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CONFIDENTIAL.

(7309.)

PART II.

FURTHER CORRESPONDENCE

RESPECTING THE

PROCEEDINGS OF THE JOINT COMMISSION

FOR THE

**SETTLEMENT OF QUESTIONS PENDING BETWEEN
THE UNITED STATES AND CANADA.**

April to December 1899.

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CONFIDENTIAL.

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PART II.

No. 1.

The Marquess of Salisbury to Sir J. Pauncefote.

(No. 86. Confidential.)

Sir,

Foreign Office, April 20, 1899.

I TRANSMIT herewith, for your Excellency's confidential information, copies of Memoranda* drawn up by Mr. C. Cartwright with regard to the position of the questions which were before the Joint High Commission at the period of their last meeting.

Copies of these Memoranda have been communicated to the Colonial Office, with the suggestion that Paper (A) might, if thought desirable, be communicated to the Canadian Government, but that (B) should be treated as confidential and not communicated beyond that Department.

I am, &c.
(Signed) SALISBURY.

No. 2.

Foreign Office to Colonial Office.

(Confidential.)

Sir,

Foreign Office, April 20, 1899.

I AM directed by the Marquess of Salisbury to transmit to you, to be laid before Mr. Secretary Chamberlain, copies of Memoranda, marked (A) and (B),* drawn up by Mr. Cartwright, Secretary to the British Commission, with regard to the position of the questions which were before the Joint High Commission at the time of their last meeting.

I am to state that there is no objection to the communication of Memorandum (A) to the Canadian Government should Mr. Chamberlain desire it, but that Memorandum (B) should be treated as confidential and retained for the use of your Department.

I am, &c.
(Signed) MARTIN GOSSELIN.

No. 3.

Colonial Office to Foreign Office.—(Received May 1.)

(Confidential.)

Sir,

Downing Street, April 29, 1899.

I AM directed by the Secretary of State for the Colonies to transmit to you, for the information of the Marquess of Salisbury, with reference to the letter from your Department of the 20th instant, a copy of a despatch to the Governor-General of Canada on the subject of the questions discussed by the Joint High Commission.

I am, &c.

(Signed) EDWARD WINGFIELD.

Inclosure in No. 3.

Mr. Chamberlain to the Earl of Minto.

(Confidential.)

My Lord,

Downing Street, April 28, 1899.

I HAVE the honour to transmit to you, for confidential communication to your Ministers, a set of the reports noted in the margin,* addressed to the Marquess of Salisbury by the late Lord Herschell, on the proceedings of the Joint High Commission, and of reports by Mr. Cartwright continuing the series after Lord Herschell's death, together with a Memorandum by Mr. Cartwright with regard to the position of the questions which were before the Commission at the time of their last meeting.

2. I would take this opportunity of recurring to the inquiry made in my Confidential despatch of the 15th ultimo as to the views of your Government respecting the questions before the Commission; especially that of the Alaska boundary, and as to the direction in which a settlement might be sought. In agreeing to the appointment of four Representatives of the Dominion among the five British members of the Joint Commission, Her Majesty's Government gave a proof of their especial anxiety to support the views and interests of Canada in the negotiations to be undertaken; and it is, therefore, of the first importance that they should be put in possession, as soon as possible, of a full statement of the views of your Ministers in regard to the various questions which were under discussion, and more especially as to the Alaska boundary question.

It is of special importance that Her Majesty's Government should be informed confidentially of the limits within which your Government would be prepared to make concessions to the views of the United States in order to obtain a settlement, as if they are informed what points your Ministers regard as essential, and which as comparatively unimportant, they will be in a better position to co-operate with your Government in securing a satisfactory settlement.

I have, &c.

(Signed) J. CHAMBERLAIN.

No. 4.

The Marquess of Salisbury to Mr. Tower.

(No. 104.)

Sir,

Foreign Office, May 3, 1899.

MR. CHOATE informed me that he was instructed by the President to call my attention to the condition of the negotiations between England and America, and to express the President's earnest hope that something might be done to bring about an agreement before the day to which the Commission had been adjourned. The President was of opinion that the presence of Sir Julian Pauncfote in this country, either before or after the Peace Conference at the Hague, might enable Her Majesty's Government to consider the possibility of such a result being obtained. Mr. Choate, in his remarks, went upon the assumption that, for the present at least, the difference of view concerning the

* See Part I, Nos. 72, 78, 79, 81, 89, 91, 95, 96, 97, 98, 106, 113, 114, 115, 124, 155, and 160.

