GREAT BRITAIN.

PANAMA CANAL TOLLS. EXEMPTION OF VESSELS IN THE COASTWISE TRADE OF THE UNITED STATES FROM PAYMENT OF TOLLS, AND OTHER FEATURES OF THE PANAMA CANAL ACT OF AUGUST 24, 1912. OBJECTIONS THERETO OF THE BRITISH GOVERNMENT.

File No. 811f.812/296.

The President to Congress.

[Extract from the Message on the financial condition of the Treasury, needed banking and currency reforms, and departmental questions; communicated to Congress December 21, 1911; committed to the Committee of the Whole House on the state of the Union, December 21, 1911; printed as House Document No. 343, 62d Congress, 2d Session.]

THE PANAMA CANAL.

The very satisfactory progress made on the Panama Canal last year has continued, and there is every reason to believe that the canal will be completed as early as the 1st of July, 1913, unless something unforeseen occurs. This is about 18 months before the time promised by the engineers.

We are now near enough the completion of the canal to make it imperatively necessary that legislation should be enacted to fix the method by which the canal shall be maintained and controlled and the zone governed. The fact is that to-day there is no statutory law by authority of which the President is maintaining the government of the zone. Such authority was given in an amendment to the Spooner Act, which expired by the terms of its own limitation some years ago. Since that time the government has continued, under the advice of the Attorney General that in the absence of action by Congress there is necessarily an implied authority on the part of the Executive to maintain a government in a territory in which he has to see that the laws are executed. The fact that we have been able thus to get along during the important days of construction without legislation expressly formulating the government of the zone, or delegating the creation of it to the President, is not a reason for supposing that we may continue the same kind of a government after the construction is finished. The implied authority of the President to maintain a civil government in the zone may be derived from the mandatory direction given him in the original Spooner Act, by which he was commanded to build the canal; but certainly, now that the canal is about to be completed and to be put under a permanent management, there ought to be specific statutory authority for its regulation and control and for the government of the zone, which we hold for the chief and main purpose of operating the canal.

I fully concur with the Secretary of War that the problem is simply the management of a great public work, and not the government of a local republic; that every provision must be directed

toward the successful maintenance of the canal as an avenue of commerce, and that all provisions for the government of those who live within the zone should be subordinate to the main purpose.

The zone is 40 miles long and 10 miles wide. Now, it has a population of 50,000 or 60,000, but as soon as the work of construction is completed, the towns which make up this population will be deserted, and only comparatively few natives will continue their residence there. The control of them ought to approximate a military government. One judge and two justices of the peace will be sufficient to attend to all the judicial and litigated business there is. With a few fundamental laws of Congress, the zone should be governed by the orders of the President, issued through the War Department, as it is to-day. Provisions can be made for the guaranties of life, liberty, and property, but beyond those, the government should be that of a military reservation, managed in connection with this great highway of trade.

FURNISHING SUPPLIES AND REPAIRS.

In my last annual message I discussed at length the reasons for the Government's assuming the task of furnishing to all ships that use the canal, whether our own naval vessels or others, the supplies of coal and oil and other necessities with which they must be replenished either before or after passing through the canal, together with the dock facilities and repairs of every character. This it is thought wise to do through the Government, because the Government must establish for itself, for its own naval vessels, large depots and dry docks and warehouses, and these may easily be enlarged so as to secure to the world public using the canal reasonable prices and a certainty that there will be no discrimination between those who wish to avail themselves of such facilities.

TOLLS.

I renew my recommendation with respect to the tolls of the canal that, within limits which shall seem wise to Congress, the power of fixing tolls be given to the President. In order to arrive at a proper conclusion, there must be some experimenting, and this can not be done if Congress does not delegate the power to one who can act expeditiously.

POWER EXISTS TO RELIEVE AMERICAN SHIPPING.

I am very confident that the United States has the power to relieve from the payment of tolls any part of our shipping that Congress deems wise. We own the canal. It was our money that built it. We have the right to charge tolls for its use. Those tolls must be the same to everyone; but when we are dealing with our own ships, the practice of many Governments of subsidizing their own merchant vessels is so well established in general that a subsidy equal to the tolls, an equivalent remission of tolls, can not be held to be a discrimination in the use of the canal. The practice in the Suez Canal makes this clear. The experiment in tolls to be made by the President would doubtless disclose how great a burden of tolls the coastwise trade between the Atlantic and the Pacific coast could bear

without preventing its usefulness in competition with the transcontinental railroads. One of the chief reasons for building the canal was to set up this competition and to bring the two shores closer together as a practical trade problem. It may be that the tolls will have to be wholly remitted. I do not think this is the best principle, because I believe that the cost of such a Government work as the Panama Canal ought to be imposed gradually but certainly upon the trade which it creates and makes possible. So far as we can, consistent with the development of the world's trade through the canal, and the benefit which it was intended to secure to the east and west coastwise trade, we ought to labor to secure from the canal tolls a sufficient amount ultimately to meet the debt which we have assumed and to pay the interest.

File No. 811f.812/300.

The British Chargé d'Affaires to the Secretary of State.

BRITISH EMBASSY,
Kineo, Maine, July 8, 1912.

SIR: The attention of His Majesty's Government has been called to the various proposals that have from time to time been made for the purpose of relieving American shipping from the burden of the tolls to be levied on vessels passing through the Panama Canal, and these proposals together with the arguments that have been used to support them have been carefully considered with a view to the bearing on them of the provisions of the treaty between the United States and Great Britain of November 18th, 1901.

The proposals may be summed up as follows:—

(1). To exempt all American shipping from the tolls.

(2). To refund to all American ships the tolls which they may have paid.

(3). To exempt American ships engaged in the coastwise trade.

(4). To repay the tolls to American ships engaged in the coastwise trade.

The proposal to exempt all American shipping from the payment of the tolls, would, in the opinion of His Majesty's Government, involve an infraction of the treaty, nor is there, in their opinion any difference in principle between charging tolls only to refund them and remitting tolls altogether. The result is the same in either case, and the adoption of the alternative method of refunding the tolls in preference to that of remitting them, while perhaps complying with the letter of the treaty, would still contravene its spirit.

It has been argued that a refund of the tolls would merely be equivalent to a subsidy and that there is nothing in the Hay-Pauncefote treaty which limits the right of the United States to subsidise its shipping. It is true that there is nothing in that treaty to prevent the United States from subsidising its shipping and if it granted a subsidy His Majesty's Government could not be in a position to complain. But there is a great distinction between a general subsidy, either to shipping at large or to shipping engaged in any given trade, and a subsidy calculated particularly with reference to

the amount of user of the Canal by the subsidised lines or vessels. If such a subsidy were granted it would not, in the opinion of His Majesty's Government, be in accordance with the obligations of the treaty.

As to the proposal that exemption shall be given to vessels engaged in the coastwise trade, a more difficult question arises. If the trade should be so regulated as to make it certain that only bona-fide coastwise traffic which is reserved for United States vessels would be benefited by this exemption, it may be that no objection could be taken. But it appears to my Government that it would be impossible to frame regulations which would prevent the exemption from resulting, in fact, in a preference to United States shipping and consequently in an infraction of the treaty.

I have [etc.]

A. MITCHELL INNES.

File No. 811f.812/304.]

The American Ambassador to the Secretary of State.

[Telegram.—Paraphrase.]

No. 1032.

AMERICAN EMBASSY,
London, July 15, 1912.

At Sir Edward Grey's request I called at the Foreign Office today to converse with him about the Panama Canal. Sir Edward presented three points as follows:

In helping to get the Clayton-Bulwer Treaty out of the way, and in negotiating the Hay-Pauncefote Treaty, Great Britain has shown the friendliest feeling toward the United States.

Later on, by assenting to our fortification of the canal, she tried to render us a genuine service.

Great Britain, in doing this, was relying entirely upon what she considered to be the unequivocal pledge of the United States to manage the canal without discrimination in favor of any nation, not even of itself.

But the reported action seemed to Sir Edward to propose a distinct violation of that treaty pledge.

Furthermore, he called my attention to what he termed an invidious discrimination against important Canadian interests involved in the proposal to exclude from the privileges of the canal the steamships owned by railway companies.

The British Government, he said, did not wish to seem premature, but were unwilling to give ground for an assertion that their silence had been taken for consent.

After explaining that I was without instructions on the subject, and derived all I knew about it from cable despatches, I said that there were a few points worthy to be considered, it seemed to me, before taking definite position.

First, there was no probability that, if the United States had not taken up the construction of the Panama Canal, any other nation would have taken it up. The French effort to construct the canal had been a failure, and if an effort by any other nation had been made with seeming promise of success, invocation of the Monroe

Doctrine against it would probably have been insisted on by the people of the United States. The United States, having practically no merchant marine, was the one great commercial nation which had no immediate means of using the canal to its profit.

I also thought that in view of the changes in sovereignty and the subsequent perpetual lease by the United States of the whole canal zone, there were publicists who questioned whether the Hay-Pauncefote Treaty could now be equitably, or even legally, applied to the full extent of its language.

Finally I observed that the investment already made and sure to be made before the canal could be opened was too colossal to justify any nation in supposing that the United States was making it from purely philanthropic motives; thus from the outset it must have been assumed that the United States saw some means of deriving from the investment a benefit for itself.

Sir Edward replied to these remarks that,

If great commercial nations other than the United States were the only ones to make much use of the canal, they would consequently be the only ones paying the tolls that would give us the interest on our investments;

The United States would surely derive a direct advantage from the facility with which we could transfer our naval supremacy from one coast to the other, even if we had no merchant ships whatever.

