully recovered, today carrying about 60% of its capacity, and it never became self-amortizing. Those who predicted in the 1950s that the seaway would be of insufficient depth and proportion to handle future traffic were proven correct, as the rise of container shipping meant that the majority of trans-oceanic vessels could not fit in the locks and canals. In 1998, operational management of the Canadian portion was turned over to a not-for-profit corporation, the St. Lawrence Seaway Management Corporation, with the Government of Canada continuing to own the infrastructure and act as regulator. Today, the St. Lawrence Seaway Management Corporation oversees seaway operations in tandem with the American Saint Lawrence Seaway Development Corporation.

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<sup>31</sup> Daniel Macfarlane, "St. Lawrence Seaway," in Kathleen Brosnan, ed., *Encyclopedia of American Environmental History*, (New York: Facts on File, 2010).

<sup>32</sup> For example, see Gennifer Sussman, *Quebec and the St. Lawrence Seaway* (Montreal: C.D. Howe Institute, 1979), 30-2.



13. Postcard illustration of the St. Lawrence Seaway and Power Project. Used with the permission of Evelyn Yvonne Theriault, A Canadian Family Vintage Postcard Collection (<http://acanadianfamily.com>)

The seaway has had a decidedly mixed legacy and the impact on adjacent communities has been controversial. While there was some economic gain for settlements along the St. Lawrence that were not dislocated, particularly during the construction phase, much of the local anticipated long-term prosperity did not materialize. The expectations for the hydro-electric generation aspect of the project generally fulfilled expectations and aided Ontario's industrial expansion but, as has been discussed, also required the creation of Lake St. Lawrence and the concomitant flooding of land. Beyond the initial environmental impact of the massive reshaping of the St. Lawrence and displacement of property and people, other environmental concerns have arisen.<sup>33</sup> One of the most prominent has been the charge that ballast water from ocean-going vessels using the seaway have introduced invasive and destructive foreign species of marine life, with zebra mussels as the most notorious example. In addition to the environmental cost of the seaway project, there were tremendous attendant social costs. For example, aside of the Lost Villages, the Kahnawake Mohawk community on the south shore of the St. Lawrence southwest of Montreal, a community that had historically developed around access to the river, was suddenly cut off from the river, and the Akwesasne Mohawks, situated astride the International Rapids section, had similar experiences.<sup>34</sup>

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<sup>33</sup> See Jeff Alexander, *Pandora's Locks: The Opening of the Great Lakes-St. Lawrence Seaway* (Lansing, MI: Michigan State University Press, 2009). Conversely, Cox, DeMelles, Harris, Lee, and Montondo conclude that "based on the limited information available, it would seem that, in the long run, initial turbidity from the construction quickly declined, vegetation slowly recolonized banks of the new shoreline, especially in areas not disturbed by erosion and dredge and both fish and animal life returned in new proportions to different locations along the shores and in the waters of the St. Lawrence." Cox et al., 251.

<sup>34</sup> For a study focused on the Kahnawake Mohawks and the St. Lawrence Seaway and Power Project, see: Stephanie K. Phillips, "The Kahnawake Mohawks and the St. Lawrence Seaway," M.A. Thesis, McGill University, 2000; Omar Z. Ghobashy, *The Caughnawaga Indians and the St. Lawrence Seaway* (New York: The Devin-Adair Company, 1961).

As the subdued 50<sup>th</sup> anniversary of the opening of the seaway in 2009 demonstrated, the St. Lawrence project is not something that is celebrated in the Canadian national imagination. Even the memoirs and recollections of Canadian officials who participated in the seaway negotiations either ignore the seaway or throw bromides at it as a testament to Canadian-American cooperation, and one almost gets the sense that there is a collective amnesia, or subconscious desire to purge the failure of the all-Canadian option from memory. While this stems in part from the economic and environmental problems described above, it can be equally, if not more so, attributed to the fact that Canadians viewed the joint project, after appearing to be tantalizing close to an all-Canadian waterway, as a kind of a defeat and a reminder of living in the shadow of their southern neighbour.

## CONCLUSION

On 10 August 1954, in a speech at the sod-turning ceremony marking the start of construction on the hydro-electricity phase of the St. Lawrence project, Prime Minister Louis St. Laurent waxed eloquently about the cooperative spirit shared by Canada and the United States and the bond, rather than the barrier, that the St. Lawrence created between the two countries. However, several months later, St. Laurent was more forthright in a speech to a Montreal audience:

It is more or less an open secret, I believe, that the Canadian Government would have much preferred to build all the canals in Canadian territory. Why did we not do it? Because in order to obtain the co-operation of the American Government before the International [Joint] Commission, we had stated that we would be willing to consider, at any time, any project of American participation provided it did not delay the beginning of operations, and in the meantime, that is between October 29, 1952 and June 7, 1954, the President and the Congress [approved the Wiley Bill] ... but the validity of the permit obtained by the New York Hydro could still have been contested before the American Courts or cancelled by the American Congress had we refused to discuss any project of agreement on the deepening of the waterway.<sup>1</sup>

The prime minister went on to stress the serious injury that would have been done to the bilateral North American relationship if Canada had insisted on going ahead alone, but he had nonetheless indicated that the Canadian government had hoped to build the seaway alone, and was prevented from doing so by the United States.

