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of the
United States
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Volume IV
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The Near East and Africa



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THE FAR EAST

UNDECLARED WAR BETWEEN JAPAN AND CHINA

(Continued from Volume III)

AMERICAN INTEREST IN JAPANESE DEMANDS AFFECTING THE INTEGRITY OF THE INTERNATIONAL SETTLEMENT AT SHANGHAI¹

893.102S/1739 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, February 22, 1939—10 p. m.

[Received February 22—2 p. m.]

139. The Japanese Consul General² accompanied by the commanders of the Japanese naval landing party and the Japanese Army garrison called on the Chairman of the Shanghai Municipal Council³ this afternoon and handed him a communication which is summarized below. At the same time the Japanese Consul General stated orally that the requests made in the communication were presented in a genuine spirit of cooperation and good will with a view to the suppression of terrorist activities, adding that there is reason to believe that these activities are being carried on for the purpose of causing a direct clash between Japan and the Municipal Council and also with some third powers especially Great Britain and "we must be very careful not to be trapped by such a sinister strategy."

The written communication refers to various representations made to the Council regarding terrorist activities and comments that while the Council must have been in possession of reports that such activities were contemplated during Chinese New Year holidays and the Council should have taken strict precautionary measures during these days, according to reliable information the Council sent a large number of police off duty on New Year's Day, thus weakening the actual strength of the force at a time when it ought to have been augmented. The letter says that such an attitude on the part of the Council is difficult to understand and "I cannot help expressing my doubt about its sincere sympathy."

The letter proceeds to comment on recent occurrences and the ineffectiveness of the police in dealing with them and states that breach

¹ Continued from *Foreign Relations*, 1938, vol. iv, pp. 116-143.

² Y. Miura.

³ Cornell S. Franklin, American lawyer.

of peace and order in Shanghai has serious effects upon peace and order and the pacification of the people in the whole Japanese occupied area and therefore "cannot be viewed with indifference by the Japanese authorities who are endeavoring for the establishment of a new order in East Asia."

The letter finally submits the following requests:

(1) That the emergency proclamation of the Municipal Council dated July 19, 1938,⁴ concerning the arrest and expulsion of criminals shall be strictly enforced.

(2) That the Japanese police organs, including the *gendarmérie* and the consular police, should at whatever place and time necessary in the International Settlement take necessary measures for the protection of the Japanese subjects and the suppression of terrorism and thus cooperate with the municipal police force.

(3) That the Japanese authorities when they deem it necessary should in cooperation with the municipal authorities search the Chinese people entering the Settlement from or leaving it to the Whangpoo River or the Soochow Creek and the goods carried by them and detain them if not allowed.

(4) That the Japanese branch of the municipal police should immediately be strengthened.

(5) That the search of Chinese people at key points in the Settlement should be enforced immediately.

The letter then adds that the Japanese authorities reserve the right to make other demands in connection with the matter and asks for a reply at the earliest convenience.

The contents of the communication have not been published here but at a press conference this evening the spokesman stated that the Japanese authorities had presented the Council with "a plan" to deal with the situation.

Developments will be reported.

Repeated to Chungking, Peiping and Tokyo.

GAUSS

893.102S/1740 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

Tokyo, February 23, 1939—6 p. m.
[Received February 23—9:37 a. m.]

105. 1. Recent acts of terrorism in Shanghai have given rise in the Diet to a demand, which is generally supported by the press, that the Japanese Government employ all practicable means, including those of force if necessary, to assure the maintenance of peace and order in the Settlement. The Minister for Foreign Affairs⁵ expressed the

⁴ See telegram No. 992, July 14, 1938, 6 p. m., from the Consul General at Shanghai, *Foreign Relations*, 1938, vol. III, p. 225.

⁵ Hachiro Arita.

opinion that such attacks involve the right of self-defense. Yesterday he stated that the Japanese authorities at Shanghai had been instructed to devise appropriate measures but he explained that the right of self-defense would not be prematurely invoked. He added today "the municipal authorities appear to be partly unable and partly not sincerely willing to maintain peace and order and it is our view that what is needed is that they should be both able and willing to maintain order. We have in mind plans to deal with the situation both for the time being and from a more permanent point of view."

2. My British colleague⁶ telegraphed last night to London pointing out that although the Japanese Government probably has to do something in view of the popular clamor it might be well "for us to take the offensive as soon as possible by fastening some of the blame on the Japanese authorities". He was authorized today to make representations preferably in conjunction with our French colleague and myself.

3. I shall take no action unless specifically instructed by the Department or unless the Japanese forcibly intervene in the Settlement before the Department's instructions are received. My French colleague has reported to Paris recent developments here but he asked for no instructions and intends in the prevailing circumstances to make no representations on his own initiative.

Repeated to Shanghai.

GREW

893.102S/1741 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, February 23, 1939—8 p. m.

[Received February 23—11:43 a. m.]

141. Reference my No. 139, February 22, 10 p. m., regarding Japanese demands on the Municipal Council.

1. In consultation this afternoon with my British colleague we were in agreement that the Municipal Council as a preliminary step should ask the Japanese Consul General to elucidate the several points in the Japanese demands particularly points numbered 2 and 3 as they seem to contemplate Japanese action which would infringe the police powers of the Municipal Council and the Council would be under the necessity of consulting the Treaty Power Consuls on any such proposals.

2. When the Japanese shall have explained their demands, we believe that the Council should submit the matter to the Treaty Power Consuls with their comments and explanations and that no action

⁶ Sir Robert L. Craigie, British Ambassador in Japan.

to accept the Japanese demands should be taken without prior consultation with the interested Consuls and the commanders of the garrison forces.

3. The emergency proclamation of July 19, 1938, referred to in point 1 of the Japanese demands is that reported to the Department in Shanghai's No. 992, July 14, 6 p. m., last year.⁷

4. Chairman of the Municipal Council tells me that the Chinese members of the Council have undertaken to communicate with Chungking urging that the Chinese Government issue orders that any terrorist activities being conducted at Shanghai by their [agents?] shall cease, and that they will urge other prominent Chinese to make similar representations.

5. British Consul General tells me that the British Ambassador⁸ yesterday telegraphed instructions to Chungking to make representations to the same end. In this connection and with reference to my telegram No. 138, February 22, 4 p. m.,⁹ I am of the opinion that we should also make representations at Chungking. There is considerable feeling here that many of the terrorist activities are being carried on under order of the Chinese Government and that would be stopped only under orders from that Government. Unless this is done the huge Chinese interests and population at Shanghai may well expect drastic Japanese action which the foreign garrisons have neither the force nor the authority to stop.

Repeated to Chungking, Peiping and Tokyo.

GAUSS

893.102S/1743 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, February 24, 1939—4 p. m.

[Received February 24—10:30 a. m.]

143. 1. I submit for the information of the Department a summary of Admiral Yarnell's¹⁰ comments on the Japanese demands as set forth in two letters addressed to me under date of February 23.

2. He expresses the belief, in the light of the publicity given in the Japanese press to recent assassinations in the Settlement and the demands made upon the Council, that these developments are "all part of a prearranged plan for the eventual taking over of the Settlement", and points out that the task of the Japanese will be rendered easier if by constant pressure they succeed in undermining the authority of

⁷ *Foreign Relations*, 1938, vol. III, p. 225.

⁸ Sir Archibald J. K. Clark Kerr.

⁹ Not printed.

¹⁰ Adm. Harry E. Yarnell, Commander in Chief, United States Asiatic Fleet.

the Council. The Admiral expresses the view that by giving way to Japanese demands immediate situations may be solved temporarily but calls attention to the fact that mixed control in the Settlement especially with reference to police matters will undoubtedly result in difficult and possibly dangerous situations and further demands. The other course for the Council to pursue in the opinion of the Admiral is to stand firmly on its rights and resist any encroachments.

3. With specific reference to the demands made by the Japanese, Admiral Yarnell states with respect to the first, "in my opinion this should never have been done and should not be done in the future". The second demand the Admiral states should not be approved because it would bring about an impossible situation with probable clashes between the present defense forces and the Japanese and adds "I have given orders to Colonel Fegan¹¹ that in case of a conference with the Japanese which I understand they have requested with him, to inform them that any such arrangement cannot be approved." With reference to the third demand the Admiral believes this to mean that the Japanese desire to station parties along the bund for the purpose of searching Chinese who enter or leave the Settlement and that it should not be approved. The Admiral states further that since the Consular Body and the defense commanders are interested in the matter, he recommends that the Council's reply should receive their approval before being sent to the Japanese. He concludes "as far as the American defense sector is concerned there cannot be any division of authority or two independent bodies responsible for the maintenance of order. Either the commander of the Fourth Marines must have full authority or this force must be withdrawn entirely".

Repeated to Chungking, Peiping and Tokyo.

GAUSS

893.102S/1741 : Telegram

The Secretary of State to the Consul General at Shanghai (Gauss)

WASHINGTON, February 24, 1939—6 p. m.

65. Your 141, February 23, 8 p. m., and Tokyo's 105, February 23, 6 p. m. The Department feels that, if representations are to be made at Chungking as suggested by you, such action should be coupled with an approach at Tokyo. In view of the discussions that are now taking place at Shanghai in regard to this matter the Department desires that the question of when to make approaches in Tokyo and Chungking be left to your discretion in consultation with Ambassador Grew.

¹¹ Col. Joseph Charles Fegan, commanding United States Fourth Marines, Shanghai.

Chungking should defer making representations to the Chinese Government until advised by the Embassy at Tokyo that Tokyo has acted or is prepared to act there. Before reaching a decision with regard to action it is believed that you and Ambassador Grew will wish to consult your respective British colleagues.

2. It is suggested that the representations at Chungking take the form of an oral approach urging the Chinese Government, in view of the seriously adverse effect upon maintenance of peace and order in the International Settlement which is created by the attacks of terrorists, to take such steps as it appropriately can toward discouraging such attacks.

3. It is suggested that the Embassy at Tokyo in its approach state that it is expected that the Japanese authorities will give due consideration to the rights and interests of all concerned and that the Embassy point out that the authorities of the International Settlement have taken and may be counted on to take all practicable precautions but that conditions in areas outside of the boundaries of the Settlement and under Japanese control have contributed in no small measure to conditions of disturbance and violence within the Settlement. In making its approach Tokyo should have in mind Department's No. 28 of January 11, 6 p. m., 1938, to Shanghai,¹² which was repeated to Tokyo, and might make use of the ideas expressed in the fourth substantive paragraph of that telegram.

Please repeat to Tokyo.

Repeated to Chungking and Peiping.

HULL

893.102S/1745 : Telegram

The Chargé in China (Peck) to the Secretary of State

CHUNGKING, February 25, 1939—noon.

[Received February 25—7:30 a. m.]

136. Shanghai's 141, February 23, 8 p. m., paragraph 5. In reply to my inquiry, the Secretary in charge of the British Diplomatic Mission informed me February 24, 2 p. m., that he had written a letter to General Chiang Kai Shek¹³ under instructions from the British Ambassador asking that steps be taken to discourage terrorism in the International Settlement and that Chiang had sent him an oral reply to the effect that strict order had been telegraphed to the persons concerned. While I share the impression that these assassinations

¹² *Foreign Relations*, 1938, vol. iv, p. 119.

¹³ Chairman of the Chinese Supreme National Defense Council and leader of the Kuomintang (Nationalist Party).

receive inspiration from Government or party sources I shall of course make no representations without specific instructions from the Department.

Repeated to Peiping, Shanghai.

PECK

893.102S/1746 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, February 25, 1939—5 p. m.

[Received February 25—3:25 p. m.]

153. Reference my number 139, February 22, 10 p. m., and 141, February 23, 8 p. m., regarding Japanese demands on the Municipal Council. The Japanese are understood to be pressing for an early reply. The American and British members of the Council are drafting what they describe as a conciliatory reply which, however, is not to concede anything new to the Japanese and I am told that the British Ambassador approves the proposed reply. Accordingly, in my opinion the reply will be rather weak and evasive, will not satisfy the Japanese, and will not be adequate to the situation if the Japanese are serious in their demands.

The reply as now proposed, but subject to possible revision, will state that the Council deeply deplores the recurrence of outrages and expresses regret that in view of the repeated assurances of the Council that it was doing and intended to do all within its power to prevent outrages, the Japanese Consul General should have expressed doubt as to the Council's sincerity.

The reply will then answer the charge that a large number of police were released from duty on the holiday and while admitting that Chinese constables were given 4 hours off duty as usual during this holiday period will assert that the off duty period was so arranged that only unimportant posts were affected, that other than Chinese police were not given leave off duty, that the majority in fact were doing additional duty, numerous posts including the one nearest the Nanking Road incident were strengthened, and that special precautionary measures were taken by the municipal police, details thereof having been contained in a police memorandum a copy of which had been furnished the Japanese Consul General.

After reciting the efforts of the police to arrest the person guilty of the Nanking Road attack on Japanese, the reply will deal with the five demands along the following lines: (1) the Council has given effect to the emergency proclamation of July 19, 1938, in anti-Japanese terrorist cases and will continue to do so.

(2) The Council is unable to accept any suggestion for independent action in the Settlement by any police organ other than the municipal police but the Council will, however, continue to welcome the cooperation of the Japanese *gendarmérie* and Japanese consular police with the municipal police in the detection of terrorism, the measures of cooperation to be arranged by direct contact with the commissioner of police, and the Japanese officers cooperating with the municipal police to be in plain clothes. I understand that in practice such cooperation has existed for many months. (3) The Council is responsible for taking measures to prevent outrages and in the present disturbed circumstances is intensifying its present practice of searching Chinese persons entering the Settlement from the waterways and it is the practice to invite Japanese observers in plain clothes to be present at such searches. (4) The Japanese branch of the police is at present 33 short of budget strength and steps are being taken to bring it up to budget strength as soon as recruits can be obtained. (5) The Council agrees as to the desirability of searches at key points in the Settlement and the conduct of such searches is a normal and continuous practice of the municipal police which is now being intensified.

Both Admiral Yarnell and I have made it plain to American and British members of the Council that we could not acquiesce in acceptance by the Council of any proposals to permit Japanese *gendarmérie* and Japanese consular police to function independently in the Settlement. I have emphasized that their presence and function in the Settlement would likely result in increased terrorism and would represent a surrender of the police authority which under the present land regulations is vested in the Council.

Repeated to Chungking, Peiping, and Tokyo.

GAUSS

893.102S/1747 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, February 25, 1939—7 p. m.

[Received February 25—2:14 p. m.]

Reference Department's 65, February 24, 6 p. m., and Chungking's 136, February 25, noon, and my 153, February 25, 5 p. m., all of which have been repeated to Tokyo. A reply of the Council to the Japanese Consul General, reported in my 153, has now been approved by the full Council and is being delivered to the Japanese Consul General forthwith. As it appears that the British diplomatic representative at Chungking has made his representations there and my British colleague tells me that his Ambassador has heard from the British Am-

bassador at Tokyo and it is my understanding that British representations have already been made there, I respectfully suggest that our representations should now be made at both Chungking and Tokyo.

Sent to Tokyo and Chungking. Repeated to Department and Peiping.

GAUSS

893.102S/1749 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, February 27, 1939—2 p. m.
[Received February 27—8:50 a. m.]

111. Department's 65, February 24, 1 [6] p. m., to Shanghai and Shanghai's February 25, 7 p. m., Shanghai municipality. Representations were made orally today to the Vice Minister for Foreign Affairs,¹⁴ in accordance with paragraph 3 of the Department's telegram under reference, and an informal memorandum of my oral statement left with him.

The Vice Minister replied that he would convey my representations to the Foreign Minister and that his latest information from Shanghai indicated that the discussions between the Japanese military and the Shanghai Municipal Council were proceeding satisfactorily.

My British colleague will make similar representations tomorrow. The French Ambassador is awaiting instructions.

Repeated to Chungking.

GREW

893.102S/1752 : Telegram

The Chargé in China (Peck) to the Secretary of State

CHUNGKING, February 28, 1939—3 p. m.
[Received February 28—10:20 a. m.]

142. Department's 65, February 24, 6 p. m., to Shanghai. The Embassy received this morning Tokyo's 111, February 27, 3 [2] p. m., to the Department and I immediately called on the Minister for Foreign Affairs¹⁵ and communicated the message outlined in paragraph 2 of the Department's instruction.

The Minister for Foreign Affairs at once said that the problem presented by acts of terrorism in the International Settlement was not so simple as it might seem to the American Government. He assumed in the message I conveyed an imputation that the Chinese

¹⁴ Renzo Sawada.

¹⁵ Wang Chung-hui.

Government had instigated the assassinations and could stop them if it so desired. He asserted that where the victims were "puppet" Chinese officials the assassinations were probably perpetrated by persons acting spontaneously from patriotic motives or in revenge for wrongs suffered at the hands of the Japanese. He said that the Japanese themselves had instigated murders of political opponents and he did not exclude the possibility of the killing of their own partisans as well in order to discredit the Municipal Council. He pointed out that many assassinations, notably that of Chen Lu,¹⁶ had taken place in areas controlled by the Japanese. He said that in any case the Chinese Government, far from controlling Chinese in the International Settlement and adjacent areas, would find it difficult even to communicate with them.

I invited the Minister's attention to the fact that the message I had communicated carried no implication that the Chinese Government had instigated assassinations nor had any request been made that the Chinese Government terminate them but only that it take such measures as it might "appropriately" take to "discourage" them.

The Minister expressed the view that the violation of the neutrality of the International Settlement was due to [pressure] therein of organs and officials of the "bogus" government and he thought the best method of ending these disturbances was for the Municipal Government to stand firmly on its legal rights and expel such unneutral elements. I observed that the Chinese Government Salt and Customs Administrations likewise had branches in the Settlement and that it was obviously to the advantage of all concerned that no pretext should be given to the Japanese to criticize the efficiency of the control of the Settlement. Although the conversation was prolonged by Dr. Wang beyond the time I had anticipated, he had not given me any reply directed specifically to the request I had made. I therefore asked him what I should report to the Department as his reply.

The Minister asked that I inform the Department that the Chinese Government did not approve of political assassination and that he would convey to the appropriate authorities the request just made by the American Embassy, but he specially asked that I inform the Department of the complexity of the problem offered by these assassinations as he had explained it. I said I would do this but I urged in turn that the National Government or the Nationalist Party or whoever might be in a position to do so endeavor to convince those Chinese who might be inclined to attempt assassinations in the International Settlement that such acts made matters extremely difficult for the Council and tended to play into the hands of those persons who might be attempting to overthrow the existing form of municipal control.

¹⁶ "Foreign Minister" of the "Reformed Government" at Nanking.

It seemed to me throughout the conversation that the Minister being by profession a lawyer was not so much trying to evade the main issue as trying to avoid any admission of responsibility on the part of his Government for the acts of terrorism.

Repeated to Shanghai, Peiping; Shanghai repeat to Tokyo.

PECK

893.102S/1753 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, March 1, 1939—2 p. m.

[Received March 1—10:20 a. m.]

168. Reference my 158, February 27, 4 p. m.¹⁷

1. The Japanese Consul General called on the Chairman of the Municipal Council yesterday afternoon and handed him a signed reply to the letter of February 25th. The reply states:

"I regret that your reply is not quite as satisfactory as I have expected. Nevertheless I am glad to note that the Municipal Council has given its careful consideration to our requests and expressed its willingness to cooperate with the Japanese authorities in the protection of Japanese residents and the suppression of terrorist activities in the International Settlement, and I take it that the Council is ready to avail itself of such cooperation of the Japanese authorities as will ultimately achieve the desired result. Upon this understanding the Japanese police organs will now proceed to put into practice the proposed cooperation to cope with the present conditions in Shanghai. I hope that the joint efforts of the Municipal Council and the Japanese authorities will prove effective in the maintenance of peace and order in the Settlement so that no such undesirable situation will arise as will compel the Japanese authorities to take measures of self defense."

2. At the same time Japanese Consul General handed to the Chairman an unsigned memorandum as follows:

"With reference to the five requests put forward in the Japanese Consul General's letter of February 22, 1939, addressed to the Chairman of the Shanghai Municipal Council, it is understood as follows:

(1) Number 2 is the request that the Japanese police organs should be authorized at whatever place and time necessary in the International Settlement, to take necessary measures for the protection of Japanese residents and the suppression of terrorism, and thus cooperate with the municipal police force. This does not necessarily mean that the Japanese police organs will take any independent action for the suppression of terrorism in general at this juncture, but in bringing the cooperation into practice they intend to take measures more effective than heretofore. As regards the clothes to be worn by members of the Japanese police organs so cooperating, the Japanese side

¹⁷ Not printed.

has no objection to the Municipal Council's proposal in principle, with a view to effecting smoother cooperation with the municipal police.

(2) Number 3 and number 5 merely put forward some particular cases of measures mentioned in number 2 and therefore in complying with the measures of number 3 and number 5 the Japanese police organs will substantially cooperate with the municipal police force according to necessity.

(3) As regards number 4, the Japanese authorities deem the adoption of this proposal vitally important for the effective cooperation with the municipal police in maintaining peace and order in the Settlement. Not only the present vacancies in the Japanese branch of the Municipal Government police force should be filled and its size should be further enhanced but the proposals contained in Mr. Hidaka's¹⁸ letters of November 4, 1938 and December 10, 1938 should be immediately carried out, independently of the question of the opening of the areas of the Settlement lying north of the Soochow Creek, and the powers of the senior Japanese officers of the municipal police should be increased, and, in particular, they should be enabled to participate in all the cases of anti-Japanese activities and invested with powers to take necessary measures."

3. In connection with the Hidaka proposals mentioned by him, please see my despatch to the Department No. 1861 of December 8 last.¹⁹

4. While I understand that certain members of the Municipal Council feel that the Japanese reply is merely face-saving and that the Council has been able to maintain its position, I do not share that view and expect that in due course there will be further friction and further Japanese demands and encroachment on the authority of the Council.

Repeated to Tokyo; to Chungking, Peiping. Admiral informed.

GAUSS

893.1028/1754 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, March 2, 1939—6 p. m.

[Received March 2—12: 15 p. m.]

171. Reference my No. 168, March 1, 2 p. m. Japanese Consul General accompanied by naval and military officers called on Chairman of the Council this noon and asked him to sign immediately the memorandum of "understandings" quoted in paragraph 2 of my telegram No. 168. The Chairman pointed out that the memorandum was only received by him on the afternoon of February 28, that it goes beyond the recent correspondence and also refers back to the

¹⁸ Shinrokuro Hidaka, then Japanese Consul General at Shanghai.

¹⁹ *Foreign Relations*, 1938, vol. iv, p. 139.

Hidaka letters, and that the Council cannot ignore the interest and views of the Treaty Power Consuls in matters affecting the Settlement. Japanese Consul General replied that an agreement with Hidaka had been reached in principle; that the only point at issue was a suitable time for carrying out the agreement; and that in view of the existing situation he considered that it should be carried out forthwith. He pressed for a reply by Friday morning and stressed the desirability of the reply being to the memorandum as a whole as he regarded it as most undesirable that matters should be allowed to drag on and added that while negotiations were continuing there might be a reversal of the same which he did not say would but which might lead to some form of action.

2. It appears to me that the Japanese are seeking to force the Council to accept distorted understanding of the recent correspondence and to agree immediately to the Hidaka proposals. As to the Hidaka proposals, the situation as I understand it is substantially as reported in my despatch No. 1861 of December 8th last.²⁰ Conversations have continued since that date but so far as I am aware no final agreement has been reached.

3. Members of the Council are meeting this evening to consider the new Japanese *démarche* and I am informed that thereafter they will consult my British colleague and me. I am of the opinion, and my British colleague at present holds the same view, that it is now time for the Council to report the matter fully to the Treaty Power Consuls. While these Consuls probably cannot take action unanimously, the Italian Consul General likely being aligned with the Japanese, it seems to me that it should be possible for most of the Treaty Power Consuls to take a position conforming in general to the views set forth by the Department in its telegram to me No. 28 of January 11, 6 p. m., 1938.²¹

Repeated to Tokyo, Chungking, and Peiping.

GAUSS

893.102S/1756: Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, March 3, 1939—8 p. m.
[Received March 3—12:32 p. m.]

180. Reference my 171, March 2, 6 p. m. regarding call made by Japanese Consul General yesterday on Chairman of the Council, at

²⁰ *Foreign Relations*, 1938, vol. iv, p. 139.

²¹ *Ibid.*, p. 119.

which time he pressed for a reply by March 3 to the "understandings" mentioned in paragraph 2 of my telegram No. 168, March 1, 2 p. m. Following is summary of reply memorandum handed today by the Chairman of the Council to the Japanese Consul General:

1. The Council stated that it had already replied to the Japanese Consul General's request for cooperation by its letter, dated February 25, 1939, and that discussions had already taken place between the Municipal and Japanese police with a view to the reaching immediate and effective agreement for cooperation. The Council emphasized however that it could "never agree to independent action in the International Settlement by any police organs other than the Shanghai municipal police" and pointed out that it has no power "without the consent of all the powers concerned to delegate police powers and responsibilities entrusted to it under the land regulations". The Council stated further that "any measure of cooperation must be undertaken with the consent and under the general supervision of the Commissioner of Police".

2. The Council stated that the points mentioned in paragraph 2 of the Japanese "understandings", mentioned in my 168, were covered in its reply of February 25.

3. It was again pointed out that steps are being taken to bring the Japanese branch of the police force up to full strength and that when this has been done "the position will again be promptly reviewed". The Council pointed out however that "the necessary desirable strength of the Japanese branch of the municipal police is integrally connected with the question of the effective exercise of the Council's power and control in the area north of Soochow Creek". With reference to the participation of senior Japanese officers of the municipal police in cases of anti-Japanese activities, it was pointed out that such officers have already taken an important part in such cases and that the Commissioner of Police is "more than anxious to make every possible use of the senior Japanese officers under his command". With reference to the Hidaka proposals, the Council stated that these must be considered separately and that in its opinion they cannot be connected with the immediate problem of the suppression of terrorism. It was stated further that the suggestion that these proposals be implemented without reference to "any step towards the opening of the area of the Settlement lying north of Soochow Creek, necessitates reference to other interested Consuls". The Council pointed out that it was still awaiting comment of the Japanese authorities upon the Council's proposal in regard to the area of "E" division.

The recent exchanges of correspondence and memoranda between the Japanese Consul General and the Council have been brought to the attention of the Treaty Consuls and it is hoped that a meeting of those Consuls including the Japanese Consul General can be arranged for tomorrow.

Repeated to Chungking, Peiping and Tokyo.

GAUSS

893.102S/1757 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, March 4, 1939—4 p. m.

[Received March 4—10 a. m.]

183. Reference my No. 180, March 3, 6 [8] p. m., regarding Japanese demands on the Municipal Council. After examination of the memorandum handed to them by the Chairman of the Council yesterday afternoon the Japanese indicated that the memorandum would be acceptable to them provided the Chairman would alter the words "under the general supervision of the Commissioner of Police" as quoted at the end of paragraph No. 1 in my No. 180 to read "under arrangement with the Commissioner of Police", it being stated that the words "general supervision" could not be rendered precisely into Japanese. The proposal was apparently a quibble but the Chairman agreed to make the amendment.

2. Meanwhile my British colleague and I had asked for a meeting of the Treaty Consuls today. Both the Senior Consul who is the Italian Consul General, and the Japanese Consul General demurred as to the necessity for any hurried meeting but finally acquiesced. This morning my British colleague and I agreed that the meeting should be held notwithstanding the accord addressed [*effected*] between the Japanese and the Council last evening, believing that the Treaty Consuls should have the opportunity carefully to record their views. The Italian and Japanese Consuls General, however, again demurred, arguing that there is no apparent need for an immediate meeting or for any meeting. The British Consul General has yielded to the extent of agreeing for the moment to a postponement, feeling that the improved situation should not be disturbed by any possible criticism of the Japanese at the meeting. I told the British Consul General that there is no necessity for any cross-examination or criticism of the Japanese Consul General and the meeting should be entirely conciliatory but I feel that there should be a meeting at which the Treaty Consuls may record their views as the present apparent improvement in the situation is undoubtedly only temporary; however, in view of the larger British interests involved in the International Settlement, I would not oppose his decision.

3. The Japanese have put out a press release which emphasizes that an accord on cooperation between the Council and the Japanese authorities has been reached following Japanese representations on account of the recent terrorism. The Council has so far made no statement to the press. I feel that while the Japanese have been stopped for the moment in their plans regarding the Settlement it is

only a matter of time before we shall again be facing the same ugly problem.

Repeated to Tokyo, Chungking and Peiping.

GAUSS

893.102S/1769

The Consul General at Shanghai (Gauss) to the Secretary of State

No. 2045

SHANGHAI, March 10, 1939.

[Received April 11.]

SIR: With reference to my despatch No. 2033 of March 6, 1939,²³ in regard to the Japanese demands on the Municipal Council of the International Settlement at Shanghai, I have now the honor to enclose for the files of the Department a copy of a report²³ from the Commissioner of Police to the Secretary of the Council, recording certain conversations between the Commissioner and the Japanese authorities on the subject of the measures of "cooperation" to be observed in the detection of anti-Japanese terrorism.

At the same time, I enclose for the information of the Department a copy of a letter dated March 9th from the Commander-in-Chief of the United States Asiatic Fleet, enclosing a report²⁴ submitted by officers of the Fourth Regiment, United States Marine Corps, in regard to certain raids carried out in the so-called American defense sector of the Settlement on the morning of March 8th. It appears from this report that the Japanese *Gendarmerie* are enabled to carry on raids in the Settlement areas south of Soochow Creek with the Municipal Police doing little more than looking on.

At the request of Admiral Yarnell, I have brought his letter and the report to the attention of the Chairman of the Municipal Council by a communication a copy of which is enclosed.²³ I also enclose a copy of my letter of acknowledgment²³ to Admiral Yarnell.

The situation facing the Municipal Police is an exceedingly difficult one and I am not disposed to question too severely the measures taken by them in attempting to suppress terrorism in the Settlement area. At the same time, I feel that they are allowing the Japanese *Gendarmerie* to encroach on the police authority in a manner which is quite certain eventually to lead to independent action by the Japanese military police in the Settlement areas. I trust that the report made by the United States Marine officers which is being brought to the attention of the Chairman of the Municipal Council may result in measures being taken by the Council to require the police to hold strictly to arrangements under which the police shall assume full

²³ Not printed.

²⁴ Report not printed.

control of all raids and place the Japanese *Gendarmerie* in their proper place as observers. It will be noted that I have asked for information as to the disposition made of the Chinese taken into custody during the raids mentioned in the report of the United States Marine officers.

Respectfully yours,

C. E. GAUSS

[Enclosure]

The Commander in Chief, United States Asiatic Fleet (Yarnell), to the Consul General at Shanghai (Gauss)

U. S. S. "ISABEL," SHANGHAI, March 9, 1939.

MY DEAR MR. GAUSS: I am enclosing herewith copies of a report²⁵ made by Major M. A. Edson, U. S. M. C., and Major J. S. Monahan, U. S. M. C. on raids carried out in the American Sector on the morning of March 8th by Shanghai Municipal Police and the Japanese *Gendarmerie*.

It is evident from this report that Japanese *Gendarmerie* are permitted to search anywhere they please, that they make arrests, and that the arrested persons can be removed from the Settlement if desired.

I consider such a procedure a surrender of authority that would not be tolerated in any efficient military or police organization.

It seems to me as a matter of elementary justice that there should be no discrimination as far as race is concerned, in the protection of the residents of the International Settlement against illegal arrest, and that all arrested persons should be guaranteed a hearing before the Courts.

It is requested that the Shanghai Municipal Council be informed that I strongly disapprove of any raids carried out in the American Sector under the direction and supervision of the Japanese *Gendarmerie* as long as the Fourth Regiment of Marines remains on duty in this sector.

Very sincerely,

H. E. YARNELL

893.102S/1770

*The Chairman of the Shanghai Municipal Council (Franklin) to the Consul General at Shanghai (Gauss)*²⁶

SHANGHAI, March 13, 1939.

DEAR MR. GAUSS: Thank you for your letter of March 9, 1939, with which you enclose a copy of a letter addressed to you by Admiral

²⁵ Not printed.

²⁶ Copy transmitted to the Department by the Consul General at Shanghai in his covering despatch No. 2057, March 15; received April 11.

Yarnell and a report in connection with raids carried out in the American sector.²⁷

It was without the sanction of the Council and contrary to the instructions of the Commissioner of Police that raids were carried out in the manner to which you have drawn my attention. You may rest assured that immediate steps are being taken to make it clear that raids can only be carried out by the Shanghai Municipal Police.

I am indebted to the American authorities for drawing the Council's attention to what has taken place.

In reply to the last paragraph of your letter, I have to inform you that after being temporarily loaned to the Japanese *Gendarmerie* for purposes of examination the Chinese who were taken into custody during the Kuling Road and Chengtu Road raids were returned to the Shanghai Municipal Police.

Very truly yours,

CORNELL S. FRANKLIN

893.102S/1780

The Consul General at Shanghai (Gauss) to the Secretary of State

No. 2062

SHANGHAI, March 16, 1939.

[Received April 26.]

SIR: I have the honor to refer to my despatch No. 2045 of March 10, 1939, reporting further developments connected with the demands made by the Japanese authorities upon the Shanghai Municipal Council.

Attention is invited to the final paragraph of the above mentioned despatch in which it was pointed out that although the situation facing the Municipal Police is admittedly a difficult one, the tendency shown by the Municipal Police to allow the Japanese *Gendarmerie* to encroach on their authority is one that may lead to independent action by the Japanese military police in the International Settlement. There is now enclosed a copy of a letter, dated March 13,²⁸ addressed by the Commanding Officer of the U. S. Fourth Marines to the Liaison Officer at Japanese Military Headquarters concerning an incident which occurred within the American Defense Sector on the morning of March 11 in which the Japanese *Gendarmerie* were discovered to be engaged in the arrest of a Chinese and to be taking action independent of the Shanghai Municipal Police. It will be noted that Colonel Fegan stressed the point that the Japanese *Gendarmerie* have no right to take independent action in the American Sector. There is also enclosed a copy of a letter, dated March 13,²⁸ addressed by Colonel Fegan to the Commissioner of the Shanghai Municipal Police

²⁷ For Admiral Yarnell's letter of March 9, see *supra*; report not printed.

²⁸ Not printed.

regarding this same incident, in which the former sets forth his position in regard to the conduct of raids carried out in the American Sector in cooperation with Japanese police organs, and in which he reiterates that independent Japanese action in the conduct of such raids cannot be permitted.

As an instance of further Japanese attempts to encroach upon the authority of the Shanghai Municipal Police, there is enclosed a copy of a police report, dated March 12,²⁹ concerning the attempted establishment by the Japanese *Gendarmerie* of an office in a Chinese hotel located in the heart of the Settlement and within the British Defense Sector. As will be noted, the Commissioner of Police brought this matter to the attention of the Commandant of the Japanese *Gendarmerie* and pointed out that the presence of police other than the Municipal Police could not be approved without the consent of the Municipal Council and the military commander in charge of the defense sector concerned, and requested that instructions be issued to this Japanese *Gendarmerie* office to cease functioning pending discussions between those concerned. At the same time the Commissioner addressed a letter to the British Commandant concerning this matter.

Latest reports received from the Shanghai Municipal Police indicate that some twenty Japanese *Gendarmerie* officers and men are still in the hotel mentioned above, and it appears that the position taken by the British military authorities is that inasmuch as these Gendarmes are in plain clothes, the establishment of such an office is purely a police matter and not the concern of the foreign military commanders. The British position was revealed at an informal conference held on March 13 between the commanding officers of the various foreign defense forces, including the Italian Commandant, and the Secretary of the Council and the Commissioner of Police. A copy of a letter, dated March 15, addressed to me by Colonel Fegan, outlining the discussions which took place at the conference mentioned, is enclosed.²⁹

It will be noted from Colonel Fegan's letter that after some discussion the British military commandant apparently agreed to associate himself with the American commandant in supporting the Commissioner of Police in his protest to the Commandant of the Japanese *Gendarmerie* against the establishment by the Japanese of any offices or police detachments within the International Settlement south of Soochow Creek without the prior approval and sanction of the Municipal Council and the Municipal Police. However, I have ascertained from Police Headquarters that the British military authorities have not replied to the Commissioner's letter regarding the establishment of the Japanese *Gendarmerie* office referred to above and

²⁹ Not printed.

that no reply has been received from the Commandant of the Japanese *Gendarmerie* concerning this matter.

In regard to the question of the conduct of raids at the instigation of the Japanese, the consensus of opinion of the military commandants present at the informal conference held on March 13, was that it was neither necessary nor desirable for military observers to be present at all raids but that they should be informed prior to the inception of any raid within their respective sectors and should reserve the right to have observers present if they so desire.

Respectfully yours,

C. E. GAUSS

893.1028/1762 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, March 24, 1939—9 a. m.

[Received March 24—7:15 a. m.]

230. The Chairman of the Shanghai Municipal Council has informed the Senior Consul by letter that armed and uniformed Chinese auxiliaries are being used by the Japanese *Gendarmerie* in the areas of the Settlement north of Soochow Creek and on the bridges leading to those areas from south of the creek. The Chairman states that in the present circumstances which the Council is powerless to control certain police functions are being performed by the Japanese *Gendarmerie* in the northern areas which would normally be performed by the Shanghai Municipal Council but it is dangerous in the extreme and contrary to established principle that the Japanese *Gendarmerie* should employ armed and uniformed Chinese to assist them in their functions. He states that the Council is at the present time anxiously endeavoring to preserve law and order to the best of its powers and in particular to suppress acts of terrorism, that the realities of the situation must be faced, and that it cannot be denied that the functioning in the Settlement of Chinese attached to the Japanese *Gendarmerie* is likely to prove a direct incentive to those acts of terrorism which everyone must be anxious to prevent. He asks the Senior Consul to bring the letter to the attention of the Consular Body and that appropriate action be taken.

The Japanese recently brought Chinese troops to the western area of Shanghai outside the foreign defense lines with the result that the Chinese troops were promptly attacked by Chinese guerrillas and have now been withdrawn.

If the Japanese persist in using Chinese auxiliaries in the areas of the Settlement north of the creek they can expect to provoke acts of terrorism for which they must assume the full responsibility. The number of auxiliaries used is not known but is not large.

The introduction of these Chinese who are believed to have been recruited from amongst policemen formerly in the Chinese city police suggest that the Japanese do not contemplate the early restoration of the northern areas of the Settlement to Council control. There are at present a number of foreign, Indian and Japanese members of the municipal police functioning in the northern areas together with about 50 Chinese constables engaged in traffic duties. The Japanese have failed to restore the area to the full police control of the Council which would result in a heavy increase in the number of Chinese police of the Council in order to maintain order amongst the Chinese population.

The Japanese naval landing party has recently issued new traffic regulations for the northern areas including the northern areas of the International Settlement, thus arrogating to themselves authority which reposes in the municipal police. This action has also been the subject of protest by the Council to the Japanese Consul General and has also been reported to the Consular Body.

Developments will be reported.

By mail to Peiping, by air mail to Tokyo.

GAUSS

893.102S/1763 : Telegram

The Chargé in China (Peck) to the Secretary of State

CHUNGKING, March 29, 1939—9 a. m.

[Received 10:45 a. m.]

222. Embassy's 379, July 27, 5 p. m., 1938, from Hankow.²¹ Note dated March 23 from the Chinese Foreign Office reads as follows (Embassy's translation):

"The Ministry of Foreign Affairs presents its compliments to the American Embassy and has the honor to state that it has received a reliable report to the effect that Japanese plain clothes units continuously and freely searched and arrested residents within the International Settlement at Shanghai on March 7, 8 and 9. On occasion they did not act in conjunction with the municipal police magistrate or when acting in conjunction with the municipal police magistrate they failed to find any anti-Japanese documents. Nevertheless, the persons so apprehended were delivered over and escorted away by the Japanese military authorities.

The Ministry has the honor to recall that, owing to the previous handing over by the Municipal Council of the International Settlement at Shanghai of a so-called Chinese terrorist to the Japanese military authorities in Hongkew, the Ministry considered this as contrary to the Shanghai Court agreement²² and not in conformity with the principle of justice in law, and lodged a protest with the American

²¹ *Foreign Relations*, 1938, vol. iv, p. 135.

²² Signed February 17, 1930, *ibid.*, 1930, vol. ii, p. 333.

Embassy on July 28, 1938, requesting that the said Chinese be returned for disposition in accordance with law and that there should be no recurrence of similar incidents in the future. The Embassy did not regard this protest in a serious light, with the result that further acts of illegal arrest of persons in the International Settlement at Shanghai occurred in great numbers. The Chinese Government cannot but regard this as regrettable, and for this reason specially protests again to the American Embassy. It is earnestly hoped that the Embassy will notify the Settlement authorities to pay additional attention to incidents of this sort, to take prompt steps to end them, and to bring about the return of Chinese citizens already delivered over to the Japanese military authorities and the handling of their cases in accordance with law, in order to emphasize authority and maintain order.

The Ministry of Foreign Affairs has the honor, et cetera."

Repeated to Peiping, Shanghai.

PECK

893.102S/1768 : Telegram

The Secretary of State to the Chargé in China (Peck)

WASHINGTON, April 3, 1939—8 p. m.

63. Your 222, March 29, 9 a. m., and 226, March 30, 10 a. m.³³

1. Please make suitable acknowledgment of the note quoted in your 222, March 29, 9 a. m., and state, as suggested in your 226, that shortly after the Chinese note of July 28 was received by the Embassy the Department received a similar communication from the Chinese Embassy at Washington³⁴ and returned a reply in the sense indicated in the last paragraph of the Department's 469, July 30, 2 p. m., to Shanghai.³⁵ Please state also that the American Consul General at Shanghai is being requested to communicate to the authorities of the International Settlement the substance of the Chinese Foreign Office note of March 23.

2. At the same time the Department suggests that, as upon your own initiative, you seek an opportunity to point out orally and informally to an appropriate official of the Chinese Foreign Office that the Government of the United States is only one of several governments interested in the International Settlement.

3. Shanghai please transmit informally to the appropriate Settlement officials the substance of the note quoted in Chungking's 222, March 29, 9 a. m.

Repeated to Peiping and Shanghai.

HULL

³³ Latter not printed.

³⁴ Not printed.

³⁵ *Foreign Relations*, 1938, vol. iv, p. 136.

893.102S/1783

The Consul General at Shanghai (Gauss) to the Secretary of State

No. 2091

SHANGHAI, April 4, 1939.

[Received May 2.]

SIR: With reference to my telegram No. 230 of March 24, 9 a. m., reporting that the Japanese forces were employing armed Chinese auxiliaries in the areas of the Settlement north of Soochow Creek, and that the Japanese Naval Landing Party had recently promulgated new traffic regulations for the areas of the Settlement north of the Creek, thus arrogating to themselves authority vested in the municipal police, I have the honor to enclose copies of the following Consular Body circulars:³⁶

Circular 101-G-VII, quoting a letter from the Chairman of the Shanghai Municipal Council to the Senior Consul, regarding Chinese auxiliaries.

Circular 99-G-VII, a letter from the Chairman of the Council enclosing a copy of a letter from the Chairman to the Japanese Consul General, regarding traffic regulations.

Circular 113-G-VII, letter from the Chairman of the Council enclosing copy of a letter from the Japanese Consul General; also regarding traffic regulations.

My British colleague and I both addressed the Senior Consul suggesting that these matters should be considered at an early meeting of the Treaty Power Consuls. A meeting was called for March 30th. I enclose copies of the draft minutes³⁷ of the discussion at this meeting on the two questions. These draft minutes require yet to be corrected and approved by the several consular officers concerned; but the drafts represent a reasonably accurate account of what transpired. In brief, the American and British Consul General supported the protests of the Municipal Council, recording their opinions and urging the matters to the attention of the Japanese Consul General.

In the matter of the traffic regulations promulgated by the Japanese Naval Landing Party, there was some support of the Council and of the American and British position from other consular representatives who pointed out that the Japanese regulations could not be enforced in their consular courts. The Japanese Consul General curtly announced that he had replied to the protest of the Council and had nothing further to add.

In the matter of the armed Chinese auxiliaries of the Japanese *Gendarmerie* (military police), the Japanese Consul General complained that the Chairman of the Council had made no representa-

³⁶ None printed.

³⁷ Not printed.

tions to him in the matter before addressing the Senior Consul. He also complained that the Council had issued a press release reporting the protest to the Senior Consul and that this press release had appeared even before the protest to the Senior Consul had reached the interested consular representatives.

We were disposed to admit that the publicity given by the Council was "perhaps premature", but I pointed out that during the recent exchanges between the Japanese authorities and the Council in regard to terrorism at Shanghai there had been extensive, inaccurate and unfair publicity emanating from the Japanese side.

On the point of the Council's protest, I had suggested that the protest should be supported by the Treaty Consuls and brought to the attention of the Japanese Consul General with the request that the latter take up the matter with the Japanese authorities concerned. The Japanese Consul General commented that the Treaty Consuls "had better not take such collective action"; he said that apparently the Chairman of the Council in conversation with a Japanese member of the Council had not regarded the matter very seriously; and he added that if the Consuls "pressed him harder and harder the reaction would be bigger and bigger". This Japanese attitude was not satisfactory; but my British colleague and I had ascertained before the meeting that the Chinese armed auxiliaries of the Japanese *Gendarmerie* had disappeared from the Garden Bridge—for the time being, at least—and we did not consider it necessary or desirable at the moment to press the Council's protest further or more vigorously than had been done. I emphasized that the presence of these armed Chinese auxiliaries might lead to a spread of terrorism, but added that I did not consider it necessary that any communication be addressed to the Japanese Consul General; he had been made aware of the protest and of the views and suggestions of his colleagues.

Respectfully yours,

C. E. GAUSS

893. 102S/1772 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, April 14, 1939—10 a. m.

[Received April 14—8:45 a. m.]

275. Japanese Consul General called on the Chairman of the Council yesterday and left with him a memorandum regarding the publication in the International Settlement of anti-Japanese newspapers and periodicals. A copy of this memorandum which was dated April 12th has been sent to me and my British colleague by the Secretary of the Council and is summarized below:

The hope is expressed that in accordance with the "co-operative spirit embodied in the recent understanding reached between the Shanghai Municipal Council and the Japanese authorities" earnest consideration will be given by the Chairman to the fact that many Chinese dailies, journals, and other publications in the Settlement are "extremely anti-Japanese in character and are calculated to influence Chinese feelings and constitute a fundamental menace to the maintenance of peace and order in the Settlement." It is also stated that these publications "libel the Imperial Japanese Army and Navy" and publish articles "deliberately distorting the facts concerning the political and economic conditions of Japan." The memorandum points out that "as long as the Council fails to take effective steps" to suppress these anti-Japanese publications, serious difficulties are bound to attend the task of "exterminating political terrorism" and that such inaction is of grave concern to the Japanese Military. In citing examples of anti-Japanese articles and editorials it was asserted that these Chinese publications eulogize terrorist activities, give exaggerated reports concerning the operations of guerrillas and publish "orders and instructions" issued by the Kuomintang whose activities should have been suspended following the occupation of Shanghai."

The request was made that the Council "suspend the issue and sales of all anti-Japanese dailies and magazines published in the Settlement. Needless to say, the Japanese authorities are ready to closely cooperate with the Council authorities for that purpose." The memorandum concluded "as regards many anti-Japanese periodicals under British and American jurisdiction, the Consul General will make representations to the British and American Consuls General." With reference to the sentence last quoted, I may say that I have as yet received no communication from the Japanese Consul General regarding American publications.

It will be noted that the Japanese have linked this question with terrorist activities and the recent understanding reached with the Council regarding cooperative measures to suppress terrorism. The assassination on April 11 of a pro-Japanese Chinese employed as secretary in the "special municipality of Shanghai" was probably felt to be an opportunity to make this further *démarche* upon the Council. Precisely what action if any the Council will take in response to this "request" is not yet known. During the progress of hostilities in the Shanghai area the Council took active and effective measures to prevent the publication by Chinese newspapers and periodicals of anti-Japanese propaganda and news but with the removal of hostilities into the interior these measures have not been actively enforced and in consequence all Chinese publications in the Settlement, except those controlled by the Japanese, openly publish much anti-Japanese

material. The foreign press although more restrained in tone might also be termed anti-Japanese with the exception of one English language paper. On the other hand the local Japanese papers and periodicals and Japanese controlled Chinese papers, all of which are published in the Hongkew area of the International Settlement, are violently anti-foreign. This latter aspect of the question was mentioned by a foreign correspondent at a recent Japanese press conference and in reply the Japanese spokesman said that was "another question."

Repeated to Chungking and Peiping, by air mail to Tokyo.

GAUSS

893.102S/1771 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, April 14, 1939—6 p. m.

[Received April 14—8:15 a. m.]

281. My 269, April 10, 6 p. m.³⁸ Chairman of Shanghai Municipal Council in a letter dated April 13 in reply to my letter of April 10 giving substance of Ministry of Foreign Affairs' communication of March 23 states in part as follows:

"I would appreciate it if you could inform the American Embassy that every case is most carefully considered and that the Council is doing all that it can do in a very difficult position."

Repeated to Chungking and Peiping.

GAUSS

893.102S/1773 : Telegram

The Chargé in China (Peck) to the Secretary of State

CHUNGKING, April 15, 1939—10 a. m.

[Received 3:10 p. m.]

264. Shanghai's 281, April 14, 5 [6] p. m. A note was addressed to the Chinese Foreign Office on April 6 in accordance with the Department's 63, April 3, 8 p. m. and it seems to me inadvisable to inform Foreign Office of the assurance given by the Chairman of the Municipal Council since it constitutes a tacit admission that the allegations of the Ministry are true to some extent and would thus serve to continue the correspondence. I shall not myself reopen the subject therefore unless instructed to do so.

Repeated to Shanghai.

PECK

³⁸ Not printed.

893.1028/1774 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, April 15, 1939—3 p. m.

[Received April 15—1:18 p. m.]

284. Reference my 275, April 14, 10 a. m. regarding Japanese protests against Chinese language newspapers at Shanghai. The Japanese Consul General called on me yesterday evening and after disposing of the matter reported in my telegram number 282, April 15, 1 a. m. [*p. m.*?]³⁰ presented the matter of Chinese language newspapers claiming American status. He left with me a memorandum somewhat along the lines of that handed to the Chairman of the Municipal Council and summarized in my number 275. He repeatedly urged my cooperation in dealing with the matter.

I informed the Japanese Consul General that I had no administrative authority to control, censor or suppress any newspaper, that I could not confirm his allegations of which he presented no proof that any of the numerous Chinese language newspapers listed in his memorandum as claiming American status were in fact owned and published by Chinese interests, and that the only measures which could be taken officially by the American authorities in respect of American owned newspapers were those coming within the libel and slander statutes, and that I would translate and examine the clippings from Chinese newspapers which he left with me and if necessary refer them to the District Attorney of the United States Court for China to determine whether any action can properly be taken by him in that court in respect of any of published matter.

The Japanese Consul General continued to press for cooperation in the matter. I told him that I deprecated publication of false reports and of articles such as those glorifying political assassins but at the same time I had not failed to observe the vicious anti-foreign articles being published in Japanese owned or controlled Chinese newspapers and twice read to him an extract from one such article which declared that British and American Missions established in various parts of China are secret dens of prostitution, that the missionary schools serve as a medium for the enslavement of the Chinese people, that missionary hospitals are places where human beings are devoured or are killed without recourse to law as the doctors and the nurses are immune from legal punishment for their deliberate ill treatment of patients. He had nothing to say concerning this vicious attack on American missionary institutions but noted the name and date of the paper.

³⁰ *Post*, p. 315.

He asked whether Americans could not be stopped from lending their names for the incorporation of Chinese owned newspapers. I told him that I could not prevent the incorporation of companies under State laws and pointed out that a Japanese owned dairy at Shanghai had been incorporated under State law and, flying the American flag, had remained unmolested within the Chinese lines during hostilities around Shanghai, while American mission property had been occupied by the Japanese forces and in a number of cases remained under such unwarranted occupation.

