

1 FOR GENERATIONS

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19 **Introduction by Professor Cook**

20 This is the 5th in our series on the perspectives on the Columbia River Treaty, and part of
21 the Canadian studies program which is co-sponsored by the division of Continuing Education
22 and the alumni association of Simon Fraser University. Our speaker tonight is Mr. Bob Strachan,
23 whom I'm sure all of you know and recognize. Mr. Strachan's subject will be as New
24 Democratic Party and the Columbia River Treaty. Mr. Strachan was Leader of the New
25 Democratic Party from 1956-1969, and by virtue of being Leader of the New Democratic Party,
26 he was also Leader of the Opposition. So therefore he is in a continually good position to talk to
27 us on the view of the political opposition to the Columbia River Treaty in this province.

28 Now Mr. Strachan is, I was going to say, a self-made man. I hope you won't
29 misunderstand me when I say that. Mr. Strachan came to Canada first in 1931, I'm always
30 amazed when people come to Canada midst the Depression, but he managed to survive. He came
31 to Canada; then came to BC in 1935. He is by profession I believe a carpenter, and by trade a
32 politician. And he was first elected into the House in 1952, and has been successively elected for
33 9 elections, for the constituency of Cowichan. He is now of course, as you all know, Minister of
34 Transport and Communication. Some of you in fact may have heard him this afternoon on the
35 Chuck Davis show, dealing with the question of the ICBC. What is that?

36 **Mr. Strachan:** I wish I knew. It's been called all kinds of things.

37

CRT Lecture 5: Bob Strachan

38

Well thank you very much Mr. Chairman. First of all I want to thank you for inviting me to be with you this evening. I found it a bit of a shock to realize that, after I received your first invitation, what I was being asked to do was to report on a part of the history of this province that I actually lived: "The Columbia River and NDP". It really goes further than the NDP because before the NDP was organized in 1961, there was the CCF. And the debate and the discussions about the Columbia River started many years before the Treaty in its final form was signed and construction began.

45

I think we all realized that nothing operates in a vacuum in a society, there are all within number of forces that drive the people through a certain position and create conditions which demand by those in power, certain attitudes. And on occasion force them into extended decisions that they may not have wanted to arrive at in the first place. I don't think we'll look at the Columbia Treaty and its development in isolation. The factors that went into the Columbia River Treaty were politics, in a large measure; the need for power in a secondary measure; and I think economics was the third and minor force that determined what happened to the Columbia River.

52

The major issue in my opinion was politics. And to arrive at just why I say that, we have to go back to 1956. In 1956, the debates on the Columbia River had started. The International Joint Commission had been having meetings and it was just about that time a friend of mine in Revelstoke drove me up to what is now the Mica dam site. Senator Neuberger, the late senator Neuberger, had been up into that area. He was a strong proponent of the development of the Columbia River. And he arrived there with his staff, and this friend of mine had also shown the late Senator Neuberger the Mica dam site on the Columbia River.

59

In 1956, there was an election in this province. It was a crucial test for the government of the day, and they were very anxious to hold onto the northern seats and to create an impression of great development potential in the future. And just prior to the 1956 election, a company by the name of Frobisher came into British Columbia, made a 250,000 dollar deposit as a token of good faith. And the election advertising of the day indicates they were going to build a whole series of dams in northern British Columbia; northwest of where the Peace River development finally took place. After that election was safely won and over, the Frobisher company were given their 200,000 dollars back, and away they went. So that was a dream that fell by the wayside amidst great disappointment in northern areas of the Province.

68

In 1958, a new company came on the scene with great dreams of northern British Columbia. A company called the Wenner-Gren Company. And if you read the initial Wenner-Gren Memorandum of Intent, I haven't looked at it for many years. It painted a picture of a

71 Northern British Columbia with great new townships being built, great new industries being
72 developed. Monorails scurrying hither and yon; Schools, colleges, hospitals and a great
73 enrichment of the economy of British Columbia. Wenner-Gren, I met Mr. Wenner-Gren during
74 the day or a few days after that proposal was announced in the legislative assembly by the
75 Minister of Lands and Forests: Mr. Williston. In return, Mr. Wenner-Gren was asking for an
76 almost complete control over what amounted to - I can't remember the figure - where it's
77 something like about at least a sixth of the province of British Columbia up in the northeast
78 corner. Surveys were set up and the proposal narrowed itself to the construction of what is now
79 the Peace River dam. It was a private company, the BC Electric, the privately owned utility that
80 then dominated the electrical field in this province was a partner in that Peace River development
81 company.

82 Well 1958, just when Wenner-Gren was coming on the scene, I made a deliberate
83 decision that the next election will be fought on the issue of whether or not the BC Electric
84 should be a publicly-owned company or a privately-owned company. And I made the statement
85 at the time that the governments have come, and governments have gone, but the BC Electric has
86 never lost an election in their life. Anyway, they were involved in the development of Wenner-
87 Gren, and it was assumed that the power would be first of all, used in all the northern areas of the
88 province, and secondly, it would come down and be used in the Lower Mainland.

89 The opposition objected to the whole Wenner-Gren proposal, because the economics of
90 the time, and the economics of today, indicate very clearly that a publicly-owned utility of that
91 kind for a number of reasons can produce power and deliver it at a much lower cost than any
92 private utility. A utility is given a certain fixed rate of return which is an added cost to the
93 consumer, and the utility has to pay federal income tax, which a publicly owned company
94 doesn't have to. So the net cost to the consumer can be considerably lower. And we opposed the
95 Wenner-Gren proposal for two reasons: One because it was a privately-owned utility; and
96 secondly because it was obvious that we were very close to reaching agreement with United
97 States on the development of the Columbia River.

98 In 1960 an election was fought; Bennett won the election on the Wenner-Gren proposals,
99 and in opposition to public ownership of the BC Electric. Less than a year later, a special session
100 of legislative assembly was called, August 1st, 1961. 5 bills were introduced, and the major bill
101 was a bill to take over the privately-owned BC Electric Company. The reason why this was done
102 became obvious, and the story has been admitted, I think, by the former Premier Mr. Bennett...
103 publicly in interviews, that the BC Electric were refusing to buy the power from the Wenner-
104 Gren development in the north because the price was going to be too high. This then meant that
105 once again that dream of power from the north that Mr. Bennett promised the people in '56 and

106 again in '60, was going to collapse. So Mr. Bennett had no alternative but to take over the BC
107 Electric. And then as the corporate owner of the BC Electric, and at the same time took over the,
108 bought out the Wenner-Gren surveys and the old Wenner-Gren deal and tied the two together so
109 that the BC Electric, by this time BC Hydro, had no alternative but to take the power from the
110 Peace River deal.

111 This was a strange contradiction to a statement that was made by the then-minister; a
112 statement that had been made by Mr. Williston, in my own constituency as a matter of fact,
113 according to the Nanaimo Free Press, of the 16th day of December 1959. Where Mr. Williston
114 had said the Columbia power is cheapest and must be first. And the first paragraph says, Lands
115 and Forest Minister Williston said Tuesday night that the giant Columbia River project must be
116 pushed first because it is the cheapest and is the best with regard to the Peace River scheme. He
117 said that is a real challenge for private enterprise. Well that was 2 years before the private
118 enterprises that were involved in the Peace River in the Peace River deal.

119 Having then committed the Province to the construction of the Peace River Dam, and the
120 utilization of that power, what then was going to happen to the Columbia River power? During
121 this period, the initial agreement was reached between the federal government of that day, the
122 Conservative government, and the government of United States with General AGL McNaughton
123 who had been leading the Canadian team right through all of those negotiations. But General
124 McNaughton, his proposal was, the key proposal was the building of the Dorr-Bull River, and
125 the Bull River - Luxor dams... storage reservoirs in the Kootenay River. These would capture
126 excess Kootenay River water, and redirect it northward down the Columbia River in Canada...
127 with a 40% increase in the Columbia River flow in Canada. With this key step taken, at-site
128 power could be developed at 3) Calamity or Mica Creek; 4)Downey Creek; Revelstoke Canyon
129 and Murphy Creek. And would have provided about 1.5 times, I recollect the figures, much
130 energy, as will eventually be provided from the present Columbia River Treaty.

131 The draft Treaty of that time proposed first, it was going to allow United States to build a
132 dam at Libby, and Canada had previously prevented this ever since 1950, because it floods back
133 into British Columbia for 42 miles. The Libby dam traps the excess Kootenay River runoff, but
134 instead of redirecting it northward into the Columbia as in McNaughton's plan, the water would
135 be released when required into its natural southward coast. The High Arrow Dam, which was
136 part of the final Treaty, would flood out the entire Arrow Valley back to Revelstoke, because the
137 Arrow Lakes forms a very narrow valley with no surrounding bench lands. The water storage
138 behind High Arrow would be a sheer waste ruining the entire valley and breaking up
139 communities, and destroying exceptionally fine recreational valleys. And that was where the
140 fight was.