The Montreal speech had originally been given in French and the prime minister had called the criticism his government had been receiving in the press and public “un mauvais marche.” But in the English press translation St. Laurent was quoted as saying that Ottawa “had got the best it could out of a bad bargain” in reference to the fact that

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<sup>1</sup> Library and Archives Canada (LAC), RG 25, file 1268-D-40, pt 36.2, vol. 6350, St. Lawrence Seaway Project: General File (Aug. 26/54-Sep. 30/54), Address by the Rt. Hon. Louis S. St-Laurent on the Celebration of the Tenth Anniversary of Le Syndicat des Journalistes de Langue Francaise de Montreal (October 23, 1954), October 23, 1954.

the Canadian government had had little choice but to accept American involvement but still managed to obtain the best possible joint settlement.<sup>2</sup> The American embassy objected to this statement,<sup>3</sup> and the Department of External Affairs countered that it was a mistranslation, while the prime minister himself wrote a letter to the editor of the *Ottawa Journal* claiming that the meaning of the phrase had been changed.<sup>4</sup>

Regardless of whether or not the prime minister had been misquoted, “the best of a bad bargain” was perhaps not only a fitting characterization of the August 1954 seaway agreement, from the perspective of the Canadian government and public, but of the decades of seaway negotiations that had preceded the agreement. The completion of the St. Lawrence Seaway and Power Project agreement was a mixed success for the Canadian government. It had achieved its goal after years of frustration and would start construction, bringing about the desperately needed hydro power, and a deep-draught waterway to the heart of the continent. However, the seaway was to be a cooperative project, and after the “hydrological nationalism” of the all-Canadian seaway had seized the Canadian public and government, American participation was a definite disappointment, if not a partial defeat.

Moreover, the terms of the joint 1954 seaway agreement were decidedly less attractive for Canada than were those of the 1932 Great Lakes Waterway Treaty and the 1941 Great Lakes-St. Lawrence Basin Agreement, as the 1954 agreement did not give Canada credit for the cost of the Welland Canal (over \$130 million). The United States

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<sup>2</sup> Ibid.

<sup>3</sup> LAC, RG 25, file 1268-D-40, pt 36.2, vol. 6350, St. Lawrence Seaway Project: General File (Aug. 26/54-Sep. 30/54), Memorandum from Cote for File: Conversation with Mr. Mayer on the P.M.’s Speech on the St. Lawrence, October 25, 1954.

<sup>4</sup> LAC, RG 25, file 1268-D-40, pt 36.2, vol. 6350, St. Lawrence Seaway Project: General File (Aug. 26/54-Sep. 30/54), letter from St. Laurent to Editor of the *Ottawa Journal*, October 27, 1954.

would have equal control of the seaway, including two of the three locks in the International Rapids section, despite contributing only about 1/3 of the cost and with only a small portion of the whole seaway within American territory. The St. Laurent government had attempted to atone for this loss by insisting on building the Iroquois lock on the Canadian side and by retaining the right to build an all-Canadian route at a future date.

The dream that eventually took shape in the 1950s as the St. Lawrence Seaway and Power Project stretched back several centuries. Starting with the initial European settlers and continuing up to the mid-point of the 20<sup>th</sup> century, the concept of a navigational channel from the Atlantic Ocean to the heart of the continent had long captivated North Americans and their governments. From New France and British North America through to the Dominion of Canada, a deep waterway held out a range of economic and defence attractions for successive groups of merchants, farmers, generals, and politicians; at the same time, raising the required capital and fears of entering into a cooperative undertaking with a rival country persistently mitigated against improving the St. Lawrence. The small canals of the 18<sup>th</sup> century were slowly replaced by a more coherent system of St. Lawrence canals in the 19<sup>th</sup> century, with the result that by the early 20<sup>th</sup> century, 14-foot navigation was available from the Great Lakes to the Gulf of St. Lawrence. At about the same time, the first serious explorations of a comprehensive deep waterway system were taking place.

In retrospect, the political hurdles in the way of achieving the St. Lawrence Seaway and Power Project proved more difficult than the natural obstacles. In the wake of the First World War, government planners began to conceptualize a comprehensive hydro-electricity and deep navigation scheme that would radically reconfigure the St.