The Secretary of the Municipal Council told me this morning that the municipal police propose to take stronger measures in dealing with Chinese language newspapers, many of which have undoubtedly published false reports, glorified political assassinations, published orders of the Kuomintang, magnified guerilla activities, et cetera. He stated that the police proposed to suspend publication of offending papers taking police measures if necessary to stop their presses but not seizing the property of the papers. He inquired what my attitude would be if such measures were taken by the police with respect of Chinese language newspapers claiming status as American corporations. I told him that while I sympathized with the police in their difficulty and was not disposed to be critical of reasonable police measures, however, maintaining peace and order in the settlement and of suppressing articles inciting to disorder, I could give no official reply other than that I would deal with each complaint, if any, made to me on its merits, taking occasion of course in all cases to ascertain whether there was a bona fide American interest involved.

Repeated to Peiping and Chungking.

Code text by mail to Tokyo.

GAUSS

893.102S/1775 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, April 19, 1939—1 p. m.

[Received April 20—4:30 a. m.]

291. Reference my No. 275, April 14, 10 a. m., and No. 284, April 15, 3 p. m., concerning representations made by the Japanese Consul General to the Chairman of the Shanghai Municipal Council and to my colleague and myself regarding anti-Japanese publications in the International Settlement.

A Chinese, who was distributing manager of the Chinese edition of the *Shanghai Evening Post and Mercury*, Peiping (American owned), was shot and killed on April 17. On April 18 letters extolling the creation of a new order in East Asia and threatening the use of bombs

and bullets against those papers failing to "return to a realization of the position and give honest views and opinion" were received by four so-called "British owned" and two "American owned" Chinese language newspapers. The letters mentioned were signed by an organization styling itself "Chinese Youth's National Salvation Association". In police and informed circles here, it is believed that the above-mentioned developments represent Japanese attempts to terrorize and bring about the cessation of the publication of further anti-Japanese material. Another development which may increase the difficulties of the Settlement police is the publicity being given by the local Chinese language newspapers to the "National spiritual mobilization week", which is being observed from April 17 to 23. However, the Shanghai municipal police are taking measures quietly to induce the publishers of anti-Japanese material to cease publication of such news and have been confiscating newspapers and other printed matter pronouncedly anti-Japanese in tone.

Repeated to Peiping and Chungking. Air mailed to Tokyo.

GAUSS

893.102S/1778 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, April 19, 1939—3 p. m.

[Received April 20—4:30 a. m.]

293. 1. Conversations are proceeding between the Municipal Council and the Counselor of Japanese Embassy in regard to increased Japanese representation in the police administration and police arrangements in the northern areas. It is expected that an agreement will be reached which will restore greater measure of police control in the northern areas and at the same time introduce a number of Japanese police officers nominated by the Japanese authorities into responsible police positions in those areas.

2. Japanese naval authorities have modified regulations governing movement of goods in areas north of Soochow Creek so as to waive requirement for permits except in the case of entry or removal of arms munitions and explosive materials and removal of iron and steel and manufacturers thereof and bricks. This move is indicated as a beginning of effort to restore situation in northern areas to more normal condition.

3. Conversations regarding resumption of Whangpoo Conservancy work are proceeding with Counselor of Japanese Embassy and it is believed that a reasonably satisfactory temporary arrangement may be reached shortly.

Repeated to Peiping, by air mail to Tokyo.

GAUSS

893.102S/1778: Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, April 23, 1939—10 a. m.

[Received April 23—9 a. m.]

308. By letter dated April 21 the Japanese Consul General has complained to the Chairman of the Municipal Council that the Chinese Government at Chungking has deliberately extended to the foreign areas at Shanghai the "national spiritual mobilization campaign" which it has been conducting elsewhere in China to encourage resistance to Japan. Japanese Consul General asks that the Council immediately take steps with a view to maintaining peace and order in the Settlement at Shanghai by prohibiting this campaign and dissolving the associations carrying it on, by prohibiting the publication in the newspapers of instructions sent by Chinese agencies regarding the campaign and by confiscating newspapers (including those under foreign registration) which publish such, and by prohibiting the display of the Chinese national flag.

It is true that this campaign has been conducted at Shanghai and that it has been given wide publicity in the Chinese language press.

It has not yet been determined what action the Council will take on the Japanese communication but I know that officials of the Municipal Council feel confident that the Chinese, sheltering behind the foreign position here, are creating a serious and difficult situation in the International Settlement and French Concession and this view is shared by responsible foreign residents notwithstanding their personal sympathy with China in the present conflict.

The French Concession authorities recently prohibited display of the Chinese national flag and had to resort to firm police measures to enforce the order. There was resentment in Chinese circles and the matter is not yet settled.

Repeated to Chungking and Peiping, by air mail to Tokyo.

GAUSS

893.102S/1779: Telegram

The Chargé in China (Peck) to the Secretary of State

CHUNGKING, April 25, 1939—4 p. m.

[Received April 26—7:45 a. m.]

289. Shanghai's 308, April 23, 10 a. m. The British Ambassador inquired of me April 24 what attitude the Embassy was taking toward the Japanese demand that Chinese newspapers published in the International Settlement under foreign registration be restrained from publishing "anti-Japanese" material. He said that while there is a

King's order forbidding British registered Chinese language papers from publishing matter calculated to disturb the peace, which order could be invoked in this case, he had directed that the British authorities if they applied it should construe it broadly, that is, should not bear down too hard on the Chinese. I observed that the Ambassador's views would certainly interest the Department and I would report them.

I added that the American Consul General was without administrative authority to control newspapers although he might refrain from assisting them when in difficulties, but that since the matter was being handled in direct consultation with the Department I was unable to say just what position he would take. I remarked that the problem primarily affected the Municipal Council and the Ambassador said the British members came to him for guidance.

In regard to the flag issue the Ambassador said that he intended to suggest to the Minister for Foreign Affairs that the Chinese Government use its influence to persuade Chinese in the Settlement to display the Chinese flag on only a few occasions yearly.

The Ambassador seemed to favor as little suppression of Chinese patriotic manifestations in the Settlement as would be consistent with preservation of peace and order.

Repeated to Peiping, Shanghai.

PECK

893.102S/1782 : Telegram

The Chargé in China (Peck) to the Secretary of State

CHUNGKING, May 1, 1939—3 p. m.

[Received May 2—8:55 a. m.]

300. Reference Shanghai's 308, April 23, 10 a. m., and my 289, April 25, 4 p. m., Chinese activities in International Settlement. Following is a translation of note dated April 27 and received April 29 from the Ministry of Foreign Affairs:

"The Ministry of Foreign Affairs presents its compliments to the American Embassy and has the honor to state that the press publishes reports that the Japanese have recently requested the authorities of the International Settlement at Shanghai to prohibit the hoisting of Chinese National flags in the Settlement. It is observed that Chinese civilians and organizations in the Settlement at Shanghai ought not be subject to interference from any side in hoisting the national flag. The Ministry has now the honor to request that the American Embassy in China kindly give its attention to the matter and that an instruction be transmitted to the authorities of the International Settlement at Shanghai not to accept the Japanese demand nor to interfere with the freedom of Chinese citizens in hoisting

the national flag in order to avoid disputes. The Embassy's courtesy will be greatly appreciated. A reply is also requested.

Apart from addressing a separate communication to the British Embassy in China the Ministry has the honor to address this note to the American Embassy."

The Embassy is replying to the note to the effect that the matter has been referred to the Department.

Repeated to Peiping and Shanghai. Shanghai mail Tokyo.

PECK

893.102S/1785: Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, May 2, 1939—6 p. m.

[Received 6:52 p. m.]

333. Reference Chungking's 300, May 1, 3 p. m. The Shanghai Municipal Council and the French Concession authorities are seeking to limit the display of the Chinese National flag in the Settlement and Concession to 8 days a year representing principal Chinese holidays. They have notified the Chinese rate payers associations accordingly and, while the associations are not expected to indicate their acquiescence, it is believed that they will accept the limitation. The Japanese authorities have also been informed but there has as yet been no reaction from that quarter.

The mass display of the Chinese flag on every possible occasion has undoubtedly been undertaken as a demonstration of defiance of the Japanese from behind the protection of the foreign municipal administrations and the foreign forces at Shanghai. Unless these activities at Shanghai which it is believed are due to Chinese official instigation cease, a situation may well result which will lead the Japanese military authorities to take repressive measures.

Repeated to Chungking and Peiping. Code text by air mail to Tokyo.

GAUSS

893.102S/1787: Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, May 3, 1939—4 p. m.

[Received 8:31 p. m.]

340. On May 2d the Japanese military and naval authorities here issued a joint statement at a press conference. The statement asserted that relying on the good faith of the Settlement authorities the

Japanese Army and Navy had left to those authorities the task of eradicating elements prejudicial to the peace of the Settlement; that it was much regretted that local situation is now worse than it was following the retreat of the Chinese forces and that not only have outbreaks of terrorism continued but, "Numerous organs of the Chungking Government are carrying on their various activities both in the International Settlement and the French Concession"; that representations relating to the maintenance of order in these two areas had been made repeatedly to the authorities concerned by the Mayor of the "Special Municipality of Shanghai" but that these representations had "not even been answered" and that the Japanese military and naval authorities "have many things which they would request of the Settlement authorities" but "believe that the representations above mentioned are of urgent importance and hereby declare that they support those representations in their entirety and will watch subsequent developments with deepest concern".

Following issuance of this statement Colonel Mabuchi, Director of the Japanese Army Press Bureau, stressed the fact that had it not been for the desire of the Japanese authorities to respect and protect the rights of third party nationals, the International Settlement and French Concession would have been seized and all agencies of the Kuomintang regime suppressed. Colonel Mabuchi asserted that the authorities in these areas should realize that the situation has greatly changed and that the Japanese military and naval authorities cannot ignore the continued existence in the foreign controlled areas of agencies of the Nationalist Government engaged in activities likely to disturb peace and order by inciting anti-Japanese elements and utilizing anti-Japanese publications. Referring to outbreaks of terrorism in the Settlement and French Concession Colonel Mabuchi charged the Settlement and Concession authorities with lack of good faith in not suppressing anti-Japanese elements and in this connection referred to the failure of these authorities to reply to the repeated letters addressed by the Mayor of the "Special Municipality of Shanghai" to them regarding this matter. Colonel Mabuchi urged the Settlement authorities to cooperate with the "Special Municipality of Shanghai" which he stated was a *de facto* administration with which the Japanese authorities were dealing and stated "here we have two administrations both of which are surrounded by a third administration. Unless these three cooperate there can be no hope for the maintenance of peace and order". In response to a query as to whether the Japanese would occupy the Settlement and Concession if they were not satisfied with the measures taken by the authorities of those

areas, Colonel Mabuchi is reported to have replied that he was not in a position to make public what steps the Japanese intended to take.

Repeated to Chungking, Peiping. By air mail to Tokyo.

GAUSS

893.102S/1788 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, May 4, 1939—5 p. m.

[Received May 5—6 a. m.]

345. Japanese Consul General called on me this afternoon and handed me a copy of an *aide-mémoire* which he stated had been communicated yesterday afternoon to the American and British Ambassadors at Tokyo by the Vice Minister of Foreign Affairs in regard to the International Settlement at Shanghai, the need for revision of the land regulations, reorganization and economy in the administration and adequate Japanese voice and representation, the Chinese courts, the land office, archives, et cetera. I assume that the Embassy in Tokyo has communicated the *aide-mémoire* to the Department. Japanese Consul General stated that the text as he handed it to me was prefaced at Tokyo with a reference to representations made by the Ambassador in February last.

At the same time the Japanese Consul General orally pointed out (1) that it is highly important and necessary that the land regulations be revised and improvements and innovations introduced into the administrative machinery, to which end he asked me to be realistic and see my way to cooperate, and (2) that it is necessary to the peace and order of the Settlement that the remote status of the Chinese court be adjusted, it being absurd that an act of anti-Japanese terrorism committed by Chinese at the instigation of the Chungking Government should be judged by none other than the judges of the Chinese court appointed by the Chungking Government. He added that there is absolute necessity to rectify this absurdity and asked for my cooperation in this matter.

I replied that as I understood from him that the *aide-mémoire* had been handed to the American Ambassador at Tokyo I assumed that it would be given consideration by the diplomatic authorities and communicated to the Department and that under these circumstances I had no comment to make to him in the matter at this time.

I shall later formulate and submit to the Department my comments on the subject.

Repeated to Chungking and Peiping, by air to Tokyo.

GAUSS

893.102S/1789: Telegram

The Ambassador in Japan (Grew) to the Secretary of State

Tokyo, May 4, 1939—6 p. m.

[Received May 5—8 a. m.]

213. Our 111, February 27, 2 p. m.; Shanghai International Settlement.

1. I was called to the Foreign Office yesterday evening where the Vice Minister for Foreign Affairs handed me an *aide-mémoire* replying to our representations of February 27. Copy of the *aide-mémoire* is being sent by air mail to Shanghai, with the suggestion that Gauss in his discretion communicate the text to the Department by naval radio.⁴⁰ Sawada requested that our Government, after considering the Japanese position, cable instructions to Gauss with a view to enlisting his cooperation in working out the points presented by the Japanese Government.

2. The salient features of the *aide-mémoire* are: (a) the land regulations at Shanghai are obsolete and should be revised; (b) administrative machinery of the Settlement should be modified and improved along lines of reducing British representations and increasing Japanese representation in the Municipal Council, reducing administrative expenditures and increasing the number of Japanese in the police and other departments; (c) close cooperation is desirable between Settlement authorities and the special city government of Shanghai with a view to maintenance of peace and order and safeguarding general public welfare; (d) the Settlement authorities to suppress terrorism and to prevent the use of the Settlement as a base for anti-Japanese activities.

3. An identical or closely similar *aide-mémoire* was handed to British Ambassador.

GREW

893.102S/1790: Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, May 5, 1939—2 p. m.

[Received May 5—1:15 p. m.]

350. Reference my No. 345, May 4, 5 p. m., concerning call made yesterday by Japanese Consul General in regard to revision of the land regulations and reorganization of the administration of the International Settlement, Japanese Consul General in a statement made yesterday to the press here is reported to have said,

⁴⁰ For text, see *Foreign Relations, Japan, 1931-1941*, vol. 1, p. 838.

"It is difficult from both the practicable and legal point of view to achieve a fundamental solution of the problems concerning the International Settlement without taking into consideration the land regulations which form, so to speak, the construction [*constitution*] of the Settlement. Therefore, in my visits today, I made concrete proposals for the reform of the land regulations. We may therefore say that the so-called Settlement question has now entered its last stage. In view of the fact that the real power in the Settlement rests with the British who have American support, I visited the Consuls General of those two powers first with a view of impressing upon them our views. As a reform to the land regulations would require the unanimous approval of the Consular Body, it may turn out to be rather difficult, but I believe that if Britain and America are induced to share our views the other nations will follow suit. Now that we have raised the issue we cannot give up without achieving results. We are determined to bring all the countries concerned into agreement with us. It is our good fortune that the Italian Consul General, the Senior Consul at present, is in favor of a reform of the land regulations."

Repeated to Chungking, Peiping. Air mail to Tokyo.

GAUSS

893.102S/1793: Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, May 6, 1939—3 p. m.

[Received May 7—8 a. m.]

360. Following are my comments on the subject of Japanese proposals for revision of land regulations of the Settlement at Shanghai:

1. In my opinion the only logical inference to be drawn from the persistent Japanese criticism of and demands on the Municipal Council and the proposals now made to our Embassy at Tokyo and repeated here is that a deliberate "build up" is being undertaken with a view to attempting to justify eventual and perhaps early Japanese military occupation of the whole of the International Settlement and Japanese domination of the Municipal administration. I submit two reasons for this:

(a) The Japanese now find themselves more or less frustrated in their military activities regarding National Government and with no important military successes in sight it is not unreasonable to believe that they propose to offer as a major [accomplishment] the occupation of the Settlement and Japanese replacement of the British in the dominant position at Shanghai.

(b) Shanghai is the dominant commercial and financial center of China and particularly of the Yangtze Valley. There is here a tremendous concentration of Chinese wealth controlled and directed by Chinese enjoying refuge in the foreign areas. The Japanese plans for economic domination in this area demand that this wealth and these Chinese be reached if they are not to impose an impressive

obstacle to Japanese ambitions. They can be reached more effectively by a military occupation with the plea of "military necessity" than by more orderly processes.

2. It is difficult otherwise to understand why such persistent emphasis is being attached to the Shanghai situation to which the Japanese Consul General apparently devotes his entire [time]. As pointed out in my despatch No. 2098 of April 6⁴¹ which should soon reach the Department, in the course of another year the Japanese could probably take over and dominate the Settlement Administration by legal means. They now [hold] 35 per cent of the voting strength in the Settlement although they pay only about 9 per cent of the land and [rental] taxes upon which the right of franchise is based. This Japanese voting strength has increased 47 per cent over last year and 79 per cent over 1936. The Japanese hold the largest number of votes held by any one nationality. At the present rate of increase in voting power and taking into consideration the heavy increase in Japanese population, now 40,000, the Japanese can soon assume the dominant position in the Settlement Administration by legal means and without any necessity of revision of the land regulations.

3. As appears from my telegrams and despatches to the Department, the Municipal Council, in response to Japanese demands, has within recent months undertaken police cooperation with the Japanese authorities in the suppression of anti-Japanese terrorism; it has also vigorously undertaken to suppress Chinese patriotic societies engaged in anti-Japanese propaganda, to deal with Chinese newspapers publishing anti-Japanese articles prejudicial to peace and order and notwithstanding Chinese opposition, it is sought to limit the display of the Chinese national flag in the areas south of the creek (parenthetically, the Japanese are not satisfied with a limitation on the display of the Chinese flag and are now demanding that it be entirely suppressed in the Settlement and Concession. Any attempt to this end may lead to disorders). The pay of the Japanese members of the police has been increased, effective May 1st, and a tentative agreement was reached recently between the Council and the Japanese authorities for substantial increase in Japanese representation and authority in the police administration particularly in areas north of the creek. (This agreement has not been finally approved however due to the fact which I have recently learned confidentially that the British Consul General deemed it necessary to refer to London for instructions before advising British members of the Council to give final approval.)

4. While all Japanese demands on the Council have not been met, the reasonable demands have been met in as substantial manner as

⁴¹ Not printed.

possible. On the other hand, however, the Japanese naval landing party remains in control of the areas of the Settlement north of the creek, which areas are the important situs of the industrial, warehouse, public utility, docks and wharves section of the Settlement and port. The Japanese have permitted only a small municipal police contingent to function in those areas, under Japanese domination. The Health and Public Works Departments can operate apparently only insofar as the Japanese consider desirable. The tramways and omnibus companies, both British, holding municipal franchises, are not permitted to operate in the northern areas. The Japanese are operating their own busses in infringement of the British franchise. They are also licensing rickshaws independently of the Settlement authorities and are said to be deriving a revenue of about 600 yen a day from this source, these funds being collected by the Japanese Residents Association. There are restrictions on the entry of all Chinese to the area, and other restrictions make it difficult for foreign mills, factories, docks and wharves to function efficiently or satisfactorily. Only recently has the system requiring Japanese permits for the movement of cargo out of or into the northern areas been relaxed by the Japanese.

5. The Japanese well know that no revision of the land regulations of the Settlement has been possible for years because of the attitude of the Chinese Government and in suggesting that such revision should now be undertaken they can only contemplate that the negotiations must be with the Chinese puppet regimes set up by the Japanese themselves. They certainly realize that the foreign powers cannot recognize or deal with such regimes for the purpose; and they count on a refusal to do so to add to the "build up" to justify military occupation. The so-called "Reformed Government" at Nanking has not even yet been recognized formally by the Japanese themselves.

6. The *aide-mémoire* delivered at Tokyo makes a great deal of the need for cooperation by the foreign municipalities at Shanghai with the puppet regime known as the Special Municipality of Shanghai. That regime as they well know enjoys neither respectability nor responsibility. Little more need be said than to point to the gambling dens, narcotic shops and opium hongs maintained in the western area of Shanghai where this puppet regime is supposed to have jurisdiction. The new regime does not even have authority in such a simple matter as traffic regulations, the Japanese naval landing party having established such regulations for those areas under the nominal jurisdiction of the puppet municipal administration as well as the Settlement area north of the creek.

7. On the subject of the Chinese courts, the oral representations made to me by the Japanese Consul General as reported in my tele-

gram No. 345 of May 4, 5 p. m., are without point since Chinese engaging in anti-Japanese terrorism are not tried by the Chinese courts of the Settlement but are now expelled from the Settlement into Japanese hands and thereby dealt with by the Japanese military authorities. It is true as reported in my despatch No. 2065 of March 22,⁴² that the Chinese courts have been inclined to deal very leniently with these political assassins in the past; but they do not now judge these cases. The municipal advocate, an American attorney,⁴³ tells me that in other criminal cases where Japanese are complainants the Chinese judges have invariably administered justice without prejudice. There is no information available on the results in the Sino-Japanese civil cases but no complaint has been heard on that subject. The desire of the Japanese to place in the seats of the judges of these courts Chinese of the type that adhere to puppet regimes is actuated not only by a determination thus to force recognition of the puppet regimes but in my opinion by the sinister determination to use these judges to reach out against prominent and wealthy Chinese and Chinese wealth through the courts where this may be considered necessary, the Japanese and their puppet regimes would undoubtedly seek to enforce through these courts confiscatory and other decrees of the puppet regimes against Chinese and Chinese institutions now enjoying refuge in the foreign protected Settlement areas. The attempts to obtain possession of the Chinese land office records now in the custody of the Municipal Council are probably actuated by the same purpose.

8. The Secretary General⁴⁴ of the Council several months ago requested the opinion of the American, British and French Consuls General on the question of the surrender of the land records to the regime. After consultation we replied in similar letters to the effect that the matter was one in which it is for the Council and not for the consular representatives to make the decision. But we added our personal opinion that when the new Chinese municipal regime attained to a reasonable degree of authority and responsibility the records must be surrendered and that meanwhile perhaps that [was?] one of a number of subjects on which informal and unofficial conversations might be held between executive officers of the Council and officers of the new regime at a convenient opportunity. It was our opinion that steps toward cooperation with the regime in the Chinese areas might be opened on such matters as public health, public works, and police, in an informal manner such as that suggested. Later I

⁴² Not printed.

⁴³ Robert T. Bryan, Jr.

⁴⁴ Stirling Fessenden, an American lawyer.

learned that the British Ambassador intervened to overrule the opinion of the British Consul General with the result that the British dominated Council did nothing.

9. As previously stated, I am satisfied that the Japanese well know that the foreign powers will be unable to cooperate in a revision of the land regulations in negotiation with a puppet regime and that the suggestion for such cooperation and revision is simply part of the "bracer" to a point where the Council finds itself unable to yield further to Japanese demands and the whole of the Shanghai Settlement will be occupied by force. Such occupation is necessary and vital to the plans for Japanese economic domination in central China; unless it is carried out the Japanese will be unable to reach or control the tremendous Chinese wealth and the prominent Chinese now operating from their refuge in the foreign protected areas.

10. While I believe that American influence might perhaps be stronger than any other in deterring the Japanese Government from following such a course, I am of the opinion that the matter is so vital to the Japanese that they will not long be deterred from carrying it out. I assume, however, that the American reply to the Japanese *aide-mémoire* must necessarily be one of rejection of the proposal to revise the land regulations at this time.

Repeated to Chungking and Peiping; by airmail to Tokyo.

GAUSS

893.102S/1794 : Telegram

The Chargé in China (Peck) to the Secretary of State

CHUNGKING, May 10, 1939—1 p. m.

[Received 1:40 p. m.]

319. 1. I called this morning on the Minister and the Vice Minister for Foreign Affairs. In the course of a general conversation the Minister made the following observations:

2. The Foreign Office intends to address further notes to the interested powers protesting against the proposal to limit the number of occasions on which the national flag may be displayed in the International Settlement and against a set of six restrictions issued to Chinese newspapers prescribing subjects that may not be dealt with in such publications. He had heard of no similar restrictions as applied to Japanese or their Chinese sympathizers there and he regarded the position as far from "neutral". The Chinese population of the Settlement is loyal to the Chinese Government and has the right in the Settlement to express its loyalty; moreover, the Government does not want patriotic Chinese there to feel that it has abandoned them.

I observed that the Department had not authorized and much less directed me to discuss this subject with him but that since he had mentioned it I might say strictly as a private person that foreign governments were finding it difficult to maintain the property and some other rights of their own citizens at Shanghai and that the Chinese were not alone in suffering inconvenience from the military occupation by the Japanese of the area around that port. I thought that his remarks could not be questioned if applied to areas in foreign countries but that the situation in Shanghai was peculiar in the way described. Dr. Wang said that he recognized that the Municipal Council had a very difficult situation to handle but he still felt that it was acting with undue leaning toward the Japanese side. I assured him that all his representations on this subject were given very serious consideration by the Department.

3. The Minister said he understood the Secretary of State had testified before the Senate Committee in regard to neutrality legislation and inquired whether I knew the nature of his observations to which I replied in the negative. In a very serious tone he deplored the fact if, as he had read, the United States is supplying to Japan over 50% of the materials used in death-dealing raids on Chinese cities. I promised to report the gist of his observations to the Department but referred to our aid to China such as purchase of Chinese silver, commercial credit, et cetera. (If the protest authorized in the Department's May 8, 7 p. m. to Tokyo⁴⁵ is made,⁴⁶ publicity in China would doubtless produce further desirable effect in counteracting what the Chinese regard as inconsistencies in our policy.)

4. Replying to questions the Minister said no important Government official had been killed in the recent raids and the Government was functioning as usual although many organs had moved to adjacent places. He commented that what the Japanese described as the "immutability" of their policy was based solely on free choice while China's policy of resistance was founded not only on unalterable determination but also on circumstances that left no room for choice. He promised to send me information regarding nature of damages suffered in Chungking but desired that geographical situations be kept confidential since it seemed to be the Japanese intention to destroy all areas still intact. Some 3,000 casualties from the 2 days bombing have been ascertained with bodies still being discovered. In regard to the Diplomatic Missions here, he said that a crowd of more than 20 Chinese had been burned alive at the foot of the wall surrounding the German Embassy despite efforts to rescue them and the

⁴⁵ *Post*, p. 325.

⁴⁶ For representations on May 11 by the Ambassador in Japan, see memorandum by the Ambassador, *Foreign Relations*, Japan, 1931-1941, vol. 1, p. 646.

Embassy was surrounded by fire; several bombs fell on the British Embassy and the Japanese excuse of nearby anti-aircraft guns was untenable because so far as he could learn there were none in the bombed areas nor any less than 2 miles from the British Embassy.

Repeated to Peiping, Shanghai.

PECK

893.102S/1795: Telegram

The Chargé in China (Peck) to the Secretary of State

CHUNGKING, May 11, 1939—3 p. m.

[Received May 11—8:10 a. m.]

325. Reference my 300, May 1, 3 p. m. and 319, May 10, 1 p. m. Following is Embassy's translation of note dated May 10 from the Foreign Office:

"The Ministry of Foreign Affairs presents its compliments to the American Embassy and, with reference to the interference of the authorities of the International Settlement of Shanghai with the hoisting of the Chinese national flag by the populace, has the honor to acknowledge receipt of Embassy's reply May 3, of which the contents have been noted. A reply was subsequently received from the British Embassy stating that the authorities of the International Settlement of Shanghai have fixed a total of 8 days in each year for the hoisting of flags.

The Ministry has now the honor specially to announce that residents of the International Settlement of Shanghai certainly possess the right to hoist flags as provided above, and that even apart from the 8 days in question the freedom of Chinese residents to hoist flags is not subject to the effect of the restrictions stipulated by the authorities of the International Settlement.

Apart from communicating separately with the British Embassy, the Ministry in inditing this note requests the American Embassy to communicate to the authorities of the International Settlement of Shanghai the responsibility of respecting the freedom of Chinese residents of the Settlement to hoist flags."

The Embassy is replying to the note stating that the matter has been referred to the Department.

Repeated to Peiping and Shanghai. Shanghai mail to Tokyo.

PECK

893.102S/1796: Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, May 11, 1939—3 p. m.

[Received May 11—1:40 p. m.]

370. At the instance of the French Consul General as head of the French Concession, the Chairman of the Shanghai Municipal Council

yesterday convened a conference attended by police and executive authorities of the two municipalities, by the French Consul General and, by invitation, by the American and British Consuls General.

(2) French Consul General disclosed that the regulations for the mobilization movement at Shanghai contemplates mass organization of the Chinese for anti-Japanese propaganda and opposition to Japanese. Authorities of both municipalities are very much concerned over the situation as the Chinese apparently intend to continue and intensify their political activities here. Notwithstanding acquiescence by Chinese Notepayers [*Ratepayers*] Associations in the order that display of the Chinese flag should be restricted to 8 specified days during the year, the Chinese recently violated the order on anniversary of the 21 demands and when police required that flags be lowered there was evidence of opposition and of some organized attempt to close business establishments in protest [and?] Chinese language newspapers, principally those claiming American and British status, also continue to offend. It is the opinion of both municipalities that firm measures must be taken to impress upon the Chinese that continued political activity must cease. French Consul General suggested necessity for drastic curfew orders and also study of a possible requirement for registration of all Chinese residents—about 2½ million—and strict control of all Chinese entering the foreign areas by whatever channel.

(3) It was agreed that the two municipalities would issue a joint proclamation cautioning the public (particularly the Chinese of course) that the neutrality of the foreign areas must be strictly respected and that unless political activity ceases immediately it will become necessary, without further warning, to introduce strict curfew measures and to expel all persons engaging in political activities, et cetera. However, it was also agreed between the two municipalities that at the first further indication of opposition on the streets to police measures, a strict and drastic curfew shall be applied in both foreign areas, with intensive searches, et cetera. And if there is further display of the Chinese flag on other than the authorized days, the two municipalities will consider that the understanding has been violated on the Chinese side and consideration will be given to reducing the number of authorized days or of prohibiting entirely the display of the flag. In this connection, the Japanese authorities and the puppet municipal regime are protesting strongly against any display of Chinese National Flag.

(4) Chairman of the Municipal Council disclosed that he had convened a meeting of the publishers and editors of Chinese language newspapers and had received assurances of cooperation. He hoped that situation would improve. (I doubt it.)

(5) Chairman also disclosed that the Secretary General of the Council has had informal discussions with head of the Chinese puppet municipal regime and in complete accord [*regime with reference to?*] improved relations but the "Mayor" made it plain that nothing could be expected from his side until the demands concerning Chinese courts and the land office records are complied with.

(6) Both municipalities disclosed that there is difficulty being experienced with the Chinese puppet municipal regime in the matter of disposal of garbage and ordure, the Japanese *gendarmérie* apparently supporting the Chinese position. It is believed, however, that this matter will be settled.

(7) French Consul General has agreed to furnish my British colleague and me with text of the mobilization regulations as obtained by his police. It is our opinion that the situation should be brought to the attention of our Governments with the recommendation that strong representations should be made to the Chinese Government for the cessation of all Chinese political activity in the foreign areas at Shanghai and respect for the neutrality of those areas which severally has provided security for Chinese residents and Chinese interests. Unless this is done the Chinese are simply playing into the hands of the Japanese in their "build up" which I reported in my telegram No. 360 of May 6, 3 p. m. and ultimately must suffer therefrom.

Repeated to Chungking and Peiping. Code text by air mail to Tokyo.

GAUSS

893.102S/1799: Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, May 12, 1939—11 a. m.

[Received May 13—7:35 a. m.]

374. Following joint proclamation issued May 11th by Shanghai Municipal Council and French Concession.

"From the beginning of the present hostilities the authorities of the French Concession and the International Settlement have striven continuously to preserve the neutrality of the areas under their control so that law-abiding residents may continue with security to carry on their lawful occupations and so that the safety of life and property may be preserved for all persons irrespective of nationality. Activities of a political nature though regarded by those participating in them as being of patriotic character cannot legitimately be carried on in neutral areas whose neutrality is respected solely because of the existence of the foreign authorities of the Concession and Settlement respectively. Associations of a political nature can accordingly not be allowed to operate in the areas under the control of the authorities

of the French Concession and the International Settlement. Their continued activities would in the opinion of the authorities concerned be inconsistent with that secure neutrality which it is their common object to preserve for the benefit of the whole community. It is accordingly hereby proclaimed that any person participating in the activities of any such association either directly or indirectly may be denied the sanctuary of the Concession and the Settlement and will be liable to expulsion therefrom. Warning is also hereby given that the two authorities concerned may at any time without further notice take any steps that they may deem it necessary to take in order better to ensure the preservation of law and order. In particular a notification may at any time be issued imposing without further notice, if so deemed, necessary drastic curfew regulations. Finally notice is given that the authorities of the French Concession and the International Settlement intend to take the most drastic steps within their power to punish any person who at this time commits any act prejudicial to the preservation of peace, order and good government."

Repeated to Peiping, Chungking. Airmail to Tokyo.

GAUSS

893.102S/1797 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, May 12, 1939—2 p. m.

[Received May 12—8:30 a. m.]

375. For Hornbeck.⁴⁷ Stirling Fessenden, Secretary General of the Municipal Council, has asked me to send you the following message.

"Possibility violent Japanese action against International Settlement. Strongly urge if possible public statement by State Department that any such act would be regarded as unfriendly to American Government."

GAUSS

893.102S/1810 : Telegram

*The Commander in Chief, United States Asiatic Fleet (Yarnell),
to the Chief of Naval Operations (Leahy)*⁴⁸

[SHANGHAI,] May 12, 1939.

I strongly recommend that the State Department inform the Japanese Government Foreign Office in Tokyo that any unilateral action against the present Government of the International Settlement will be viewed with grave disapproval. Such notification will enable the Foreign Office to control the action of their army. I believe that such notification should be made public by our State Department in order that the Nipponese Army will know, without being informed by

⁴⁷ Stanley K. Hornbeck, Adviser on Political Relations.

⁴⁸ Paraphrased telegram transmitted to the Department on May 12 by the Navy Department.

their Foreign Office, of the views and attitude of the United States Government.

I recommend this action because much apprehension is being felt by the authorities in the International Settlement that the Japanese Army may take action regarding the Settlement probably without knowledge or approval of the Tokyo Foreign Office. Any such action would undoubtedly lead to a dangerous situation for foreigners due to the large population of Chinese in the Settlement and French Concession.

893.102S/1798 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, May 12, 1939—4 p. m.

[Received May 12—1 : 20 p. m.]

377. The Japanese Consul General left yesterday for Tokyo reportedly to confer on the Shanghai problem.

The American Chairman of the Shanghai Municipal Council tells me that he considers the American attitude on the Settlement question as of especial importance as only the United States can have an effective influence on Japan at this time, that he believes the greatest danger is that the Japanese military or naval forces might decide to occupy the Settlement without prior reference to Tokyo, and that in indicating our inability to undertake the revision of the land regulations at this time it would be effective if the United States were to declare and make public that it would regard as an unfriendly act any measures taken without our assent affecting the status of the Settlement.

I do not believe that military occupation is likely without the full knowledge of Tokyo and careful preparation. I am of the opinion, however, that it might be desirable to make it known that we would take a serious view of any measures affecting the status of the Settlement without our assent.

Repeated to Chungking and Peiping, code text by air mail to Tokyo.

GAUSS

893.102S/1799a : Telegram

The Secretary of State to the Ambassador in Japan (Grew) ⁴⁹

WASHINGTON, May 12, 1939—6 p. m.

125. Please call at the earliest opportunity upon the Minister for Foreign Affairs and inform him orally, as under instruction from

⁴⁹ Approved by President Roosevelt.

your Government, that according to a press despatch from Shanghai a Japanese spokesman is reported to have made remarks today indicating that Japan might occupy the International Settlement at Shanghai, that it is of course possible that the statements of the Japanese spokesman at Shanghai may not have been accurately reported; that your Government is unable to believe that the views attributed to the spokesman represent the official views of the Japanese Government; that it is the view of your Government that adjustment of any problems which have arisen in connection with the International Settlement at Shanghai can and should be effected by orderly discussion by and among the parties concerned; and that your Government would regard as unlawful and unwarranted and as a deliberate impairment of rights and interests of the United States any usurpation by any power of the rights and duties of the duly constituted authorities of the International Settlement at Shanghai.

Please also inform the Foreign Minister that your Government is giving full consideration to the Japanese Government's recent communication ⁵⁰ in regard to matters affecting the International Settlement at Shanghai and that it expects shortly to have completed a reply thereto.

Please repeat to Shanghai for repetition by Shanghai to Peiping and Chungking.

HULL

893.102S/1800a : Telegram

*The Secretary of State to the Consul General at Shanghai (Gauss)*⁵¹

WASHINGTON, May 12, 1939—6 p. m.

161. Tokyo's 213, May 4, 6 p. m., and Shanghai's 345, May 4, 5 p. m., 356, May 5, 8 p. m., 360, May 6, 3 p. m., and 362, May 8, 2 p. m.,⁵² Shanghai International Settlement.

1. Unless you perceive objection and subject to any comments or suggestions which you may make in the light of your knowledge of the situation at Shanghai, the Department desires that you repeat this telegram to the Ambassador at Tokyo with the request as from the Department that he make reply to the *aide-mémoire* which the Japanese Foreign Office delivered to him on May 3,⁵³ as reported in Shanghai's 356, May 5, 8 p. m., and 362, May 8, 2 p. m., along lines substantially as follows:

[For *aide-mémoire* dated May 17, see *Foreign Relations, Japan, 1931-1941*, volume I, page 842.]

⁵⁰ *Aide-mémoire* of May 3, *Foreign Relations, Japan, 1931-1941*, vol. I, p. 838.

⁵¹ Approved by President Roosevelt.

⁵² Telegrams Nos. 356 and 362 not printed.

⁵³ *Foreign Relations, Japan, 1931-1941*, vol. I, p. 838.

2. The Department suggests that, before the reply is delivered, the Ambassador at Tokyo and the Consul General at Shanghai confer with their British colleagues with the thought that the British Government may wish to make a similar but separate reply to the Japanese Foreign Office. It is believed desirable that the American and the British replies be synchronized as nearly as practicable in point of time unless in your opinion and that of the Ambassador at Tokyo the urgency of the situation makes it inadvisable that our reply be delayed.⁵⁴

3. The Department also suggests that when making reply the Ambassador might, unless objection is perceived, point out orally to the appropriate Japanese officials that the Chinese courts in the International Settlement do not now hear cases involving anti-Japanese terrorism, that in other criminal cases where Japanese are complainants these courts have invariably rendered decisions without prejudice, and that no complaint has been heard in regard to decisions in Sino-Japanese civil cases.^{54a}

4. The Department contemplates releasing the text of the above reply to the press immediately after it has been delivered.

Repeated to Chungking and Peiping.

HULL

893.102S/1800: Telegram

The Ambassador in Japan (Grew) to the Secretary of State

Tokyo, May 13, 1939—2 p. m.

[Received May 13—6:10 a. m.]

222. Department's 125, May 12, 6 p. m. I called this morning on the Foreign Minister and orally carried out the Department's instructions.⁵⁵ Arita said that the alleged statement of the Japanese spokesman in Shanghai had not come to his attention but in any case he asked me to convey to you his categorical assurances that Japan has no intention whatever to occupy the International Settlement in Shanghai.

The Minister expressed particular pleasure and satisfaction at the information that the American Government is giving full consideration to the Japanese Government's recent communication in regard to matters affecting the International Settlement at Shanghai and that it expects shortly to have completed a reply thereto.

Repeated to Shanghai for Peiping and Chungking.

GREW

⁵⁴ Similar representations were made by the British and French Ambassadors in Japan.

^{54a} See oral statement by the Counselor of Embassy in Japan, May 17, *Foreign Relations*, Japan, 1931-1941, vol. I, p. 844.

⁵⁵ See the Ambassador's memorandum of May 13, *ibid.*, p. 841.

893.102S/1796 : Telegram

The Secretary of State to the Consul General at Shanghai (Gauss)

WASHINGTON, May 13, 1939—2 p. m.

164. Your 370, May 11, 3 p. m., and Chungking's 325, May 11, 3 p. m., in regard to the situation in the International Settlement. The Department is studying the question of making representations to the Chinese Government as recommended in paragraph 7 of your telegram No. 370. In its study it would be helpful to the Department to have (a) the gist of the "regulations for the mobilization movement at Shanghai" mentioned in your telegram under reference, (b) any information available in regard to the source of those regulations, and (c) whether the information given by you in regard to those regulations may properly be used by the Department in an approach to the Chinese Government. The Department also desires to receive a summary of such Chinese activities within the International Settlement as in your opinion are unwarranted and might appropriately be cited in making an approach to the Chinese Government.

Repeated to Chungking and Peiping. Shanghai please repeat to Tokyo.

HULL

893.102S/1801 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, May 13, 1939—2 p. m.

[Received May 14—7 a. m.]

382. Chairman of Shanghai Municipal Council yesterday addressed the Senior Consul to the effect that on May 5 Japanese gendarmes arrested five Chinese in the International Settlement south of Soochow Creek, giving no notice to the police and making no request for police cooperation or assistance. Persons arrested were not handed over to the police. (It is understood they were immediately taken to Japanese occupied territory.) Chairman points out that this is a violation of the recent understanding regarding cooperation for detection and suppression of terrorism under which Japanese gendarmes are not to function independently of the police. The Chairman asserts that on no occasion has police assistance been refused when requested for the purpose of investigating alleged acts of terrorism. He states that while the plea of urgency may be advanced in an attempt to justify the action taken without awaiting police cooperation it is difficult to understand what plea can be made to justify failure to deliver the persons arrested to the nearest police station. He declares that unless repetition of such incidents can be prevented

it will be quite impossible for the municipal police to continue with mutual confidence that cooperation which the Japanese authorities have requested and he asks that steps be taken to obtain assurance from the Japanese authorities that there will be no repetition of such an incident.

Repeated to Chungking and Peiping. By air mail to Tokyo.

GAUSS

893.1028/1804: Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, May 16, 1939—1 p. m.

[Received 1:25 p. m.]

390. Reference Department's 164, May 13, 2 p. m., regarding the International Settlement.

(a) Following is gist of regulations governing the "Shanghai People's Mobilization General Society": Article 2 states the purpose of the society is to "carry on propaganda among the people, organize the people and to develop a widespread mass movement in Shanghai to carry on military, political, all anti-Japanese and national salvation work, provided they are not contrary to the laws and ordinances of the Government" (meaning the National Government). Article 8 reads in part: "As this society is intended to organize the people during the period of resistance everything shall be militarized. Under the general society there shall be established four mobilization societies for students, laborers, merchants, and women." Article 9 reads in part: "In order to develop a mass movement in the suburbs of Shanghai this society shall separately organize a 'People's Self-Defense Corps for Resistance Against the Enemy' which shall be of an entirely military nature." Article 13 reads in part: "With a view to exercising internally strict prevention against spies and externally exterminating traitors this society shall have a special service section under the Department of Organization." Article 28 reads: "These regulations shall be put into force from the date of approval by the General Mobilization Committee of the General Society and shall be submitted to the Kuomintang and administrative organizations for record."

This society was inaugurated at Shanghai on March 23 and secretly issued and circulated inciting manifesto which contained such statements as "we swear hereafter we will not live with the enemy robbers under the same sky and will demonstrate the strength of the various classes of the people. Not only will the obstinate enemy in the suburbs be caused to shrink and to conceal themselves and to return Chinese territory to us but also in the foreign Concessions we should make

known the heroic and unyielding spirit of descendants of our Chinese ancestors". Speaking of the eradication of traitors the manifesto stated "some may assume responsibility for detection and secret service work, some may undertake the work of assaulting and killing the traitors".

(b) There appears to be little doubt that the society and the regulations governing its purposes and operation were drawn up by the local branch of the Kuomintang. On March 18 the local Chinese language newspapers published the Shanghai Kuomintang's organic outline of the society which indicated that the local party office was responsible for its establishment; it was also announced on the same day that the local party office had selected 30 persons to serve as the society's committee. Furthermore the speech made by General Chiang Kai Shek on April 17 in which he exhorted all Chinese citizens to bolster the mobilization movement was given great prominence in the local Chinese press and was directly connected with the local development of the movement.

(c) As regards the use of the foreign information in representations to the National Government, I feel that there would be no impropriety in referring to the objectives and organization of the society or in citing specific articles of the regulations. I believe however that the source from which the regulations were obtained (the French Consul General) should not be disclosed.

With reference to Chinese activities within the International Settlement which may be considered unwarranted, I feel that the continued secret but active functioning of the Kuomintang is directly responsible for much of the terrorism, political agitation and anti-Japanese propaganda which are to be found here. The local Kuomintang is not only largely responsible for such organizations as the Mobilization Society but is also believed to be connected with such terrorist societies as the so-called "Chinese Youths' Iron and Blood Corps for National Salvation". The local Kuomintang office is also understood constantly to press the various Chinese educational and labor organizations to engage in "patriotic" activities.

I am told by press sources that when prominent Chinese such as T. V. Soong⁵⁶ have been warned that continued political activity here must eventually result in drastic action by the Japanese and perhaps in Japanese occupation of the Settlement and Concession to the serious detriment of Chinese interests and the safety of Chinese residents, they have been of the opinion that Japan "would not" antagonize the foreign powers by such action. Efforts have been made here in the past to point out the serious possibilities of the situation to prominent

⁵⁶ Former Chinese Minister of Finance.

Chinese who however have apparently been fearful of being misunderstood locally and at Chungking if they counseled moderation. Recently however there has been some indication here of a realization of the seriousness of the situation and I am told that some moderating influence is being exerted. Developments at Amoy may have a sobering effect in regard to Shanghai. The Chinese Government apparently does not understand that there is not sufficient strength and no intention on the part of the foreign garrison forces here to prevent a Japanese occupation of the Settlement and Concession if the Japanese determine to undertake it. Chinese terrorism and anti-Japanese activities have given abundant pretext for such action.

Repeated to Chungking and Peiping, code text by air mail to Tokyo.
GAUSS

893.102S/1808 : Telegram

The Chargé in China (Peck) to the Secretary of State

CHUNGKING, May 19, 1939—11 a. m.
[Received May 19—7:15 a. m.]

340. Reference Embassy's 222, March 29, 9 a. m., and 226, March 30, 10 a. m.,⁵⁷ and Department's 63, April 3, 8 p. m., and Shanghai's 382, May 13, 2 p. m. Following is Embassy's translation of a note dated May 18 from the Chinese Foreign Office:

"The Ministry of Foreign Affairs has received a report to the effect that on May 5, 1939 Japanese gendarmes arrested five Chinese in a certain restaurant in the International Settlement of Shanghai.

It is observed that, with reference to the case of the illegal search and apprehension by Japanese military authorities of residents of the International Settlement of Shanghai, communications have repeatedly been addressed to the American Embassy requesting it to transmit instructions to the Settlement authorities to take steps to stop such activity, as well as to insure the nonrecurrence of similar incidents in the future. Now the action of the Japanese gendarmes in again arbitrarily arresting five Chinese in the Settlement is obviously in contempt of the police rights of the Settlement. The lives of residents of the Settlement will hereafter lose their security.

The Ministry has the honor therefore to reiterate its request that the American Embassy give its serious attention to the matter and take steps to order the early release of the five Chinese in question. A reply is also requested".

The Embassy is replying to the note to the effect that the matter has been referred to the Department and Shanghai.

Sent to Shanghai, repeated to Peiping.

PECK

⁵⁷ Telegram No. 226 not printed.

893.102S/1807: Telegram

The Chargé in Japan (Dooman) to the Secretary of State

TOKYO, May 19, 1939—2 p. m.

[Received May 19—8 a. m.]

237. 1. The British Ambassador is recommending to London that the British Government consult with the American Government with a view to agreeing on the taking of *ad hoc*ing action (for example, embargo on specified imports or exports) in the event of the Japanese military taking forcible action against the International Settlement at Shanghai. It is Craigie's thought that if some plan can be agreed upon, "it would have an excellent deterrent effect if my United States colleague and I were authorized, at our discretion, to give Minister for Foreign Affairs some hint of what would be likely to happen if Japanese Government were to allow their local military authorities to get out of hand".

2. Replying yesterday to Craigie's invitation to support the proposed action, Mr. Grew said that he could not for several reasons recommend it to his Government. He pointed out that the present discussion in Congress of neutrality legislation has become a matter of prime political importance; that retaliatory embargoes would require consideration from many points of view and not alone that of policy in the Far East; and that as the Japanese Government has given assurances that there will be no forcible action against the Settlement to "hint" at retaliatory action before anything has happened in contravention of these assurances would inevitably be taken as a threat. Mr. Grew added as his opinion that such action as the United States might take would have to be based on actual developments rather than [than] on the anticipation of such developments. I concur.

Repeated to Shanghai.

DOOMAN

893.102S/1795: Telegram

The Secretary of State to the Chargé in China (Peck)

WASHINGTON, May 19, 1939—6 p. m.

90. Your 300, May 1, 3 p. m., 325, May 11, 3 p. m., and 330, May 14, noon,⁵⁸ quoting the texts of three notes dated April 27, May 10 and May 13, respectively, from the Chinese Ministry of Foreign Affairs in regard to the situation in the International Settlement at Shanghai.

The Department desires that you call at the earliest practicable date

⁵⁸ Telegram No. 330 not printed.

on the Minister for Foreign Affairs and that you read to him, and leave with him as record of what you say, an *aide-mémoire* along lines as follows:

"Reference is made to the three notes addressed to the American Embassy by the Chinese Ministry of Foreign Affairs bearing dates of April 27, May 10 and May 13, 1939, all of which relate to various aspects of the situation in the International Settlement at Shanghai.

In its note of April 27 the Chinese Ministry of Foreign Affairs referred to press reports that the Japanese had recently asked the authorities of the International Settlement at Shanghai to prohibit the hoisting of the Chinese national flag in the International Settlement, observed that Chinese civilians and organizations in the International Settlement at Shanghai should not be subject to interference from anyone in hoisting their national flag, and requested that an instruction be transmitted to the authorities of the International Settlement not to accept the Japanese demand nor to interfere with the freedom of Chinese citizens in hoisting their national flag. In its note of May 10, the Ministry referred to the fixing by the authorities of the International Settlement of a total of 8 days in each year for the hoisting of the Chinese national flag in the Settlement, observed that the freedom of Chinese residents to hoist their flag was not subject to the restrictions imposed by the authorities of the International Settlement, and requested that the authorities of the International Settlement at Shanghai be informed of their responsibility to respect the freedom of Chinese residents in the Settlement to hoist their national flag. In its note of May 13, the Ministry referred to a report to the effect that Japanese marines had occupied Kulangsu by force on May 11, observed that this was a test case, that its repercussion on the future of the concessions at Shanghai and Tientsin might be great, and that the Chinese Government was much concerned, and requested that the Government of the United States give its most serious attention to the matter.

The Government of the United States has given careful consideration to and fully appreciates and understands the general attitude and concern of the Chinese Government as expressed in the three notes described hereinabove and is confident that the authorities of the International Settlement at Shanghai also appreciate and understand the attitude of the Chinese Government in regard to Chinese residents and interests in the International Settlement.

On the other hand the Government of the United States urges that the Chinese Government give full consideration to the extremely difficult problems confronting the authorities of the International Settlement at Shanghai in the situation prevailing in that area.

Through the combined efforts of the nationals of many countries Shanghai has been developed as a great cosmopolitan center in which are concentrated large interests of Chinese and foreign nationals alike. In the development of that great Chinese port the International Settlement has played and continues to play no small part. In times of stress and disturbance the Settlement has, by reason of its international character, afforded protection both to Chinese and to foreign lives and interests. Inherent in that international character, however, is an obligation on the part of the Settlement authorities and com-

munity to avoid involvement of the Settlement in disputes which have their origin elsewhere than in the International Settlement. The Government of China is not in position at the present moment to afford physical protection to its nationals in the Shanghai area. The Chinese nationals and large Chinese interests in that part of the International Settlement which is under the effective control of the Settlement authorities owe to the protection afforded by the International Settlement their comparative immunity to many of the effects of the present conflict between the forces of China and Japan. In view of this fact, the consideration is urged that those enjoying the protection of the International Settlement, whatever their nationality or whatever their allegiance and sympathies in regard to conflicts originating elsewhere but having repercussions in the International Settlement, should not engage in activities within the Settlement which tend to prejudice the position of the Settlement and of the Settlement authorities.

There have come to the attention of the Government of the United States regulations formulated to cover the activities of the 'Shanghai People's Mobilization General Society'. This society is understood to have for its stated object the development of a widespread mass movement to conduct political, military and anti-Japanese and 'national salvation' work at Shanghai. The regulations indicate that they will be put into force from the date of their approval by the General Society and further that they shall be submitted to the 'Kuo-mintang and administrative organizations for record'.