141 But most important was what was going to happen to the downstream benefit power.
142 Now let me explain what the downstream benefit power is. When you build dams on a river, on
143 the Columbia River in Canada, you're holding back water, that up until that time had flowed in
144 the peak flow seasons, down faster than it can be utilized by the US power sites already built on
145 the Columbia River. And by building storage dams and releasing that water, as required by the
146 United States, it allows them and would allow them to produce more firm power with their
147 existing facility. Firm power is power that you have continuously 24 hours a day, 365 days a
148 year. And because these dams were going to be built in Canada, this gave a downstream benefit.
149 And what was going to happen to this power? We had always said, and always believed, and
150 always insisted that that downstream benefit power should come back to Canada.

151 And strangely enough, Dal Grauer who was the President of the BC Electric and I agreed
152 thoroughly on that. And Mr Grauer at one time shortly a few years before he died and while the
153 first discussions were taking place, became aware of the fact that it might just be possible that
154 some silly BC Government might sell this downstream benefit power to the United States. And
155 he warned us against doing that. He said that what British Columbia has lacked in the past was a
156 major block of very cheap power. And I can't remember his exact words but he said, now that
157 the wheel of fortune is turning in our direction, we must avoid being, these are not his words,
158 being sucked into a position of selling this downstream benefit power to the United States. And
159 the original federal government statement was that this would not be sold to the United States.
160 And the agreement was signed by the federal government and United States. And we thought
161 everything was well on its way, when Mr. Bennett said "No". By this time he realized he
162 couldn't utilize the downstream benefit power and the power coming from the Peace River at the
163 same time. So he insisted and there was a long hassle federally and provincially, over the re-
164 writing of the Treaty.

165 The Treaty was ratified as I recollect by the United States Senate and Canada, and it was
166 even signed by both when Mr. Bennett said "No deal" because he found that he couldn't use this
167 downstream benefit power. Anyway, the Treaty was signed and finally Mr. Bennett in the
168 meantime, the Tory government had gone out, the Liberal government had come in. And Mr.
169 Paul Martin was the author as I recollect it, of the final Treaty that was signed with the
170 agreement of British Columbia and with the US government. And that Treaty when it was
171 finally, when the smoke finally cleared, we discovered that the flood benefits, which Mr. Bennett
172 had said would be held in perpetuity and the interest used to build facilities in this province... to
173 build recreation and so on, were included in the final sum that was paid. High Arrow was part of
174 it; and part of it was that the US be allowed to build the Libby Dam.

175 Let me quote you the statements that Premier Bennett made in about 1961... September

176 16th 1961, to the Associated Board of Trade in Prince George. Premier Bennett says, “By selling
177 this surplus Columbia power at 5 mills, here is what we can do. We can build High Arrow, we
178 can build Duncan, we can build Mica Creek and other points in BC to produce over 2 million
179 horsepower... all at no cost to Canada. That my friends, is the real meaning of cheap power,
180 because nothing is cheaper than something that is free.” Then on December 12th on the same
181 year, he says, “That 5 mills would not only pay all the financing on the 3 dams, but would pay
182 for 2 million horsepower of generation at Mica on the BC site. So United States will be paying 3
183 mills for Treaty power, and we would get 2 million horsepower absolutely free.”

184 Now, it didn't quite workout that way, as to say the agreement finally was that the
185 downstream benefit power would be sold to the United States at 5 mills. 50% of the downstream
186 benefit power, and it was a tremendous block of additional power I can't remember the figure, I
187 probably have it in here somewhere. But remember that the other 50% belonged to the United
188 States. And to them, that was 1 mill power. So certain amount of power at 5 mills, and an equal
189 amount at 1 mill, gives you an overall cost of 3 mill power. And I said at the time, that this in
190 essence was exporting jobs from the province of British Columbia. And professor Harry Warren
191 some years later, vindicated that statement, and this is from the Global and Mail of Tuesday
192 September 5th 1967, where it says, “University British Colombia professor claims that the
193 Columbia River Power Treaty will deprive the province of about 500 million dollars in capital
194 investment and 300 million dollars annually in new production and foreign exchange in the
195 aluminium industry alone.” And in this article, he goes on to point out that as a result of the
196 Columbia River Treaty, that 5 additions or new aluminium plants were able to be built in the
197 northwest area of the United States because of the Columbia River Treaty.

198 I have in my hand a sheet which was tabled in the legislative assembly just a little over 10
199 years ago. I've written on it, that's my own writing, the 6th of February 1964, given by Ray
200 Williston. Table 1, comparison of revenues and costs Columbia to River Treaty projects. And he
201 goes on to indicate that we would get a total of 274 million dollars for the power benefits, and
202 the flood control benefits would amount to 69 million dollars and when you add the interest to
203 that, up to first of April, 1973, this is going to provide a total of 501 million dollars which was
204 going to be more than the total capital cost of the dams, and is going to leave the money for
205 power generation. In actual fact, the last figure I saw indicated that the province is going to have
206 to pay some 667 million dollars to fulfill the Columbia River Treaty requirements.

207 Added to that, is the fact that the Columbia River itself, the Libby Dam, became, and the
208 acquisition of the site for the flooding back into Canada, became a total cost to the people of the
209 province of British Columbia. Many, many people were forced to move. Roads had to be re-
210 built, railroads had to be replaced, and as I pointed out earlier, a large area of the province was

211 indeed flooded because of the High Arrow dam, which we had opposed.

212 You look back, and you realize that had we followed the McNaughton plan, or even had
213 we insisted to follow the present plan and insisted that the downstream benefit power come back
214 to this province, and build them at one after the other, rather than as we did both of them at the
215 same time, two things would have happened. There wouldn't have been part of the inflationary
216 pressure that did take place because we were on both projects at the same time. And two, that
217 tremendous block of downstream benefit power which went to the States, would have been
218 worth an un-estimatable amount of money to the Province at this time. At the time when we are
219 now faced with building more dams on the Peace River, and flooding not too much more of this
220 particular dam that's talked about the Peace River won't flood too much more, but we would
221 have had this extra power available at the time when we were just beginning to realize there is an
222 energy crisis.

223 Federal and provincial politicians sometimes differ, but this is one case where our federal
224 counterparts in the House of Commons agreed with those of us who were on the provincial
225 scene. A man by the name of Bert Herridge was called the Lord of the lakes. He had lived on the
226 Arrow Lakes all his life and he led the fight in the House of Commons against the Treaty that
227 was finally signed. It was a long bitter dispute; we haven't paid the full price yet. The great deal
228 of work to be done, to clear up behind the dam sites, this is the Nelson Daily News dated
229 September 16th 1967, shortly after the Duncan Dam was officially opened. And I'll read you
230 some sections of it; I've read this interesting reflection on history. When you stood on that dam
231 site, and you looked up the lake, everything was nice and clean and beautiful and it looked great,
232 but this is what the news story says:

233 *“Bennett's Lake was the name one resident gave to the newly created Duncan*
234 *Dam reservoir after he toured the quagmire of floating debris, water logged cabins and*
235 *jutting and submerged treetops that made up its 29 mile length. And it seems that this*
236 *label is fast catching on, for not only residents for the Laredo area, but of the Kootenays*
237 *generally. Recall the tremendous battle that was waged to force the provincial*
238 *government and BC Hydro to completely clear the reservoir area.*

239 *They remember, too, Premier WAC Bennett's description of the Duncan Reservoir*
240 *as he officially proclaimed the project completed in August 17th. In glowing words Mr.*
241 *Bennett said of the Reservoir, in Duncan Lake, there has been created a haven for*
242 *pleasure boats, beaches for swimming, a place where forever we will find physical and*
243 *mental benefits.*

244 *A tour of the new reservoir on Thursday presented an entirely different and*

245 *shattering picture. 5 miles above the new dam, stretching from shore to shore, there has*
246 *been installed a boom to catch free-flowing debris that might escape a similar boom that*
247 *was installed 2 miles further to the north. The beginning of the lower boom, the picture*
248 *changes rapidly, treetops jutting above the placid waters make their first appearance.*
249 *The debris of the years floated by the rising waters become entangled in the jutting trees*
250 *making the shore wood waters virtually un-navigable. Beyond the upper boom, the full*
251 *impact of the horror that has been created strikes forcibly. Here begins a sportsman's*
252 *and conservationist's nightmare. Traveling at vastly reduced speeds made necessary due*
253 *to submerged trees and water logged debris, one cannot anticipate the true size of the*
254 *newly created lake.'*

255 The article then goes on to talk about as far as the eye can see, and there are a series of
256 pictures in this paper, one on the front page which shows part of the heritage that came out of
257 that Treaty, because of the fact that it was costing more than Mr. Bennett and his negotiators had
258 originally thought it would. We're still in the process of catching up on that.