I made it perfectly clear that my remarks were purely personal and unofficial, but that I should report to you our conversation.

REID.

Panama Canal Act: "An Act to provide for the opening, maintenance, protection, and operation of the Panama Canal, and the sanitation and government of the Canal Zone." (Signed by the President August 24, 1912.)[1]

[Sections 5 and 11.]

SEC. 5. That the President is hereby authorized to prescribe and from time to time change the tolls that shall be levied by the Government of the United States for the use of the Panama Canal: *Provided*, That no tolls, when prescribed as above, shall be changed, unless six months' notice thereof shall have been given by the President by proclamation. No tolls shall be levied upon vessels engaged in the coastwise trade of the United States. That section forty-one hundred and thirty-two of the Revised Statutes is hereby amended to read as follows:

"SEC. 4132. Vessels built within the United States and belonging wholly to citizens thereof; and vessels which may be captured in war by citizens of the United States and lawfully condemned as prize, or which may be adjudged to be forfeited for a breach of the laws of the United States; and seagoing vessels, whether steam or sail, which have been certified by the Steamboat-Inspection Service as safe to carry dry and perishable cargo, not more than five years old at the time they apply for registry, wherever built, which are to engage only in trade with foreign countries or with the Philippine

[1] H. R. 21969.

Islands and the islands of Guam and Tutuila, being wholly owned by citizens of the United States or corporations organized and chartered under the laws of the United States or of any State thereof, the president and managing directors of which shall be citizens of the United States or corporations organized and chartered under the laws of the United States or of any State thereof, the president and managing directors of which shall be citizens of the United States, and no others, may be registered as directed in this title. Foreign-built vessels registered pursuant to this Act shall not engage in the coastwise trade: *Provided*, That a foreign-built yacht, pleasure boat, or vessel not used or intended to be used for trade admitted to American registry pursuant to this section shall not be exempt from the collection of ad valorem duty provided in section thirty-seven of the Act approved August fifth, nineteen hundred and nine, entitled 'An Act to provide revenue, equalize duties, and encourage the industries of the United States, and for other purposes.' That all materials of foreign production which may be necessary for the construction or repair of vessels built in the United States and all such materials necessary for the building or repair of their machinery and all articles necessary for their outfit and equipment may be imported into the United States free of duty under such regulations as the Secretary of the Treasury may prescribe: *Provided further*, That such vessels so admitted under the provisions of this section may contract with the Postmaster General under the Act of March third, eighteen hundred and ninety-one, entitled 'An Act to provide for ocean mail service between the United States and foreign ports, and to promote commerce,' so long as such vessels shall in all respects comply with the provisions and requirements of said Act."

Tolls may be based upon gross or net registered tonnage, displacement tonnage, or otherwise, and may be based on one form of tonnage for warships and another for ships of commerce. The rate of tolls may be lower upon vessels in ballast than upon vessels carrying passengers or cargo. When based upon net registered tonnage for ships of commerce the tolls shall not exceed one dollar and twenty-five cents per net registered ton, nor be less, other than for vessels of the United States and its citizens, than the estimated proportionate cost of the actual maintenance and operation of the canal subject, however, to the provisions of article nineteen of the convention between the United States and the Republic of Panama, entered into November eighteenth, nineteen hundred and three. If the tolls shall not be based upon net registered tonnage, they shall not exceed the equivalent of one dollar and twenty-five cents per net registered ton as nearly as the same may be determined, nor be less than the equivalent of seventy-five cents per net registered ton. The toll for each passenger shall not be more than one dollar and fifty cents. The President is authorized to make and from time to time amend regulations governing the operation of the Panama Canal, and the passage and control of vessels through the same or any part thereof, including the locks and approaches thereto, and all rules and regulations affecting pilots and pilotage in the canal or the approaches thereto through the adjacent waters.

[The remainder of this section concerns the payment of claims for damages for injury to vessels, cargo or passengers from passage through the canal.]

SEC. 11. That section five of the Act to regulate commerce, approved February fourth, eighteen hundred and eighty-seven, as heretofore amended, is hereby amended by adding thereto a new paragraph at the end thereof, as follows:

"From and after the first day of July, nineteen hundred and fourteen, it shall be unlawful for any railroad company or other common carrier subject to the Act to regulate commerce to own, lease, operate, control, or have any interest whatsoever (by stock ownership or otherwise, either directly, indirectly, through any holding company or by stockholders or directors in common, or in any other manner) in any common carrier by water operated through the Panama Canal or elsewhere with which said railroad or other carrier aforesaid does or may compete for traffic or any vessel carrying freight or passengers upon said water route or elsewhere with which said railroad or other carrier aforesaid does or may compete for traffic; and in case of the violation of this provision each day in which such violation continues shall be deemed a separate offense."

Jurisdiction is hereby conferred on the Interstate Commerce Commission to determine questions of fact as to the competition or possibility of competition, after full hearing, on the application of any railroad company or other carrier. Such application may be filed for the purpose of determining whether any existing service is in violation of this section and pray for an order permitting the continuance of any vessel or vessels already in operation, or for the purpose of asking an order to install new service not in conflict with the provisions of this paragraph. The commission may on its own motion or the application of any shipper institute proceedings to inquire into the operation of any vessel in use by any railroad or other carrier which has not applied to the commission and had the question of competition or the possibility of competition determined as herein provided. In all such cases the order of said commission shall be final.

If the Interstate Commerce Commission shall be of the opinion that any such existing specified service by water other than through the Panama Canal is being operated in the interest of the public and is of advantage to the convenience and commerce of the people, and that such extension will neither exclude, prevent, nor reduce competition on the route by water under consideration, the Interstate Commerce Commission may, by order, extend the time during which such service by water may continue to be operated beyond July first, nineteen hundred and fourteen. In every case of such extension the rates, schedules, and practices of such water carrier shall be filed with the Interstate Commerce Commission and shall be subject to the act to regulate commerce and all amendments thereto in the same manner and to the same extent as is the railroad or other common carrier controlling such water carrier or interested in any manner in its operation: *Provided*, Any application for extension under the terms of this provision filed with the Interstate Commerce Commission prior to July first, nineteen hundred and fourteen, but for any reason not heard and disposed of before said date, may be considered and granted thereafter.

No vessel permitted to engage in the coastwise or foreign trade of the United States shall be permitted to enter or pass through said

canal if such ship is owned, chartered, operated, or controlled by any person or company which is doing business in violation of the provisions of the Act of Congress approved July second, eighteen hundred and ninety, entitled "An Act to protect trade and commerce against unlawful restraints and monopolies," or the provisions of sections seventy-three to seventy-seven, both inclusive, of an Act approved August twenty-seventh, eighteen hundred and ninety-four, entitled "An Act to reduce taxation, to provide revenue for the Government, and for other purposes," or the provisions of any other Act of Congress amending or supplementing the said Act of July second, eighteen hundred and ninety, commonly known as the Sherman Antitrust Act, and amendments thereto, or said sections of the Act of August twenty-seventh, eighteen hundred and ninety-four. The question of fact may be determined by the judgment of any court of the United States of competent jurisdiction in any cause pending before it to which the owners or operators of such ship are parties. Suit may be brought by any shipper or by the Attorney General of the United States.

That section six of said Act to regulate commerce, as heretofore amended, is hereby amended by adding a new paragraph at the end thereof, as follows:

"When property may be or is transported from point to point in the United States by rail and water through the Panama Canal or otherwise, the transportation being by a common carrier or carriers, and not entirely within the limits of a single State, the Interstate Commerce Commission shall have jurisdiction of such transportation and of the carriers, both by rail and by water, which may or do engage in the same, in the following particulars, in addition to the jurisdiction given by the Act to regulate commerce, as amended June eighteenth, nineteen hundred and ten:

"(a) To establish physical connection between the lines of the rail carrier and the dock of the water carrier by directing the rail carrier to make suitable connection between its line and a track or tracks which have been constructed from the dock to the limits of its right of way, or by directing either or both the rail and water carrier, individually or in connection with one another, to construct and connect with the lines of the rail carrier a spur track or tracks to the dock. This provision shall only apply where such connection is reasonably practicable, can be made with safety to the public, and where the amount of business to be handled is sufficient to justify the outlay.

"The commission shall have full authority to determine the terms and conditions upon which these connecting tracks, when constructed, shall be operated, and it may, either in the construction or the operation of such tracks, determine what sum shall be paid to or by either carrier. The provisions of this paragraph shall extend to cases where the dock is owned by other parties than the carrier involved.

"(b) To establish through routes and maximum joint rates between and over such rail and water lines, and to determine all the terms and conditions under which such lines shall be operated in the handling of the traffic embraced.

"(c) To establish maximum proportional rates by rail to and from the ports to which the traffic is brought, or from which it is taken by the water carrier, and to determine to what traffic and in connection

with what vessels and upon what terms and conditions such rates shall apply. By proportional rates are meant those which differ from the corresponding local rates to and from the port and which apply only to traffic which has been brought to the port or is carried from the port by a common carrier by water.

"(d) If any rail carrier subject to the Act to regulate commerce enters into arrangements with any water carrier operating from a port in the United States to a foreign country, through the Panama Canal or otherwise, for the handling of through business between interior points of the United States and such foreign country, the Interstate Commerce Commission may require such railway to enter into similar arrangements with any or all other lines of steamships operating from said port to the same foreign country."

