

1 FOR GENERATIONS

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19 **Introduction by Professor Cook**

20 It's my pleasure to welcome you all here to the first of our series of talks and panels entitled
21 Perspectives on the Columbia River Treaty. In this series we are attempting to present the public with as
22 many viewpoints as we can. We want to be able to enable the public to see the complexities and the
23 delicacy that is involved in growing conclusions on the Columbia River Treaty. With this in mind, we
24 have invited politicians who were themselves involved either in the negotiations or were themselves
25 involved in some of the political discussions of the day, and we have asked also a number of
26 commentators from various disciplines to come and present their views on the Treaty and on its
27 ramifications.

28 And if I just may take this opportunity to dispense some propaganda, I just may mention who
29 some of the other individuals are who will be coming along. Following Mr. Green, the Honorable Alvin
30 Hamilton who was Minister of Northern Affairs and Natural Resources from 1957-1960, and who was
31 also chairman of the Columbia River Liaison committee will be speaking here on Friday night the first of
32 February (1974) at the same time, in the same place. He will be followed on the 6th of February, one
33 week later, same time, same place, by Senator Arthur Lang, who was the Minister of Northern Affairs and
34 Natural Resources in the Pearson government from 1963-1966.

35 I cannot at this stage give you any more dates of the other speakers but they will include: Mr. Ray
36 Williston who was Minister of Natural Resources for the province of British Columbia and the principle
37 negotiator from the province of British Columbia; Mr. Robert Strachan, who was leader of the opposition
38 of the day in British Columbia; Dr. Gordon Shrum, who was co-chairman of BC Hydro and Dr. Hugh

CRT Lecture 1: Howard C. Green (1974)

39 Keenleyside, also, the other co-chairman of BC Hydro; Mr. James Wilson, who is currently Executive
40 Director of BC Hydro and who is also author of the book called People in the Way; Mr. Donald
41 Waterfield who wrote the book Continental Water Boy; Mr. Larrett Higgins, who was an economist and a
42 critic of the Treaty; Mr. Eugene Webber, who was a member of the American section of the International
43 Joint Commission right throughout the whole period of the negotiations of the Treaty and who only
44 finished his term with the International Commission in July 1973; Professor Marion Marks a geographer
45 from the, department, sorry, University of Washington who has written extensively on the development of
46 the Columbia River Basin; Dr. Neil Swainson, a political scientist, who is currently at the West Water
47 Research Centre, who has written a monumental study on the decision making aspects of the Treaty; and
48 Professor Ian McDougal, who is a member of the Faculty of Law at Dalhousie University and also I may
49 say a graduate of this university (SFU) and who will be commenting from a legal standpoint and also, one
50 hopes, will present some of the views of General McNaughton, whose grandson he is; and professor
51 Charles Bourne of the Faculty of Law of UBC who will be commenting on the legal discussions that took
52 place at the time involving such questions as diversion of rivers, such questions as downstream rights and
53 benefits and so forth. That's how the program stands and I hope that you will feel free to attend all of
54 these sessions, or as many of them as you can. They will be all free and we hope that as a result of it there
55 will be more understanding and perhaps less emotion revolving around the question.

56 Now I, after my propaganda, come to our guest speaker. Our speaker is the Honorable Howard
57 C. Green. Mr. Green of course is perhaps best known for his years as Secretary of State for External
58 Affairs when the negotiation of the Treaty was under active consideration. However I think it's also
59 worth noting that Mr. Green is an old son of the Kootenays. His family was a pioneer family in Kaslo. In
60 fact his father was working in Kaslo region in 1884 before even, even the railway... sorry in Revelstoke,
61 even before the railway was there. And of course coming from the region he knew people like Herbert
62 (Bert) Herridge [MP, West Kootenay] very well and he tells me they were very close friends despite
63 being poles apart politically. Mr. Green has had his career has been in the legal profession. He has his
64 legal training at Osgood Hall Law School, and was called to the Bar in British Columbia in 1922. This
65 was after service in the First World War with the 54th Kootenay battalion. I was asking him whether he
66 had heard of Earle Birney's little book "Turvey". If any of you are familiar with the book, you will
67 remember Turvey is on this fruitless search for the Kootenay Highlanders. However Mr. Green assures
68 me that the 54th battalion were not Highlanders and they weren't involved.

69 While overseas, Mr. Green was an instructor with the Canadian Corps School, he was a Staff
70 Captain with the 6th Infantry Brigade. And was also a member of the Canadian section of the Canadian
71 General Headquarters at General Hegg's Headquarters. And he was mentioned in dispatches while
72 overseas also. His political career began, I don't know if it's fair to say began, but certainly his first
73 election was 1935, when he was elected for Vancouver South and he was subsequently continually
74 elected, re-elected for Vancouver South and for Vancouver Quadra from 1935-1962 and was defeated in
75 the election in April 1963. Upon becoming a member of the government he was first Minister of Public
76 Works in 1957 and then was appointed Secretary of State for External Affairs in 1957, sorry, '59. He was
77 Secretary of State from 1959-1963.

CRT Lecture 1: Howard C. Green (1974)

78 He was also the senior BC Minister in that government and Deputy Prime Minister, and it is in
79 this capacity, this capacity as Secretary of State for External Affairs, his capacity as senior BC Minister in
80 the Cabinet and as a member of the Columbia River Liaison Committee that we have asked him to come
81 here tonight to give us the background to, and the negotiations of, the Columbia River Treaty of 1961. I
82 give you the Honorable Howard C. Green.

83 CRT Lecture 1: Howard C. Green

84 Professor Cook and friends, strange thing how every meeting is completely different. I've never
85 been to a neck tie party like this before. Reminds me of the old stories about the hanging days about 100
86 years ago. If I get tangled up in all these wires here you'll know the reason why. Very happy to come
87 here this evening and do some read off in the discussion about the Columbia River Treaty. And first of
88 all, perhaps we should have a word about the Columbia River system. Can you hear all right at the back?
89 Coming over all right?

90 The Columbia River is probably next to the Mississippi, the most important power river on the
91 continent. Columbia and the St. Lawrence are roughly about the same. 3/5 of the power potential of the
92 river is in the United States. We have this sketch, doesn't show the whole Columbia River in the States,
93 but 2/3 of the possible power potential is completely, 3/5 is in the United States. 1/5 is completely in
94 Canada, primarily almost entirely at the Mica dam... up at the bend of the Columbia. And 1/5 can be, can
95 only be developed by a joint program, and with Canada storing the water and it being used in the United
96 States plants.

97 In Canada there are several very important tributaries of the Columbia, but I think the main one is
98 the Kootenay River. Here it rises in Kootenay National Park and flows south coming within about a mile
99 of the Columbia at Canal Flats in the East Kootenays. The headwaters of the Columbia are at Columbia
100 Lake. Notice on the map that the lake is marked here, then the Kootenay River flows along south and
101 goes down into the United States into Montana and across Idaho and you'll notice here is a place called
102 Bonners Ferry where my father and mother were married. They had to go down from Kaslo, Kootenay
103 Lake by boat to Bonners Ferry, and then take the great Northern Grey Line from there to Spokane, and
104 they were married in Spokane. Kootenay country has very close connections with Spokane. And it's
105 been nearly 50 years of this activity.

106 Then the Kootenay River turns north again through Bonners Ferry, flows across the border and
107 flows into the foot of Kootenay Lake ... here. And then it drains out in what is called the west arm here.
108 And down past Nelson and joins the Columbia down at Castlegar. And on the way, between Nelson and
109 Castlegar the West Kootenay Power, which is a subsidiary of Cominco, they have had power plants there
110 for a good many years, either more, I think 3 or 4 power plants. And then also the Duncan River flows
111 into the north of Kootenay Lake here. And here's the Duncan Dam on that river, and the north arm of the
112 lake drains out through the west arm with the main stem of the Kootenay River coming out through the
113 United States. And this little lake is Slocan Lake. And now we're back to the Columbia. Columbia Lake
114 rises and flows north. Right around past Golden here, and right up around the big bend. And that then

CRT Lecture 1: Howard C. Green (1974)

115 turns south through Revelstoke and into the Arrow Lakes. The Arrow Lakes are mainly just an expanded
116 Columbia River, and is joined by the Kootenay River at Castlegar. Now, then it flows on down past
117 Trail, the big Cominco smelter and it's fertilizer plants, down into the state of Washington, and you
118 follow it down here, and here is the big Grand Coulee Dam. It's the main, well certainly one of the
119 largest dams in the States along the Columbia River. Now also, and then going further west you see here
120 Okanagan Lake. It also drains into the Columbia. Yes here. Down past Penticton and across the border
121 to Osoyoos and then flows into the Columbia down at Brewster. And the Columbia River System really
122 drains almost as far north as Jasper. Drains from the ridges of the Rocky Mountains and also drains past
123 Vernon. So the Columbia really drains almost from the coast range from eastern slope of the coast range.
124 A very, very large sector of British Columbia is in the Columbia Basin.