259 Standing here, it's hard to believe how long and bitter the debate was, I have
260 recollections of standing in the legislative assembly at midnight, 1, 2, 3 o'clock in the morning
261 talking about the Columbia River. By a strange peculiarity of our political system, the members
262 of the provincial legislature were never given a chance to vote "yes" or "no" on the Columbia
263 River Treaty. They were never given a chance to vote "yes" or "no" on the Peace River Dams
264 either. It's one of those things that happen in our political system. All of the reports that were
265 issued prior to the political decision that was made, indicated that the two should not have gone
266 ahead at the same time. Here's a Cryp and Ripe report, which was a '61 report talking about
267 development of both at the same time. It says, "*Indeed it seems to us that the economic*
268 *justification for any considerable overlap in the execution of the two projects could only arise if*
269 *a guaranteed export market for British Columbia Power should be of such an immediate*
270 *magnitude that it would be impractical to meet the combined requirements of the province in the*
271 *export market by accelerating the construction of either project*".

272 What I said the economics of the matter became the least of all of the matters that were
273 taken into consideration in arriving at the decision to go ahead with the amended Columbia River
274 Treaty. I mentioned the flood control benefits, that's not... it wasn't payment for any flooding
275 that was done in Canada. This was payment for the flooding that would have taken place in the
276 United States, had it not been for construction of these dams. And as I said, we accepted some 69
277 million dollars for performing that service. I think it was 2 years ago, it was estimated the total
278 amount of flood prevention in the United States that arose out of the construction of those dams,
279 and for that 1 year alone, the damage would have amounted to almost 250 million dollars. Now

280 had we asked for a 50:50 split on the flood control benefits on an annual basis, in that one year
281 the returns to Canada would have doubled the amount that we did accept to bringing this benefit
282 to the United States. I think it was one of the unfortunate circumstances of our province that the
283 political requirements of the time drove the government of the day to make that decision.

284 We will never know what might have happened in this province had they done them one
285 at a time. I think much of the money that had to go into paying the cost of that mistake, might
286 have solved some of the problems that we're facing today in the matter of very topical subjects.
287 Money for university; money for the pupils ... to reduce the pupil teacher ratio; money for
288 homes for senior citizens, a multitude of other things. But the decision was made that British
289 Columbia has to live with it, and I think it's a warning to all future governments, that you should
290 never jump too far ahead of your, with your political thinking before you realize the impact that
291 it might have on the future of the province. And I think that's one reason that we're certainly
292 very reluctant to build any more dams in the province. We're looking at every aspect of power
293 development. We know that the one we're proposing to build will do very little damage of any
294 kind, because it's a very small. It's only in acres the measure of the, I think it's called the
295 Number 1 Dam on the Peace, will finally bring about.

296 But it was a grey period. It all seems long ago and far away but it will always be apart of
297 British Columbia. And I think we called that lake McNaughton Lake, as a tribute to a man that I
298 think was a very great Canadian... a man who gave great service to this country on that
299 International Joint Commission. And fought very hard for what he believed was in the best
300 interest of this country. And I'm very glad I was there. I'm sorry about what happened, and I
301 wish we had more strength than we did have. And I wish that the people of the day had realized
302 the import of what was taking place. That too is one of the difficulties of politics is to have
303 people realize at any given moment the full impact of what is being proposed by the government
304 of the day.

305 I think that's all I'll say now Mr. Chairman, and simply leave it open now to questions in
306 which I'll try and answer. As I say it's along time ago, and I really haven't had the time to go
307 through some of the material I brought I with me but, any questions you have I'll try and answer.

308 **Chair:** Maybe the questions will refresh your mind. Are there any questions?

309 **Audience:** [inaudible] ... where did the money go?

310 **Mr. Strachan:** Well it all went into the, that was part of a total amount that was paid you see.
311 When they found that the dams couldn't be built for the originally estimated costs, then it all
312 went into that and they cut back on the clearing of the reservoir. We're going ahead now and

313 catching up to it, but it'll take sometime, and that's part of the money that'll have to be spent, I
314 don't know how far ahead the clearing has gone, but it certainly has to be cleared up.

315 **Audience:** [inaudible]

316 **Mr. Strachan:** I wish I knew but, internal decisions made by BC Hydro and the government of
317 the day. BC Hydro officials and the government of the day, they knew the costs of what were
318 taking place, they knew the money wasn't going to do what they said it was going to do. We had
319 some problem in getting figures from them through questions on the auto paper, was the only
320 way we could get questions answered about the actual costs. That was usually about a year
321 behind the actual expenditures. It was a long drawn-out thing, going on year after year before we
322 finally got the admission that it was going to cost much more. And everything had to be pumped
323 into it in order to even accomplish what has been accomplished.

324 **Audience:** Mr. Strachan, recently a story came out of Revelstoke. The provincial government
325 was planning to go ahead with the plans to build a dam in Revelstoke Canyon. Does that story
326 have any truth or not?

327 **Mr. Strachan:** No, not to my knowledge.

328 **Audience:** Mr. Strachan can you tell me what was done with the money that was handed over?

329 **Mr. Strachan:** Yes, it was put out on interest. You see this is how they arrive at the figure 501.
330 It seems to me 100 million dollars was loaned to the province of Quebec for a 2 or three year
331 period, at 5% interest, and it went into various other short-term loans to be used as they required
332 it.

333 **Audience:** [inaudible]

334 **Mr. Strachan:** No it didn't because it had to be utilized for the construction... as the
335 construction went along; you couldn't send it out long term. You've got to be able to get the
336 money back when you... I think the longest term investment was loaned to the province of
337 Quebec as I recollect.

338 **Audience:** Mr. Strachan, do you characterize your opposition to plans were basically economic
339 or environmental?

340 **Mr. Strachan:** Well at that time it was both environmental, and economic. At the time, when the
341 environment wasn't as much interest to people, it was both. It was the flooding that was going to
342 take place because of the High Arrow; that was the environmental objection. And the economic
343 objection of course was the fact that we wouldn't get as much power out of it as we would from

344 the McNaughton proposal.

345 **Audience:** [inaudible]

346 **Mr. Strachan:** We're opposed to dam building that's going to do any damage of that kind. This
347 is why all these stories about building 5 dams, and 9 dams gets Bob Williams so upset... because
348 there's no intention of building 5 dams or 9 dams or anything like that. The only dams that have
349 been announced are the only ones that we have in mind. The 5 dams as I recollect or the 9 dams
350 simply came out of an engineer sending out a letter up the line some where that we should start
351 to make surveys of these 9 rivers. But it never even got up to the General Managers and
352 somehow a copy of this letter got out to the press or somebody and away it went. It was most
353 upsetting to Mr. Williams let me tell you, because it's just one of those things that happen.

354 **Audience:** Mr. Strachan, is there any similarity between the Columbia and the Lower Nelson in
355 Manitoba? Have you communicated with the NDP there and told them exactly what a screw-up
356 this Columbia was to BC?

357 **Mr. Strachan:** I'm not familiar with the Lower Nelson in Manitoba. Not familiar, whether or not
358 there is a similarity, I'm not familiar with it at all. Are they going ahead with a dam on the...
359 Well I remember at the time pointing out that once you provide power to the United States, it's
360 looked upon as an unfriendly act if you ever cut it off. This was the experience in Ontario.
361 Ontario went through this many years ago of selling power to the United States. And then when
362 they got the surplus to their needs at that time, and then when they wanted to cut off the supply
363 of that power they were told very clearly it was considered an unfriendly act to the United States.
364 I think we shouldn't develop our power until we're ready to utilize it ourselves because once you
365 give it away, you can't get it back.

366 **Audience:** You seem to suggest were involved with the previous government of selling the
367 downstream benefits because here we are at a power shortage, an energy shortage. And yet you
368 also criticised the building of the dams themselves. Let's hypothesize for a minute, if we hadn't
369 built the dams, where would this power come from?

370 **Mr. Strachan:** First of all, the McNaughton plan would have given us half as much power again
371 as we're now getting from the Columbia, which is a very substantial block of power. The Peace
372 dam could have been built, not necessarily as high as it was built, and still produce more power
373 than we're now utilizing.

374 **Audience:** But would it not have been a fact that if we had held off on these things because of
375 the horrendous weight of inflation in the last few years, that it would have cost us a great deal
376 more than even the 600 million that you say it will eventually cost us?

377 **Mr. Strachan:** Well not necessarily. Had we gone ahead with the one, because actually what
378 happened was that our power demand increased much more rapidly than they had anticipated.
379 But we were already committed to selling the downstream benefit power. Our power demand, I
380 can't remember the figures, but it just shot way up, way greater than the predictions. And had
381 they done them in series, rather than together, they would have been aware of that by the time
382 they can around, and they could have started the other one just as the first one was about $\frac{3}{4}$ done.

383 **Audience:** Mr Strachan which one would you have [petitioned] for, the Peace, or the Columbian
384 river?

385 **Mr. Strachan:** The Columbia River; I said that very clearly at the time... as Williston had said
386 in '59. And we had always assumed that the Columbia was the first must in power development.

387 **Audience:** Figures indicated that it was going to be more costly in the long run?

388 **Mr. Strachan:** No the figures didn't indicate. The figures indicated that the Columbia River
389 would be the cheapest, would be cheaper than the Peace.