Alaska boundary was final, and that it could not be adjusted by direct negotiation. The point that he was desirous to impress on me was that there were ten other questions referred to the Commission upon which an agreement did not seem to be out of the question, but that the way was absolutely blocked by the irreconcilable divergence of view which had shown itself in regard to the boundary. He guarded himself by saying that if an arbitration could be arranged it would be a very satisfactory issue to the President, but that the views of the Commissioners as to the conditions on which an arbitration could be set up were almost as divergent as the views with respect to the matter itself in dispute; and while he would be very glad to see a proposition that might have the effect of referring this controversy to arbitration, he looked with more hope to some arrangement by which the Alaska controversy should be separated from the rest, and the negotiations be allowed to go on if possible to agreement upon the other ten matters, leaving the boundary question for subsequent discussion.

I replied that generally, of course, we were very anxious that these differences of opinion between the two countries should be adjusted, and we should be very glad if any means of accelerating that result could be devised. I thought it possible that the Canadian Government would look upon the questions referred to the Commission as practically indivisible, and would shrink from leaving the Alaska difficulty, which was the most important and urgent difficulty, unsettled while an agreement was come to about the rest. For it was obvious that if an agreement had appeared probable to any of these negotiations, it may have been to a great extent because of the hope that by concession on these points the great boundary controversy could be brought to a close. I did not, however, give any definite answer to Mr. Choate, but I said this was a matter on which, in the first place, I should be glad to hear the opinion of Sir Julian Pauncefote, whose arrival was hourly expected; and, in the second place, I should be glad to learn what view the Colonial Office, and through them the Canadian Government, took of Mr. Choate's proposal.

I promised to communicate with Mr. Chamberlain immediately.

I am, &c.
(Signed) SALISBURY.

No. 5.

Colonial Office to Foreign Office.—(Received May 9.)

(Confidential.)

Sir,

Downing Street, May 8, 1899.

I AM directed by the Secretary of State for the Colonies to transmit to you, for the information of the Marquess of Salisbury, with reference to previous correspondence respecting the Ontario Lumber Act, copy of a Confidential despatch from the Governor-General of Canada, inclosing copy of a telegraphic correspondence with Her Majesty's Ambassador at Washington on the subject of the rumoured intention of the United States' Government, in retaliation for that measure, to prohibit the importation of Canadian lumber into the United States.

I am, &c.
(Signed) H. BERTRAM COX.

Inclosure 1 in No. 5.

Governor-General the Earl of Minto to Mr. Chamberlain.

(Confidential.)

Sir,

Government House, Ottawa, April 24, 1899.

I HAVE the honour to inclose herein, for your information, the substance of a Confidential telegram sent by me to Sir Julian Pauncefote on the 18th April on the subject of the possible prohibition of Canadian lumber into the United States, together with a copy of his reply thereto, dated the 22nd instant.

I have, &c.
(Signed) MINTO.

Inclosure 2 in No. 5.

Governor-General the Earl of Minto to Sir J. Pauncefote.

(Telegraphic.) P.

April 18, 1899.

THERE is a rumour here that the prohibition of the import of Canadian lumber as retaliation for the Ontario legislation of last year is contemplated by the United States' Government.

Would you ascertain what truth there is in this statement, and, if any action of the kind is contemplated, protest against it?

The subject was referred to the Anglo-American Commission, which is to resume its sittings on the 2nd August next. Under these circumstances, such action on the part of the United States would be of most unfriendly character, and detrimental not only to Canadian interests, but to the success of the Commission.

Inclosure 3 in No. 5.

Sir J. Pauncefote to Governor-General the Earl of Minto.

{Confidential.)

(Telegraphic.) P.

April 22, 1899.

YOUR Lordship's telegram of the 18th.

The persons affected by the Ontario legislation, and their lawyers who appeared for them at Quebec, have pressed the Secretary of the Treasury to have recourse to retaliation.

From my conversation with the Secretary of State, I am satisfied no such action will be taken, at all events, until sensible negotiations have failed, and even then such action seems to be highly improbable in face of the demand for Canadian lumber.

I have exposed the mischief of such a proceeding to the Secretary of State.

No. 6.

Colonial Office to Foreign Office.—(Received May 10.)

(Confidential.)

Sir,

Downing Street, May 10, 1899.