The Government of the United States is confident that the Chinese Government will realize that, in the circumstances now obtaining at Shanghai, the carrying on in the International Settlement of political activities, however patriotic and laudable such may be from a Chinese national point of view, cannot but prejudice the position of the International Settlement and tend to precipitate issues such as those in regard to which the Chinese Government expressed its serious concern in its note of May 13.

The Government of the United States is persuaded that the authorities of the International Settlement are endeavoring to the best of their ability to deal fairly with the realities of the extremely difficult situation confronting them, and is convinced that the interests of all concerned, and especially the extensive Chinese interests centered in the International Settlement, would be best served if the Chinese Government would use all means at its disposal to discourage all activities in the International Settlement on the part of individual Chinese and Chinese organizations which tend to disturb the peace and order and to prejudice the international character of that Settlement.

With regard to the specific question raised by the Chinese Government of the freedom of Chinese residents in the International Settlement to hoist their national flag, the Government of the United States observes that the action of the Settlement authorities in regard to the hoisting of flags represented a compromise which reflects the difficult situation confronting those authorities. While fully appreciating the interests of the Chinese Government in the rights of its citizens at Shanghai, the Government of the United States is convinced that in the situation now existing at that place insistence by the Chinese Government or by Chinese nationals upon the exercise of all of their

legal rights or upon the carrying on of Chinese national political activity in the International Settlement at Shanghai would not be to the best interests of China.

The Government of the United States hopes that the Chinese Government will regard this approach in the spirit in which it is intended, namely, as designed to be helpful not only to the interests of the United States but to the interests of China as well. The Government of the United States earnestly hopes that the Chinese Government will give this whole matter its most serious attention. For its part, the Government of the United States assures the Chinese Government that it and its representatives in the Far East are endeavoring to keep in mind all phases of the situation affecting the International Settlement at Shanghai and that they are exercising their best efforts in the interests of all concerned."

Please ask the Minister for Foreign Affairs, as from me, to be so good as to bring the above indication of our views to the attention of other concerned high authorities of the Chinese Government.

Please in your discretion inform your British and French colleagues in confidence of the approach being made to the Chinese Government.

Please inform the Department promptly when you have presented the *aide-mémoire*, whereupon the Department contemplates taking the matter up here with the Chinese Ambassador.

Repeated to Peiping and Shanghai. Peiping please repeat to Tokyo.

HULL

893.102 Kulangsu/140 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, May 20, 1939—2 p. m.

[Received May 20—11:44 a. m.]

976. The Chief of the Far Eastern Division at the Foreign Office⁵⁹ said to us this morning that he felt that the situation at Kulangsu⁶⁰ had developed very favorably due to the firm attitude of the American, British and French Governments and that this should produce a useful effect upon developments at Shanghai.

He had been impressed by the American *aide-mémoire* to the Japanese⁶¹ published on May 18 regarding the questions raised by the Japanese affecting the International Settlement of Shanghai. He had this morning asked the British Embassy for confirmation of the report that the British Ambassador at Tokyo yesterday had made an answer to the Japanese substantially similar to the American reply.

If this is confirmed, Chauvel said that the French Government probably would make a *démarche* at Tokyo supporting the stand of the American and British Governments.

⁵⁹ Jean Chauvel.

⁶⁰ See pp. 108 ff.

⁶¹ *Foreign Relations, Japan, 1931-1941*, vol. I, p. 842.

So far as the Foreign Office is aware the French Ambassador at Tokyo was not handed the *aide-mémoire* of May 3 which the Japanese gave to the American and British Ambassadors. The French position was, of course, somewhat different because of the existence of the French Concession at Shanghai. The problems which had arisen in the French Concession were not the same nor as serious as those which had arisen in the International Settlement. He felt, however, that the opportunity offered to impress the Japanese Government again with the similarity of views of the three Western Powers on an important matter of principle was too good to be lost and that the French Government would take advantage of the opportunity.

Chauvel went on to say that yesterday the French Government had been informed by the British Government of information indicating that the civil government at Peiping was considering steps to modify the special status of the diplomatic quarter in Peiping. The British Government intends to make a *démarche* in Tokyo expressing its disapproval of any such project and proposes that the French Government take similar action. Chauvel said that the French Government would act in the sense suggested. He believes that the British have made the same suggestion in Washington.⁶²

BULLITT

893.102S/1839

The Consul General at Shanghai (Gauss) to the Secretary of State

No. 2216

SHANGHAI, May 22, 1939.

[Received June 21.]

SIR: I have the honor to refer to my confidential despatch No. 2115 of April 17, 1939,⁶³ concerning the complaints made to the Shanghai Municipal Council, to my British colleague, and to me by the Japanese Consul General in regard to the anti-Japanese propaganda published by the Chinese language newspapers in the International Settlement.

Following the complaint made to me by the Japanese Consul General, I forwarded to Mr. Leighton Shields, the United States District Attorney for China, a number of Chinese newspaper clippings to which the Japanese Consul General had taken exception. I asked Mr. Shields to examine them and to inform me whether there would seem to be any possibility of proceeding against any of these allegedly American incorporated newspapers under any statutes in force in this extraterritorial jurisdiction. A copy of my letter of April 21st to the District Attorney is enclosed.⁶³

⁶² See British *aide-mémoire* of May 18, p. 170.

⁶³ Not printed.

Under date of May 17th I received a reply from Mr. Shields and enclose a copy thereof⁶⁴ for the information of the Department. It will be noted the District Attorney emphasized that freedom of speech and freedom of the press are fundamental and well established concepts of our democratic ideology; that in time of war the Government of the United States may prohibit the publication of articles which incite to illegal acts and whose effect is to injure the United States—not a foreign power; and that only where publication is made of libellous, indecent or extortionate material may legal measures be taken against the offending publication. Mr. Shields referred specifically to disturbed conditions prevailing at Shanghai and to the question of the modification of the established principle of the freedom of the press for reasons of political prudence or expediency; he concluded that “no American official entrusted with the administration of American extraterritorial rights would dare to enforce special regulations for special cases and contrary to the principles of law which apply to Americans residing within the United States.”

Of the Chinese newspaper clippings transmitted to Mr. Shields for examination, he stated none is actionable with the possible exception of two articles published by the *Hwa Mei Wan Pao* on April 10th and 11th. Translations of these articles are enclosed.⁶⁴ The District Attorney expressed the opinion that the reference by name in these articles to two Chinese and the assertion that the one committed arson and that the other was a traitor might be made the basis for a libel action but pointed out that whether or not these articles amount to criminal libels which would justify his taking action against the publishers depended upon the “real facts” behind the articles in question.

In short, the District Attorney is of the opinion that there exists no basis in American law for the prosecution of these newspapers because of the publication of articles or news items which are of a political nature or which are derogatory or alleged to be derogatory to a government other than the Government of the United States.

Respectfully yours,

C. E. GAUSS

893.102S/1809: Telegram

The Secretary of State to the Consul General at Shanghai (Gauss)

WASHINGTON, May 22, 1939—6 p. m.

178. The Department has been pleased to note the restraint and commonsense appreciation of the difficulties of the situation at

⁶⁴ Not printed.

Shanghai that have characterized the authorities of the International Settlement in their handling of problems presented by the Sino-Japanese conflict. In this connection, however, the Department notes from your telegram No. 406, May 19, 6 p. m.,⁶⁵ that some of the newspaper comment has a somewhat sensational and provocative tone.

The Department desires that, in case the Municipal Council or any foreign or local elements manifest tendencies toward unduly challenging or arousing susceptibilities of the Japanese, you continue discreetly to exert influence toward encouraging exercise of self-restraint.

Repeated to Chungking and Peiping.

HULL

893.102S/1813 : Telegram

The Chargé in China (Peck) to the Secretary of State

CHUNGKING, May 23, 1939—10 a. m.

[Received May 23—9:10 a. m.]

341. Department's 90, May 19, 6 p. m. On May 22, 4 p. m., I read and delivered to the Minister for Foreign Affairs as the record of my oral statement the *aide-mémoire* contained in the Department's instruction.

The Minister immediately expressed his deep appreciation of the way in which the American Government had been able to envisage the Shanghai problem from China's point of view and of the spirit of friendship and justice that had motivated the American Government in the position it had taken toward that situation and that had led to this communication. At the same time he still wanted to emphasize the view of his Government that the Municipal Government was imposing greater restrictions on Chinese residents than on Japanese and that it was not being "neutral". He said that he had particularly remonstrated with the British Ambassador about the six rules for the conduct of British registered Chinese language newspapers issued by the British authorities and that the Ambassador had expressed surprise that regulations of this sort had been issued.

The Minister said that if a speech by General Chiang could not be published then statements by "puppet" organizations should likewise be forbidden. He hoped the Municipal Council would be as fair in all these matters as it was able to be. He made further observations which may be summarized by quoting his [*him?*] that the occurrence at Kulangsu showed that if the interested powers were firm

⁶⁵ Not printed.

with the Japanese they could deal with the International Settlement in an impartial way without fear of forcible action by Japan.

I confined my remarks to a discreet reference to the fact that the Chinese Government could not of itself protect its citizens in Shanghai and that even foreign powers had not been able by negotiation to assure the full enjoyment of their rights to their own citizens.

I felt that the Minister in his own mind conceded the correctness of the Department's position and that his continued insistence on freedom for the Chinese press equal to that accorded Japanese was for the record.

Repeated to Peiping and Shanghai. Peiping air mail to Tokyo.

PECK

893.102/77: Telegram

The Chargé in Japan (Dooman) to the Secretary of State

TOKYO, May 28, 1939—3 p. m.

[Received May 28—8:40 a. m.]

246. On May 24 the Foreign Office spokesman made to the press an oral statement concerning the status of the International Settlements in China. Versions printed in the papers the following day vary somewhat but the following is the substance of what he appears to have said:

Although the administration of the foreign settlements is in foreign hands, China's sovereignty still extends over these settlements. As the object of Japanese action in China is to control Chinese sovereignty, this sovereignty may be controlled in the settlements as in parts of China under Japanese occupation. There is no room for admission of foreign interference in the elimination of anti-Japanese activities in the occupied areas. Japan has rights in the administration of the International Settlements and she may, therefore, resort to force to safeguard those rights, which should be legally recognized. The hostilities in China should not be permitted to constitute a reason for delay in Japan initiating reforms in the administration of the International Settlements. The cooperation of the foreign powers is desired toward bringing about such reform.

2. The Foreign Office describes this statement as "informal", but I suggest that I be authorized to ask formally whether the statement as reported represents the views of the Japanese Government.⁶⁶

Cipher text by air mail to Shanghai.

DOOMAN

⁶⁶ For the Department's instructions, see telegrams No. 149, June 2, 7 p. m., and No. 157, June 9, 5 p. m., *Foreign Relations, Japan, 1931-1941*, vol. I, pp. 846 and 848.

893.102S/1821 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, May 29, 1939—2 p. m.

[Received May 29—7:50 a. m.]

440. Japanese Consul General returned to Shanghai May 27th and according to Domei made the following statement to the press regarding the International Settlement.

"It is unreasonable not to listen to Japan when she is presenting her reasonable and legal demands in a reasonable and legal way and if the countries concerned adhere to such an attitude a dismal condition will be brought about in the International Settlement causing great annoyance to the millions of inhabitants in the Settlement. As my British, American and French colleagues are very reasonable people, I intend to continue talks with them on the question in an effort to clarify the atmosphere of the Settlement and as my colleagues know that I am a reasonable man and set much store by responsibility I believe that they are well aware that a refusal to negotiate with me would mean the loss of a safety value for the Settlement. The present system of the Settlement grants the right of participating in administrative affairs on the basis of property but such a system has no parallel in the world elsewhere. The human factor always plays its part. The Japanese demands take into consideration the human factor so that the Settlement may be made so much the more democratic. It would be unreasonable indeed for democratic countries to reject them."

Repeated Peiping, Chungking. Air mail to Tokyo.

GAUSS

893.102 Kulangsu/160 : Telegram

The Ambassador in China (Johnson) to the Secretary of State

SHANGHAI, May 29, 1939—3 p. m.

[Received May 29—1:25 p. m.]

British Ambassador invited myself and Admiral Yarnell to attend a conference at his house today at 5 p. m., with British Admiral, French Admiral and French Ambassador. As I knew nothing concerning which we could confer about, and as I had other engagements and discovered that Admiral Yarnell had other engagements and had had no notice of this meeting, I informed British Ambassador that we would be unable to attend.

British Ambassador called on me at hotel (he has just arrived in Shanghai from Chungking, Hong Kong and Amoy) and said in explanation that he thought it might be worthwhile for us to consult together regarding situation at Amoy. I explained to him that I

had assumed that affairs at Amoy were being adequately handled by local Consul and in direct consultation with Department; that I had no instructions in regard to the matter; had no information concerning situation; and therefore could not add anything that would be of value to such a conference. (I desired to avoid such a conference here as there has been considerable newspaper speculation with regard to possible conferences by parties named and I saw no good in attending such a meeting, news of which would of course get out and confirm newspaper speculations.) I explained to British Ambassador that I would be glad to communicate to the Department any views he and his French colleague might wish to communicate to me. Matter has been left that way.

Sent to the Department from Shanghai. Repeated to Chungking and Peiping.

JOHNSON

893.102S/1825 : Telegram

The Acting Secretary of State to the Counselor of Embassy in China (Peck), at Chungking

WASHINGTON, May 29, 1939—6 p. m.

97. Department's 90, May 19, 6 p. m., last paragraph, and your 341, May 23, 10 a. m. On May 29 an officer of the Department took this matter up with the Chinese Ambassador here and gave him a copy of our text of the *aide-mémoire* which you delivered to the Minister for Foreign Affairs on May 22.

Repeated to Peiping and Shanghai.

WELLES

893.102/79 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, June 5, 1939—3 p. m.

[Received 7:04 p. m.]

464. Reference Department's No. 149, June 2, 7 p. m., to Tokyo,⁶⁷ regarding statement of Japanese spokesman regarding International Settlement at Shanghai.

1. Regarding Tokyo's No. 246, May 28, 3 p. m., the Domei News Agency reports here that the Japanese Embassy spokesman has stated that the Foreign Office spokesman was erroneously reported and that what he stated was that "a settlement or concession does not constitute a territory but simply an area where a foreign country or countries exercise administrative rights, so that only to that extent China's

⁶⁷ *Foreign Relations, Japan, 1931-1941*, vol. I, p. 846.

territorial sovereignty is temporarily limited or suspended there. In the areas under Japanese occupation, Japan aims, so long as hostilities are being carried out, at expelling China's sovereignty from the areas, and placing it under Japan's military control. Since the anti-Japanese terrorism in the Settlement is a disturbance under the direct order from the Chungking Government, it is to be regarded as a part or extension of China's military operations. Therefore, Japan is justified in the attempt to clean anti-Japanese elements out of the settlements."

2. Counselor of British Embassy tells me that they had noted the remarks of Japanese spokesman at Tokyo and suggestion was made to London that some notice thereof might be taken. He has no information as to what decision was made in the matter.

3. While the statement made by Foreign Office spokesman may be given a certain importance and justify an informal approach along the lines proposed by the Department, I do not believe that the statement made here by the Japanese Consul General after his return from Tokyo need be given official cognizance at this time. He has made no approach as yet to me or to the British Consul General or to the Municipal Council regarding the International Settlement.

Repeated to Tokyo, Peiping and to Chungking.

GAUSS

893.102S/1835 : Telegram

The Counselor of Embassy in China (Peck) to the Secretary of State

CHUNGKING, June 13, 1939—noon.

[Received 1:40 p. m.]

386. My 341, May 23, 10 a. m. Following Foreign Office translation of *aide-mémoire* handed to me as of date June 12.

"Reference is made to the *aide-mémoire* handed on May 22, 1939 by Mr. Willys R. Peck, then American Chargé d'Affaires, to the Minister for Foreign Affairs in relation to various aspects of the situation prevailing in the International Settlement at Shanghai.

The *aide-mémoire* referred to the obligation of the Settlement authorities to avoid involvement in disputes having their origin elsewhere, to the necessity of employing all means at the Chinese Government's disposal to discourage all activities in the International Settlement on the part of individual Chinese and Chinese organizations tending to disturb the peace and order and to prejudice the international character of the Settlement, and finally to the measures adopted by the Settlement authorities in regard to the hoisting of the national flag by Chinese residents.

The Chinese Government has given careful consideration to the observations made by the Government of the United States on the subject and fully understands the delicate position in which the au-

thorities of the International Settlement in Shanghai find themselves. It is self evident, however, that, to whatever extent the Chinese Government may be willing to contribute its efforts toward the amelioration of the state of affairs now prevailing in the Settlement, on no account should the legal relations between the Chinese Government and the Settlement be allowed to be altered without the former's consent. For instance the geographical extent of the Settlement, the composition of the governing body, the nature and scope of its authority, its duty to accord adequate protection to all residents, the rights of Chinese citizens residing in the Settlement, and the judicial and other functions of Chinese Government in the Settlement—these and other attributes of the Settlement rest on a legal basis which cannot and should not be affected by the encroachment or interfering on the part of any one party. The Chinese Government must in regard to the Settlement insist on the maintenance of the *status quo ante* Japanese invasion and will not acquiesce in any unlawful alteration thereof.

With reference to the carrying on of certain activities in the Settlement, which the Government of the United States believes are prejudicial to the position of the Settlement and should be discouraged, the fact should not be lost sight of that the activities complained of have been engaged in by private individuals and organizations who have been prompted by nothing more than their sense of patriotism. Furthermore these activities are far overshadowed in their gravity by those of the Japanese and their puppets in Shanghai, which have been directed against not only the interests of Chinese and foreign nationals but also the very existence of the Chinese nation. The perpetrators of these acts which are of real terrorist nature are bent on the overthrow of all established authority in Shanghai and in Tsingtao and its substitution by a new order which no one can tolerate or recognize. It is these elements and their nefarious attempts that should be brought under effective control, so that the sources of irritation and provocation to the Chinese residents in the Settlement may be reduced and the maintenance of peace and order facilitated.

As to the specific question of the freedom of the Chinese residents in the Settlement to hoist this national flag, the Chinese Government is constrained to reiterate its original attitude and to state that it is unable to agree to any restriction of that freedom by the Settlement authorities.

The Chinese Government wishes to express its deep gratitude for the friendly and sympathetic spirit in which the Government of the United States has through the American Chargé d'Affaires presented [its?] views opening [upon?] entire subject of American protection which it has, along with other governments, striven to accord to Chinese lives and interests found within the confines of the Settlement. The Chinese Government is also appreciative of the difficulties now confronting the authorities of the Settlement as well as the efforts made by the Government of the United States in the interests of all concerned. Always desirous of seeing the maintenance in the Settlement of peace and order, the existence of the normal state of affairs, the Chinese Government necessarily discountenances any action which

runs against such a desire and will endeavor, as far as is within its power, to continue the pursuit of this policy."

Repeated to Shanghai. Text by air mail to Tokyo. By air mail to Peiping.

PECK

793.94/15184 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, July 8, 1939—2 p. m.

[Received July 9—9:10 a. m.]

574. At yesterday's press conference Vice Admiral Nomura, Japanese Naval Attaché at Shanghai, reviewed at some length the origin of the present conflict which he ascribed to the attempt of the "Chiang Kai Shek regime to drive out the Japanese from the continent" and to the measures taken by Japan in "self-defense". He also dwelt upon the attitude of the Shanghai Municipal Council towards the Chinese administration establishing in the Shanghai area and in this connection is reported to have said "We find a tendency among the authorities of the International Settlement and others to insist upon ignoring the existence of this new administration, for instance, take the Chinese courts in the International Settlement. These courts are organs of the Chungking regime; they come under the orders of the Chungking regime and deal with cases in which Japanese or Japanese subjects are interested. This state of affairs is something which the Japanese forces can hardly tolerate. Jurisdiction of the courts should be turned over to the Japanese authorities. The Settlement authorities have refused to sanction this transfer. The Japanese authorities appreciate the efforts of the Shanghai Municipal Council to stamp out terrorism in the Settlement but the courts remain as one phenomenon which to say the least is most unpleasant." Admiral Nomura made the interesting statement that the "Reformed Government" and the "Provisional Government" were extensions of the Japanese military forces in China and that this was a point they wished the authorities of the Settlement to recognize. He was reported further to have asserted that the essence of the matter was that the Japanese were seeking to obtain the cooperation of the Shanghai Municipal Council in the same manner that the Council had cooperated with the previous regime in the acceptance to the control of the Council of the area north of its policies referring to the question of the return of Soochow Creek.⁶⁸ Admiral Nomura is reported to have stated that the two areas must be considered in balance and that unless there is an improvement in one there cannot be improvement in the other. In this connection he made the

⁶⁸ Sentence apparently garbled.

rather surprising statement that there could be no improvement so long as the conception persisted that there was no war because there had been no declaration of war and pointed out that the Japanese nation had put into the field more than 1,000,000 soldiers, that thousands of men had been killed and wounded, and that the effects of the conflict had been felt by the entire nation.

Repeated to Chungking and Peiping, air mail to Tokyo.

GAUSS

893.102S/1846 : Telegram

The Ambassador in China (Johnson) to the Secretary of State

CHUNGKING, July 19, 1939—8 a. m.

[Received July 19—7:30 a. m.]

447. Following is Embassy's translation of a note from the Chinese Foreign Office dated July 13.

"The Ministry of Foreign Affairs presents its compliments to the American Embassy and has the honor to state that since the outbreak of the Sino-Japanese conflict, the Japanese, their puppet organs and other organizations, have constantly been taking advantage of the concessions at various places for undertaking all kinds of utterances, activities and terrorist acts prejudicial to the Chinese Government and the Chinese people, the serious nature of which were mentioned in the Ministry's reply of June 9⁶⁹ to the Embassy's *aide-mémoire*.

There has recently been a tendency toward further intensification of these activities. The Ministry in inditing this third person note has the honor to request that the Embassy cause instructions to be issued to the authorities of the International Settlement at Shanghai to pay regard to the attitude hitherto adopted by the American Government; and to give special attention to, and strictly restrict, the aforementioned utterances, activities and terrorist acts of the Japanese and the bogus and other organizations, so as to maintain order and further friendly relations".

Subject to the Department's approval I propose to return the following reply.

"The American Embassy presents its compliments to the Ministry of Foreign Affairs and has the honor to acknowledge the receipt of the Ministry's third person note of July 13, 1939 asking that the Embassy cause instructions to be issued to the authorities of the International Settlement at Shanghai to pay regard to the attitude hitherto adopted by the American Government and to restrict the utterances, activities, and terrorist acts of the Japanese and the bogus and other organizations in the International Settlement that are prejudicial to the Chinese Government and the Chinese people.

The American Embassy has the honor to recall that in the *aide-*

⁶⁹ Presumably the reference is to the Chinese *aide-mémoire* of June 12 quoted in telegram No. 386, June 13, noon, from the Counselor of Embassy in China, p. 63.

mémoire it handed to the Ministry of Foreign Affairs on May 22, 1939, the attention of the Chinese Government was invited to the fact that the development of Shanghai as a great Chinese port has been accomplished by the combined efforts of the nationals of many countries and that it is because of its international character that the International Settlement at Shanghai has afforded protection both to Chinese and to foreign lives and interests in times of special stress. It necessarily follows from the international character of this area that no one nation has either the authority or the right to enforce on the Municipal Council its own attitude towards the public affairs dealt with by the Council. The American Embassy is accordingly not in a position to comply with the request of the Ministry that it cause instructions to be issued to the authorities of the International Settlement in the sense indicated.

The Ministry's communication under reference has been brought, however, to the knowledge of the Department and of the American Consulate General in Shanghai."

Repeated to Shanghai and Peiping.

JOHNSON

893.102S/1846 : Telegram

The Secretary of State to the Ambassador in China (Johnson)

WASHINGTON, July 22, 1939—1 p. m.

139. Your 447, July 19, 8 a. m. The Department inclines to the opinion that no acknowledgment need be made to the Chinese Foreign Office note of July 13. However, in the event that the issue is again raised by the Chinese Government or that you feel that a definitely useful purpose would be likely to be served by making reply, the Department authorizes you to make reply along the lines of your draft but suggests that in the initial paragraph thereof there be avoided use of the terms "bogus" and "terrorist". Department also suggests that there be deleted from the last sentence of the concluding paragraph "The American Embassy is accordingly" and that there be substituted therefor a statement such as "In view of these considerations it is believed that the Chinese Government will readily understand why the American Embassy is".

Sent to Chungking. Repeated to Peiping and Shanghai.

HULL

893.102S/1864

The Consul General at Shanghai (Gauss) to the Secretary of State

No. 2376

SHANGHAI, July 27, 1939.

[Received August 23.]

SIR: With reference to my despatches, No. 2271 of June 15 and No. 2284 of June 23, 1939,⁷⁰ in regard to the Japanese desire for

⁷⁰ Neither printed.

increased Japanese participation in the police administration of the International Settlement, I have the honor to inform you that the Japanese authorities are insisting that Mr. Akagi, the (Japanese) Special Deputy Commissioner of Police appointed in the spring of 1938, following the "understanding" between the Council and the Japanese Consul General at that time, shall be recognized as the second ranking officer of the Municipal Police and as such, entitled to assume charge of the police during the absence on leave or on account of illness of Major Bourne, the (British) Commissioner of Police.

Mr. Morito Morishima, Counselor of the Japanese Embassy, has visited me several times (July 1st, 14th and 25th) to discuss this matter, and I learn from the British Acting Consul General that Mr. Morishima has also approached the British Ambassador on the matter.

I have taken the view that (1) during the continuance of Sino-Japanese hostilities, no Japanese (or Chinese) Deputy Commissioner or "Special Deputy Commissioner" of Police should function as Acting Commissioner of Police for the reason that this would likely incite those Chinese elements which have been disturbing peace and order but which have, at least for the moment, been suppressed, to resume their activities, thereby menacing the local situation and threatening the safety of American and other foreign (including Japanese) life and property; but that (2) under normal conditions, I would see no objection to a Japanese deputy commissioner, or a deputy commissioner of any other nationality, functioning as Acting Commissioner, this being entirely a matter of internal police administration in which the consular representatives should not intervene. In short, I would object to a Japanese functioning as head of the police during the continuance of Sino-Japanese hostilities; but under normal conditions, I have no objection to a Japanese on the basis of his nationality, the matter being one entirely of internal police administration involving the selection or designation by the Council, or whatever other Municipal officer or officers may be concerned, of a suitable person to serve as the acting Commissioner.

Mr. Morishima finally told me that the Japanese authorities were disposed to accept the view that Mr. Akagi should not serve as Acting Commissioner of Police during the continuance of hostilities, but they insist that he should be recognized as the second ranking officer of the police, entitled to assume charge of the police during the absence of the Commissioner. He stated that it would be arranged that during the continuance of Sino-Japanese hostilities, Mr. Akagi would absent himself, on leave, at the same time that the Commissioner is absent, so as to permit Captain Smythe (the ranking British Deputy Commissioner) to assume charge, but when normal conditions are restored, Mr. Akagi would act.

This proposal is meeting strong opposition in the Council and, apparently, in the upper ranks of the police. I enclose copy of a strictly confidential memorandum⁷¹ on the subject prepared by the Secretary-Commissioner General.

The Japanese are taking a determined position in the matter and will undoubtedly insist upon recognition of Mr. Akagi, who was a high ranking officer in the police administration of Japan before his appointment here, as the second in command of the Shanghai Municipal Police.

The Department will recall that in asking for a Japanese Inspector of Police at Kulangsu, Amoy, the Japanese are insisting that he shall rank next to the head of the police.

It is very apparent that it is the desire of the Japanese to place Japanese police officers in positions from which they can readily be promoted to head the police administrations of the settlements at Shanghai and Kulangsu.

Respectfully yours,

C. E. GAUSS

893.102S/1876

The Consul General at Shanghai (Gauss) to the Secretary of State

No. 2425

SHANGHAI, August 12, 1939.

[Received September 6.]

SIR: With reference to my despatch No. 2414 of August 9, 1939,⁷² in regard to Japanese demands on the Shanghai Municipal Council, and, particularly, the demand that the (Japanese) Special Deputy Commissioner of Police be recognized as the second ranking officer of the police administration and entitled to act as Commissioner of Police when the Commissioner is absent, I have the honor to report that following the rejection by the British and one American member of the Council of the suggested reply to the Japanese outlined in my despatch No. 2414, the British Consul General appears to have reported to the British Ambassador and in consequence I was informed on the late afternoon of August 10, 1939, that the British members of the Council had altered their view, were now prepared to deal with

⁷¹ Not printed.

⁷² Not printed. Mr. Gauss reported that he had attended a meeting of the Municipal Council and had suggested "that the reply to the Japanese should be conciliatory; that it should be pointed out that when the Special Deputy Commissioner of Police was appointed his position was understood to be 'special'; that while it was understood that he should be close to the Commissioner and should advise that officer, particularly in police matters of interest to the Japanese, there was no provision that he should be second in rank to the Commissioner; that, the question having now been raised, the Council would be willing to specify that the Special Deputy Commissioner might, along with the other Deputy Commissioners, be eligible for selection as Acting Commissioner; but that the Council could not go beyond this and bind succeeding Councils by an undertaking that the (Japanese) Special Deputy Commissioner should be the second ranking officer of the police and serve as Acting Commissioner during the absence of the Commissioner." (893.102S/1875)

the matter in the manner which had been suggested, and, the Japanese Counselor of Embassy having asked for an informal meeting with the Chairman and Vice Chairman of the Council and the American and British Consuls General, such a meeting would be held on the afternoon of August 11, 1939.

I attended the meeting, at which the Japanese Counselor of Embassy was informed by the Chairman of the Council that the Council had considered the Japanese request concerning the Special Deputy Police Commissioner and that they have gone as far as it is possible for them to go, by declaring that the Council is prepared to recognize the Special Deputy, along with other Deputy Commissioners, as "eligible to be selected" as Acting Commissioner, but that "he will not be considered for selection during the continuance of present hostilities", and that the selection of an Acting Commissioner is entirely a matter for the free choice of the Council which is in office at the time the selection has to be made.

Mr. Morishima, the Japanese Counselor of Embassy, referred constantly to the new situation which will obtain at Shanghai in the future when the Japanese will expect a much larger voice in the Settlement. For the most part his arguments and statements were ignored.

The Council proposed at first that it would be willing to arrange that the Japanese Deputy Commissioner be eligible for selection "after the conclusion of the present hostilities", but in response to Mr. Morishima's proposal that such eligibility be now recognized with the understanding that, for the time being, it would be voluntarily waived, the amendment was made that the Japanese Special Deputy will be recognized as now eligible but "he will not be considered for selection during the continuance of the present hostilities".

Mr. Morishima said that he was not able to accept the proposal at this time, as he must consult the other interested Japanese authorities. He wished to obtain from the Council an assurance that the matter of the designation of a second ranking officer of the police would be studied by the Council for decision in the future—there now being no definite "second in command", all Deputy Commissioners being eligible for selection. The Chairman of the Council insisted that he could not bind future Councils, and while the Japanese might, if they wished, indicate that they would study the matter and present it again to the Council in future, the present Council in office is unable to bind its successors that the proposal will be considered. Occasion was taken to emphasize that "eligibility for selection" does not confer any "right to selection", the matter being one entirely within the discretion of the Council at the time when an Acting Commissioner is "selected".

It has been interesting to me to note the complete *volte-face* of the British members of the Council when the matter reached the British

Ambassador; and to observe the almost complete submission of these Britons to the dictates of their authorities.

It is my understanding that the British Embassy took the same view that I have repeatedly advanced in my conversations with my British colleague and with the Chairman and officers of the Council, that is, that if there is to be a breakdown in the discussions between the Council and the Japanese authorities it should be chargeable to the Japanese side, and that the record should show a consistently reasonable, fair, and equitable approach to all problems by the Council, a reasonable disposition to consider reasonable Japanese aspirations, and, particularly, an avoidance of any possible show of discrimination on the basis of nationality or racial prejudice.

I enclose copy of the Council's informal memorandum⁷³ on this matter as amended and handed to Mr. Morishima at the meeting on August 11, 1939.

Respectfully yours,

C. E. GAUSS

793.94/15321 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, August 24, 1939—11 a. m.

[Received August 24—1:15 a. m.]

766. From a reputable source I learn quite confidentially that 6,000 troops arrived yesterday, but that planned blockade of the International Settlement of Shanghai has been held up under instructions from Tokyo on account of the international situation⁷⁴ and that the military are disgruntled at these orders.

GAUSS

893.00/14428 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

[Extract]

SHANGHAI, September 1, 1939—2 p. m.

[Received September 2—1 a. m.]

MONTHLY SUMMARY

1. A tense situation developed at Shanghai between the authorities of the International Settlement and the Japanese and their Chinese Municipal Regime following a clash on August 19 on an extra-Settlement road between an armored car patrol of the Shanghai mu-

⁷³ Not printed.

⁷⁴ Apparently a reference to the situation created by the signing of the German-Soviet Nonaggression Pact on August 23. For the reaction in the Far East, see telegram No. 428, August 23, 7 p. m., from the Chargé in Japan, vol. III, p. 51, and following correspondence.

municipal police and a detachment of police of the Chinese Municipal Regime. It appears that the British sergeant in charge of the armored car patrol was fired upon and slightly wounded whereupon he returned fire with a sub-machine gun, killing two of the Chinese police and wounding several others. The mayor of the Municipal Regime strongly protested the incident, placing full responsibility on the Council and demanding an apology, punishment of the British police sergeant, a solatium, and surrender by the Municipal Council of claim to jurisdiction, on extra-Settlement roads. The Japanese authorities supported the protest, and it is learned that additional Japanese troops were moved into the port with the reported intention of "bringing the Council to its senses". The Municipal Council rejected the protests, asserting that investigation disclosed that fire was opened by the police only after he had been fired upon and wounded. The Council offered, however, to submit to a fullest inquiry to establish the facts. This offer was rejected by both the Chinese and the Japanese. The dramatic turn of events in Europe, however, marked by the German-Soviet non-aggression pact, led the Japanese Government to consider the reorientation of its foreign policy and resulted in, at least temporary, suspension of the plans to bring military pressure on the authorities of the International Settlement. The incident remains unsettled.

2. Just at this time an understanding was being reached between the Shanghai Municipal Council and the Japanese authorities for the return of the areas of the Settlement north of Soochow Creek to the police control of the Council. The understanding at the same time contemplated increased Japanese participation in the police administration. However, the Japanese Consul General notified that the proposed arrangement would be suspended because of Japanese loss of confidence in the Shanghai municipal police.

3. Anti-British agitation continued during the month and received impetus from the incident involving the British police sergeant, the whole affair being given a definitely anti-British complexion by the Japanese controlled press and the Japanese authorities who asserted that the incident constituted a breach of the Arita-Craigie Agreement⁷⁵ and demonstrated British callousness and insincerity.

[4.] The breakdown of the Anglo-Japanese negotiations at Tokyo was considered here as likely to be followed by a firmer British policy vis-à-vis Japan. This development was particularly welcomed in Chinese circles.

Sent to Peiping. By mail to Nanking.

GAUSS

⁷⁵ See telegram No. 348, July 21, 6 p. m., from the Chargé in Japan, p. 224.

893.102S/1912

*The Commander in Chief, United States Asiatic Fleet (Hart), to the
Consul General at Shanghai (Gauss)*⁷⁶

U.S.S. "ISABEL," SHANGHAI, September 7, 1939.

SIR: I am informed that the British and French Military organizations stationed in Shanghai are advised by Japanese authorities to evacuate their areas.

As far as the measures being instituted by the Japanese may come to affect the composition of the security forces in the International Settlement and French Concession, I am impelled to advise that any changes whatever in the present dispositions and assignments of forces involve the "International Defense Plan" and become a factor of immediate concern to my own forces. I expect to take the position that if any such changes are to be made a full revision of said plan, with U. S. representatives participating, is immediately called for and must be agreed upon before any actual physical change is consummated.

Very sincerely,

THOS. C. HART

893.102S/1912

*The Consul General at Shanghai (Gauss) to the Commander in Chief,
United States Asiatic Fleet (Hart)*⁷⁶

SHANGHAI, September 7, 1939.

SIR: I acknowledge the receipt of your confidential letter of today's date in reference to the Japanese advice to the British and French that their warships and military forces should withdraw, and the resulting position at Shanghai under the so-called International Defense Plan.

It is my understanding from our conversation this noon that you make no request at this time that your position as stated in your letter be communicated by me to any foreign authorities.

The so-called International Defense Plan was made in 1931 and amended in 1934, by agreement amongst the commanding officers of the British military forces, the Fourth Regiment U. S. Marines, the Japanese Naval Landing Party, the Chairman of the Shanghai Municipal Council, the Commandant of the Shanghai Volunteer Corps, and the Commissioner of the Shanghai Municipal Police, with the commanding officer of the French military forces accepting the plan so far as it made provision for cooperation and mutual aid between the

⁷⁶ Copy transmitted to the Department by the Consul General at Shanghai in his covering despatch No. 2537, September 16; received October 17.

French forces and the forces in the International Settlement. The French authorities have always maintained that the French Concession is an entirely French administered area and their participation in any joint defense plans has been limited to cooperation and mutual aid between the French and other forces.

If and when the time comes to put forward your position as outlined in your letter, and any request is made to me to communicate your position to any foreign or municipal civil authorities, I suggest that the appropriate officer of the U. S. Navy or U. S. Marine Corps should take similar action vis-à-vis any other foreign military or naval authorities concerned since the so-called international defense plan was made between military, naval and municipal authorities, and the American and other foreign consular representatives were not parties thereto.

Very truly yours,

C. E. GAUSS

893.1028/1878 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, September 10, 1939—6 p. m.

[Received September 10—10 a. m.]

808. The number of Japanese *gendarmérie* and Chinese police of the puppet Municipal Regime in the western extra-Settlement roads area (British and Italian defense sectors) has been largely increased by gradual infiltration. It is anticipated that the next step will be an attempt to prohibit the Shanghai municipal police from patrolling these roads and giving protection to the large number of foreign including American residents of the area. As the Department is aware, the Japanese gendarmes and their Chinese police who control the enclaves between these roads in the western district have permitted extensive gambling establishments and narcotic dens there and the enclaves are nests of gunmen and thugs.

2. Secretary of the Municipal Council has interviewed the Mayor of the Japanese sponsored Municipal Regime who admits that action for taking over the western area is contemplated in the very near future. Information from other sources confirms that this is the intention of the Japanese controlled regime and the Japanese military. Secretary of the Council pointed out that the Council can not turn over this area as desired, that any violent action taken by the Chinese police or others would imperil the safety of foreign residents and arouse the keenest resentment of the interested foreign powers, and that the matter of policing the roads should be discussed with a view to some local

arrangement. The Mayor said he would communicate with the Reformed Government. Secretary of the Council also communicated with Japanese Consul General urging that he use his personal influence to preserve the *status quo* and prevent any violent action.

3. At a meeting this morning attended by the British Ambassador and Consul General, American and British members of the Council, municipal officials and myself it was agreed that the Council should carry on conversations with the Mayor with a view to seeking a local arrangement. At the same time the British Consul General and I will separately approach the Japanese Consul General and other interested consular representatives will be urged to do likewise. It was also agreed that British Ambassador and I would report to our respective Governments and suggest that such pressure as may be possible be brought to bear at Tokyo.

4. I am seeking an appointment with my Japanese colleague and shall point out to him that there are numerous Americans resident in the area in question whose safety is a matter of serious concern to the American authorities, that the conditions permitted by the Japanese *gendarmarie* and Chinese police in the enclaves in this area have my serious concern for the safety of my nationals in the area, that speaking very frankly any attempt to prevent the municipal police from patrollings and afford protection to the residents along patrollings would be regarded by the American authorities as a most serious matter, that this problem of the extra-Settlement roads is, as he knows, a difficult one, in which, in normal times in the past, the Japanese have always taken a position in support of the Municipal Council, that I have not failed to note that the effort of the Japanese sponsored municipal regime to obtain control is confined to the western area where there are large American and European interests and very small Japanese interests while nothing is said about the extra-Settlement road areas in the northern districts where Japanese interests are predominant, that I take a very serious view of the present activities of the Japanese *gendarmarie* and their Chinese police in the western area, and that in reporting the situation to my Government I am emphasizing the serious threat to the safety of American and other foreign nationals of action intended to take over resident area and prevent the Municipal police from patrollings and protecting the nationals resident along such roads. I shall urge that the reported move to take over this area be stopped and that an understanding be reached between the Council and the Mayor along lines similar to those which have been in effect in the past.

Repeated to Tokyo, Peiping and Chungking.

GAUSS

893.102S/1879: Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, September 11, 1939—2 p. m.

[Received September 11—9: 50 a. m.]

810. I called on the Japanese Consul General this morning and made oral representations along lines of paragraph 4 of my number 808, September 10, 6 p. m. He stated in reply that he does not believe there is any intention to take over the western district by force and added that the Commander of the Japanese Naval Landing Force as the Senior Commandant is calling a meeting of the foreign commandants for September 14. I am informing Admiral Hart of the foregoing through the Senior United States Navy officer present.

Repeated to Tokyo, Chungking and Peiping.

GAUSS

893.102S/1884: Telegram

The Chargé in Japan (Dooman) to the Secretary of State

Tokyo, September 14, 1939—4 p. m.

[Received September 14—6: 30 a. m.]

476. Shanghai's 810, September 11, 2 p. m. The British Embassy has informed us that it has reliable information to the effect that the conference called by the Commander of the Japanese Landing Force at Shanghai is for the following purposes:

(1) To inform the French and British forces that they must withdraw or be disarmed.

(2) To declare the present defense scheme nonexistent and to substitute therefor a police defense scheme which will be confined to the limits of the International Settlement.

(3) To criticize the Italian defense sector in order to illustrate the inefficiency of defense forces generally in the maintenance of law and order.

(4) The Japanese to be prepared for evasion but no delay is to be tolerated.

(5) The conference should pave the way for the complete evacuation of the French and British forces.

The British Embassy is lodging a protest with the Foreign Office this afternoon.

Repeated Shanghai. Shanghai please repeat to Chungking, Peiping.

DOOMAN

893.102S/1885 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, September 14, 1939—5 p. m.

[Received September 14—11:47 a. m.]

819. Reference my No. 810, September 11, 2 p. m. Commanding Officer Fourth Marines tells me that at the meeting of the defense commanders this morning the Japanese Commandant urged the necessity for revising the defense plan, pointing out that it was originally intended to protect foreign nationals from the Chinese and that this necessity no longer exists. The Japanese have the situation around Shanghai well in hand. The Commandants agreed to refer the matter to a committee of staff officers to submit draft proposals. Contrary to expectations, the Japanese Commandant made no reference to withdrawal of the British and French forces; nor did he submit any plan of revision. The meeting adjourned subject to call.

Repeated to Tokyo, Chungking and Peiping.

GAUSS

893.102S/1885 : Telegram

The Secretary of State to the Consul General at Shanghai (Gauss)

WASHINGTON, September 15, 1939—6 p. m.

347. Your 819, September 14, 5 p. m., and Department's 343, September 13, 6 p. m.⁷⁸ Regardless whether the British and the French, in the light of the Japanese Government's "advice" or demands that they withdraw their ships and armed forces from points in China,⁷⁹ decide to withdraw their armed forces ashore at Shanghai, it is the estimate of this Government that the United States force now ashore at Shanghai should and will remain there.

In regard to the Japanese suggestion that the defense plan needs revision, we of course are willing to participate in orderly discussion of reasonable proposals and note from your telegram under reference that the commandants agreed yesterday to refer the Japanese suggestion to a committee of staff officers for study.

Please continue to keep the Department promptly informed of developments.

Please inform the Commander in Chief of the foregoing as strictly confidential information for himself only, for purposes of guidance.

HULL

⁷⁸ Latter not printed.

⁷⁹ See telegram No. 458, September 5, 7 p. m., from the Chargé in Japan, *Foreign Relations, Japan, 1931-1941*, vol. II, p. 9.

893.102S/1887 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, September 15, 1939—8 p. m.

[Received September 15—2:25 p. m.]

826. Reference paragraph 1 of my No. 808, September 10, 6 p. m., regarding the situation in the western area at Shanghai. Commissioner of the Municipal Council conferred this afternoon with the Mayor of the Japanese sponsored municipal regime who stated that under instructions from his Government at Nanking, he must insist upon the Council relinquishing immediately all police rights in the western area where all such matters as taxation and sanitation can be easily settled. If police rights are not relinquished, he said, and another clash occurs between the municipal police and his Chinese police nothing can be settled. The situation therefore is at a deadlock. Some 400 additional Chinese police have now filtered into the area and, under the supervision of Japanese gendarmes, they are establishing police stations, have erected sandbag defenses at several points, and they are patrolling the roads at the same time the municipal police also patrol the roads.

2. I have no doubt that the attitude of the Mayor has Japanese support. The pretext, of course, is the incident reported in my No. 751, August 30 [20], 11 a. m.⁸⁰ I have already reported that both the Mayor and the Japanese authorities rejected the offer of a disinterested inquiry to establish the facts of that incident.

3. As reported in my No. 810, September 11, 2 p. m., I have made firm representations to the Japanese Consul General in this matter. I recommend that those representations be now supported in Tokyo as under the Department's instructions.

Repeated to Tokyo, Chungking, Peiping.

GAUSS

893.102S/1888 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, September 16, 1939—1 p. m.

[Received September 16—6:55 a. m.]

827. Reference my number 826, September 15, 8 p. m. I learned that in order to avoid clashes involving their troops or police of British nationality, British authorities are contemplating possible necessity of putting their troops in barracks and advising Council to abandon

⁸⁰ Not printed; the incident referred to is described in telegram of September 1, 2 p. m., from the Consul General at Shanghai, p. 71.

policing of western area roads. The Mayor was not disposed yesterday to entertain any compromise proposal such as joint policing of the area by municipal and Chinese police.

Repeated to Tokyo.

GAUSS

893.102S/1888a : Telegram

The Secretary of State to the Consul General at Shanghai (Gauss)^{80a}

WASHINGTON, September 17, 1939—10 p. m.

351. 1. This Government has been giving careful study to the situation which has been presented by (a) the "advice" given the belligerent governments by the Japanese Government in reference to their armed forces in Japanese-occupied sections of China, a copy of which advice was communicated to this Government for "information";⁸¹ (b) the conversations which I had on September 7 and 15 with the Japanese Ambassador here⁸² on this subject; (c) the suggestion made by the Japanese military authorities at Shanghai that the Shanghai Defense Plan be revised; and (d) recent developments in regard to the policing of the extra-Settlement roads at Shanghai.

2. The matters mentioned in the preceding paragraph are of substantial concern to this Government along with several others. (See statements set forth in telegrams no. 334, September 7, 9 p. m.,⁸³ and 349, September 16, 4 p. m.⁸⁴)

3. It appears to us that especially in reference to questions such as that of the extra-Settlement roads we have a choice of two alternative courses of action: first, the recording of formal protests, as we have done in the past, when impairment of the position which has obtained heretofore is threatened; or, second, to endeavor to work out with the Japanese and other principally interested governments a new arrangement whereunder the Japanese Government would agree anew to respect certain fundamental rights of this and other governments at Shanghai. In so doing, account would have to be taken of certain aspects of the present situation and it might be advisable to modify the position we have heretofore taken with regard to questions such as that of the extra-Settlement roads.

^{80a} Similar telegram sent to the Chargé in Japan as No. 291, September 17, 10 p. m.

⁸¹ See telegram No. 458, September 5, 7 p. m., from the Chargé in Japan, *Foreign Relations, Japan, 1931-1941*, vol. II, p. 9.

⁸² See *ibid.*, pp. 12 and 15.

⁸³ Same as telegram No. 277, September 7, 7 p. m., to the Chargé in Japan, vol. III, p. 238.

⁸⁴ Similar to telegram No. 290, September 16, 4 p. m., to the Chargé in Japan, *ibid.*, p. 252.

4. We have in mind proposing to the Japanese and other principally interested governments that each government appoint a special representative to meet at Shanghai to consider the question of revision of the Shanghai Defense Plan and the question of the extra-Settlement roads. In view of the heavy burden which you and the American naval authorities are already carrying and the fact that consideration of these matters would entail considerable study and perhaps prolonged discussion, we contemplate assigning for any such mission someone from here who would of course keep in close touch with you and the Commander-in-Chief.

5. Before proceeding with an approach to the Japanese Government as indicated above, I desire to have the benefit of your comments as to the advisability of such an approach.

6. Please reply as soon as possible.

7. I am sending a similar telegram to the American Chargé at Tokyo.

8. You are authorized to inform the Commander-in-Chief orally and in strict confidence of the foregoing and to confer with him in regard thereto.

HULL

893.102S/1889 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, September 19, 1939—3 p. m.
[Received September 19—6:46 a. m.]

833. Reference Department's No. 351, September 17, 10 p. m. Unless the Government now in control at Tokyo is more sober and far-sighted than its predecessors, I would not expect Japan to agree to the proposed conference unless perhaps on the settled basis of some such fundamental formula as accepted by the British at the abortive Tokyo conference on Tientsin problems, and with an agenda extending far beyond the two subjects mentioned in your message and including such matters as the Chinese courts, land records, policing, suppression of terrorist and anti-Japanese elements in the Settlement and Concession, economic matters such as currency and the Chinese Government banks, and perhaps revision of the land regulations and reorganization of the municipal administrations. We might also expect Japan to seek the inclusion at the conference of representatives of the new Central Government regime soon to be set up at Nanking, with a view to obtaining for it some early return to recognition.

If however there is any reason to believe that the Japanese are now desirous of seeking a way out of the present situation with a view to protecting American-Japanese relations from further deterioration,

the proposal outlined might offer that opportunity, but I feel certain that the Japanese objectives would be along the lines set out in the preceding paragraph.

I believe that the American position as recently explained to the Japanese Ambassador at Washington has caused the Japanese to pause for the moment in their plans both as to Shanghai and as to the British and French Armed Forces.

I have conferred with the Commander-in-Chief who concurs in the foregoing. He added the comment that a possible additional reason for Japanese opposition to the proposal would be the responsibility of delay which is self-evident.

GAUSS

893.102S/1890 : Telegram

The Chargé in Japan (Dooman) to the Secretary of State

TOKYO, September 19, 1939—6 p. m.
[Received September 19—9:27 a. m.]

486. Department's 291, September 17, 10 p. m.⁸⁵

1. In considering the question as to the advisability of making the approach to the Japanese Government suggested in paragraph 4 of the Department's telegram under reference there occur to me two questions: (a) Can the two issues raised by the Japanese in Shanghai, namely revision of the Shanghai defense plans and policing of extra-Settlement roads, be successfully resolved by a new agreement to be concluded with the Japanese which would also embrace reaffirmation by the Japanese of the fundamental rights of the American and other governments in Shanghai? (b) Should discussions with regard to these issues be continued through existing channels or should there be set up in Shanghai new machinery for that purpose?

2. With regard to (a) above, the two issues specified would be regarded, I believe, by the Japanese Government as coming definitely under the sole jurisdiction of the Japanese military authorities in China. The Japanese Government has clearly shown during the entire period of the China conflict that it will not intervene even in matters which, although not primarily of a military character, are considered to be ancillary to the carrying out of military operations.

The letter from the Foreign Office quoted in our 470, September 12, 5 p. m.,⁸⁶ in effect states in the third paragraph thereof that a specific question, namely navigation on the Yangtze which involves a fundamental right of the foreign powers, is regarded by the Japanese

⁸⁵ See footnote 80a, p. 79.

⁸⁶ Vol. III, p. 454.

as subordinate to Japanese military needs and that the Japanese do not propose to discuss definite settlement of individual cases of this character apart from other far-reaching problems. The two issues under reference raised at Shanghai are presumably being considered by the Japanese to be purely self-contained problems rising out of existing conditions and I believe that the Japanese will insist that they must therefore be dissociated from fundamental rights of other powers and be settled in such manner as to serve the needs of the Japanese military. My view is therefore that there is little or no prospect of any settlement being reached along the lines suggested in paragraph 3 of the telegram under reference as the second of two alternative courses of action.

