productive of inconvenience, and an additional Article to carry the change into effect was signed on the 23rd of November.

Matters remained in this state until the receipt of your telegram of the 27th of November, up to which time I was under the impression, which was also shared in by Mr. Johnson, that the Convention which had been signed, being in accordance with his instructions as construed by him, would meet with the approval of the United States' Government.

I am, &c.
(Signed) STANLEY.

Inclosure 1 in No. 20.

Memorandum of Conversation between Lord Stanley and Mr. Reverdy Johnson, at the Foreign Office, September 25, 1868.

THE first subject touched upon was that of naturalization. Lord Stanley explained the difficulties which lay in the way of the signature of the Treaty, but threw out the idea of a Protocol, to recognise, subject to the passing of an Act of Parliament, the principle that subjects of either country, becoming naturalized in the other, should be released from their native allegiance. Mr. Johnson expressed himself quite favourable to such an arrangement, and seemed to think that it would be satisfactory.

As regards the San Juan boundary, Mr. Johnson said that he should be ready to agree, in the name of the United States' Government, to arbitration as soon as the Naturalization question was once disposed of.

The conversation then turned on the "Alabama" claims. Mr. Johnson adverted generally, though not in the form of distinct proposals, to various methods by which this question might be settled. His first suggestion was the payment of a lump sum of money. Lord Stanley at once declared this to be inadmissible so long as the question of our being liable at all was denied by us and undecided by any mode of reference. Mr. Johnson then talked of some cession of territory, an idea which Lord Stanley did not think more promising. Finally, in the supposition that arbitration was the only means to be resorted to, Mr. Johnson talked over the manner in which such arbitration could be arranged, and suggested that a certain number of individuals should be selected, distinguished for their acquaintance with the principles at issue, to whom the questions in dispute should be referred. It was understood that these persons should of course not belong to either of the two countries. Lord Stanley answered in general terms, and without distinctly committing himself either way, that such a proceeding would be contrary to the usual practice in such cases, but that he did not at the moment see any objection to it so vital as to make it, *ab initio*, inadmissible, provided the other points of difference were satisfactorily arranged.

It was understood on both sides that the conversation, so far as it related to the "Alabama" claims, was of a confidential and unofficial character, Mr. Johnson having no authority to deal with that question till naturalization was disposed of. Nothing therefore passed which could be held to bind either party.

Inclosure 2 in No. 20.

Memorandum of Conversation between Lord Stanley and Mr. Reverdy Johnson, October 29, 1868.

AT the last interview which Mr. Johnson had had with Lord Stanley on the 20th instant, he had agreed to telegraph to his Government to ask whether they would consent to the question of the liability of Great Britain for the so-called "Alabama" Claims being referred to the arbitration of the King of Prussia. He now called to communicate Mr. Seward's answer to that proposal.

Mr. Seward is of opinion that there would be a prejudice on one side or the other against any Arbitrator who might be named beforehand to decide on this specific question, and suggests a plan by which he thinks this difficulty may be avoided.

He proposes that the two Governments should in the first place name