390 **Audience (Tim Newton?):** Mr. Strachan, there seems to be a few sort of inconsistencies
391 between what you presented this evening, and what some of our previous speakers have
392 presented to us.

393 **Mr. Strachan:** That's not unusual.

394 **Audience (Tim Newton?):** One of them, we noticed that you support the McNaughton Scheme
395 and you condemn the flooding as a result of Libby. Now my understanding is that the
396 McNaughton scheme would produce flooding in Canada far worse than anything we have at the
397 moment. My second question is related to the figure of 660 million dollars. Our previous speaker
398 here gave us a breakdown of 539 million dollars costing total, and of this 474 was paid by
399 downstream benefit payment, flood control and interest on this payment... leaving a total of 65
400 million for the government of BC to provide. Now this does seem an order of magnitude of 10
401 less than you quoted?

402 **Mr. Strachan:** Yes, that 667 million dollars figure was a figure that was given about 4 or 5 years
403 ago as I recollect. But with each passing year, as the work progressed, I'm looking for the figure,
404 where I got that 667 million. But I'll answer your first question. There's a map, the black shows
405 the flooding that would take place with the McNaughton plan... the amount of black. Now look
406 at the amount of black there, that's the amount of flooding that took place with the Treaty. And
407 there's an indication of the difference in the amount of flooding that takes place in both plans,
408 with much less flooding in the McNaughton plan. They were going to get half as much power

409 again.

410 Now, the answer to the discrepancy in figures... this is an unusual report I have here, but it's
411 taken from questions that were answered in the House. And this is from the Columnist of the 26th
412 of November 1972. They're just cost estimates for the Columbia River Project table in the
413 legislature by Premier Bennett, laid Wednesday... showed the final cost to BC taxpayers could
414 exceed 647 million dollars. This time, we used to put the questions in the other paper, but this
415 time it was Patrick McGee with that question in writing on the order paper. And Premier
416 Bennett, who also holds the finance portfolio table, has answered to close the Wednesday sitting.
417 Bennett told the house that a total of 524 million has been expended on the Columbia River
418 Project to August 31st last. This figure he said represents 55 million over and above the total US
419 payment for downstream power and flood control benefits in the first 30 years.

420 The Premier's answer said that the latest costs estimates for individual projects under the Treaty
421 are: Duncan storage 32 million, Arrow storage 195 million, Mica storage 337 million, Mica at
422 site generation 399 million, and transmission lines to the load centres in BC 151 million. Total
423 cost estimates less the total amount of the US payment produced an estimate of the BC share of
424 the cost of 647 million. But as I said earlier, added to that, I would put the figure higher, added to
425 that is the fact that the Libby Dam construction and flooding back into Canada, was also one of
426 the conditions that were accepted under the Columbia River Treaty. And I haven't got the figure
427 as to the million of dollars and the unhappiness that caused to many people.

428 When I came in first as Minister of Highways, I think there were some 80 families or 90 families
429 as I recollect it, had to be bought out and moved out of the Libby Dam area. Many of them had
430 been born and brought up there, and I went through a file of very bitter letters. Some of the
431 settlements still hadn't been made. They were still fighting for what they thought would be a fair
432 settlement. So you have to add, and I say that's not included in the cost that Bennett was talking
433 about there as of November 1972.

434 **Audience:** Do you have any idea as to why Bennett switched from the McNaughton plan to the
435 Treaty plan?

436 **Mr. Strachan:** I can't. Well yes; yes I think I can. It was probably a demand by the US. You see
437 that the McNaughton plan gave British Columbia a continuing lever, as I indicated to you, part of
438 the McNaughton plan was that we would have the power to redirect water from the Kootenay
439 River northward. And at one time as a matter of fact, there was even talk of redirecting it to the
440 Fraser. And as long as we had the McNaughton plan, we had the control of that, we always had a
441 club that we could use at any time to benefit British Columbia, if we thought it would be to our
442 benefit. And I imagine the Americans just wouldn't want any part of that particular situation.

443 And Bennett, I think it was a give and take, Bennett wanted to sell the downstream benefits, and
444 I can't give you any real reason, I can only surmise as to why he... But I know that he... it was
445 quite a surprise to all of us, and I probably have the clippings in here somewhere, when the
446 federal government thought it was all signed, sealed and delivered, and all of a sudden, Bennett
447 came out with this blast against it, and there it was and away they went and it had to be changed.
448 I'm not privy to what happened behind the scene, but I rather suspect it was on basis of
449 discussions with the United States.

450 **Audience (Ralph Legge?):** If the federal government hadn't changed at the particular time that
451 it did, do you think Bennett would have been successful in his efforts to sell the benefits? Or do
452 you think that the federal government would have put him down?

453 **Mr. Strachan:** I'm trying to remember. It seems that Pearson was in opposition, and it seems to
454 me that even in opposition that he had indicated that he was prepared to go along with the
455 Bennett proposal. I can't remember the details, but it seems to me that Pearson...

456 **Audience (Ralph Legge?):** Well the two Conservative fellows that were here previously, stated
457 fairly strongly that if it came to a matter of selling the benefits, they would have got out of the
458 Treaty... they wouldn't have signed it. In 1961, the benefits weren't sold... the benefits were
459 agreed upon as to be shared. There was a Protocol that was signed in '64.

460 **Mr. Strachan:** You could be right there. Here's a letter I received from John Diefenbaker June
461 16th 1961. I asked him to intercede at one time. Because I said I'm taking this rather unusual step
462 as writing to you personally on the question of export of Columbia River power, because I feel it
463 would be a national disaster if the benefits of cheap public power from this river are denied to the
464 people of Canada, simply to facility the sale of uneconomic Peace River power by a foreign-
465 controlled private company. This was 2 months before the move was made to take over the BC
466 Electric and take over the Wenner-Gren. And I said that I'm appealing to you not as Leader of
467 the Conservative Party, but as Prime Minister of Canada. To use your influence to prevent the
468 sale of the power derived from downstream benefit to the United States, in support of my stand.

469 I would draw your attention to the remarks of Dr. E Grauer of the BC Electric Company. A
470 recently published book Canadian Issues, Dr. Grauer outlines his stand on the export of
471 electricity. And dealing with the question of power available at differing costs he says, "*It'd be*
472 *sound public policy*", I'm quoting Dr. Grauer now this was the one I was telling you about, "*It'd*
473 *be sound public policy to keep the cheapest power in British Columbia, and to stimulate*
474 *development here, rather than to export the least expensive power*", end of quote.

475 Sale of this power, this is me speaking again, sale of this power to the US will, of course, will

476 stimulate development there and not in British Columbia. With regard to the desire of the US to
477 obtain this power, Dr. Grauer says, quote, *“To succumb to such pressure would, in my opinion,*
478 *be a tragedy, because most of BC, unlike the states of the Pacific North West, has never had the*
479 *stimulus of really cheap power. Now that the wheel of fortune in this respect is at last spinning in*
480 *our direction, we should make every effort to take advantage of it.”*

481 In addition to the above, now that was the end of the quote, in addition to the above, on
482 September 29th 1960, Dr. Grauer commented on a statement I had made at that time, when I
483 suggested that a move would be made to sell this cheap power to the United States. Dr. Grauer
484 scoffed at my suggestion and said he did not believe the Canadian Energy Board would allow the
485 export of cheap power... while retaining more expensive electricity for use in British Columbia.
486 He terminated his statement to the press by saying, *‘Is Mr. Strachan’s suggestion that one or*
487 *both of these agencies as the BC government of the BC Power Commission, would want to sell*
488 *the downstream benefits to the US rather than use them in BC?’* End of quote.

489 And I go on again. We know now that that is exactly what Premier Bennett is proposing. The
490 present intention of the BC government is summed up neatly by the Vancouver Province’s
491 business editor Mr. W E Ryan. Reporting on the government plan on the front of the May 27th
492 issue he says, *“The price of Peace River power would be reduced by subsidizing power*
493 *consumers with profits from the sale of all Columbia River downstream benefits to the United*
494 *States. In short, the tragedy envisioned by Dr. Grauer is to come about. Not to benefit Canada or*
495 *British Columbia, but for one reason, and one reason only, mainly to provide capital gain from*
496 *stock promotion in line”*. This is the Peace River thing, in line with those made by the so-called
497 pipeline buccaneers. Under guaranteed continuing profits from the sale of expensive Peace River
498 power, to the principles behind the Peace River Development Company.

499 Perhaps one of the worst features of this situation, is the plan which was put into the Columbia
500 agreement, at the insistence of the government of this province, to flood the Arrow Lakes. The
501 people of this area have always said that they would not oppose such a plan if it were for the
502 good of Canada, and British Columbia. To suggest putting them out merely to benefit the US and
503 a handful of foreign promoters behind the Peace River Company, is ridiculous. I think it is
504 essential that the government of Canada realize that the majority of the people of this province
505 wish to see Canadian and British Columbian interest put first by way of a realistic cooperative
506 plan by both governments to develop the Columbia River.’ Mr. Diefenbaker acknowledged it
507 and forwarded it to the honourable Howard Green and Davie Fulton of the cabinet
508 representatives from British Columbia.

