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See memo to Mr. 20.12.



DEPARTMENT OF STATE
WASHINGTON

December 13, 1940

My dear Mr. Chargé d'Affaires:

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I refer to your letter of November 11, 1940 addressed to the Secretary of the Navy, to Lord Lothian's letter of November 28, 1940, and to an informal memorandum dated December 2, 1940 which Mr. Hoyer Millar handed to Mr. Hickerson of this Department, all in regard to the proposed United States bases in Newfoundland.

It is my understanding that the British and Newfoundland authorities are in agreement that the United States authorities may commence any works on the proposed bases in Newfoundland at once; that the Newfoundland authorities are prepared to institute immediately such condemnation proceedings as may be necessary to acquire title to privately owned property and subsequently to lease such properties to the United States Government in accordance with the provisions of the basic exchange of notes of September 2, 1940. Officers of the United States

Mr. N. M. Butler, C.V.O.,
Chargé d'Affaires ad interim of
Great Britain.

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States forces in Newfoundland are being instructed to communicate with the authorities in Newfoundland respecting the relative priorities in which they desire condemnation proceedings to be instituted in these areas in order that construction may be commenced at once and prosecuted without delay. In the informal memorandum dated December 2 it is stated that the Newfoundland authorities suggest that a special board of three should be constituted to be presided over by a Judge of the Newfoundland Supreme Court; one of the other members to be a businessman and the third to be a person having experience in regard to land values. It was stated that this board would take evidence and would advise the Government of Newfoundland which, if satisfied, would make recommendations to the United States authorities regarding the payments to be made to the British Government for the dispossessed private owners.

This proposed procedure is agreeable to the American Government subject to the following understandings:

1. That any compensation for privately owned property acquired by the Newfoundland authorities and leased to the United States would, in accordance with the basic exchange of notes of September 2, 1940, be subject to the agreement of the United States Government.

2.

2. That the United States authorities would freely be afforded facilities by the British and Newfoundland authorities to make such investigations as may be deemed advisable by the United States authorities of any recommended payments which might appear to the United States authorities to be excessive.

It is assumed that the special board contemplated in Newfoundland would have authority to take and actually would take evidence under oath. It would be my hope that in the ordinary course of the board's proceedings evidence would be taken to show:

- (1) The price which each owner actually paid for his property;
- (2) The date on which he acquired the property;
- (3) The actual cost of any improvements erected upon the property subsequent to its purchase;
- (4) The assessed value of the property for purposes of taxation during the current year with an indication of any changes in the assessed value in the last three years;
- (5) The amount of taxes paid on the property with certified copies of tax receipts;
- (6) An indication of the usual practice in the country as to the ordinary ratio between the assessed value of property and the current selling prices;
- (7) Evidence concerning the price at which similar property in the locality, both within and outside the leased area, has been sold, indicating dates of sales, or could be purchased.

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In his letter of November 28, 1940, Lord Lothian was good enough to inform me that the British and Newfoundland authorities were agreeable to adding the following sentence to the schedule listed in your letter of November 11 to the Secretary of the Navy:

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"(4) A staging point for land aircraft in the immediate vicinity of St. George's".

After consultation with the War and Navy Departments I request that the word "general" be substituted in the above sentence for the word "immediate"; the sentence would then read:

"(4) A staging point for land aircraft in the general vicinity of St. George's".

The reason for this proposed change is that when an informal request was first made regarding this proposed staging field the area had been seen by the United States authorities only from the air. Ground reconnaissance of the area by United States officers has demonstrated that the most suitable area is near Stephenville which is about ten miles from St. George's. I believe that the situation would be adequately met, however, by continuing to refer to this staging field as in the general vicinity of St. George's.

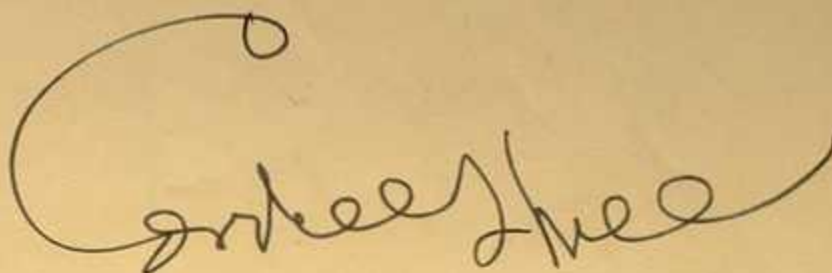
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You may recall that some time ago Mr. Welles handed Lord Lothian the draft of a proposed lease for the bases in
Newfoundland

Newfoundland. Our informal committee dealing with these bases would be glad to receive such comments on this draft lease as your authorities may wish to make.

I am, my dear Mr. Butler,

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Cordell Hull". The signature is written in dark ink and is positioned below the typed closing "Sincerely yours,".