I AM directed by Mr. Secretary Chamberlain to acknowledge the receipt of your letter of the 4th instant, inclosing copy of a despatch which has been addressed to Her Majesty's Representative at Washington respecting the proposal of the United States' Ambassador at this Court that negotiations should proceed on all the questions referred to the Joint High Commission, except that of the Alaska boundary, which would be left for subsequent discussion, with a view to an agreement being reached before the date to which the Commission stands adjourned.

2. I am to transmit to you, for the information of the Marquess of Salisbury, copy in paraphrase of a telegraphic correspondence with the Governor-General of Canada on the subject, from which it will be observed that the Dominion Government see no reason why the Alaska boundary question, which they regard as of pressing urgency, should not be referred to arbitration at once upon the lines agreed to in the Venezuelan dispute, but express their readiness to proceed with the other questions at issue as soon as arbitration has been decided upon.

3. Mr. Chamberlain would suggest that the United States' Ambassador should be informed of the purport of Lord Minto's telegram, and in making this suggestion he would add that he is strongly of opinion that the Alaska boundary question can best be settled in connection with a comprehensive adjustment of outstanding questions. He hopes, therefore, that the United States' Government will reconsider their attitude, and will agree either to an equitable adjustment of the matter or to its reference to arbitration on the lines proposed by the British Commissioners, and

accepted by both Governments, in the case of the dispute as to the boundary of British Guiana.

I am, &c.
(Signed) H. BERTRAM COX.

Inclosure 1 in No. 6.

Mr. Chamberlain to Governor-General the Earl of Minto.

(Telegraphic.) P.

Downing Street, May 4, 1899, 4 P.M.

THE American Ambassador has expressed President McKinley's earnest hope that something might be done to bring about an agreement before the day to which the Joint High Commission adjourned, and he has suggested that negotiations should proceed upon all the questions referred to the Commission except that of the Alaska boundary, which would be left for subsequent discussion.

Please report your Ministers' opinion on this proposal.

Inclosure 2 in No. 6.

Governor-General the Earl of Minto to Mr. Chamberlain.

(Telegraphic.) P.

[Received May 6, 1899, 8.30 A.M.]

MY Ministers wish to state, in reply to your to your telegram of yesterday, that they look upon the Alaska boundary question as of pressing urgency. They can see no reason why, since the Joint High Commission was not able to come to an understanding, the matter should not be immediately referred to arbitration upon the line of Venezuelan precedent. They will be ready to proceed with all other questions the moment arbitration has been agreed upon.

No. 7.

Colonial Office to Foreign Office.—(Received May 11.)

(Confidential.)

Sir,

Downing Street, May 10, 1899.

I AM directed by Mr. Secretary Chamberlain to acknowledge the receipt of your letter of the 6th instant, inclosing copy of a telegram from Her Majesty's Chargé d'Affaires at Washington, reporting an announcement made to him by the United States' Secretary of State of the intention of his Government to establish a military post at Pyramid Harbour on the Lynn Canal.

2. In reply, I am to transmit to you a paraphrase of a telegram which has been received from the Governor-General of Canada on the subject, requesting that Her Majesty's Government should enter a strong protest against the step contemplated by the United States' Government.

3. Mr. Chamberlain concurs in the views of the Canadian Government, and he would suggest, for Lord Salisbury's consideration, that Her Majesty's Chargé d'Affaires should be instructed, in acknowledging the receipt of Mr. Hay's communication, to remind him that all the waters and shores of the Lynn Canal more than 30 miles from the ocean are claimed by Her Majesty's Government as British territory, and to inform him that as Pyramid Harbour is beyond the 30-mile limit, he is directed to protest against the establishment of a United States' military post, or any exercise of United States' jurisdiction there.

I am, &c.
(Signed) H. BERTRAM COX.

Inclosure in No. 7.

Governor-General the Earl of Minto to Mr. Chamberlain.

(Confidential.)

(Telegraphic.) P.

[Received May 8, 1899, 11.26 P.M.]

HER Majesty's Representative at Washington has informed me that the United States' Government have decided to establish a military post at Pyramid Harbour on the Lynn Canal. My Ministers desire that Her Majesty's Government should strongly protest against such a step being taken. Pyramid Harbour is in disputed territory between Canada and the United States. The settlement of the boundary has been referred to the Anglo-American Commission, and, pending such settlement, they regard the action of the United States' Government as most objectionable.

No. 8.

Question asked in the House of Commons, June 1, 1899.