125 As far as power plants are concerned, the Americans journeyed years before we got involved in
126 the Columbia River discussions... had spent roughly 2 billion dollars developing new power plants on the
127 Columbia River... mainly on the main stem, on the main stem of the river. Canada on the other hand, had
128 only these, three plants on the Kootenay River below Nelson. And the BC Power Commission had a very
129 small plant at Whatshan on the Arrow Lakes. And I believe they also had a small plant in the East
130 Kootenay. In Canada the river was practically undeveloped as far as power was concerned. Cominco also
131 had a plant on the Pend d'Oreille River [Canadian spelling] which rises in the States and flows into
132 Canada and into the Columbia River at Waneta. [miscellaneous discussion about presentation's position]

133 Yes, here is the Pend Oreille [U.S. spelling]. Crosses the boundary, and is only in Canada for a
134 short distance then runs into the Columbia here. And Cominco have a big power plant on the Pend
135 d'Oreille at Waneta. This shows Grand Coulee which forms a lake, it backs the river right up practically
136 to the Canadian border. And Chief Joseph and a whole series of dams further down the Columbia River
137 and as a result of these developments, of course Washington had very big projects, the main one I think
138 being the atomic energy plant at Hanford. That was made possible because of the power on the river,
139 power developed on the Columbia River.

140 Another important factor about the Columbia had been flood control. In earlier years there was
141 some very, very serious floods and doing a lot of damage both in Canada and in the United States. And
142 this was an important factor involving the making of the Treaty. Also of course the river is important for
143 irrigation, but not for fisheries. And when they were not allowed, one of the futures had mentioned for
144 this power river, when the Americans put in the big plants they cut off the fisheries so the Columbia
145 fishery was ruined by these power plants. Also at one time it was open for navigation and I think there
146 was a Treaty between Britain and the United States to the effect that the Columbia River would be open
147 for navigation for all time, or certainly until agreement was reached to the contrary. That agreement was
148 forgotten about and now the only way you can navigate the Columbia is by powerboats and getting
149 around the dams in one way or another... certainly ruined for navigation. It was the main fur trade
150 route... went down by the Columbia River system. And as you know at one time Fort Vancouver, down
151 near the mouth of the river was a Hudson's Bay post. And that's a very rough summary of the Columbia
152 River system.

CRT Lecture 1: Howard C. Green (1974)

153 Then I go on to the year 1944. In that year a reference was sent to the International Joint
154 Commission, which as you know is made up of Canadian and American sections. General McNaughton
155 was the Chairman of the Canadian section, and a very good man for Canada. I think he had the
156 Americans a little bit frightened, on the IJC. In any event, he had the reputation that I think was well
157 deserved, for being very certain that Canada's rights were fully protected. And the reference was to study
158 the potential of the Columbia River. And this involved mainly, first of all, downstream benefits. The
159 downstream benefit was this: if the water could be stored upstream and then released when in slack times
160 so there could be a continuous flow of water through the power plants it would mean a greatly increased
161 production of power.

162 Now the water would have to be stored in Canada, principally, although I think there is some
163 American storage available along the Pend Oreille River. But the topography is such that the storage had
164 to be in Canada, the plants were in the States and now the McNaughton took the position, and I think very
165 soundly, that we should be paid if we build dams and stored the water so that there could be increased
166 power produced in the States, that we should be paid and we should get half of the increase, half of the
167 downstream benefits. For many, for a long time, the Americans wouldn't admit to this. In '44, or the in
168 the years immediately thereafter, the American chairman was a chap by the name of Len Jordan. He had
169 been the governor of Colorado, and he simply wouldn't admit that there could be any such thing as
170 downstream benefits. Said that the water is going to flow anyway and the Americans would get the
171 benefit of it because it had to go downhill, it had to go somewhere, and why should they pay Canada
172 anything in the way of downstream benefits? And so this downstream benefit question was all through
173 the piece, and still is today the main problem. Don't divert your attention from that question of
174 downstream benefits.

175 Flood control was the next important and one other thing that should be remembered was that
176 under the Boundary Waters Treaty Act (1909) between the United States and Canada, each country had
177 the right to divert water in their own boundaries. The Americans insisted on that for their own benefit.
178 They wanted to divert the water from lake Michigan, at one place, to use it to drain out the sewage from
179 Chicago, turn it into the Chicago River. In any event they were very careful, they were very insistent that
180 the country that the river was in, should have the right to divert those waters as it saw fit. And
181 McNaughton of course picked up this argument and he came out with a scheme which I think had a good
182 deal with persuading the Americans that there should be something paid for downstream benefits.
183 McNaughton, he had a plan to dam the Kootenay River back here, about somewhere in here and flood it
184 back in through here through the Columbia, Columbia Lake right around the Columbia system, and then
185 in about Revelstoke to divert it into the Fraser River and run it down the Fraser River. Well that left the
186 Americans pretty high and dry if that plan was every put into effect. But mind you then he ran smack into
187 the fisheries problem on the Fraser River. But it's Canada's main fishing steam... McNaughton's plan
188 would have been very serious for the fisheries on the Fraser River. Whether the General really ever
189 thought he could get that plan accepted I don't know. I think his chances were not very good.

190 We had in the External Affairs Committee in the House, there wasn't an External Affairs
191 Committee when I first went though Ottawa ... Mr. Kenny King took the position that if you had an

CRT Lecture 1: Howard C. Green (1974)

192 External Affairs Committee something might be said and done and that it might upset the world and we
193 better not have one. So we didn't have an External Affairs Committee until sometime in the late 40's.
194 And I was on that committee ... always a member of that committee ... representing the opposition of
195 course until '57. But in '53 and '54 we called McNaughton before us. By this time we were getting very
196 much interested in the Columbia River. I was particularly interested and of course so was Bert Herridge
197 [MP, West Kootenay]. Because our whole background our castle was right in the very centre of the, of
198 the Columbia River, Columbia River problem. Only about 25 miles from the Duncan Dam. And an
199 uncle of mine had been a member for the Kootenay and then for Kootenay West, and then for 26 years as
200 Senator for the Kootenay. So we were very... Herridge lived on in the Arrow Lakes so were very deeply
201 concerned. And we called McNaughton before the committee and he had outlined this plan of his and
202 explained the difficulties and so on.

203 Well then this went on until late in 1954 by that time Premier Bennett was in power in British
204 Columbia and in 1954 he dropped the bomb. He proposed to make a deal with the Kaiser Chemical, no
205 Aluminium and Chemical Corporation of the United States to build up what was called Kaiser dam at
206 Castlegar. Here at the foot of the Arrow Lakes. It was to cost 25 million dollars and the Kaiser people
207 they were going to get paid by getting some of the power down in Washington State. That's where they
208 were going to get their compensation. And of course this just would have ruined the whole Columbia
209 River development. I mean it was... putting that dam in just spoiled the whole other arrangement about
210 downstream benefits coming back to Canada, just it wanted to have the dam put in and that was it.
211 Really, the federal government, St Laurent's government of course got very annoyed about that.
212 Previously the two governments had been working together, the technical officials had been cooperating
213 and studying the Columbia River system and all of a sudden here was this proposal.

214 Mr. Howe had this to say about it in 1955: "Trade Minister C.D. Howe Ransteed described the
215 agreement between the BC government and the Kaiser interest the United States for storage dam without
216 on-site power, see they couldn't produce any power by that dam it was just to, it was just for holding back
217 the water. On the Arrow Lakes as a cockeyed and improvident deal." That was Mr. Howe at his best.
218 And they rushed in what was known as an international river... no River Improvements Act. All the
219 Columbia River is an international river, because it flows over the border. Until this act there was no
220 legislation of the Dominion dealing with such a situation. So the government brought in this Bill which
221 in fact provided licencing control by the Dominion government over any project put on an international
222 river. That of course included the dam and it killed, it killed the Kaiser dam dead right there.

223 All of the parties in the House supported the bill except the Social Credit members. They always
224 poked fun ... it offended, mind you we were, we were insistent that development in Canada should be by
225 Canadians and should be under Canadian control. And to have an American company come in like that
226 was simply, simply intolerable. And our party, the Conservative party, took the position, first of all, some
227 of the restrictions in the Bill, we thought, went too far. For example, it provided that the Dominion could
228 name any work on an international river as being for the benefit for Canada. That put it completely under
229 federal jurisdiction. We thought that there was no need to do that and eventually the government took
230 that out. Then we urged a Treaty with the United States. Obviously it is had to be, it was to be by

CRT Lecture 1: Howard C. Green (1974)

231 agreement between Canada and the United States. And also that there should be a joined investment
232 policy. In other words, if the Dominion should join with the province in paying for these, for these
233 projects on an international river. Could be ... we favoured having a river authority set up, a Columbia
234 River authority to handle financing and so but the two governments should cooperate. And we advocated
235 the setting up of a national energy board. At that time the questions having to deal with the Columbia
236 came under half a dozen different federal departments and there was no, no cohesion at all so we
237 advocated a national energy board to deal with water power and oil and gas and uranium and so on. And
238 when we came into power one of the first things we did was set up a National Energy Board.