Lawrence River. However, predicated largely on domestic political opposition, especially in Quebec, which feared that a deep waterway would have negative economic repercussions for the province, Prime Minister King was wary of accepting the American entreaties to join in constructing a deep waterway. R.B. Bennett was much more willing to enter into a treaty, which he did with President Herbert Hoover in 1932, but still Canadians remained lukewarm about the prospect. The treaty failed to pass the U.S. Congress, and the new American president, Franklin Roosevelt, set out to obtain a new St. Lawrence agreement with King, who had since returned to power. But for much of the last half of the 1930s, the Ontario and Quebec governments scuttled any such hopes, until the conditions resulting from the start of the Second World War effectively ended their opposition.

The result was a 1941 executive agreement to jointly build the seaway and power project, but this too failed to obtain the assent of Congress, for American entry into the Second World War changed priorities, plus powerful regional and economic interests in the United States – including railways, utilities, and port cities on the east coast and Gulf of Mexico – continued to conspire to prevent improvements to the St. Lawrence. This situation continued to obtain as the war drew to a close, the iron curtain began to fall, and the Cold War became entrenched. However, a variety of economic and defence factors resulted in further pressure to bring a seaway and power project to fruition: the need for hydro-electricity for industrial and defence production, the ability of a deep waterway to transport the recently-discovered iron ore deposits in the Ungava district in Labrador and northern Quebec, the possibility of protected inland ship building on the Great Lakes, and the economic and trade stimulation that a seaway would bring.

Nevertheless, despite the added inducement to Congress of making the project self-liquidating through tolls, the 1941 agreement remained stalled in the immediate post-1945 years. Both Canada and the United States had in previous decades looked at constructing their own purely national waterways and, in 1949 and 1950, faced with Congress's continued resistance to a bilateral seaway, the government of Louis St. Laurent began to consider an all-Canadian seaway. Further study showed a unilateral waterway to be both technically and financially feasible, although it would have to be in conjunction with a bilateral hydro project which legally needed to be built by both Canada and the United States, or their delegated entities, which would prove to be the Province of Ontario and the State of New York.

As explorations into a unilateral seaway continued, Canadian nationalism, which framed the St. Lawrence as an exclusively Canadian resource, coalesced in support of the all-Canadian idea. By 1952 the St. Laurent government had made a watershed decision in favour of an all-Canadian seaway, rather than the joint Canadian-American waterway outlined in the 1941 agreement. The concept of a Canadian seaway consistently gained momentum and, in the process, became widely entrenched within the country.

In December 1951 Canada and Ontario settled upon an agreement that delineated their respective rights vis-à-vis the potential power project. That same month, the Canadian federal government introduced legislation into Parliament authorizing the Ontario-Canada agreement and establishing a federal St. Lawrence Seaway Authority to administer the envisioned waterway. Shortly thereafter, on 11 January 1952, Canada and the United States exchanged notes in which the latter promised cooperation in moving the Canadian waterway and Ontario-New York project forward. Washington had

determined that the participation of the American partner in the power development, which would eventually prove to be the Power Authority of the State of New York (PASNY), would need to be approved by the Federal Power Commission (FPC), and both countries would need to submit applications to the International Joint Commission (IJC).

The IJC granted its approval for the power aspect of the St. Lawrence project in October 1952. In the wake of this decision, Canadian planning for a national waterway gathered steam, and the St. Laurent cabinet informed the Americans that Ottawa viewed the 1941 St. Lawrence agreement as having been superseded by the IJC applications. By the fall of 1952, many key Canadian officials believed that Canada would be going it alone. Nevertheless, before the power works could be constructed, the United States Federal Power Commission needed to authorize the project.

Despite repeated promises, the Truman administration consistently proved itself unwilling to cooperate and instead adopted different means of delaying, at times disingenuously, Canadian aspirations. This included stalling the requisite power license from the Federal Power Commission, despite the fact that the International Joint Commission had sanctioned the development. This interference stemmed primarily from Washington's resistance to sole Canadian control of the seaway due to national security concerns – the Joint Chiefs of Staff, National Security Council, Department of Defense, and Permanent Joint Board on Defence all recommended the project during the first half of the 1950s – as well as economic and trade considerations. However, American interference was also partially the result of Washington's misreading of Canada's intentions to proceed alone with the waterway, a situation to which Ottawa had contributed by initially sending mixed messages about its commitment to proceed

unilaterally, and followed by the St. Laurent government tentatively leaving the door open to American participation in the hopes that such a prospect would allow the hydro aspect to commence.

The new president elected in November 1952, General Dwight D. Eisenhower, remained undecided about the St. Lawrence issue before and during his first months in office. IJC approval for the St. Lawrence hydro development had not precluded the possibility of a new Canada-U.S. joint agreement to replace the 1941 accord, and in early 1953 new congressional legislation was introduced outlining a new compact. However, when this was set aside until January 1954, the way looked clear for an all-Canadian seaway. However, in May 1953 the Eisenhower administration decided, primarily for national security reasons, to seek American participation in a joint seaway. Although the Eisenhower administration proved more amenable than its predecessor to speeding up the power license process and cooperating with Ottawa, it nonetheless still contributed to the FPC's continued delay on the issuance of a power license, thus preventing Canada from beginning work on a deep waterway in 1953.