The orders of the Interstate Commerce Commission relating to this section shall only be made upon formal complaint or in proceedings instituted by the commission of its own motion and after full hearing. The orders provided for in the two amendments to the Act to regulate commerce enacted in this section shall be served in the same manner and enforced by the same penalties and proceedings as are the orders of the commission made under the provisions of section fifteen of the Act to regulate commerce, as amended June eighteenth, nineteen hundred and ten, and they may be conditioned for the payment of any sum or the giving of security for the payment of any sum or the discharge of any obligation which may be required by the terms of said order.

The President to Congress.

[Memorandum to accompany the Panama Canal Act.]

In signing the Panama Canal Bill, I wish to leave this memorandum. The bill is admirably drawn for the purpose of securing the proper maintenance, operation and control of the Canal, and the government of the Canal Zone, and for the furnishing to all the patrons of the canal, through the Government, of the requisite docking facilities and the supply of coal and other shipping necessities. It is absolutely necessary to have the bill passed at this session in order that the capital of the world engaged in the preparation of ships to use the canal may know in advance the conditions under which the traffic is to be carried on through this waterway.

I wish to consider the objections to the bill in the order of their importance.

1. The bill is objected to because it is said to violate the Hay-Pauncefote Treaty in discriminating in favor of the coastwise trade of the United States by providing that no tolls shall be charged to vessels engaged in that trade passing through the canal. This is the subject of a protest by the British Government.[1]

The British protest involves the right of the Congress of the United States to regulate its domestic and foreign commerce in such manner as to the Congress may seem wise, and specifically the protest challenges the right of the Congress to exempt American shipping from the payment of tolls for the use of the Panama Canal or to refund to such American ships the tolls which they

[1] See the British note of July 8.

may have paid, and this without regard to the trade in which such ships are employed, whether coastwise or foreign. The protest states "the proposal to exempt all American shipping from the payment of the tolls would, in the opinion of His Majesty's Government, involve an infraction of the treaty (Hay-Pauncefote), nor is there, in their opinion, any difference in principle between charging tolls only to refund them and remitting tolls altogether. The result is the same in either case, and the adoption of the alternative method of refunding tolls in preference of remitting them, while perhaps complying with the letter of the treaty, would still controvert[1] its spirit." The provision of the Hay-Pauncefote Treaty involved is contained in article 3, which provides:

> The United States adopts, as the basis of the neutralisation of such ship canal, the following rules, substantially as embodied in the convention of Constantinople, signed the 28th October, 1888, for the free navigation of the Suez Canal, that is to say:
>
> 1. The canal shall be free and open to the vessels of commerce and of war of all nations observing these rules, on terms of entire equality, so that there shall be no discrimination against any such nation, or its citizens or subjects. In respect of the conditions or charges of traffic, or otherwise. Such conditions and charges of traffic shall be just and equitable.

Then follows five other rules to be observed by other nations to make neutralisation effective, the observance of which is the condition for the privilege of using the canal.

In view of the fact that the Panama Canal is being constructed by the United States wholly at its own cost, upon territory ceded to it by the Republic of Panama for that purpose, and that unless it has restricted itself the United States enjoys absolute rights of ownership and control, including the right to allow its own commerce the use of the canal upon such terms as it sees fit, the sole question is, Has the United States in the language above quoted from the Hay-Pauncefote Treaty deprived itself of the exercise of the right to pass its own commerce free or to remit tolls collected for the use of the canal?

It will be observed that the rules specified in Article 3 of the treaty were adopted by the United States for a specific purpose, namely, as the basis of the neutralization of the canal and for no other purpose. The Article is a declaration of the policy by the United States that the canal shall be neutral, that the attitude of this Government towards the commerce of the world is that all nations will be treated alike and no discrimination made by the United States against any one of them observing the rules adopted by the United States. The right to the use of the canal and to equality of treatment in the use depends upon the observance of the conditions of the use by the nations to whom we extended that privilege. The privileges of all nations to whom we extended the use upon the observance of these conditions were to be equal to that extended to any one of them which observed the conditions. In other words, it was a conditional favored nation treatment, the measure of which in the absence of express stipulation to that effect, is not what the country gives to its own nationals, but the treatment it exends to other nations.

Thus it is seen that the rules are but a basis of neutralization, intended to effect the neutrality which the United States was willing should be the character of the canal and not intended to limit or hamper the United States in the exercise of its sovereign power to

[1] The copy on file says "contravene."

deal with its own commerce using its own canal in whatsoever manner it saw fit.

If there is no "difference in principle between the United States charging tolls to its own shipping only to refund them and remitting tolls altogether," as the British protest declares, then the irresistible conclusion is that the United States, although it owns, controls and has paid for the canal is restricted by treaty from aiding its own commerce in the way that all the other nations of the world may freely do. It would scarcely be claimed that the setting out in a treaty between the United States and Great Britain of certain rules adopted by the United States as the basis of the neutralization of the canal would bind any government to do or refrain from doing anything other than the things required by the rules to insure the privilege of use and freedom from discrimination. Since the rules do not provide as a condition for the privilege of use upon equal terms with other nations that other nations desiring to build up a particular trade involving the use of the canal shall not either directly agree to pay the tolls or to refund to its ships the tolls collected for the use of the canal, it is evident that the treaty does not affect that inherent, sovereign right, unless, which is not likely, it be claimed that the promulgation by the United States of these rules insuring all nations against its discrimination, would authorize the United States to pass upon the action of other nations and require that no one of them should grant to its shipping larger subsidies or more liberal inducement for the use of the canal than were granted by others. In other words, that the United States has the power to equalize the practice of other nations in this regard.

If it is correct then to assume that there is nothing in the Hay-Pauncefote Treaty preventing Great Britain and the other nations from extending such favors as they may see fit to their shipping using the canal, and doing it in the way they see fit, and if it is also right to assume that there is nothing in the treaty that gives the United States any supervision over, or right to complain of such action, then the British protest leads to the absurd conclusion that this Government in constructing the canal, maintaining the canal, and defending the canal, finds itself shorn of its right to deal with its own commerce in its own way, while all other nations using the canal in competition with American commerce enjoys that right and power unimpaired.

The British protest, therefore, is a proposal to read into the treaty a surrender by the United States of its right to regulate its own commerce in its own way and by its own methods, a right which neither Great Britain herself, nor any other nation that may use the canal, has surrendered or proposes to surrender. The surrender of this right is not claimed to be in terms. It is only to be inferred from the fact that the United States has conditionally granted to all the nations the use of the canal without discrimination by the United States between the grantees; but as the treaty leaves all nations desiring to use the canal with full right to deal with their own vessels as they see fit, the United States would only be discriminating against itself if it were to recognize the soundness of the British contention.

The bill here in question does not positively do more than to discriminate in favor of the coastwise trade, and the British protest seems to recognize a distinction between such exemption and the

exemption of American vessels engaged in foreign trade. In effect, of course, there is a substantial and practical difference. The American vessels in foreign trade come into competition with vessels of other nations in that same trade, while foreign vessels are forbidden to engage in the American coastwise trade. While the bill here in question seems to vest the President with discretion to discriminate in fixing tolls in favor of American ships and against foreign ships engaged in foreign trade, within the limitation of the range from 50 cents a ton to $1.25 a net ton, there is nothing in the act to compel the President to make such a discrimination. It is not, therefore, necessary to discuss the policy of such discrimination until the question may arise in the exercise of the President's discretion.

The policy of exempting the coastwise trade from all tolls really involves the question of granting a Government subsidy for the purpose of encouraging that trade in competition with the trade of the transcontinental railroads. I approve this policy. It is in accord with the historical course of the Government in giving Government aid to the construction of the transcontinental roads. It is now merely giving Government aid to a means of transportation that competes with those transcontinental roads.

2. The bill permits the registry of foreign-built vessels as vessels of the United States for foreign trade, and it also permits the admission without duty of materials for the construction and repair of vessels in the United States. This is objected to on the ground that it will interfere with the shipbuilding interests of the United States. I cannot concur in this view. The number of vessels of the United States engaged in foreign trade is so small that the work done by the present shipyards is almost wholly that of constructing vessels for the coastwise trade or Government vessels. In other words, there is substantially no business for building ships in the foreign trade in the shipyards of the United States which will be injured by this new provision. It is hoped that this registry of foreign-built ships in American foreign trades will prove to be a method of increasing our foreign shipping. The experiment will hurt no interest of ours, and we can observe its operation. If it proves to extend our commercial flag to the high seas, it will supply a long-felt want.

3. Section 5 of the Interstate Commerce Act is amended by forbidding railroad companies to own, lease, operate, control, or have any interest in any common carrier by water operated through the Panama Canal with which such railroad or other carrier does or may compete for traffic. I have twice recommended such restriction as to the Panama Canal. It was urged upon me that the Interstate Commerce Commission might control the trade so as to prevent an abuse from the joint ownership of railroads and of Panama steamships competing with each other, and therefore that this radical provision was not necessary. Conference with the Interstate Commerce Commission, however, satisfied me that such control would not be as effective as this restriction. The difficulty is that the interest of the railroad company is so much larger in its railroad and in the maintenance of its railroad rates than in making a profit out of the steamship line that it can afford temporarily to run its vessels for nearly nothing in order to drive out of the business independent steamship lines, and thus obtain complete control of the shipping in

the trade through the canal and regulate the rates according to the interest of the railroad company. Jurisdiction is conferred on the Interstate Commerce Commission finally to determine the question of fact as to the competition or possibility of competition of the water carrier with the railroad, and this may be done in advance of any investment of capital.