239 While the discussions were going on about this Kaiser deal, Mr. Bennett came out with another
240 proposal which was 10 times worse. He proposed that the Puget Sound utilities council should be invited
241 in to build Mica Dam way up at the Big Bend, which was not only a dam for storage, but the main power
242 project, main power site in Canada. And it was to cost 250 million dollars. The Puget Sound utilities
243 council was a council made up of different utilities companies in the state of Washington. They were
244 financed by United States federal money at a very low rate of interest and here we'd have had the
245 Americans walking right into the, and taking over our main project on the Columbia River in Canada.
246 This was the next, but of course the Bill killed that talk as well.

247 Then in 1956 in the following year, our party moved that there should be a policy of a joint
248 investment program for developing power resources when requested by a province. And in that we urged
249 that there should be should be a Treaty on downstream benefits. A Treaty which would give Canada back
250 half of the additional power that was produced because of the storage behind dams in Canada. I also
251 urged then too that there should be a representative of the British Columbia Government sitting in as one
252 of the negotiators in the negotiations with the United States.

253 There was quite a considerable debate at the time about that subject and I said it wouldn't be
254 much sense just to refer it, wouldn't be sensible just to refer it to the IJC because this fellow Len Jordan
255 was still sitting there as the American Chairman. I said it's obvious the chairman of the US section of the
256 Commission is against downstream benefits. And I feel it's a waste of time to have the Commission study
257 this matter. It must be settled between the two governments... in other words, by negotiations between
258 the governments.

259 Then the next year we got after the Minister of Northern Affairs, Mr. Jean Lesage, who later
260 became premier of Quebec, and he said the engineering studies would take another year. Mind you,
261 Canada was behind the United States. The United States as I told you earlier had spent a couple billion
262 dollars developing their Columbia. And it was under the supervision of the U.S. Army Corps of
263 Engineers. And Canada had to do a whole lot of work to catch up with the information that the American
264 engineers, the Corps of Engineers, had obtained during the course of the construction of these dams. And
265 looking back I think perhaps I was in the rough on this side, I said someone either here or in Washington
266 is dragging their feet in connection with these negotiations. We found out when we got into power that it
267 couldn't be done quite that fast.

268 However the bringing in of this amendment had one effect. I think it was one reason why the
269 Liberal Mr. Sinclair for Vancouver north at the time announced, offered to help BC finance the
270 development of Mica, the Mica project. And a month or so later I asked Mr. St Laurent whether he had
271 any answer from Mr. Bennett and the answer was no, there was no word at all. And St Laurent went on
272 to say they would deal with BC after they dealt with the United States. I mention that last point because,
273 because when our Columbia River negotiation got into trouble through BC's activities, we were accused
274 of not making a deal with BC first before we met, dealt with the U.S. But in '57 St Laurent tells you do it
275 with the US first and then with BC... which was what we did.

276 And then in June of '56 we came into power. And one of our main policies had been a national
277 development policy. We had in mind a project such as the south Saskatchewan dam which had been
278 talked about for many years, we did put that through. Our national development program for BC was this
279 Columbia River policy. And in the speech for Throne in October of 1957 we had this to say, "My
280 ministers are presently pressing for a favourable settlement of international problems in connection with
281 the Columbia River, to clear the way for a joint program with the province of British Columbia to develop
282 the immense power in the waters of this river." And we at once set up a committee of Ottawa civil
283 servants under General McNaughton but working with it were the Canadian section of the International
284 Joint Commission and the water branch of course and of the Department of Northern Affairs and British
285 Columbia... everybody all cooperating in making further studies of the Columbia River.

286 And a year later on December 5, '58, I was able to announce as acting Prime Minister, "The
287 government received a report from a committee of senior officials under the chairmanship of General
288 McNaughton, set up in December 1957, to conduct economic studies of the potential development of the
289 Columbia River including principles for the division of downstream benefits. Steps are to be taken at
290 once to complete an agreement with the United States which will make possible the cooperative
291 development of the river based on coordinated operations, but retaining Canadian ownership and control
292 of projects built on the river in Canada. The government believes that the Canadian and American
293 sections of the International Joint Commission should be instructed by the respective governments to
294 work out methods for determining and apportioning both the downstream benefits, from water stored up-
295 stream and the value of such storage for flood control." We are referring it to the IJC to work out
296 principles, not to negotiate a Treaty, but to work out principles.

297 I think by that time there was a new US chairman of the United States section. Preliminary
298 discussions along this line have already been held by the commission and progress has been made toward
299 reaching a solution of this problem. Development of the Columbia in the manner contemplated will mean
300 tremendous expansion in the Kootenay and Okanagan districts of British Columbia which could not be
301 equalled or so accelerated otherwise. Furthermore, postponement of such development in favour of some
302 other power scheme, now this was because there was talk then the Wenner-Gren development in the
303 Peace River. The postponement of such development in favour of some other power scheme could well
304 result in making a development of the Columbia River in Canada impossible. In addition, the
305 government is of the opinion that the early development of the Columbia would be a great benefit to the
306 lower mainland of British Columbia. It is estimated that with downstream benefits of half the additional

CRT Lecture 1: Howard C. Green (1974)

307 energy produced in existing United States plants as a result of regulated flow of storage in Canada, the
308 cost of power in the Vancouver area (and this was the main benefit, the greater Vancouver people were
309 the ones who suffered by the way this policy was written by the Bennett government, make no mistake
310 about it, it was this area that's paying the shot). The cost of power in the Vancouver area from
311 downstream benefits, together with power from a plant at Mica Creek would average less than 4 mills per
312 kilowatt hour which is far cheaper than power available from any other sources in British Columbia in
313 similar large quantities. And then it should be pointed out to and referred to the speech in '57. And said
314 this policy of '57 still stands.

315 Months, six weeks later the Secretary of State for External Affairs, Sidney Spit, who died
316 unfortunately about 18 months after, announced in the House that it had been agreed between the
317 Canadian and United States governments that there would be this reference to the IJC to determine
318 principles on which a policy would be negotiated. I pointed out in the House then that was the first time
319 that the United States had admitted that Canada was entitled to any downstream benefits. We broke that
320 barrier at that time. And this, of course, was a very important factor in the whole situation. Then to my
321 surprise, and I have to bring in a few of these more or less side issues. Couple of months later or six
322 weeks later, my good friend Herridge [MP for West Kootenay] tackled me in the House one day and
323 questioned me. He said, "I hear there is a report in the Vancouver paper that Premier Bennett says he
324 offered to sign an agreement with you now for the public development of the Columbia and that you
325 wouldn't support the plan." Well what had happened, Bennett had been in Ottawa and had seen several
326 Ministers, who's a very old friend of mine, and we'd both been Conservatives together and I campaigned
327 for him for weeks when he tried to get elected into the federal House and I said now look Cesse [familiar
328 name for Bennett] do you really intend to do anything about this Columbia River, or don't you? And he
329 said get a piece of paper and we'll sign a letter of intent right here. This was in my office in the House of
330 Commons in the parliament building. I said don't be foolish, you know we can't do that. Then he goes
331 right in the private conversation between friends and he goes right back to Victoria gets up in the House
332 when he's questioning and accuses me of refusing to sign an agreement. Well, that's what your friends
333 can do to you. Have to be careful.

334 Anyway, I did announce at that time that the IJC was meeting, and that we had set up a joint
335 technical committee with BC, with technical officials from the two governments. They had already had
336 two meetings, and there was going to be a higher level committee made up of ministers and senior, more
337 senior officials ... to be set up. And then on June the second of '59, I announced that, that high level
338 committee had been set up to be called a policy liaison committee. And it was composed of two ministers
339 from Ottawa: Hamilton, who will be here the day after tomorrow, and myself and Williston and Bonner
340 from BC and Keenleyside was one of the BC officials and their various deputy ministers and so on and so
341 forth. And in announcing that I said this, "this is fundamental to this whole question is that Canada shall
342 get back power produced in the United States as downstream benefits for the storage of water upstream
343 on the Columbia River in British Columbia. This is where the cheapest power will come from. (And I
344 don't think anybody can, has ever been able to deny that or could deny it today.) I would say that power
345 cannot be produced in any other way anywhere in the North American continent that will compete with it

346 as to price.”