509 **Audience:** Mr Strachan, could you tell me when the High Mica Dam is capable of producing
510 some power?

511 **Mr. Strachan:** No I couldn't, that's the next step is to start putting generation on the Mica Dam.
512 That's part of the costs that were referred to a couple of years ago. I haven't got that answer.

513 **Audience:** Is your government ready to renegotiate the Columbia River Treaty?

514 **Mr. Strachan:** I think the Premier has raised the matter. See it's an international agreement,
515 which means you have to go through the Federal Government. I don't think it's possible to
516 renegotiate. I think the Premier may have mentioned it in some of his provincial meetings with
517 the federal Prime Minister, but it's pretty hard to break an international agreement without
518 repercussions... pretty difficult.

519 **Audience:** [inaudible] ... are you looking forward to the day when the Treaty expires?

520 **Mr. Strachan** Yes, that's 60 years from now. I doubt that I'll still be here. Yes it's 60 years, well
521 it's got another 50 to go. It's hard to say what the situation will be then, very difficult. I wouldn't
522 attempt to prognosticate.

523 **Audience:** Mr. Strachan, I know you favour the McNaughton plan, but weren't there technical
524 reports that suggests that it's impractical?

525 **Mr. Strachan:** Oh yes. Yes there were a number of those who disagreed with it. Engineers are
526 nearly lawyers. If you get two engineers together they'll give you two answers.

527 **Audience:** When you say you supported the McNaughton plan, then NDP supported
528 McNaughton plan. Did they also favour the diversion, the possible diversion of the Columbia
529 into the Fraser?

530 **Mr. Strachan:** Well that was said, and it was always a possibility. But that was only if the fish
531 problem created could be solved. This was really... I think the mere suggestion that this might
532 happen, I think, was what finally (to coin a phrase) broke the dam in negotiations with the US.
533 Was the possibility of that British Columbia of it's own volition might take action, could take
534 action, and could have taken action that would have left the US without the potential of the
535 Columbia River Development.

536 But certainly not until all the fish problems were solved. This again was one of the problems we
537 faced in the Columbia. The work was started, and it was only after the work was started that the
538 research was done as to what this was going to do with the Kokanee. And I forget all the details
539 but there was a shrimp on which the Kokanee feed... and something else feeds on the Kokanee.
540 And there was a problem, and I think they got that pretty well solved and overcame it. But I
541 know there was a period where we thought it was going to do real damage to the fishing and the

542 fish life in the area.

543 **Audience:** But what you really mean is when you say you supported the McNaughton plan,
544 which you stated was the Kootenay diversion, the Bull River – Dorr?

545 **Mr. Strachan:** And there was this suggestion, you see, that it could be put into the Columbia
546 too, into the Fraser too. And I think this was the factor that scared the US.

547 **Audience (Prof Cook?):** Now you built your whole argument, as I followed it, that the
548 discussions made by Mr. Bennett was all political and that the power considerations, economic
549 considerations were all secondary. Could it not also be suggested that it was politically
550 impossible for the governments to have gone forth with this Bull River diversion, precisely
551 because of the political opposition from the people in the area who are going to be affected. I ask
552 this question, I just want to get your response to it. In the minutes in the Columbia, Canada-
553 British Columbia Liaison Committee, I can't remember precisely the date, Mr. Williston raised
554 the question of the effects which the Kootenay diversion would have on the number of acres
555 which would be flooded... the effects it would have on transportation routes, but mostly on the
556 grounds of the political opposition from the area. In fact he suggested that the opposition in the
557 East Kootenay would be, could be so great as to destroy the whole plan. I was just wondering
558 whether or not you'd like to comment on that? Whether you think that was the...?

559 **Mr. Strachan:** Well they went ahead with a plan that did and they knew was going to cause
560 displacement problems. There was tremendous opposition from the Kootenay's on the proposal
561 they went ahead with, and they survived that. Wasn't as much then as it is now. Now no matter
562 what you do, there are going to be a group of opposers. But this was a pretty unified position by
563 a very large group of people in the Kootenay, so no matter which way they went there's going to
564 be opposition. There's going to be displacement, there's going to be roads and railroads that had
565 to be replaced. I remember I think it's oh gosh, 8, 10 years ago, crossing on the ferry from
566 Needles to Folkier. And driving over the high road they just put in... it was one of the most
567 hazardous trips I ever made, because the road used to go down and around, and I was way up on
568 the bank there. So there were roads that had to be replaced.

569 **Audience:** But you don't buy this argument, that the opposition would have been so strong to
570 the Kootenay diversion? I forget the exact figures myself, but it's something like 90 000 acres
571 would have been flooded under the Kootenay diversion, as opposed to 20 000 acres is it on the
572 Libby?

573 **Mr. Strachan:** Well the Libby of course is an addition to the flooding that took place because of
574 the High Arrow. The original agreement, the Libby was not going to be part of it.

575 **Audience:** Would there be more displacement under the McNaughton plan?

576 **Mr. Strachan:** That small scaled map shows not. The amount of black that's shown on that
577 small...

578 **Audience:** Yeah, a lot of the black was around the Mica and other areas.

579 **Mr. Strachan:** I may have the figure... got to find the booklet first. Not in here.

580 **Audience:** But was there any debate about that, at the time?

581 **Mr. Strachan:** Oh yes. There was debate on the flooding that was going to take place and as I
582 recollect, there was a lot of debate on that, the displacement. This wasn't just economics. The
583 displacement was a big factor in the debate. And as I recollect the figures, the signed agreement
584 was going to cause more flooding than the McNaughton plan.

585 **Audience:** Was there constant communication between you and Mt. Hertz?

586 **Mr. Strachan:** Yes. Sure, Randal Harvie, who was the MLA for Kaslo and was our main
587 spokesman on the, he was our power spokesman who is now an MP, he replaced Harry Duvay
588 for that same district.

589 **Audience:** [inaudible]

590 **Mr. Strachan:** No, not McNaughton plan, and I have a chronological list here somewhere. That
591 was the first thing I had upfront there. Where was it?

592 **Audience:** I think you need an executive assistant.

593 **Mr. Strachan:** Well, they're kind of busy these days. January 17th 1961, after years of
594 negotiations between Canada and the US, Prime Minister Diefenbaker, and President
595 Eisenhower sign a Treaty for cooperative development of the river. March '61, congress ratified
596 the Treaty. July 61, stalemate between Premier Bennett and the federal finance Minister Donald
597 Fleming on financial agreements. August 1st '61, takeover the BC Electric. August 31st 61,
598 Bennett says BC will offer US its share of the downstream benefit at 5mills to finance
599 construction of the dam. September 1st '61, justice minister Davie Fulton opposes sale of
600 downstream benefits and says Bennett's proposal undercuts the whole Treaty. September 23rd
601 Fulton says Canada must ratify a Treaty within 5months or US will commit itself to other power
602 sources. September 26 '61, Liberal leader Lester Pearson says a Liberal government will try and
603 renegotiate the Treaty. Yes I thought that the Pearson had indicated when he was in opposition.
604 October 24th '61, James K Car US Secretary for the Interior, says Canadian ratification has

605 urgent need. Fulton predicts BC Federal agreement on downstream benefits by March '62.
606 November 17th '61, US interior secretary Steward rouses Canadian federal anger with statement
607 apparently supporting BC position on downstream benefits. December 13th '61, Bennett confirms
608 Treaty will be ratified in '62. Says US will accept power at 5mills, and Ottawa will approve sale
609 of downstream benefits. In December 19th '61, Fulton asks Bennett to re-examine federal policy.
610 Reiterates federal stand against export of power. December 27th, 1961, engineering report reveal
611 estimated costs of Columbia project has risen by 43 million. February the 14th '62, Bonneville
612 power administrator Charles Loose, says Ottawa and Victoria must hurry. And sadly this dispute
613 because US and Canada can not wait forever for ratification. March 17th '62, US statement asks
614 President Kennedy to urge Canadian ratification now with settlement of internal dispute to
615 follow by follow up arbitration. March 20th 1962, Fleming, Bennett and 2 days of talk without
616 resolving dispute. April 3rd '62, Diefenbaker announces his retirement of General A.G.L
617 McNaughton as Canadian Chairman of the International Joint Commission. McNaughton says he
618 was fired on April the 6th. Canada was sold down the river and existing Treaty and demands are
619 healing before the commons committee. April 11 '62, Fulton says Canada would have been
620 better off with McNaughton's plan for diversion of the Kootenay River into the Columbia but
621 couldn't adopt it without treading on BC's toes. April the 13th '62, Bennett demands immediate
622 federal ratification of Treaty. April '62, Green rejects Bennett demand. Says committee must
623 probe McNaughton's charges first. April '62, Bennett predicts development of river before
624 March 31st, '63. May '62 Loose says US still basis it's power planning on the assumption the
625 Treaty will soon be ratified. May '62, Fleming says BC and Ottawa will still have not agreed on
626 downstream benefits. June '62, Udol says he doesn't believe in failure of Conservatives to elect
627 majority government will effect approval of Treaty. August '62, Bennett flies to Ottawa for talks
628 with Fleming... confident of federal provincial agreement. September '62, Bennett says Ottawa
629 and Victoria are now unanimous on Columbia development. September '62 federal government
630 announces in the Throne Speech it will soon ask Parliament for ratification and will encourage
631 large scale, long-term power export. September '62, Bennett says he expects the ratification in 2
632 weeks. Washington sources say top level international discussion underway on disposal of
633 downstream benefits in US. November '62, Washington reports says US has rejected on Bennett
634 proposal that Americans build the three Canadian dams on the Columbia because he can't raise
635 the funds. December '62, Diefenbaker rejects opposition requests to have Treaty submitted to
636 Commons before Christmas. December 7th '62, Liberals fail to force special debate on Columbia.
637 January 6th '63, Bennett calls for Kennedy, Diefenbaker, Bennett summit conference on
638 Columbia. January 12th, '63 Loose says time is running short on Canadian ratification. US can't
639 wait much longer. When's the House of Commons dissolved before it can consider a Treaty. The
640 house was dissolved, the Liberals came back in and they finally ratified the Treaty which
641 allowed the downstream benefit power. The McNaughton proposal was long before that

642 situation.