3. With reference to (b) my belief is that future discussions, whether they have in view a new agreement as envisaged by the Department or maintenance of the hitherto existing position with such changes as may be agreed upon, should be left on the part of the United States in the hands of the Consul General. The personal equation in dealing with the Japanese is always an extremely important factor; and I have heard here nothing but expressions of profound admiration and respect for Gauss.

DOOMAN

893.102S/1891 : Telegram

The Chargé in Japan (Dooman) to the Secretary of State

TOKYO, September 20, 1939—4 p. m.
[Received September 20—6:55 a. m.]

487. Our 476, September 14, 4 p. m. The British Embassy in making on September 14 the representations reported, invited assurances that the Japanese would not demand in connection with the revision of the Shanghai defense plan (a) the withdrawal or disarming of the British and French forces and (b) the substitution of a police defense plan for the present plan. The Foreign Office in reply informed the British Embassy that the Japanese Government had no intention of putting forward such demands in connection with possible changes in the defense plan, and that demand for withdrawal or disarming of British and French troops could obviously not be made pending decision of the British and French Governments on this point.

Repeated to Shanghai. Shanghai please repeat to Chungking, Peiping.

DOOMAN

893.102S/1889 : Telegram

The Secretary of State to the Consul General at Shanghai (Gauss)

WASHINGTON, September 21, 1939—6 p. m.

360. Department's 351, September 17, 10 p. m., and your 833, September 19, 3 p. m., in regard to possible discussions through specially appointed representatives with the Japanese on the subject of revision of the Shanghai defense plan and the question of the extra-Settlement roads.

1. The attitude of the Embassy at Tokyo in regard to the procedure contemplated by the Department is substantially the same as yours, and the Department has decided for the present to take no action toward proposing such procedure.

2. With reference to your 819, September 14, 5 p. m. in regard to the question of the revision of the Shanghai defense plan, it seems probable that in the consideration there of this matter there may be raised important questions of a diplomatic as well as of a military character, and the Department is confident that you are keeping in close touch with Admiral Hart and will keep the Department promptly and fully informed in regard to developments.

3. Please inform Admiral Hart in strict confidence of the substance of this telegram.

Sent to Shanghai only. Please repeat to Tokyo.

HULL

893.102S/1895 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, September 23, 1939—4 p. m.

[Received September 23—noon.]

852. Reference Japanese proposals for revision of Settlement defense plan.

1. Commander of Fourth Marines informs me that at first meeting of defense force staff officers yesterday the Japanese orally outlined proposals which would confine defense sectors strictly to boundaries of International Settlement and abolish the present British sector in the important western extra-Settlement road area.

2. Japanese and American forces would remain in their present sectors. Italians would be assigned to West Hongkew north of Soochow Creek now occupied by British. British would occupy the downtown area of the Settlement from the bund to the race course. The proposals ignore the Shanghai Volunteer Corps which would have no sector.

3. No mention was made at the meeting of the French Concession or the French forces. No French representative was present.

4. Japanese suggested second meeting 1 week hence but were informed that it is too early to permit Commandants thoroughly to study the proposals and instruct their staff officers. The meeting adjourned subject to call, probably not for a fortnight.

5. By abolishing the British sector in the western area the Japanese intend to regard the area as under Japanese occupation and control in the same manner as other areas around Shanghai. They mentioned the present dispute regarding policing in the area, saying that the procedure remains to be settled between the Municipal Council and the Mayor but intimating, rather significantly, that the Chinese police have the support of the Japanese military. It is also significant that it is proposed that the Italians occupy the area where is located the Chinese criminal court.

6. We have reason to suspect that the Japanese proposals represent the views of young officer element.

7. I have already informed the Department of the thoroughly unsatisfactory situation in the western area where the Chinese puppet Municipal Regime demands that the Municipal Council surrender all claim to the right to police the Municipal roads; where the Chinese police have been heavily reinforced and are supported by Japanese gendarmes of the special service section of the Japanese Army; where a notorious bad lands has been established to afford the Japanese and their Chinese puppets a huge revenue from numerous gambling establishments and opium and narcotic dens; and where Chinese gunmen and thugs are allowed to rendezvous in large numbers. This situation in itself is a threat to the security of the large number of European and 500 American residents along the Municipal roads in the area, which is the principal area of foreign residence at Shanghai outside the French Concession. There are few Japanese resident in the area. The present Japanese proposal to remove foreign troops from the area, along with their efforts through their puppet Municipal Regime to demand the withdrawal of the Municipal police from the roads, cannot be regarded otherwise than as a deliberate aggression on American and European interests.

8. The difficulties of the situation are further complicated by the attitude of the British who wish to avoid a clash with the Japanese forces or the Japanese supported Chinese police. The Commandant of the British forces has recently informed the Municipal Council that while he is prepared to give the Municipal police full support under ordinary circumstances by a show of force and patrolling, in event of a serious clash between the Municipal police and Chinese police controlled or supported by the Japanese gendarmes, he will not be able to use force in support of the Municipal police except in cases where British lives are in danger. British Commandant however, is not disposed to abandon the western area unless so instructed by his superiors.

9. Admiral Hart is at Tsingtao and not expected to return to Shanghai until about October 4th. I have been in close touch with Rear Admiral Glassford⁸⁷ and Colonel Fegan of the Fourth Marines. Admiral Hart is being kept informed through Glassford.

10. My comments and suggestions will follow in a day or two.⁸⁸ I can see little possibility of any satisfactory solution unless the Government at Tokyo will stop the activities of the Japanese *gendarmarie* and the Chinese police of the Japanese sponsored Municipal Government in the western area where there is constant danger of a clash with the Municipal police. The action of the Japanese gendarmes and the police of the Chinese Municipal regime in moving in on the western areas in large numbers even before the Japanese proposals for revision of the defense plan were made and while they are under discussion is in itself evidence of bad faith and of the aggressive character of the Japanese plans in respect of an area where American and European interests predominate and there are no substantial Japanese interests except the bad lands which they have themselves established for revenue and other purposes.

Repeated to Tokyo, Chungking and Peiping.

GAUSS

893.102S/1888: Telegram

The Secretary of State to the Consul General at Shanghai (Gauss)

WASHINGTON, September 25, 1939—4 p. m.

368. Reference paragraph numbered 3 of your 826, September 15, 8 p. m., and your 827, September 16, 1 p. m., in regard to the policing of extra-Settlement roads in the western area.

Please report whether British contemplate any protest at Tokyo against Japanese encroachment upon the policing of the western area roads and whether you still feel that the approach by the American Embassy at Tokyo recommended in paragraph 3 of your 826, September 15, 8 p. m., would serve any useful purpose.

Sent to Shanghai only.

HULL

893.102S/1897: Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, September 25, 1939—7 p. m.

[Received 7:30 p. m.]

860. Reference my No. 852, September 23, 4 p. m. Commanding Officer Fourth tells me this afternoon that the principal foreign com-

⁸⁷ Commanding Yangtze Patrol, U. S. Asiatic Fleet.

⁸⁸ See telegram No. 860, September 25, 7 p. m., below.

mandants will decline to agree to the proposal to abolish the western defense sector. I am of the opinion that the unsatisfactory conditions in that area require the continued presence of the forces now there for the protection of the large American and European resident population. The necessity for the protection of the area has long been definitely recognized by all foreign forces, including the Japanese, in the plans for the defense of the "Settlement and vicinity". There is no sound basis for now withdrawing the defense sectors within the boundaries of the Settlement. The proposal to that end fails to give due consideration to the extensive American and European interests involved. Until conditions in and around Shanghai are normal and the police situation in the western area is satisfactorily settled and conditions there are corrected by the suppression of the "bad lands" and the expulsion of the gunmen and other vicious elements now infecting the district, proposals for a revision of the defense sectors cannot reasonably be expected to receive favorable consideration.

2. With reference to the police situation in the western area the foreign commandants are expected to suggest that a special police force composed of selected men be organized, to function under a mixed commission. In my opinion the Chinese demand that the Council abandon all police rights in the area is unacceptable as it would leave the foreign residents of the Settlement dependent upon a police force that has permitted unwise or certainly has not suppressed, the notorious lawless situation in the area. It seems to me, however, that any agreement must be between the Municipal Council and the Chinese Municipal Regime. The commandants may however recommend the Japanese commandant to urge some such solution on the Japanese sponsored Municipal Regime.

3. If any proposal is made that the Japanese forces or Japanese officered police take over the area it will probably be rejected by the commandants. In my opinion, during the continuance of Sino-Japanese hostilities the presence of Japanese forces in the sector would expose it as the object of possible disturbances by Chinese guerrillas, bandits or lawless elements.

4. If all efforts for a solution fail, then in my opinion we should record a reservation of our right to use our forces to protect our nationals in event of any disturbances in the western area which we consider imperil their safety.

5. I feel that if we once start to retreat in the face of the tactics that the Japanese are now attempting here, we are lost; but if we insist upon a proper respect for and recognition of our rights and

interests, stating our position openly, frankly and firmly, but in a wholly friendly manner, we may survive the present difficulties.

6. I propose at the proper time, if the Department does not instruct me otherwise, to take a position with my Japanese colleague along the lines of this. It is possible that representations might also helpfully be made at Tokyo.

7. Substance of the foregoing is being communicated to senior naval officer present for transmission to Admiral Hart.

Repeated to Tokyo, Chungking and Peiping.

GAUSS

893.1028/1898 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, September 26, 1939—7 p. m.
[Received September 26—10:32 a. m.]

865. Your 368, September 25, 4 p. m. British Ambassador tells me he recommended parallel representations at Tokyo but has received no answer from London. The suggestion seems to have been overlooked in the concern regarding British military support for the police in the western area. See paragraph 8 of my No. 852, September 23, 4 p. m. British Ambassador stated he had been urged by British members of the Municipal Council to obtain more satisfactory military support for the police, it being suggested that the American Marines would or should support the British in the British sector. He has now just received a message from London saying that "if the American forces are authorized to join ours in patrolling and in taking combined action in resistance to encroachment of the Japanese or their puppets, the offer should be accepted."

2. I commented that while the defense plan permits one sector commander to call on the senior commandant or on another sector commander for reinforcements when needed, such an independent arrangement as combined American-British action in the British sector is not contemplated in the plan and would likely have unfavorable Japanese reaction; I added that disposition of American forces however is not within my jurisdiction.

3. Reverting to the question of parallel representations at Tokyo, I outlined the views I have expressed to the Department in my telegrams and stated that in my opinion representations are desirable and parallel representations at least to the point of outlining the situation and asking for respect for our interests.

4. Having in mind our note of last May to Japan⁸⁹ and the Secretary's recent conversations with the Japanese Ambassador⁹⁰ which, in my estimate, have caused the Japanese to pause for the moment in their plans regarding Shanghai, I stated that I proposed to recommend to the Department that as Japan might be disposed just at this time to listen more attentively to the United States, and a modification of the Japanese plans might be possible if some way could be shown for a graceful retreat with "face" by Japan, we might suggest that the Japanese Government intervene to recommend the Chinese Municipal Regime to reach a compromise solution of the western area problem in negotiation with the Municipal Council, perhaps along the lines of an agreement for a specially selected police force under a mixed commission or committee on which both the Council and the Municipal Regime should be represented.

5. British Ambassador endorsed my view and stated that he would again recommend parallel representations at Tokyo.

GAUSS

893.0146/705 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, September 29, 1939—11 a. m.

[Received September 29—7 : 15 a. m.]

869. The Mayor of the Japanese sponsored Chinese Municipal Government having sent me word that he wished to talk with me, I met him socially last night at the residence of the American Chairman of the Shanghai Municipal Council. I found him almost fanatically determined that the Shanghai Municipal police and the British forces must withdraw from the western area. He seemed firmly convinced that the American Marines would not move one foot outside the boundaries of the International Settlement. His object in seeking to talk with me was apparently to enlist my support for the withdrawal of the Municipal police and British forces from the western area. He would not listen to any suggestions for a local arrangement regarding the policing of the area. I reminded the Mayor that we have a large number of Americans in the area and stated that if disturbances occur affecting their safety the American forces can be expected to take appropriate measures for their protection.

Repeated to Chungking and Peiping. Code text by air mail to Tokyo.

GAUSS

⁸⁹ *Aide-mémoire* of May 17, *Foreign Relations, Japan, 1931-1941*, vol. I, p. 842.

⁹⁰ September 7 and 15; see memoranda by the Secretary of State, *ibid.*, vol. II, pp. 12 and 15.

893.0146/705 : Telegram

The Secretary of State to the Consul General at Shanghai (Gauss)

WASHINGTON, September 29, 1939—6 p. m.

378. Your 869, September 29, 11 a. m. Department approves statement made by you to the Mayor of the Japanese-sponsored Chinese Municipal regime as reported in your telegram under reference.

Sent to Shanghai. Repeated to Chungking and Peiping. Shanghai please air mail to Tokyo.

HULL

893.102S/1899a : Telegram

The Secretary of State to the Consul General at Shanghai (Gauss)

WASHINGTON, September 30, 1939—1 p. m.

379. Reference your 860, September 25, 7 p. m., and other telegrams relating to the Shanghai defense plan and the policing of the western extra-Settlement roads area of the International Settlement at Shanghai.

1. The Department agrees in general with the idea expressed in paragraph numbered 6 of your 860 and with the suggestion made in a subsequent telegram in regard to a possible means of meeting Japanese sensibilities. However, it is not clear to the Department whether you have in mind a separate approach to the Japanese on each of the two subjects mentioned or whether you envisage one approach which would deal with both subjects.

2. The Department is inclined to favor an approach by you to your Japanese colleague and by the American Embassy at Tokyo to the Japanese Foreign Office in which mention would be made of the question of the defense plan but which would concern itself primarily with the question of the security of the large number of Americans residing in the western extra-Settlement roads area so far as that question is affected by police problems in connection with the maintenance there of peace and order. Such an approach, as envisaged by the Department, would be along lines as follows:

There have arisen at Shanghai recently two questions affecting the important western extra-Settlement roads area. One is the Japanese proposal for a revision of the Shanghai defense plan. The other is raised by attempts of the Japanese-sponsored municipal régime at Shanghai to encroach upon and interfere with the functions of the police of the International Settlement on the western extra-Settlement roads.

The western extra-Settlement roads area is, aside from the French Concession, the principal place of American residence at Shanghai.

American citizens have erected homes and established themselves there. These citizens now number approximately 500. Very few Japanese reside in that area. The Government of the United States is therefore specially and seriously concerned with regard to the situation in that area and with regard to any proposal that would affect that area.

The Government of the United States invites the attention of the Japanese Government to the thoroughly unsatisfactory situation that has developed in the enclaves between the western extra-Settlement roads in territory now under the police control of the Japanese-sponsored municipal régime which is seeking to extend its control to the extra-Settlement roads. The information of the Government of the United States is that those enclaves are the rendezvous of large numbers of gunmen and other lawless and vicious characters and are infested with numerous gambling establishments and narcotic dens. This situation is a menace, not only to the large number of American and European residents in the western extra-Settlement roads area, but to the maintenance of order in the Settlement itself, and tends to make the task of the Settlement police even more difficult than it would normally be.

Reverting to the question of the proposed revision of the Shanghai defense plan, this Government would point out that the present defense plan was formulated by mutual agreement among the interested foreign commandants, including the Japanese, with a view to the protection of the various foreign nationals concerned. The primary interest of this Government in the defense plan is, of course, the security of American nationals. This Government would be prepared to give consideration to any reasonable proposals for revision of the defense plan. It naturally could not regard as reasonable any proposal which would adversely affect the security of any large number of Americans now residing within the perimeter of the Shanghai defense plan.

In the light of the above factors, it seems to the Government of the United States that the question which presents itself for immediate attention is the question of solving the problem created by the existence of lawless areas between the western extra-Settlement roads and by the efforts of the Japanese-sponsored Chinese municipal régime at Shanghai to extend its police authority over the western extra-Settlement roads. This Government feels that a very material contribution toward ameliorating the situation would be made if the Japanese authorities at Shanghai would use their influence with the Chinese municipal régime there to cause that régime to take steps to eliminate the lawless elements infesting the enclaves between the extra-Settlement roads in the western area and to endeavor by discussion and arrangement with the Settlement authorities to remove points of friction in regard to the maintenance by police of law and

order upon those extra-Settlement roads. This Government earnestly requests that the appropriate Japanese authorities use their best efforts to these ends. For its part, this Government is instructing the American Consul General at Shanghai to exert his influence with the authorities of the International Settlement toward the reaching of an appropriate adjustment.

3. During the course of the approach, occasion might appropriately be taken to comment to the Japanese officials concerned upon the danger of incidents growing out of language difficulties should the defense plan be revised to include arrangements whereunder the Japanese would take over the western extra-Settlement roads sector where there reside many Americans and other occidentals, and the further danger, consequent upon the presence of Japanese troops in that area, of attacks by Chinese guerrillas and the jeopardizing thereby of the lives of American residents.

4. The Department would expect the Tokyo Embassy and you to consult your principally interested colleagues before making the approach above outlined, with the thought that they might wish to make substantially similar but separate approaches. The Department would leave to the Embassy and to you discretion in regard to the manner of your approaches.

5. If you perceive objection to the proposal above outlined or if you have any suggestions to make in regard to substance, language or procedure, the Department would appreciate your comment. If not, please approach your Japanese colleague as suggested above and repeat this telegram to Tokyo with instruction, as from the Department, that the Embassy there, unless it perceives objection, make a similar approach to the Japanese Foreign Office.

6. If the procedure outlined in this telegram is followed, please inform the Department whether you and the American commandant feel that the principal foreign commandants should make at this time the reply indicated in your 860, September 25, 7 p. m., first sentence, or whether it would be preferable to defer the making of a reply pending indication of the outcome of the approach envisaged in this telegram.

Sent to Shanghai. Repeated to Chungking and Peiping.

HULL

893.102S/1899b : Telegram

The Secretary of State to the Consul General at Shanghai (Gauss)

WASHINGTON, October 2, 1939—8 p. m.

382. Reference Department's 379, September 30, 1 p. m. If you should decide to follow the procedure outlined in the telegram under reference, please delete from the approach to the Japanese (a) fifth

subparagraph of paragraph numbered 2 beginning "Reverting to the question of" and (b) paragraph numbered 3, and advise Tokyo accordingly.

Sent to Shanghai. Repeated to Chungking and Peiping.

HULL

893.102S/1900 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, October 3, 1939—11 p. m.

[Received October 3—10:45 a. m.]

885. Reference to Department's telegram No. 379, September 30, 1 p. m., and 382, October 2, 8 p. m. I am seeing Japanese Consul General tomorrow and leaving with him a memorandum.⁹¹ Embassy at Tokyo has been requested to take action. American Commandant tells me British military not yet prepared to take action regarding proposals for revision of defense plan. Growing indications suggest that their position when finally determined upon may be weak.

Repeated to Chungking, Peiping and Tokyo.

GAUSS

893.102S/1907 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, October 6, 1939—10 a. m.

[Received October 6—7:30 a. m.]

893. Reference paragraph 8 my 852, September 23, 4 p. m., and first 2 paragraphs of my 865, September 26, 7 p. m. British Consul General has written me officially that Municipal Council has requested full support by British forces for municipal police in resisting encroachments in western area and that British Commandant is prepared to extend assistance on condition that the American forces will join "in patrolling the western district and in taking combined action in resisting encroachments either by the Japanese or by [the authorities] sponsored by them." He asks that American Commandant be authorized accordingly.

2. In referring the letter to Admiral Hart, I have pointed out that the proposed action would likely lead to a still more tense situation and perhaps to the clashes the British have been so anxious to avoid; also that it would likely prejudice the efforts made by us here and at Tokyo for an understanding between the Council and the Chinese municipal regime.

Repeated to Tokyo, Chungking and Peiping.

GAUSS

⁹¹ British representations were made October 7.

893.102S/1908 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, October 9, 1939—2 p. m.

[Received October 9—8:20 a. m.]

902. Reference my 893, October 6, 10 a. m. I have today replied to British Consul General that I have submitted his letter for the consideration of the Commander-in-Chief and conferred with him on the existing situation, and that it is considered inadvisable to adopt the proposed measure at this time.

Repeated to Chungking, Peiping, Tokyo.

GAUSS

893.102S/1916 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, October 18, 1939—1 p. m.

[Received October 18—8 a. m.]

916. Reference my No. 888, October 4, 2 p. m.²² As the situation in the western district has been continuing to deteriorate and there has been no evidence of any disposition on the part of the Japanese authorities or the Chinese municipality to find a mutually satisfactory solution with the Municipal Council, the Chairman of the Shanghai Municipal Council on October 11th addressed a formal communication to the Senior Consul (the Italian Consul General) outlining the situation in western area and asking for support of all interested Consuls. Senior Consul circulated letter and called meeting of Consular Body for October 19th whereupon Japanese Consul General wrote to Senior Consul stating that having been approached by the Chairman of the Council and several consular colleagues for his good offices to bring about an agreement between the Council and the Chinese municipality he has given earnest consideration to solving the question and appreciates every effort to ease the situation with the hope of bringing about fruitful results and under these circumstances a meeting of the Consular Body now would serve no useful purpose and would be "detrimental for the success of the negotiations in store". Senior Consul without consulting his colleagues has canceled the call for the body meeting.

2. While unfortunately we have little reason to have confidence as to the good faith of the Japanese, those principally interested are disposed to allow more time before insisting upon a Consular Body

²² Not printed.

meeting which in any case is unlikely to be productive of any substantial result.

Repeated to Tokyo, Chungking and Peiping.

GAUSS

893.102S/1922 : Telegram

The Secretary of State to the Ambassador in China (Johnson)

WASHINGTON, October 19, 1939—7 p. m.

196. On October 17 the Chinese Embassy inquired, under instruction from the Chinese Government, whether there was any truth in a report to the effect that the American and other interested governments were negotiating with the Japanese in regard to the International Settlement at Shanghai.

An officer of the Department replied that he was not aware of any such negotiations; that local conversations at Shanghai were constantly occurring in regard to contention over the policing of extra-Settlement roads and in regard to various defense areas at Shanghai, but that these should in no sense be deemed negotiations between the Japanese and other concerned governments.

Sent to Chungking. Repeated to Peiping and Shanghai.

HULL

893.102S/1916a : Telegram

The Secretary of State to the Consul General at Shanghai (Gauss)

WASHINGTON, October 20, 1939—8 p. m.

408. 1. A press report, bearing Shanghai date line October 20, indicates that Mr. Cornell Franklin, American Chairman of the Council of the International Settlement, had made a statement, apparently in reference to the situation in the western extra-Settlement area, to the effect that if necessary he would ask for American Marines to protect American residents.

2. The Department is, of course, sensible of Mr. Franklin's responsibilities by reason of his position as Chairman of the Council, but suggests that in your discretion you indicate to Mr. Franklin that the Department deprecates the making of statements for publication by American citizens in regard to possible uses of American landed armed forces at Shanghai and that you indicate further to him that, in the event that conditions arise which render it impossible for the Municipal Council with its police and its volunteer corps to maintain peace and order, the proper course would seem to be for the Council to take the matter up collectively with the representatives at Shanghai of the interested powers.

Sent to Shanghai only.

HULL

893.0146/721a : Telegram

The Secretary of State to the Consul General at Shanghai (Gauss)

WASHINGTON, October 21, 1939—noon.

409. 1. The *New York Times* of October 18 carries an article with Shanghai date line October 17 by Hallett Abend certain paragraphs of which are to the effect that Abend had asked the Japanese military authorities in writing what the Japanese reaction would be if 10,000 American Marines were ordered to Shanghai to help maintain law and order. The article also contains what Abend states to be the written reply of the Japanese military authorities to the effect that they could not see any reason to object to reinforcement of the American Marines at Shanghai if the United States Government should, following the withdrawal of French and British forces, deem such reinforcement necessary. The article also contains a statement by Abend to the effect that the Japanese reply makes it possible for the American Marines to take over the British sectors of the International Settlement and the French Concession boundary.

2. It is suggested that in your discretion you inform Hallett Abend, as from the Department, that it is believed that the making or eliciting of statements for publication with regard to possible uses of American landed armed forces at Shanghai might best and to the advantage of all concerned be left to authorized officials of the American Government.

HULL

893.102S/1917 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, October 21, 1939—2 p. m.

[Received October 21—11:14 a. m.]

924. Yesterday evening three Chinese gunmen shot and wounded a Siang [*Sikh*] policeman of the Settlement police force on traffic duty of an extra-Settlement road in the western area and to facilitate their escape also shot and killed a Chinese constable who was standing near by. Police of the Chinese special municipality of Shanghai are reported to have been present just before the incident but disappeared when the shooting commenced. No arrests have been made nor is the identity of the gunmen known but in view of the deliberate nature of the attack and the threats reported to have been made by the police of the Chinese municipality to seize this and other traffic posts on the western extra-Settlement roads, the Settlement police authorities are inclined to believe that the attack was perpetrated by agents of that municipality. Strong Settlement police detachments are now patrolling the extra-Settlement roads in the west-

ern area. The British military authorities who for some time have maintained a few patrols in this area ordered out strong patrols immediately after the incident and it is understood will establish posts at some of the more important traffic intersections.

Repeated to Chungking, Peiping, Tokyo.

GAUSS

893.102S/1918 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, October 21, 1939—[3 p. m.]

[Received October 22—6 a. m.]

925. I have received a letter from Cornell Franklin "as the American Chairman of the Shanghai Municipal Council", directing my attention to the incident reported in my No. 924, October 21, 2 p. m. reviewing the situation in the western area at Shanghai, and concluding as follows:

"The Americans in this area rightfully look to the Council for protection of their lives and property and as the Council unaided cannot give this protection I appeal to the American Government for assistance."

The letter also states:

"Under the situation which has now developed I am fearful for the safety of American lives and property in the area defined. It is within the British sector of the defense scheme, but for political or other reasons the Commanding Officer of the British forces in Shanghai has informed the Council that his forces will only be used in support of the municipal police in the event of the life of a British subject being endangered. Without additional support from some other armed force the Council's police are unable to maintain law and order and to furnish adequate protection to American lives and property."

I regard the letter principally as a move to induce the American forces to come to the aid of the British forces in the British sector in continuation of the attempts made in that direction as reported in previous telegrams.

I am calling on my Japanese colleague late this afternoon to emphasize the seriousness with which we view the situation in the western area and, our representations made on October 4th, to inquire from him if anything is being done by the Japanese authority in the matter. I shall tell him that the situation is rapidly developing to the point where we shall have to give serious consideration to a request to the American forces for measures for the protection of American nationals.

Repeated to Tokyo, Chungking and Peiping.

GAUSS

893.102S/1922a : Telegram

The Secretary of State to the Consul General at Shanghai (Gauss)

WASHINGTON, October 21, 1939—7 p. m.

413. Reference your 869, September 29, 11 a. m., Department's 378, September 29, 6 p. m., your 893, October 6, 10 a. m., and your 902, October 9, 2 p. m., in regard to the western extra-Settlement roads area.

1. United Press report with Shanghai date line of October 21 carries sensational reports of defense measures being taken in the western area by Settlement police supported by British troops and contains statement that the American Chairman of the Municipal Council confers today with Japanese-sponsored Chinese authorities and then will decide whether to ask the aid of American marines for the protection of American lives and property in the western area. The United Press report also attributes to Franklin the statement that he was highly gratified by the statement made at Washington yesterday by the American Secretary of State to the effect that American Government officials at Shanghai had discretion in regard to action there.

2. The Department's attitude toward statements such as that attributed to Franklin in regard to the question of asking the aid of American marines is set forth in the Department's telegram no. 408, October 20, 8 p. m., paragraph 2. The comment made by the Secretary at his press conference on October 20 related, as you will note from Radio Bulletin no. 249 of October 20,⁹³ to incidents in the International Settlement and disputes between local police and police assigned to duties outside the Settlement.

3. The Department concurs in your attitude and that of the Commander-in-Chief as reported in your telegram No. 902, October 9, 2 p. m. If developments should occur in the western extra-Settlement roads area with which the responsible police and other authorities now there are unable to cope, and if it should appear advisable that American marines be sent into that area to protect the lives of American citizens, the Department inclines to the view that their mission should be that of affording protection to persons (American citizens) on an emergency basis, purely temporary, and with no intention of assuming the responsibilities of a police force in and for the area involved.

4. Please bring the expression of the Department's attitude as indicated in paragraph 3 above to the attention of the senior American naval officer at Shanghai, and if you and he are in agreement there-

⁹³ See telegram No. 418, October 24, 5 p. m., to the Consul General at Shanghai, p. 99.

with the Department suggests for consideration that in your discretion you explain the situation orally and in confidence to Franklin.

5. Please keep Department informed of developments.

Sent to Shanghai. Repeated to Chungking and Peiping.

HULL

893.1028/1920 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, October 22, 1939—noon.

[Received October 22—6 a. m.]

927. Your 408, October 20, 8 p. m. I am thoroughly in accord and have taken the action suggested. The United Press under Washington dateline of 21st reports that the Secretary of State announced last night that the United States will cooperate in all branches with the Shanghai Municipal Council in settling incidents such as the armed attack on municipal police in outside road area. The report states that Mr. Hull said action to be taken would be left to the discretion of the local government in Shanghai, the Shanghai Municipal Council, and that local American officials here are giving full attention to such incidents and cooperating in all branches to settle them. The report continues that observers in Washington saw in Mr. Hull's phrase "cooperating in all branches" an indication that the United States is prepared to answer any request for armed protection of American lives and property in the Shanghai outside road area which recently was invaded by Japanese controlled police. The report has been played up in the local press.

Sent to Department only.

GAUSS

893.1028/1933 : Telegram

The Commander in Chief, United States Asiatic Fleet (Hart), to the Chief of Naval Operations (Stark) ⁹⁴

[SHANGHAI,] October 22, 1939.

I am still of the opinion that my preparations are fully sufficient to meet the present conditions although the difficulties of patrol have been increased in the extra-Settlement roads sector because of the shooting that occurred there recently. I do not consider it wise to incorporate our marines with other Settlement troops. Increased uneasiness among citizens of the United States residing here may be caused by the British; however, the British do not seem to be as greatly alarmed as the Americans.

⁹⁴Paraphrase of telegram transmitted to the Department by the Navy Department.

893.102S/1923 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, October 23, 1939—7 p. m.

[Received October 23—2:03 p. m.]

933. Your 413, October 21, 7 p. m. The possible action contemplated here for the past few weeks, to be taken in case of necessity, conforms precisely to the view expressed in paragraph 3 of your message. Commander-in-Chief is talking with Franklin as suggested.

I feel that the recent publicity was an attempt to jockey us into adopting the proposals reported in my 893, October 6, 10 a. m.

Repeated to Chungking and Peiping.

GAUSS

893.102S/1925 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, October 24, 1939—11 a. m.

[Received October 24—7:30 a. m.]

935. Chairman of Municipal Council informs me that he visited the Chinese Mayor yesterday afternoon accompanied by the Senior Consul and the Japanese Consul General and that conversations will be reopened with a view to seeking a settlement of the outside roads problem, the Mayor requesting the Chairman to submit several alternative proposals for consideration.

Repeated to Chungking and Peiping, code text by air mail to Tokyo.

GAUSS

893.102S/1926a : Telegram

The Secretary of State to the Consul General at Shanghai (Gauss)

WASHINGTON, October 24, 1939—5 p. m.

418. Your 939, October 24, 2 p. m.⁹⁵ In view of the inaccurate publicity which a statement made by the Secretary on October 20 in regard to certain phases of the situation at Shanghai has apparently been given, there is quoted below the substance of the Secretary's statement as it appeared in Radio Bulletin No. 249 of that date:

"A correspondent referred to press reports from Shanghai regarding new incidents in the International Settlement and a dispute between local police and police assigned to duties outside the Settlement. Asked to comment, the Secretary answered that our local officials undertook to attend to local incidents of this sort, and to thresh them

⁹⁵ Not printed.

out, doing whatever was feasible and advisable to reach a settlement; and that he assumed this course would probably be followed in the present instance."

Sent to Shanghai. Repeated to Peiping and Tientsin.

HULL

893.102S/1928: Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, November 2, 1939—noon.

[Received November 2—4:25 a. m.]

568. Embassy's 501, October 4, 5 p. m.,⁹⁶ extra-Settlement roads area at Shanghai. We have received from the Foreign Office a *note verbale* referring to our representations made on October 4 and stating as follows:

"There are differences of opinion with regard to the various points set forth in those representations. However, with deep concern for a just settlement of this issue, instructions have already been sent to the Japanese Consul General in Shanghai to use his good offices whenever required in the negotiations on this question between the appropriate authorities of the Shanghai Municipal Government and the officials of the Municipal Council of the International Settlement at Shanghai."

Repeated to Shanghai. Shanghai please repeat to Chungking, Peiping.

GREW

893.102S/1932: Telegram

The Ambassador in China (Johnson) to the Secretary of State

CHUNGKING, November 4, 1939—11 a. m.

[Received 6:30 p. m.]

584. Following is Embassy's translation of a note from the Ministry of Foreign Affairs dated November 2nd.

"The Ministry of Foreign Affairs presents its compliments to the American Embassy and has the honor to state that it has received a report to the effect that two detachments of the Japanese Special Service Corps and of the *gendarmérie* suddenly occupied the fourth floor of the Bank of Communications on the Bund, in the International Settlement in Shanghai, by force on October 13, 1939; and that they still remain there in spite of repeated representations by officers of that bank.

The Ministry observes that the Japanese in engaging in such activity are probably making a test vis-à-vis the International Settlement au-

⁹⁶ Not printed.

thorities. It is feared that the result of this step will be to render it difficult for various Chinese central organizations and for other Chinese National Banks to continue to exist in the Settlement and will make it impossible for the Settlement to maintain peace and order.

Apart from addressing a separate communication to the British Embassy, the Ministry in inditing this third person note has the honor to request that the American Embassy be good enough to instruct the authorities of the International Settlement at once to conduct strict and effective negotiations with the Japanese to the end that members of the above corps who illegally entered the Bank of Communications withdraw at a definite date as a preventive measure against Japanese plots. The Embassy's reply is also requested."

The Embassy has replied to Ministry that the contents of the communications have been transmitted to the Department and to the Consulate General at Shanghai.

Referring to Department's No. 109 [139] of July 22, 1 p. m., regarding a reply to a somewhat similar request from the Foreign Office, I may say that it has not been necessary to return the draft reply authorized by the Department.

Repeated to Peiping and Shanghai.

JOHNSON

893.1028/1912 : Telegram

The Secretary of State to the Consul General at Shanghai (Gauss)

WASHINGTON, November 6, 1939—4 p. m.

436. Your despatch 2537, September 16, 1939, with specific reference to enclosures 1 and 2,⁹⁷ and Department's 360, September 21, 6 p. m., to you, with specific reference to paragraph 2.

In view of the increasing number and importance of problems of a diplomatic as well as military character arising from the operation of the Shanghai defense plan, the Department raises for consideration the question whether the situation outlined in the last paragraph of enclosure 2 to your despatch under reference should continue to exist.

The Department has in mind the discussions and exchanges of messages in 1934 and 1935,⁹⁸ of which you know with respect to consular representation on the Shanghai Defense Committee, and believes that no useful purpose would be served by renewing those discussions at this time. In this connection, however, the Department suggests that you talk over with Admiral Hart the practicability of there being consultation between you and the responsible Ameri-

⁹⁷ Despatch not printed; for two enclosures, see exchange of letters dated September 7 between the Commander in Chief, U. S. Asiatic Fleet, and the Consul General at Shanghai, p. 73.

⁹⁸ See telegram No. 366, November 20, 1934, 7 p. m., to the Chargé in China, *Foreign Relations*, 1934, vol. III, p. 308, and subsequent correspondence.

can naval or marine officer with respect to any proposal for revision of the defense plan before any commitment is made in regard thereto by the American marines at Shanghai.

The Department feels that an adequate exchange of information and views amongst the responsible American officials at Shanghai is highly important under the conditions prevailing there and has noted with satisfaction the close cooperation that exists between you, the Commander in Chief and the commanding officer of the American marines.

Sent to Shanghai only.

HULL

893.102S/1934 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, November 7, 1939—5 p. m.

[Received November 7—8:50 a. m.]

979. Reference Chungking's 584, November 4, 11 a. m. concerning occupation by Japanese gendarmes of Bank of Communications Building.

According to information received from reliable sources, it appears that Japanese gendarmes are occupying only a portion of third floor of the bank; that there is no interference with the bank's personnel; that banking business is being carried on as usual and that bank is understood to be carrying on discussions with the Japanese *gendarmarie*. Bank has not requested assistance of the Shanghai municipal police.

Repeated to Chungking and Peiping.

GAUSS

893.102S/1937 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, November 9, 1939—6 p. m.

[Received November 10—8 a. m.]

986. Reference my 852, September 23, 4 p. m., regarding revision of defense plan.

1. Staff officers of American Marines have replied to Japanese proposals by a memorandum which discusses the origin and scope of the defense plan to provide for protection of foreign life and property by collective action with reservation of the right of any defense commander to take independent action where necessary to ensure protection for his nationals. It also advances the proposition that a broad underlying principle of the plan is maintenance of the neu-

trality of the settlement and vicinity. It then considers the Japanese view that conditions permit revision of the plan, and discusses the very unsatisfactory situation in the western area. It asserts that before agreeing to any proposals for a change in existing provisions for safety of American nationals the American commander must first be assured that such change will guarantee continuance of adequate protection and such assurance cannot be found in the proposed change.

Memorandum expresses inability to agree in principle that the activities of the defense forces be confined to the limits of the settlement. As to the proposed Italian sector the memorandum suggests that if and when the Italian forces are represented in the defense plan they should have their own sector but it should be understood that in event of withdrawal of Italian forces reassignment of the sector should vest in the Defense Committee. As regards Shanghai Volunteer Corps the memorandum states that the corps has proved its usefulness in the past and should be maintained.

2. British military commander has addressed commander of Japanese naval landing party saying he has been instructed by the British Government to say that in the opinion of the British authorities conditions have not improved but rather deteriorated in the areas surrounding the International Settlement following the occupation of such areas by Japanese forces and Chinese police. The British commander stresses the large foreign interests in the British sector in the western area and the responsibility of British forces for protection of foreign lives and interests within the sector and concludes that he has been directed by the British Government "to inform you that no withdrawal of British troops from their present responsibilities in Shanghai can be contemplated until all danger to British and foreign lives and property is removed and circumstances permit a general reconsideration of the defense arrangements for Shanghai by the nationals concerned."

3. I understand that the Italian commander has made a reply to the Japanese but that the reply has not been communicated to the other foreign commanders for their information.

4. Admiral Hart informs me that a meeting of the staff officers is scheduled for November 14.

5. The memorandum of the American staff officers was prepared and delivered without consultation with me and, apparently through some misunderstanding, without the prior knowledge of Admiral Hart who is inquiring into the circumstances. While the reply is in my opinion fundamentally sound, if I had been consulted I would have recommended a number of changes in wording and tone.

Repeated to Peiping and Chungking. Code text by airmail to Tokyo.

893.102S/1937: Telegram

The Secretary of State to the Consul General at Shanghai (Gauss)

WASHINGTON, November 11, 1939—7 p. m.

449. Your 986, November 9, 6 p. m.

1. The Navy Department concurs in the Department's instruction no. 436, November 6, 4 p. m.

2. The Department notes with regret that the memorandum of the American staff officers was prepared and delivered without consultation with you and without the prior knowledge of Admiral Hart.

3. It has been the Department's hope that emphasis might be removed from the question of the defense plan and placed upon the more immediate question of the security of the Americans and other foreign residents of the western extra-Settlement road area. The Department suggests for your consideration and that of Admiral Hart that the American representative at the meeting of the staff officers scheduled for November 14 might find it advisable to mention that the question of the security of Americans and other foreigners residing in the western area has been taken up with the Japanese Government through diplomatic channels, and to suggest that further discussion among the defense force staff officers be postponed pending the outcome of the approaches which have been made through diplomatic channels.

4. Please inform Admiral Hart of the contents of this telegram and discuss the whole matter with him.

Sent to Shanghai. Repeated to Peiping, Chungking. Shanghai please repeat to Tokyo.

HULL

893.102S/1941: Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, November 15, 1939—4 p. m.

[Received November 15—10:55 a. m.]

1005. Reference Department's number 489 [449], November 11, 7 p. m., regarding defense plan. At the meeting of staff officers yesterday the American and British officers took the view that as there is disagreement with Japanese proposals and matters of policy are involved there is nothing more for staff officers to discuss. American staff officers also advanced opinion suggested in paragraph 3 of your telegram number 499 [449].

2. Japanese presiding staff officer urged discussion, without result. He was inclined to insist that staff officers should submit report to Defense Committee indicating points of agreement or disagreement. Meeting adjourned with the understanding that staff officers would report to respective superiors.

3. It was stated at the meeting that the Italians approved the Japanese proposals.

4. While attempt may be made to have further discussions I am of the opinion that proposed revision of defense plan has been indefinitely postponed.

Repeated to Chungking, Peiping and Tokyo.

GAUSS

893.102S/1960 : Telegram

The Counselor of Embassy in China (Peck) to the Secretary of State

CHUNGKING, December 4, 1939—5 p. m.

[Received December 4—2:45 p. m.]

626. Following is the Embassy's translation of a note from the Chinese Foreign Office dated December 2.

"The Ministry of Foreign Affairs presents its compliments to the American Embassy and has the honor to state that it announced officially a report to the effect that Japanese gendarmes and plain-clothes men at Shanghai, in conjunction with the detectives and police of the International Settlement, suddenly searched the residence of Mr. Chao Wei-tsu, Acting Administrative Director of the Board of Directors of Chinese Boy Scouts in the Municipality of Shanghai, at 6 a. m. on November 23, 1939; that Director Chao was then taken to a police station; and that he has not as yet been released.

The Ministry has the honor to observe that the Ministry in repeated communications has consulted with the Embassy in regard to illegal searches and arrests of Chinese citizens by Japanese gendarmes and special service men in the International Settlement at Shanghai and has asked that the Embassy cause instructions to be issued that these practices be rectified and that persons already arrested be returned for action according to law. Having again received a report as described above, the Ministry, aside from addressing a separate communication to the British Embassy, has the honor to indite this third person note for the Embassy's information, and to request that a telegram be despatched to the Settlement authorities to release Mr. Chao Wei-tsu at once. The favor of a reply is also requested."

Repeated to Peiping, Shanghai.

PECK

893.102S/1960 : Telegram

The Secretary of State to the Counselor of Embassy in China (Peck), at Chungking

WASHINGTON, December 7, 1939—7 p. m.

231. Your 626, December 4, 5 p. m.

1. Department desires that the American Consul General at Shanghai transmit informally and without comment the text of the Chinese

Foreign Office's note to the appropriate authorities of the Shanghai International Settlement.

2. Please make suitable acknowledgment to the Chinese Foreign Office of its note and say that the note is being communicated to the appropriate authorities of the Shanghai International Settlement.

Sent to Chungking. Repeated to Peiping and Shanghai.

HULL

893.102S/1971

The British Embassy to the Department of State

His Majesty's Government have been considering the problem of the financial difficulties of the Shanghai Municipal Council and the cognate question of whether the control of the Council can be prevented from falling into the hands of the Japanese. Among the proposals which have been made for dealing with the financial question is one put forward by the British and American councillors that a credit of £250,000, repayable after 3 years, be guaranteed to the Council. It has been suggested that this credit should be jointly guaranteed by the United States Government and His Majesty's Government, the United States guarantee to be in proportion to their representation on the Council—i. e. for £100,000 as against £150,000 for His Majesty's Government.

No decision in the matter has yet been reached in London and no undertaking can be given at the moment as regards His Majesty's Government's attitude towards the proposal that they should guarantee a share of this credit, for which in any case Parliamentary sanction would be required. His Majesty's Embassy has however been instructed to enquire informally of the State Department as to the attitude of the United States Government in the matter and as to their willingness to join with His Majesty's Government in guaranteeing this credit in the manner suggested. If the United States Government are willing to take action in the sense suggested would Congressional approval be required before the credit could be guaranteed?

His Majesty's Embassy have also been instructed to inform the United States Government that steps are being taken to facilitate the splitting of the properties owned by British subjects in Shanghai in order to increase the British vote before the next municipal election in April. It is felt that the repayment of the suggested credit would be made more certain if the United States authorities in Shanghai were to take similar action.

WASHINGTON, December 15, 1939.

893.102S/1974 : Telegram

The Consul General at Shanghai (Lockhart) to the Secretary of State

SHANGHAI, December 22, 1939—10 a. m.

[Received December 22—1:43 a. m.]

1132. Chungking's 626, December 4, 5 p. m., to the Department and the Department's 231, December 7, 7 p. m., to Chungking. Chao Weitsu was unconditionally released yesterday afternoon.

A copy of the note quoted in Chungking's 626, December 9 [4], 5 p. m., was transmitted to the Chairman of the Shanghai Municipal Council in accordance with the Department's 231, December 7, 7 p. m.

Repeated to Peiping, Chungking.

LOCKHART

893.102S/1971

The Department of State to the British Embassy

Reference is made to an inquiry by the British Government, described in the British Embassy's confidential communication of December 15, 1939, whether the Government of the United States would be willing to share, to the extent of pounds sterling 100,000, in a joint guarantee with the British Government of a credit of pounds sterling 250,000 to the Shanghai Municipal Council.

During the past autumn the American Consul General at Shanghai transmitted an inquiry from the Chairman of the Municipal Council of the International Settlement at Shanghai in regard to possible participation by the Government of the United States in a loan, or in the guarantee of a loan, to the Council. On November 30 the Department of State, following consultation with the Treasury Department, informed the American Consul General at Shanghai⁹⁹ of its opinion that there is not available to the Government of the United States any fund which could appropriately be used in meeting the desires of the Council as indicated above. The situation has not changed since the issuance of that instruction.

With reference to the last paragraph of the British Embassy's communication, while this Government does not see its way to adopting the specific procedure outlined therein, it is, as is also the American Consul General at Shanghai, thoroughly aware of the importance of the exercise by the American community at Shanghai of its full voting strength in the municipal elections.

WASHINGTON, December 26, 1939.

⁹⁹ Telegram No. 470, December 1, 4 p. m., not printed.

AMERICAN INTEREST IN JAPANESE DEMANDS AFFECTING THE
INTEGRITY OF THE INTERNATIONAL SETTLEMENT OF KULANGSU
AT AMOY

893.102 Kulangsu/132 : Telegram

The Consul at Amoy (MacVitty) to the Secretary of State

AMOY, May 12, 1939—10 a. m.

[Received 10:10 a. m.]

16. Yesterday morning Ang Hip Hoon of Amoy Peace Maintenance Committee killed in International Settlement, Kulangsu. Last night Japanese landed 150 troops in Settlement, placed guards at all jetties blockading the Settlement. Japanese making numerous arrests in Settlement. This is the first incident occurring in the Settlement and only occurred after Japanese had succeeded in forcing Municipal Council to employ Japanese police.

Transmitted to Embassy at Peiping, Chungking.

MACVITTY

893.102 Kulangsu/133 : Telegram

The Consul at Amoy (MacVitty) to the Secretary of State

AMOY, [May 13, 1939—11 a. m.]

[Received May 13—8:50 a. m.]

17. Reference to my telegram No. 16, Japanese continue to occupy International Settlement. They have placed machine gun posts opposite mainland, thereby drawing fire from Chinese troops and endangering lives of Europeans in Settlement. I have warned Japanese authorities of the danger of serious complications if American lives are endangered and the arrival of the U. S. S. *Bulmer* this morning on routine trip has caused the Japanese to fear that we may land marines. Am endeavoring to have joint protest made by consular corps regarding violation of neutrality of settlement. Japanese Marines making a large number of arrests of Chinese and it is reported that many are being taken to Amoy and shot. Planes are daily bombing from nearby points on mainland.

Transmitted to Embassy at Peiping, Chungking.

MACVITTY

893.102 Kulangsu/126 : Telegram

The Chargé in China (Peck) to the Secretary of State

CHUNGKING, May 14, 1939—noon.

[Received May 14—7 a. m.]

330. Reference Amoy's 16, May 12, 10 a. m. Following is Embassy's translation of note from Minister of Foreign Affairs¹ dated May 13, received today:

"Urgent. The Ministry of Foreign Affairs has received a report to the effect that Japanese Marine officers recently occupied Kulangsu by force on May 11 and conducted a door-to-door search.

It is further observed that the forcible occupation of Kulangsu by Japanese troops is all designated as a test and that its repercussion on the future of the Concessions in Shanghai and Tientsin may be great. The Chinese Government is very much concerned.

The Ministry in inditing this note requests that the American Embassy ask the American Government to give its most serious attention to the matter."

Repeated to Peiping, Shanghai.

PECK

893.102 Kulangsu/134 : Telegram

The Consul at Amoy (MacVitty) to the Secretary of State

AMOY, May 15, 1939—11 a. m.

[Received 12:55 p. m.]

21. Japanese authorities yesterday presented demands to Municipal Council that a Japanese be made Secretary and Chief of Police, that Formosans be qualified to vote and be elected Councilors, that vacancies on Council be filled by Chinese (puppets), that Japanese Consular police be authorized to make arrests of anti-Japanese in cooperation with municipal police. As these demands would require changes in Settlement of land regulations Council is expected to reply that such changes can only be made by concurrence of governments signatory to land agreements and that the matter must be presented by the Japanese Foreign Office to interested governments. A strong joint note protesting against recent incidents has been made by Consular Body to Japanese. On recommendation of Captain Stapler,² U. S. S. *Marblehead* will arrive at Amoy Wednesday morning. Japanese have given no indication as to when marines will leave International Settlement. General opinion here that Amoy incident is a dress rehearsal for Shanghai and that strong protest should be made by governments concerned.

MACVITTY

¹ Wang Chung-hui.

² Commanding South China Patrol, U. S. Asiatic Fleet.

893.102 Kulangsu/127 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

Tokyo, May 15, 1939—6 p. m.

[Received May 15—12:55 p. m.]

226. 1. My British colleague^a has received instructions reading in paraphrase as follows:

"It is important that the Japanese Government should be under no misapprehension as to serious view which we take of this forcible intervention in international administration of Kulangsu. You should therefore consult your United States colleague and French colleague with a view to a concerted protest. If, however, there is no prospect of any such protest being arranged you should take action alone."

2. I shall take no action unless so directed.

Repeated to Chungking.

GREW

893.102 Kulangsu/133 : Telegram

The Secretary of State to the Counselor of Embassy in China (Lockhart), at Peiping

WASHINGTON, May 15, 1939—6 p. m.

98. Please repeat to Tokyo if you have not already done so Amoy's 16, May 12, 10 a. m., and 17, undated, and request as from the Department that the Ambassador, after consultation with his similarly interested colleagues, approach the Foreign Office in such manner as he may deem appropriate and state that this Government's concern over the developments at Amoy and its interest in the International Settlement there prompt him to make inquiry in regard to the intentions of the Japanese Government with respect to the landing of Japanese troops in the Settlement.

Amoy should continue to keep the Department currently informed of developments in the situation as they occur, especially indications regarding the likelihood of an early removal of Japanese troops from the Settlement, Japanese interference with the functioning of the Municipal Council and other factors affecting the security of American lives and property and American legal rights. The Consul should report also whether the proposed joint protest by the Consular Corps regarding the violation of the neutrality of the Settlement referred to in Amoy's no. 17 has been made.

^a Sir Robert L. Craigie, British Ambassador in Japan.

Please see that Tokyo is kept promptly informed of significant developments at Amoy.

Repeated to Chungking and Amoy.

HULL

893.102 Kulangsu/135: Telegram

The Consul at Amoy (MacVitty) to the Secretary of State

Amoy, May 16, 1939—2 p. m.

[Received May 16—10:40 a. m.]

23. Japanese today withdrew all but 30 marines from Settlement. Municipal Council has requested Consular Body to land naval forces and this morning we landed small patrol to look over American property to be protected if necessary. It now seems clear that the assassin of Ang is a member of only one of the Formosan gangs and that he has taken refuge in Amoy and that the Japanese used the incident as an endeavor to attempt to take over International Settlement. British Admiral arrived today and Captain Stapler is consulting with him as to joint action to be taken.

MACVITTY

893.102 Kulangsu/127: Telegram

The Secretary of State to the Ambassador in Japan (Grew)

WASHINGTON, May 16, 1939—6 p. m.