347 In July I, by then was I was Secretary of State for External Affairs, and I announced that the
348 External Affairs department and the State department of United States were working on the terms of an
349 overriding agreement. They weren't working on details of the negotiations of the overriding agreement.
350 And that the policy was still to assist British Columbia in the construction of projects. As a matter of fact
351 that remained our policy right to the day we were defeated in 1963.

352 In January 14, 1960, the following year, in the speech from the Throne, “The government remains
353 ready to participate with British Columbia in the joint development of the potential of the Columbia.”
354 January 25, the report of the IJC as to principles from negotiations had been received and the negotiators
355 were named. Davie Fulton, minister of Justice who, another native born British Columbian from
356 Kamloops, and a most able Minister of Justice who did splendid work in these negotiations which he
357 never got any credit, or never got the credit he deserved. Robertson who was deputy minister of Northern
358 Affairs and who is now the clerk of the Privy Council, which is the senior civil servants position in
359 Ottawa. Richie who was then assistant under secretary of External Affairs, and is now the under secretary
360 that's the top civil servant in External Affairs. And Basset who was Deputy Minister of Lands and Forests
361 of the province of British Columbia. These are our foreign negotiators. We named a British Columbian
362 Deputy Minister of one of the negotiators with full power of all the other three negotiators. US named
363 Bennett from the Department of the Interior, and White from the Secretary of State department, and
364 General Itschner the officer commanding the US Corps of Engineers. And the negotiations on the Treaty
365 got underway at once.

366 Then again Bennett made me some more trouble. On March the 4th, Herridge got after me again.
367 He had Mr. Bennett say that there in the report in the press that you had made a many offer for financial
368 help and the answer was very easy of course. There before the liaison commitment meeting in Victoria, I
369 wasn't able to go to that particular meeting but Fulton was there I think. In any event in the press release
370 they issued after their meeting, they announced that they had discussed a financial offer by the Dominion,
371 and repeated the discussion had taken place earlier also in February. Now this was announced by the
372 policy committee and yet two days later Bennett accused me of never said the government had never
373 made any offer of financial assistance. Then on December 6 of 1960, Fleming, Minister of Finance, wrote
374 to Premier Bennett setting out a detailed offer. I have here the answer. It's a very long letter I won't
375 attempt to read it all but it says that: “The government of Canada has prepared subject to the approval of
376 Parliament, to advance one half of the capital cost of creating the storages necessary to implement the
377 proposed Treaty between Canada and the US for the cooperative development of the Columbia River. The
378 government of Canada will advance these monies as an investment in a joint project of Canada and BC
379 which will be self liquidating.” And it went on to propose that there should be an entity to handle the
380 matter. And then went on at length to give details about the way the thing will be, the thing will be
381 handled financially.

382 Well, Mr. Fulton, at that time was attending another meeting in Victoria of this policy committee
383 and Mr. Bennett didn't even bother to discuss it with him at all, but he wrote a letter right back on the

CRT Lecture 1: Howard C. Green (1974)

384 December 14 to Fleming, to say the natural proposal put forward by the government of Canada for hydro
385 electric development of the Columbia River are regrettably unacceptable to British Columbia. Didn't give
386 any, make any suggestion about what terms he wanted, he just slapped on this offer which had been
387 made. In order there will be no delay in carrying out the development. He didn't want the development to
388 stop, but he, however British Columbia's prepared to guarantee Canada this government will fulfill the
389 terms of the Treaty which is negotiated with the government of the US. In return BC would of course
390 expect the government of Canada to guarantee that the obligations imposed on the US government by
391 terms of the Treaty will be fulfilled.

392 In January the terms of the Treaty had been finished and the terms had been approved. The terms
393 were signed or initialled by all the negotiators including Mr. Basset, the Deputy Minister of Lands and
394 Forests for British Columbia, and the Deputy Attorney General of British Columbia, I believe went to
395 Washington to be with our team there, to be sure that the terms of the Treaty were all right from his point
396 of view. It was reviewed by federal officials. I remember sitting in on the meeting in the privy council
397 chamber with all the officials there including General McNaughton. And nobody said don't sign it. And
398 McNaughton said, I raise this because later on he thought it was an awful Treaty, he said "I cannot oppose
399 it, I cannot recommend it, but I cannot oppose it". Well that was he didn't, he had not included this, it did
400 not include the dam he wanted here in East Kootenay because the BC government answered, said they
401 could not possibly stand for all this upper part of that East Kootenay Valley being flooded. And we went
402 along with it. We accepted their stand on the point. General McNaughton first thought that there should
403 be a dam here, instead of a dam ending up being in Montana. And in any event this was his attitude at that
404 committee.

405 And January 9, that was 8 or 9 days before the Treaty was signed. Mr. Fulton wrote to Mr.
406 Williston, who was the BC chairman of the joint policy liaison committee, wrote to him, sent him a copy
407 of the Treaty, said it was to be signed on the 16th and he assumed British Columbia agreed with it, would
408 assume that unless they wrote back and raised objections to it. Of course they had been sitting in on every
409 word of the Treaty been gone over by the BC men, and Williston and Bonner had both been sitting on in
410 the different meetings of the liaison committee. And on the 12th Williston acknowledged the letter and
411 made no suggestion whatever that the Treaty was unsatisfactory. And on January the 17th it was signed by
412 the Prime Minister and Mr. Fulton. And then we go to the Treaty. And by the way I don't think they, I
413 think the BC government was very glad to have the Treaty signed but their little surprise party had to do
414 with the downstream benefits, and it showed up some months later. But I, I don't think they ever regretted
415 that the Treaty was signed.

416 Then I have here the Treaty itself. It recitals first I'll point out the value of the, to the countries for
417 example one paragraph says, "Recognizing that the greatest benefit to each country had been secured by
418 cooperative measure for the hydro electric power generation and flood control which will make possible
419 other benefits." And then it went on. And the one article provides for the construction of 3 dams in
420 Canada. Duncan Dam, up the head of Kootenay Lake, and the High Arrow dam at the foot of the Arrow
421 Lakes and then at Mica Creek.

CRT Lecture 1: Howard C. Green (1974)

422 And it also provides for the entitlement for downstream power benefits, “Canada is entitled to one
423 half the downstream power benefits determined under article 7. The US shall deliver to Canada on a point
424 on the Canada, US boundary near Oliver British Columbia. (Actually it was to be in at Osoyoos or near
425 there) or such other places the entities may agree upon. Down stream power benefits to which Canada is
426 entitled.” And they had to transmit that power free to the Canadian border at Osoyoos under the terms of
427 the Treaty. We provided also that portions of the downstream power could be sold in the States. In other
428 words, if there were, there might arise a condition where some of it could not be used at the time and then
429 there was provision in the Treaty for the sale of that to the United States.

430 And there’s provision for... the Americans agreed to provide a standby transmission service on
431 the American side of the line, in case something happened to the Canadian transmission lines from Oliver
432 to Vancouver. The idea as I said before was to get this cheap power into Vancouver. And then the
433 Americans were given the right, the option to construct a dam on the river, Kootenay River at Libby, the
434 Libby Dam. And they had 5 years to make that decision. They decided to put it in, and I think it’s pretty
435 nearly finished now.

436 In many other articles, and at the same time the Prime Minister of Canada issued a statement.
437 Parts of which I’d sure like to refer to. One is this: “So far as Canada is concerned, the most important
438 single feature of the Treaty is the one I’ve referred to the recognition of the principle of the division of
439 downstream benefits. From that principle all the great advantages that are possible for Canada as a result
440 of the cooperative development of the Columbian basin flow. Without that principle the entire
441 arrangement would be fruitless for this country. Our predecessors in office failed to achieve recognition
442 with this basic point. We have succeeded. The Treaty embodies the principle that downstream benefits are
443 to be divided equally. That alone is a success of the most outstanding character.”

444 And then he wrote out also, pointed out that we had made it clear to the government of British
445 Columbia that we’re prepared to join on an equal basis in the financing of the construction costs of the
446 storage dams. It has been made clear we’re prepared to do this on a basis that will call for repayment not
447 on a fixed schedule but as returns are earned through the sale of power. That offer is still open. My
448 colleague the Minister of Finance has made it clear he stands ready to meet the Premier of British
449 Columbia in order to discuss the offer at any time that may be mutually convenient. Then the, then they,
450 wasn’t very long until the roadblocks began to appear. Two or three days before that Treaty was signed,
451 Mr. Bennett wrote a letter to Mr. Fleming the Minister of Finance. He didn’t say, he didn’t say not to sign
452 the Treaty, but he then said that he was doubtful about the about the cost figure that had been suggested
453 what this, what this cost of his power delivered in Vancouver would be.