643 **Audience:** On the issue of selling the downstream benefits. First of all, why do you think,
644 [inaudible]

645 **Mr. Strachan:** I wish I knew. No I can't answer that question. No I was lead of the opposition.
646 Premiers consult with the leaders of the opposition on some things usually when they want to
647 bring the upcoming government and progo the session and a few other things like that. Well I, as
648 I recollect it was a minority-Liberal government as I recollect it. Again, politics be the
649 determining factor. Make friends with British Columbia and the government of British Columbia
650 with the knowledge that you were going to be facing another election before too long. That
651 would be after 63, and it seems to me that they went to the people again in '65 as I recollect. Yes,
652 so that could have been the factor that determined. I know Bennett lauded Paul Martin to the
653 skies for making this deal possible for the province of British Columbia. He stood to hurt
654 politically.

655 **Audience:** [inaudible]

656 **Mr. Strachan:** I think that's true yes, about 3 quarters of the population of the province mind
657 you do live in the lower mainland of British Columbia. I think too that the attitude of the times
658 lent themselves to accept this sort of thing that was happening. It was an era when most people
659 were still going by the old dollar standards and bigger and better booms were what were being
660 looked for, demanded, expected, and promised. And those that were promising bigger and better
661 booms ... they were popular. I think, I hope the last dieing gasp of that kind of general public
662 thinking. Certainly, I think today, there'd be much more public debate, public discussion and
663 public awareness than there was 10 years ago when this was happening. It's only in the last 6
664 years that even in opposition and I have become very much aware of the, what was happening
665 out there. My mail started to increase, the people who were coming to see me and phone me
666 started to escalate. And there's a much greater public awareness of almost every issue today than
667 there was 10 years ago. But it was the boom and bust attitude of the, boom and boom attitude of
668 that particular period that allowed the whole thing to go as it did go. If damming one river is
669 good, then damming 2 rivers is twice as good sort of thing.

670 **Audience:** To what extent can you agree with Alvin Hamilton who still feel, I'm expecting, that
671 despite the cost which is impossible to make to human being in the area and the fact that the
672 McNaughton plan did not succeed, it can still be said that it was really a pretty good Treaty since
673 BC and the States benefiting today, they still are, and looks as to they will continue to do until
674 the end of the Treaty. And he is still very proud of the fact that 10 years after, and 30 years from
675 now diversions will be made.

676 **Mr. Strachan:** 60 years from now. Well, I saw it was a very bitter issue 10 years ago, but today
677 they are accepted, it will produce power. The heart ache is almost over, many of the old people
678 who were displaced, many of them will die. I supposed that's part of life. People get hurt, life
679 goes on. There will be power produced by it, and the power from the Peace is being used, and
680 you can say yes, yes, there is benefit. And I wouldn't deny the fact there's benefit there, not that
681 there should have been. Now that the hurt is done and, you have to live with what is. And that
682 tends to, wounds heal over and you live with what is and that's it.

683 **Audience:** You indicated that the MVP of the time of the original initialling of the Treaty
684 opposed the agreement because the Kootenay diversion has been knocked out and the

685 **Mr. Strachan:** High Arrow.

686 **Audience:** Now would you have approved that, now subsequently you opposed the sale of the
687 downstream benefit, but had the matter come up and the downstream benefits not been sold,
688 haven't been debated, would you oppose it, in which case becomes a little more difficult to then
689 continue and say well we oppose it even more now that your going to sell it. In other words, on
690 which point is your real opposition to the Treaty, or was your real opposition to the Treaty?

691 **Mr. Strachan:** It was two pronged ... the sale of downstream benefits, and the High Arrow.

692 **Audience:** But the first, had lets say Bennett agreed would have come up, you would still have
693 opposed that because of the High Arrow and the elimination of the McNaughton diversion.
694 Therefore you never would have supported. Now you oppose the core subsequently the further
695 sale that that just adds to what was already a basic opposition, so what you're saying is that it's a
696 double pronged opposition. But it was not acceptable in any form, even in the beginning. The
697 other, well if I may ask another question. In light of what has happened since then, this is now
698 hindsight, we had pretty much machined up Peace, and we're going to be using it, which is
699 producing more than I think the downstream benefits would have added, so that we are, and then
700 Mica would have been coming in, and we would have had to be planning the Peace for the next
701 stage. Now considering what's happened to inflation and prices, the Peace probably would have
702 been costing 2, 3, and 4 times what it actually costs, so the power that we'd be getting around
703 1976-80 would then have cost many times more then what it turns out we're going to be getting
704 it at.

705 **Mr. Strachan:** That would depend on when you start on the Peace.

706 **Audience:** So that the turn, perhaps the power we're ending up with isn't, may have been
707 cheaper in the long. Overall because we did so, rather then because we postponed the Peace.

708 **Mr. Strachan:** In this case 20:20 hindsight is not valid because we don't know what impact the
709 bringing back of downstream of downstream benefit power would have had on increased
710 industrial development in British Columbia because that's been... that downstream benefit
711 power has been there for some years now and as I say, a whole new aluminium industry has been
712 built in the northwest, there was aluminium there, but they built 5, Harry Warren said they built 5
713 or extended 5 plants as a result.

714 **Audience:** I'm curious as to where those plants are.

715 **Mr. Strachan:** Ooh wait a minute, I think it lists them in the, here it is. It says on the other hand,
716 the Columbia River Treaty has provided the United States with a fresh supply of much welcome
717 and attractive energy, with a prospect of fresh supplies of tactical electrical electricity. The
718 American Pacific Northwest Aluminium industry took on a new lease of life in the 1960's and by
719 the end of the decade it may well had doubled the capacity available in 1959. Oh here it is, since
720 more attractive energy has been available to the Pacific Northwest, more than 600 000 tonnes
721 annually of new aluminium has been planned. Intalco Bellingham Washington, 228 000 tonnes.
722 Reynolds Metals Company of Long View Washington, 160 000 tonnes. North-West Aluminium
723 Company Inc. out of Washington 120 000. Anaconda Aluminium Company out of Columbia
724 Falls Montana, 75 000. And Kaiser Aluminium and Chemical Corporation out of Tacoma
725 Washington, 40 000. Professor Warren multiplies this new production by 25 cents a pound, or
726 each his figure of 300 million dollars in new production and foreign exchange that he contains
727 British Columbia will lose annually. This is about three times the present value of Alcan output
728 at Kitimat. So we have no idea you see, that could have had that impact in British Columbia,
729 increased our demand, and started on the Peace. We could have seen it coming, would have
730 known the power was coming and the industry would have known it was coming and so that it
731 could have had a completely different effect. But you can never go back and re-run history and
732 see what would have happened.

733 **Audience (Ralph Legge?):** I had a question, some of it sort of got answered, it seems if we
734 would have got the benefits back, which may or may not have been a good thing, and it would
735 have created an extra load on top of an abnormal growth that we've had. Where would we be
736 today, in other words, would we have already machined the Columbia and would we still want to
737 build more dams? Where would we be going?

738 **Mr. Strachan:** Well again, that's a good question, but don't forget that since the mid 50's I have
739 been demanding, asking for and requesting and plotting out the need for more planning in the
740 development of the province. And this is one of the reasons that I've always said that
741 governments should play a bigger role in the accumulation the direction and use of capital
742 because there is nothing more wasteful than a capitalist society that's allowed to do as it pleases.