128. Your 226, May 15, 6 p. m., via Shanghai, crossed the Department's 98, May 15, 6 p. m., via Peiping. The Department desires that, unless you have already done so, you make parallel representations with your British or other interested colleagues to the Japanese Government. In emphasizing this Government's concern over the interference by the Japanese armed forces in the international administration of Kulangsu you should call attention to the Land Regulations for the settlement of Kulangsu which constitutes the charter for that international administration and to which the Japanese Government is a party. Paragraph 16 of those Regulations provides "Hereafter should any correction be requisite in these Regulations or should it be necessary to determine on further rules, or should doubts arise as to the construction of, or powers conferred thereby, the same must be consulted on and settled by the Foreign Consuls and local Chinese Authorities subject to confirmation by the Foreign Representatives and Supreme Chinese Government at Peking." You should point out that accordingly any modifications involving any changes in the

Land Regulations which the Japanese Government may seek to have brought about in the international administration of Kulangsu should be taken up in accordance with the procedure provided in those Regulations.

Repeated to Chungking, Shanghai, Amoy.

HULL

893.102 Kulangsu/135 : Telegram

The Secretary of State to the Consul at Amoy (MacVitty)

WASHINGTON, May 16, 1939—6 p. m.

10. Your 23, May 16, 2 p. m. Please report the reasons underlying the Municipal Council's request for the landing of naval units and whether the British have also landed a patrol. It is assumed that by "joint action" you refer to common or concurrent measures which would have their basis in the fact that both the American and the British Governments have an interest in the International Settlement at Kulangsu.

Repeated to Chungking, Peiping and Shanghai.

HULL

893.102 Kulangsu/131 : Telegram

The Consul at Amoy (MacVitty) to the Secretary of State

AMOI, May 17, 1939—3 p. m.

[Received May 17—8:55 a. m.]

24. Japanese Consul General⁴ called this morning and expressed concern about possible landing American and British Marines. He stated that correct number of Japanese troops in Settlement is 42 and they would be reduced to 10 in about a week. I expressed deep concern over his demands on Municipal Council which he confessed emanated from Japanese naval authorities in Amoy, I also informed him that his demands were tantamount to taking the Settlement under Japanese control and that in view of the large number of American and British residents this could not be agreed to.

Naval vessels now in port are British cruiser *Birmingham* and three destroyers, American cruiser *Marblehead* and destroyer *Bulmer*. Conferences are being held today by ranking naval officers with Japanese Naval Command.

MACVITTY

⁴G. Uchida, Senior Consul in Kulangsu International Settlement.

893.102 Kulangsu/130 : Telegram

The Consul at Amoy (MacVitty) to the Secretary of State

AMOY, May 17, 1939—5 p. m.
[Received May 17—8:55 a. m.]

25. At a meeting between American and British Navy and Consuls it was decided, in view of the indefinite promises of the Japanese, to land naval parties equal in number to the Japanese troops in Settlement at 6 p. m. today.

MACVITTY

893.102 Kulangsu/130 : Telegram

The Secretary of State to the Consul at Amoy (MacVitty)

WASHINGTON, May 17, 1939—7 p. m.

12. Your 25, May 17, 5 p. m., and Department's 10, May 16, 6 p. m.

1. It is the Department's concept that naval units are landed for purposes of protecting American citizens from individual acts of lawlessness and dangers incident to serious disorders. The Department hopes that it will not be necessary for the landing party to remain ashore for any extended period.

2. In order to enable the Department to answer inquiries from the press and other interested persons, including perhaps members of Congress, please send the Department by priority radio a statement setting forth how the landing of American naval units may contribute toward protecting American lives against excited and lawless elements. Also, as long as the situation at Amoy continues to be critical, the Department would appreciate receiving if possible somewhat more detailed daily radio reports than those thus far received.

Repeated to Peiping, Chungking and Shanghai.

HULL

893.102 Kulangsu/134 : Telegram

The Secretary of State to the Consul at Amoy (MacVitty)

WASHINGTON, May 18, 1939—5 p. m.

13. Department's 12, May 17, 7 p. m., and previous. With reference to the demands presented by the Japanese authorities to the Municipal Council mentioned in your 21, May 15, 11 a. m., there is quoted below for your confidential information and guidance pertinent portions of a telegram sent on January 11, 1938, to the Consul General at Shanghai containing broad views for the consideration of

the Consul General in connection with the situation with which the Municipal Council of the International Settlement at Shanghai was then being confronted.

[Here follows quotation from telegram under reference, printed in *Foreign Relations*, 1938, volume IV, page 119.]

HULL

893.102 Kulangsu/136 : Telegram

The Consul at Amoy (MacVitty) to the Secretary of State

Amoy, May 18, 1939—11 p. m.
[Received May 18—4:35 p. m.]

26. Reference is made to the Department's No. 10, May 16, 6 p. m. and 12, May 17, 7 p. m. The landing of the Japanese Marines in the Settlement and the demands made on the Municipal Council, which if accepted would place the International Settlement in complete control of the Japanese, the Japanese patrols and searching parties terrorizing the Chinese population and Chinese troops on the mainland returning fire of Japanese stations on shore line of Kulangsu have seriously endangered American lives and property. In this situation the Municipal Council, the legal governing body, and the British warships could not maintain order, therefore, the Chairman formally notified the Consuls on May 15 that normal conditions could not be restored without immediate strong action on the part of the governments interested. He personally made an appeal for the immediate aid of naval forces. Possibility [*Probably?*] due to the timely arrival of American and British naval vessels the Japanese reduced their forces to 42 on the evening of May 16, however, demands for the reorganization of the Council into Japanese control were not withdrawn. Yesterday the Japanese Admiral promised British Admiral Noble that he would inform him before noon as to when normal conditions would be restored. He failed, however, to communicate with Admiral Noble and at 3:00 p. m. the American and British residents could no longer be left in this dangerous situation and joint naval parties were landed at 5:00 p. m.

A French gunboat arrived last night and, immediately after consultation with French Consul, officer in command disembarked naval force from his vessel. Each naval party consists of 42 men, the equivalent of Japanese force, and the island is divided into three districts for protection. Units will be withdrawn in proportion to Japanese withdrawals. All marines ashore are at [*location?*] near to their Consulates. The American contingent is lodged in the Consulate building and grounds. It is hoped that normal order will be resumed

soon but until demands on the Council are withdrawn the situation will remain serious and American lives and property will require protection.

MACVITTY

893.102 Kulangsu/137 : Telegram

The Consul at Amoy (MacVitty) to the Secretary of State

Amoy, May 19, 1939—6 p. m.
[Received May 19—9:05 a. m.]

27. At a meeting of Consular Body, American, British, French and Netherlands Consuls, it was decided that in view of the non-withdrawal of the Japanese demands on the Council, to send a joint note to the Japanese Consul General endorsing the note sent by the Municipal Council and informing that "we fail to understand your action in addressing these demands to the Municipal Council without prior consultation with your colleagues, and now desire the [to?] place on record our disapproval of their tenor and of their manifest object of placing the Japanese in a privileged position in the administration of [the] International Settlement". The note further informs him that should he consider that the land regulations require revision he should act in accordance with prescribed procedure, that is, present his request to each Consul for referred [reference?] to the Consul's Government. The Consular protest outlined above was sent today.

Kulangsu appear[s] to be today showing that the landing of forces has had the effect of quieting the population. American residents have called and expressed their gratitude over action taken here.

MACVITTY

893.102 Kulangsu/144a : Telegram

The Secretary of State to the Consul at Amoy (MacVitty)

WASHINGTON, May 20, 1939—3 p. m.

15. Tension at and over Kulangsu appears, on basis of all reports available to us now, to be satisfactorily relaxing; and Department hopes that it will not again become acute. Department desires that, in case Municipal Council or any foreign or local elements manifest tendencies toward unduly challenging or arousing susceptibilities of the Japanese, you discreetly exert influence toward encouraging exercise of self-restraint.

Repeated to Peiping and Chungking.

HULL

893.102 Kulangsu/148 : Telegram

The Consul at Amoy (MacVitty) to the Secretary of State

AMoy, May 24, 1939—9 a. m.

[Received May 24—7 a. m.]

35. Yesterday evening the Japanese Consul General in reply to the Municipal Council's protest of May 17 stated:

(1) He demands strict suppression of anti-Japanese elements in the Settlement.

(2) Kulangsu being a part of Amoy it cannot exist as an isolated island, he therefore insists that the Chief of Police and Secretary of the Council be replaced by a Japanese and that a prompt increase be made in the number of Japanese police.

(3) As Formosans became Japanese subjects by the Sino-Japanese treaty of 1895⁵ they are not Chinese and are qualified to vote and be elected as councilors, "this question requires no change in the land regulations".

(4) That Chinese seats on the Council be filled by appointees of the Chairman of the Peace Maintenance Committee of Amoy (the puppet government).

(5) Thorough cooperation between Japanese consular police and municipal police in searches and arrests of anti-Japanese reactionaries in the International Settlement. There will be a meeting of consular officers and ranking naval officers to consider the Japanese Consul's demands this morning at 11.

Repeated to Peiping, Chungking and Shanghai.

MACVITTY

893.102 Kulangsu/151 : Telegram

The Consul at Amoy (MacVitty) to the Secretary of State

AMoy, May 25, 1939—3 p. m.

[Received May 25—8 a. m.]

38. The conference this morning between naval officers of America, Great Britain, and France, with Japanese Vice Admiral terminated without any progress being made as to the withdrawal of naval forces from the Settlement. However, the Japanese did intimate that no withdrawal of their marines would take place until the Municipal Council agrees to the appointment of three Chinese members by the Chairman of the Peace Maintenance Committee in Amoy. Should the above be agreed to by the Council it would be tantamount to giving the Japanese five seats as compared with the combined American, British and Dutch representation of one each, thus placing the International Settlement in complete control of the Japanese. This demand, of course, could not be met without violating the land regulations.

⁵ Signed at Shimonoseki, April 17, 1895; J. V. A. MacMurray (ed.), *Treaties and Agreements With and Concerning China, 1894-1919* (New York, 1921), vol. I, p. 18.

The Japanese blockade between the mainland and Kulangsu while scheduled to commence this evening was already in force this morning and permits have been refused the Standard-Vacuum Oil Company to ship from their installation to interior points. On account of the possible effect of the blockade, the tension here has increased and the hope of a satisfactory solution being concluded by local negotiation is still uncertain.

Repeated to Peiping, Chungking, Shanghai.

MACVITTY

893.102 Kulangsu/154 : Telegram

The Consul at Amoy (MacVitty) to the Secretary of State

Amoy, May 26, 1939—10 a. m.

[Received May 26—6:30 a. m.]

39. Indications this morning are that the abrupt termination of the naval conferences by Admiral Noble yesterday took the Japanese by complete surprise and that they are now in a much more conciliatory mood and the prospects of a solution of the situation are at present more hopeful.

The Japanese have announced that their blockade will not interfere with supplies of food from the mainland to Kulangsu.

Japanese press reports that there was increase in anti-Japanese activities in the Settlement after the landing of American, British and French forces are without foundation. Suggestions to this effect were made during the naval conferences but the Japanese were unable to cite specific cases.

Admiral Noble will leave for Shanghai today on the *Birmingham* which is being succeeded by the British cruiser *Cornwall*. The British Ambassador arrived today on the *Cornwall* and will proceed to Shanghai on the *Birmingham*. It is expected that the U.S.S. *Marblehead* will leave for Shanghai tomorrow morning, Captain Stapler, Commander of the South China Patrol, will transfer his flag to the U.S.S. *Tulsa* and sailors from the *Tulsa* will replace the *Marblehead's* landing force at the Consulate.

Repeated to Peiping, Chungking, Shanghai.

MACVITTY

893.102 Kulangsu/153 : Telegram

The Consul at Amoy (MacVitty) to the Secretary of State

Amoy, May 26, 1939—6 p. m.

[Received May 26—8:45 a. m.]

40. With reference to my telegram No. 39, May 26, 10 a. m.; and 35, May 24, 9 a. m., the Japanese Consul General today in an inter-

view with the Chairman of the Municipal Council withdrew demands numbers 3 and 4 relating to the franchise of Formosans and the appointment of Chinese members. Demands numbers 1 and 5 regarding cooperation in suppressing anti-Japanese activities are already being met and present no great difficulty. As to demand number 2, the Japanese still insist on a Japanese chief of police, an interpreter, 8 additional Japanese police and 10 additional Formosa police. In view of the more conciliatory attitude it is possible that some satisfactory agreement can be effected with regard to the police question.

During the naval conferences it was strongly pointed out to Vice Admiral Kondo that 80% of the trouble was caused by rival Formosa gangs employed by the Japanese Consul General and the Japanese Navy.

Repeated to Peiping, Chungking and Shanghai.

MACVITTY

893.102 Kulangsu/157 : Telegram

The Consul at Amoy (MacVitty) to the Secretary of State

AMOY, May 27, 1939—6 p. m.

[Received May 27—8:20 a. m.]

42. I have conferred today with the Japanese Consul General, my colleagues and the Chairman of the Municipal Council and it now appears possible that a solution satisfactory to all concerned may be arrived at soon. During my interview with the Japanese Consul General he agreed to drop his demand that the position of Chief of Police should be given to a Japanese and appeared more reasonable with regard to the question of additional Japanese police.

Repeated to Embassy [at] Peiping, Chungking and Shanghai.

MACVITTY

893.102 Kulangsu/161 : Telegram

The Consul at Amoy (MacVitty) to the Secretary of State

AMOY, June 3, 1939—9 a. m.

[Received June 3—3 a. m.]

44. After daily conferences between Consular Corps and Japanese Consul General at which it seemed likely that a satisfactory solution of Kulangsu incident would be assured, yesterday the Japanese Consul General renewed demands for additions to the police that would be beyond the financial power of the Municipal Council to grant. He

also revived his demand for the appointment of three Chinese members to the Council by the puppet Mayor of Amoy. He was told plainly that unless he could adopt a more reasonable attitude further discussions were impossible and we left the meeting. The change in attitude was coincident with the arrival of reinforcements to the Amoy garrison.

Japanese press reports of renewed anti-Japanese activities in the Settlement are entirely without foundation.

Repeated to Embassy at Peiping, Chungking, American Consul General at Shanghai.

MACVITTY

893.102 Kulangsu/179

Memorandum of Conversation, by the Chief of the Division of Far Eastern Affairs (Hamilton)

[WASHINGTON,] June 5, 1939.

The French Ambassador⁶ called at his request. He said that he had received word from his Government that the French Ambassador in China was of the opinion that the French contingent which had been landed at Kulangsu should not be withdrawn until some satisfactory adjustment of the local situation had taken place and that the French Foreign Office apparently had the same view as the French Ambassador in China. He asked me what our attitude in the matter was. I replied that the contingent of American marines and sailors had been landed at Kulangsu pursuant to the decision of the senior American naval officer at that place in line with general standing instructions; that the Commander in Chief of the American Asiatic Fleet⁷ had approved the action taken by the local commander; and that the Department had sent certain general instructions in regard to the situation at Kulangsu but had not issued any express instructions with regard to the question of withdrawing the American contingent which was now ashore. I told the Ambassador that our latest information from Amoy was contained in a telegram from our Consul there which we had received on Saturday in which the Consul reported that discussions with the Japanese had been proceeding rather favorably but that at the last meeting the Japanese Consul General had renewed certain requests which in the opinion of the others concerned were unreasonable and that the meeting had broken up.

M[AXWELL] M. H[AMILTON]

⁶ Count de Saint-Quentin.

⁷ Adm. Harry E. Yarnell.

893.102 Kulangsu/161 : Telegram

The Acting Secretary of State to the Consul at Amoy (MacVitty)

WASHINGTON, June 7, 1939—7 p. m.

17. Your 44, June 3, 9 a. m.

1. The Department appreciates the difficulties of the situation at Amoy and is confident that you are keeping in mind the Department's 13, May 18, 5 p. m., and Department's 15, May 20, 3 p. m., last sentence.

2. If there are any phases of the situation or matters of principle or detail in connection with the negotiations with the Japanese authorities concerning which you may consider that the Department's advice or comments would be helpful, it is desired that you refer such questions to the Department. (See Department's telegraphic instruction of identic date to the Embassy at Tokyo.⁸) With a view to easing the situation and by way of provisional comment in general terms at this time, the Department is of the opinion that the Japanese desiderata to which the Municipal Council might reasonably give favorable consideration include the following: (a) the issuance of a statement by the Municipal Council to the effect that every effort within the Council's power will be exerted to maintain peace and order in the Settlement and prevent the Settlement from becoming a center for subversive elements of any kind, including anti-Japanese elements, such statement to be implemented by specific action on the part of the Settlement police against disturbers of and plotters against peace and order; (b) the appointment of a Japanese Inspector of Police in place of the Japanese sub-Inspector; and, possibly, (c) the working out by the Consular Body and the Municipal Council of some expedient *modus operandi* which would meet Japanese desires for Chinese representation on the Municipal Council. In this latter connection, however, the Department is not in a position to make a positive suggestion or offer specific comment until it receives information from you in regard to the manner in which Chinese vacancies on the Council were filled in recent years prior to the current Sino-Japanese hostilities and, if any such vacancies have been filled since the hostilities, the manner in which this was accomplished. Please report on this point.

Shanghai please repeat to Tokyo. Repeated to Chungking, Peiping and Shanghai.

WELLES

⁸ *Infra*.

893.102 Kulangsu/163a : Telegram

The Acting Secretary of State to the Chargé in Japan (Dooman)

WASHINGTON, June 7, 1939—7 p. m.

155. 1. The Department is disturbed with regard to the situation at Kulangsu. The simple facts in this situation appear to be as follows: Kulangsu is an International Settlement where the rights and lawful responsibilities of several powers, including Japan and the United States, are identical; Japanese authorities recently, claiming that there was a local situation of disorder, landed certain armed forces and addressed to the Municipal Council various demands; authorities of certain other powers, including the United States, being apprised of the Japanese contention that there were conditions of disorder, and of the landing of Japanese armed forces, and being asked by the Municipal Council to land armed forces, landed armed forces; a number of conferences have since been held looking toward an amicable liquidation of the situation; the Japanese authorities persevere in insisting upon action by the Municipal Council which, if taken, would in effect nullify the international control of the Council and substitute therefor a control of the Settlement by Japanese authorities.

2. The American Consul at Amoy has reported to the Department various Japanese desiderata in this connection as proposed by the Japanese Consul General at Amoy. The Japanese Consul General withdrew some of his requests for modification of the Settlement's administration but as he subsequently renewed some of the requests thus withdrawn, the situation appears to have increased in confusion. As an example of the unreasonable attitude of the Japanese authorities at Amoy, the Japanese Consul General recently requested an increase in the number of Japanese police which is understood to be beyond the Municipal Council's financial capacity to provide. The Department points out in this connection that with the present Japanese sub-inspector and 12 Formosans, the Japanese representation on the police force would seem already to be disproportionately large. Furthermore, it is to be observed that, with 2 Japanese members of the Municipal Council for 18 Japanese ratepayers and, for example, only 1 American Councillor for 20 American ratepayers, there would seem to exist already a disproportionately large Japanese representation on the Settlement's governing body in addition to that in the police.

3. The Department desires that, after consultation with your principally interested colleagues, you call at the Foreign Office and, giving an outline of the situation as it thus appears to the Department,

say that the American Government relies upon the Japanese Government to cooperate in reaching a solution of the situation at Kulangsu by amicable processes and without further prejudicing of the situation by threat of or resort to intimidatory measures which would tend to complicate and render more difficult the reaching of an orderly and fair settlement of the points at issue. This Government is unable to believe that measures of this character represent the considered policy of the Japanese Government and is confident that the Japanese Government will without delay issue instructions to the Japanese authorities at Amoy to adopt a cooperative attitude. While it appears from the information available that the Municipal Council at Amoy, on its part, has exerted itself in an openminded way to seek an appropriate adjustment of points at issue and the American Consul at Amoy has used his influence toward this end, the Department is now specifically instructing the American Consul at Amoy by telegraph to continue using his influence with the Council to obtain full consideration of reasonable Japanese proposals for practicable modifications in the Settlement's administration, provided that such requests do not militate against the Settlement's international character, tend to violate the principle of international cooperation on a representative basis, or involve revision of the land regulations, which revision at this time would appear to be impracticable and inadvisable in view of the abnormal character of the present situation. You may say further that the Department inclines to the opinion, at the present stage of the situation, that adjustment of the matter locally between the various authorities at Amoy is to be desired. The situation nevertheless involves matters of principles and practice which are of interest to a number of governments and which are considered by this Government to be of importance; failure of the various authorities at Amoy to arrive, in an orderly and otherwise appropriate manner, at a reasonable and practicable solution would necessarily raise the questions involved to the status of matters for direct inter-governmental discussion through diplomatic channels.

Repeated to Chungking, Peiping, and Amoy.

WELLES

893.102 Kulangsu/167 : Telegram

The Consul at Amoy (MacVitty) to the Secretary of State

AMOX, June 10, 1939—11 p. m.

[Received June 10—3:12 p. m.]

50. In reply to the Department's No. 17, June 7, 7 p. m.

1. In all negotiations I have endeavored to follow instructions contained in Department's 13, May 18, 5 p. m., and 15, May 20. I have conferred with my colleagues and the Chairman of the Municipal

Council daily and my suggestions have always been made with a view to an amicable settlement, the difficulty has been entirely owing to the Japanese agreeing to one thing one day and demanding more the next.

2. The Municipal Council has already informed the Japanese that it is willing and anxious to do everything in its power to suppress all subversive activities and the municipal police are working in full cooperation with the Japanese consular police. In this connection it must be stated that there has been no evidence of subversive activities in the Settlement since the landing of foreign sailors.

3. The Japanese demand for an inspector was in addition to the sub-inspector already employed, they refused the offer to promote the sub-inspector to the rank of inspector.

4. The Chinese members of the Council have in the past been nominated by the Mayor of Amoy, he is now located in the village of Haiting on the mainland adjacent to Kulangsu. These seats have been vacant since the occupation of Amoy. The fact that, from the beginning of Sino-Japanese hostilities until the occupation of Amoy, the Japanese seats on the Council were left vacant and the Council fully protected Japanese and Formosan property has been pointed out repeatedly to the Japanese. The Municipal Council feels that the acceptance of Chinese members appointed by the puppet government would mean recognition of it and I am certain that my British and French colleagues would never agree to suggesting any such action as their instructions are very positive on this subject. It must be that up to the incident which the Japanese used as an excuse for landing, there were no complaints of anti-Japanese activities and that Japanese civilians were and are living in the Settlement in perfect safety and that the only trouble was the difficulty between the Formosan gangs employed and protected by the Japanese Consulate General and Navy.

Transmitted to Embassy at Peiping, Chungking, Consul General at Shanghai.

MACVITTY

893.102 Kulangsu/168 : Telegram

The Chargé in Japan (Dooman) to the Secretary of State

TOKYO, June 12, 1939—1 p. m.
[Received June 12—10:49 p. m.]

269. Department's telegram No. 155, June 7, 7 p. m., situation at Kulangsu.

1. During a conversation on June 10 with the Vice Minister,⁹ I brought up the difficulties gratuitously created by the attitude of the

⁹ Renzo Sawada.

Japanese authorities (I did not reference [*refer?*] to other phases of the situation as I had not had an opportunity to consult with British and French Ambassadors). I said that the predisposition of the Japanese to emphasize readiness to resort to coercive measures was the principal impediment to adjustment of problems of intrinsically small importance. Sawada said that the Japanese Consul General at Amoy is returning to Tokyo for instructions and he gave assurance that the Japanese would take no action calculated to worsen the situation before the Consul General gets back to Amoy.

2. Neither the British Ambassador nor the French Ambassador has approached me with regard to this matter.

3. In view of these assurances, I believe that more good would result in this instance and for the time being from continued independent American representations than from representations concerted with the British and French.

Repeated to Chungking, Peiping and Amoy.

DOOMAN

893.102 Kulangsu/171 : Telegram

The Consul at Amoy (MacVitty) to the Secretary of State

AMOY, June 15, 1939—6 p. m.
[Received June 15—12:30 p. m.]

52. With reference to my 48, June 9, 5 p. m.,¹⁰ yesterday Japanese sponsored newspapers in Amoy published a notice to the effect that food and fuel shipments to Kulangsu would no longer be permitted. The blockade of food from the mainland is being carried out stringently. A Japanese spokesman has stated that the food and fuel blockade of the International Settlement would continue until the Municipal Council came to its senses.

While the food situation at present is not serious due to reserve supplies it may become so in a few weeks. Wood supplies for cooking are limited and will have to be replenished shortly, this problem presents great difficulties especially in view of the complete blockade of Chuanchow and Foochow. A committee has been established and an endeavor will be made to import food and fuel by British ships from Shanghai and Hong Kong. The above is cited as an indication of the Japanese attitude in attempting to force full compliance with their demands.

Repeated to American Embassies at Peiping and Chungking, American Consulate General at Shanghai.

MACVITTY

¹⁰ Not printed.

893.102 Kulangsu/173 : Telegram

The Chargé in Japan (Dooman) to the Secretary of State

Tokyo, June 17, 1939—noon.

[Received June 17—11:15 a. m.]

278. Amoy's 52, June 15, 6 p. m., and our June 13, 6 [7?] p. m.¹¹

1. I called yesterday on Yoshizawa¹² to continue representations on the Kulangsu situation. I asked whether I could assure the Department that the instructions issued to the Japanese Consul General at Amoy took into full account the American Government's position with regard to proposed changes in the administration of the Settlement. Yoshizawa declined to commit himself. He said that he participated in the conferences at the Foreign Office which took place during Uchida's stay here and that he had carefully explained our position.

2. He then added that Uchida would merely sit tight and await further developments at Tientsin. I could not get from Yoshizawa a clear explanation of this statement, but the impression I got was that further Japanese action at Kulangsu would depend largely on whether the British carry out threat of reprisals against Japanese actions at Tientsin. I reminded Yoshizawa in that connection that the Japanese should not forget that the United States has at Kulangsu equal rights with any other nation.

Repeated to Chungking, Peiping, Amoy.

DOOMAN

893.102 Kulangsu/171 : Telegram

The Secretary of State to the Chargé in Japan (Dooman)

WASHINGTON, June 17, 1939—2 p. m.

166. Amoy's 52, June 15, 6 p. m.

1. This Government takes a serious view of the Japanese action toward cutting off food supplies from the International Settlement at Kulangsu and from the American nationals at that place. This step is wholly inconsistent with repeated Japanese assurances that the Japanese forces in China would respect American rights and interests. It is also highly objectionable on humanitarian grounds. There would seem to be inherent in the Japanese act an implication that the Japanese forces are prepared, by carrying such blockade to its conclusion, to bring the Americans at Kulangsu, along with other persons at that place, to the point of starvation in order to gain Japanese desiderata, which in the opinion of this Government are properly matters for diplomatic discussion. The United States Gov-

¹¹ Latter not printed.¹² Director of the American Affairs Bureau, Japanese Foreign Office.

ernment cannot believe that the Japanese Government would sanction deliberate acts of this nature undertaken by Japanese armed forces against American nationals, regardless of whether such oppression of Americans is incidental to the carrying out of a general program or whether the action is taken directly or indirectly against Americans.

2. Unless you perceive objection, the Department desires that you call on the Japanese Foreign Minister as soon as practicable and communicate to him orally, as under instructions from this Government, the substance of the above paragraph. It is suggested that you may wish to inform your British and French colleagues in regard to these representations.

Repeated to Chungking, Peiping and Amoy.

HULL

893.102 Kulangsu/177 : Telegram

The Chargé in Japan (Dooman) to the Secretary of State

TOKYO, June 19, 1939—11 a. m.

[Received 3:40 p. m.]

280. Department's 166, June 17, 2 p. m., referring to Amoy's 52, June 15, 6 p. m.

1. When I informed the British Embassy today of the representations which I am desired to make, it developed that the information received from the British Consul General at Amoy was to the effect that the Japanese are preventing Chinese junks from going to Kulangsu without first putting in at Amoy and being inspected there, whereas the Chinese authorities have forbidden junks to go to Amoy. He did not report that shipment of food and fuel had been forbidden by the Japanese. He agrees, however, that a shortage of food and fuel is threatened.

2. In view of some doubt whether the Japanese have actually forbidden food and fuel to be shipped to Kulangsu, I felt that a protest in these circumstances to the Foreign Minister himself¹³ along the lines desired by the Department might be premature. I did, however, make a statement today to the Director of the American Bureau objecting to Japanese interference with food and fuel supplies for the purpose of bringing about compliance with Japanese demands and pointing out again that demands supported by pressure in any form would be resisted. Yoshizawa denied that there was any calculated effort to prevent food and other supplies being sent to the Settlement.

3. Amoy is requested to clarify by telegraph the point in doubt. Repeated to Peiping, Chungking, Amoy.

DOOMAN

¹³ Hachiro Arita.

893.102 Kulangsu/174 : Telegram

The Consul at Amoy (MacVitty) to the Secretary of State

AMOX, June 19, 1939—6 p. m.

[Received June 19—8:20 a. m.]

55. At a meeting between Consular and Naval Officers today it was decided that it may be necessary, should the Japanese authorities endeavor to prevent the landing of food and fuel in the Settlement from ships coming from Shanghai and other points, to place American, British and French sailors on the lighters. In view of the illegal and inhuman action of the Japanese in enforcing a food blockade and the fact that all three powers as signatories to the land regulations negotiated with certain responsibility to the inhabitants of the International Settlement, it is hoped that the Department will approve of my cooperating in the above projected action should it be required.

Sent to American Embassy at Peiping, Chungking, Consulate General at Shanghai.

MACVITTY

893.102 Kulangsu/174 : Telegram

The Secretary of State to the Consul at Amoy (MacVitty)

WASHINGTON, June 19, 1939—6 p. m.

19. Your 55, June 19, 6 p. m. The Department hopes that its further representations to the Japanese Government (see Department's 166, June 17, 1 p. m., to Tokyo, repeated to you) will result in an alleviation of the situation at Kulangsu, and is accordingly not now prepared to come to a decision in regard to what steps might be considered advisable in case the blockade should be extended against foreign shipping from other ports carrying food supplies to the International Settlement for the use of Americans and other foreign residents. Please continue to report promptly by radio in connection with all phases of the situation.

The Department appreciates the difficulties which you are facing and desires that you continue to use your influence toward the exercise of restraint and the avoidance of precipitate action.

Sent to Amoy. Repeated to Chungking, Peiping and Shanghai. Shanghai please repeat to Tokyo.

HULL

893.102 Kulangsu/178 : Telegram

The Consul at Amoy (MacVitty) to the Secretary of State

AMOY, June 20, 1939—5 p. m.

[Received June 20, 12:25 p. m.]

56. With reference to Tokyo's 280, June 19, 11 a. m., to the Department.

1. The British Embassy statement regarding the information from the British Consul General here covered the situation between May 25 and June 14 when supplies from the mainland were blocked, but were being received from Amoy. My telegram No. 52 June 15, 6 p. m. referred to the stoppage of food from Amoy. So far there has been no interference with shipments from Shanghai and Swatow although quantities received from these points are totally inadequate.

2. It is my belief that the blockade between Amoy and Kulangsu is being maintained by the puppet government at the instigation of naval officers of the Asia Development office at Amoy, as junks coming into the Settlement waters are stopped en route and even at the jetty of the International Settlement by patrol boats off Kulangsu and taken to Amoy.

3. The Consular Body sent today a joint protest to the Japanese Consul General against the action of the Japanese authorities in diverting to Amoy supplies intended for Kulangsu and putting pressure on the Municipal Council by preventing adequate food and fuel from reaching its destination.

Sent to Embassy at Peiping for transmission to Tokyo, also the Embassy [at] Chungking and Consulate General at Shanghai.

MACVITTY

893.102 Kulangsu/780 : Telegram

The Consul at Amoy (MacVitty) to the Secretary of State

AMOY, June 22, 1939—3 p. m.

[Received 6:58 p. m.]

58. With reference to paragraph 3 of my telegram No. 56, June 20, 5 p. m., regarding the joint protest made by the Consular Body to the Japanese Consul General with regard to the Japanese interference with food supplies consigned to the International Settlement, Uchida has now replied to the effect that there is also a food shortage in Amoy. However, he stated, "I am considering a measure for coping with the serious situation sustained by the people of Kulangsu". His reply to the joint protest is couched in extremely polite language and this change in attitude undoubtedly resulted from the conversations

by Chargé d'Affaires ad Interim at Tokyo with officials of the Foreign Office.

The principal shortage in the Settlement now is meat which is practically unobtainable. A large shipment of firewood is expected from Shanghai at the end of this week.

Repeated to Peiping, Chungking, Consul General at Shanghai.

MACVITTY

893.102 Kulangsu/181 : Telegram

The Chargé in Japan (Dooman) to the Secretary of State

TOKYO, June 23, 1939—3 p. m.

[Received June 24—8 a. m.]

293. Amoy's 56, June 20, 5 p. m.

1. I left today with the Vice Minister for Foreign Affairs an informal paper reading as follows:

"The American Government takes a serious view of obstacles which have been placed in the way of forwarding food and fuel supplies to the International Settlement at Kulangsu. According to American Consul at Amoy, the Japanese sponsored regime at Amoy is maintaining a blockade between Amoy and Kulangsu, as junks coming into the International Settlement waters are stopped en route, and even at the jetty of the International Settlement by patrol boats of the local regime and taken to Amoy.

This interference with supplies of food and fuel is wholly inconsistent with repeated Japanese assurances that the Japanese forces would respect American rights and interests, and it is also highly objectionable on humanitarian grounds.

The American Chargé d'Affaires has already informed the director of the American Bureau that the American Government is prepared to enter into friendly discussions of measures to give Japanese nationals and interests at Kulangsu a greater measure of security, but that Japanese [*that it will not*] consider demands which are supported by methods calculated to bring pressure to bear on the International Settlement, such as restrictions on supplies.

It is stated in the press this morning that Mr. Uchida has notified his consular colleagues that facilities are to be provided for the maintenance of food supplies. Mr. Dooman would appreciate a statement indicating the full scope of these facilities."

2. The press item referred to states that the Japanese Consul General, answering the joint protest of the Consular Body, denied that the blockade is intended to put pressure on the International Settlement, and added that, as there are no surplus supplies in Amoy, he would provide facilities for obtaining food elsewhere.

3. Sawada said that he was not familiar with the Kulangsu situation, and therefore would reply later.

Repeated to Amoy, Chungking, Peiping.

DOOMAN

893.102 Kulangsu/186 : Telegram

The Consul at Amoy (MacVitty) to the Secretary of State

AMoy, July 2, 1939—noon.

[Received July 2—10 a.m.]

64. Yesterday afternoon the Japanese Consul General sent a letter to the Chairman of the Municipal Council regarding the Japanese demands. In this letter he states that, 1: He reserves the right to request serious consideration of articles 3 and 4 (the appointment of Chinese members to the Council by the puppet government and the granting of franchise to Formosans) at a future date. He insists on the immediate appointment of a Japanese inspector to rank second to the Chief of Police and 3 Japanese constables and that the Council recommend at the next ratepayers meeting the employment of 10 additional Formosan police.

It seems to me that the new proposals are only slightly changed from those delivered on May 15. It is evident that the Japanese have not modified their intention of taking control of the International Settlement and that negotiations have been without effect.

From conversations with members of the Council and ratepayers it is certain that the new proposals will be refused as no [ratepayer?] is now in the mood to incur new taxes merely to satisfy the Japanese, especially after the tactics they have taken in attempting to force the residents of the Settlement into submission.

Reports have been received here to the effect that landing forces have been reduced in number; there has been no change in the number of men ashore nor have the Japanese authorities given any indication of a desire to reduce the number of men despite repeated offers to do so by the Americans, British, and French naval authorities in port. The American contingent is camped in the Consulate grounds.

Sent to the Embassy at Peiping, Chungking, Consulate General at Shanghai.

MACVITTY

893.102 Kulangsu/188 : Telegram

The Consul at Amoy (MacVitty) to the Secretary of State

AMoy, July 5, 1939—3 p. m.

[Received July 6—8:30 a. m.]

66. Yesterday afternoon the Japanese Consul General called on me with regard to the latest demands on the Municipal Council (re-

ported in my telegram No. 64, July 2, noon). Mr. Uchida asked that I support these measures as he stated "the relations of the United States with Japan are very friendly and I am sure the United States Government would have no objection to your informing the American member of the Council and the American ratepayers that the Japanese demands must be accepted." Later in the conversation he informed me that should the new position not be agreed to the authorities at Amoy would be "very angry". I told him that he should wait for the regular ratepayers meeting in January to ask for an inspector and 10 additional Formosan police as, due to the Japanese interference with fuel and food supplies, the Municipal Government had had to use what few surplus funds they had to import fuel from great distances and to dispose of it at below cost so that it could be made available to the poor who constitute the majority of the population of Kulangsu. It was also pointed out that owing to this situation and the depreciation of Chinese National currency the Municipal Council would probably enter the New Year with a deficit rather than a surplus. In conclusion I said that he had evidently lost sight of the fact that it was the Japanese who created this situation. As he departed he asked that I take the matter of his request for my assistance under consideration and stated that if the demands were not granted the situation might become more difficult.

Repeated to Embassy [at] Chungking, Consul General at Shanghai.

MACVITTY

893.102 Kulangsu/188 : Telegram

The Secretary of State to the Chargé in Japan (Dooman)

WASHINGTON, July 6, 1939—8 p. m.

184. Your 293, June 23, 3 p. m., and Amoy's 64, July 2, noon, and 66, July 5, 3 p. m. As 2 weeks have elapsed since you left your informal memorandum at the Foreign Office, it would seem that there has been sufficient time for Sawada to familiarize himself with the situation and give you a reply. The Department accordingly suggests that, in your discretion, you make another approach to the Foreign Office in this matter.

Repeated to Chungking and Amoy.

HULL

893.102 Kulangsu/190 : Telegram

The Consul at Amoy (MacVitty) to the Secretary of State

AMOI, July 7, 1939—5 p. m.

[Received July 7—3 p. m.]

69. Reference to my telegram No. 66, July 5, 3 p. m. The British Consul General has just informed me that the Japanese Consul Gen-

eral called on him yesterday afternoon and during the conversation stated that his demands on the Municipal Council, outlined in my telegram above referred to, were based on his instructions from Tokyo. He further stated that if Mr. Fitzmaurice would support his proposals he would stop the anti-British campaign in the Amoy newspapers. Mr. Uchida has also asked the French Consul for his support. He received uniform replies from all Consuls to the effect that the Council had already done all that it could to meet requirements of the Japanese.

It would seem, in view of these interviews, that the Japanese have not relinquished their desire to assume control of the International Settlement.

Repeated to Peiping, Chungking, Consul General Shanghai.

MACVITTY

893.102 Kulangsu/194 : Telegram

The Secretary of State to the Chargé in Japan (Dooman)

WASHINGTON, July 12, 1939—4 p. m.

193. Your 321, July 10, 5 p. m.,¹⁴ and Department's 183, July 6, 7 p. m.¹⁵ During Suma's¹⁶ call he mentioned that information which the Japanese Embassy had received from Amoy was to the effect that: the Japanese authorities at Amoy were giving consideration to arrangements which would make possible the receipt of supplies by the Relief Committee, in which American missionaries were interested, in the International Settlement; that the Japanese authorities had agreed to permit a number of junks carrying firewood to land their supplies in the International Settlement; that a British vessel from Shanghai had recently called at Amoy and discharged supplies for the International Settlement; and that there was no interference with the landing of supplies from Shanghai for the International Settlement. In reply to an inquiry, he admitted that there continued to be interference with the shipment of supplies to the International Settlement from Amoy.

Department has received Amoy's 72, July 11, 6 p. m.,¹⁴ but would appreciate further comment by MacVitty.

Repeated to Peiping, Chungking, Shanghai and Amoy.

HULL

¹⁴ Not printed.

¹⁵ *Foreign Relations, Japan, 1931-1941*, vol. I, p. 653.

¹⁶ Yakichiro Suma, Counselor of the Japanese Embassy.

893.102 Kulangsu/198 : Telegram

The Consul at Amoy (MacVitty) to the Secretary of State

Amoy, July 13, 1939—6 p. m.

[Received 7:15 p. m.]

75. 1. Yesterday the Municipal Council replied to the Japanese Consul General's letter referred to in my 66, July 5, 3 p. m. The Council's reply reviews the events which led to the present situation and reiterates its [readiness?] to employ immediately 3 Japanese police and to consider the appointment of an inspector and 10 Formosa police at a ratepayers meeting.

2. The Council has requested Mr. Uchida as Senior Consul to call a ratepayers meeting to consider increase in salaries for all Chinese and Indian employees owing to present high cost of living and the depreciation of Chinese currency, also to grant authorization for the Municipal Government to borrow 50,000 Chinese dollars to be used for the purchase of food, fuel and other commodities. The Council asked Mr. Uchida to inform it if he wishes to have the appointment of a Japanese Inspector General of Police on the agenda of this special meeting.

3. The Council has been informed that the water supply from Amoy to Kulangsu will be suspended July 14 and July 15 for boat repairs. This may be routine but such short notice coming at the present time could be regarded as a warning as to what may happen in the future.¹⁷

4. I have been informed by my British colleague that 3,000 Japanese troops have been landed at the Island of Quemoy in preparation for a land and sea attack on the port of Chuanchow. Planes have been active over adjacent territory for the past week.

Repeated to Embassy at Peiping, Chungking, Consulate General at Shanghai.

MACVITTY

893.102 Kulangsu/206a : Telegram

The Secretary of State to the Consul at Amoy (MacVitty)

WASHINGTON, July 14, 1939—4 p. m.

24. The Counselor of the Japanese Embassy called on July 13 at the Department to discuss the situation at Kulangsu. He stated that the Japanese Government was anxious to resolve the issues there and withdraw its landing party as soon as possible and that the only two outstanding immediate issues were the questions of (a) the appointment of a Japanese Inspector of Police to rank second to the Chief

¹⁷ In telegram No. 80, July 17, noon, the Consul at Amoy reported that water service was not resumed until that day (893.102 Kulangsu/205).

of the Settlement Police, and (b) the employment of 10 additional Formosan constables. He indicated that the Japanese Consul General at Amoy had been attempting to get in touch with the Municipal Council with a view to working out a settlement of these issues.

The Counselor was informed that we were also anxious that an early settlement of the difficulties at Kulangsu be reached among the various authorities concerned on some reasonable and amicable basis; that we believed that threats of force and acts, such as the blockade between Amoy and the Settlement, which might be interpreted as coercive acts, made the reaching of a settlement all the more difficult, and that as the Settlement was an international organization in which a number of governments had interests, there were involved fundamental principles which we considered highly important. It was pointed out to him that Japanese nationals have a relatively large representation on the Municipal Council and in the police force; that the Council had agreed to cooperation of 30 Japanese consular police with the Settlement police in regard to certain police activities; that although the Council was reportedly unable financially to meet in full Japanese requests for additional police representation, it had nevertheless increased the original 5 Formosan constables to 12, offered to promote the Japanese Subinspector to the rank of Inspector, agreed to the employment of 3 Japanese constables, and signified its willingness to refer the question of the appointment of a Japanese Inspector and of 12 additional Formosan constables to the annual ratepayers' meeting (presumably to be held in January 1940). In this latter connection the Counselor was informed that Japanese proposals which, if adopted, would entail financial commitments beyond the resources of the Municipal Council could hardly be regarded as reasonable. It was added that reports had been received to the effect that the Japanese blockade had greatly increased the expenses of the Council because the burden of providing food and fuel for the large number of poor Chinese in the Settlement fell upon that body.

The Counselor was also informed that the American Consul had been instructed to use his influence with the Council to obtain full consideration of reasonable Japanese proposals.

The Counselor said that he assumed that it is not intended to apply any mathematical formula of representation in regard to the question of the employment of a Japanese Inspector and 12 additional Formosan constables and he asked whether, in the light of the situation in and around Amoy, we perceived objection to the post of Second in Command of Police being held by a Japanese. He was informed that so far as we knew there was no idea of adopting a mathematically perfect formula as a basis for considering appointments to the police force of the Settlement and that, while we did not have

sufficient knowledge of the local situation to express a definitive view, we perceived no objection in principle to the secondary post in police being filled by a Japanese. It was pointed out to him that there were, however, other questions involved, namely, the financial capacity of the Municipal Council, the appointment of Japanese in other capacities, the question of threats of force and coercive acts and the questions regarding the filling of the Chinese vacancies on the Council and the enfranchisement of Formosans which, we had been informed, the Japanese Consul General insisted on holding in reservation for future discussion.

Reference was made to discussions of the Kulangsu situation between the Japanese Foreign Office and the American Embassy at Tokyo, and to the possibility that it might be helpful if the Foreign Office would inform the Embassy more in detail of the Foreign Office's views.

The Department assumes that, pursuant to the spirit and intent of its previous instructions, you are accessible to the Japanese Consul General for discussion on a personal as well as on a formal official basis of the problems at issue, and it is suggested that you may find it feasible to explore with him at some opportune time in a purely personal and informal way, perhaps "off the record", any reasonable suggestions he might have for reaching an adjustment of the present impasse. The Department does not feel that it is in position to offer specific suggestions. It occurs to the Department, however, that the door might be kept open for discussion by renewal of the Council's offers to promote the Japanese Subinspector to Inspector, or by offering to replace the Japanese Subinspector by a Japanese Inspector, or by substituting for the Japanese constables the proposed Japanese Inspector, or possibly to resolve the question as to the number of Chinese constables and Formosan constables on some representative basis in approximate conformity to the number of Chinese and Formosan residents of the Settlement.

As indicated above, these are not specific suggestions on which you are instructed to act. The Department feels, however, that the Japanese desire to reach an adjustment may open the way for further discussion in a possibly more amicable atmosphere than may have obtained in the past. The Department realizes that you are faced with a trying situation and that certain of the personalities involved may offer additional difficulties, but is confident that you will continue tactfully to seek a means of progressing toward a reasonable adjustment of the situation.

Repeated to Chungking and Peiping. Shanghai please repeat to Tokyo.

HULL

893.102 Kulangsu/201 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, July 14, 1939—5 p. m.

[Received July 15—6:30 a. m.]

Morishima, Counselor of the Japanese Embassy, called on me this afternoon in the absence of any American diplomatic representative here, and asked that I urge you to give support to a settlement of the Kulangsu situation along the following lines which had been proposed by the Japanese Consul General at Amoy to his colleagues:

(1) Council to agree to the appointment of a Japanese inspector of police;

(2) Upon such agreement being reached, the situation to be restored to the "status before May 11th";

(3) Following such restoration to the condition existing "before May 11th", the Council [to] proceed within a week or 10 days to make the appointment of the Japanese police inspector.

I told Morishima that I would report to you what he had said but added that it was my understanding that the Municipal Council at Kulangsu is not in a position because of lack of funds to agree to the appointment of a Japanese inspector of police and the matter would have to go before a ratepayers meeting.

At the time of this conversation I had not yet received the decoded text of Amoy's number 75, July 13, 6 p. m., from which it would seem to me that the opportunity is now offered the Japanese to submit the question of the Japanese police inspector to a special ratepayers meeting.

Sent to Chungking, repeated to Peiping and Amoy.

By airmail to Tokyo.

GAUSS

893.102 Kulangsu/207 : Telegram

The Chargé in Japan (Dooman) to the Secretary of State

TOKYO, July 18, 1939—7 p. m.

[Received July 19—7 a. m.]

339. 1. During a conversation which I had last week with Yoshizawa, I put forward as my personal view that prospects of disentangling the situation at Kulangsu which is going from bad to worse could be enhanced if the marine detachments of the various nationalities including the Japanese were simultaneously withdrawn; that such action might be the first step toward restoration of normal conditions; and that taking of subsequent steps would be facilitated by removal of one factor adversely affecting the psychological atmosphere. Yoshi-

zawa warmly agreed and said that he would informally sound out the naval authorities. Today he told me that the Navy Department reacted very favorably to the idea, but had pointed out that the naval officer commanding in Amoy had final jurisdiction and that negotiations with regard to withdrawal of marines would have to take place in Amoy. Yoshizawa explained that the Japanese Marines would not be withdrawn before the others as to do so would give the Chinese the impression that the Japanese had withdrawn because of American and British pressure, and that the same consideration prevented proposal by the Japanese for simultaneous withdrawal. Such proposal if made by the British would not be entertained by the Japanese, but he thought it might well be accepted by the Japanese if put forward by MacVitty.

2. In reporting the foregoing I wish to make it clear that the idea of simultaneous withdrawal was evolved during the course of an informal conversation; that it is in complete abeyance and will so remain until the Department desires [to] press [*explore*] the matter further.

Repeated to Chungking, Peiping, Amoy.

DOOMAN

893.102 Kulangsu/210 : Telegram

The Consul at Amoy (MacVitty) to the Secretary of State

Amoy, July 20, 1939—6 p. m.
[Received July 20—4:40 p. m.]

85. 1. With reference to the Department's telegram to [*via*?] Shanghai of July 17 [14?], 6 [4?] p. m. numbered this office's [*sic*] No. 24. I have at all times endeavored to suggest to the Japanese Consul General a reasonable solution of the Kulangsu situation; however, Mr. Uchida's attitude has always been, and as recently as July 14 was, one of insistence upon the appointment of a Japanese inspector by the Council without reference to the ratepayers; and in all conversations he has consistently used veiled threats as to what may happen if his demands are not complied with. Despite the above, I will continue to endeavor to secure a reasonable adjustment of the situation, but I greatly fear that local negotiations will continue to be at an impasse until Mr. Uchida is instructed to adopt a more conciliatory attitude. In this connection reference is made to paragraph 2 of my telegram No. 75, July 13, 6 p. m. in which it was stated that the Municipal Council had requested the Japanese Consul General to call a special ratepayers meeting at which he could propose the appointment of an inspector; he has completely ignored this letter.

2. Since the receipt of the telegram above referred to, I have had conversations with my colleagues, members of the Municipal Council, and European residents, and the general opinion appears to be that the Japanese demands are entirely unreasonable and must be resisted even to the point of sending women and children away from Kulangsu. This opinion is being stiffened daily by the action of the Japanese in each day diminishing the supplies from Amoy and the threats made in the Amoy newspapers as to the probable cutting off of the water supply.

3. The attitude toward the appointment of a Japanese inspector to rank second to the Chief of Police is that if this appointment is made it will only be a short time before the Japanese authorities find some means of removing Captain Bass, the Secretary of the Municipal Council and Chief of Police, and then demanding these positions.

4. The new depreciation of the Chinese dollar is an added handicap to the Municipal Council in incurring any additional expense.

5. In conclusion it must be stated that from my experience in local negotiations I cannot help being of the opinion that the Japanese are not sincere in wanting to settle the matter except upon their own terms.

Repeated to Peiping, Chungking and Shanghai.

MACVITTY

893.102 Kulangsu/207 : Telegram

The Secretary of State to the Ambassador in China (Johnson)

WASHINGTON, July 20, 1939—6 p. m.

137. Tokyo's 339, July 18, 7 p. m., Department's 24, July 14, 4 p. m., to Amoy, and Shanghai's July 14, 5 p. m., to Chungking. The Department believes that, if arrangements could be made for the withdrawal of the American and other landing parties at Kulangsu, an important step would have been accomplished toward ameliorating the present unsatisfactory situation there. The two telegrams under reference indicate that this may be an opportune time for the American Council at Amoy to propose to his British, French and Japanese colleagues that the various naval landing parties withdraw simultaneously with a view to removing one of the factors which appear to operate psychologically against the reaching of an adjustment of the points at issue between the Japanese and the Municipal Council. Accordingly, unless you perceive objection, please instruct MacVitty (1) to consult with his British and French colleagues and with the senior American naval officer present, and (2) if he and they are in agreement, to approach the Japanese Consul General orally and propose, as a step taken on his own initiative for the benefit of all the

parties concerned and not at the instance of his consular colleagues, that the foreign naval landing parties withdraw to their ships as a move toward the restoration of conditions which would lay the ground for better mutual understanding in connection with discussions looking to a reasonable solution of the present difficulties. It is suggested that, if the Japanese Consul General is receptive to the proposal and obtains favorable consideration of it by the Japanese naval commander, it might be expedient for the American and Japanese consular representatives to undertake the working out of arrangements for the withdrawal, the Japanese representative in consultation with his naval authority and MacVitty in consultation with the American naval officer and the British and French Consuls.