The U.S. stalling continued until the American Congress, via the Wiley-Dondero Act in January 1954, finally sanctioned U.S. participation in a seaway project. In an attempt to smooth the way for the PASNY license so that work on the hydro project could begin, on several occasions in both 1952 and 1953 the St. Laurent government had made statements that left the door open to United States participation under certain conditions. Additionally, despite strong Canadian dissatisfaction with the terms that the Wiley bill set for American involvement in the proposed development, Canada had kept silent and avoided informing Washington of these objections because of the fear that doing so would imply Canadian acceptance of the principle of a joint project. However,

the Canadian government was by 1954, as Secretary of State for External Affairs Lester Pearson termed it, essentially “caught between two fires” and decided that, if strong relations with Washington were to be preserved, Canada would need to at least hear out the American proposal for a cooperative undertaking.<sup>5</sup>

When the joint American proposition did come in early June 1954, it did not constitute the “specific proposal” that Canada had requested while holding the door open to the Americans. Yet, fearing the repercussions of ignoring the Eisenhower administration’s request, the St. Laurent cabinet allowed the Wiley bill to be used as a basis for negotiations, and the two sides held a number of intergovernmental meetings in the summer of 1954. Out of concern for the potential ramifications for Canada’s relationship with the United States, the St. Laurent government had begun the process of reluctantly acquiescing to a joint endeavour. However, a shared project was still not yet a foregone conclusion, and some Canadian officials recommended that they adopt a policy of “productive disagreement” which would sabotage bilateral talks so that a wholly Canadian seaway would be the result.

During the Canadian-American meetings in July and August, it became clear that there were several major points of contention: compensation or continuation of the Canadian 14-foot canals near Cornwall (which the power dam would flood out), the \$15 million for works common to both the power and navigation aspects of the project, and the U.S. refusal to guarantee Canada their desired navigation rights in American navigation facilities. As the Wiley bill, which was the basis for the U.S. negotiators, did not provide the United States government the flexibility to absorb these expenses,

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<sup>5</sup> LAC, RG 25, file 1268-D-40, pt 30.2, vol. 6349, St. Lawrence Project: General Correspondence (June 7/54-June 30/54), St. Lawrence Seaway Meeting (June 28, 1954), June 29, 1954.

Canada decided that it would insist on building the canal and lock in the International Rapids section for Point Rockaway/Iroquois Point on the Canadian side, which would mean the Americans would only control the Barnhart locks (and thus only 2 of the 7 locks in the St. Lawrence River and only 2 out of 15 in the entire seaway when the Welland Canal is taken into account). This also stemmed from a desire to appease Canadian public opinion, since an all-Canadian plan was being abandoned. The St. Laurent government also insisted that it be allowed to build the infrastructure for the remaining connecting links in a future all-Canadian seaway near Cornwall. In the end, although a number of cabinet members and the Canadian government preferred a unilateral seaway, Canada reluctantly acquiesced to a joint project. The agreement was formalized in an August 1954 exchange of notes.

As this study has demonstrated, the concept of an all-Canadian seaway appealed to Canadians on many levels, and the public support for the Canadian project fed the St. Laurent government's attempt to go it alone. To summarize, there are several interrelated reasons that can account for the popular embrace of Canada unilaterally building a seaway. First, the historic role and conceptions of the St. Lawrence River combined with the prevalence of geographically determinist explanations of Canadian history which animated leading historical texts of the day; second, Canadian nationalism and anti-Americanism, which stemmed from concerns predating the Second World War and others more specific to the early Cold War context; and thirdly, the economic, national security, and state-building benefits that would accrue to Canada from a solely Canadian St. Lawrence enterprise.

This St. Lawrence nationalism seized both the public and much of the federal government. The clear public desire for a nationally controlled waterway helped drive

the St. Laurent government on, even when it received repeated rebuffs from the United States. On top of the perceived electoral advantages that could be gained from going it alone, the St. Lawrence project also dove-tailed with the St. Laurent government's nation-building agenda. The seaway would serve to economically integrate and link the various Canadian regions, particularly if it was a solely Canadian project, and reinforce an east-west flow of goods and commerce. An all-Canadian project would have a strong psychological and symbolic impact, in addition to the anticipated economic benefits.