4. The effect of the amendment of section 5 of the Interstate Commerce Act also is extended so as to make it unlawful for railroad companies owning or controlling lines of steamships in any other part of the jurisdiction of the United States to continue to do so, and as to such railroad companies and such water carriers the Interstate Commerce Commission is given the duty and power not only finally to determine the question of competition or possibility of competition, but also to determine "that the specified service by water is being operated in the interest of the public and is of advantage to the convenience and commerce of the people, and that such extension will neither exclude, prevent, nor reduce competition on the route by water under consideration"; and, if it finds this to be the case, to extend the time during which such service by water may continue beyond the date fixed in the act for its first operation— to wit, July 1, 1914. Whenever the time is extended, then the water carrier, its rates and schedules and practices are brought within the control of the Interstate Commerce Commission. How far it is within the power of Congress to delegate to the Interstate Commerce Commission such wide discretion it is unnecessary now to discuss. There is ample time between now and the time of this provision of the act's going into effect to have the matter examined by the Supreme Court, or to change the form of the legislation, should it be deemed necessary. Certainly the suggested invalidity of this section, if true, would not invalidate the entire act, the remainder of which may well stand without regard to this provision.

5. The final objection is to a provision which prevents the owner of any steamship who is guilty of violating the anti-trust law from using the canal. It is quite evident that this section applies only to those vessels engaged in the trade in which there is a monopoly contrary to our Federal statute, and it is a mere injunctive process against the continuance of such monopolistic trade. It adds the penalty of denying the use of the canal to a person or corporation violating the anti-trust law. It may have some practical operation where the business monopolized is transportation by ships, but it does not become operative to prevent the use of the canal until the decree of the court shall have established the fact of the guilt of the owner of the vessel. While the penalties of the anti-trust law seem to me to be quite sufficient already, I do not know that this new remedy against a particular kind of a trust may not sometimes prove useful.

In a message[1] sent to Congress after this bill had passed both Houses I ventured to suggest a possible amendment by which all persons, and especially all British subjects who felt aggrieved by the provisions of the bill on the ground that they are in violation of the Hay-Pauncefote Treaty, might try that question in the Supreme Court of the United States. I think this would have satisfied those who oppose the view which Congress evidently entertains of the

[1] Message of Aug. 19, 1912; printed as House Doc. No. 914, 62d Cong., 2d sess.; not in this volume.

treaty and might avoid the necessity for either diplomatic negotiation or further decision by an arbitral tribunal. Congress, however, has not thought it wise to accept the suggestion, and therefore I must proceed in the view which I have expressed, and am convinced is the correct one, as to the proper construction of the treaty and the limitations which it imposes upon the United States. I do not find that the bill here in question violates those limitations.

On the whole, I believe the bill to be one of the most beneficial that has passed this or any other Congress, and I find no reason in the objections made to the bill which would lead me to delay, until another session of Congress, provisions that are imperatively needed now in order that due preparation by the world may be made for the opening of the canal.

WM. H. TAFT.

THE WHITE HOUSE, *August 24, 1912.*

File No. 811f.812/320.

The British Chargé d'Affaires to the Secretary of State.

BRITISH EMBASSY,
Washington, August 27, 1912.

SIR: On the 8th July I had the honour to present to the Government of the United States the views of His Majesty's Government on certain proposals which had been formulated with the object of relieving United States ships using the Panama Canal from the payment of tolls, while levying such tolls on foreign ships.

In view of the bill which has now been passed, and of the memorandum issued by the President on signing it, I am instructed to inform you that His Majesty's Government adhere to the views expressed in that note, and that when His Majesty's Government have had time to consider fully the act and the memorandum a further communication will be made to you on the subject.

I am instructed to add at the same time that should there eventually be a difference between the two countries as to the correct interpretation of the Hay-Pauncefote Treaty which cannot be settled by other means, His Majesty's Government would then ask that it should be referred to arbitration in accordance with the provisions of the existing arbitration treaty concluded in 1908.

I have [etc.]

A. MITCHELL INNES.

File No. 811f.812/320.

The Assistant Secretary of State to the British Chargé d'Affaires.

DEPARTMENT OF STATE,
Washington, August 30, 1912.

SIR: I have the honor to acknowledge the receipt of your note of the 27th instant in further expression of the views of His Britannic Majesty's Government concerning the relieving of American vessels using the Panama Canal from the payment of tolls.

Due note has been taken of the information which you communicate by instruction of your Government that His Majesty's Government adhere to the views expressed in your note of the 8th ultimo and that when His Majesty's Government has had time to consider

fully the Act and the memorandum issued by the President upon signing the Act a further communication will be made to this Government on the subject.

I have [etc.]

HUNTINGTON WILSON.

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA.

A PROCLAMATION.

I, WILLIAM HOWARD TAFT, President of the United States of America, by virtue of the power and authority vested in me by the Act of Congress, approved August twenty-fourth, nineteen hundred and twelve, to provide for the opening, maintenance, protection and operation of the Panama Canal and the sanitation and government of the Canal Zone, do hereby prescribe and proclaim the following rates of toll to be paid by vessels using the Panama Canal:

1. On merchant vessels carrying passengers or cargo one dollar and twenty cents ($1.20) per net vessel ton—each one hundred (100) cubic feet—of actual earning capacity.

2. On vessels in ballast without passengers or cargo forty (40) percent less than the rate of tolls for vessels with passengers or cargo.

3. Upon naval vessels, other than transports, colliers, hospital ships and supply ships, fifty (50) cents per displacement ton.

4. Upon army and navy transports, colliers, hospital ships and supply ships one dollar and twenty cents ($1.20) per net ton, the vessels to be measured by the same rules as are employed in determining the net tonnage of merchant vessels.

The Secretary of War will prepare and prescribe such rules for the measurement of vessels and such regulations as may be necessary and proper to carry this proclamation into full force and effect.

In witness whereof, I have hereunto set my hand and caused the seal of the United States to be affixed.

DONE at the City of Washington this thirteenth day of November in the year of our Lord one thousand nine hundred and [SEAL.] twelve and of the independence of the United States the one hundred and thirty-seventh.

WM. H. TAFT.

By the President:
P. C. KNOX,
Secretary of State.

File No. 811f.812/355.

The Secretary of State for Foreign Affairs of Great Britain to the British Ambassador.

[Handed to the Secretary of State by the British Ambassador December 9, 1912.]

FOREIGN OFFICE, *November 14, 1912.*

SIR: Your excellency will remember that on the 8th July, 1912, Mr. Mitchell Innes communicated to the Secretary of State the objections which His Majesty's Government entertained to the legis-

lation relating to the Panama Canal, which was then under discussion in Congress, and that on the 27th August, after the passing of the Panama Canal Act and the issue of the President's memorandum on signing it, he informed Mr. Knox that when His Majesty's Government had had time to consider fully the Act and the memorandum a further communication would be made to him.

Since that date the text of the Act and the memorandum of the President have received attentive consideration at the hands of His Majesty's Government. A careful study of the President's memorandum has convinced me that he has not fully appreciated the British point of view, and has misunderstood Mr. Michell Innes' note of the 8th July. The President argues upon the assumption that it is the intention of His Majesty's Government to place upon the Hay-Pauncefote treaty an interpretation which would prevent the United States from granting subsidies to their own shipping passing through the Canal, and which would place them at a disadvantage as compared with other nations. This is not the case; His Majesty's Government regard equality of all nations as the fundamental principle underlying the treaty of 1901 in the same way that it was the basis of the Suez Canal Convention of 1888, and they do not seek to deprive the United States of any liberty which is open either to themselves or to any other nation; nor do they find either in the letter or in the spirit of the Hay-Pauncefote treaty any surrender by either of the contracting Powers of the right to encourage its shipping or its commerce by such subsidies as it may deem expedient.

The terms of the President's memorandum render it essential that I should explain in some detail the view which His Majesty's Government take as to what is the proper interpretation of the treaty, so as to indicate the limitations which they consider it imposes upon the freedom of action of the United States, and the points in which the Panama Canal Act, as enacted, infringes what His Majesty's Government hold to be their treaty rights.

The Hay-Pauncefote Treaty does not stand alone; it was the corollary of the Clayton-Bulwer Treaty of 1850. The earlier treaty was, no doubt, superseded by it, but its general principle, as embodied in article 8, was not to be impaired. The object of the later treaty is clearly shown by its preamble; it was "to facilitate the construction of a ship canal to connect the Atlantic and Pacific oceans by whatever route may be deemed expedient, and to that end to remove any objection which may arise out of the Clayton-Bulwer Treaty to the construction of such canal under the auspices of the Government of the United States, without impairing the general principle of neutralisation established in article 8 of that convention." It was upon that footing, and upon that footing alone, that the Clayton-Bulwer Treaty was superseded.

Under that treaty both parties had agreed not to obtain any exclusive control over the contemplated ship canal, but the importance of the great project was fully recognised, and therefore the construction of the canal by others was to be encouraged, and the canal when completed was to enjoy a special measure of protection on the part of both the contracting parties.

Under article 8 the two Powers declared their desire, in entering into the Convention, not only to accomplish a particular object, but

also to establish a general principle, and therefore agreed to extend their protection to any practicable trans-isthmian communication, either by canal or railway, and either at Tehuantepec or Panama, provided that those who constructed it should impose no other charges or conditions of traffic than the two Governments should consider just and equitable, and that the canal or railway, "being open to the subjects and citizens of Great Britain and the United States on equal terms, should also be open to the subjects of any other State which was willing to join in the guarantee of joint protection."