Sir Edward Gourley,—To ask the Secretary of State for the Colonies if he will be good enough to inform the House whether the Anglo-American Commission is to reassemble; if so, when:

Can he state the nature and extent of the differences alleged to exist between the American and Canadian members of the Commission:

And whether the whole or any portion of the points at issue are to be referred to arbitration.

Answer.

The Commission adjourned until the 2nd August.

Negotiations are still proceeding, and it is impossible to make any statement at present.

No. 9.

The Marquess of Salisbury to Mr. Tower.

(No. 75.)

(Telegraphic.) P.

Foreign Office, June 1, 1899.

ASCERTAIN whether United States' Government have any objection to the publication of Protocol 63 of the Joint Commission (Inclosure 7 in Lord Herschell's No. 3). The Canadian Government have renewed their application for authority to publish it, and state that the United States' Commissioners have given their consent through Chairman.

No. 10.

Colonial Office to Foreign Office.—(Received June 2.)

(Confidential.)

Sir,

Downing Street, June 2, 1899.

WITH reference to your letter of the 23rd March last, I am directed by Mr. Secretary Chamberlain to transmit to you, to be laid before the Marquess of Salisbury, paraphrase of a telegram from the Governor-General of Canada renewing the application of his Ministers for authority to publish the last Protocol of the proceedings of the Joint High Commission, and stating that the United States' Commissioners have given their consent, through their Chairman, to this publication.

The Protocol to which the Canadian Government refer appears to be not the last, but the last but one, viz., No. 63 of the 18th February (Inclosure 3 in Lord Herschell's despatch of the 24th February), which contains the proposals respectively of the British and the United States' Commissioners for the reference of the Alaska boundary question to arbitration.

In view of the information which has been published in the press by the United States' Government on the subject of the Alaska boundary negotiations, Mr. Chamberlain thinks that Canada has a right to the publication of the Protocol, and he does not anticipate that any harm would result from its publication.

He will be glad, therefore, if Lord Salisbury, should he concur in this view, will ascertain whether the United States' Government would have any objection to the publication of the document in question.

I am, &c.
(Signed) H. BERTRAM COX.

Inclosure in No. 10.

Governor-General the Earl of Minto to Mr. Chamberlain.

(Telegraphic.) P.

[Received May 27, 1899.]

MY Government renew their application for authority to publish the last Protocol of the Anglo-American Commission. The United States' Commissioners have, through their Chairman, given their consent to this publication.

No. 11.

Colonial Office to Foreign Office.—(Received June 3.)

(Confidential.)

Sir,

Downing Street, June 3, 1899.

I AM directed by the Secretary of State for the Colonies to transmit to you, for the information of the Marquess of Salisbury, with reference to the letter from this Department of the 2nd instant, a copy in paraphrase of a telegram on the subject of the request of the Canadian Government for permission to publish Protocol No. 63 of the Proceedings of the Joint High Commission.

I am, &c.
(Signed) EDWARD WINGFIELD.

Inclosure in No. 11.

Governor-General the Earl of Minto to Mr. Chamberlain.

(Telegraphic.) P.

[Received June 1, 1899.]

MY Ministers again urge their request for privilege of laying the last Protocol of the Joint High Commission before Parliament. Public opinion in the United States is being daily prejudiced by false reports. Strong feeling prevails here that the case for Canada should be made public. My Government consider that, having been referred to the respective Governments, the subject is no longer pending before the Commission.

No. 12.

Question asked in the House of Commons, June 5, 1899.

Sir Charles Dilke,—To ask the Under-Secretary of State for Foreign Affairs, whether the understanding among the Delegates at the recent Conferences between the Governments of the United Kingdom, the Dominion of Canada, and the United

States has not prevented an official statement on the subject of the negotiations by the Ministry of the Dominion:

And, whether Her Majesty's Government look forward to being able to make any statement to the House upon the matter in the course of the present Session.

Answer.

The Commissioners originally agreed that their proceedings should be secret, but the desire was expressed that one of the Protocols should be published, and this has been done.

Her Majesty's Government hope to be in a position to make a statement to the House before the close of the present Session.

No. 13.

Mr. Tower to the Marquess of Salisbury.—(Received July 8.)

(No. 186. Confidential.)

My Lord,

Washington, June 29, 1899.

WITH reference to your Lordship's despatch No. 313 of the 30th December, 1898, on the subject of the Ontario Log Export Embargo Law, I have the honour to transmit copy of a letter, marked Private and Confidential, which I have received from Mr. John Charlton, M.P., one of the Canadian Members of the Joint High Commission, which is at present adjourned.