Whether a project on this scale would be undertaken in the 21<sup>st</sup> century, due to environmental concerns and the societal disruption, is debatable. But, at the time, there was relatively little resistance to the enterprise, revealing a pervasive mindset in which there was a societal deference to government, which in turn displayed a deference to experts and engineers.<sup>6</sup> The experts, and by extension, the government and society, viewed nature as something to be controlled and ordered through technology with little to no consideration of the wider environmental impact. Nothing could stand in the way of progress, not even towns. Implicit in the engineering and governmental planning was a hubris regarding their ability to control and remake the St. Lawrence, one of the world's largest rivers based upon volume of flow, down to the most precise water levels and flows through various dams and other works. A range of scale models of the river environment were built and used to simulate and determine flows and effects, and 425 engineers collectively worked on the St. Lawrence Seaway and Power Project, employing innovative project management methods.<sup>7</sup>

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<sup>6</sup> At the start of construction, the *Toronto Globe and Mail* complained that there was a lack of governmental consultation with local residents, although it soon rescinded this complaint. "The People Should Plan, Too," *Toronto Globe and Mail*, 20 May 1954, Opinion page.

<sup>7</sup> Passfield, 29-31.

A high modernist ethos was evident in the rhetoric that experts and governments used to describe the project, not to mention the effusive statements in the media and newspapers in both countries: “power which has been wasted for centuries ... because mere men didn’t know how to humble the mighty St. Lawrence.”<sup>8</sup> Even seemingly innocuous statements were revealing, such as Minister of Transport Lionel Chevrier’s January 1952 CBC interview: in reference to the stretch of the river between Montreal and Prescott, Chevrier remarked that “[r]emoving this bottleneck and harnessing the untamed water is the essence of the Seaway project today.”<sup>9</sup> This belied a perceived ability to “harness” and “tame” and the rhetoric employed spoke of defeating, dominating, exploiting, and mastering the river.

Moreover, a high modernist ethos is also revealed by the type of language that was not used: namely, acknowledgement of the environmental restrictions and repercussions inherent in a project on the scale of the St. Lawrence Seaway and Power Project. This is supported by the authors of a study of the environmental impact of the St. Lawrence, who state that “with limited exceptions ... environmental concerns were of little interest to either the engineers who designed the project or the general public.”<sup>10</sup> In sum, the envisioned seaway would require a transformed natural and social environment, reordered and attuned to liberal principles, principles which had in turn absorbed salient aspects of high modernism. These were further reflected through the

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<sup>8</sup> “Pool on St. Lawrence is Formed by Blast,” Toronto *Globe and Mail*, 2 July 1958, 2.

<sup>9</sup> LAC, RG 25, 1268-D-40, pt. 14.2, vol. 6345, Address by the Honourable Lionel Chevrier, Minister of Transport, Over the C.B.C Network, “The Nation’s Business,” January 8, 1952.

<sup>10</sup> Heather M. Cox, Brendan G. DeMelle, Glenn R. Harris, Christopher P. Lee, and Laura K. Montondo, “Drowning Voices and Drowning Shoreline: A Riverside View of the Social and Ecological Impacts of the St. Lawrence Seaway and Power Project,” *Rural History* 10 2 (1999), 251.

prism of Cold War imperatives and modalities, and channeled by Canadian hydrological nationalism concerning the St. Lawrence.

The seaway is often held up as a successful model of Canadian-American relations. Thompson and Randall, for example, write that: “nothing represents the bilateral [North American] relationship during the cold war better than that seaway.”<sup>11</sup> It is generally believed that, in its negotiations, building, and then operation, the seaway is an apt metaphor for the harmonious relationship and integration of the two countries; this study suggests that, although the construction and operation of the St. Lawrence Seaway and Power Project has been a solid example of transnational and transboundary cooperation, the negotiation of the St. Lawrence Seaway and Power Project better represents the asymmetrical bilateral relationship that Canada and the U.S. had in the early Cold War. It is tempting, particularly from a nationalist perspective, to speculate that the course of St. Lawrence negotiations show that the United States regarded Canada as merely a great storehouse to be exploited in line with American wishes; but such speculations ignore the agency Canada had in pursuing the St. Lawrence project in the post-1945 years, and falsely attributes to the United States a coherent and coordinated policy towards Canada in this period.<sup>12</sup>

St. Laurent’s October 1954 statement about the ability of the St. Lawrence issue to disturb bilateral relations was no exaggeration, as there were repeated references to

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<sup>11</sup> John Herd Thomson and Stephen J. Randall, *Canada and the United States: Ambivalent Allies* (Montreal: McGill-Queen’s University Press, 2008), 198.

<sup>12</sup> E.E. Mahant and Graeme S. Mount, *An Introduction to Canadian-American Relations*, 2<sup>nd</sup> ed. (Toronto: Methuen, 1984), 190; Gordon T. Stewart, *The American Response to Canada Since 1776* (East Lansing, MI: Michigan State University Press, 1992), 180-1.

this throughout the 1950s<sup>13</sup> – for example, an American official stated in 1951 that the St. Lawrence issue contained the potential to “probably injure our relations with Canada more than any other single incident which has occurred during this century.”<sup>14</sup> Although hyperbole, such a statement reveals the importance of the St. Lawrence issue in Canadian-American relations, and it is arguably the most under-appreciated aspect of the bilateral relationship in the post-1945 years. Indeed, the seaway story indicates the unique nature of the Canadian-American relationship in the formative years of the Cold War. Both countries pursued their national interests, which often coincided, but were sometimes also in competition. The situation was also complicated by the fact that the St. Laurent government determined that the greatest Canadian national interest, in terms of foreign policy, was the continuance of strong relations with Washington.

