

Washington as it stood, with a fair hope that it would ultimately receive the sanction of the Senate of the United States.

Under these circumstances I think it right to place on record in a despatch a full narrative of the communications which have passed between Mr. Johnson and myself on the question of the claims, and which led to the signature of the Convention of the 10th of November, and of the separate Article attached to it.

In a conversation which took place at the Foreign Office on the 25th of September, Mr. Johnson, after discussing with me the subject of naturalization, passed to that of the so-called "Alabama" claims. In this conversation, of which a memorandum is inclosed, extracted from my notes of the interview, Mr. Johnson first suggested, as a means of settlement, the payment of a lump sum of money, or a cession of territory by Great Britain, both of which plans I considered inadmissible, so long as the question of the liability of Great Britain was denied by us, and remained undecided. Mr. Johnson then spoke of the manner in which arbitration, if agreed upon, might be carried out, and made a suggestion that the questions in dispute with regard to these claims might be referred to the decision of a certain number of individuals, to be selected for their acquaintance with the principles at issue. He said that these persons need not be subjects of either of the two countries directly concerned. Without committing myself to any positive decision on this point, I said that although such a proceeding would be contrary to the usual practice in such cases, I 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. This conversation, so far as it related to the "Alabama" claims, was understood to be of a confidential and unofficial character, Mr. Johnson having no authority to deal with that question, till the question of naturalization had been disposed of. Nothing, therefore, passed which could be held to bind either party.

After signing the Protocol on Naturalization on the 9th of October, Mr. Johnson entered with me on the discussion of the San Juan question. During the progress of the negotiations he communicated, confidentially, an extract of his instructions, to the following effect:—"Our conclusion is, that in the event that you become convinced that an arrangement of the naturalization question, which would be satisfactory to the United States in view of your previous instructions, can be made,—then, and in that case, you may open concurrent negotiations upon the two questions first herein named, to wit, San Juan and the Claims Questions; but that those two negotiations shall not be completed, or your proceedings therein be deemed obligatory, until after the naturalization question shall have been satisfactorily settled by Treaty or by law of Parliament."

In consequence of this clause in his instructions, Mr. Johnson stipulated that the agreement on the San Juan arbitration should be embodied in a Protocol instead of a Treaty, and that a provision should be inserted making its operation dependent on the satisfactory settlement of the naturalization question by Treaty, or by Law of Parliament, or by both. To which clause the words, "unless the two Parties shall in the mean time otherwise agree," were added at my suggestion.

The Protocol on the San Juan question having been signed on the 17th of October, Mr. Johnson called, by appointment, on the 20th of the same month to discuss with me the question of the claims. In this conversation, which is placed on record in my despatch to you of the 21st, Mr. Johnson proposed that "all the claims on both sides should be referred to the decision of Commissioners who should be, in equal numbers, British subjects and American citizens; who, if they disagreed, should have power to call in an umpire, and whose decision, with such assistance, should be final."

I objected to this plan, for reasons given at length in the despatch, and said that for these reasons it seemed to me preferable that the arbitrator proposed should be the Sovereign or President of a friendly State. I named especially the King of Prussia, as likely to be acceptable to both parties. Mr. Johnson said that he was not instructed to accede to the proposal I had made, but would telegraph for permission to do so.

Mr. Johnson called on the 29th of October to convey the answer of his Government, and a Memorandum of his communication is inclosed.

From this statement it appears that Mr. Seward conceived 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." He proposed, therefore, that "each Government should, in the first place, name Commissioners, two on each side, to