I inclose copy of the reply which I have this day returned to Mr. Charlton.

I have not communicated on the subject with the Governor-General of Canada.

I have, &c.

(Signed) REGINALD TOWER.

Inclosure 1 in No. 13.

Mr. J. Charlton to Mr. Tower.

(Confidential.)

My dear Mr. Tower,

House of Commons, Ottawa, June 26, 1899.

THE Ontario Log Export Embargo Law is a menace to success in the negotiations before the Joint Commission, so far at least as reduction or removal of lumber duties is concerned. I fear that American Commissioners will feel that they cannot concede free lumber or reduction to a duty of one dollar, lest such action should expose them to the charge of having been coerced by the Ontario law. If the influence of the law were not a factor, the prospect for getting a favourable settlement of the lumber question will be very much better than when the Commission adjourned in February, for several reasons which I need not dwell upon.

A suit was entered last week by Michigan lumbermen in the Ontario Courts to test the constitutionality of the law. Decision will not be reached in time to affect results of negotiations this year, I fear.

The plain road out of the difficulty through the disallowance of the Act by the Dominion Government cannot now be entered upon, but a remedy is still available. The Ontario Government has power, by Order in Council, to suspend the Act. The pendency of a suit to test its constitutionality, and also of negotiations looking to the settlement of the lumber question, and the influence of more friendly feelings upon all questions at issue render such a step not only proper but necessary. If this step were taken, say by the 15th July, or even a few days later, it would possibly relieve the situation and very decidedly improve the prospects of the Commission. Michigan lumbermen would then be able to get a portion of their sawlog stock out before the close of the towing season, 15th September. The tension would then be relieved and the bitter feeling that will make its influence felt when negotiations are renewed, would subside.

No. 14*.

Colonial Office to Foreign Office.—(Received July 24.)

(Confidential.)

Sir,

Downing Street, July 22, 1899.

I AM directed by Mr. Secretary Chamberlain to acknowledge the receipt of your letter of the 15th instant, transmitting copy of a despatch from Her Majesty's Chargé d'Affaires at Washington, inclosing copy of a correspondence with Mr. John Charlton, one of the British Members of the Joint High Commission, respecting the Ontario Lumber Act.

2. I am to observe that in the inclosure in the despatch from Lord Minto of the 19th May, of which a copy was inclosed in the letter from this Department of the 3rd June, Sir Wilfrid Laurier expressed the opinion that "had a settlement been arrived at on the Alaska Boundary by the Commission, all the other questions referred to it would have been settled in a manner which, on the whole, would have been honourable and sufficient for the time being." As the matter is, however, in the first place, one for the consideration of the Canadian Government, he would propose, if the Marquess of Salisbury does not object, that the correspondence should be sent, confidentially, to the Governor-General for any observations which his Ministers may have to offer on Mr. Charlton's suggestion that it would be advisable to obtain the suspension, of the Act.

In the meantime, Mr. Chamberlain would suggest, for Lord Salisbury's consideration, that Mr. Tower's action should be approved.

I am, &c.

(Signed)

H. BERTRAM COX.

The Ontario Government will not of its own motion take the course indicated. It deliberately assumed a false position for the purpose of securing political advantage. It does not possess the courage to abandon a false and indefensible position, and if left alone will drift on until impending disaster befalls us. For the sake of international interests cannot some means be devised for removing this vexatious and disgraceful obstacle. It strikes me that pressure from the Home Government could never find a more legitimate case for application. I beg that you will excuse the liberty I have taken in writing you, confidentially, upon this matter. I would have written before, but saw no prospect of producing an impression on the very queer specimen of a Government at Toronto. The entering of the suit—the dawning of the idea that heavy damages may follow—the near approach of the critical stage of negotiations before the Commission, and the possibility that the Dominion Government is more fully alive than it formerly was to the importance of this matter, are the reasons which have induced me to write to you.

With assurance of a deep desire to promote the highest interests of the English speaking race.

I have, &c.
(Signed) JOHN CHARLTON.

Inclosure 2 in No. 13.

Mr. Tower to Mr. J. Charlton.

Dear Mr. Charlton,

Washington, June 29, 1899.

YOUR letter of the 26th instant concerning the Ontario Log Export Embargo Law has just been received.

The matter seems to me to be one which can only properly be dealt with by the Dominion Government, and I assume that you have conferred with Sir W. Laurier upon the possibility of action being taken at Ottawa, with a view to obtaining the result which you suggest.