743 And I remember living through the 54-57 boom. And it was utterly ridiculous because the
744 government was competing with private industry for available supply and available labour force.
745 It drove wages up, it drove prices up, and the government was forcing private industry to build
746 pulp mills, that weren't actually required. This was when they were handing out the tree farm
747 license. You got a tree farm license if you built a pulp mill, and that was how Crofton was built
748 and so on... irrespective of the state of the pulp market at the time. That should have been a
749 lesson, but we've been through it twice. And that's why I say we shouldn't just turn loose. The
750 government should be apart of determining what's required, saying yes, this can happen now,
751 that can happen now that can happen now, no. Because the government in this case was the
752 determinant factor for when the power would be developed and how it could be used, and I think
753 it has to play a larger roll. What I was suggesting is, I'm not suggesting we just turn lose into the
754 market and let what happen may happen. I'll let what may happen, go ahead and happen. There
755 must be an overall inspection where we want to go, and do it step by step in an orderly way.

756 **Audience (Ralph Legge?):** Some source of energy to do what we have to do, for example today
757 there's a large labour force continually coming on to the market as young people, and some how
758 we want to give them work. We have to somehow get industry in some form to come here, do
759 some work even if it's service work of some work, they require a certain amount of power or
760 energy to do this.

761 **Mr. Strachan:** Yes yes, but we have to watch how we use it and this is fine if you build the new
762 aluminums plants to utilize the power that provides X number of jobs. But in a world that's fast
763 running out of raw materials, irreplaceable raw materials, the added value is a direct increasing
764 ratio in the amount of labour applied to it. The more you refine it, and manufacture it the more
765 added value you create, the more wealth you create, and that's part of the power that should be
766 used by governments in their handing out of resources, in the allowance of doing this or that. Yes
767 you can have these trees providing you stop exporting raw pulp and start manufacturing the
768 finished product. And that can be done too to create the jobs that you still require. And they
769 generally the manufacturing process is the proper manufacturing and so on. That tends to be a
770 much cleaner industry than the original smelting firms. And you look at the figures of the added
771 wealth creation as you apply labour to raw material it just goes up and up and up, escalates
772 exponentially. And we have to do that too. But right now we find ourselves in a position where
773 it's supposed to be 5% unemployed in British Columbia, but I don't believe that figure. It just
774 isn't there, it's a different kind of society. And there aren't really 5% unemployed in this
775 province today.

776 **Audience (Ralph Legge?):** It always seems to be the question. In an effort to try and sort of
777 slow down the use of non-renewables, non renewable resources, we're not an isolated area all by

778 ourselves, we're not self sufficient, what happens next-door sort of effects us so we still have to
779 find some way to attract some sort of work to use our raw materials all the way down the line.
780 Somehow we're going to have to get the power for that aren't we? The electrical energy is the
781 only form of energy to do this. If we don't build dams or something like that, use fossil fuels or
782 get nuclear power or something like that, how are we going to do it?

783 **Mr. Strachan:** Well as I say, this is why I say we should bring back the downstream power
784 should have been brought back. Yes we still have natural gas too I guess. Well again you're
785 locked into a long term agreement, but we've found a way of getting around that price thing that
786 we thought we were locked into. [Long gap in tape] No I don't envision increasing the sale of
787 natural gas in any stage from British Columbia at all.

788 **Audience [Tim Newton?]:** If I could follow along with you in saying that we needed planning
789 as a province in the area of power, our speaker on Wednesday pointed out the grave
790 consequences of the BC Energy Board on the decisions made in the province at the time of the
791 negotiations of the protocol. The Energy Board submitted a report [...]. Do you feel... what is your
792 attitude towards the BC Energy Board? Do you feel this is too political for you to follow
793 recommendations on that report, or will you follow example of the Bennett government, and
794 follow the recommendations of the BC Energy Board?

795 **Mr. Strachan:** Well, we now have a BC Energy Commission, and Jimmy Rolles is chairman,
796 and in essence what we've done with natural gas for instance, is follow his recommendation. He
797 was the one who drew attention to the 100 million dollar annual loss that was involved in the sale
798 of our natural gas to the United States. And it was that Commission that involved that procedure
799 that we did finally use without clashing with Ottawa by the way, we did it within the terms of the
800 agreement, within the federal provincial situation and BC Energy Commission under Jimmy
801 Roles, first of all, told us what was happening, then told us how to go about recovering.

802 **Audience [Tim Newton?]:** Will this be the planning body for the electrical needs in the
803 province?

804 **Mr. Strachan:** I would expect so yes. They have the whole energy planning situation in the
805 province of British Columbia under their aegis.

806 **Audience:** [inaudible]

807 **Mr. Strachan:** No that's true. But they make their report to the Cabinet and there are two
808 members of the Cabinet on the directors of BC Hydro. So there's a relationship there that, what
809 BC Hydro does reflects the policy of the government. Every crown agency under any
810 government reflects the policy of the government. That's the way our system operates.

811 **Audience:** Since it last hit the news a couple of months ago, has the government taken any
812 concrete steps in [... inaudible].

813 **Mr. Strachan:** Why I think the Americans are resigned to the fact that it's not going ahead no, I
814 know. We have the assurance of the Attorney General of British Columbia that it's not going
815 ahead. Well that's something that's I think Seattle is trying to find out and nobody is telling
816 them. I don't know whether or not there will be a cost. No as far as I know, there has been no
817 indication they're going to get any.

818 **Audience:** [inaudible]

819 **Mr. Strachan:** No I don't think they are really, I think they're getting the message.

820 **Audience [Tim Newton?]:** Sorry one last question. One of the things I was wondering if you get
821 back to the actual Treaty at this point. You mentioned you thought it was the overriding
822 consideration at the time of politics. Would it be possible for you to step outside of the politics of
823 the time, and say whether looking at it with 20:20 hindsight looking at the situation, would you
824 believe the Treaty was or was not a good thing for the people of British Columbia?

825 **Mr. Strachan:** Let me assess that for a moment. Was or was not a good thing for the people of
826 British Columbia. I would say it hurt many people. It did damage to our land, that is over, I think
827 the fact that we will get power out of it will bring benefit to British Columbia. Now that the pain
828 of those who were hurt by it is pretty well healed and looking back, yes there will be some
829 benefit, not as much as there should or could have been, but some benefit yes.

830 **Audience:** What directions do you see it going in that you felt most drastically that you had to
831 oppose? It wasn't the whole exercise that was futile?

832 **Mr. Strachan:** Well, it was the almost dedication to the private enterprise concept the trickle
833 down theory that if General Motors is doing well then some of the benefits will trickle down to
834 the mass of the people generally. And the absolute dedication to boom, in respects for what it did
835 to the satiability to the economy or the natural resource exploitation and the price, or the return to
836 the people. The awful squandering of capital that is part of that kind of society because labour is
837 important but in any society the utilization of capital is equally important. And I resented I think
838 bitterly at the time, the fact that there was unlimited capital for building pulp mills at the time
839 when the market was only able to absorb 75% of the capacity. There was capital to build bowling
840 alleys and everything else, but there was no social capital available for schools, and hospitals,
841 and sewage plants. That's my, that was my objection to the whole crazy 20 years.

842 **Audience:** Did you do anything, did you have anything or do you just get satisfaction? The...

843 did you get some satisfaction on the things you ...?

844 **Mr. Strachan:** That's what keeps you going that lands the time in Opposition. Yes, is the fact
845 that every once in a while you get a partial victory. Bennett was a great man for what I call
846 "garden pathing". He would take an issue which if implemented immediately would bring
847 violent reaction from a group, and lead them up the garden path step by step. I'm thinking of the
848 doctors of the province. I had a meeting with the doctors of the province and the representatives.
849 It was about 1961, right after the Saskatchewan doctor strike, and they wanted to know what the
850 NDP position was with regard to Medicare in the province of British Columbia. I can't
851 remember what the steps were but I said there were 7 requirements. They were aghast at the 7
852 requirements that I outlined as what I thought necessary for a medical provision scheme in the
853 province of British Columbia. They said never! About 2 years later, Bennett brought a Bill in...
854 it was Black who brought it in actually. You may recollect, I called it "tin cup Medicare",
855 because it was going to provide Medicare for those over 65 who had an income of not more than
856 1000 dollars a year. And then a year later brought in another bill that amended it, and finally he
857 brought in a bill that allowed all the MSA, Fraser Valley all the rest of them to continue
858 operating as they have been. But if you didn't want to join any of them, there was the provincial
859 government scheme, and nobody would be charge more than 6 dollars to be compensated out of
860 the public treasury to all these schemes. But there was a section in there that I saw and pointed
861 out at the time where many time he liked to designate the BC medical plan as the sole, what's the
862 word, purveyor of Medicare. Anyways he just led them up the garden path one step by step, until
863 he had it there. I supported the Bill and said I was very happy to see it there and I had fought for
864 it for many years. In fact I remember one night about a bitter debate over Eric Martin's estimates
865 and we gone onto the matter of Medicare this is the fall in the 50's and I had dug up the old Bill
866 which was passed by the Liberal regime in 1936 I think it was. Which was underlined, it was a
867 plebiscite in this province in the 1935 election I think. Are you in favour of a public complete
868 medical care program in the province of British Columbia? The plebiscite passed, so the
869 government duly brought in a Bill next session. There was so much opposition from insurance
870 companies, and the medical profession that it never was proclaimed, but it sat on those statue
871 books all those years. So I resurrected this Bill and said here's the Bill, all you have to do is
872 proclaim it and we had a real battle over it. But that was part of the building up of the public
873 demand for a medical care system. You had your satisfaction, that's what keeps you going in
874 Opposition.