Thus, an all-Canadian seaway, while seemingly the fulfillment of the national interest, could prove its antithesis since the United States opposed a solely Canadian waterway. Despite Canada’s stature as a trusted ally, the relationship extended only so far as it did not threaten American interests, for Washington was more than willing to override Ottawa’s desires and sovereignty concerns if these presented security or economic risks to the United States. The negotiations leading to the St. Lawrence project reveal Canada to be a self-interested and pragmatic international actor, and seaway diplomacy in the 1940s and 1950s shows the forging of Canadian foreign policy to be a complex, confusing, and contradictory process. Examining this process serves to strip some of the luster from the purported “golden age” of Canadian foreign policy.

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<sup>13</sup> “Appendix B. Memorandum on St. Lawrence Seaway by Department of External Affairs, August 26, 1954,” *St. Lawrence Seaway Manual*, 201-2.

<sup>14</sup> “Memorandum by the Under Secretary of State (Webb) to the President. Subject: Visit of Prime Minister St. Laurent on September 28 to discuss the St. Lawrence Seaway and Power Project, September 27, 1951,” *Foreign Relations of the United States (FRUS)*, 1951, Vol. II, Canada, 916.

An all-Canadian seaway was not very cautious or pragmatic, which likely helps to explain in part why it did not come to fruition. Even though the St. Lawrence, in its eventual enormity, became a punctuated issue, it was persistently in the background during the first half of the twentieth century. While punctuated issues, such as wars and crises, have fundamentally determined Canadian-American relations in the 20<sup>th</sup> century, the general tenor of the relationship has also been predicated on constant and low-profile matters. The seaway was, at different times, both a persistent background matter and the major bilateral issue. Seaway diplomacy exacted a lasting, and not always positive, impact on Canadian-American relations in the early 1950s, and likely contributed to the growth of anti-Americanism in the later 1950s and 1960s, as well as the rise in tensions in the Canada-U.S. relationship in subsequent years. These tensions have been over-attributed to the Diefenbaker government, as a number of historians have demonstrated that Diefenbaker's policies towards the United States are marked to a large degree by continuity with the St. Laurent government.<sup>15</sup> Although Diefenbaker's indecision and personal relationship with President John F. Kennedy certainly soured the bilateral relationship, the problems that did arise after Diefenbaker's election in 1957 were in many ways the repercussions from issues that laid the seeds of discord in the 1950s, such as the seaway negotiations.

It appears that the abandonment of the all-Canadian route contributed to voter dissatisfaction with the St. Laurent Liberals, as did other issues connected to the United States, such as the Trans-Canada pipeline and Canada's waning relationship with

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<sup>15</sup> For recent examples of this view, see Adam Chapnick, "Peace, order, and good government: The "conservative" tradition in Canadian foreign policy," *International Journal* 60 3 (Summer 2005), 635-650; Daniel Macfarlane, "Courting war over a rubber stamp: Canada and the 1961 Berlin Wall crisis," *International Journal* vol. LXIII, no 3 (Summer 2008), 751-768.

Britain.<sup>16</sup> It is striking that Ontario, the province that had pressed the hardest for the St. Lawrence project to come to fruition and the province that benefitted the most from the project, not only in terms of employment during the project but from the long-term power and navigation aspects of the enterprise, elected only 21 Liberals in the 1957 federal election, compared to 61 for the Progressive Conservatives (granted, the Tories favoured the St. Lawrence project). While other matters surely were at play, such as the St. Laurent government's handling of the Suez Crisis and the use of closure over the pipeline, these issues were directly connected to perceptions of Canada's relationship to the United States. Since Canadians were disappointed that an all-Canadian seaway was replaced by a joint waterway, it is reasonable to assume that the St. Lawrence issue influenced some of those who voted against the Liberals in 1957 (and again in 1958) particularly those who were concerned about America's influence on Canada.

The negotiation of the seaway also had an important effect on federal-provincial relations, particularly Ottawa's relationship with Ontario. The dominion-province agreement on the St. Lawrence project, and then joint construction of the Seaway and Power Project, represented a positive shift in federal-provincial cooperation and went a long way toward erasing the acrimony of the pre-1945 years. The St. Lawrence project also served to retain Ontario's position as the economic and communications nexus of Canada. If one was to invoke the Laurentian or staples theses, it would not be a stretch to speculate that the St. Lawrence project perpetuated a system by which central Canada,

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<sup>16</sup> For example, the *Globe and Mail* conjectured that the abandonment of the all-Canadian seaway negatively impacted the Liberal showing in the November 1954 by-elections that followed the 1954 seaway agreement. "Ottawa Letter," by George Bain, *Toronto Globe and Mail*, 19 November 1954, Opinion page.

particularly Toronto and Montreal, remained the manufacturing metropolises at the expense of the hinterlands which provided the raw resources.