It would appear in every way more expedient that any action should be taken through the official channel, and I do not feel justified in making any representation to Her Majesty's Government on the matter without first being informed of the present views of the Dominion Government.

Would it not therefore be advisable that the first step should be made by the Governor-General, in whatever manner his Excellency should consider most advisable?

I should be pleased to do anything in my power to relieve the present situation, but I cannot believe that any private suggestion on my part to the Foreign Office, in the absence of the official views of the Ottawa Government, could tend to a successful issue.

I have, &c.
(Signed) REGINALD TOWER.

No. 14.

Foreign Office to Colonial Office.

(Confidential.)

Sir,

Foreign Office, July 15, 1899.

WITH reference to your letter of the 6th October, 1898, and to previous correspondence respecting the Lumber Act recently passed in the Province of Ontario, I am directed by the Marquess of Salisbury to transmit to you a copy of a despatch from Her Majesty's Chargé d'Affaires at Washington,* inclosing copies of letters exchanged with Mr. John Charlton, one of Her Majesty's High Commissioners, and I am to request that Lord Salisbury may be favoured with Mr. Secretary Chamberlain's observations on Mr. Charlton's suggestion, that the Act should be suspended by the Government of Ontario.

I am, &c.
(Signed) F. H. VILLIERS.

No. 15.

The Marquess of Salisbury to Mr. Tower.

(No. 168. Confidential.)

Sir,

Foreign Office, July 29, 1899.

WITH reference to your despatch No. 186, Confidential, of the 29th ultimo, inclosing copies of correspondence between yourself and Mr. John Charlton, M.P., respecting the Ontario Lumber Act, I have to inform you that your action in the matter is approved.

I have concurred in the proposal of the Secretary of State for the Colonies that the correspondence should be sent confidentially to the Governor-General of Canada for any observations which his Ministers may have to offer on Mr. Charlton's suggestion that it would be advisable to obtain the suspension of the Act.

I am, &c.

(Signed) SALISBURY.

No. 16.

Foreign Office to Colonial Office.

(Confidential.)

Sir,

Foreign Office, July 29, 1899.

I AM directed by the Marquess of Salisbury to acknowledge the receipt of your letter of the 22nd instant, and to state that His Lordship concurs in the proposal of the Secretary of State for the Colonies that the correspondence between Her Majesty's Chargé d'Affaires at Washington and Mr. John Charlton, M.P., respecting the Ontario Lumber Act, should be sent confidentially to the Governor-General of Canada for any observations which his Ministers may have to offer on Mr. Charlton's suggestion that it would be advisable to obtain the suspension of the Act.

I am to add that Mr. Tower's action will be approved.

I am, &c.

(Signed) F. H. VILLIERS.

No. 17.

Mr. Tower to the Marquess of Salisbury.—(Received August 5.)

(No. 217.)

My Lord,

Washington, July 24, 1899.

I HAVE the honour to report that Mr. Hay told me this morning that Senator Fairbanks, since his return from Alaska, has been in telegraphic communication with Sir Wilfrid Laurier as to the prospects of the reassembling of the Joint High Commission on the date fixed at their adjournment, namely, the 2nd August next.

Senator Fairbanks has not yet received a definite reply from Sir Wilfrid Laurier, but understands, from a statement reported to have been made at Ottawa, that the date will be hereafter fixed.

In connection with the labours of the Commission, it may be of interest to read a telegram from Quebec, published in the "New York Sun" of the 23rd instant (copy inclosed herewith), dealing with the export of Canadian lumber to the United States, in spite of the heavy duty imposed upon it by the Dingley Tariff Act of 1897.

I have, &c.

(Signed) REGINALD TOWER.

Inclosure in No. 17.

Extract from the "New York Sun" of July 23, 1899.

Duty on Canadian Lumber.—There is considerable satisfaction in Canada over the increased value of lumber, which has enabled the export of considerable quantities of it to the United States, despite the 2 dollars import duty imposed by the Dingley Act. The Tory press of this country gloats over the matter as though a victory had been gained over American diplomacy, and in a manner quite offensive enough to invite retaliation in the shape of a higher Tariff. The Georgian Bay region of the industry is in a high condition of prosperity. All of the cut that was carried over from last season has been cleared out, and handsome prices were realized on it. The common lumber and coarse grades of the district, which were expected to be rendered unsalable by the 2 dollars American duty, have been sent across the line because prices rose 1 dol. 50 c. to 2 dollars better than last year's, a fact that would seem to justify the imposition of a higher import duty by the United States, unless the American owners of timber lands in Canada are more fairly and more equitably dealt with than at present in the matter of their own logs.