MacVitty should be instructed to submit, meantime, comment on the Department's suggestions in its telegram No. 24 to Amoy and to report whether, on the basis of those suggestions or on his own initiative, he has made any progress in seeking a reasonable adjustment of the situation.

Sent to Chungking. Repeated to Peiping and Shanghai. Shanghai please repeat to Tokyo.

HULL

893.102 Kulangsu/215 : Telegram

The Consul at Amoy (MacVitty) to the Secretary of State

Amoy, July 23, 1939—10 a. m.

[Received 8:48 p. m.]

87. On July 21 Captain Stapler, Commander of the United States South China Patrol, had an interview with Rear Admiral Miyata, Naval Commander at Amoy. During the conversation the matter of simultaneous withdrawal of landing forces was again brought up, and Rear Admiral Miyata stated that he had no authority to make any decision in the matter, that such action depended upon the decision of Vice Admiral Kondo, the Japanese Naval Commander-in-Chief in South China. During the conversation Captain Stapler was able to secure a satisfactory arrangement of the question of the four junks belonging to the International Relief Association. These junks will now be able to operate between Kulangsu and the mainland bringing fire wood for the International Settlement. In connection with the above, reference is made to paragraph 1 of my telegram No. 77, July 14, 5 p. m.¹⁹

Sent to Peiping. Repeated to Chungking, Shanghai. Peiping please repeat to Tokyo.

MACVITTY

¹⁹ Not printed.

893.102 Kulangsu/214 : Telegram

The Ambassador in China (Johnson) to the Secretary of State

CHUNGKING, July 23, 1939—noon.

[Received July 23—8 a. m.]

454. With reference to my telegram of July 23, 10 a. m. to Amoy²⁰ I would like to say by way of comment generally upon situations Tientsin and Amoy that I am convinced the Japanese do not intend to accept less than they have demanded and that any compromise of positions of the United States and Great Britain at either or both of these places will have immediate effect not only upon our position at Shanghai but our position vis-à-vis the whole of China. I am convinced that the Japanese aim at nothing less than the elimination of our interests commercial as well as cultural and that in the end nothing will stop her in the accomplishment of her purpose short of the use of the argument of force which Japan is now using to achieve her ends. Naturally all China is watching and must be influenced by the way we meet these situations.

Repeated to Peiping and to Shanghai for repetition to Tokyo.

JOHNSON

893.102 Kulangsu/216 : Telegram

The Consul at Amoy (MacVitty) to the Secretary of State

AMOY, July 25, 1939—1 p. m.

[Received July 25—8:35 a. m.]

In reply to the Embassy's telegram July 23, 10 a. m.,²⁰ and July 24, 4 p. m.²¹

1. The telegram of July 23 and the Department's telegram No. 140, July 22, 2 p. m. [137, July 20, 6 p. m?], were not received here until late Sunday afternoon. Yesterday morning I endeavored to secure immediate appointments with both my British and French colleagues but owing to previous engagements I was unable to see the British Consul General until 5 p. m., and the French Consul could not see me before this morning. In my interview with my British colleague he strongly opposed the withdrawal of landing forces until the Japanese have withdrawn their food blockade. I argued that such simultaneous withdrawal would undoubtedly clear the atmosphere and stated that during all the naval negotiations the American, British and French naval commanders had repeatedly made this offer to the Japanese. He, however, still considered that a withdrawal would be

²⁰ Not printed.²¹ Not found in Department files.

a mistake. I have made another appointment with Mr. Fitzmaurice 5 p. m., this afternoon, and will be accompanied during this interview by Captain Stapler, Commander of South China Patrol.

2. My French colleague is somewhat of the opinion of Fitzmaurice but he has promised to submit the proposal by telegraph to his Ambassador.

3. In view of the above I have so far made no attempt to get in touch with the Japanese Consul General.

Sent to Embassy at Chungking. Repeated to Peiping and Shanghai. Peiping please repeat to Tokyo.

MACVITTY

893.102 Kulangsu/218 : Telegram

The Consul at Amoy (MacVitty) to the Secretary of State

Amoy, July 25, 1939—8 p. m.

[Received July 26—12:05 a. m.]

With reference to my telegram of July 25, 1 p. m., in my interview with Mr. Fitzmaurice this afternoon he refused to budge from his opinion that the withdrawal of landing parties at the present time would be a mistake in view of the following: 1. Every concession so far made to the Japanese has been followed by more insistent demands; 2. Despite assurances given at various times that there would be an amelioration of the food blockade, food restrictions have been intensified and threats are being made of cutting off the water supply; 3. Active press attacks are being made in Amoy against the Municipal Council in an attempt to stir up the Chinese against third power nationals. However, he agreed to consult his Ambassador by telegraph but he will strongly state in strict confidence his reasons for opposing the withdrawal, especially his opposition to taking any such step until the food blockade had been lifted.

Sent to Embassy at Chungking. Repeated to Peiping and Shanghai. Peiping please repeat to Tokyo.

MACVITTY

893.102 Kulangsu/219 : Telegram

The Consul at Amoy (MacVitty) to the Secretary of State

Amoy, July 26, 1939—noon.

[Received 8:46 p. m.]

88. 1. During my conversations with my colleagues yesterday, as reported in my telegrams dated July 25, 1 p. m. and 8 p. m., and sent to the Ambassador, important facts developed which must be commented upon. It appears from telegrams received by my colleagues

that the Japanese Ambassador at Shanghai has been endeavoring to give the British and French Ambassadors at that place the impression: that it is the fault of the Consular Body here that negotiations have reached an impasse; that if colleagues will agree to the appointment of a Japanese inspector all will be well. However, nothing is being said as to the other Japanese demands.

2. The situation here is that while the representatives of Japanese Foreign Office say one thing, the Japanese Navy, which appears to have paramount interest in Amoy, does not seem to be an [*in?*] agreement with the Foreign Office, and that in the negotiations with the Municipal Council Mr. Uchida has not made any offer that has varied from the intent of his original demands. As evidence that these demands have not been dropped, articles are now appearing in the Japanese subsidized press in Amoy demanding that the Municipal Council agree to the appointment of three Chinese councilors by the puppet government.

3. It must be pointed out that in connection with the foregoing the Consular Body has no power to force the Municipal Council to take any action, it can only suggest. The Municipal Council cannot bind itself to any unusual increase in expenditure without the authority of the ratepayers. The Japanese Consul General is well aware of the above facts but he still insists that his demands be met without reference to the ratepayers.

4. As evidence of the Japanese endeavor to discredit the local foreign representatives, the following is of interest: A source close to the Japanese Consulate General has reported to me that the Japanese Ambassador is going to or already has reported to his Foreign Office that I am anti-Japanese and that I should be transferred. Confidential: It is possible that in connection with the publicity given the Kulangsu incident the Japanese representative in Panama may have reported my connection with the Joint Intelligence Board at Panama during 1934-1935.

Sent to the Department and Embassy at Chungking; repeated to Peiping and Shanghai. Peiping please repeat to Tokyo.

MACVITTY

893.102 Kulangsu/220 : Telegram

The Consul at Amoy (MacVitty) to the Secretary of State

AMOY, July 27, 1939—2 p. m.

[Received 6:45 p. m.]

1. Yesterday the Japanese Consul General made a statement to the *Fukien Daily News* of Amoy regarding the situation at Kulangsu the substance of which is as follows:

"The Kulangsu question has been in abeyance as it involved the question of the appointment of an inspector of police. Several weeks ago the Japanese intended restoring communication between Kulangsu and the mainland to the condition prior to May 11th, but the circumstances around Amoy have developed entirely to the advantage of the Japanese; now Japan will never lift the blockade even if an inspector is appointed. The blockade is becoming a semipermanent one, this situation is due to the insufficient realization of the new order in east Asia. On July 11 I received a reply from Chairman of the Municipal Council which was couched in the usual language. The Kulangsu authorities are seeking trouble, this is very regrettable for the people. It may be necessary for me as senior consul to call an extraordinary ratepayers meeting and the central Government is carefully examining the Japanese demands to be placed before the meeting."

2. Reference is made to my despatch No. 21 to the Embassy and 39 to the Department dated July 13²³ regarding the Council's letter of July 11.²⁴ The letter in question had the unanimous approval of not only the European but Japanese members. In connection with Mr. Uchida's statement regarding the restoration of conditions which existed prior to May 11 this is the first indication he has given, either the Council or the Consular Body, that such a proposal was being considered.

Sent to Embassy at Chungking. Repeated to the Department, Peiping and Shanghai. Peiping please repeat to Tokyo.

MACVITTY

893.102 Kulangsu/207 : Telegram

The Secretary of State to the Chargé in Japan (Dooman)

WASHINGTON, July 29, 1939—2 p. m.

228. Department's 24, July 14, 4 p. m., to Amoy and 137, July 20, 6 p. m., to Chungking. Suma called again July 26 at his request and said that the Japanese Embassy had received a further telegram from the Japanese Foreign Office to the following effect: the Foreign Office and the Japanese authorities at Amoy continue to be desirous for an early settlement; in regard to his statement on July 13 that there were only two outstanding immediate issues, the employment of 10 additional Formosan constables did not seem to be an urgent matter and could be postponed until some later date; the only immediate question outstanding was in regard to the appointment of a Japanese inspector whose salary would be only \$850 local currency per month; there were ways whereby readjustments could be made in the Council's

²³ Neither printed.

²⁴ See telegram No. 75, July 13, 6 p. m., from the Consul at Amoy, p. 133.

budget to effect savings, one being a possible increase of about \$1,000 from revenues derived from selling refuse, garbage, et cetera; the Council contemplated a new bond issue for the purpose of raising salaries and the Japanese Consul General at Amoy did not perceive the need of this measure. Suma suggested that the situation might be adjusted by a frank talk among the various consuls and the leading members of the Council. He intimated that the Japanese Foreign Office would like to have the Department send additional instructions to the American Consul directed toward the holding of such a frank talk.

Suma was reminded that we had pointed out to him on July 13 that the Japanese blockade had reportedly increased the expenses of the Council because the Council had been obliged to provide food and fuel for a large number of poor Chinese in the Settlement, and that there were involved in the question of the appointment of a Japanese as second in command of police a number of questions in addition to that of the Council's financial capacity. It was also pointed out to him that the partial blockade had seriously disturbed the normal life and commercial activities of the Settlement and that the resultant diminution in income of residents of the Settlement constituted a factor which would naturally make it difficult for the Council to agree to proposals entailing large expenditures.

The Department requests that, unless you perceive objection, you take occasion to discuss this matter further at the Foreign Office. Various considerations occur to the Department, in connection with Suma's approaches. From the beginning, the American Consul at Amoy has exerted his influence toward obtaining the fullest consideration by the Council of reasonable Japanese proposals; special instructions in this connection have been given MacVitty; following your conversation with Yoshizawa as reported in your 339, July 18, 7 p. m., MacVitty was instructed to take such steps as might be appropriate toward effecting an arrangement whereby the various landing parties at Kulangsu, including the Japanese, might be withdrawn. From the information in the possession of the Department there does not seem to have been manifested any corresponding or reciprocal desire on the part of the Japanese authorities at Amoy to seek a reasonable adjustment of the difficulties in regard to the Settlement, which in fact were created by the Japanese. On the contrary the partial blockade has continued, and the Japanese-controlled press has been conducting an abusive campaign against the Municipal Council, which includes an American citizen, and has sought to create among the Chinese on the island violent feeling against foreigners other than Japanese. While the Department continues to hope that a reasonable adjustment can be reached at an early date, and is sending a Japanese

speaking Foreign Service officer to Amoy for the purpose of facilitating local discussions, it would seem that some of the psychological obstacles to an early adjustment could be removed by the Japanese without prejudice to reasonable consideration of their proposals, and the Department hopes that the Japanese authorities will see their way to taking some beneficial action toward that end.

Sent to Tokyo via Shanghai. Repeated to Chungking, Peiping and Amoy.

HULL

893.102 Kulangsu/221 : Telegram

The Consul at Amoy (MacVitty) to the Secretary of State

Amoy, July 30, 1939—2 p. m.

[Received July 30—11: 10 a. m.]

With reference to my telegrams of July 25, 5 [1] p. m. and 8 p. m.

1. Yesterday evening the French Consul informed me that he had just received a telegram from his Ambassador stating that the Japanese Ambassador had called on him and made the offer that if the Consular Body at Amoy would agree to the appointment of a Japanese inspector general of police the Japanese would agree to the simultaneous withdrawal of landing forces. The French Consul was instructed to urge his colleagues to agree to this proposal. Mr. Roy informed me that he had consulted with the British Consul General who had reiterated his views on this matter as outlined in my two telegrams referred to above. I told my French colleague that the matter of the appointment of an inspector was one that concerned the Municipal Council not the Consuls. He stated that he had already pointed out this fact to his Ambassador but this seemed to be completely misunderstood.

2. Later in the evening I conferred with my British colleague who informed me that the British Ambassador had telegraphed the British Foreign Office regarding my suggestions for the simultaneous withdrawal of landing forces, however, he himself was still of the opinion that a withdrawal without a Japanese agreement to lift the food blockade between Kulangsu and the mainland would be a serious mistake. Personally I must state that I am also of the same opinion as Mr. Fitzmaurice, especially in view of the statements made by Uchida in his speech in the Amoy press, reported in my telegram dated July 27, 2 p. m.

Sent to Embassy in Chungking. Repeated to Peiping and Shanghai. Peiping please repeat to Tokyo.

MacVITTY

893.102 Kulangsu/226 : Telegram

The Chargé in Japan (Dooman) to the Secretary of State

Tokyo, August 1, 1939—5 p. m.

[Received August 2—6 a. m.]

378. Department's 228, July 29, 2 p. m.

1. I called on Yoshizawa today and read to him the Department's telegram under reference and Amoy's July 27, 2 p. m., communicating the substance of a statement given by the Japanese Consul General at Amoy to a local newspaper.

2. The conversation which ensued is summarized as follows: It was quite clear to me that the Japanese were attempting to profit by the proposal for simultaneous withdrawal of marines to bring about acceptance of the Japanese demand for appointment of Japanese police inspector and that the Japanese Consul General is prejudicing any Japanese spokesman making progress by belligerent statements such as those given to the local press. Yoshizawa for his part insisted that the note of July 11 of the Council to the Japanese Consul General had done a great deal of harm by placing on record matters which were then under negotiations. He admitted that the statement given to the press by Uchida as reported by MacVitty was not calculated to promote friendly negotiations. He assumed that statements of this character came within the term "psychological obstacles" contained in the Department's telegram and he agreed to take note of my representations and to pass them on to the appropriate authorities.

Repeated to Chungking, Peiping, and Amoy.

DOOMAN

893.102 Kulangsu/228 : Telegram

The Consul at Amoy (MacVitty) to the Secretary of State

Amoy, August 6, 1939—6 p. m.

[Received August 6—11:35 a. m.]

90. The situation at Kulangsu is quiet and has not changed materially since my 88, July 26, noon. Food supplies are small but seemingly adequate although there is a disposition on the part of the Japanese to halt shipments of Shanghai rice to the Settlement.

The Japanese Consul General replied August 4 to the Municipal Council's letter of July 11 (see my 75, July 13, 6 p. m.) which may be summarized as follows:

1. He was gratified that the Council expressed its willingness to suppress anti-Japanese activities.

2. He denied the statement that the blockade of the Settlement was designed to enforce Japanese demands and stated that it was a part

of the general naval blockade of the China coast which was only intensified by the present crisis.

3. He denied the Council's assertion that a ratepayers meeting was necessary to authorize a Japanese police inspector.

4. He expressed dissatisfaction with the adequacy of the present Japanese staff of the Settlement police and demanded the immediate appointment of a Japanese inspector in addition to the three constables already agreed to, lacking which "it would be difficult to avoid possible occurrences of frictions".

5. He stated that if the Council disregarded the natural participation of Japanese influence in the Settlement it would "dig its grave for itself" and he advised that body to "open its eyes" to the new situation and agree to the reorganization of the administration "to some extent, without which peace and prosperity of Kulangsu could not be expected".

6. He suggested that Japanese participation in the administration might bring about the suppression of anti-Japanese activities, which in turn might make the landing forces unnecessary.

It is pointed out that there has been no appreciable change in the Japanese demands, and that the use of thinly veiled discipline continues. The withdrawal of landing forces offered as a *quid pro quo* for the appointment of a Japanese inspector.

The simultaneous withdrawal of landing forces does not now seem possible to bring about, especially as all British and American officials, both consular and naval, including myself, are agreed that withdrawal should not be contemplated at least until the food and fuel blockade is abandoned. The Municipal Council and foreign residents concur in this view.

Repeated to Chungking, Peiping, Shanghai. Peiping please repeat to Tokyo.

MACVITTY

893.102 Kulangsu/230 : Telegram

The Consul at Amoy (MacVitty) to the Secretary of State

Amoy, August 9, 1939—noon.

[Received August 9—8:55 a. m.]

91. In a conversation yesterday afternoon with Benninghoff,²⁵ Uchida, the Japanese Consul General, refused to recede from his position as outlined in my 90, August 6, 6 p. m. He offered to recommend the removal of the partial blockade whenever the appointment of a Japanese inspector was agreed to, but would not consider advising the removal of the oppressive measures as a prelude to friendly negotiations. The withdrawal of the landing forces was

²⁵ Harry Merrell Benninghoff, Second Secretary of Embassy in China detailed to Amoy as Consul (until September 30).

mentioned only in passing and he had nothing to offer on this subject.

The conversation was informal and "off the record" and will be repeated in a few days. It seems probable that the Japanese are tired of the whole question and possibly progress may be made in future talks.

Repeated Chungking, Peiping, Shanghai. Peiping please repeat to Tokyo.

MacVITTY

893.102 Kulangsu/226 : Telegram

The Acting Secretary of State to the Chargé in Japan (Dooman)

WASHINGTON, August 21, 1939—6 p. m.

264. Department's 228, July 29, 2 p. m. and your 378, August 1, 5 p. m. The Department requests that you seek an early occasion to approach the Foreign Office and go over the matter again with Yoshizawa along the lines of the last substantive paragraph of Department's 228. Point out that the Department naturally regarded Suma's call on July 13 (Department's 24, July 14, 4 p. m. to Amoy) and his call on July 26 (Department's 228) as indication of a desire to seek with American cooperation a reasonable solution of the situation at Kulangsu, and this assumption seemed to be supported by your conversation with Yoshizawa reported in your 339, July 18, 7 p. m. Concrete evidence, however, of any trend toward reasonableness on the part of the local Japanese authorities at Amoy has been lacking and the Japanese authorities there have continued to employ coercive measures to obtain their ends. We are not disposed to counsel American and other affected interests to yield to such coercive measures, and we feel that, by our instructions and suggestions to the American Consul at Amoy, by his earnest efforts toward the reaching of an appropriate adjustment, and by sending a Japanese speaking officer to Amoy to facilitate discussions, we have done everything possible under the circumstances to make manifest our desire for a reasonable settlement and to meet the Japanese more than half-way. We now look to the Japanese authorities to take some concrete reciprocal action which may help to resolve the situation satisfactorily.

The Department is considering ordering Benninghoff, who has been in Amoy since August 2, to return to Peiping where his services are needed. The Department would appreciate your and MacVitty's comments as to whether it would be advisable for Benninghoff to remain at Amoy for a further short period.

Sent to Tokyo via Shanghai. Repeated to Peiping, Chungking, Amoy.

WELLES

893.102 Kulangsu/240 : Telegram

The Consul at Amoy (MacVitty) to the Secretary of State

AMOY, August 22, 1939—8 p. m.

[Received August 23—9:20 p. m.]

Referring to my telegrams 75 and 85 dated July 11 [13], 6 p. m. and July 20, 6 p. m., concerning the request made of the Japanese Consul General as Senior Consul to call a ratepayers meeting. The Municipal Council reports that by the end of this year it will face a deficit of \$50,000 Chinese currency which must be met by increased taxation or a loan or both. The Japanese Consul General has consistently refused to call a special ratepayers meeting despite written requests of the Consuls and of the Municipal Council, and he cannot be forced to do so under article 3 of the land regulations which provides only that he may call an extraordinary meeting if requested by the Consuls or the Municipal Council. The deficit was caused by the depreciation of the Chinese currency and the increased cost of commodities caused by partial blockade of the Settlement. The Japanese Consul General in a recent letter to the Council obliquely suggested that the partial blockade was the fault of the Council. In a conversation with Benninghoff he intimated that he would call a meeting if the Japanese demands were met. The Consular Body has suggested to the Municipal Council that it call an informal ratepayers meeting on its own initiative to sanction necessary financial measures to be formally approved at the annual meeting in January.

Sent to Peiping. Repeated to Chungking. Peiping please repeat to Tokyo.

MACVITTY

893.102 Kulangsu/244 : Telegram

The Chargé in Japan (Dooman) to the Secretary of State

TOKYO, August 23, 1939—8 p. m.

[Received August 24—12:24 p. m.]

429. Department's 264, August 21, 6 p. m.

1. I reviewed the Kulangsu situation at length this morning with Yoshizawa and an officer of the East Asia Bureau of the Foreign Office who is in immediate charge of the present case. During my review I read aloud the first paragraph of the Department's telegram under reference amplifying it as I went along. I stressed that the American Government had already indicated its willingness that there be found some measure for affording the Japanese in Amoy a greater measure of police security provided that search be made through friendly discussions and not in response to menacing demands or under pres-

sure of coercive measures. I stressed also that we had gone more than halfway and that we now looked for a responsive attitude on the part of the Japanese.

2. The Foreign Office then gave me a copy of the instructions which were sent to Uchida on August 2 when it was expected by the Foreign Office that the arrival in Amoy of Benninghoff would facilitate the finding of a reasonable solution. The instructions are substantially as follows:

"You will approach your consular colleagues preferably through the American Consul and you are authorized to endeavor to effect a solution along the following lines:

(a) One Japanese inspector of police to be appointed, his position to be immediately after that of the chief of police and equal with that of the Russian Inspector, it being understood that the functions of the two inspectors are to be so arranged that there shall be no confusion;

(b) although the Japanese would appreciate the appointment of three Japanese constables, the reduction of the number to two or even one would be considered;

(c) assurance to be given to the municipality that the appointments proposed will not be any financial burden on the ratepayers;

(d) the so-called 'coercive measures' are to be lifted."

3. The question was put to me whether the American Government would agree to the appointment of the Japanese inspector and constables. I replied that I was not in any position to make any responsible reply, but that the instructions given to our Consul at Amoy did not seem to preclude his entering into friendly discussions looking toward the acceptance of such proposals; but that I would assume responsibility for saying that there could be held no such discussions so long as the coercive measures were continued. I was then asked whether the lifting of these coercive measures would be a condition precedent to the discussions being opened. My reply was that the Japanese were perfectly aware of the fact that the blockade had resulted in limiting supplies of food, raising prices, and creating economic and social difficulties of various kinds in the International Settlement; that whereas the blockade might be put forward as being merely a police measure to guard against the intrusion of Chinese disturbing elements, it was in fact known to be operating as a form of pressure against the foreign community. There was, I added, the additional consideration that the Japanese Consul General had been emitting threatening statements.

4. I was informed that the Japanese Government had indicated disapproval of the public statements made by Uchida and that Uchida had taken steps to retract them; that the authorities in Tokyo are extremely anxious to have a solution of the situation brought about as soon as possible and that they would be glad to have the American

Consul at Amoy instructed to enter into negotiations for a settlement with the Japanese Consul on the basis of the proposition which has been authorized and is summarized in paragraph 2 above.

5. The Foreign Office without inquiry on my part expressed their appreciation of the constructive efforts of Benninghoff and expressed the hope that the anticipated settlement of the case would occur before his temporary assignment in Amoy comes to an end.

6. If the Department feels that it can authorize Amoy to enter into discussions with the Japanese Consul General along the lines of the proposition above described, I recommend that Benninghoff remain at Amoy for a further short period; if not, I do not believe that any useful purpose would be served by his further stay there.

Shanghai please repeat to Chungking, Peiping and Amoy.

DOOMAN

893.102 Kulangsu/243 : Telegram

The Consul at Amoy (MacVitty) to the Secretary of State

AMOY, August 23, 1939—8 p. m.

[Received August 24—2:30 p. m.]

Department's 264, July 29 [*August 21*], 2 [6] p. m. I feel that it would be premature to recall Benninghoff at the present time. Most of the time since his arrival on August 2 has been occupied by the discussions and negotiations initiated by Captain Brind²⁶ (my telegram 92, August 12, noon, to the Department and August 19, 4 p. m., to Peiping²⁷), and by common consent of the Consular Body, the Municipal Council, American and other naval officers, he did not discuss seriously with Uchida any proposals which might be in conflict therewith. However, when those negotiations were almost concluded Uchida approached Benninghoff with a plan which might be acceptable, and which all concerned have agreed to consider provided Uchida makes the first move.

Uchida suggested that the present Japanese subinspector of police, who was employed by the Municipal Council in March of this year, be promoted to inspector to rank with but after the present Russian inspector under the British chief of police, and that a civilian liaison officer without executive authority be attached to the Council to facilitate cooperation between the Settlement and the Japanese or Amoy authorities. The Municipal Council and the Consular Body seem inclined to grant this concession if satisfactory guarantees on the following points can be obtained:

²⁶ Commanding H. M. S. *Birmingham*.

²⁷ Neither printed.

(1) Immediate establishment of a system giving the Settlement ample unrestricted food and fuel supplies;

(2) withdrawal of the demand for appointees of the "Amoy city government" on the Municipal Council, and Japanese assurances that that government will adhere to the spirit of any agreement which may be reached;

(3) withdrawal of the demand for the enfranchising of Formosans living in the Settlement, as the land regulations prohibit persons of the Chinese race from voting;

(4) cooperation in the suppression of anti-Japanese and other un-neutral propaganda either in the Settlement or in Amoy.

It is generally agreed that the Japanese demand for an inspector general of police appointed by them to be second [in] command is unreasonable and will not be accepted.

Until such time as a compromise with the above safeguards is achieved or rejected it is felt that Benninghoff should remain in Amoy.

Sent to Peiping. Repeated to the Department, Chungking, Shanghai. Peiping please repeat to Tokyo.

MACVITTY

893.102 Kulangsu/241 : Telegram

The Chargé in Japan (Dooman) to the Secretary of State

TOKYO, August 24, 1939—4 p. m.

[Received August 24—11:44 a. m.]

431. Our 429, August 23, 8 p. m. via Shanghai regarding Kulangsu situation. In view of the situation reported in Amoy's unnumbered telegram August 22, 8 p. m., I believe that it would be useful to quote at length telegraphic instructions sent on July 25 by the Foreign Office to the Japanese Consul General at Amoy.

"With regard to the situation at Kulangsu there remains only one question and that relates to the appointment of an inspector of Japanese nationality. On July 13 Counselor Suma of the Embassy at Washington called on Hamilton, Chief of the Far Eastern Division of the Department of State, and received the impression that the Department of State is not necessarily opposed in principle to the appointment of such inspector. The American Government for its part has specially assigned Second Secretary Benninghoff of the Embassy at Peiping to Amoy to assist the Consul there and to concern himself with the settlement of the Kulangsu question. In that connection you will as a first step get in touch with the American authorities and, in line with the Hamilton-Suma conversation above mentioned, endeavor to obtain the understanding of the American authorities for the appointment of Japanese inspector. If necessary you are authorized as an acknowledgement of the friendly attitude of the Ameri-

can authorities to indicate assent *ad referendum* to the reduction in number of the three Japanese constables whose appointment has been requested (it is to be noted that the Municipal Council in a letter dated June 8 has already indicated willingness to make such appointment). It is also desired that you make it perfectly clear that in appointing the Japanese inspector and constables no additional financial burden will be imposed on the Municipal Council and on the ratepayers. It is earnestly hoped that you will endeavor to bring about a satisfactory settlement of the Kulangsu situation on the basis of the points above set forth. It should be understood that after the question of the appointment of the Japanese inspector has been settled we would be prepared to restore conditions in Kulangsu to the state in which they were prior to the development of the situation."

Repeated to Shanghai. Shanghai please repeat to Chungking, Amoy, Peiping.

DOOMAN

893.102 Kulangsu/247 : Telegram

The Consul at Amoy (MacVitty) to the Secretary of State

AMOI, August 31, 1939—noon.

[Received August 31—8:35 a. m.]

My August 23, 8 p. m. and August 24, 7 p. m.²⁸ Uchida said day before yesterday that his Foreign Office rejected his suggestion as outlined in the above mentioned telegrams, and insists on the appointment of a new Japanese inspector of police, in addition to the present Japanese sub-inspector, the new appointee to rank with but after the Russian; he added that the other questions mentioned in the telegram under reference could be satisfactorily arranged; that the new arrangements would not be a financial burden to the Municipal Council; that reduction in the number of new Japanese constables would be considered; but that the coercive measures could not be lifted until an agreement was reached.

If my colleagues and the Municipal Council had favored acceptance of this plan I would have interposed no objection; however, last night it was decided not to consider Uchida's informal proposal through Benninghoff for the following reasons:

- (1) It is backed by threats and coercive measures.
- (2) The appointment of a Japanese inspector, nominated by his Government to an important administrative position in the International Settlement and over whom the Municipal Council could exercise only a nominal control, would jeopardize the independence and international character of the Settlement.

²⁸ Latter not printed.

(3) The Council cannot consider having Japan pay the salary of any of its employees. Benninghoff informally conveyed this decision to Uchida. It might also be added that despite any guarantees which may be made, the Settlement authorities fear that further demands would be made within a short time.

I feel almost certain that if the Japanese Foreign Office would accept the promotion of the present Japanese sub-inspector, it would be possible to settle quickly the Kulangsu problem.

Sent to Peiping. Repeated to Chungking, Shanghai. Peiping please repeat to Tokyo.

MACVITTY

893.102 Kulangsu/247 : Telegram

The Secretary of State to the Chargé in Japan (Dooman)

WASHINGTON, September 1, 1939—5 p. m.

272. Your 429, August 23, 8 p. m., and Amoy's telegrams to Peiping dated August 23, 8 p. m., August 24, 7 p. m.²⁹ and August 31, noon.

The chief differences between the plan described in Amoy's August 23, 8 p. m., to Peiping, which apparently had Uchida's concurrence, and the Foreign Office's proposal outlined in paragraph 2 of your 429, appear to concern questions of (1) methods of arriving at a solution, reasonably satisfactory to all, of the Japanese desires for the appointment of an inspector of police, and (2) methods of resolving the psychological obstacles in the way of a settlement in order to make possible the reaching and putting into full effect of an agreement regarding Japanese proposals.

With regard to (1) the Department appreciates the Municipal Council's disinclination to agree to the appointment of an executive police officer whose salary is not to be paid by the Council and whose control by the Council could be theoretical only. In view of the Council's limited financial capacity, an appropriate solution of this question would seem to be the promotion of the present Japanese subinspector to the rank of inspector (see Department's 24, July 14, 4 p. m., to Amoy) or, if the Japanese authorities do not consider the present Japanese subinspector a suitable candidate for the post of inspector, the appointment of a Japanese inspector in the place of the present subinspector. It appears that Uchida, whose expressed views are assumed to be those of the Japanese naval authorities at Amoy, is agreeable to fixing the rank of the proposed Japanese inspector to be with but after that of the Russian inspector. This would appear to be reasonable. The Russian inspector would seem

²⁹ Telegram of August 24, 7 p. m., not printed.

to be entitled to the higher rank because of his longer service in that grade. Also, the placing of a Japanese officer in position to take charge of the police or to substitute for the chief of police in the event of the chief's absence during the continuance of the Sino-Japanese hostilities would be inviting difficulty from the large Chinese population, a consideration which has apparently been accepted by Japanese authorities in connection with questions of the relative rank of Japanese police officers in the employ of the International Settlement at Shanghai. (See Shanghai's despatch 2402, August 3, 1939.³⁰)

With regard to (2) it would seem from Amoy's August 31, noon, to Peiping, that Uchida is adopting, in reference to the question of removing Japanese coercive measures against the Settlement, a stronger attitude than that of the Foreign Office as indicated in the Foreign Office's instructions to Uchida outlined in section 2 of your 429. While the Department, in response to paragraph 6 of your telegram, hereby authorizes the Consulate at Amoy to engage in discussions looking to an adjustment along the lines described in your paragraph 2 as modified by the Department's observations in this instruction, it is obvious that the success of such discussions will not depend solely upon American effort but will depend to considerable degree upon the sincere cooperation of all the interested authorities, including the Japanese, in seeking reasonable means of achieving an adjustment. It is suggested in this connection that you so inform the Foreign Office, review the position taken by you as indicated in paragraph 1 of your telegram and emphasize that we look to the Japanese authorities to take concrete reciprocal action toward removing the psychological obstacles in the way of a settlement. The abandonment of coercive measures such as the blockade and propaganda attacks against the Council would in our opinion greatly facilitate the discussions.

Sent to Tokyo via Shanghai. Repeated to Amoy for MacVitty's and Benninghoff's guidance and to Chungking and Peiping.

HULL

893.102 Kulangsu/249 : Telegram

The Consul at Amoy (MacVitty) to the Secretary of State

AMOY, September 4, 1939—7 p. m.
[Received September 4—10:18 a. m.]

Department's 272, September 1, 5 p. m. to Tokyo. The Department's suggestion in the second substantive paragraph that the present Japanese sub-inspector might be replaced by an officer considered more suitable by the Japanese would probably not receive the approval

³⁰ Not printed.

of the Municipal Council as the Council could not accept an appointee of the Japanese or any other government in any executive capacity.

Sent to Peiping. Repeated to Chungking, Shanghai. Peiping please repeat to Tokyo.

MACVITTY

893.102 Kulangsu/249 : Telegram

*The Secretary of State to the Counselor of Embassy in China
(Lockhart), at Peiping*

WASHINGTON, September 6, 1939—7 p. m.

190. Amoy's September 2, 4 p.m.,³¹ and September 4, 7 p.m., to Peiping. The Department in offering as it did, as a possible alternative, in its 272, September 1, 5 p. m., to Tokyo, the suggestion that the present Japanese sub-inspector be replaced "by an officer considered more suitable by the Japanese" did not have in mind the thought that the Municipal Council of Kulangsu should accept "an appointee of the Japanese or any other government". The Department has, however, assumed all along that it would be essential that any person of Japanese nationality appointed by the Council should be *persona grata* to the Japanese authorities. In this connection it is the Department's understanding that the Japanese inspector of police employed by the Diplomatic Quarter at Peiping is appointed by the Administrative Commission of the Quarter on the specific nomination and recommendation of the Japanese Embassy, which accordingly bears some responsibility for his qualifications and conduct.

The withdrawal of the British and French landing forces reported in Amoy's September 2, 4 p. m., would seem to offer an opportunity for the Embassy at Tokyo and the Consulate at Amoy to seek further with the Japanese authorities an acceptable arrangement whereby the Japanese and American landing parties at Kulangsu might be withdrawn.

Sent to Peiping. Repeated to Chungking, Amoy and Shanghai. Shanghai please repeat to Tokyo.

HULL

893.102 Kulangsu/253 : Telegram

The Chargé in Japan (Dooman) to the Secretary of State

TOKYO, September 10, 1939—11 a. m.
[Received September 10—8:30 a. m.]

468. Department's 190, September 6, 7 p. m., to Peiping regarding Kulangsu situation.

³¹ Not found in Department files.

1. I wish to invite attention to the first sentence of the instructions sent on July 25 by the Foreign Office to the Japanese Consul General at Amoy, reported textually in our 431, August 24, 4 p. m. I am told that with the appointment of a Japanese inspector and of at least one constable the Japanese are not only prepared but anxious to liquidate the situation. The Japanese have in effect withdrawn their other demands, but if [as] indicated in Amoy's August 23, 8 p. m., the Municipal Council insists on a formal, as I believe, withdrawal of such demands or guarantees that they will not be presented in the future, I see no prospect whatever of an amicable settlement.

2. Amoy's August 31, noon, gives three reasons why the Japanese proposition could not be considered by the Municipal Council:

(a) With regard to the first reason the Foreign Office informed me on August 23 that Uchida's threatening statements had been disproved by Tokyo and that he had been directed to retract them. I would be interested to know whether he has done so and whether there has been any change for the better in his attitude. The removal of the blockade is discussed in the next paragraph.

(b) With regard to the third reason the Foreign Office states that it is difficult to understand how the impression prevails that the salaries of the Japanese police officers would be paid by the Japanese Government, as it has been explained by Uchida that additional funds sufficient to pay those salaries would again accrue to the Concession by the Amoy Chinese municipality resuming purchase from Kulangsu of refuse and garbage.

3. I have suggested to the Foreign Office Uchida has given the impression that acceptance of the Japanese proposition is a condition *sine qua non* to the removal of the blockade and that therefore some formula should be found to dissociate completely the two questions.

The Foreign Office seems quite pleased with the suggestion and informs me that after consultation with the Navy Department fresh instructions will be sent to Amoy.

4. If there is expectation at Amoy that satisfactory settlement can be promoted by informal discussions in Tokyo, it must be realized that the Municipal Council cannot insist on closing the only avenues by which the Japanese can escape with some degree of grace from a situation with which they seem to be thoroughly fed up.

5. When the suggestion was originally put forward that the landing parties be withdrawn, it was realized that the project could be successfully carried out only if it were considered as a self-contained problem and without reference to other problems. This was not done. As a general settlement seems to be within reach, given further goodwill on both sides, I have not made any new approach to the Foreign Office on the question of withdrawal of landing parties.

Sent to the Department via Shanghai. Shanghai please repeat to Chungking, Amoy and Peiping.

DOOMAN

893.102 Kulangsu/254: Telegram

The Consul at Amoy (MacVitty) to the Secretary of State

AMOX, September 10, 1939—noon.

[Received September 10—5 a. m.]

The Municipal Council has agreed to draft and forward to Uchida a formal proposal for the solution of the Kulangsu problem. It will call for the promotion of the present Japanese sub-inspector; in other respects it will be similar to the proposal outlined in paragraph 2 of my August 23, 8 p. m. Uchida has twice told Benninghoff that he favored such a solution but it is not known how strongly he recommended it to his Government (see my August 24, 7 p. m.³² and August 31, noon).

For your confidential information, in the light of changed world conditions and greatly improved local conditions in the past 10 days, the Council will probably consider accepting a new inspector to replace the present Japanese sub-inspector and to take over his contract, but as the present incumbent is satisfactory such a measure is not desired.

Sent to Peiping, repeated to Chungking, Shanghai. Peiping please repeat to Tokyo.

MACVITTY

893.102 Kulangsu/257: Telegram

The Consul at Amoy (MacVitty) to the Secretary of State

AMOX, September 12, 1939—noon.

[Received 9:20 p. m.]

Reference Tokyo's 468, September 9 [10], 1 p. m. [11 a. m.] to the Department. Although Uchida has never retracted any of his statements, his attitude is more conciliatory and the general atmosphere here seems more friendly. The press is less obnoxious. Friendly conversations between Captain Stapler, Commander South China Patrol, and Rear Admiral Miyata are believed to have contributed greatly to the improved situation, nevertheless Rear Admiral Miyata indicated that the simultaneous withdrawal of landing forces could only be arranged when the Kulangsu question was settled.

Sent to Peiping. Repeated to the Department, Chungking, Shanghai. Peiping please repeat to Tokyo.

MACVITTY

³² Not printed.

893.102 Kulangsu/260 : Telegram

The Consul at Amoy (MacVitty) to the Secretary of State

Amoy, September 15, 1939—4 p. m.
[Received September 15—12:21 p. m.]

Department's 272, September 1, 5 p. m. to Tokyo. In view of changed world conditions and the withdrawal of British and French landing parties, the Municipal Council now seems reluctantly willing to agree to the Japanese proposals, including an inspector general of police, as outlined in Tokyo's 429, August 23, 8 p. m., to the Department. A settlement in the near future seems likely if detailed Japanese proposals are not unreasonable. Discussions to draft a final agreement will take place next week between Uchida and the Municipal Council.

In thus capitulating, the Municipal Council realizes that it can achieve merely a respite only until such time as the Japanese decide to press further demands with the development of their continental policy. Uchida remarked on one occasion that the demands for the franchise of Formosans and for the appointment of Chinese Councilors from the Amoy regime would be revived at a suitable opportunity, "such as when Japan recognizes a new central Chinese Government".

Sent to Peiping, Chungking. Peiping please repeat to Tokyo.

MACVITTY

893.102 Kulangsu/262 : Telegram

The Consul at Amoy (MacVitty) to the Secretary of State

Amoy, September 24, 1939—noon.
[Received September 24—10:10 a. m.]

My September 19, noon [*midnight*].³³ The Municipal Council on September 22 formally approved a reply to the Japanese Consul General's letter, accepting a Japanese inspector general of police and containing detailed proposals for a full settlement of the Kulangsu question. The Japanese Consul General informally told Benninghoff last night that he believed the negotiations which would open in a few days would be successful, as only a few relatively minor points seemed to require discussion. He will have to submit the full text of the agreement to the Foreign Office for approval.

Sent to Peiping, repeated to Chungking, Shanghai. Peiping please repeat to Tokyo.

MACVITTY

³³ Not printed.

893.102 Kulangsu/262 : Telegram

*The Secretary of State to the Counselor of Embassy in China
(Lockhart), at Peiping*

WASHINGTON, September 25, 1939—4 p. m.

204. Amoy's September 15, 4 p. m., and September 24, noon, to Peiping. The Department does not understand in the telegrams under reference the mention of an "inspector general" of police and reference in Amoy's September 15, 4 p. m., to the Municipal Council's "capitulating". The Department assumes that no new elements have recently been injected into the situation but requests that Amoy telegraph the Department a comprehensive summary of the detailed proposals contained in the Council's letter, mentioned in Amoy's September 24, noon, to the Japanese Consul General.

Sent to Peiping. Repeated to Chungking and Amoy. Peiping please repeat to Tokyo.

HULL

893.102 Kulangsu/263 : Telegram

The Consul at Amoy (MacVitty) to the Secretary of State

AMOY, September 26, 1939—9 p. m.

[Received September 26—3:06 p. m.]

Department's 204, September 25, 4 p. m., to Peiping. By an error in coding my September 15, 4 p. m. "inspector general of police" was inserted for "inspector of police". No new elements had appeared in the situation but it was felt that the Municipal Council "capitulated" when it finally gave in to the Japanese demand for a police inspector which it had resisted all summer despite various coercive measures which precluded friendly negotiations based on reasonable requests.

A summary of the Municipal Council's proposals to the Japanese Consul General, to the main points of which he has agreed, follows:

(1) Complete cooperation between Municipal Council and the Japanese consular police to end all subversive activities.

(2) To appoint immediately one Japanese inspector of police to rank with Russian inspector and one sergeant of police.

(3) The appointment of 10 additional Formosan police to be referred to the annual ratepayer's meeting.

(4) The question of the appointment of Chinese members of the Council and franchise of Formosans to be postponed, but when revived to be referred to the powers signatory to the land regulations.

(5) No restrictions to be placed on traffic between mainland and Settlement except inspection of junks by municipal and consular police at jetties.

(7 [6?]) Japanese to give assurances that the Amoy Government will adhere to the spirit of this agreement.

Sent to Peiping. Repeated to the Department, Chungking, Shanghai. Peiping please repeat to Tokyo.

MACVITTY

893.102 Kulangsu/264 : Telegram

The Secretary of State to the Ambassador in Japan (Grew)

WASHINGTON, October 11, 1939—6 p. m.

310. Amoy's October 4, noon, to Peiping.³⁴ It is suggested that, in your discretion, you call at the Foreign Office, make inquiry as to the progress of the negotiations at Kulangsu and during the course of your conversation inquire also as to the meaning and purpose of the increase in restrictions imposed by the Japanese naval authorities at Amoy as reported in the second substantive paragraph of MacVitty's telegram under reference.³⁵ You may say that the imposition of more stringent restrictions during the progress of the negotiations does not seem to be consistent with the spirit of the approaches made to the Department July 5, 13 and 26 (Department's 193, July 12, 4 p. m.; to Amoy, 24, July 14, 4 p. m.; 228, July 29, 2 p. m.) by the Counselor of the Japanese Embassy seeking to enlist the further cooperation of the American Consul in the reaching of an adjustment of the points at issue between the Municipal Council of the International Settlement at Kulangsu and the Japanese authorities. You may reiterate the Department's position (reference Department's 272, September 1, 5 p. m., penultimate sentence, last substantive paragraph) that we look to the Japanese authorities to take concrete reciprocal action toward removing the psychological obstacles in the way of a settlement.

Sent to Tokyo via Peiping. Repeated to Chungking and Amoy.

HULL

893.102 Kulangsu/265 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, October 16, 1939—3 p. m.
[Received October 16—6:45 a. m.]

525. Department's 310, October 11, 6 p. m.

1. The Foreign Office informed us today in reply to our inquiry that the final draft of the proposed Kulangsu agreement was received

³⁴ Not printed.

³⁵ This paragraph reported "more stringent regulations" on import of food supplies from the mainland, which caused doubt that the Japanese Navy would "abide by the agreement when signed".

in Tokyo on October 11 and that approval thereof was telegraphed to Amoy on October 14. It was assumed that the Japanese Consul General would today give the Municipal Council his definite assent to the final draft.

2. The Foreign Office expressed surprise over report of more stringent restrictions, as it believed that "things were going smoothly". Amoy is requested to continue to keep us currently informed of developments.

Repeated to Shanghai. Shanghai please repeat to Amoy, Chungking, Peiping.

GREW

893.102 Kulangsu/266 : Telegram

The Consul at Amoy (MacVitty) to the Secretary of State

Amoy, October 17, 1939—9 p. m.

[Received October 17—1:47 p. m.]

1. Late this afternoon the Chairman of the Municipal Council and the Japanese Consul General signed a final agreement settling the Kulangsu incident. The settlement has the approval of the Consular Body.

2. The agreement follows the lines mentioned in section 2 my September 26, 9 p. m. to Peiping with the following exceptions:

(1) The appointment of 10 additional Formosan police, not to be made until the Municipal Council considers its financial conditions will permit.

(3) [2] Traffic between the mainland and the International Settlement to be restored to conditions existing on May 10th. However, only 40 junks are to be allowed for this traffic, all of which must be registered with the Japanese naval authorities.

4. [3.] Arrangements are now being made between American and Japanese naval authorities for the simultaneous withdrawal of landing forces.

Sent to Peiping; repeated to Chungking, Shanghai. Peiping please repeat to Tokyo.

MACVITTY

893.102 Kulangsu/268 : Telegram

The Consul at Amoy (MacVitty) to the Secretary of State

Amoy, October 18, 1939—11 a. m.

[Received October 18—2 a. m.]

Referring to Embassy's telegram October 17, 9 p. m. The American and Japanese landing forces will simultaneously withdraw from

the International Settlement at 2 p. m., today. The request for simultaneous withdrawal was made by the Japanese authorities.

Sent to Peiping. Repeated to Chungking and Shanghai. Peiping repeat to Tokyo.

MACVITTY

AMERICAN INTEREST IN SITUATION CREATED BY JAPANESE
DEMANDS ON THE BRITISH CONCESSION AT TIENTSIN

393.415/24: Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, January 1, 1939—10 a. m.

[Received January 1—8:35 a. m.]

1. My British colleague³⁶ has been instructed by his Government to make representations against the unwarrantable interference by the Japanese with the legitimate requirements of the British garrison at Tientsin and with the conduct of business by the British community in the Concession. He states that he is discussing the matter with our French colleague and that his Government suggests that if any action is finally decided upon he should inform our German and Italian colleagues in case they are thinking of taking action along similar lines.

He inquires whether I am proposing to approach the Japanese Government on the subject. I have informed him that I am without instructions but that I would refer the matter to the Department for its [consideration].

GREW

393.115/542: Telegram

The Acting Secretary of State to the Counselor of Embassy in China (Lockhart), at Peiping

WASHINGTON, January 4, 1939—noon.

3. 1. Tokyo has informed the Department that the British Ambassador has been instructed to make representations against interference by the Japanese with the British garrison at Tientsin and with the conduct of business by the British community and has referred the question of this Government's taking similar action to the Department.

2. Please forward the following to Tokyo as No. 1 from the Department:

"Your 1, January 1, 10 a. m. Department assumes that you have received or will soon receive the code text of Peiping's 741, December

³⁶ Sir Robert L. Craigie, British Ambassador in Japan.

23, 5 p. m.³⁸ forwarded to you by mail. The Department is requesting that Peiping obtain from Tientsin and send to you by cable any additional information obtainable in regard to the situation at Tientsin. You are authorized, in your discretion and contingent upon your British and French colleagues taking similar action, to make an approach to the Japanese Foreign Office, basing such approach on the extensive American personal and business interests in Tientsin and the unfavorable effect of Japanese restrictions upon those interests. You should avoid any reference to the foreign concessions or to the American marine detachment at Tientsin. The Department suggests that your approach, if made, be informal and that publicity be avoided.³⁹ Please keep the Department and Peiping informed."

3. Please obtain from Tientsin and forward to Tokyo by cable as soon as practicable any additional information and facts in regard to the situation under reference.

WELLES

393.115/568 : Telegram

The Secretary of State to the Ambassador in Japan (Grew)

WASHINGTON, February 27, 1939—8 p. m.

49. Tientsin's 16 [15], February 24, 4 p. m.⁴⁰ If you are approached by your British and French colleagues with a view to this Government's making an approach to the Japanese Government with regard to the reported restrictions to be imposed by the Japanese authorities at Tientsin, the Department authorizes you in your discretion to make a further approach to the Japanese Government. Please be guided by the Department's no. 1 forwarded by Peiping in response to the Department's no. 3 of January 4, noon, to Peiping. The Department suggests that you stress the adverse consequences which such restrictions are likely to have upon North China's trade with the United States.⁴¹

HULL

393.4111/33 : Telegram

The Consul General at Tientsin (Caldwell) to the Secretary of State

TIENTSIN, March 20, 1939—4 p. m.

[Received March 20—8 a. m.]

39. My 38, March 20, 2 p. m.⁴⁰ Lieutenant Colonel James⁴² this afternoon discussed with a Japanese military staff officer the matter

³⁸ *Foreign Relations*, 1938, vol. iv, p. 108.

³⁹ The Ambassador in Japan reported in telegram No. 69, February 6, that he had taken action in accordance with the Department's instruction (393.415/33).

⁴⁰ Not printed.

⁴¹ For the Embassy's *aide-mémoire* of March 8 to the Japanese Foreign Office, see *Foreign Relations*, Japan, 1931-1941, vol. i, p. 642.

⁴² Commanding U. S. Marine Guard at Tientsin.

of protection of Americans residing in the first special area and was assured by him that their safety was receiving the solicitous consideration of the Japanese military who are particularly desirous of avoiding injury to Americans; and that police and gendarmes in the first special area have been increased since the kidnapping of Dyott, Chairman of British Chamber of Commerce.⁴³

Repeated to Peiping, Chungking, Shanghai. By mail to Tokyo.

CALDWELL

393.1115/4157: Telegram

The Acting Secretary of State to the Counselor of Embassy in China (Lockhart), at Peiping

WASHINGTON, March 21, 1939—6 p. m.

61. Tientsin's 38, March 20, 2 p. m.,⁴⁴ in regard to the use of marine guards at the residences of Americans and at the American school in the first special area.

The Department believes that the competent American authorities on the spot are, in the light of basic instructions and of their knowledge and appraisal of local conditions, in a better position than is the Department to decide with regard to the need and advisability of proceeding as indicated in the telegram under reference. The Department offers for consideration the suggestion that, if the situation under reference calls for the use of American guards, it might be preferable for the endangered Americans to concentrate at some central place where protection might be afforded without a dispersement of marine forces. It is emphasized that this is merely a suggestion and the Department desires to leave decision in the matter to the military commanders on the spot in consultation with the Embassy and the Consulate General.

Repeated to Tientsin, Chungking and Shanghai.

WELLES

893.102 Tientsin/229: Telegram

The Consul General at Tientsin (Caldwell) to the Secretary of State

TIENTSIN, March 23, 1939—6 p. m.

[Received March 23—1:15 p. m.]

43. My telegram No. 228, December 13, 8 p. m.,⁴⁵ Department's 110, December 15, 4 p. m.,⁴⁶ and my 230, December 16, 5 p. m.⁴⁴

⁴³ The Consul General at Tientsin reported the release of Dyott on April 3 (393.4111/34).