454 For that reason the BC Energy Board has been asked to investigate this question, in association of
455 independent engineering council of international repute. All that was of course a brand new departure and
456 meant a delay. Mr. Fleming wrote back a few days later, and by the way on that BC Energy Board were
457 two of these men who has been sitting on our policy liaison committee, Dr. Keenleyside and Mr. Pagget,
458 who was the Water Comptroller in British Columbia. Also I think Dr. Shrum was also a member of that
459 BC Energy Board. Very interesting to hear what he has to say when discussed with this whole question.

CRT Lecture 1: Howard C. Green (1974)

460 Then on, but this letter was written ... it reached Ottawa when Diefenbaker was already on the
461 way to Washington. And I, being suspicious nature, I suspect that the timing was very carefully worked
462 out. Now Fleming wrote back on January the 31st of 1961. "I'm very much surprised that you doubt that
463 the Canadian share of the downstream power can be delivered to the Vancouver area at a cost of less than
464 4 mills. And negotiations between the federal and BC governments have been proceeding for nearly 2
465 years. And I'm informed this is the first time you or the representatives of your government have attacked
466 this estimate. You said (and then it goes on) the only occasion on which a doubt ever arose as to the
467 readiness of BC to carry out the Columbia River Treaty as negotiated was on the occasion of the reference
468 made by you last December that the BC Energy Board of certain questions involving a comparison of
469 engineering and economic aspects of the Columbia and Peace river projects. At the meeting of the policy
470 liaison committee early in January, our representatives expressed their concern this might involve doubt
471 and delay on the part of British Columbia proceeding with the Columbia. Your representatives on the
472 Committee assured us this was not the case. On the contrary, the reference of design to hasten the taking
473 of effective action by BC under the proposed Treaty. On the basis of these assurances the Treaty
474 negotiations were concluded and the Treaty was signed with the full knowledge and approval of your
475 government. In the light of these circumstances for you to write that you now have expressing doubts as
476 to the feasibility of the Columbia River development from engineering and financial standpoints, is a
477 most extraordinary development and must necessarily raise again our doubts as to British Columbia's
478 intentions, which we had thought were set at rest by the assurance of the BC members of the policy
479 liaison committee. And said we've already submitted to you a generous proposal for federal financial
480 participation in the cost of the undertaking."

481 March the first, the energy, the BC Energy Board recommended delay. Whether Mr. Bennett was
482 mixed up in that recommendation I don't know, but in any event they recommended further delay. March
483 the 23rd Fleming flew to Victoria, and the Mr. Bennett had, in the meantime Mr. Bennett, had made
484 certain proposals, other proposals. Sorry to have to bother you with these references but I can't complete
485 the story very well without this.

486 Bennett wrote to Fleming on March the 23rd and made it perfectly clear that said, "I'm certain our
487 discussions relative to the development of the Columbia River will be extremely useful. I'd like to assure
488 you that the government of BC is genuine in it's desire to cooperate with the government of Canada in
489 order that Canada's obligations, under terms of it's Treaty with the government of the US, may be carried
490 out fully and without delay."

491 Then he put out two proposals. One was that the government of Canada would construct on its
492 own account the storage dams and transmission lines. In other words we were to build the whole
493 project... not half but the whole thing. And we were to compensate the people of British Columbia for
494 their homes that were flooded and so on. And all the flood control money from the States was to come to
495 BC. And we were to pay all the costs, pre-engineering costs 4 million dollars. And the ownership of the
496 works were to be transferred to BC in 60 years. A very good case of heads I win, tails you lose. And
497 number 2 was that BC would build the dams and transmission lines if we would guarantee by appropriate
498 financial measures the net cost of Columbia River power delivered to the Vancouver area will not exceed

CRT Lecture 1: Howard C. Green (1974)

499 4.25 mils per kilowatt-hour, and would arrange with the US should any Columbia River power become
500 surplus, to the needs of BC for purchase of such surplus power in the US at a price not lower then 4.25
501 mills per kilowatt-hour.

502 We didn't suspect at the time, this was the kernel of this business of selling the power to the US.
503 We thought it referred only to power that might be odds and ends of surplus power. You'll notice that
504 there is no mention whatever of selling all that downstream power to the United States. But on June the
505 9th Mr. Bennett wrote Fleming, and in that letter said that he thought that all the downstream power
506 should go to the US, sold to the US. Now that of course was completely and utterly against the whole
507 basis of our negotiations with the United States and with BC. It meant, it would have meant no, none of
508 that cheap power came back to Canada, and it was coming to the greater Vancouver area, this was where
509 it was to come. Well this was what that, that's what any such policy meant.

510 And on August the 14th Dr. Shrum let the cat out of the bag, properly, when he was quoted saying
511 this in an interview with Bill Fletcher of the Vancouver Sun. On August the 25th 1961, "BC, said Dr.
512 Shrum, couldn't care less about the Columbia. Dr. Shrum, the approachable, outspoken chairman of the
513 BC Electric Company (that's after it was taken over by the government), and the BC Energy Board meant
514 simply this: the government and the big utility company it now owns are committed to the development
515 of the Peace River. They're satisfied with the economics of generating power on the North Central BC
516 river and transmitting it 600 miles to the Lower Mainland. They're content that they've out-foxed both
517 Ottawa and Washington. And that if nothing is ever done to install the complications on the Columbia, it
518 wouldn't matter 1 kilowatt to the people of this province. A confident Dr. Shrum outlined his views on
519 this future power project for me this week."

520 Well, what had happened, now Grauer the present BC elect, who is a friend of mine, and one of
521 the finest men this province has produced by the way, a Rhode Scholar, eventually Chancellor of UBC...
522 a wonderful person. Now Grauer told me in the same office that Bennett and I had had our talk he said,
523 "They're trying to make me buy Peace River power. And I can't do it in fairness to the people because
524 it's far more expensive than this Columbia downstream power will be, and until I know better figures and
525 so on I simply can't do it." So what happens? The provincial government in August '61 seized the BC
526 Electric, expropriated the BC Electric, and thereby took over the, all the, they already had the BC Power
527 Commission, and the two were amalgamated into BC Hydro, and took over all of the controlled power in
528 BC except these West Kootenay power plants on the, on the Kootenay River. And then, of course, the
529 whole situation was perfectly open.

530 And it's some further, mind you, we went on to dealings with British Columbia trying to make
531 some arrangement with them. And in November of that year ... this was the wrong reference here I guess.
532 In any event Mr. Bennett wrote to Mr. Fleming again on November the 27th of 1961 and Fleming replied
533 on December the 23rd, as you will see, there had been a complete change of position on the part of British
534 Columbia. Yes this was Fleming's letter on December the 23rd. "In your earlier letter of June the 9th you
535 stated in your view all of Canada's share of the downstream power benefits should be disposed of to the
536 US. You return to this point in your last letter and say it is of paramount importance to you. (That was the

537 letter of November the 27th.) This stand is quite contrary to the fundamental purpose of the Treaty, which
538 is to secure for the people of British Columbia directly and immediately the cheapest and most abundant
539 electric power available. The bulk of Canada's share of the low-cost downstream power benefits would be
540 delivered to Canada for the use and benefit of the consumers in British Columbia. You said as you were
541 aware through the negotiations, were based on that intention. The Treaty itself accurately reflects this
542 principle.

543 And then Fleming refers to the parts of the Treaty which mention portions of the downstream
544 power being sold to the States. "And at no time prior to the signing of the Treaty was it ever hinted at by
545 you, your ministers or your officer was appointed as one of the four negotiators that your government
546 would demand that Canada's share of downstream benefits to be sold in the United States. The basic
547 purpose of the Treaty is to provide large supplies of cheap power thereby benefiting the people of British
548 Columbia and the economy of Canada as a whole, through the industrial development and employment
549 that can be expected to result. This purpose would be defeated and British Columbian producers put at a
550 competitive disadvantage if the bulk of the low cost downstream benefit power is committed to the United
551 States for several decades." He said, "I would hope that you will be able to return to the real purpose of
552 the Treaty and agree that the bulk of Canada's downstream benefit power should be brought back for use
553 in BC with only the temporary surpluses being sold to the US as provided in article 8 of the Treaty."

554 And by the way I omitted to mention that I had confirmation about what I said about the seizure
555 of the BC Electric and the statement made last week, two weeks ago by John Steed, who was an official
556 of BC Electric, and then an official of BC Hydro and who's just retired ... one of the senior admin in the
557 BC Hydro, a Director of BC Hydro. He said, "Steed and the BC Electric offered in the 50's to build a
558 Mica Dam, but received no answer from the Social Credit government. Later when BC Electric refused to
559 buy energy from the Peace River Power Development Corporation because of the financial implications,
560 Premier Bennett expropriated the BC Electric." Now that was Mr. Steed just two weeks ago.