The political history of the St. Lawrence suggests that, to the extent that Canadian-American relations ran smoothly in the immediate post-Second World War period, it was the result of Canada's willingness to preemptively acquiesce in order to prevent major problems. Put another way, when it came to dealing with the American colossus, the Department of External Affairs was generally pragmatic enough to anticipate what policies would be unacceptable to the Americans and steer Canadian policy in another direction. Thus, the United States had indirect means, which Washington itself might not have always realized, of shaping Canadian policy in advance. Of course, there were exceptions, and in some ways the St. Lawrence Seaway and Power Project is both the rule and the exception that proves the rule: from 1951-1954 Canada sought an all-Canadian seaway, cognizant of American preferences to the contrary, but once it became obvious in 1954 that Washington was intent on participating, most Canadian officials accepted that a joint seaway was virtually inevitable.

The precise ramifications for Canada in terms of going it alone were not spelled out. But it is clear that, because of the enormous influence the United States exerted on the Canadian economy and defence, the ramifications of Canada building alone would have been significant. Obviously, the badly needed hydro power would not have gone ahead, as the available evidence indicates that the Americans would have done what was necessary in regard to the Federal Power Commission license to hamstring the project.

Moreover, a slight change to American import or trade laws could have had an impact on the Canadian economy: one need only think of Trudeau's metaphor of

sleeping next to an elephant, where Canada is affected by every American twitch or grunt. While the executive branch and bureaucracy (mainly the State Department) of the U.S. government tended to take Canadian sensitivities into account – or “humour” Canada – during the Cold War, in large part because of Canada’s geographic and trade significance, the U.S. Congress, with its powers over foreign policy, had repeatedly shown itself more than willing to ignore or override Canadian interests.

The U.S. might have decided to control the St. Lawrence itself, or in response to continued Canadian attempts to proceed alone, moved to unilaterally control the radar defences in northern Canada. The United States was certainly not averse to taking decisions on relatively minor issues that had tremendous repercussions in Canada, such as import/export regulations, tariffs, agricultural subsidies, fisheries policies, or branch plant investments and operations. Statements by Canadian policy makers implied that the negative repercussions would be felt in the loss of prestige or political capital that Canada would experience in the United States, which in turn would have a wide impact on many Canadian interests and policies. Regardless of the precise area where retribution would result, it is clear that Ottawa believed there would be severe repercussions.

The Diefenbaker years and the nuclear weapons issue reveal the means the United States had, both subtle and not so subtle, to influence Canadian policy that it disapproved of and which threatened American national security. Still, Washington was unlikely to take the types of extreme actions against Canada that it might have taken with other countries such as Cuba (e.g. attempting to remove political leaders) and put up with a range of Canadian wishes and idiosyncrasies (e.g. Canadian nationalism and moralizing). At the same time, Canada was not treated very differently, if at all, from the

other western allies of the United States, and the cases where Canada did receive different treatment tended to derive from Canada's geographical proximity to the United States. In the case of the St. Lawrence project, the Eisenhower administration reluctantly accepted Ottawa's insistence that it build the navigation works at Iroquois, indicating that the Canadian-American relationship was not completely asymmetrical. But there were definite limits to American patience, and the St. Laurent government realized that to push ahead with an all-Canadian waterway, even after the enactment of the Wiley-Dondero bill, would imperil the many benefits that Canada received from its close relationship with the United States in the post-war world and implicitly threaten Canadian sovereignty.

If Ottawa knew that Canadian officials would not accept an all-Canadian seaway, why did the St. Laurent government bother to pursue it? Since New York would share in the hydro power, and the Ungava iron ore and grain of the interior could still be shipped even if Canada alone controlled the waterway, the St. Laurent government hoped that these inducements would be sufficient to convince Washington to let Canada proceed. Ottawa was thus banking on the continued reluctance of Congress to authorize an American seaway role; if no legislation was forthcoming, the St. Laurent government hoped that the United States would, realizing how important the project was for Canada, and North America in general, allow Canada to begin the project. Moreover, the Canadian government felt that the U.S., as a sensible and friendly ally, would recognize Canada's right to develop the St. Lawrence.