⁴⁴ Not printed.

⁴⁵ *Foreign Relations*, 1938, vol. iv, p. 102.

⁴⁶ *Ibid.*, p. 103.

In reply to my inquiry as to correctness of press reports of imminent reimposition by the Japanese military of control of persons at Concession boundaries the Japanese Consul General has informed me that:

"The date when these measures will be enforced depends on the activities of the anti-Japanese and communistic elements in the different Concessions.

Anticipating the beginning of these control measures at some time, however, and in order to avoid causing possible inconvenience and delay to third power nationals when they are begun, the military authorities are issuing passes to all responsible third power nationals to allow them to pass the barriers without close scrutiny.

I would ask you, therefore, to let me have by the end of this month the number of Americans residing in Tientsin and approximately how many passes will be needed."

Although previously passports and identification cards issued by the authorities of the nationals concerned have been accepted by the Japanese military, it appears that it is now their intention to honor only documents issued by themselves.

Please telegraph whether objection is perceived to my requesting from the Japanese military passes for American citizens, or whether it is desired that I insist on the use by American citizens of documents issued by the officials of their own government, possibly with the addition of some sort of visa from the Japanese military authorities.

Repeated to Peiping, Chungking.

CALDWELL

393.115/590 : Telegram

The Counselor of Embassy in China (Lockhart) to the Secretary of State

PEIPING, March 24, 1939—4 p. m.
[Received March 24—1:35 p. m.]

148. Following from Tokyo:

"143, March 23, 9 p. m. For Department with your appropriate comment and for Tientsin.

(1) My British colleague today referred to a meeting of the Consular Body at Tientsin on March 16 at which the American, British and French consular representatives, in the presence of the Japanese Consul, are reported to have stated that they must protest in the strongest terms against searching of their respective nationals and confiscation of old currency notes at the instance of Japanese authorities. American, Belgian and British nationals are reported to have been searched already. The British Consul General has recommended that a protest in the strongest possible terms should be made by the governments concerned. Craigie feels that unless such pro-

test be made in Tokyo this situation will go from bad to worse and inquires whether I will act in concert with himself and our French colleague.

(2) The following further report dated March 18 has been received by Craigie from the British Consul General in Tientsin:

'On preliminary verbal protest being made to the Japanese Consul the latter expressed surprise that the Japanese sentries should have taken part in the searching. Searching was being done by Chinese police and the Japanese sentries were merely to be present to avoid dishonesty.

Search took place at the race course road entrance to the British Concession and it was in fact the Japanese sentry who compelled British subject (Lanyon, newly arrived agent of Butterfield and Swire) to hand over his notes (\$40) and it was he who actually received and pocketed them. It appears probable from remarks made by the Japanese Consul that in future Chinese police only will do searching and that the Japanese will take the line that they are not actively concerned. This argument is of course fantastic and the Japanese Consul was told so.'

(3) I have received no report from our Consul General in Tientsin concerning this subject.

(4) Please instruct."

1. The extraterritorial rights of American citizens resident in China not having been extinguished by the Japanese military occupation, I see no reason why Ambassador Grew should not lodge a protest at Tokyo denying the right of the Japanese to search for any reason whatsoever American citizens residing in this country or to seize their property or to circumscribe their lawful activities. While there has been but one case reported at Tientsin of the search of an American (see Tientsin's 35, March 16, 5 p. m.⁴⁹) a protest at Tokyo might be the means of discouraging if not preventing searches of Americans or interference with their business or other normal activities especially in view of the assurance contained in Tientsin's 28, March 9, 5 p. m.⁵⁰

2. Inasmuch as the situation of the British and French Governments is somewhat different from that of the American Government by virtue of the existence thereof the British and French Concessions there would seem to be especially good reason to hold aloof from identifying ourselves too strongly with the British and French action in this instance and to confine representations if made to the principle set forth in paragraph 1 above.

3. With reference to paragraph 3 of the Tokyo message herein quoted, Tientsin's 28, March 5 [9], 5 p. m., was repeated to Tokyo by Tientsin and Tientsin's 35, March 16, 5 p. m. was mailed to Tokyo by Tientsin and Department's 15 [14], March 21, 7 p. m., to Tientsin⁵¹

⁴⁹ Vol. III, p. 383.

⁵⁰ Not printed; it reported a Japanese consular "promise that steps would be taken promptly to remove any cause of complaint" by Americans who might experience inconvenience from Japanese military restrictions (893.102 Tientsin/-225).

⁵¹ Vol. III, p. 386.

was sent by air mail to Tokyo by the Embassy on March 22. Tientsin's 43, March 23, 6 p. m. sent to Tokyo today by airmail.

Repeated to Tientsin code text of this message, excluding quoted part sent by airmail to Tokyo.

LOCKHART

393.1115/4163 : Telegram

The Consul General at Tientsin (Caldwell) to the Secretary of State

TIENTSIN, March 25, 1939—1 p. m.

[Received 2:15 p. m.]

46. Japanese Consul General has assured me in writing that the list of Americans residing outside the Concessions, which I sent to him, was sent at once to the Japanese *gendarmerie* with a request to take every precaution to ensure safety of such Americans, and that he is "now in receipt of a communication from the *gendarmerie* authorities that the list of American residents was given to the gendarmes of the First Special Area with orders to support the Chinese police by word and example to greater efforts towards insuring the safety of your citizens".

With reference to the Department's 61, March 21, 6 p. m., in view of the assurance which I have received it appears unnecessary at present to consider any use of the marines for the protection of Americans.

Repeated to Chungking, Peiping.

CALDWELL

893.102 Tientsin/230 : Telegram

The Consul General at Tientsin (Caldwell) to the Secretary of State

TIENTSIN, March 27, 1939—5 p. m.

[Received March 27—10:55 a. m.]

47. My 43, March 23, 6 p. m. At a meeting of the Consular Body today the Japanese Consul General stated that he was unable to state when the proposed new restrictions on movement of persons in Tientsin would become effective and that he hoped they would be postponed indefinitely, but it was clear that plans have been made by the Japanese military of very much greater restrictions than existed previously.

According to the present plan all "third power nationals" would have to go in person to the Japanese General to obtain passes issued by the Japanese military, although the Japanese Consul General assured me that such passes would be issued without discrimination to all Americans approved by this Consulate General. The Japanese Consul General stated that such passes are not "required" but would be issued as a convenience to expedite the passage of the barriers by

Americans, who, if they preferred not to carry such passes, could go through the barriers on documents issued by their own officials but subject to the delay experienced by the Chinese and other persons not in possession of the Japanese military passes.

The preference of the Japanese military for the use of their passes rather than the visaeing by them of the identification cards previously issued by the various consular authorities in Tientsin was that the cards are not uniform and that sentries would not be familiar with the appearance of these several forms of cards. This objection is hardly valid, as all cards I have seen (which include those of all principal nationalities here) are practically identical in form, size and text, the principal difference being in the national flag on the face. The French Consul, Mr. Colin, who recently arrived from Hankow, stated that this situation was met there by the use of 2-page passes on uniform forms supplied by the Japanese military, one page of which was filled in by the consular authority concerned (with photograph bearing a consular seal), and the other page of which was filled in and sealed by the Japanese Consulate General.

No thought seems to have been given by the Japanese military to the matter of passes for Chinese employees of "third power nationals".

At the request of the consular representatives present at the meeting today, all of whom reserved their positions concerning the question of Japanese military passes for their nationals, the Japanese Consul General undertook to confer further with the Japanese military concerning all the points raised at the meeting and to inform his colleagues of the results of his conference.

The Japanese Consul General was insistent on learning from me before the 30th the number of Americans in Tientsin, and I am giving him the approximate figure, exclusive of members of the marine corps and their families, with the statement that I have no means of knowing the precise number and that I reserve my position on the question of Japanese military passes for Americans in Tientsin, which is left for further discussion should it become necessary.

Repeated to Chungking, Peiping. Code text of this and my 43, March 23, 6 p. m. by airmail to Tokyo.

CALDWELL

393.115/594 : Telegram

The Secretary of State to the Ambassador in Japan (Grew)

WASHINGTON, March 27, 1939—5 p. m.

74. Reference Tientsin's 44, March 25, 11 a. m.⁵² Peiping's 148, March 24, 4 p. m., transmitting your 143, March 23, 9 p. m., and previous telegrams in regard to the search of foreigners at Tientsin.

⁵² Vol. III, p. 387.

Although this Government does not admit the right of Japanese authorities acting directly or indirectly to search American nationals residing in China, the Department is of the opinion that the situation at Tientsin does not, in view of the information contained in Tientsin's telegram no. 44, warrant the making of representations at Tokyo. However, the Department desires that the Consulate General at Tientsin watch the situation carefully and report developments promptly in order that appropriate action may be taken should the circumstances warrant.

The Department has replied to an *aide-mémoire* of March 23, 1939, from the British Embassy⁵³ in regard to the matter under reference along the lines of the foregoing paragraph.

Repeated to Chungking and Tientsin.

HULL

893.102 Tientsin/229 : Telegram

The Secretary of State to the Consul General at Tientsin (Caldwell)

WASHINGTON, March 27, 1939—7 p. m.

15. Your 43, March 23, 6 p. m. Bearing in mind the considerations outlined in the first paragraph of the Department's 110, December 15, 4 p. m.,⁵⁴ you may notify the Japanese Consul General of the number of Americans residing in Tientsin and of the number of passes that will be needed.

Repeated to Peiping and Chungking.

HULL

701.0093/282

The British Embassy to the Department of State

AIDE-MÉMOIRE

His Majesty's Government in the United Kingdom have learnt that on May 6th a Japanese military spokesman at Tientsin issued a communiqué of which the following is a translation as quoted by the *Peking Chronicle*:

"With steady progress of Japan's crusade, the establishment of a new order in East Asia is being expedited while the political situation as well as affairs in other fields of activities in North China have undergone epochal changes, and a new history is being written in this part which forms an area of close connexion among Japan, Manchukuo and China. Amidst this state of affairs foreign diplomatic institutions created upon the basis of the treaty in the days of Boxer rebellion continue their existence in Peking, while at Tientsin the foreign concessions maintain their positions like so many oases by virtue of

⁵³ *Aide-mémoire* and reply not printed.

⁵⁴ *Foreign Relations*, 1938, vol. IV, p. 103.

extra-territorial rights, and large foreign troops are being stationed in the area despite the fact that the main duties of these troops lies in the safeguarding of communications lines. We cannot but regard this state of affairs as a sign of an anachronism."

While his Majesty's Government do not consider that there is any need to be unduly alarmed at this further evidence of a concerted plan to increase pressure on foreign interests in China, they feel that to allow it to pass unnoticed might encourage the Japanese to proceed to more concrete steps. His Majesty's Ambassador at Tokyo has therefore been instructed to take a suitable opportunity of indicating to the Japanese Minister for Foreign Affairs his surprise at this statement of the military spokesman and to ask for an assurance that the views expressed therein were not those of the Japanese Government. Sir Robert Craigie is at the same time to make it clear that His Majesty's Government would not for one moment be prepared to consider the unilateral modification either by the Japanese Government or by the puppet government set up by them of the existing status of the Legation Quarter in Peking or of the Tientsin concession, which is based on established treaty rights.

His Majesty's Government are aware that the United States Government have already made representations and have received an assurance from the Japanese Government regarding the International Settlement at Shanghai.⁵⁵ They feel however that parallel action by the United States Government in respect of North China would be of the greatest value in view of the fact that Japanese pressure may ultimately prove to be strongest in that part of China. His Majesty's Embassy is therefore instructed to express the hope that the United States Ambassador in Tokyo may be authorized to make representations to the Japanese Government in respect of the Legation Quarter at Peking parallel to those which Sir Robert Craigie has been instructed to make.

The French Government are being similarly approached with the suggestion that their Ambassador in Tokyo should be instructed also to make parallel representations in regard to Peking and Tientsin.

WASHINGTON, May 18, 1939.

701.0093/282

The Department of State to the British Embassy

AIDE-MÉMOIRE

Reference is made to the British Embassy's *aide-mémoire* of May 18, 1939, in which there is quoted as evidence of a concerted plan to increase pressure upon foreign interests in China a translation published

⁵⁵ See pp. 1 ff.

in the *Peking Chronicle* of a communiqué issued on May 6 by a Japanese military spokesman in regard to the Legation Quarter at Peiping and the foreign concessions at Tientsin. The British Embassy expresses the hope that the American Embassy at Tokyo may be authorized to make representations to the Japanese Government in regard to the Legation Quarter at Peiping parallel to representations which the British Ambassador at Tokyo has been instructed to make.

The Department of State, after careful consideration of the British Embassy's memorandum and of the factors involved in the situation as a whole which affect the endeavors of the Government of the United States to safeguard through appropriate means American rights and interests in China, is doubtful whether it would be advisable for this Government to take cognizance of, as grounds for representations to the Japanese Government, the communiqué under reference. In the British Embassy's *aide-mémoire* mention was made of the representations made by the American Ambassador at Tokyo in regard to the International Settlement at Shanghai. This Government has also recently made representations in regard to the International Settlement at Kulangsu⁵⁶ and on two occasions earlier this year has made representations in regard to the situation at Tientsin as it affected American rights and interests there. Mention may also be made of the recent representations made by this Government in regard to bombing⁵⁷ and the many instances in which representations have been and are being made to the Japanese Government in individual cases involving American rights and interests. The Department of State is therefore of the opinion that, unless new developments arise in the situation at Peiping and Tientsin, the making by this Government at this time of an approach to the Japanese Government on the basis solely of the communiqué issued by the military spokesman on May 6 would be likely to have a prejudicial rather than an advantageous effect.

WASHINGTON, May 22, 1939.

893.102 Tientsin/241 : Telegram

The Consul General at Tientsin (Caldwell) to the Secretary of State

TIENTSIN, June 5, 1939—5 p. m.
[Received June 5—10 : 55 a. m.]

80. Department's 108, June 3, 2 p. m.⁵⁸ I have not telegraphed concerning local situation because of lack of accurate detailed infor-

⁵⁶ See telegram No. 128, May 16, 6 p. m., to the Ambassador in Japan, p. 111.

⁵⁷ See telegram No. 138, May 20, 4 p. m., to the Ambassador in Japan, p. 327.

⁵⁸ Not printed.

mation, which I have been hoping to obtain. All that is known at present is that the British authorities have been notified that if the Chinese prisoners mentioned in my telegram No. 71 of May 12, noon,^{58a} are not turned over by July 1st the Japanese military will take measures to deal with the situation, although they have assured the British that this is not an ultimatum; that the British Consul General⁵⁹ is negotiating with the Japanese authorities concerning this matter, the nature of the negotiations not having been revealed to me beyond the statement by the British Consul General that the press report from London that he has been authorized to expel from his concession some 20 Chinese prisoners is entirely incorrect; and that from time to time since about May 24 American firms have experienced difficulty in transporting into British Concession (and occasionally the French Concession) rugs packed for export, dyed wool for spinning in French Concession, spun yarn, catskin plates, and lambskin plates.

The difficulties experienced at the Concession boundaries are probably related to the demands upon the British, but no notice of them has been given and no precise or official information concerning their nature has been obtainable so far. I wrote officially to the Japanese Consul General on the 24th and 25th, when these difficulties first arose, protesting against this unwarranted interference with legitimate American interests and asking for information as to the regulations responsible for the difficulties but I have received no reply and am writing to him again today on this same subject. With the aid of the personal intervention of a member of my staff and of a representative from the Japanese [Consulate?] General most of the detained commodities have eventually been passed, although a small quantity of dyed wool urgently needed by Nichols Carpet Company for spinning in the French Concession to complete a carpet order is still not allowed to pass, and the Japanese military who "inspected" it at the barrier after a long delay insisted that they buy it at their own price, which, of course, Nichols refused to agree to. Incidentally it might be mentioned that this wool was a part of two truck loads of goods which occupied almost the entire time of a representative of this Consulate General and a representative of the Japanese Consulate General for 2 days. Fortunately, only in a comparatively small proportion of cases have American-owned goods been stopped at the Concession boundaries.

When the difficulties at the Concession boundaries were brought to the attention of the Japanese Consulate General that office stated that they had heard nothing of any regulations responsible for them; eventually they stated that it had been ascertained that the regulations had been issued by the "Shimizu Unit" in the Third Special Area without

^{58a} Not printed.

⁵⁹ Edgar George Jamieson.

the knowledge of higher military authorities either here or in Peiping, but that regardless of this the regulations could not be rescinded without authority from Peiping headquarters, which, presumably has not yet been forthcoming.

Repeated to Chungking, Shanghai, air mail to Tokyo.

CALDWELL

893.102 Tientsin/243 : Telegram

The Consul General at Tientsin (Caldwell) to the Secretary of State

TIENTSIN, June 8, 1939—3 p. m.

[Received June 8—8 a. m.]

85. My 83, June 7, 10 p. m.⁶⁰ The Japanese Consul General called on me today to give me the Japanese version of the present situation (which is as already reported) and to state that the Japanese military have decided to impose restrictions on the British Concession (and unavoidably on the French Concession as well) as soon as the necessary preparations can be made, probably about June 15; that these restrictions will consist of stringent searches of not only persons (especially British and Chinese) but cargo as well; and that theoretically there will not be a blockade of the Concessions, though he added that the enforcement of the restrictions may easily result in a practical blockade. He did not seem very clear as to what it is that is to be searched for but said after a little hesitation that it would be a search for arms. I received the impression that the purpose of the search is not primarily the detection of any concrete objects.

The Japanese Consul General again expressed regret that these restrictions must unavoidably cause inconvenience to non-British persons and interests, particularly Americans, Germans and French, remarking that the Japanese relations with the French are now very satisfactory. He stated that efforts had been made to find a plan that would affect only British individuals and interests, but that the restrictions referred to were the only method the Japanese military had been able to devise for applying pressure on the British Concession, which in the matter of such restrictions could not be dealt with separately from the French Concession.

I was informed that although the decision of the local military has been referred to Peiping as a matter of formality, the settlement of this question was in the hands of the Tientsin military and that it is unlikely that any change in the decision will be made. He added that I was the first "foreigner" to whom he had communicated the above information and that the decision of the military had not yet been

⁶⁰ Not printed.

made public, but that as the information would become public knowledge within a day or two it need not be regarded as confidential.

In discussing the matter of the four prisoners in question he drew attention to what the Japanese regard as the inconsistency and unreasonableness of the British refusal to turn over these four to the Chinese court, when at the same time the British Consul General informed him that under new instructions he now has much wider latitude in such matters and hereafter will be able to hand over any similar persons on his own initiative without having to refer the question to the British Government or the British Ambassador.

The Japanese Consul General assured me that means for obviating as far as possible inconvenience to Americans as a result of the contemplated restrictions are under consideration; that every effort will be made to prevent such inconvenience; and that he will inform me further as soon as more precise information concerning the regulations and the special treatment to be accorded American nationals is available.

It is evident that the Japanese realize that the restrictions decided upon must result in great inconvenience and financial loss to their own nationals as well as to the nationals of other countries, but it appears unlikely that the military can be dissuaded from carrying out the restrictions, unless the British change their position regarding the four prisoners.

Sent to Peiping, Chungking, Shanghai and Tokyo.

CALDWELL

893.102 Tientsin/242 : Telegram

The Secretary of State to the Chargé in Japan (Dooman)

WASHINGTON, June 8, 1939—3 p. m.

156. Tientsin's 83, June 7, 10 p. m.⁶¹

1. In view of reports that the Japanese military authorities at Tientsin are contemplating some drastic action at that place the Department desires that, unless you perceive objection, you informally approach the Foreign Office and communicate to it orally this Government's concern for American nationals and property interests at Tientsin.

2. You may refer to previous informal representations made in accordance with the Department's no. 3, January 4, noon, to Peiping and no. 49, February 27, 8 p. m., to you, and point out to the Foreign Office that (a) some 400 American civilians reside and conduct business in Tientsin; (b) American property and trade interests there are

⁶¹ Not printed.

extensive (see Peiping's 741, December 23, 5 p. m., section 2⁶²); (c) an American Consulate General functions in Tientsin as the center of a large consular district containing over 1200 American citizens; and (d) American interests in that port have already suffered seriously from unwarranted restrictions imposed by the Japanese authorities on the movements of persons and goods and from general restrictions on trade imposed at Japanese instance.

3. You may add that it is the firm belief of this Government that points at issue which may arise during the present abnormal conditions in China among various foreign authorities are susceptible of amicable adjustment without the employment of coercive measures and that, having in mind the legitimate interests of American citizens, this Government expresses the hope that the Japanese Government will refrain from taking any steps which may tend to increase the tension at Tientsin and thereby cause further detriment to American interests in that port.

Repeated to Chungking, Tientsin, and Shanghai.

HULL

893.102 Tientsin/245 : Telegram

The Chargé in Japan (Dooman) to the Secretary of State

TOKYO, June 10, 1939—3 p. m.
[Received June 11—8:30 a. m.]

267. Department's 156, June 8, 3 p. m. I spoke today to the Vice Minister for Foreign Affairs⁶³ along the lines desired by the Department. Sawada expressed regret that the attitude reflected by the British officials in Tientsin "left no room" for conciliatory discussions with them by the Japanese. He added however that Caldwell enjoyed the confidence of both sides and that "it would be helpful if he could use his good offices."

Repeated to Chungking, Tientsin, Shanghai.

DOOMAN

893.102 Tientsin/246 : Telegram

The Consul General at Tientsin (Caldwell) to the Secretary of State

TIENTSIN, June 12, 1939—4 p. m.
[Received June 12—10:52 a. m.]

89. Tokyo's [Department's] 156, June 8, 3 p. m. I have used and shall continue to use my good offices, whenever opportunity offers,

⁶² *Foreign Relations*, 1938, vol. iv, p. 108.

⁶³ Renzo Sawada.

without meddling or taking sides in the dispute between the British and the Japanese, to effect a settlement of their dispute, primarily in an effort to avoid or at least ameliorate the inconveniences and loss to Americans and the American concessions sure to be caused by the impending Japanese military restrictions on the boundaries of the British and French Concessions, but I am convinced that nothing can be accomplished here now in the way of a settlement of the difficulties.

I am assured categorically that the local British authorities are disposed to make some concession to the Japanese but that instructions from London make this [impossible].

The Japanese state that they are determined to put into effect the restrictions from June 14 and it is useless for any one here to urge them to adopt any other course unless the British will yield at least to some extent.

I am assured informally that I will receive a letter today regarding the imposition of the restrictions and the arrangements for passes for Americans concerning which I will report later.

Sent [*Repeated*] to Peiping, Chungking, Shanghai and Tokyo.

CALDWELL

893.102 Tientsin/246 : Telegram

The Secretary of State to the Consul General at Tientsin (Caldwell)

WASHINGTON, June 13, 1939—6 p. m.

31. Tientsin's 89, June 12, 4 p. m., and Tokyo's 267, June 10, 3 p. m.

1. On June 13 the Counselor of the British Embassy⁶⁴ here called at the Department under instruction from his Government; referred to the approach made on June 10 by the American Chargé at Tokyo to the Japanese Vice Minister for Foreign Affairs and to the Vice Minister's comment that the Consul General at Tientsin enjoyed the confidence of both sides and that it would be helpful if he could use his good offices; and said that the British Foreign Office would be glad if the Department could see its way clear to instructing the American Consul General at Tientsin to extend his good offices.

2. The Department is informing the British Embassy here that on June 12 the American Consul General at Tientsin telegraphed that he had used and would continue to use his good offices whenever opportunity should offer, without taking sides in the dispute between the British and the Japanese, toward effecting a settlement of their dispute, the attitude and action of the Consul General being based primarily on a desire to avert or at least to ameliorate the inconveniences and losses to American interests; that the Consul General reported

⁶⁴ V. A. L. Mallet.

that he was convinced that at the present time nothing could be accomplished at Tientsin in the way of a settlement of the difficulties; but that the Department was telegraphing the Consul General approving the action which he had taken and the attitude expressed by him and was instructing the Consul General to continue to hold himself in readiness, if and when an approach by appropriate British and Japanese officials at Tientsin is made to him, informally to use his good offices toward bringing representatives of the British and Japanese into friendly discussions with a view to peaceful adjustment of the question at issue. The Department is informing the British Embassy further that the American Consul General at Tientsin is being instructed to hold himself aloof from any action relating to the merits of the question at issue between the British and the Japanese authorities and that the Department is of the opinion that in so far as any action in the nature of use of good offices by the American Consul General at Tientsin is concerned such action should be regarded as continuance of action which the American Consul General had already been taking in a local situation and should not be regarded as action of a formal character between or among governments as such.

3. Department desires that the American Consul General at Tientsin be guided by the foregoing.

4. Department desires that the American Chargé at Tokyo (a) inform the British Ambassador at Tokyo orally of the substance of the instructions which have been issued to Tientsin and, provided the Chargé and the British Ambassador perceive no objection, (b) similarly inform the Japanese Vice Minister for Foreign Affairs.

Peiping please repeat to Tokyo.

Repeated to Peiping and Chungking.

HULL

893.102 Tientsin/249 : Telegram

The Chargé in Japan (Dooman) to the Secretary of State

TOKYO, June 13, 1939—7 p. m.

[Received June 14—10:35 a. m.]

271. Our 267, June 10, 3 p. m., Tientsin situation.

1. The British Ambassador sent me this morning by a member of his staff a copy of telegraphic instructions from London to the British Ambassador to China⁶⁵ authorizing the setting up of an advisory committee to the British municipal authorities to examine evidence to determine whether there is a prima facie case against the four alleged Chinese terrorists sufficiently strong to warrant their delivery

⁶⁵ Sir Archibald J. K. Clark Kerr.

to the local court, the advisory committee to consist of one Britisher, one Japanese and one neutral. The British Embassy was quite uncertain whether London desired that the Japanese be informed of this procedure by the British Consul General at Tientsin or by the British Ambassador here, and therefore did not intend to make any approach to the Japanese Government pending receipt of further instructions. I then informed Craigie that I would be prepared personally and on my own responsibility to make known without delay the terms of the proposed procedure to the Vice Minister for Foreign Affairs. Craigie replied that he would be grateful if I would do so.

2. I have just seen Sawada who pointed out that the Japanese authorities in North China, who have already received full authorization to act in their discretion, could not take cognizance of the proposed new British procedure until it had been officially communicated to them by the British authorities; that the Japanese Government could not at this late date intervene; but that the information made available would be passed on to the military authorities in North China "for their information".

3. I have passed on these observations to the British Ambassador who is I understand telephoning Clark Kerr to urge that he instruct the British Consul General at Tientsin to make a new approach to the Japanese on the basis of the last instructions from London.

4. I am taking no [""]part in the matter".

Repeated to Peiping, Chungking, Shanghai.

DOOMAN

893.102 Tientsin/247 : Telegram

The Chargé in France (Wilson) to the Secretary of State

PARIS, June 13, 1939—9 p. m.

[Received June 13—4:35 p. m.]

1124. The Chief of the Far Eastern Division at the Foreign Office⁶⁸ said to me this afternoon that he was decidedly concerned over the situation at Tientsin. He feels that the British may not be acting wisely in refusing to turn over to the Japanese the four Chinese terrorists who are detained in the British Concession. The French Consul General at Tientsin has cabled his opinion that a way should be found to meet the Japanese demand, adding that this view is in fact shared by his British colleague. It is felt here that the British might do better to leave the solution of this problem in the hands of their Consul General who is on the ground and in touch with all phases of the situation rather than attempt to handle it from the

⁶⁸ Jean Chauvel.

Foreign Office in London. The French are expressing this point of view to the British.

Chauvel read me a cablegram received from the French Ambassador at Tokyo⁶⁷ dated June 9 expressing the view that the Japanese Government is deliberately seeking to create all possible difficulties for the British while at the same time making every effort to avoid difficulties with France and the United States. The objective is to drive a wedge between the British on the one hand and the Americans and French on the other. The Ambassador reported that he had been "discreetly and distantly" approached by Japanese officials with the general proposition that if things get worse for the British, they might get better for the French. He added that the Dutch Minister⁶⁸ had been approached along the same lines.

Chauvel said that in a conversation this morning with the British Embassy the latter also had stated their belief that British interests were now being singled out as the target for Japanese attacks. Chauvel added that he thought it would be extremely unfortunate if the question of the foreign Concessions were to be thrown open again because of this incident at Tientsin. When this question had arisen at Kulangsu and Shanghai it had been effectively dealt with by the action of the Western Powers. It seemed unwise to provoke a showdown now at Tientsin because in the first place the merits of the case seem doubtful and in the second place the location of the Concession, where large naval vessels cannot approach it, render difficult the landing of effective assistance.

WILSON

893.102 Tientsin/250 : Telegram

The Chargé in Japan (Dooman) to the Secretary of State

TOKYO, June 14, 1939—6 p. m.
[Received June 14—9:55 a. m.]

273. Our 271, June 13, 7 p. m.

1. The British Ambassador today called on the Minister for Foreign Affairs⁶⁹ and protested against the statement issued yesterday by the Japanese military at Tientsin (the substance of which has I assume been telegraphed to the Department by Tientsin). The Foreign Minister insisted that the action of the Japanese military in isolating the British Concession is a "defensive measure made necessary by the failure of the Concession authorities to control Chinese terrorists". He confirmed the statement made to me yesterday by the Vice Minister for Foreign Affairs that the Japanese Government

⁶⁷ Charles Arsène-Henry.

⁶⁸ J. C. Pabst.

⁶⁹ Hachiro Arita.

would not intervene at Tientsin and that liquidation of the situation would have to be sought through discussion between the British and Japanese authorities on the spot. He added that such liquidation now could not be effected by merely delivering the four alleged Chinese terrorists but that there would also have to be "reconsideration by the British of their attitude of assisting Chiang Kai Shek".

2. Craigie feels that his protest today has served a useful purpose as he is certain that it impressed the Foreign Minister with possible serious consequences of the course which the Japanese are following.

Repeated to Peiping for Shanghai, Tientsin and Chungking.

DOOMAN

893.102 Tientsin/252 : Telegram

The Chargé in Japan (Dooman) to the Secretary of State

TOKYO, June 15, 1939—5 p. m.

[Received June 15—10:35 a. m.]

274. Department's 31, June 13, 6 p. m., to Tientsin.

1. I have just had a long and frank discussion with the British Ambassador. I have also had conversations during the last few days with members of his staff and with Japanese officials. I conclude that although there have been elements on both the Japanese and British sides who have tried to find a solution of the problems which eventually brought about the situation at Tientsin, there has been an unfortunate lack of goodwill on the part of those on both sides who had final authority. I conclude further that the present British desire to find a way out of the difficulty not only came too late but has actually made extremists among the Japanese military authorities, who have now taken over control of this matter, more uncompromising than ever.

2. The British Ambassador told me in confidence that he had all along felt that the British had selected poor ground for taking a stand against the Japanese, and that it had been a mistake to make in respect of the four alleged terrorists an exception to the practice of handing over to the Chinese court Chinese persons charged with having committed crimes. I am told by members of the British Embassy that the British Ambassador in China, however, had consistently emphasized to London that "turning these men over for execution would be repugnant to the British sense of justice" and had urged the importance of protecting "friends of Madam Chiang Kai Shek". The suggestion that an advisory committee be set up to look into the evidence came originally from Clark Kerr but it was put forward at the last moment apparently in an effort to avert implementation of the Japanese threat to take action against the British Concession and it has, I fear, done more harm than good.

3. General Homma, the Japanese Commander at Tientsin who is being roundly censured and is now in bad odor here for being Anglophile, gave the British explicit assurances that possession of the four Chinese was desired primarily to ascertain the methods, operations and organization of the terrorists and that the question of their punishment would be decided in the light of the evidence brought out in their trial. Had it not been for Clark Kerr's opposition the British here believe that the matter could have been settled without violence to British concepts of terminology. However that may be, the position today is that the Japanese extremists have seized—apparently with much satisfaction—the failure to close this issue as a pretext to pursue a far more important objective than that of suppressing terrorists' activities, namely, destroying the importance of the British Concession as a commercial center and thus facilitating the carrying out of their fiscal and economic program in North China.

4. That the extremists have now been given a free hand to deal with the Tientsin situation admits of very little doubt. The Minister for Foreign Affairs yesterday told Craigie definitely that the Japanese military authorities now had a free hand to impose restrictions against the British Concession which they considered necessary for the safety of Japanese lives and property in China. Craigie protested that this was a matter in which political considerations of great importance to the British and Japanese Governments were involved but the Foreign Minister merely replied that the Japanese Government could not interfere in a "defense question" beyond offering advice and counsel where necessary.

5. Craigie has now recommended to London that the four Chinese be handed over to the local court, and that the Japanese Government be informed that there can be no discussion of various other unrelated issues, which the Japanese military insist must also be settled, until all pressure against the Concession has been removed.

6. With regard to item (b) of paragraph 4 of the telegram under reference: as I am confident that the Japanese Government's conception of our present attitude is precisely that set forth in the telegram under reference I believe that little would be gained by communicating at this time to the Foreign Office a statement of our Government's position. On the other hand I feel that the situation might easily become more grave and that our Government might then wish to take a different position. Unless the Department instructs me to the contrary I propose to withhold that statement until such time as it may be calculated to have effects favorable to settlement of the situation by negotiation. However, I gave Craigie orally the substance of the Department's telegram.

DOOMAN

893.102 Tientsin/252 : Telegram

The Secretary of State to the Chargé in Japan (Dooman)

WASHINGTON, June 15, 1939—7 p. m.

165. Your 274, June 15, 5 p. m.

1. The Department appreciates the information and thoughtful comment given in your telegram under reference.

2. With regard to paragraph 6 of your telegram, the Department approves the position you have taken and assumes that you have informed the British Ambassador of that position.

3. Please repeat your telegram to Peiping with the request that Peiping closely paraphrase it and communicate it by radio in another confidential code to Chungking and Tientsin.

HULL

893.102 Tientsin/341 : Telegram

Memorandum by the Chief of the Division of Far Eastern Affairs (Hamilton) of a Conversation With the First Secretary of the Chinese Embassy (Tsui)

[WASHINGTON,] June 16, 1939.

Mr. Tsui called at his request. He said that the Ambassador was away; that the Embassy had received instructions from the Chinese Government to the effect that in the opinion of the Chinese Government the Tientsin situation was not an isolated, local incident and was not a question merely of the extradition of four Chinese prisoners; that upon the outcome of the Tientsin situation depended the future of the International Settlement at Shanghai and settlements and concessions at other places; that the Chinese Government understood that the British Government would resist Japanese endeavors in reference to the British Concession at Tientsin; that in this situation the Chinese Government thought that the influence of the American Government was a very important factor and that if the American Government would make its position clear in resisting the Japanese objective, the Tientsin situation would be very easily adjusted.⁷⁰ I expressed doubt whether the Tientsin situation could be readily adjusted but said that I would make note of the observations of the Chinese Government as communicated by Mr. Tsui and I assured him that the Department was endeavoring to follow all phases of the Tientsin situation.

Mr. Tsui then referred to press reports of yesterday to the effect that the Secretary had stated at his press conference that he was

⁷⁰ See telegram No. 399, June 19, 9 a. m., from the Ambassador in China, vol. III, p. 186.

not informed of any proposal for an international tribunal on which the American Government would be represented to mediate the Tientsin affair. Mr. Tsui asked whether we had any additional comment on that point which we could make today. I said that the press stories were based on some confusion; that I understood that the British, either from London or in the Far East, had suggested that the question whether there was a *prima facie* case against the four Chinese whom the British had refused to turn over at Tientsin might be referred for investigation to a special group of three individuals; that I understood from the press that the Japanese had declined to accept such a suggestion; and that so far as I knew no question had been raised of the American Government having an official representative on such a special investigating group.

M[AXWELL] M. H[AMILTON]

893.102 Tientsin/267 : Telegram

The Chargé in France (Wilson) to the Secretary of State

PARIS, June 17, 1939—11 a. m.

[Received June 17—9:50 a. m.]

1152. The Chinese Ambassador¹ said to me that he believed the Japanese action at Tientsin had been undertaken for various reasons:

(1) Since last October the Japanese had won no striking military victories in China; on the contrary in Shansi and the Yangtze Valley they had suffered reverses. Enthusiasm for the war was waning in Japan and it had become necessary to restore prestige at home by some dramatic action.

(2) The Japanese had been denouncing the democracies for some time because of their assistance to China.

The democracies, nevertheless, had continued to assist China and as a result the Japanese had lost face both with the Chinese who are opposing them and with the Chinese puppet regimes. By humiliating the British, the Japanese can recover face.

(3) Since last March Germany and Italy have devoted less attention to Japan. Japan is seeking a way to enhance its value to the Axis while at the same time avoiding a military alliance.

Wellington Koo professes to believe that at bottom the Japanese move at Tientsin is bluff. They are feeling out the British to see how far they can go and if the British react firmly they will find a way to fall back as they have done before when faced with resistance (Wellington Koo naturally would take this line). He states that the situation at Tientsin can spread and become dangerous only in

¹ V. K. Wellington Koo.

the measure that the British are weak and make concessions which will encourage the Japanese to go further.

With regard to the French Banking credit to support the Chinese currency,⁷² Wellington Koo said that Reynaud⁷³ had promised that the French Treasury would guarantee a credit of 200,000,000 francs advanced by French banks. This is a little more than 1,000,000 pounds and Wellington Koo is disappointed that he could not obtain the 2,000,000 pounds he had requested from France, particularly since Chinese banks are prepared on their part to put up 2,000,000 pounds. He stated that the credit would be effective only when present complicated negotiations with the British are completed providing for cooperation between the French fund and the British fund and for the extension to the French group of the same guarantees given the British (this information about the credit has been confirmed to me from a French source participating in the negotiations).

WILSON

893.102 Tientsin/284b : Telegram

The Secretary of State to the Chargé in Japan (Dooman)

WASHINGTON, June 19, 1939—6 p. m.

167. I made a statement at the press conference today in regard to the situation at Tientsin as follows:

"This Government is not concerned in the original incident at Tientsin relating to the requested delivery of the four accused Chinese. It is concerned, however, with the nature and significance of subsequent developments, in their broader aspects, coupled with other past and present acts and utterances in other parts of China. This Government therefore is observing with special interest all related developments in China as they occur from day to day. I have nothing further to add today."

HULL

893.102 Tientsin/274 : Telegram

The Ambassador in the United Kingdom (Kennedy) to the Secretary of State

LONDON, June 19, 1939—7 p. m.

[Received June 19—1:30 p. m.]

854. Talked with Halifax⁷⁴ after our conversation. He told me he was sending Craigie in to see the Japanese authorities tomorrow morn-

⁷² See vol. III, pp. 636 ff.

⁷³ Paul Reynaud, French Minister of Finance.

⁷⁴ Viscount Halifax, British Secretary of State for Foreign Affairs.

ing to urge them to try to come to some verbal settlement of the whole problem. He hopes if there is any indication on the part of the Japanese to consider this kind of settlement, we will use our influence to further it.

I do not know whether I made clear to you that this course of action is the result of the naval authorities having told Halifax and the Prime Minister⁷⁵ this morning that they can spare no ships in the event of trouble. Therefore the only alternative is to try to wriggle out and save face.

KENNEDY

893.102 Tientsin/273 : Telegram

The Chargé in Japan (Dooman) to the Secretary of State

TOKYO, June 19, 1939—8 p. m.
[Received June 19—10:13 a. m.]

284. Our 274, June 15, 5 p. m.

1. During my interview this afternoon with the Minister for Foreign Affairs, he asked me what view I took of the Tientsin situation. I replied that in my opinion, the situation might become one of grave risk to all concerned; that the question of maintaining federated reserve currency is at the root of the trouble; and that the extremists among the Japanese military are seeking to eliminate the British Concession as a refuge for national currency, the continued circulation of which in North China offers an effective obstacle to the success of the Japanese currency scheme. The Foreign Minister concurred and said "this situation is going to become worse." He asked whether the United States would become involved. I replied that the American Government is concerned over the difficulties which have arisen between the British and the Japanese over questions arising within the British Concession and hopes that they can be speedily solved, but that I could not indicate what its attitude would be if there arose that more serious situation which the Foreign Minister himself envisaged. I added that I assumed he did not expect that the American Government would assist the Japanese military in establishing their currency in North China to the prejudice of the interests of all except the Japanese. The Foreign Minister smiled and said "all we hope is that the United States will not become involved." He went on to say that the British hold the key to a satisfactory settlement by so amending their Order in Council of 1935 as to permit British banks to deal in federated reserve currency.

3. [2?] This conversation was understood by Mr. Arita and me to be informal and off the record.

DOOMAN

⁷⁵ Neville Chamberlain.

893.102 Tientsin/280 : Telegram

The Consul General at Tientsin (Caldwell) to the Secretary of State

TIENTSIN, June 20, 1939—6 p. m.

[Received 8:24 p. m.]

104. The following is an extract from a communication addressed to me by the Tientsin-American Chamber of Commerce today, which I am transmitting to the Japanese Consul General with a request that steps be taken to remove the plea complained of.

"Since the occupation of the Tientsin area by the Japanese military forces and the assumption of police duties by these forces, except in the foreign Concessions of Tientsin, it has been considered expedient for Americans to present passports of [*or?*] identity cards to these authorities whenever requested. The American Chamber of Commerce of Tientsin considers, however, that there should be no further interference with the interests of American individuals, business firms, or other organizations after the identity of these interests has been established by the Japanese authorities.

Since the establishment of the present regulations regarding traffic to and from the French and British Concessions in Tientsin, the Japanese authorities have repeatedly asserted that it was not intended that these regulations should impede or interfere with American interests in any way.

Despite the assurances by the Japanese authorities that they do not wish to interfere with Americans the present regulations are definitely stopping American business and interfering with our livelihood and are causing inconvenience and annoyance to Americans at the barriers surrounding the French and British Concessions.

Point 1. Americans are being searched at the barriers. Even after their identity has been established, Americans are being subjected to the indignity of having to pass along narrow and congested passageways and through inspection sheds, there to be passed or searched, although in some cases the searching has been only perfunctory. This is apparently done at the discretion of Japanese sentries and applies not alone to men, but also to American women.

We understand that you have already been informed of Mr. R. E. McCann being searched last week. On the 16th instant two American ladies on their way to take the 3:17 p. m. train for Peiping were searched at the barrier. The ladies concerned are Mrs. L. Michaelson, whose husband is in the employ of General Motors Corporation in Japan, and Mrs. Briggs, whose husband is with the Standard Oil Company in Japan.

On Sunday the 18th instant at about noon the principal of the American School, Mrs. Fink, and her 12-year-old daughter were searched at the barrier coming in from the country club. The child was so upset and frightened as the result of this experience that she was in a bad nervous condition all that day and night. Another American lady, Mrs. Silverberg, was also subjected to a search before being permitted to pass through the above-mentioned barrier. There

may have been other cases which have been reported to the Consulate General.

Point 2. American business is being impeded and restricted by the fact that the employees of American firms who are of Chinese and other non-American nationalities, and who live outside the French and British Concessions, cannot go to and from their places of employment without being subjected to delays of many hours of waiting in line at the barriers to be examined and thoroughly searched. In many cases Chinese employees of American firms, arriving at the barrier at 5:00 a. m. are not able to enter the Concessions and report for work before noon and in some cases later. The result is that many such employees, having to wait for hours in the blazing sun and being subjected to shameful and unnecessary minute searching, stay away altogether. The same interference is also being applied to Chinese, Japanese, and other clients of American firms thus causing a virtual stoppage of American business. Chinese servants of American families are also being delayed and in some cases have been unable to report to their employers for several days.

Point 3. It has been announced by the authorities concerned that foreign exchange on the "link system" will not be granted to exporters of commodities on the controlled list unless the exporter has an office or branch in the Japanese-controlled areas. It is the opinion of this Chamber that the enforcement of such a regulation would be a definite restriction and hardship on American trade in these controlled commodities, and we wish to emphasize that it would be most difficult, and in many cases virtually impossible, for American firms to take the steps necessary to comply with these regulations and that the application of these regulations to American trade is not only unreasonable, but is inconsistent with the Japanese authorities' announced intentions not to interfere with American business.

We request that, as vitally affecting American interests, and as being in conformity with the announced intention of the Japanese authorities to interfere as little as possible with American interests, arrangements be made for:

- (1) The passage of American citizens through the barriers upon presentations of their passports of [*or?*] identity cards without further delay of any sort such as waiting in line, questioning, search, or passage through inspection sheds.

- (2) Chinese and other nationals in the employ of American firms or American families to be permitted quick passage through the barriers by being issued special identity passes during the present restrictions.

- (3) That all legitimate goods belonging to Americans, whether import or export cargo or goods for local use, be allowed to pass freely and quickly through the barriers.

- (4) No restrictions be placed on American firms applying for foreign exchange on the "link system", particularly with respect to the location of the firms' place of business, or with respect to nationality of the firm with whom the "link" is made.

For your information this Chamber is requesting its members to furnish full details of specific instances where American interests are

being interfered with by the present restrictions and when received such instances will be the subject of further reports to you."

Repeated to Peiping, Chungking, Shanghai. To Tokyo by air mail.

CALDWELL

893.102 Tientsin/310

Memorandum of Conversation, by the Chief of the Division of Far Eastern Affairs (Hamilton)

[WASHINGTON,] June 21, 1939.

Mr. Frederick Moore telephoned. He said that he had been disturbed by statements which had appeared in the press to the effect that it was the impression in some British governmental circles and of the Chinese Ambassador to the United States that the Japanese were bluffing in regard to the situation at Tientsin. Mr. Moore said that he had telephoned without consulting anyone at the Japanese Embassy. (Note: Mr. Moore is a former American newspaper man in the employ of the Japanese Embassy.) Mr. Moore continued that he was convinced that the Japanese are not bluffing and that they are going to put the matter through. He said that in the most difficult situation which has, in his judgment, yet arisen, he thought it would be a mistake if the Department of State should think that the Japanese were bluffing. He said that he of course did not know what the thought of the State Department was in regard to this matter and that he had telephoned merely to put before us this statement of his considered opinion.

Note: A few minutes after Mr. Moore telephoned, General Burnett of the War Department telephoned and told me that Mr. Moore had telephoned him and had made to him substantially the same statement.⁷⁶

M[AXWELL] M. H[AMILTON]

893.102 Tientsin/342

Memorandum of Conversation, by the Chief of the Division of Far Eastern Affairs (Hamilton)

[WASHINGTON,] June 21, 1939.

Mr. Suma, Counselor of the Japanese Embassy, called at his request. He said that yesterday the Japanese Embassy had received a telegram from the Japanese Consul General at Tientsin reporting that special

⁷⁶ Mr. Moore also telephoned the Chief of the Division of Controls (Green) to similar effect.

measures were being taken and efforts made to see that American nationals at Tientsin were not interfered with or did not suffer inconvenience. He said that according to the telegram the barbed wire fence had been opened on that section of the Concession boundary which adjoined the quarters of the U. S. Marines in order that there might not be any impediment to free movement of the Marines to and from the Concessions. In this connection I handed Mr. Suma to read Tientsin's telegram no. 105, June 21, 9 a. m.,⁷⁷ reporting that the Japanese Consul General had notified the American Consul General that the barbed wire fence at Tientsin would be electrified as from ten o'clock on the evening of June 20.

Mr. Suma said also that according to the Embassy's telegram from Tientsin the Japanese authorities there were taking special measures to facilitate the movement of cargo of American exporters and importers. In this connection I told Mr. Suma that the press today had reports that the American Chamber of Commerce at Tientsin had presented a list of complaints to the American Consul General and that the American Consul General had communicated the Chamber's statement to the Japanese Consul General. I said that we had received a report giving the salient portions of the statement of the American Chamber of Commerce. Mr. Suma asked whether the statement gave particulars as to the basis of the Chamber's complaint. I replied in the affirmative and gave Mr. Suma to read a copy of Tientsin's telegram no. 104, June 20, 6 p. m. Mr. Suma read the telegram carefully. He then asked whether he might have a copy of it. I replied that according to our reports a copy had been sent to the Japanese Consul General at Tientsin and was therefore available to the Japanese Government. Mr. Suma said that the statement of the American Chamber of Commerce at Tientsin and the report of the Japanese Consul General were not in agreement and that the Embassy here would wish to despatch telegraphic inquiry in regard to the matter.

I told Mr. Suma that the attitude of this Government with regard to the situation at Tientsin was indicated in the Secretary's public statement of June 19⁷⁸ and that the basis and nature of this Government's concern were set forth in that statement.

M[AXWELL] M. H[AMILTON]

⁷⁷ Not printed.

⁷⁸ For text, see telegram No. 167, June 19, 6 p. m., to the Chargé in Japan, p. 185.

741.61/718: Telegram

The Chargé in France (Wilson) to the Secretary of State

[Extract]

PARIS, June 21, 1939—8 p. m.

[Received 8:30 p. m.]

1174. . . .

Leger⁷⁹ said that at no time had the Soviet Government proposed that the mutual assistance accord should cover the Far East. If the Soviet Government had desired to obstruct the conclusion of an agreement they might well have made such a proposal.

Leger said that the situation in the Far East was extremely disquieting. He had just received information that there was now little if any possibility of the British reaching a local solution of the Tientsin incident with the Japanese.

The central Government in Tokyo doubtless desired a local solution but the army was in the saddle and determined to force a settlement of far wider issues. The Japanese Army had been unable for some time to make further headway in central and southern China and in order to gain decisive military decisions in majority of areas it would be necessary to send there Japanese troops from northern China. This the Japanese did not dare do for fear of the Soviet Union. The aim of the Japanese Army therefore was to break down the British policy of support for Chiang Kai Shek, to make British policy subservient to Japanese policy in China and thereby destroy the spirit of resistance of the Chinese.

Leger said that measures of economic reprisal by the British alone or even in cooperation with the French would not force the Japanese Army to modify its policy. The British would either have to resist the Japanese which would mean war in the Far East or they would have to submit to the Japanese demands which would mean not only the destruction of the rights of the Western Powers in China but would also so encourage Hitler and Mussolini with the evidence of British weakness that they would at once precipitate a situation in Europe which would develop into war.

Leger said that there was just one factor which could prevent the worst from happening. He did not wish what he was going to say to be considered as a special plea or as an attempt to influence the United States Government. The French Government believed it understood the position of the United States Government and was

⁷⁹ Secretary General of the French Foreign Office.

trying to be discreet and not make any suggestion which might prove embarrassing to the United States. But his personal view was that the only factor which could influence the Japanese to accept a local solution of the Tientsin incident would be the attitude of the United States Government. The Japanese Army asserted that the United States Government regarded the Tientsin affair as of no interest to it and that nothing was to be feared on that score from the United States. If, however, the United States Government informed the Japanese Government that it was in fact interested in these developments in China this would strengthen the hands of those members of the Japanese Government who have been arguing with the army that if they persisted in their policy they would eventually run foul of the United States.

I inquired of Leger in this connection what he thought of Secretary Hull's statement of June 19.⁸¹ Leger said that it was excellent but it was a statement made only to the press in Washington. Whether a statement of this character would produce an effect upon the Japanese Government was uncertain but a similar statement communicated through diplomatic channels to the Japanese Government would be a different matter. Leger repeated that he was not asking anything or assuming to suggest anything. He was convinced that if war should come in the Far East the United States would be drawn into it in defense of principles and rights which the United States has always defended. His hope is that the tremendous influence of the United States may be exerted as a preventive force to avert war.

WILSON

893.102 Tientsin/295: Telegram

The Consul General at Tientsin (Caldwell) to the Secretary of State

TIENTSIN, June 22, 1939—6 p. m.

[Received 7:14 p. m.]

110. Before his departure from Tientsin yesterday Admiral Yarnell,⁸² accompanied by certain members of his staff, Lieutenant Colonel Hawthorne,⁸³ and myself, called at the British Consulate General to obtain the latest information regarding the local situation, and to confer with the British military and naval authorities, who were there during the call, concerning steps that might be taken for the protection of foreign life and property in case of attempts of

⁸¹ For text, see telegram No. 167, June 19, 6 p. m., to the Chargé in Japan, p. 185.

⁸² Adm. Harry E. Yarnell, Commander in Chief, U. S. Asiatic Fleet.

⁸³ Lt. Col. William G. Hawthorne, commanding U. S. Marines at Tientsin.

mobs to enter the British Concession for creation of disorder or in case mobs of persons already within the Concession should create disorder.