So long as the Clayton-Bulwer Treaty was in force, therefore, the position was that both parties to it had given up their power of independent action, because neither was at liberty itself to construct the Canal and thereby obtain the exclusive control which such construction would confer. It is also clear that if the Canal had been constructed while the Clayton-Bulwer Treaty was in force, it would have been open, in accordance with article 8, to British and United States ships on equal terms, and equally clear, therefore, that the tolls leviable on such ships would have been identical.

The purpose of the United States in negotiating the Hay-Pauncefote Treaty was to recover their freedom of action, and obtain the right, which they had surrendered, to construct the Canal themselves; this is expressed in the preamble to the treaty, but the complete liberty of action consequential upon such construction was to be limited by the maintenance of the general principle embodied in article 8 of the earlier treaty. That principle, as shown above, was one of equal treatment for both British and United States ships, and a study of the language of article 8 shows that the word "neutralisation", in the preamble of the later treaty, is not there confined to belligerent operations, but refers to the system of equal rights for which article 8 provides.

If the wording of the article is examined, it will be seen that there is no mention of belligerent action in it at all. Joint protection and equal treatment are the only matters alluded to, and it is to one, or both, of these that neutralisation must refer. Such joint protection has always been understood by His Majesty's Government to be one of the results of the Clayton-Bulwer Treaty of which the United States was most anxious to get rid, and they can scarcely therefore believe that it was such joint protection that the United States were willing to keep alive, and to which they referred in the preamble of the Hay-Pauncefote Treaty. It certainly was not the intention of His Majesty's Government that any responsibility for the protection of the Canal should attach to them in the future. Neutralisation must therefore refer to the system of equal rights.

It thus appears from the preamble that the intention of the Hay-Pauncefote Treaty was that the United States was to recover the right to construct the trans-isthmian canal upon the terms that, when constructed, the canal was to be open to British and United States ships on equal terms.

The situation created was in fact identical with that resulting from the Boundary Waters Treaty of 1909 between Great Britain and the United States, which provided as follows:—

"The high contracting parties agree that the navigation of all navigable boundary waters shall for ever continue free and open for

the purposes of commerce to the inhabitants and to the ships, vessels, and boats of both countries equally, subject, however, to any laws and regulations of either country, within its own territory, not inconsistent with such privilege of free navigation, and applying equally and without discrimination to the inhabitants, ships, vessels, and boats of both countries.

"It is further agreed that so long as this treaty shall remain in force this same right of navigation shall extend to the waters of Lake Michigan and to all canals connecting boundary waters and now existing, or which may hereafter be constructed on either side of the line. Either of the high contracting parties may adopt rules and regulations governing the use of such canals within its own territory, and may charge tolls for the use thereof; but all such rules and regulations and all tolls charged shall apply alike to the subjects or citizens of the high contracting parties, and they * * * shall be placed on terms of equality in the use thereof."

A similar provision, though more restricted in its scope, appears in article 27 of the Treaty of Washington, 1871, and your excellency will no doubt remember how strenuously the United States protested, as a violation of equal rights, against a system which Canada had introduced of a rebate of a large portion of the tolls on certain freight on the Welland Canal, provided that such freight was taken as far as Montreal, and how in the face of that protest the system was abandoned.

The principle of equality is repeated in article 3 of the Hay-Pauncefote Treaty, which provides that the United States adopts, as the basis of the neutralisation of the Canal, certain rules, substantially as embodied in the Suez Canal Convention. The first of these rules is that the Canal shall be free and open to the vessels of commerce and war of all nations observing the rules on terms of entire equality, so that there shall be no discrimination against any such nation.

The word "neutralisation" is no doubt used in article 3 in the same sense as in the preamble, and implies subjection to the system of equal rights. The effect of the first rule is therefore to establish the provision, foreshadowed by the preamble and consequent on the maintenance of the principle of article 8 of the Clayton-Bulwer Treaty, that the Canal is to be open to British and United States vessels on terms of entire equality. It also embodies a promise on the part of the United States that the ships of all nations which observe the rules will be admitted to similar privileges.

The President in his memorandum treats the words "all nations" as excluding the United States. He argues that, as the United States is constructing the Canal at its own cost on territory ceded to it, it has, unless it has restricted itself, an absolute right of ownership and control, including the right to allow its ov commerce the use of the Canal upon such terms as it sees fit, and that the only question is whether it has by the Hay-Pauncefote Treaty deprived itself of the exercise of the right to pass its own commerce free or remit tolls collected for the use of the Canal. He argues that article 3 of the treaty is nothing more than a declaration of policy by the United States that the Canal shall be neutral and all nations treated alike and no discrimination made against any one of them observing the rules

adopted by the United States. "In other words, it was a conditional favoured-nation treatment, the measure of which, in the absence of express stipulations to that effect, is not what the country gives to its own nationals, but the treatment it extends to other nations."

For the reasons they have given above His Majesty's Government believe this statement of the case to be wholly at variance with the real position. They consider that by the Clayton-Bulwer Treaty the United States had surrendered the right to construct the Canal, and that by the Hay-Pauncefote treaty they recovered that right upon the footing that the Canal should be open to British and United States vessels upon terms of equal treatment.

The case cannot be put more clearly than it was put by Mr. Hay himself, who, as Secretary of State, negotiated the Hay-Pauncefote Treaty, in the full account of the negotiations which he sent to the Senate Committee on Foreign Relations (see Senate Document No. 746, 61st Congress, 3rd session) :—

> These rules are adopted in the treaty with Great Britain as a consideration for getting rid of the Clayton-Bulwer Treaty.

If the rules set out in the Hay-Pauncefote Treaty secure to Great Britain no more than most-favoured-nation treatment, the value of the consideration given for superseding the Clayton-Bulwer Treaty is not apparent to His Majesty's Government. Nor is it easy to see in what way the principle of article 8 of the Clayton-Bulwer treaty, which provides for equal treatment of British and United States ships, has been maintained.

I notice that in the course of the debate in the Senate on the Panama Canal Bill the argument was used by one of the speakers that the third, fourth, and fifth rules embodied in article 3 of the treaty show that the words "all nations" cannot include the United States, because, if the United States were at war, it is impossible to believe that it could be intended to be debarred by the treaty from using its own territory for revictualing its war-ships or landing troops.

The same point may strike others who read nothing but the text of the Hay-Pauncefote Treaty itself, and I think it is therefore worth while that I should briefly show that this argument is not well founded.

The Hay-Pauncefote Treaty of 1901 aimed at carrying out the principle of the neutralisation of the Panama Canal by subjecting it to the same régime as the Suez Canal. Rules 3, 4, and 5 of article 3 of the treaty are taken almost textually from articles 4, 5, and 6 of the Suez Canal Convention of 1888. At the date of the signature of the Hay-Pauncefote Treaty the territory on which the Isthmian Canal was to be constructed did not belong to the United States, consequently there was no need to insert in the draft treaty provisions corresponding to those in articles 10 and 13 of the Suez Canal Convention, which preserve the sovereign rights of Turkey and of Egypt, and stipulate that articles 4 and 5 shall not effect the right of Turkey, as the local sovereign, and of Egypt, within the measure of her autonomy, to take such measures as may be necessary for securing the defence of Egypt and the maintenance of public order, and, in the case of Turkey, the defence of her possessions on the Red Sea.

Now that the United States has become the practical sovereign of the Canal, His Majesty's Government do not question its title to exercise belligerent rights for its protection.

For these reasons, His Majesty's Government maintain that the words "all nations" in rule 1 of article 3 of the Hay-Pauncefote Treaty include the United States, and that, in consequence, British vessels using the Canal are entitled to equal treatment with those of the United States, and that the same tolls are chargeable on each.

This rule also provides that the tolls should be "just and equitable." The purpose of these words was to limit the tolls to the amount representing the fair value of the services rendered, i. e., to the interest on the capital expended and the cost of operation and maintenance of the Canal. Unless the whole volume of shipping which passes through the Canal, and which all benefits equally by its services, is taken into account, there are no means of determining whether the tolls chargeable upon a vessel represent that vessel's fair proportion of the current expenditure properly chargeable against the Canal, that is to say, interest on the capital expended in construction, and the cost of operation and maintenance. If any classes of vessels are exempted from tolls in such a way that no receipts from such ships are taken into account in the income of the Canal, there is no guarantee that the vessels upon which tolls are being levied are not being made to bear more than their fair share of the upkeep. Apart altogether, therefore, from the provision in rule 1 about equality of treatment for all nations, the stipulation that the tolls shall be just and equitable, when rightly understood, entitles His Majesty's Government to demand, on behalf of British shipping, that all vessels passing through the Canal, whatever their flag or their character, shall be taken into account in fixing the amount of the tolls.

The result is that any system by which particular vessels or classes of vessels were exempted from the payment of tolls would not comply with the stipulations of the treaty that the Canal should be open on terms of entire equality, and that the charges should be just and equitable.

The President, in his memorandum, argues that if there is no difference, as stated in Mr. Mitchell Innes' note of the 8th July, between charging tolls only to refund them and remitting tolls altogether, the effect is to prevent the United States from aiding its own commerce in the way that all other nations may freely do. This is not so. His Majesty's Government have no desire to place upon the Hay-Pauncefote Treaty an interpretation which would impose upon the United States any restriction from which other nations are free, or reserve to such other nation any privilege which is denied to the United States. Equal treatment, as specified in the treaty, is all they claim.