875 **Audience:** [inaudible]

876 **Mr. Strachan:** Fun? Well now that we're sitting on the government side, I realize that a lot of
877 the fun was baiting the Cabinet. Doing estimates, estimates of expenditure for each department,

878 the minister he's under the gun. Remember there's no oral question period in those days. You
879 were not allowed to question ministers except by written question in place on the order paper, or
880 during his estimates, when you're discussing his estimates of expenditure when your committee
881 of the whole house. And you determine ahead of time now, mental health had this year,
882 remember once at '50, now I think it was, Eric Martin hadn't read the report of the director or
883 mental health to the province before he tabled in the house. Because it was a devastating
884 document and he, when they tabled the document just before his estimates were called. They
885 made the mistake of getting up and making a 20 minute speech, but this time I had lifted the
886 document off the table, had wheeled through it, and I read quite quickly and scan and I had just
887 taken my pen and marked a paragraph turned the page down. I had the thing finished before he
888 sat down. I got on my feet afterwards and read excerpts from this report of the mental health
889 superintendent of the province. It was devastating. And away we went. There's a sort of
890 satisfaction of battle in a situation like that.

891 **Audience:** Was there any sense of satisfaction of battle within the party. Now you were leader of
892 the opposition. Within your party there would have been representatives from the north, as well
893 as from the rest of the province. Now presumably Mr. Bennett was pressing development of the
894 north because this was politically wise in his view. Would not it had been difficult for the NDP
895 MLA's in the north to resist that kind of appeal. In other words, did you have within your party
896 argument over the benefits of development of the north as apposed to the development of the
897 Columbia and how did you deal with it?

898 **Mr. Strachan:** Well there was a phrase that one of the Social Credit ministers coined because of
899 the power development. They talked for many years about the 7 safe Socred seats. And that was
900 the 7 seats in the north. They had every northern seat except Atlin. And they even had Atlin from
901 the period '56-'60. And that's the seat Phil Calder had. And they had talked about the 7 safe
902 Socred seats. We didn't have that problem in our group.

903 **Audience:** You would have liked to have had, and would you not have been there for
904 competition within the party, well we should, we should propose the government, obviously it's
905 very good. You've got their 7 Socred seats, 7 safe NDP seats.

906 **Mr. Strachan:** We for instance we supported the extension of the PGE into northern British
907 Columbia, we never opposed that. Even though the book-keeping was you know, it deficits for,
908 when deficits start to accumulate, you buy more shares of the company in which you already
909 own 100% shares. And that happened twice in order to get rid of accumulated deficits. It was
910 something that had to happen in this province with the expansions of the PGE. And as we are
911 now extending the PGE, the wrong route was taken by the previous administration. And you may
912 recollect, that when we first went in we stopped construction until we had a chance to look at it

913 but it was too far gone. Instead of taking the railroad through the resource area, they took it
914 through some beautiful alpine country, and all the rest of it where the resources aren't. But we
915 are extending that railroad up to Dease Lake and we are developing the north, yes. We've always
916 supported development of the north, this is the reason.

917 **Audience:** Wouldn't there be some argument in favour of the Peace development? Was this
918 debate never raised in your party? ...that you ought to support the development of power in the
919 north?

920 **Mr. Strachan:** Well there's always been other, point number one by that time, Taylor was in
921 operation, it was all the natural gas fields in the north for supplying, and it's on site, natural gas
922 at the lowest possible price you can produce thermal power. At that time, mind you, the north,
923 many of those towns through the north had little diesel plants and all the rest of it. But Kitimat
924 had surplus power at that time, I remember, I was probably the first person in the House that
925 suggested that the line be built from Kitimat to Terrace to supply power to some of those towns.
926 That was finally done.

927 **Audience:** So there was no argument within your party?

928 **Mr. Strachan:** No, we agreed that the Columbia should come first and. Well we didn't have any
929 members from the north mind you. We talked about developing the north. It had to come.

930 **Audience:** No I mean that there was no division, or not division, but there must have been
931 debate, conflicts even within the ranks of your party, those are the pros and cons. Even Mr.
932 Bennett must have had that.

933 **Mr. Strachan:** Well, I'm just trying to think back. There was different opinion on the charts of
934 what was happening to the downstream benefit power and its worth and so on. We agreed
935 arguments over those charts as to what they meant and what impact they would have. I can
936 remember. But I can't remember the point was raised, yes, the fact that ok, if we don't support
937 both, then it means the north will, and I tell you quite frankly, I remember going into Dawson
938 Creek about that time when they were talking about developing the Peace River, speak to the
939 chamber of commerce, and pointing out to them, that was very brave of them, the short comings
940 of the Bennett proposal. Then the, it was obvious to me that the people sitting there didn't care
941 how much power that Peace River dam produced. They didn't care what that power was going to
942 cost. They didn't care what it was going to do to any flooded land or anything else. They just
943 wanted that dam built because it would mean prosperity for Dawson creek because they were all
944 going to be millionaires. And it was very obvious to me that was the feeling.

945 I had the opportunity of going back and talking to them when the dam was completed, and the

946 work force was down to just nominal number of people, and I was talking to the same group and
947 I had reminded of what had said, and asked them how many of them had become millionaires.
948 None of them had because when you get any massive project like that go into a community, then
949 it attracts other entrepreneurs who want to become millionaires, so the extra money was just
950 simply went into the district was just spread around more stores more shopping centres and
951 everything else. And not only that, as a transient workforce because most of the people still
952 retained they're homes in the lower mainland, and the pay check send back home to keep mom
953 on the kids in Burnaby, or wherever their home happened to be. It didn't bring the benefit, and
954 they were assuming, they expected Dawson Creek would be declared part of the area where a
955 non site power rate would be available and of course it wasn't. So they didn't get the benefits
956 they thought, but this happens in a boom-oriented society. People just don't care the costs or
957 anything else. They just got this dream that they were going to make their million out of it at that
958 particular time and it was very obvious to me. Very difficult time politically let me tell you. Very
959 difficult time.

960 **Audience:** I wrote to Mr. Bonner asked his view. He said you must remember that three
961 elections were fought and won on the issue. Yes, you'd remember that too wouldn't you? Seems
962 to me that there must have been some feeling, but there must have been some fairly fundamental
963 discussion about the course which department should take on an issue on that?

964 **Mr. Strachan:** Within the party, not within the caucus. But, because it was a pretty small caucus
965 mind you, and I say there was only one member from the north, and he was in the north west up
966 in the northwest corner. But certainly the members in the party from the Peace River area and
967 Prince George and so on were expressed concern and intervention as the matter was raised, I
968 recollect that. And I got letters and so on complaining about what... what this was doing
969 politically in the area. Oh yes, there was division within the party on it, but not in the caucus
970 itself.

971 **Audience:** Was thee division whether the east Kootenay rather then the west Kootenay should
972 have been flooded?

973 **Mr. Strachan:** No. Nimsic and Harting were solid in support of the McNaughton Treaty.

974 **Audience:** Was your opposition to the export of power, can it be branched out within the party
975 philosophy?

976 **Mr. Strachan:** Yes.

977 **Audience:** Does it apply to all resources?

978 **Mr. Strachan:** As much as possible. It's... well you may or may not have read the statement
979 Barrett made I think in a, about a year ago during one debate when he said that unless we can get
980 the fullest possible benefit from the irreplaceable resources of this province, it would be better to
981 leave them in the ground until some more intelligent generation comes around, kind of comes
982 along than to give them away fire sale prices. And generally speaking that is our attitude. But
983 they are irreplaceable, we should get the maximum amount of value for them, on behalf of the
984 people, and we should develop ours much as possible, utilize them as much as possible within
985 the province. Now this is not something you can do overnight, this is something you are going to
986 have to work at over a period of time.

987 **Audience:** Seems to me it would be difficult to know when you've got to that point.

988 **Mr. Strachan:** It's a step by step thing. And now that we have, I think a Minister, the for the
989 first time, Minister of Industrial Development who's prepared to go at that sort of thing then,
990 that's the first step on a long journey. In the meantime, many of the resources are still being
991 exported in their raw state. And none of us are happy about it. The other group, our predecessors
992 accepted that as a way of life, didn't recognize the fact that and despite the fact that economists
993 have told them, and I forgot, gosh I just can't remember the exact quote. But the prediction
994 showed that on a certain year, 50% of our workforce were involved in the extraction of raw
995 materials from the forest industry. This was a declining portion of the workforce, and that by
996 1980 something it'd be down to about 12% of the workforce would actually be employed in the
997 forest industry, and we've got to get busy getting the labour intensive industries within the
998 province, otherwise we would be faced with massive unemployment.

999 [Closing remarks inaudible]