The St. Lawrence story speaks to the issue of domestic sources of Canadian foreign policy. It shows the impact that domestic imperatives – in this case, the public desire for an all-Canadian seaway, which is confirmed by every form of gauging public

opinion available at the time – helped drive the federal government’s approach to seaway diplomacy. The public embrace of the Canadian waterway pushed the St. Laurent government to not only pursue the all-Canadian seaway, but also to exact concessions from the United States during the August 1954 negotiations in an attempt to appease a disappointed public. On the other hand, the Liberals also acquiesced to a joint project despite their firm belief that domestic opinion desired a national waterway. Thus, the St. Laurent government based its final policy choice on advancing what it determined to be the overriding national interest, maintaining harmonious relations with the U.S. – which also had major domestic implications because of the economic impact of the relationship – rather than satisfying public opinion. In extracting concessions on a future Canadian waterway and the Iroquois lock, the St. Laurent government had attempted to chart a middle course between satisfying the United States and the public preference. Furthermore, as there had just been a federal election in 1953, the St. Laurent government hoped that the electorate would have forgotten the loss of the all-Canadian seaway by the next election.

It is clear that, although the St. Laurent government acted pragmatically in the end, there were a number of leading officials in both the government and the bureaucracy intent on achieving the all-Canadian waterway, with C.D. Howe, Lionel Chevrier, Guy Lindsay, and General Andrew McNaughton the leading protagonists. For these figures, the all-Canadian St. Lawrence project represented a key piece in a nation-building agenda based on a confident Canadian post-war nationalism, a project that held out the possibility of growing the country without sacrificing Canadian sovereignty. Prime Minister St. Laurent and Secretary of State for External Affairs Pearson both favoured the all-Canadian seaway, but realized the potentially negative ramifications for

the Canadian-American relationship. They were joined, or perhaps preceded, in this view by some officials in the Department of External Affairs, and the two Canadian ambassadors to Washington in the early Cold War period, Hume Wrong and A.D.P. Heeney, tended to stress the political reality of a cooperative project.

McNaughton proved to be a pivotal figure in the seaway diplomacy – in fact, McNaughton may be the most under-appreciated individual who had a significant impact on Canadian foreign policy in the post-1945 period for, in addition to his roles at the United Nations and on the Permanent Joint Board on Defence, he was instrumental in shaping Canada's approach to the border waters it shared with the United States. In that regard, McNaughton is best known for his role in the Columbia River negotiations of the 1950s and 1960s, which culminated in the 1964 Columbia River Treaty, and it appears that his experiences in the St. Lawrence Seaway and Power Project negotiations were formative for his approach to the Columbia treaty.<sup>17</sup> It stands to reason that the St. Lawrence issue also exerted an important influence on the subsequent patterns of other Canadian-American transborder water and environmental relations, a topic in need of further study. Tangentially, the seaway saga marked a low point in the history of the International Joint Commission, as the commission was used by its members for partisan purposes. While this was not the result of the seaway issue itself, commissioners such as McNaughton and Roger McWhorter abused the spirit of the IJC to further personal and national interests.

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<sup>17</sup> The leading work on Canada and the Columbia River Treaty is: Neil A. Swainson, *Conflict Over the Columbia: The Canadian Background to an Historic Treaty* (Montreal: McGill-Queen's University Press, 1979).

A case can be made that the St. Laurent government had ample legal and moral grounds for constructing an all-Canadian seaway, and that abandoning this course for a joint seaway took Canada further down the American road. However, it does not appear that the Canadian government had many other viable options since the United States was willing to do what was necessary to prevent Canada from proceeding alone. Particularly when the importance of starting the hydro project is taken into account, it is debatable whether any other contemporary Canadian political party or leader would have made a different decision. Additionally, it should not be forgotten that the St. Laurent government did drive a hard bargain in August 1954, forcing the United States to accept the Canadian lock and canal at Iroquois as well as the possibility of a future all-Canadian seaway. At the same time, the boost that an all-Canadian seaway likely would have had for Canadian nationalism and confidence, akin to a 20<sup>th</sup> century version of the National Policy and transcontinental railway, might have been worth any financial losses or fallout in terms of relations with the United States.

The St. Lawrence Seaway and Power Project stands as one of the longest-running issues in the history of bilateral North American relations, and an issue with a tremendous impact on the economic, political, social, and environmental structures of the two countries. This study has demonstrated that the St. Lawrence project was one of the pre-eminent issues in Canadian-American relations during the early Cold War period, and in revealing the labyrinth-like twists and turns that bedeviled the project, provided a comprehensive account of a process that has not been sufficiently explored. As one of the defining North American megaprojects of the post-1945 era, it speaks to the ability of Canada and the United States to work together cooperatively, and of shared conceptions of the ability of technology to master nature and society. However, this

study of the origins of the project shows that Canada was forced to bow to the American desire for a co-operative project rather than fulfilling the empire of the St. Lawrence, the dream that had captivated so many throughout Canadian history. Thus, in revealing the asymmetrical nature of Canada-U.S. relations in the 1940s and 1950s, the St. Lawrence Seaway and Power Project effectively symbolizes the Canadian-American relationship during the early Cold War.

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