His Majesty's Government do not question the right of the United States to grant subsidies to United States shipping generally, or to any particular branches of that shipping, but it does not follow therefore that the United States may not be debarred by the Hay-Pauncefote Treaty from granting a subsidy to certain shipping in a particular way, if the effect of the method chosen for granting such subsidy would be to impose upon British or other foreign shipping

an unfair share of the burden of the upkeep of the Canal, or to create a discrimination in respect of the conditions or charges of traffic, or otherwise to prejudice rights secured to British shipping by this Treaty.

If the United States exempt certain classes of ships from the payment of tolls the result would be a form of subsidy to those vessels which His Majesty's Government consider the United States are debarred by the Hay-Pauncefote Treaty from making.

It remains to consider whether the Panama Canal Act, in its present form, conflicts with the treaty rights to which His Majesty's Government maintain they are entitled.

Under section 5 of the Act the President is given, within certain defined limits, the right to fix the tolls, but no tolls are to be levied upon ships engaged in the coastwise trade of the United States, and the tolls, when based upon net registered tonnage for ships of commerce, are not to exceed 1 dollar 25 c. per net registered ton, nor be less, *other than for vessels of the United States and its citizens*, than the estimated proportionate cost of the actual maintenance and operation of the Canal. There is also an exception for the exemptions granted by article 19 of the Convention with Panama of 1903.

The effect of these provisions is that vessels engaged in the coastwise trade will contribute nothing to the upkeep of the Canal. Similarly vessels belonging to the Government of the Republic of Panama will, in pursuance of the treaty of 1903, contribute nothing to the upkeep of the Canal. Again, in the cases where tolls are levied, the tolls in the case of ships belonging to the United States and its citizens may be fixed at a lower rate than in the case of foreign ships, and may be less than the estimated proportionate cost of the actual maintenance and operation of the Canal.

These provisions (1) clearly conflict with the rule embodied in the principle established in article 8 of the Clayton-Bulwer Treaty of equal treatment for British and United States ships, and (2) would enable tolls to be fixed which would not be just and equitable, and would therefore not comply with rule 1 of article 3 of the Hay-Pauncefote Treaty.

It has been argued that as the coastwise trade of the United States is confined by law to United States vessels, the exemption of vessels engaged in it from the payment of tolls cannot injure the interests of foreign nations. It is clear, however, that the interests of foreign nations will be seriously injured in two material respects.

In the first place, the exemption will result in the cost of the working of the Canal being borne wholly by foreign-going vessels, and on such vessels, therefore, will fall the whole burden of raising the revenue necessary to cover the cost of working and maintaining the Canal. The possibility, therefore, of fixing the toll on such vessels at a lower figure than 1 dol. 25 c. per ton, or of reducing the rate below that figure at some future time, will be considerably lessened by the exemption.

In the second place, the exemption will, in the opinion of His Majesty's Government, be a violation of the equal treatment secured by the treaty, as it will put the "coastwise trade" in a preferential position as regards other shipping. Coastwise trade cannot be circumscribed so completely that benefits conferred upon it will not

affect vessels engaged in the foreign trade. To take an example, if cargo intended for an United States port beyond the Canal, either from east or west, and shipped on board a foreign ship could be sent to its destination more cheaply, through the operation of the proposed exemption, by being landed at an United States port before reaching the Canal, and then sent on as coastwise trade, shippers would benefit by adopting this course in preference to sending the goods direct to their destination through the Canal on board the foreign ship.

Again, although certain privileges are granted to vessels engaged in an exclusively coastwise trade, His Majesty's Government are given to understand that there is nothing in the laws of the United States which prevents any United States ship from combining foreign commerce with coastwise trade, and consequently from entering into direct competition with foreign vessels while remaining "prima facie" entitled to the privilege of free passage through the Canal. Moreover any restriction which may be deemed to be now applicable might at any time be removed by legislation or even perhaps by mere changes in the regulations.

In these and in other ways foreign shipping would be seriously handicapped, and any adverse result would fall more severely on British shipping than on that of any other nationality.

The volume of British shipping which will use the Canal will in all probability be very large. Its opening will shorten by many thousands of miles the waterways between England and other portions of the British Empire, and if on the one hand it is important to the United States to encourage its mercantile marine and establish competition between coastwise traffic and transcontinental railways, it is equally important to Great Britain to secure to its shipping that just and impartial treatment to which it is entitled by treaty, and in return for a promise of which it surrendered the rights which it held under the earlier convention.

There are other provisions of the Panama Canal Act to which the attention of His Majesty's Government has been directed. These are contained in section 11, part of which enacts that a railway company, subject to the Inter-State Commerce Act 1887, is prohibited from having any interest in vessels operated through the Canal with which such railways may compete, and another part provides that a vessel permitted to engage in the coastwise or foreign trade of the United States is not allowed to use the Canal if its owner is guilty of violating the Sherman Anti-Trust Act.

His Majesty's Government do not read this section of the Act as applying to, or affecting, British ships, and they therefore do not feel justified in making any observations upon it. They assume that it applies only to vessels flying the flag of the United States, and that it is aimed at practices which concern only the internal trade of the United States. If this view is mistaken and the provisions are intended to apply under any circumstances to British ships, they must reserve their right to examine the matter further and to raise such contentions as may seem justified.

His Majesty's Government feel no doubt as to the correctness of their interpretation of the treaties of 1850 and 1901, and as to the validity of the rights they claim under them for British shipping;

nor does there seem to them to be any room for doubt that the provisions of the Panama Canal Act as to tolls conflict with the rights secured to their shipping by the treaty. But they recognise that many persons of note in the United States, whose opinions are entitled to great weight, hold that the provisions of the Act do not infringe the conventional obligations by which the United States is bound, and under these circumstances they desire to state their perfect readiness to submit the question to arbitration if the Government of the United States would prefer to take this course. A reference to arbitration would be rendered unnecessary if the Government of the United States should be prepared to take such steps as would remove the objections to the Act which His Majesty's Government have stated.

Knowing as I do full well the interest which this great undertaking has aroused in the New World and the emotion with which its opening is looked forward to by United States citizens, I wish to add before closing this despatch that it is only with great reluctance that His Majesty's Government have felt bound to raise objection on the ground of treaty rights to the provisions of the Act. Animated by an earnest desire to avoid points which might in any way prove embarrassing to the United States, His Majesty's Government have confined their objections within the narrowest possible limits, and have recognised in the fullest manner the right of the United States to control the Canal. They feel convinced that they may look with confidence to the Government of the United States to ensure that in promoting the interests of United States shipping, nothing will be done to impair the safeguards guaranteed to British shipping by treaty.

Your Excellency will read this despatch to the Secretary of State and will leave with him a copy.

I am [etc.]

E. GREY.

THE NORTH ATLANTIC COAST FISHERIES ARBITRATION.[1] AGREEMENT BETWEEN THE UNITED STATES AND GREAT BRITAIN ADOPTING WITH CERTAIN MODIFICATIONS THE RULES AND METHOD OF PROCEDURE RECOMMENDED IN THE AWARD OF SEPTEMBER 7, 1910.[2]

Signed at Washington, July 20, 1912; ratification advised by the Senate, August 1, 1912; ratified by the President, August 7, 1912; ratified by Great Britain, August 19, 1912; ratifications exchanged at Washington, November 15, 1912; proclaimed, November 16, 1912.

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA.

A PROCLAMATION.

WHEREAS an Agreement between the United States of America and Great Britain, adopting with certain modifications therein, the rules and method of procedure recommended in the award of The Hague Tribunal of September 7, 1910, for the settlement hereafter, in accordance with the principles laid down in the award, of ques-

[1] Treaty Series, No. 572.
[2] See For. Rel. 1910, p. 544; For. Rel. 1911, p. 272.

tions regarding the exercise of the fishing liberties referred to in Article I of the treaty of October 20, 1818, between the United States and Great Britain, was concluded and signed by their respective Plenipotentiaries at Washington on the twentieth day of July, one thousand nine hundred and twelve, the original of which Agreement is word for word as follows:

The United States of America and His Majesty the King of the United Kingdom of Great Britain and Ireland and of the British Dominions beyond the Seas, Emperor of India, being desirous of concluding an agreement regarding the exercise of the liberties referred to in Article I of the Treaty of October 20, 1818, have for this purpose named as their Plenipotentiaries:

The President of the United States of America:

Chandler P. Anderson, Counselor for the Department of State of the United States;

His Britannic Majesty:

Alfred Mitchell Innes, Chargé d'Affaires of His Majesty's Embassy at Washington;

Who, having communicated to each other their respective full powers, which were found to be in due and proper form, have agreed to and concluded the following articles:

ARTICLE I.

Whereas the award of The Hague Tribunal of September 7, 1910, recommended for the consideration of the Parties certain rules and a method of procedure under which all questions which may arise in the future regarding the exercise of the liberties referred to in Article I of the Treaty of October 20, 1818, may be determined in accordance with the principles laid down in the award, and the Parties having agreed to make certain modifications therein, the rules and method of procedure so modified are hereby accepted by the Parties in the following form:

1. All future municipal laws, ordinances, or rules for the regulation of the fisheries by Great Britain, Canada, or Newfoundland in respect of (1) the hours, days, or seasons when fish may be taken on the treaty coasts; (2) the method, means, and implements used in the taking of fish or in carrying on fishing operations; (3) any other regulations of a similar character; and all alterations or amendments of such laws, ordinances, or rules shall be promulgated and come into operation within the first fifteen days of November in each year; provided, however, in so far as any such law, ordinance, or rule shall apply to a fishery conducted between the 1st day of November and the 1st day of February, the same shall be promulgated at least six months before the 1st day of November in each year.

