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BRITISH EMBASSY,

WASHINGTON, D.C.,

January 27th, 1940.

No. 103.

My Lord,

In continuation of my despatch No. 40 of the 10th January, I have the honour to report that a Canadian delegation, led by Dr. O. D. Skelton, Under Secretary of State for External Affairs, visited Washington from January 22nd to January 24th and resumed the discussions recently begun at Ottawa on the Great Lakes-St. Lawrence Waterway project. A joint statement issued on the departure of the Canadian delegation is contained in the enclosed State Department press-release.

2. It will be seen that "substantial agreement" is stated to have been reached and that the negotiations are expected to continue. Dr. Skelton informed a member of my staff that he was quite satisfied with the progress that had been made. Nevertheless, the "Chicago Tribune" which has regularly opposed the project on the score of Chicago's special interest in the waters of Lake Michigan, reports that the negotiations "appeared to have collapsed". The newspaper seems to draw this inference from a belief that the Canadian delegation was expected to remain in Washington until a treaty was ready for submission to the Senate - a belief which the Canadian Legation state is entirely mistaken. I understand, however, that serious opposition from Chicago and from New York State is to be reckoned with and that

The Right Honourable

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The Viscount Halifax, K. G.,

etc., etc., etc.

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the attitude of the Senate is doubtful. It is not thought, however, that progress need be seriously held up by the imminence of a general election in Canada.

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

I have the honour to be,
with the highest respect,

My Lord,

Your Lordship's most obedient,
humble servant,

(SGD) LOTHIAN