561 Then in March of '62, Mr. Bennett said, "BC won't be bribed by Ottawa with return, into
562 returning Columbia downstream power to BC. We don't need any of their money, we can finance it by
563 ourselves." And another thing, that's just before the election, the federal election in 1962, and by the way
564 McNaughton, General McNaughton retired on April 3rd '62. And he attacked the Treaty very bitterly then.
565 Said that Canada had been sold down the river ... that the negotiators were simpletons and all this sort of
566 business. Attacked Prime Minister Diefenbaker said he was he'd been fired by the dictator.

567 Actually McNaughton came under me of as Secretary of State of External Affairs. He wasn't
568 fired in any way at all. He'd been appointed year by year because he was at, past 65. He reached 75 at the
569 time he was to be retired. We'd retired another member of the commission a year or so before on reaching
570 75, we brought in a Bill making all the Senators retire at 75, and all the judges retire at 75. And one of the
571 BC judges who I defeated when I first got elected got put on the bench spent the rest of his life trying to
572 get me defeated because of that Bill, and succeeded in 1963. However we had ... McNaughton was
573 retired on the basis of reaching 75 years of age. And he and I discussed it very friendly. There wasn't any
574 objection about it at all. But at the time he came was at Washington when this retirement date came up

CRT Lecture 1: Howard C. Green (1974)

575 and he made this blast from Washington. Wasn't a very good place to make it I thought however. At the,
576 I'm afraid at that state a bitter old man, who had made a great contribution to Canada there's no doubt
577 about it.

578 And then after the election of 1962, we were in a minority position and various informal
579 discussions were held at the official level, between Canada and British Columbia and the United States,
580 just to see whether there could be some agreement worked out. And that was impossible and we were
581 defeated shortly after, and on February the 5th 1963 we were defeated in the House. Still willing to enter
582 in a joint financing program, but not willing to keep downstream power out of British Columbia. We were
583 not going to hand over the keys to Mr. Bennett on that particular question. The Pearson government came
584 in, they repudiated their British Columbia Liberals in the House here, who had been advocating not
585 allowing, not selling the downstream power. And they gave in to Bennett at once, within a matter of
586 weeks. They had reached agreement with him. Under which they agreed that he could sell all the
587 downstream power.

588 And on January 1964 they negotiated a Protocol to the Treaty; the main Treaty wasn't changed,
589 but they negotiated a Protocol with the United States. General McNaughton's reaction to that... in Ottawa
590 General A.G.L. McNaughton stated, "I'm still of the same opinion that it shouldn't be ratified." And what
591 he had to say about the sale of downstream power in the States I don't know, but I, I can imagine that it
592 was pretty hot of course he had been a Liberal Minister of Defense in '44 and '45, but in any event broke
593 his heart the fact that the downstream power benefits would not come back to Canada. And Bennett,
594 Premier Bennett here's the scratch about him, "Bennett bubbles on his happiest day." That was the
595 happiest day of his life.

596 Well Ottawa wasn't so dumb either in this action he took. They got out of doing any financing,
597 they didn't have to pay any money at all; all the money was now to come from the United States. And the
598 US money helped the exchange situation in Canada. We'd had that argument used to us that argument had
599 come up during our own deliberation in Ottawa those proceeding years. But the cheap downstream power
600 faded away. It's gone. It went at least for a period of 30 years. The Americans got the power; BC got the
601 dams partially paid for. Now and I have here a statement by Williams the Resources Minister of BC... I
602 think it's made the same day that Mr. Steed made his statement ... its made 5 days earlier. Williams said,
603 "BC sold it's half of the downstream power entitlement when advance payment of \$274 million and
604 agreed to accept \$69 million for flood control for a totally of \$343 million. He said the Social Credit
605 government of Premier Bennett claimed the amounts would pay for the construction of the Duncan,
606 Arrow, and Mica dams and for half of the power installation of Mica. A recent calculation showed
607 \$792,390,000 will now be required to do the work." The Minister made no mention in his speech of the
608 interest earned on the money or additional downstream benefits which BC Hydro's annual report shows
609 totaled \$136.4 million; nor of additional costs associated with regional improvements. Now even if you
610 add on the \$136 million, part of which is calculated as interest that they earned because of the pay that it
611 ... money that had been paid by the Americans in 1964. It only comes to about \$480 million. And that's
612 still over \$300 million short.

CRT Lecture 1: Howard C. Green (1974)

613 Now we warned, McNaughton warned, we warned all the officials dealing with this question said
614 don't take money because there will be an exchange in the values. You must take, Canada must be paid in
615 power, power back to Canada. And of course this is exactly what's happened. The costs of these dams
616 have skyrocketed and now we find that there isn't even enough, we haven't even got enough money to
617 pay for the dams. And somebody better find that money. The NDP, they've now got the baby on their lap.
618 They have to find the money and they were with us all the way through. They were against this sale of
619 downstream power in the United States. You read Hatcher on Herridge, where Herridge time after time
620 took that position. And in the BC Legislature Mr. Strachan took the same position. Now I'm sure he'll
621 take that position when he comes here. Now they have to find the extra money.

622 I suggest we're in this mess, I suggest that British Columbia ask Ottawa now to accept some of
623 the responsibility for the additional money that has to be found. Columbia is an international river. The St
624 Laurent government through Mr. Sinclair in 1957 promised financial aid. We promised it time and again
625 that we would make this a joint project. And it should have been a joint project. It's the type of a project
626 that should have been a Dominion-Provincial scheme. I don't see any reason why the Dominion
627 government shouldn't pay half of the cost that's now got to be found to complete the Mica project.

628 Then I suggest also that the power from Mica should be kept in Canada. Here we are today in a
629 ... we're all facing the energy problems, which are upsetting and far reaching to agree that no one in this
630 room could have imagined a few weeks ago. And this electric power is right in the middle of the picture.
631 And Mica, Mica power should be kept in Canada. And I think that every effort should be made to
632 promote a national power grid: tying in all of the provinces. This should have been done before. We were
633 in favor of that. Mica project would be a key project in setting up a national power grid. Those I think,
634 those are practical suggestions as to what could be done at this time now to try and remedy the situation.

635 Finally from a personal point of view, the way this question developed and the way it ended up
636 has been the deepest disappointment to me of anything that happened in my 28 years in public life in
637 Canada. I had the picture of this great Canadian development and of the utmost cooperation between
638 Ottawa and British Columbia and that isn't always easy in Ottawa because the great majority of people
639 sitting in Ottawa are not directly concerned about British Columbia. It isn't easy to get Ottawa to write
640 out in support of a cooperative scheme with British Columbia. But this we were able to do. We had that
641 situation in existence in Ottawa and for me, personally it was a great tragedy that it has ended up, as it
642 has. Thank-you very much. [clapping]

643 **Professor Cook:** Mr. Green will take questions, but please speak up so he can hear you.

644 **Audience:** Mr. Green, Dave Barrett said recently that we should re-negotiate the Treaty. Is there any hope
645 at all, of this thing being re-negotiated?

646 **Mr. Green:** Well it might be possible to re-negotiate some variations. But it will be very, very difficult at
647 this stage to make any extensive changes in the Treaty, I'm afraid. It's been in existence for 10 years. And
648 the Americans have built, have put in their improvements to deal with the increase, with the more
649 efficient flow of the water. And they made their own plans about financing and about selling the

650 additional, the Canadian downstream power in the States. And I would think it will be very very difficult
651 to, to make much of a change. I think Premier Barrett's practical course, and not my business to be
652 advising anybody in public life anymore but, I would think there's certainly two of the practical courses
653 he could follow. My suggestion is that he insist that Ottawa pay half of the cost that isn't going to be
654 covered by the purchase price of the downstream power. And also that there be a national power grid. Of
655 course Premier Barrett is in a position to see that the Mica power is kept in Canada. But as for changing
656 the Treaty, well you see how hard it is to do anything about Point Roberts... or about the Skagit River.

657 I have no quarrel with the Americans as far as ... on this as I do on some issues but on this
658 question we had no question, we had no complaint about the way they negotiated, that they were unfair or
659 that they tried to put it over. I've never had any evidence on that.

660 **Audience:** One of the most curious people I think in this whole thing is General McNaughton, and his
661 involvement with the IJC from 1944-1962. He was of course a nationalistically minded man and I
662 believed engineer by training and the man was very well versed in water dams and this type of thing. His
663 plan for Canadian, what would have been a Canadian development, as you mentioned the diversion of the
664 Kootenay and the Kootenay into the Columbia, then into the Fraser. Was this, I know he held his plan for
665 some time, was this really taken seriously or was he using it as simply to manipulate the Canadian aspect
666 of the IJC or what. Can I have just a little bit more background about his plan, and how seriously it was
667 taken.