Such laws, ordinances, or rules by Great Britain shall be promulgated by publication in the London Gazette, by Canada in the Canada Gazette, and by Newfoundland in the Newfoundland Gazette.

After the expiration of ten years from the date of this Agreement, and so on at intervals of ten years thereafter, either Party may propose to the other that the dates fixed for promulgation be revised in consequence of the varying conditions due to changes in the habits

of the fish or other natural causes; and if there shall be a difference of opinion as to whether the conditions have so varied as to render a revision desirable, such difference shall be referred for decision to a commission possessing expert knowledge, such as the Permanent Mixed Fishery Commission hereinafter mentioned.

2. If the Government of the United States considers any such laws or regulations inconsistent with the Treaty of 1818, it is entitled so to notify the Government of Great Britain within forty-five days after the publication above referred to, and may require that the same be submitted to and their reasonableness, within the meaning of the award, be determined by the Permanent Mixed Fishery Commission constituted as hereinafter provided.

3. Any law or regulation not so notified within the said period of forty-five days, or which, having been so notified, has been declared reasonable and consistent with the Treaty of 1818 (as interpreted by the said award) by the Permanent Mixed Fishery Commission, shall be held to be reasonable within the meaning of the award; but if declared by the said Commission to be unreasonable and inconsistent with the Treaty of 1818, it shall not be applicable to the inhabitants of the United States exercising their fishing liberties under the Treaty of 1818.

4. Permanent Mixed Fishery Commissions for Canada and Newfoundland, respectively, shall be established for the decision of such questions as to the reasonableness of future regulations, as contemplated by Article IV of the Special Agreement of January 27, 1909. These Commissions shall consist of an expert national, appointed by each Party for five years; the third member shall not be a national of either Party. He shall be nominated for five years by agreement of the Parties, or, failing such agreement, within two months from the date, when either of the Parties to this Agreement shall call upon the other to agree upon such third member, he shall be nominated by Her Majesty the Queen of the Netherlands.

5. The two national members shall be summoned by the Government of Great Britain, and shall convene within thirty days from the date of notification by the Government of the United States. These two members having failed to agree on any or all of the questions submitted within thirty days after they have convened, or having before the expiration of that period notified the Government of Great Britain that they are unable to agree, the full Commission, under the presidency of the Umpire, is to be summoned by the Government of Great Britain, and shall convene within thirty days thereafter to decide all questions upon which the two national members had disagreed. The Commission must deliver its decision, if the two Governments do not agree otherwise, within forty-five days after it has convened. The Umpire shall conduct the procedure in accordance with that provided in Chapter IV of the Convention for the Pacific Settlement of International Disputes, of October 18, 1907, except in so far as herein otherwise provided.

6. The form of convocation of the Commission, including the terms of reference of the question at issue, shall be as follows:

"The provision hereinafter fully set forth of an act dated ------, published in the ------ Gazette, has been notified to the Govern-

ment of Great Britain by the Government of the United States under date of ____, as provided by the agreement entered into on July 20, 1912, pursuant to the award of the Hague Tribunal of September 7, 1910.

"Pursuant to the provisions of that Agreement the Government of Great Britain hereby summons the Permanent Mixed Fishery Commission for (Canada) (Newfoundland) composed of _____ Commissioner for the United States of America, and of _____ Commissioner for (Canada) (Newfoundland) who shall meet at Halifax, Nova Scotia, with power to hold subsequent meetings at such other place or places as they may determine, and render a decision within thirty days as to whether the provision so notified is reasonable and consistent with the Treaty of 1818, as interpreted by the award of the Hague Tribunal of September 7, 1910, and if not, in what respect it is unreasonable and inconsistent therewith.

"Failing an agreement on this question within thirty days, the Commission shall so notify the Government of Great Britain in order that the further action required by that award shall be taken for the decision of the above question.

"The provision is as follows_____"

7. The unanimous decision of the two national Commissioners, or the majority decision of the Umpire and one Commission, shall be final and binding.

8. Any difference in regard to the regulations specified in Protocol XXX of the arbitration proceedings, which shall not have been disposed of by diplomatic methods, shall be referred not to the Commission of expert specialists mentioned in the award but to the Permanent Mixed Fishery Commissions, to be constituted as hereinbefore provided, in the same manner as a difference in regard to future regulations would be so referred.

ARTICLE II.

And whereas the Tribunal of Arbitration in its award decided that—

> In case of bays the 3 marine miles are to be measured from a straight line drawn across the body of water at the place where it ceases to have the configuration and characteristics of a bay. At all other places the 3 marine miles are to be measured following the sinuosities of the coast.

And whereas the Tribunal made certain recommendations for the determination of the limits of the bays enumerated in the award;

Now, therefore, it is agreed that the recommendations, in so far as the same relate to bays contiguous to the territory of the Dominion of Canada, to which Question V of the Special Agreement is applicable, are hereby adopted, to wit:

> In every bay not hereinafter specifically provided for, the limits of exclusion shall be drawn three miles seaward from a straight line across the bay in the part nearest the entrance at the first point where the width does not exceed ten miles.

For the Baie des Chaleurs the limits of exclusion shall be drawn from the line from the Light at Birch Point on Miscou Island to Macquereau Point Light; for the bay of Miramichi, the line from the Light at Point Escuminac to the Light on the eastern point of Tabisintac Gully; for Egmont Bay, in Prince Edward Island, the line from the Light at Cape Egmont to the Light at West Point; and off St. Ann's Bay, in the Province of Nova Scotia, the line from the Light at Point Anconi to the nearest point on the opposite shore of the mainland.

For or near the following bays the limits of exclusion shall be three marine miles seawards from the following lines, namely:

For or near Barrington Bay, in Nova Scotia, the line from the Light on Stoddard Island to the Light on the south point of Cape Sable, thence to the Light at Baccaro Point; at Chedabucto and St. Peter's Bays, the line from Cranberry Island Light to Green Island Light, thence to Point Rouge; for Mira Bay, the line from the Light on the east point of Scatary Island to the northeasterly point of Cape Morien.

Long Island and Bryer Island, on St. Mary's Bay, in Nova Scotia, shall, for the purpose of delimitation, be taken as the coasts of such bays.

It is understood that the award does not cover Hudson Bay.

ARTICLE III.

It is further agreed that the delimitation of all or any of the bays on the coast of Newfoundland, whether mentioned in the recommendations or not, does not require consideration at present.

ARTICLE IV.

The present Agreement shall be ratified by the President of the United States, by and with the advice and consent of the Senate thereof, and by His Britannic Majesty, and the ratifications shall be exchanged in Washington as soon as practicable.

In faith whereof the respective Plenipotentiaries have signed this Agreement in duplicate and have hereunto affixed their seals.

Done at Washington on the 20th day of July, one thousand nine hundred and twelve.

CHANDLER P. ANDERSON [SEAL.]
ALFRED MITCHELL INNES [SEAL.]

AND WHEREAS the said agreement has been duly ratified on both parts, and the ratifications of the two Governments were exchanged in the City of Washington, on the fifteenth day of November, one thousand nine hundred and twelve;

NOW, THEREFORE, be it known that I, WILLIAM HOWARD TAFT, President of the United States of America, have caused the said Agreement to be made public, to the end that the same and every article and clause thereof may be observed and fulfilled with good faith by the United States and the citizens thereof.

IN TESTIMONY WHEREOF, I have hereunto set my hand and caused the seal of the United States to be affixed.

Done at the City of Washington this sixteenth day of November, in the year of our Lord one thousand nine hundred and [SEAL.] twelve, and of the Independence of the United States of America the one hundred and thirty-seventh.

WM. H. TAFT.

By the President:
P. C. KNOX,
Secretary of State.

ARBITRATION OF PECUNIARY CLAIMS.

(*See* For. Rel. 1911, p. 266, for the text of the "Special Agreement for the submission to arbitration of pecuniary claims outstanding between the United States and Great Britain." It was confirmed by an exchange of notes April 26, 1912.)

WRECK OF THE BRITISH VESSEL "TITANIC." CONSULAR DISPOSITION OF EFFECTS OF THE DECEASED. RECOGNITION OF THE SERVICES OF CAPTAIN ROSTRON.[1]

NOTE.—At 10.13 p. m. (New York time) April 14, 1912, the White Star liner *Titanic*, west bound, with 2,201 persons aboard, struck an iceberg while steaming at from 22 to 24 miles per hour, at latitude North 41.46, longitude West 50.14, near Cape Race, and foundered two hours and forty minutes later.

The President and the Secretary of State received on April 15 and 16 expressions of condolence from the Governments of Argentina, Belgium, Bolivia, Brazil, Cuba, Dominican Republic, France, Great Britain (and the British Colonies), Guatemala, Honduras, Italy, Japan, Mexico, Nicaragua, Panama, Persia, Peru, Portugal (and Lourenço Marquez), Russia, Salvador, Siam, Spain, Sweden, Turkey, Uruguay and Venezuela.

Certain correspondence ensued relating to the jurisdiction of American consuls in regard to the transportation of bodies, as follows.

File No. 841.857 T53/31.

The American Consul General at Halifax to the Secretary of State.

[Telegram.]

HALIFAX, NOVA SCOTIA, *April 23, 1912.*

Mackay-Bennett cable that boat is due Halifax Thursday with bodies recovered from wreck of the *Titanic*. Are there any penalties necessary preparatory to shipping bodies across border to New York?

RAGSDALE.