No duty, however, was involved on part of the lumber exported to the United States this season from the Georgian Bay district, as it was imported by American manufacturers to be made into boxes, doors, sashes, &c., which, in turn, were to be exported, and the exporter entitled, in consequence, to a refund of the duty paid on the imported material; but American dealers are dealing more extensively and more profitably than this in Canadian lumber. A good deal is shipped this season through Buffalo for the West Indies. The export traders of New York have also been building up of late a British branch of their business, so that Georgian Bay lumber going to Buffalo and New York finds its way to the United Kingdom.

The supporters of the Canadian export duty on American logs assert that this restriction has much to do with the present success of the lumber trade in the Georgian Bay district. They point to the fact that Michigan lumbermen, who cut logs last winter in Ontario limits, are having them manufactured in Georgian Bay mills, and that lumber dealers from Michigan have contracted for supplies from the Georgian Bay manufacturers. The Tory press is now engaged in calling the attention of the High Commissioners to its own statement that the present status is hurting the Americans far more than it is the Canadians. Instead of deducing from this contention that the Americans might reasonably be expected to increase the import duty on Canadian lumber, the Tory newspapers are employing it as a reason why the Canadian Commissioners should be still less inclined than before to come to any compromise short of free lumber for free logs, and why the American Commissioners should be less tenacious than hitherto of the import duty provision of the Dingley Act.

No. 18.

Colonial Office to Foreign Office.—(Received October 5.)

Sir,

Downing Street, October 4, 1899.

I AM directed by the Secretary of State for the Colonies to transmit to you, for the information of the Marquess of Salisbury, with reference to the letter from your Department of the 29th July, a copy of a despatch from the Governor-General of Canada on the subject of the suggestion made by Mr. John Charlton to Her Majesty's Chargé d'Affaires at Washington, that it would be advisable to obtain the suspension of the Ontario Lumber Act.

I am, &c.
(Signed) EDWARD WINGFIELD.

Inclosure in No. 18.

Governor-General the Earl of Minto to Mr. Chamberlain.

(Confidential.)

Sir,

The Citadel, Quebec, September 12, 1899.

I DULY communicated to my Ministers your Confidential despatch of the 16th August last, inclosing a copy of a communication from Mr. John Charlton, M.P., to Mr. Reginald Tower, suggesting that the home Government be moved to press the Government of Ontario to suspend the Act passed in the Session of 1898 requiring that logs cut on the Crown domain shall be manufactured in Canada, pending the suit now before the Courts to test its constitutionality, and I have now the honour to submit their observations upon Mr. Charlton's suggestion.

2. My Ministers cannot refrain from expressing their regret that a member of the Joint Commission should, without consulting his colleagues, have sent a communication to the British Embassy at Washington, which so unfairly misrepresents the motives and action of the Government of Ontario.

3. The Act in question was forced on the legislature of the province by a strong public opinion due to the policy adopted by Congress at the instance of the saw-mill owners of Michigan and Wisconsin, whose object was to keep Canadian lumber out of the American market.

4. In order to appreciate the reasons that influenced the Legislature of Ontario in passing the Act in question, it will be necessary to refer briefly to the past history of the subject.

5. From the year 1854 to 1868 logs and lumber were on the free list of both countries. In the latter year Congress terminated the reciprocity Treaty, and put a high duty on lumber. The Parliament of Canada then placed an export duty of 1 dollar per thousand on pine logs, but qualified the imposition of the duty by a standing offer to place timber and lumber of all kinds on the free list when the United States should adopt a similar policy. As the offer was not accepted, and as large quantities of logs were being cut, chiefly in Ontario, by American workmen, and rafted across the lakes, the Parliament of Canada in 1886 doubled the duty on pine logs, thus making the export duty equal to the American duty on the rough unmanufactured lumber, the Governor in Council being authorized to still further increase the export duty to 3 dollars per thousand, an increase which was, however, never carried into effect. The standing offer, free logs for free lumber, was at the same time allowed to continue.