668 **Mr. Green:** Well I think, I think General McNaughton was sincere in his plan. So far as the diverting to
669 the Fraser was concerned, that may have been to some degree, he may have had that in mind to some
670 degree in order to be able to force the Americans to give us downstream benefits. But his, now his over all
671 approach was a sincere approach, although all the technical people were against him. Certainly in the
672 technical people we had, and that the BC government had. On the particular, on the Fraser River business,
673 that was quite impossible really... because of the fisheries if for no other reason. And the flooding in the
674 East Kootenay, I had grave doubts about that myself. I know that country very well, and to make a great
675 big lake in or around Windermere and Invermere and so on. Meaning running ferries across there and all
676 this sort of business... not very attractive. On the other hand I think McNaughton, personally I didn't like
677 the High Arrow. I would have preferred to see the Lower Arrow, which would have meant very much less
678 flooding of the Arrow Lakes. The way to have done that would have been to develop the Mica Creek
679 project first, rather than the Duncan dam, and the High Arrow dam. We would, personally, we had
680 advocated that the Mica Project be done first. Mind you it's by far the most expensive. But there would
681 have been power generated at Mica too, and it would have provided a good deal of the storage for the
682 downstream benefits. And I think then Lower Arrow could have been put in and possibly at Murphy
683 Creek which is below Castlegar, and there could have been power produced at Murphy creek. Both
684 Herridge and I would have preferred to see the Lower Arrow. I regretted that High Arrow was included,
685 but everybody agreed on the High Arrow. Our negotiators and BC agreed on it. And my point of view it's
686 a tragedy that the Arrow Lakes should be flooded out the way they were. And McNaughton, I think
687 probably too exclusively took the engineer's view in regard to, certainly in regard to diverting into the
688 Fraser River.

CRT Lecture 1: Howard C. Green (1974)

689 **Audience:** Mr. Green you must have been in the meeting in Ottawa in June of 1960, at which time our
690 illustrious Premier Bennett blurted out he said I have no intention about allowing the construction of
691 dams in this Kootenay Valley. I think it's been generally agreed...

692 **Mr. Green:** When was that?

693 **Audience:** June of 1960. I think it's been generally agreed, even amongst the critics of the Columbia
694 River, to your greater all you wanted was quick money to develop Peace River Power, and by showing
695 BC's position as such, they undercut Canada's bargaining position. Now, once again in the opinion of the
696 critics, David Fulton felt that any treaty was better than no treaty at all. So he decided to try and salvage
697 something out of the mess Bennett help to create. And someone said, "Canada, must have been obvious to
698 the Americans, was a house divided, but in a family quarrel about the car, the husband does not, as a rule
699 go out and give the car away." We could have broken off negotiations, or continued on a reduced scale,
700 omitting the Kootenay River from the Treaty. But we barged ahead anyways, and to your credit at least,
701 you seemed to support General McNaughton's opposition to proceed. So my question to you is this; do
702 you feel that John Diefenbaker was indeed over-awed by the prospects of signing the Treaty with the
703 President of the United States. And acted accordingly... In other words, was the role played by political
704 expediency, a major one in Diefenbaker's decision to sign?

705 **Mr. Green:** Well, any politician, including myself likes publicity. No, it was a much more serious than
706 that. That isn't a, that wouldn't be a fair criticism. We were entirely and utterly idealistic and sincere in
707 our dealings with this whole question. Some aspects, some of us might have preferred the Treaty to make
708 different provisions. I've mentioned my concern about High Arrow and the East Kootenay plan. I don't
709 think General McNaughton was right on that. You have to weigh the, what would happen to a province if
710 we flooded all that land. I mean there's so, there's enough of it being flooded now actually by the Libby
711 Dam. It's flooding back 40 miles into East Kootenay. But there would have been flooding higher up, right
712 up through that East Kootenay and Windermere country. And I, Bennett did take this stand, and on that
713 point we gave in... we didn't insist that that dam had to go in. And as Fulton said you can't get
714 everything your own way in a treaty; there has to be give and take. The basis of the whole, the basis of the
715 whole Treaty was that Greater Vancouver would get cheap downstream power. And that the Revelstoke,
716 Kamloops and that part of the interior would get cheap power from Mica. Now this was the basis of our
717 whole Treaty and I think you're quite right when you said that Bennett wanted to get some money to
718 invest, to spend on the Peace River. I don't doubt that that was involved in his thinking. But, the business
719 of government is not so different from any other business. And in this, I think it's wise and fair, and in the
720 long run advantageous for people to be straight forward with each other. And if Bennett didn't want to
721 have any of that downstream power sold, was going to take that position, why didn't he say it once, "I
722 won't agree with this!" But he didn't do that. I don't know whether Bonner and Williston, even knew that
723 Bennett was going to change his policy and refuse to allow any downstream power back into Canada. I
724 know both of them, they are both friends of mine, and I, I just can't believe that they would do a double
725 cross of that kind. But at some stage, at some stage he decided that there wasn't going to let any back.
726 Now how long he was planning that, or what ground work he had done, I don't know. But you just can't
727 do business with other governments on that basis anymore than you can do business with people on that

728 basis.

729 **Audience:** I'd like to pursue the circumstances surrounding the signing further, Mr. Green. The records
730 suggest very strongly, there were considerable pressures exerted on the negotiators to conclude the Treaty
731 before the end of Eisenhower's term, and in fact the signing took place only 3 days before he left office.
732 And as Secretary of State for External Affairs you would have been in the unique position to know if
733 there was any fear of a change of policy in regard to the Kennedy administration.

734 **Mr. Green:** Never crossed my mind. We were anxious to get a, to get a Treaty signed. It was our lone
735 program for British Columbia. And it had been negotiated, everybody agreed to it. Eisenhower or the
736 Americans, if anybody, the Americans would be the ones, Eisenhower would like to get it signed before
737 he went out of office. We weren't worried about what the Kennedy, the Americans weren't objecting.
738 They ratified the Treaty, the Senate approved the Treaty, approved the Treaty very quickly after it was
739 signed. I think 2 or 3 years before Kennedy did. We had no troubles with Kennedy at that stage. In fact
740 Diefenbaker and I went down to visit Kennedy after he had been inaugurated. We were the first
741 representations from another country to go there. And we had a very friendly meeting with him. The
742 differences between Diefenbaker and Kennedy arose later on, when Kennedy came to Waterloo and I was
743 in Geneva at the time.

744 **Audience:** Were you really confident in your own mind that there was in fact that re-accord between the
745 provincial and federal government. Because earlier today, before you went into detail, you said the
746 position of our government was basically to make the international agreement and then work out our
747 agreement.

748 **Mr. Green:** To do which?

749 **Audience:** Make the international agreement. You didn't use these words. In effect by which I understood
750 you saying this that your position was to make the agreement and then workout the differences with the
751 province.

752 **Mr. Green:** Oh, No. I didn't know, I didn't mean that. What I meant to say, what I was trying to say.
753 When Bennett threw up all these road blocks we got, we really got it in the House. Every couple of weeks
754 Pearson would get up, or somebody else would get up, go after us for not. "Why didn't you get Bennett
755 on the dotted line before you signed with the United States?" We had that, we faced that kind of criticism
756 month after month. I merely pointed out the General had said the same thing in '57. I shouldn't have
757 mentioned that I guess. I should have kept quiet I guess. Actually if I had any idea that Bennett, BC
758 would back away the way it did. [Unclear.] And if Fulton and I hadn't been very urgent, very anxious to
759 get the problem settled. I don't think it would have, government wouldn't have been worried about it.

760 **Audience:** Time and time again you have seen this picture of federal provincial relationship, over
761 resource decisions. Hasn't the federal government learned from the Columbia Treaty experience? What
762 should the government in Ottawa do to prevent future happenings that may occur like such losses that
763 have happened in this Columbia Treaty. What do they discuss in these constitutional conferences....?

CRT Lecture 1: Howard C. Green (1974)

764 **Mr. Green:** No no, if the federal government can work out a way to deal with Premier Lougheed, and
765 Premier Blakely on this oil question. That's a good example of how difficult it is to work some of these
766 things out with the provinces. Mind you, we thought we had a straight road, straight open road. It was this
767 Peace River thing that ... it was the insistence that he force Peace River power ahead any power into
768 Vancouver, ahead of any power from the Columbia. This was the basic reason in my job. Mr. Bennett's
769 position, and he had to manoeuvre him, wrangle him, to get himself, to get that Columbia River power
770 stopped.

771 **Audience:** Does he even know about this question of, after the agreement of the fifth and final Treaty the
772 question of netting and grossing is where Canada...

773 **Mr. Green:** Of which?

774 **Audience:** Netting and grossing over the economics in the choice in the benefits, the downstream benefits.
775 In the short run, it looks good for the Canadians in terms of the downstream benefits agreement. But in
776 the long run, the Canadians lost out. And there was one problem in the construction of the dams and there
777 is a term that Krutilla used, called the marginal productivity of storage. And you know when you build
778 the, in the timing of sequence of dam construction. This was not taken into account in the total cost.