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[1] For a detailed narrative of this disaster, see the report of the Senate Committee on Commerce, No. 806, 62d Congress, 2d session (with File No. 841.857 T53); also the report of the British Court of Inquiry (File No. 841.857 T53/108).

File No. 841.857 T53/31.

The Secretary of State to the American Consul General at Halifax.

[Telegram.—Paraphrase.]

DEPARTMENT OF STATE,
Washington, April 24, 1912.

There are no restrictions as far as the United States quarantine regulations are concerned if the bodies are embalmed.

KNOX.

File No. 841.857 T53/41.

The American Consul General at Halifax to the Secretary of State.

[Telegram.]

HALIFAX, N. S., *April 29, 1912.*

Many claimants of bodies from *Titanic* demand the right to take with them the effects found thereon. Shall I deliver same or adhere strictly to the regulations?

RAGSDALE.

File No. 841.857 T53/41.

The Acting Secretary of State to the American Consul General at Halifax.

[Telegram.—Paraphrase.]

DEPARTMENT OF STATE,
Washington, April 29, 1912.

You have no jurisdiction in the premises as there is no treaty provision with Great Britain granting consular officers authority to take charge of the effects of deceased Americans.

WILSON.

File No. 841.857 T53/50.

The American Consul General at Halifax to the Secretary of State.

AMERICAN CONSULATE GENERAL,
No. 139. *Halifax, Nova Scotia, April 30, 1912.*

SIR: I have the honor to confirm my telegram of April 29th and the Department's reply of same date. In this connection I may say that I made no demand on the authorities here that the effects found on the bodies of American citizens should be turned over to me. Up to the 27th instant it was understood that the parties representing the White Star Company would forward all such effects to their New York office, where the same could be had on proper application, and against this proposition the Provincial authorities offered no remonstrance so far as I have been able to learn, but emphatic protest against this method was offered by numerous relatives and friends.

Finally the matter was taken up by the Provincial authorities and both the Lieutenant Governor and the Premier called and offered to take any action that might result in peace and harmony. A meeting of the authorities was called at the Attorney General's office on Monday to consider the matter, and I was advised to be present. After mature deliberation the Premier advised that the statutes of the Province be complied with by having the Provincial Secretary receive all the effects, inventory the same, and after their use as means of identification by the Coroner they should be turned over to the American Consul General for such disposition as the law might require.

This arrangement, it seemed to me, would be in accordance with section 392 of the regulations and would not conflict with section 389 inasmuch as the authorities were willing to waive all formalities and have it that way.

In the meantime I cabled the Department for instructions. On receipt of reply I advised the authorities here and have taken no further part in the matter.

I have [etc.]

JAMES W. RAGSDALE.

NOTE.—At the time of the disaster the Cunarder *Carpathia* was 58 miles distant, the Leyland liner *Californian* 5 to 10 miles (various estimates), the Canadian Pacific's *Mount Temple* 49 miles; others at greater distances. The *Carpathia* was east bound, the two others named west bound. The Senate committee's conclusion, and that of the British court of inquiry, was that the *Californian*, which made no attempt to give aid, could have rescued those aboard the *Titanic* (probably all of them, according to the British findings) had it promptly offered such assistance as came, at the earliest possible moment, from the *Carpathia*, commanded by Captain Arthur Henry Rostron, who saved thirty-three per cent of those on board.

File No. 841.857 T53/112A.

The Secretary of State to the British Ambassador.

DEPARTMENT OF STATE,
Washington, December 12, 1912.

MY DEAR MR. AMBASSADOR: In recognition of the services rendered by Captain Rostron of the steamship *Carpathia* in saving so many of the passengers and crew of the *Titanic*, Congress, as you are aware, at its last session provided by Joint Resolution as follows:

That the President of the United States is hereby authorized and requested to cause to be made and presented to Captain Rostron a suitable gold medal appropriately inscribed, which shall express the high estimation in which Congress holds the services of this officer, to whose promptness and vigilance was due the rescue of three hundred and seventy-four women and children and three hundred and thirty men.

The President has asked me to say to you that he has determined to present this medal to Captain Rostron and has selected Saturday the first of March at three p. m. as the date on which he will make

the presentation. I beg that you will bring the President's determination in this matter to the knowledge of Captain Rostron, asking him to make his arrangements to be in Washington at the time above indicated.

I am [etc.]

P. C. KNOX.

File No. 841.857 T53/113.

The British Ambassador to the Secretary of State.

BRITISH EMBASSY,
Washington, December 24, 1912.

MY DEAR MR. SECRETARY: I have to acknowledge the receipt of your letter of the 12th instant in which you informed me that the President had determined to present a medal to Captain Rostron of the steamship *Carpathia* on Saturday the 1st of March, and I beg to inform you that arrangements have been made which will enable Captain Rostron to be present in Washington on the above-mentioned day.

I am [etc.]

JAMES BRYCE.

DEATH OF MR. WHITELAW REID, AMERICAN AMBASSADOR TO GREAT BRITAIN.

File No. 123.R27/65.

The King of England to the President.

[Telegram.]

BUCKINGHAM PALACE,
London, December 15, 1912.

It is with the deepest sorrow that I have to inform you of the death of Mr. Whitelaw Reid, at noon to-day. As your Ambassador in this country his loss will be sincerely deplored, while personally I shall mourn for an old friend of many years standing for whom I had the greatest regard and respect. The Queen and I sympathize most warmly with Mrs. Whitelaw Reid in her heavy sorrow.

GEORGE, R. I.

File No. 123.R27/69.

The President to the King of England.

[Telegram.]

THE WHITE HOUSE,
Washington, December 15, 1912.

Your Majesty's sad news of the death of Mr. Whitelaw Reid has just reached me. Mr. Reid's death is a loss to both countries, for his service as Ambassador was exceptional in the closer friendship that he secured between them through his own personality. His intimate knowledge of both countries, his profound respect and love for England, entirely consistent with the highest loyalty on his part to this country, gave him peculiar influence for good in his great station. I sincerely thank Your Majesty for your message and your expressions of sympathy and respect.

WM. H. TAFT.

File No. 123.R27/64.

The American Chargé d'Affaires at London to the Secretary of State.

[Telegram.—Paraphrase.]

No. 1121.] AMERICAN EMBASSY,
London, December 15, 1912.

I have the sad duty of announcing to you that the Ambassador died today at Dorchester House, at ten minutes past twelve o'clock.

Subject to your instructions, I have assumed control of the Embassy as Chargé d'Affaires.

IRWIN B. LAUGHLIN.

File No. 123.R27/67.]

No. 1122.] LONDON, *December 16, 1912.*

Sir Edward Grey has just sent me the following informal inquiry:

If it would be acceptable to Mrs. Reid and to your Government, a British ship of war will convey the body of Mr. Whitelaw Reid to the United States.

I am requested by Mrs. Reid to say that her wishes will be entirely in accord with your decision. I respectfully request to be instructed.

LAUGHLIN.

File No. 123.R27/67.

The Secretary of State to the American Chargé d'Affaires.

[Telegrams.—Paraphrases.]

DEPARTMENT OF STATE,
Washington, December 17, 1912.

It should rest with Mrs. Reid to decide as to the acceptance of the offer of the British Government to convey the body of the late Ambassador on a British ship of war, and her preference will be entirely acceptable to the Department. When you have ascertained the wishes of Mrs. Reid, you will express in the course of your reply to Sir Edward Grey the high appreciation felt by this Government for the courteous offer.

KNOX.

File No. 123.R27/66.

WASHINGTON, *December 17, 1912.*

The British Ambassador has in person conveyed his Government's condolence on the death of Mr. Whitelaw Reid. Please express this Government's sincere appreciation of this sympathy and of the high tribute paid to the qualities which enabled Mr. Reid to maintain between Great Britain and the United States a cordial bond of friendship.

KNOX.

File No. 123.R27/70.

The American Chargé d'Affaires to the Secretary of State.

[Telegram.—Paraphrase.]

AMERICAN EMBASSY,
London, December 18, 1912.

No. 1123.] Mrs. Reid desires me to express her deep appreciation of the action of this Government in leaving to her the decision as to the courteous offer of the British Government. On her behalf I have accepted that offer, of which Mrs. Reid is gratefully proud. Before permitting herself to consider the great personal distinction conferred upon Mr. Reid and the honor paid to his memory, Mrs. Reid regards them as shown primarily to the Nation he so earnestly served.

LAUGHLIN.

File No. 123.R27/70.

The Secretary of State to the American Chargé d'Affaires.

[Telegram.—Paraphrase.]

DEPARTMENT OF STATE,
Washington, December 18, 1912.

Mrs. Reid's decision is very gratifying to the Department. Two battleships will meet the British ship off Nantucket.

KNOX.

File No. 123.R27/71.

The American Chargé d'Affaires to the Secretary of State.

[Telegrams.—Paraphrases.]

AMERICAN EMBASSY,
London, December 18, 1912.

The Dean of Westminster has offered the Abbey for a memorial service for the late Ambassador. Mrs. Reid has accepted the offer and the service will take place next Friday at noon.

LAUGHLIN.

File No. 123.R27/74.

No. 1126. LONDON, *December 19, 1912.*

The body of the late Ambassador will be conducted from Dorchester House with military escort on Saturday morning, December 21st, at ten o'clock. The British cruiser *Natal* will bear the body, sailing from Portsmouth Saturday afternoon, to arrive at New York on the morning of January third. Mrs. Reid asks me to say that nothing could exceed in kindness the English care and the thoughtfulness of the Government and all classes of the community.

LAUGHLIN.