6. Subsequently, Congress reduced the duty on pine boards to 1 dollar per thousand, and Canada immediately removed all export duties on logs and timber. In 1894 Congress passed an Act placing unmanufactured boards and other woods on the free list, and, for some years, there was again reciprocity in logs and lumber between the two countries. In 1897 Congress re-enacted the duty of 2 dollars per thousand on unmanufactured lumber, adding another 1 dollar per thousand if the lumber was planed, also imposing high duties on railroad ties, telegraph poles, planks, deals, laths and other articles that had previously been on the free list. Logs and pulpwood were still free from duty, though the pulp itself was subject to a high tariff. In the statute imposing the duty there was the following proviso:—

“Provided that if any country or dependency shall impose an export duty upon saw logs, round unmanufactured timber, stave bolts, shingle bolts, or heading bolts, exported to the United States, or a discriminating charge upon boom sticks, or chains used by American citizens in towing logs, the amount of such export duty, tax, or other charge, as the case may be, shall be added as an additional duty to the duties imposed upon the articles mentioned in this paragraph when imported from such country or dependency.”

7. The dependency of course meant Canada, and the challenge was so unprovoked and the threat so offensive that there was an immediate demand made on the Government of Canada to re-impose the export duty on logs, but, in the hope that a better understanding might be arrived at, the Government of Canada refrained from reviving the export duty on logs, and left logs and wood products on the free list, Manitoba and North-West now being mainly supplied with lumber from the American mills.

8. The Government of Ontario were, however, unable to resist the pressure of public opinion, and in passing the Act in question both political parties united.

9. It must not be assumed that the Ontario Act affected only American limit holders. On the contrary, nearly one-half of all the logs floated across the border were cut on limits owned by British subjects. Mr. Charlton himself, in company with his brother, was a large exporter of logs, and is therefore not a disinterested adviser on the subject.

10. Public opinion in Ontario would not sustain the Government in suspending the Act, and it is therefore unnecessary to submit Mr. Charlton's suggestion for their consideration, and, as Mr. Charlton has already received a discreet and proper answer from Mr. Tower, my Ministers do not consider that any further notice need be taken of the correspondence.

I have, &c.
(Signed) MINTO.

No. 19.

The Marquess of Salisbury to Mr. Tower.

(No. 216. Confidential.)

Sir,

Foreign Office, October 19, 1899.

MR. CHANDLER ANDERSON, the American Secretary of the Joint High Commission, has applied to his British colleague for a copy of the proposal handed to Lord Herschell on the 1st December by the United States' Commissioners with regard to naval vessels on the Great Lakes.

It appears that the text of this proposal, which was inclosed in Lord Herschell's despatch No. 14 of the 2nd December, 1898, was mislaid, or, at any rate, is not in the archives retained by Mr. Anderson.

A similar application has been made for a complete set of the letters which passed between Lord Herschell and Senator Fairbanks on the subject of the Alaska boundary.

Copies of all these papers have been sent to Mr. Anderson in accordance with his request, but he has been reminded that they are to be regarded as Confidential, and not for publication.

I inclose, for your convenience, the collection of documents which has been forwarded to Mr. Anderson, and I should wish you to speak to Mr. Hay on the subject. You should represent to him that, in view of the agreement between the Commissioners on either side that the negotiations should remain secret, Her Majesty's Government have not published any of the correspondence, and that they trust that the United States' Government will abide by this arrangement.

I am, &c.
(Signed) SALISBURY.

No. 20.

Lord Pauncefote to the Marquess of Salisbury.—(Received December 4.)

(No. 332.)

My Lord,

Washington, November 17, 1899.

WITH reference to your Lordship's despatch No. 216, Confidential, of the 19th October, respecting the communication of certain papers to the American Secretary of the Joint High Commission, I have the honour to inclose a copy of a letter which I have received from Mr. Hay, stating that no action will be taken respecting the publication of the negotiations without previous consultation with Her Majesty's Government.

I have, &c.
(Signed) PAUNCEFOTE.

Inclosure in No. 20.

*Mr. Hay to Lord Pauncefote.**Department of State, Washington,
November 16, 1899.*

My dear Lord Pauncefote,

I AM in receipt of your unofficial note of the 14th instant, referring to the application made by the American Secretary of the Joint High Commission, Mr. Anderson, for copies of certain papers connected with the transactions of that Commission, and conveying the suggestion that its negotiations should remain secret.

I beg to state, in reply, that the only object had in view in the application of Mr. Anderson, was to perfect the record of the deliberations of the Commission, and that no action will be taken respecting the publication of the negotiations of the Commission without previous consultation with Her Majesty's Government.

I am, &c.
(Signed) JOHN HAY.