779 **Mr. Green:** All that was Bennett's business, and he got the Protocol through.

780 **Audience:** Yeah, but there were all kinds of smart economists advising him...

781 **Mr. Green:** Ottawa gave him the keys and said, "Here, go ahead and go do what you want to do."

782 **Audience (Tim Newton?):** Mr. Green, as I understand it you feel that in the prime of the Protocol as it
783 was a good Treaty, so it's really the Protocol that you would, of the downstream sale, that you would
784 question. Now the one thing, I think you did quote, was 4.25 mills delivered in Vancouver. I wonder if
785 you know what sort of interest rate was included in that figure. Because the one thing that I'm sure that
786 those who would protect the, would stand up for the downstream sale would say is that the installation
787 involved in the construction of these dams has been far beyond anything they could envision at the time
788 the sale was made up to 15 even 16 per cent. Do you feel that that you would have expected this high
789 interest rate at the same time you were quoting a figure of 4.25 mills?

790 **Mr. Green:** Well we were, we were concerned with the ... not taking money. We were insisting that
791 there be power taken, to pay Canada and not money. Now of course with the, wasn't a question so much
792 of what, not only there be cheap power here, whether it be 3 mills or 4 mills not the ... anybody could
793 foresee there might very well be an increase of cost in constructing these projects. And yet Bennett takes
794 this certain amount of cash in 1964. Now he argues that well, he got interest on that money, and that
795 should be counted. But you add the interest on the top, add the interest that you support the warrant, to the
796 actual cash he got, and you're still two or three hundred million dollars short.

797 **Audience (Tim Newton?):** The point being though, that that increase of cost would have meant the cheap

CRT Lecture 1: Howard C. Green (1974)

798 power, that the cost of that power we were going to get cheaply in downstream benefits was the cost of
799 building the Treaty projects. Now those prices had escalated, the cheap power would in fact not have
800 been so cheap because it would have had to pay higher costs for the original projects.

801 **Mr. Green:** Well that might have been. I don't know what the cost would have been if they had gone
802 right ahead at the time. It might have been, still have been cheaper than the Peace River power.

803 **Audience:** Mr. Green, wonder if I'd be allowed the last question then.

804 **Mr. Green:** Ask your question.

805 **Audience:** I'd be amazed if there were more questions.

806 **Mr. Green:** You're allowed to ask a question.

807 **Audience:** Most of your comments have been in terms of the relationship between Ottawa and British
808 Columbia. Would you say perhaps a little more about the kind of relationship which the government of
809 Canada envisioned having with the United States. And how the negotiations of the Columbia River fitted
810 into that context? What, shall we say, spirit of the day, what was the spirit of the negotiations, how did
811 you see the negotiations developing?

812 **Mr. Green:** Well from my point of view, I was pretty sure that General McNaughton would catch any
813 tricks by the Americans. And if General McNaughton had said in the final analysis, if he had said, "Here,
814 I don't think this Treaty should be signed." I'm pretty sure I would have been against him. I knew that
815 McNaughton couldn't be not done. You started to think he could by the Americans of course
816 negotiations, as the negotiations were done, I was not directly involved in it. And I don't know, that I
817 could have, if I would have done anymore than any of the men that negotiated. But we had our technical
818 advisors too sitting in. And we had this Deputy Minister from British Columbia there all the time in
819 Washington and Ottawa. I don't know what more we could have done to be sure that Canada was amply
820 protected. We started with the disadvantage that the US Engineers had had a very long experience with
821 the Columbia River, and they were dealing with far bigger part of the Columbia. They knew the river
822 better than we did.

823 **Audience:** Now you had no suspicions at any stage therefore that the Americans were, how should we
824 say, were attempting to put a smart one over on us?

825 **Mr. Green:** No.

826 **Audience:** That at no stage?

827 **Mr. Green:** No, I have no suspicions yet. All my suspicions were directed at Victoria. [Laughter]

828 **Audience:** Why, for instance, did the negotiations move from the IJC onto the level of government to
829 government negotiations? Why was it not possible for the IJC to handle the negotiations? Was it

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830 technically not possible?

831 **Mr. Green:** You'd have to have negotiations at some stage between the governments. For example the
832 House of Commons the Parliament would have to ratify the Treaty and the US Congress would have to
833 ratify the Treaty from their point of view. So that at some stage you'd have to get the governments into
834 the act.

835 **Audience:** But the point is at what stage?

836 **Mr. Green:** We had the IJC decide on the principles. [Unclear material.] And then both, mind you the
837 Americans had Itschner as one of their negotiators. It may be that we should have had General
838 McNaughton as a negotiator.

839 **Audience:** I thought it had been suggested that one of the reasons why it was taken from the level of the
840 IJC, to the government to government negotiations was because of the atmosphere that developed
841 between General McNaughton and his opposite number on the American section.

842 **Mr. Green:** That may have been one reason I don't know....

843 **Audience:** That didn't figure in your calculations at all?

844 **Mr. Green:** See the Americans didn't have, didn't have a member of the cabinet. Their head man was
845 Bennet I think, who was Assistant Deputy from the Department of Interior. We had Fulton who was quite
846 a senior minister.

847 **Audience:** Mr. Green can I ask one thing? One of the main criticisms is the timing of the Treaty. There
848 was no opportunity for a review. General McNaughton was not involved with the negotiations, and the
849 Treaty was signed before he had a chance to examine the Treaty and criticised...

850 **Mr. Green:** No he had examined the Treaty. As I said, we had. I was there at the conference where all
851 these men including McNaughton were there going over the Treaty.

852 **Audience:** How about people like, the citizens of your own country, the Arrow Lakes for instance who
853 were.....

854 **Mr. Green:** When it came up to ratification it would have to be go before the External Affairs Committee
855 and then they could call witnesses.

856 **Audience:** Did you regard the first signing though as something that could have been backed out of
857 without embarrassment?

858 **Mr. Green:** Had been which?

859 **Audience:** Had been repudiated without embarrassment. Mr. Fulton said right up to the signing publicly
860 if the Treaty had not been ratified it would be intensely embarrassing to Canada. Which suggested that the

CRT Lecture 1: Howard C. Green (1974)

861 right of review was severely limited for people who weren't before it.

862 **Mr. Green:** No, that isn't right. We could've failed to ratify. We didn't have to ratify.

863 **Audience:** Mr. Green, I get the sense that we were in a great hurry in the signing. You mentioned right at
864 the start something about if we didn't sign then, we wouldn't be able to get the benefits of the Columbia
865 in the future. To what extent were we committed to such a time table? Do you not feel that we could have
866 at anytime from our positions, where we seemed to have all the cards, have stopped and said this is too
867 fast, we'll build it later. Why do we seem to have to stay with this time table to get it done quickly was
868 there any...

869 **Mr. Green:** Well I guess one reason, one reason would be that with the change of administration in the
870 US, there would be considerable delay, a delay of several months getting it signed. The work had been
871 done and everybody had approved of it. And I don't remember, but there was no significance particularly,
872 and no attempt to rush it. I mean there was certainly no ulterior motive in having it signed.

873 **Audience:** You know as soon as the new development came from Bennett...

874 **Mr. Green:** The development from Bennett didn't come through you see. Bennett wanted the Treaty
875 signed. He wanted the Treaty signed. He was apparently lying in wait for us once the Treaty was signed.
876 He at no stage did he said that he didn't want the Treaty signed, if he'd said that we would not have
877 signed it. He very carefully didn't say that. He got the Treaty signed, to get the downstream benefits. And
878 then what he wanted was to get the money for the downstream benefits and not get the downstream
879 benefits. And I think the whole objective was to put the Peace River project ahead of the Columbia River
880 Project... in other words to force the Peace River power upon Vancouver.

881 **Audience:** Not a personal one, well personal to me and perhaps a little personal to Mr. Green. Sometime
882 before Herb Herridge died in October last year, I was talking to him about his involvement in this
883 Columbia Treaty. It's quite a long process as you know. And he was involved in the hearings with the
884 External Affairs Committee under the Liberal government who was trying to push of course that intrigue
885 through. And Herb Herridge at that particular meeting spoke to Mr. Martin and he said to him, "Do you
886 say you could recommend amendments?". And Mr. Martin said you can do anything if you are a free
887 agent. You can make any sort of report you wish. And Mr. Herridge says yes, I could also blow my nose.
888 Do you think Herb Herridge in all of those years involved in this Treaty had any affect on the final
889 outcome? This is, I would like to know how involved he was in it? And I was rather curious.

890 **Mr. Green:** Herridge was probably the best informed man in the House on the Columbia River. He
891 represented West Kootenay, and was a very highly regarded member of the House too. No I think
892 Herridge had far more influence than any other private member on that question. He was a wonderful
893 person.

894 [Closing Remarks; Thanks to Mr. Green.]