

The attached letter from Mr. Hull deals entirely with the proposed United States base in Newfoundland. It raises three points:-

(a) The procedure for expropriation and compensation. I think Mr. Hull's recommendations on this point fit in all right with the Government of Newfoundland's own proposals which we recently communicated to the State Department - see papers 2391/42 and 2391/46. We must however refer the matter to London and Newfoundland before we can return any definite answer to the State Department. I attach the necessary drafts.

(b) The actual definition of the United States base. It will be remembered that after agreeing upon a definition which was set out in our letter (the "preliminary lease") of November 11th to Colonel Knox, the Navy Department discovered that they wanted something more and asked for "a staging point for landing aircraft in the immediate vicinity of St. George's". This addition was duly agreed upon by H.M.G. and the Newfoundland authorities, but now for the reasons explained in Mr. Hull's letter, the American authorities have decided that instead of putting their landing ground close to St. George's they want it several miles away and therefore propose that the wording be altered to run "a staging point for land aircraft in the general vicinity of St. George's".

I do not imagine that there is likely to be any difficulty about this but here again we shall have to refer to London and Newfoundland. I attach the necessary draft.

(c) The lease. Mr. Hull's letter reminds us that a draft lease was communicated some time ago to Lord Lothian and asks for our observations on this lease. This of course refers to the document communicated by Colonel Knox (not Mr. Welles) to Lord Lothian on October 10th and which we were under the impression had as a result of the conversation between the Ambassador, the President and Colonel Knox on October 14th, been withdrawn by the latter (see paper 2391/17). Even though the lease was, we thought, withdrawn, a copy was sent to London and Newfoundland at the time so that they are both already in possession of it. This question of the lease had however better be considered along with all the other letters about which Mr. Butler is speaking to Mr. Dunn today.

FRHM:DH

Mr. Hull
NA

Jr
 - 18.11

The procedure to be adopted for compensation seems a little vague - If a private person claims before the Special Tribunal is the award binding on such a person even though

it is apparently not binding on the Newfoundland
govt who has to be "satisfied" nor on the USG

To whom only a "recommendation" is made.

What happens if the Newfoundland govt is
not satisfied or the USG does not
accept the recommendation? Do the
private owners have to claim before the
special tribunal? Is there any appeal?

Presumably Newfoundland law as to
compensation for expropriation will
apply - It may save misunderstandings later
if the principal provisions of this law
were referred to by the Newf. govt as soon
as possible

✓ see - 154
I have a ⁱⁿ consultation with
in form. a name or form to the draft to
cover this point.

19.12.

MB.

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