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Copy sent to
Ottawa in L.H. No. 4.

BRITISH EMBASSY,
WASHINGTON, D.C.,
January 10th, 1940.

No. 40.

Per. office.

My Lord,

54/3/39

With reference to correspondence ending with Your Lordship's despatch No. 583 (A 3998/755/45) of the 14th June, 1939, regarding the Great Lakes - St. Lawrence waterway, I have the honour to inform Your Lordship that the Administration has begun a fresh attempt to reach an agreement with the Canadian Government on this subject.

2. It was reported from Ottawa in October that the election of a liberal government in Quebec and the withdrawal of opposition on the part of the Prime Minister of Ontario had removed the last obstacle, so far as Canada was concerned, to the reopening of negotiations. The reason for Mr. Mitchell Hepburn's change of attitude was given as being the great increase in the demand for power which must result from the volume of war orders being placed in Canada.

3. At the same time the President at a press conference announced that he was reorganising the International Joint Commission and replacing its existing members by three government officials, economy in salaries being one of his objects. Two of the Commissioners have so far been replaced by Mr. Roger Barton McWhorter, chief engineer for the Federal Power Commission, and by Judge Moore, Counsellor of the State Department, respectively. The third remains to be settled.

4. On the 4th January the State Department announced, in a release of which copies are enclosed,

CB:ACEM:NT

that/

The Right Honourable

The Viscount Halifax, K. G.,

etc., etc., etc.

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that at the invitation of the Dominion Government three United States representatives would proceed to Ottawa for informal discussions, evidently intended to lead on to a consideration of the tentative draft treaty which the United States Government communicated to the Dominion Government in May, 1938. (See Sir Ronald Lindsay's despatch No. 505 of the 2nd May, 1938). The three American representatives, two of them being officials of the State Department and the third the Chairman of the Federal Power Commission, left for Ottawa on January 6th and press reports from Ottawa suggest that good progress was made at the discussions. The American delegates left for Washington on January 9th and a further conference is expected on January 22nd, when the Canadian delegates will come to Washington.

5. I am sending a copy of this despatch to the High Commissioner for the United Kingdom at Ottawa.

I have the honour to be,

with the highest respect,

My Lord,

Your Lordship's most obedient,
humble servant,

(SGD) LOTHIAN