

matters, which would lend itself to exaggeration and open up the possibility of serious misunderstanding.

These considerations have forced Her Majesty's Government to the conclusion that it would be desirable in the best interests of Canada and the Empire to meet the objections of the United States to arbitration on the boundary dispute by offering to agree to an addition to the rules adopted in the Venezuelan Treaty, on the lines of the enclosed draft which was submitted to Sir L. Davies, but was not regarded by him as acceptable to Canada.

In such a matter Her Majesty's Government of course recognize that the decision must rest with your Ministers, who are responsible to the people of Canada for the protection of the interests of the Dominion, and while they have thought it necessary to place their views on record, they have no desire to force them upon your Government, and will continue to use every effort to reach a settlement acceptable to the Government and people of the Dominion.

I have, &c.,

(Sgd.) J. CHAMBERLAIN.

Governor General
The Right Honourable
The Earl of MINTO, G.C.M.G.

Copy.

(Enclosure in 'Very Confidential' despatch of November 1, 1899.)

Where such occupation by the subjects or citizens of either party in the territory of the other, has been so extensive as to form a distinct settlement or town and provision has been made prior to March, 1898 by or under the laws and authority of the Government whose subjects or citizens they are, for municipal or other local Government and for the administration of justice, police and revenue within such settlement or town, the arbitrators shall define and mark out reasonable limits for such town or settlement, and shall leave it within the jurisdiction of the party which has provided for its administration as aforesaid, and shall in the delimitation of the remainder of the boundary award to the other party equitable compensation for the loss of the territory covered by such town or settlement.