In the course of the conversation Admiral Yarnell stated that with a view to the protection of lives and property of Americans in the British Concession American Marines would be prepared to assist the British police and armed forces in repelling such mobs endeavoring to enter the British Concession and in quelling disorders created by any such mobs already in the Concession; that if Americans were in danger they would be given refuge in the Marine barracks; and that so far as capacity of the barracks permitted, British subjects in danger and who desired to do so could take refuge there.

Reference was made to previous joint defense plans and it was agreed that owing to changed conditions a revision should be undertaken. Lieutenant Colonel Hawthorne therefore conferred today with the British military authorities who expressed a desire that the United States Marines undertake responsibility for the defense of a specified sector on the border of the British Concession. In the opinion of Lieutenant Colonel Hawthorne and myself this would be inadvisable in view of all the prevailing circumstances.

Furthermore on endeavoring to devise a detailed plan by which the measures mentioned in yesterday's discussion could be carried out both Lieutenant Colonel Hawthorne and I are forced to conclude that if conditions were such as to warrant the use of American Marines to repel a mob invading the British Concession or to quell mob disorder in the Concession those same conditions would inevitably require the concentration of American citizens and perhaps other foreigners at the Marine barracks and necessitate the presence there of the entire United States Marine Force of slightly over 200.

Lieutenant Colonel Hawthorne and myself consider that under present conditions and in view of the practical difficulties which could not be fully realized during the very brief conference yesterday any existing joint defense plan or plans should be considered as discarded and not replaced by any plan involving assigning to the American forces any specific sector for defensive purposes; that there should be merely an agreement that in case of need for Americans to take refuge in the Marine barracks those barracks would be open so far as their capacity permits to British subjects desirous of taking refuge there; and that if possible under the then prevailing circumstances the United States Marines would endeavor to assist Britons in reaching the barracks.

Under some circumstances the American Marines might participate in repelling mobs or quelling mob disorders in the British Concession but in view of the possibility of conditions here changing very rapidly

it seems preferable to make no commitment concerning this matter beyond that given at the conference yesterday.

Lieutenant Colonel Hawthorne is informing Admiral Yarnell of the above views.

Repeated to Chungking, Peiping, Shanghai. Code text by air mail to Tokyo.

CALDWELL

893.102 Tientsin/359

*Memorandum by the Under Secretary of State (Welles) of a
Conversation With the British Ambassador (Lindsay)*

[WASHINGTON,] June 23, 1939.

The British Ambassador called to see me at his request this afternoon.

He told me that he was instructed by his Government to make known to this Government the strictly confidential basis for a solution of the Tientsin incident which the British Ambassador in Tokyo had presented to the Japanese Foreign Minister. The Ambassador asked if this Government had any word of this. I said that so far as I was aware we had no report on the subject. The Ambassador then handed me a memorandum ⁸⁴ containing the basis of solution proposed by Sir Robert Craigie as reported by him to his Government. After reading this I asked the Ambassador if the British Government had any further report or information with regard to any progress that might have been made. The Ambassador said that he had had no further word on this question.

The Ambassador asked me whether this Government was preparing to take any further action with regard to the Tientsin incident or the general situation in China.

I replied that I knew that the Secretary of State had spoken with the Ambassador on June 19, the day I was away from the Department, and I imagined that the Ambassador had been told at that time that this Government was giving very careful and continuous consideration to each and every step which this Government could take in order to clarify its own position with regard to the basic and fundamental questions which had arisen as a result of the policies pursued by Japan in China and which affected the legitimate rights and interests of the United States. I said that of course the statement given to the press by the Secretary of State on Monday ⁸⁵ answered in part the Ambassador's question, and that he knew of the very vigorous representations which this Government had recently made to the Japanese Gov-

⁸⁴ *Infra.*

⁸⁵ See telegram No. 167, June 19, 6 p. m., to the Chargé in Japan, p. 185.

ernment with regard to bombings and other acts on the part of the Japanese military authorities which had resulted in damage to American nationals and their interests in China. Finally, I said, the statement made yesterday by the Commander-in-Chief of the United States Asiatic Squadron ⁸⁶ would, in my judgment, have very definite repercussions and results upon Japanese public opinion as well as upon Chinese public opinion. I said that if we determined to take any further steps I would be glad to let the Ambassador know.

For the first time the Ambassador spoke with ill-concealed impatience and even indignation of the foreign policy pursued by his own government. Until recent months in his conversations with me he had always supported very enthusiastically Mr. Chamberlain's foreign policy. During the last two or three months he has made no reference to it other than to carry out his instructions as they were given to him. Today he spoke with considerable vehemence of the situation in which England found herself and said that there came a time in the affairs of any country when, if it had any self-respect, it had to fight even if it had to fight alone. He said this with immediate reference to the Far Eastern situation.

S[UMNER] W[ELLES]

893.102 Tientsin/359

The British Embassy to the Department of State ⁸⁷

PROPOSAL PUT FORWARD AT TOKIO ON A PERSONAL BASIS
BY SIR R. CRAIGIE ON JUNE 20TH

1. Blockade measures to be withdrawn.
2. His Majesty's Government to be prepared to discuss at once with Japanese Government all outstanding Anglo-Japanese questions relating to Tientsin on basis that

(a) British authority in the concession is to be maintained intact.
(b) All possible steps consistent with the maintenance of neutrality to be taken by His Majesty's Government to ensure that the concession is not used for any purpose prejudicial to the local military or political interests of the occupying power.

3. Negotiations to be pursued vigorously with a view to a very early settlement. Representatives of the British Consulate General and of the Japanese authorities in China to come to Tokio for the purpose.

Sir R. Craigie elaborated withdrawal of blockade measures (Point 1 above) as meaning measures interfering with the livelihood, personal

⁸⁶ See telegram No. 520, June 22, 3 p. m., from the Consul General at Shanghai, vol. III, p. 786.

⁸⁷ Handed to the Under Secretary of State by the British Ambassador on June 23.

liberty and food supplies of British subjects in Tientsin to be discontinued; and all discrimination against British subjects in measures taken by the Japanese authorities for defence against the terrorists to be removed.

The Japanese Minister for Foreign Affairs read this paper and said that the difficulty was that there was a very strong feeling that the matter should be settled locally. Sir R. Craigie replied that in the atmosphere created by the harsh behaviour of the Japanese military authorities, negotiations on the spot would have little prospect of success. Tokio and London were the proper channel for a negotiation of such importance. The Japanese Government would assume serious responsibility in rejecting this venue. The Japanese Minister agreed to consider Sir R. Craigie's suggestion carefully. It was agreed that if the Japanese Government were to decide definitely that negotiations must be conducted locally, the document would be returned to Sir R. Craigie and considered as "non avenue".

WASHINGTON, June 23, 1939.

893.102 Tientsin/297: Telegram

The Chargé in Japan (Dooman) to the Secretary of State

TOKYO, June 24, 1939—noon.

[Received June 24—12:55 a. m.]

294. Our 277 [274], June 15, 5 p. m. Following informal conversations between the Prime Minister's⁸⁸ personal adviser and the British Ambassador, the Foreign Minister yesterday proposed to the British Ambassador that there be held next week in Tokyo a round table conference to discuss the Tientsin situation and seek solution thereof on a strictly local basis. The proposal has been referred to London.

DOOMAN

893.102 Tientsin/302: Telegram

The Consul General at Tientsin (Caldwell) to the Secretary of State

TIENTSIN, June 24, 1939—3 p. m.

[Received June 24—12:35 p. m.]

121. I have just spent most of an hour in an amicable discussion with the Japanese Consul General of the difficulties being experienced by Americans and American interests on account of the present restrictions of the Japanese military and the need for devising measures which would remove or at least diminish these difficulties. He in-

⁸⁸ Baron Kiichiro Hiranuma.

formed me that he could not yet give me a definite reply to my letter of June 21, but that the points which I took up in that letter are today being considered by the Japanese military in an effort to lessen the inconvenience being experienced by Americans.

He referred to the difficulty of openly discriminating between nationalities by requiring only certain persons to pass through the searching sheds, to which I replied that the existing discrimination is quite apparent and has been openly referred to in statements to the press by Japanese military spokesmen, and that I hope that some means would be found promptly to lessen the difficulties of Americans and American interests, to which end he promised to use his best efforts.

I consider it likely that some minor changes in favor of Americans will be made by the Japanese military as a result of the communication of the Tientsin American Chamber of Commerce and the representations which I have made, but that such changes will not by any means satisfy the needs of the case from our point of view. Moreover, the Japanese Consul General mentioned that if the present difficulties concerning the British Concession are not settled very soon, still more drastic measures, which must adversely affect all persons in the British and French Concessions, are to be anticipated. I was unable to obtain any information regarding the probable nature and date of application of such additional measures, but he denied a rumor current today that they are to be applied tomorrow.

The Japanese Consul General referred to conversations taking place at present in London and Tokyo, and stated that no negotiations were occurring here. He did not admit any intimation of the communications from the mayor of Tientsin referred to in my No. 117, June 24, 11 a. m.⁸⁹

I took occasion to observe, as a matter between us personally, that in my opinion the treatment accorded at the barriers to certain British subjects by the Japanese sentries would create a very unfavorable impression in the United States, which would be most unfortunate, and he thanked me for my frank expression of opinion.

Repeated to Chungking, Peiping, Shanghai, Tokyo.

CALDWELL

893.102 Tientsin/252 : Telegram

The Secretary of State to the Chargé in Japan (Dooman)

WASHINGTON, June 24, 1939—3 p. m.

174. 1. The Department has reviewed with care the contents of your telegram no. 274, June 15, 5 p. m., and other telegrams giving

⁸⁹ Not printed.

estimates of various factors involved in the situation at Tientsin, especially the importance and significance of Japanese extremist military elements in formulating and directing Japanese policies in regard to that situation. The Department would appreciate receiving by telegraph your present estimate of the strength of those extremist elements and of the attitude of the authorities at Tokyo in regard to the situation at Tientsin. If that attitude is one of disapproval, the Department would find helpful your estimate of the probable degree of influence which those authorities are at present able to exercise toward an amelioration of that situation and the probable degree which they may be expected to exercise in the future.

2. The Department would like to be informed of the reaction in Japan to the Secretary's statement which was reported to you in the Department's telegram 167, June 19, 6 p. m., and, in this connection, desires to receive an expression of your opinion as to the advisability of this Government's addressing at this time a note to the Japanese Government which would, through developing, expanding, and clarifying that statement, convey to the Japanese authorities in some detail the basis of this Government's serious concern over the situation at Tientsin and its implications and potentialities pointing definitely toward the complete control and Manchurizing of China and stating that issue succinctly.

3. The Department has just received your 294, June 24, noon, and realizes that the information received therein would seem to throw some light, at least by implication, upon some of the points mentioned in paragraphs 1 and 2. However, while appreciating the difficulties involved, the Department would find helpful an expression of your views on the points mentioned.

HULL

893.102 Tientsin/300: Telegram

The Chargé in Japan (Dooman) to the Secretary of State

TOKYO, June 24, 1939—6 p. m.
[Received June 24—9:12 a. m.]

295. Our telegram No. 294, June 24, noon.

1. In the light of further details now available, it appears that proposal for round table conference was made by the British Ambassador on June 20 and accepted in principle yesterday by the Minister for Foreign Affairs. The negotiations are to be begun by the Minister for Foreign Affairs and the British Ambassador and then carried on under their supervision by their representatives. A basis of negotiations is to be proposed by the Japanese within the next few days and prior to the opening of the conference.

2. The Foreign Minister's oral statement to Craigie contained the following.

"As you are aware, the present situation in Tientsin has been brought about immediately by the question of the surrender of some acknowledged members of the terrorist gang there, but as a matter of fact, it has its origin in the various complicated circumstances prevailing on the spot. The settlement of the dispute has therefore to be sought in Tientsin itself and the proposition to be made by my Government will naturally refer to military, political and economic requirements pertaining to the security of our military forces on the spot. Your Excellency now proposes to enter into negotiations on the subject in Tokyo by inviting here the representative of the British Consulate General in Tientsin and under your supervision. Abiding by the spirit in which this proposal has been made, my Government are prepared to let their representatives pursue these negotiations here under their guidance. In this connection I wish to point out as I have done before that it is generally believed in my country that the present China affair could have been brought to an end long before this but for the continued assistance given by your country to Chiang Kai Shek, and it is an unanimous desire of my country that in appreciation of our case, your country will bring herself to abandon in due course its policy of assisting Chiang and to adjust it so as to be in line with our policy in China. In handling all outstanding questions in Tientsin, I hope that Your Excellency will bear in mind the existence of this sentiment in my country."

3. As previously reported the matter has been referred back to London.

Repeated to Peiping for repetition to Shanghai, Chungking, Tientsin.

DOOMAN

893.102 Tientsin/312 : Telegram

The Consul General at Tientsin (Caldwell) to the Secretary of State

TIENTSIN, June 26, 1939—2 p. m.

[Received June 26—12:11 p. m.]

125. In view of Tokyo's 295, June 24, 6 p. m. (which refers to 294, June 24, noon, not received here) and of the fact that what was originally a local dispute may have disastrous results upon American interests here, it may possibly be of some interest to know that my information substantiates Dooman's conclusions in his 274, June 15, 5 p. m. I consider that if the British officials here had adopted since 1937 an attitude toward the Japanese more resembling that of the French it should have been possible to postpone the present crisis to a time more propitious for dealing with it, although the fundamental issues would have remained unsettled.

In spite of the existence of the French Concession and the existence therein of silver deposits desired by the Japanese, relations between the French and the Japanese remain comparatively good.

Some time ago, before the present restrictions were ordered, the Japanese Consul General observed to me in the course of a conversation that the strong stand of the previous French Consul General in defense of his Concession and his nationals did not cause any personal animosity toward him on the part of the Japanese, who felt that they could always talk to him whereas they could not talk to the previous or the present British Consul General, who was characterized as "stubborn and unreasonable".

Only concessions inadequate from the Japanese point of view were offered by the British prior to the present restrictions; and the situation was probably only made worse by the offer, after the restrictions were ordered, of concessions which if made earlier might have served to postpone the crisis, but which were not sufficient to effect their removal.

I hesitate to make what may at first sight appear to be gratuitous criticism of my British colleagues, but if we are to have any connection with discussions between the Japanese and British officials of the situation here these observations may be of some assistance.

Repeated to Chungking, Peiping, Tokyo.

CALDWELL

893.102 Tientsin/307: Telegram

The Chargé in Japan (Dooman) to the Secretary of State

TOKYO, June 26, 1939—5 p. m.
[Received June 26—6:50 a. m.]

296. Our 295, June 24, 6 p. m.

1. The British Ambassador has received authorization from his Government to proceed with the round table conference.

2. The proposal which Craigie presented to the Foreign Minister on June 20 comprised the following.

"(1) Measures interfering with the lives [*livelihood*], personal liberty and food supplies of British subjects in Tientsin to be discontinued and all discrimination against British subjects in measures taken by Japanese authorities for defensive [*defence*] against terrorist activities to be removed.

(2) His Majesty's Government to be prepared to discuss at once with the Japanese Government questions relating to Tientsin on the basis that: (a) British authority in the Concession is to be maintained intact; and (b) all possible steps consistent with the maintenance of neutrality are to be taken by British authorities to ensure that the Concession is not used for any purposes demonstrably prejudicial to the local military or political interests of the occupying power.

(3) Negotiations to be pursued vigorously with a view to a very early settlement. Representative of the British Consulate General and of the Japanese authorities in China to come to Tokyo for the purpose."

3. With regard to point 1 above, Arita asked whether it was proposed to exclude currency questions, to which Craigie replied in the negative.

4. The statement by Arita quoted in our telegram under reference was, it seems to me, strong meat, and the fact that the British Government has nevertheless given its assent to the conference is surprising. I suggest as a possible explanation that the British intend by discussing broad principles to facilitate American intervention and support in eventually refusing Japanese demands.

DOOMAN

893.102 Tientsin/311 : Telegram

The Chargé in Japan (Dooman) to the Secretary of State

TOKYO, June 26, 1939—6 p. m.
[Received June 26—12:11 p. m.]

297. Department's 174, June 24, 3 p. m.

1. I shall set forth certain facts leading up to the proposal for round table conference before presenting my estimate and views on the points raised by the Department, in order that I might make clear my view that the position here rising out of the situation brought about in Tientsin by the Japanese military is one of quite extraordinary complexity.

2. Up to June 6 the question of the four alleged terrorists was not regarded by the authorities in Tokyo as one of special importance. In our conversation on June 19 (see our 284, June 19, 8 p. m.) the Minister for Foreign Affairs told me that he had paid no attention whatever to the question until the British Ambassador called on June 6 and made representations with regard to the attitude of the Japanese military authorities. In each subsequent interview which Craigie has had with the Foreign Minister, the latter has stressed that the measures taken at Tientsin are for "military defense" or are "entirely in response to the military needs on the spot". When the Vice Minister told me on June 13 that the government could not intervene, I should have realized, which I unfortunately did not until a few days later, that there was involved the doctrine of Imperial command. Thus the military in bringing about the situation at Tientsin were considered to be acting under a broad mandate from the Emperor. The Government could not therefore intervene, although as Sawada said it might "make recommendations or give advice" to the military.

3. The general officer commanding at Tientsin, who was directing the negotiations with the British, is responsible to the commander-in-chief in Peiping who in turn is responsible only to Imperial Headquarters in Tokyo. The demand on the British for a reply by June 7 and the threat of drastic action on June 14 were due to a peremptory order by the commander-in-chief who was moved to take this action by some of General Homma's staff officers led by a Colonel Yamashita.

4. It is therefore practically certain that the situation which began to develop on June 14 was planned by the military in China and it is highly probable that the Cabinet had no knowledge of these plans before the military decided to bring matters to a head with the British, that is, prior to demand for settlement by June 7.

5. Such influence as the conservative elements within the Japanese Government have brought to bear on the Tientsin situation has been exerted, in my considered opinion, only within the last few days. The figure has been the Prime Minister (I have no reason to include the Foreign Minister as an important factor in the Japanese decision to accept the British proposal for a round table conference: in fact, the only indication which he gave me so late as June 19 of his view regarding the settlement of the Tientsin issue was that the British should give in on all points including the currency question). I am aware that on June 19 and 20 the Prime Minister's personal adviser called on the Military Attaché of the British Embassy, who is familiar with problems at Tientsin, and through him communicated the Prime Minister's views to Craigie, including the suggestion of a round table conference in Tokyo. This thought had already occurred to the British Embassy which had received instructions responsive to the recommendations made to London by Craigie referred to in paragraph 4 of our 274, June 15, 5 p. m. As soon as the proposal was made on June 20 by Craigie to Arita, the Prime Minister, according to his adviser, approached the military authorities who alone had the power to decide and persuaded them to authorize acceptance of the British proposal.

6. Although I suggested as broadly as I could to Arita that the United States would not be indifferent to attempts to force the federated reserve currency on the foreign community in North China, I told the Prime Minister's personal adviser repeatedly in the plainest possible language that the Japanese military in Tientsin would if they opened up the currency and other kindred issues bring about a situation of the utmost gravity from which it would be impossible for the United States to stand aloof. The adviser told me that he had communicated those views to the Prime Minister.

7. There is, in my opinion, no effective or influential body of opinion which stands in opposition to the National China policy, the two prin-

cial objectives of which are to assure by whatever means sources of raw materials and markets for Japanese goods. The extremists propose to attain those objectives now, by military means, and at all costs: others believe that these objectives can be attained gradually by other as well as military means. There are still others who, although not opposing continuation of conflict with China, hope that there may be brought about by international agreement a removal of the basic causes of world unrest and thus eliminate need for securing sources of raw materials and markets in China. Addressing myself, therefore, to the question raised in the first paragraph of the Department's telegram under reference, I must observe that misconceptions are likely to arise of estimates made on the basis of appraisals of relative influence of the various elements within that government of what after all must be regarded as the attitude of the Japanese Government as a whole with regard to the Tientsin situation and future similar situations. I cannot too strongly emphasize that the military authorities have a completely free hand to bring about any situation they see fit, and that the Cabinet and other constructive elements can influence the military only by processes, persuasion and sweet reason. One strongly adverse factor in the present situation is the apparent determination of the British Government to establish an anti-aggression arrangement with the Soviet Government.^{89a}

8. The Department will I believe appreciate my view that the addressing to the Japanese Government of a note such as that outlined in paragraph 2 of the Department's telegram under reference would be premature. Our immediately preceding telegram giving further details of the Anglo-Japanese conversations with regard to a round table conference will indicate that the British have informed the Japanese that currency questions are not to be excluded. I respectfully suggest that the Department may wish to express its views to the British Government before the conference begins and determine in the light of subsequent developments whether the suggested note would be useful.

9. There has been no perceptible reaction to the Secretary's statement reported in the Department's 167, June 19, 6 p. m. The effects on the Japanese Government of statements of foreign governments which are of concern to Japan take considerable time to manifest themselves, as was clearly illustrated in the case of President's message of April 14 to Chancellor Hitler,⁹⁰ which it has been subsequently learned had profound repercussions in official Japanese circles.

DOOMAN

^{89a} See vol. I, section entitled "Anglo-French-Soviet Negotiations . . ."

⁹⁰ Printed in vol. I, section entitled "President Roosevelt's Message of April 14 to Germany and Italy . . ."

893.102 Tientsin/316: Telegram

The Consul General at Tientsin (Caldwell) to the Secretary of State

TIENTSIN, June 27, 1939—1 p. m.

[Received 1:43 p. m.]

128. The secretary to the Mayor of Tientsin called on me this morning and inquired regarding the correctness of the report which has appeared in the *Yung Pao* that I was to act as mediator between the British and Japanese in their present difficulties and requested any information I could give him concerning the situation.

I replied that I had not been formally authorized to act as mediator or requested by either of the parties to mediate but at various times have indicated willingness to use my best efforts and good offices with a view to bringing about a settlement if desired and opportunity offered but that matters had not progressed beyond that point.

He referred to the communication sent by the Provisional Government to the British and French Embassies and by the Mayor of Tientsin to the British Consul General and the French Consul a few days ago (see my telegram No. 117, June 24, 11 a. m.⁹¹) and inquired whether I could give him any information regarding the reaction of the British and French authorities to this communication and whether there is any possibility of negotiations with a view to a local [settlement] of the present difficulty.

I replied that I was unable to give him any information in this connection but that I would mention his inquiry to my British and French colleagues and inform the Mayor in case either of them desired me to transmit any observations to the Mayor on their behalf if I felt that I could properly do so.

He stated that the Mayor was very eager to bring about negotiations [for] the settlement of the difficulties which are particularly harmful to the Chinese population. I replied that, of course, we are all very much concerned with the present difficult and critical situation, which may easily have serious consequences, and which in any event is causing great loss and inconvenience to all nationalities, and that I am very anxious to see something done toward a settlement. I added that if negotiations are to be begun or to have any chance of success it is very desirable that not only should no further onerous restrictions be imposed but that undoubtedly the possibilities of a settlement would be greater if the restrictions could be relaxed pending the result of negotiations. He stated that he would mention this to the Mayor who he was sure was also of this opinion and would make an effort in this.

⁹¹ Not printed.

I have informed both my British and French colleagues of this call but neither of them at present has anything which they desire to have communicated to the Mayor.

Today's *Yung Pao* reported that on the 25th Wang Keh Min⁹² flew from Peiping to Tientsin for a conference with Mayor Wen regarding the situation here, returning the same day.

Repeated to Chungking, Peiping, Shanghai, Tokyo.

CALDWELL

893.102 Tientsin/317: Telegram

The Ambassador in the United Kingdom (Kennedy) to the Secretary of State

LONDON, June 27, 1939—7 p. m.
[Received June 27—4:40 p. m.⁹³]

905. I have just seen Halifax. He said that the Cabinet had a special meeting again with all the naval authorities yesterday afternoon regarding the Japanese situation to see whether there was any possibility of releasing capital ships to sail to Singapore. By weakening the situation slightly in the North Sea they felt they could take one from there and possibly three out of the Mediterranean, which would leave the eastern Mediterranean in rather a bad way and might upset Turkey and Greece but with all of that, four ships were the most they could possibly send and having sent them to Singapore there is nothing for them to do but sit there because the Admiralty advises there certainly would not be enough strength to take on the Japanese Navy. With that in mind they have adhered to their original idea that they must back out the best way they can. They are advised by the Japanese Prime Minister that he is rather upset by the way the army is acting at Tientsin and that he is willing to negotiate and they hope to have the word some time this afternoon or tomorrow that this is to be done. Halifax is very doubtful that anything will be done because he believes they are playing a double game, upbraiding the army to Craigie and urging them to go on at Tientsin. If they cannot take them on for a fight, they must give in if Japan is not willing to arbitrate. What form this will take Halifax does not know. He realizes that it is having a very weakening effect on Britain's prestige and he also realizes that British public opinion is being aroused frightfully and he is only afraid that they are finally going to get mad and demand that something be done when nothing can be done and if anything is done it will be a great mistake. So for the present, the situation looks bad if Japan presses on.

⁹² Chairman of the Executive Committee of the Peiping "Provisional Government".

⁹³ Telegram in two sections; for section 2, see vol. 1, section entitled "Anglo-French-Soviet Negotiations . . ."

I have since learned from the Foreign Office that they have received word from Ambassador Craigie that the Japanese Government consents to negotiate at Tokyo on the Tientsin issue alone. This is not to be made public until tomorrow afternoon. In this connection I think we should watch the British moves in connection with the new Japanese-controlled banks in China because a change in the British attitude to one or both of them is surely a card they could play at Tokyo in trying to work out a compromise on the Tientsin situation.

KENNEDY

893.102 Tientsin/324 : Telegram

The Chargé in Japan (Dooman) to the Secretary of State

TOKYO, June 29, 1939—6 p. m.

[Received June 29—11 a. m.]

304. Our 296, June 26, 5 p. m.

1. The British Ambassador began a conversation with me this morning by emphasizing that in the course of the negotiations which would be had with the Japanese with regard to the situation in Tientsin he proposed to do nothing which would be embarrassing to the American Government. Referring to statements appearing in the local press to the effect that the round table conference would take up general questions affecting British policy and attitude toward China or Japan, Sir Robert said that he had proposed to the Minister for Foreign Affairs that the conference deal only with the local situation at Tientsin and with questions immediately arising out of that situation and that this proposal had been accepted by Mr. Arita as a basis for negotiations.

2. Sir Robert believes that the basic cause of the difficulty at Tientsin is the currency and allied questions. He hoped it might be possible to find a solution of the terrorist issue and other issues involving police administration. However, a point would eventually be reached where the Japanese would inevitably bring up the currency and related issues.

He was well aware that these are of definite concern and interest to the American Government as well as to the British Government. Therefore, he proposes when this point will have been reached in the negotiations to ask the Japanese for a clear statement of their proposition, and then to observe that any proposed agreements affecting currency, exchange control, etc., would need to be examined by the American Government and other governments having interests in the affected area.

3. Sir Robert received the impression from a telegram sent to London by his colleague at Washington that there would be an adverse reaction internally to British policy if the British Government were

to make concessions to the Japanese Government under pressure of the indignities inflicted on British nationals in Tientsin. He wished me to make it clear to you (a) that any "concessions" made would relate to local issues and not to any principle of general policy and (b) that there is no question of the British negotiating with the Japanese if the indignities are not stopped before the conference in Tokyo begins. He had not, however, laid down the cessation of indignities as a formal condition to entering into negotiations with the Japanese, for the obvious reason that a demand of that kind would only have strengthened the already powerful opposition of the Japanese military to any mutiny [*sic*] in Tokyo, thus serving to defeat his first aim; but he had, on his Government's instructions, said to the Foreign Minister that he assumed that the indignities would be stopped, as it would be obviously impossible otherwise to conduct negotiations. Sir Robert believes that measures to this end are already being taken to relax the severity of the "blockade" measures.

4. There is one point which is giving Sir Robert concern. In his view, unless the situation at Tientsin can be dealt with in a satisfactory manner, it is capable of leading to extremely grave consequences. The British rights in the Concession are, he realized, a matter of concern only to the British Government and he could well understand the natural desire of the American Government not to become involved in issues affecting those rights. The basic cause of the difficulty at Tientsin being, however, fundamentally fiscal questions he doubts very much whether the situation can be cleared up and a satisfactory position stabilized without some modification of the British attitude taken thus far with respect to the various fiscal issues. He was thus faced with an extremely difficult and delicate problem, i. e., of coming to an understanding with the Japanese which would preserve the British position in the Concession and avoiding at the same time any arrangement which would be injurious to American or British interests in North China.

He expressed the hope that I would feel free to tell him whenever I felt that the trend of the discussions at the conference might involve adverse effects on American interests. With that in view, he would keep me fully and immediately informed of the negotiations.

5. It is my intention to relay to the Department all information supplied by Sir Robert as soon as it is made available to me, in order that the Department might be in a position to express formally to London or informally to Sir Robert through me its views on points under discussion.

6. Because of delay in arrival of British and Japanese officials from North China, the conference is not to open until early next week.

Repeat to Peiping for relay to Tientsin, Chungking, Shanghai.

DOOMAN

893.102 Tientsin/325 : Telegram

The Chargé in Japan (Dooman) to the Secretary of State

TOKYO, June 30, 1939—4 p. m.
[Received June 30—9: 12 a. m.]

306. Our 304, June 29, 6 p. m.

1. With every new development in the Tientsin situation further reasons present themselves for believing that there is shaping up a state of affairs which is likely to raise problems of major proportions. The Japanese press, far from indicating relief that a way has been taken to settle a nasty local situation which might irreparably injure relations with Great Britain, sees in the forthcoming conference in Tokyo an opportunity which must be seized to bring about a complete revision of British attitude and policy toward Japan and China. Although the Japanese and British Governments have agreed that basis of negotiations shall be to seek settlement of the local situation and of problems arising immediately therefrom, and although the British Ambassador does not intend to discuss general principle of British policy, it is my opinion the Japanese will not only raise the currency and other fiscal issues but press at least for British recognition of Japan's *de facto* position in North China.

2. Conditions in Europe being what they are, the British here have indicated to me that they fear danger of seizure by the Japanese of the Concession if the negotiations break down and that they do not think that Great Britain would be in a position to resist. I do not believe, nor does the British Ambassador, that a settlement of the local situation is possible without settlement also of the fiscal issues. On the other hand the British are worried lest any compromise reached with the Japanese on wider issues be regarded in the United States as "another Munich Agreement" (these are Sir Robert's own words to me) the consequent adverse repercussions there adversely affecting American attitude toward British policy and attitude in Europe.

3. The British have I think only themselves to thank for allowing the Japanese achievements to bring matters to a head but nevertheless they are now in a serious predicament. They realize quite clearly now, as they apparently did not before, that they must risk either definite showdown with the Japanese or alienating American good will. My opinion is that they will try to avoid both by going as far as they can to meet the Japanese without laying themselves open to the charge of another appeasement effort. They could for example modify their attitude with regard to federated reserve currency insofar as that attitude is dictated by desire to obstruct the successful establishment of that currency (as contrasted with practical reasons such as the

natural desire of traders to deal in another currency convertible into foreign currencies).

4. I do not believe that they have adequate conception of the quagmire into which such attempts at compromise will lead them.

DOOMAN

893.102 Tientsin/295 : Telegram

The Secretary of State to the Consul General at Tientsin (Caldwell)

WASHINGTON, June 30, 1939—6 p. m.

42. Your 110, June 22, 6 p. m., and subsequent messages exchanged between the Commander in Chief and Colonel Hawthorne in regard to the American Marine detachment at Tientsin.

Department approves your attitude as reported in your telegram under reference and offers the following observations which you should communicate informally to Colonel Hawthorne as indicating the general policy which, subject to modifications necessitated by technical considerations, the Department would like to see followed:

The Department would prefer that in the present situation no commitment be made that would bind the American Marine detachment at Tientsin to guard or protect any sector or area as such.⁹⁴ Department understands that you and Colonel Hawthorne concur in this view and that you and he are in agreement that in the event of an emergency requiring such action, effort will be made to concentrate American citizens in the Marine barracks where they and other nationals to the capacity of the barracks will be afforded such protection as may be appropriate and practicable in the light of existing general instructions. Should there be advance indication that such an emergency is likely to develop, the Department believes that American nationals should be advised to withdraw from Tientsin, and it would seem advisable that similar steps be taken toward reducing the number of possible non-American refugees likely to desire to proceed to the American barracks. The facilities of the barracks are of course limited and the Department assumes that the barracks would be regarded only as a temporary emergency refuge and that, in the event of the continuance of the emergency necessitating concentration there, American and other refugees would endeavor to withdraw from the Tientsin area by the first available reasonably safe means. The Department feels that, consistent with our general humanitarian practice, the question of the availability of the Marine barracks as a temporary

⁹⁴ In despatch No. 2208, August 12, the Counselor of Embassy in China at Peking reported that an agreement signed in August 1937 for use of American forces in the defense of Tientsin was canceled by Colonel Hawthorne on July 6 (893.102 Tientsin/491).

emergency refuge for nationals of other countries should be kept on as broad a basis as is practicable in the light of local conditions, without exclusive reference to any particular nationality.

Please have constantly in mind the position outlined in Department's 138, August 10, noon, 1937, to Nanking,⁹⁵ of which a copy was sent to Tientsin.

Repeated to Chungking, Peiping and Shanghai.

Please repeat code text by air mail to Tokyo.

HULL

893.102 Tientsin/326 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, June 30, 1939—6 p. m.

[Received June 30—5:37 p. m.]

1229. Chauvel said to us this morning that the instructions of the British Government to Craigie for the negotiations at Tokyo concerning the Tientsin affair were rather vague and left considerable latitude to Craigie. The gist of the instructions was that Craigie was to seek to maintain the distinction between questions of a general character and local questions, and that if questions of a general character affecting the rights of third powers should be raised by the Japanese he was to consult with the representatives of such powers.

Chauvel said that he was uneasy over these negotiations. For one thing no agenda had been agreed upon: It was understood that Arita was to draw up an agenda and submit it to Craigie in the next few days; no one knew as yet what Arita would propose.

For another thing the negotiations would take place under the constant threat of renewal by the Japanese of their highhanded tactics at Tientsin. It was true that some relief had been granted at Tientsin in that the stripping of British subjects had ceased momentarily but the blockade continues in force, the barbed wire barricades around the Concession are still electrified and it is obvious that if during the negotiations the Japanese feel that they are not getting satisfaction they will bring pressure on the British by tightening the blockade.

Chauvel showed us a note which he had drafted to the British Embassy and which he said would go forward today or tomorrow. This note refers to the instructions given Craigie and in particular to the section relating to consultation with representatives of third powers. It points out that while questions directly affecting the British

⁹⁵ *Foreign Relations*, 1937, vol. iv, p. 252.

Concession might be regarded as local questions, nevertheless the decision reached in such questions might well affect the rights of other powers. For example, a diminution of authority in a British Concession would immediately have its repercussions on the situation in the French Concession.

The note refers to the demands of the Japanese for measures against the use of Chinese national currency and for delivery of reserves of Chinese banks deposited in the Concessions. (Chauvel said that acceptance of such demands would bring about the collapse of the Chinese currency and facilitate efforts of the Japanese to obtain absolute control over exchange and trade matters throughout China.) The note refers to the notes of March 10th and 11th in which the American,⁹⁶ British, and French Governments stated their point of view to the Japanese Government regarding monetary questions in China and makes the suggestion that if such questions should be raised by the Japanese during the negotiations there should be consultation between the American, British, and French Governments.

Chauvel said that he feared that the British Government in its eagerness to reach a settlement with the Japanese Government might be tempted to go far and to accept conditions which inevitably would weaken the position of other powers in China. The French note to the British was prepared therefore in the hope of stiffening the British attitude.

BULLITT

893.102 Tientsin/327 : Telegram

The Second Secretary of Embassy in China (Smyth) to the Secretary of State

PEIPING, June 30, 1939—8 p. m.

[Received 9:32 p. m.]

321. Mr. A. T. Steele, correspondent of the *Chicago Daily News*, informed the Embassy this morning that during the past few days while in Tientsin he received the impression from Japanese Army officers that they were indignant that an Anglo-Japanese Conference was to be held in Tokyo as they were afraid that the civilian officials might arrange a conciliatory compromise which would undermine the *intransigent* position assumed by them in Tientsin. The Embassy has gained the same impression from Peiping and Tientsin newspapers of all languages.

It seems possible that even if an agreement can be reached, it will not necessarily be implemented, for on more than one occasion the

⁹⁶ For the American note No. 1207, of March 11, see *Foreign Relations, Japan, 1931-1941*, vol. I, p. 831.

Japanese military on the contrary have flouted instructions from Tokyo.

Repeated to Chungking, Tokyo, Tientsin, Shanghai.

SMYTH

893.102 Tientsin/332 : Telegram

The Consul General at Tientsin (Caldwell) to the Secretary of State

TIENTSIN, July 1, 1939—9 a. m.

[Received 1 p. m.]

136. My 104, June 20, 6 p. m. In reply to my communication of June 21st to the Japanese Consul General transmitting the substance of the letter of Tientsin-American Chamber of Commerce of June 20th, with supporting representations and references to several specific cases of interference with Americans and American interests, I received last night the following.

"I have the honor to acknowledge the receipt of your letter dated 21st June requesting me to consider the matters raised by the Tientsin American Chamber of Commerce to which I reply as follows:

(1) Regarding the first point, I believe that as advised, military authorities have already issued instructions to the officers at the barriers to accord adequate facilities, for the American people are passing the barriers without unnecessary delay even though they go through the examination houses.

(2) Though we have no intention to hinder American business interests you will appreciate that American firms should not expect to see their employees treated more favorably than those of Japanese firms.

(3) Regarding the third request, as it is already known to you, the special facilities are being accorded for the goods of the American firm and moreover I am always ready to accord maximum facilities for each case presented by you.

(4) Regarding the last point, no restrictions are placed on American firms applying for the foreign exchange on the 'Link system' according to the location of the firm's place of business and I should like to bring to your attention the fact that the Yokohama Specie Bank is as a rule accepting all exchange bills of American firms outside the Japanese-controlled area."

This reply is, of course, not satisfactory but I consider that any further communication dealing with the general questions raised by the reply should be deferred pending the result of the Tokyo negotiations and that in the meantime I should take up merely such specific and urgent matters as may arise.

It is a fact, that permits for the passage through the barriers of specific lots of American goods have been granted upon application

of the Consulate General, but the necessity for this procedure in itself involves delay and considerable trouble both for the owner of the goods and for this office and in the case of some firms is quite impracticable.

Americans are not likely to agree that they should suffer inconvenience, delay, and extra expense—possibly even serious losses—merely because the Japanese military see fit to inflict the same penalties upon Japanese firms, but I consider it inadvisable to argue this point with the Japanese Consul General at this time.

I have informed the Executive Committee of the Chamber of Commerce of this reply (the publication of which seems inadvisable just now) and of my views in which they concur. I am inquiring as to the present extent and seriousness of the interference with Americans and American interests, concerning which I will telegraph later.

Repeated to Chungking, Peiping, Shanghai, Tokyo.

CALDWELL

893.102 Tientsin/311 : Telegram

The Secretary of State to the Chargé in Japan (Dooman)

WASHINGTON, July 1, 1939—11 p. m.

182. Your 297, June 26, 6 p. m., paragraph 8.

1. Since the receipt of your telegram under reference, the Department has continued to follow with special care developments in the Tientsin situation and at other points in China as well as developments elsewhere which have a bearing upon Japan's activities in China. The Department has also continued its preparation of a note to the Japanese Government. The note has now been completed. Before telegraphing the text to you for delivery to the Minister for Foreign Affairs, the Department desires to receive an expression of your opinion, in the light of developments since the despatch of your telegram No. 297 and of the comprehensive outline of the note set forth in paragraph 2 below, whether the time is now opportune for sending the note.

2. The note begins with mention of the Tientsin issue and of how the situation was rapidly broadened far beyond the original incident by acts and statements of Japanese authorities. Mention is made of the situation at Amoy.⁹⁷ It is stated that this Government is not concerned in the original Tientsin incident but is broadly concerned regarding restrictive and coercive Japanese measures in many parts of China directly affecting American interests and is likewise broadly concerned with the implications of Japanese acts and statements, past

⁹⁷ See pp. 108 ff.

and present, which raise fundamental questions, especially in relation to the future, as to the meaning of (a) such Japanese measures directly affecting American interests and (b) the "new order" in East Asia and its implications.

Attention is called to the general and specific rights of the United States in China under treaty and international law, and to Japanese assurances relating to respect for American rights and interests in China. It is pointed out that Japanese acts at Tientsin, Amoy and other places in China impair American rights and interests.

With regard to the new order of the Far East, it is pointed out that developments in Manchuria and in Japanese controlled areas south of the Great Wall raise the question whether the objective is to block off a large area from normal relationships with the rest of the world. Mention is made of monopolies and preferences and of currency arrangements, etc., designed to favor or facilitate Japanese interests to the detriment of American rights and interests, and of the exclusion of American nationals and goods from areas where Japanese nationals and goods are allowed free access.

These measures raise the whole question of relations between China and the rest of the world.

The principles developed gradually under general agreement, designed to maintain unimpeded foreign intercourse with China, are mentioned. Special reference is made to the principles of equality of rights and opportunity, and of non-intervention in the internal affairs of China. Violation of these principles creates a situation which cannot but raise the questions (a) whether the Japanese Government asserts the right to dominate a large part of Asia, to set up and control governments in that area, to claim a monopoly of benefit and advantage, notwithstanding the established fabric of treaties and of law to which Japan and other countries are committed; and (b) whether the Japanese Government intends that American nationals, goods and ships may enter China and Chinese waters only under Japanese sufferance.

The question of interference with American nationals and American interests, while highly important, is not as significant as is the paramount issue raised by the apparent Japanese intention to dominate and hold a large area of the world, by unilateral action based on force, for Japan's sole advantage. Civilized life would deteriorate steadily if conquest and forceful domination should become a rule in international relations and a situation would be created where other nations would have no course but to take under consideration measures necessary for the protection of their own civilization and security. We are prompted by our long friendship with Japan to state candidly that pursuit of a course of conquest and forceful domination, if generally

practiced, would result in international anarchy, destruction rather than construction, etc. The United States and Japan have a vital interest in the future peace, security, and civilization of the world, and it is essential that international practice envisage a world based on law in which all can live.

The United States has always regarded international agreements as susceptible of alteration by orderly processes, and is prepared now to discuss with the interested governments any just and reasonable proposals for modification of present agreements with and concerning China.

The American Government communicates to the Japanese Government with all earnestness its concern with regard to the potentialities of the situation. This Government cannot acquiesce in any "new order" as envisaged by the discussion therein.

3. As you will observe, there is stated in the note more clearly than has heretofore been done the full broad issue raised by the course of Japan's present actions in and with regard to China. The recital of facts and implications is objective and dispassionate. The statement of the issues is frank and direct. The note is not minatory in tone.

4. Please reply as soon as possible.

HULL

893.102 Tientsin/335 : Telegram

The Chargé in Japan (Dooman) to the Secretary of State

TOKYO, July 3, 1939—7 p. m.

[Received July 3—11 a. m.]

309. Department's 182, July 1, 11 p. m. If Far Eastern problems and situations were self-contained there would be no great difficulty in forming our opinion on the question whether the time is now opportune for sending the Department's draft note to the Japanese Government, but never before have they been so closely inter-related with problems and situations in Europe, with regard to which we do not have the information necessary to form views in accurate perspective. I feel that I am in position only to present my estimate as to the probable far-reaching effects of the note if sent at this time and this I do as follows:

1. After 2 years of the China conflict the Japanese are anxious to avoid trouble with the United States. Whatever may be the value of Japanese good will in terms of safeguarding American rights and interests in China, the United States is the only nation which enjoys the good will of both Japan and China and is the only nation which could exercise good offices toward peace when the opportunity arrives.

It is easy for uninformed American journalists and others not in positions of public responsibility to attribute the anxiety of Japan to avoid involvement with the United States to American military and naval strength, but as we anticipated when the conflict began that the course which our Government has followed would bring precisely those results, we cannot but believe that it has been American attitude which is primarily responsible for the profound respect for the United States and appreciation of the justice of its position and which are general among the population in Japan at least.

2. The draft note, so far as I can judge from the extended outline so kindly furnished us and from the comment contained in paragraph 3 of the Department's telegram under reference would be regarded here, as I assume that the Department intends that it should, as a challenge of Japanese policies and actions in China and as indication of intention to bring American attitude into line with British attitude. There would be in my opinion an immediate reversal of Japanese attitude and feeling toward the United States. What would be in effect a demand that Japan make her policies and actions in China conform to her treaty obligations would I believe result in the loss of the preferential position which we now have and, if there followed further American demand or action to enforce such demand, would lead eventually to difficulties so grave that force alone could resolve them. To present the note to coincide with the Anglo-Japanese conversations about to be held in Tokyo would be construed here as an act of special significance, and would only hasten those difficulties.

3. In our 304, June 29, 6 p. m. and 306, June 30, 4 p. m. which are not mentioned in the telegram under reference, I outlined difficulties with which the British are now confronted. I am now able to present these difficulties more clearly. The British, I am reliably informed, will propose to the Japanese a settlement on the following basis:

(a) Elimination or modification of all measures, policies and actions in the British Concession which render the Concession an enclave of opposition to the Japanese;

(b) The Concession no longer to be permitted to be an outpost of the Chinese Government;

(c) Maintenance in the Concession and in North China by the British of an attitude of complete neutrality including treatment of both designated national and subserves [*sic*] currency on a position of equality.

The British Ambassador told me privately and confidentially that the British had tried to obstruct the Japanese. He felt that this could not go on, as he feared a seizure of the Concession. From his remarks I am reasonably certain of the accuracy of the reported contemplated proposal. If the draft note is now sent to the Japanese Government,

the British would not only regard it as indication of American support in the Far East but probably would not enter into a settlement embracing points falling outside the compass of Concession administration for fear of alienating American moral support of British policy in Europe.

Whatever might be the consequences of a break down of the conversations because of an American *démarche* at this point, we shall have created a responsibility toward the British which we could not lightly shirk.

4. So far as our attitude toward Japan is concerned, we have a choice of only two alternatives in the by no means certain event of the Japanese and British present difficulty extending beyond the limited scope of the administration of the British Concession: (a) lay down a complete reservation of American rights against all consequences and implications of Japanese policy and action in China, and await an opportunity for adjustment of issues and problems by friendly discussion; or (b) make it clear to Japan that the United States will brook no further interference with her right as a sovereign state to maintain and develop its relations with China and that any further interference will meet with force. In either case it would seem that the draft note would require more time. In view of the many considerations both in Europe and in the Far East upon which high policy must rest, I do not conceive it to be within my province to indicate which course our Government should follow.

DOOMAN

893.102 Tientsin/335

The Chief of the Division of Far Eastern Affairs (Hamilton) to the Ambassador in Japan (Grew), Temporarily in the United States

WASHINGTON, July 4, 1939.

DEAR MR. GREW: I enclose copy of a proposed note to the Japanese Government⁹⁸ which the Department has prepared. Prior to telegraphing the text of the note to Dooman for presentation to the Japanese Minister for Foreign Affairs, the Department sent Dooman by telegraph a comprehensive summary of the text of the note⁹⁹ and asked for an expression of his opinion whether the present was an opportune time to present the note. Dooman replied in a telegram of July 3,¹ a paraphrase of which I enclose.

⁹⁸ Not printed.

⁹⁹ See telegram No. 182, July 1, 11 p. m., p. 213.

¹ Telegram No. 309, *supra*.

In talking over Dooman's telegram with the Secretary yesterday, the Secretary suggested that it would be very helpful if we could have the benefit of your views on the following two points: (1) whether you concur in Dooman's view that the present would not be an opportune time to send such a note; and if so (2) whether in your opinion the Japanese are likely to feel that this Government is somewhat indifferent to the issue presented by the present Tientsin situation. In this connection I enclose a copy of a statement which the Secretary issued to the press on June 19.²

You will note that in paragraph four of Dooman's telegram of July 3, Dooman expresses the opinion that we have a choice of only two alternatives. On that point the Secretary commented that there is an additional course open, which is the one we are endeavoring to follow at this time, namely, the endeavor to keep alive to the Japanese and to our own people our continued belief in certain fundamental principles which we are convinced furnish the only basis for healthy relationships among nations. We believe in those principles, we can't ignore their disregard in one half of the world, and we consider that they should be regarded as applicable to all parts of the world. Any suggestions which occur to you as to how we might further our objective of keeping alive the fact that we continue to believe in these principles would be very much appreciated.

If you have any suggestions in regard to the text of the proposed note, they would be heartily welcomed.

There is enclosed also a copy of the text of the reply³ which we have prepared to the message from the Japanese Prime Minister⁴ delivered by you to the Secretary. The text is substantially as it was when you were here with the exception of the last paragraph which has been altered to indicate that we would be glad to receive further information in regard to the idea advanced by the Prime Minister. We had contemplated having Dooman deliver the proposed reply and the proposed note at the same time.

We are sorry to bother you with matters of official business during your leave, but we shall find most helpful your judgment on the matters under discussion.

Would you be so good as to telephone me at the Department, collect, at your early convenience as to your views in regard to the foregoing?

With cordial regards [etc.]

MAXWELL M. HAMILTON

² For text, see telegram No. 167, June 19, 6 p. m., to the Chargé in Japan, p. 185.

³ *Foreign Relations, Japan, 1931-1941*, vol. II, p. 6.

⁴ See telegram No. 234, May 18, 5 p. m., from the Ambassador in Japan, *ibid.*, p. 1.

893.102 Tientsin/3374 : Telegram

The Chargé in Japan (Dooman) to the Secretary of State

Tokyo, July 5, 1939—5 p. m.

[Received July 5—8 a. m.]

312. Our 309, July 3, 7 p. m.

1. I have had conversations during the past few days with the British Ambassador, members of his staff and Major Herbert⁵ from Tientsin and the impression formed of British thoughts and plans for dealing with the Japanese at the forthcoming conference is that they are compounded of confusion and irresolution. Craigie, when explaining his views to me, oscillates between compromise and non-compromise, thus reflecting diversion of opinion among members of his staff. I said to him smilingly that I assumed that he would not agree to the conference opening in view of the continued mistreatment of British nationals at Tientsin and he replied that he could not go so far as to say that to the Japanese but that he is insisting on "moderation" (see our 296, June 26, 5 p. m., third paragraph). Herbert whose views are presumably those of the British community at Tientsin seems to favor coming to terms with the Japanese and to fear that if the negotiations break down the Japanese would cause the local Chinese regime to take over the Concession.

2. I have been giving continued thought to the Department's 182, July 1, and our 309, July 3, 7 p. m. The views expressed in the latter telegram are my own but they are substantially indorsed by all the other members of the staff including the Naval and Commercial Attachés, the Military Attaché being absent on inspection. However, in view of the obscurity of the British position in Tokyo and of the obvious efforts of the Japanese to intimidate the British (see our 310, July 4, 11 a. m.⁶), I desire to review my suggestion that the American Government await the conclusion of the Tokyo conversations before taking a definite position vis-à-vis the Japanese Government. I respectfully submit for the Department's consideration the desirability of our Government taking interim action prior to opening of the conversations,⁷ which would carry implication of American concern if issues exceeding the limited field of the administration of the British Concession were discussed at Tokyo is now to take the form, for example, of an oral statement by the Secretary at a press conference.

DOOMAN

⁵ Maj. Guy Anderson Herbert, British Consul at Tientsin.⁶ Not printed.⁷ The Arita-Craigie conversations began on July 15, and Mr. Dooman was kept informed by his British colleague.

893.102 Tientsin/336½

Memorandum by the Ambassador in Japan (Grew), Temporarily in the United States^{*}

HANCOCK, NEW HAMPSHIRE, July 6, 1939.

1. I fully concur in Mr. Dooman's analysis and opinion that the present would not be an opportune time to present such a note.

2. To present another note at this juncture would probably have an effect the reverse of that desired.

3. The Japanese are not likely to feel that our Government is indifferent to the issue presented by the Tientsin situation. They know very well our attitude and position which have been made abundantly clear in previous notes and public statements.

4. Unless we are prepared and willing to proceed to forceful measures, we have more to gain and less to lose by resting our case for the present on the goodwill of the Japanese Government. We should await an appropriate time for the adjustment by friendly negotiations of all outstanding problems. That time is not yet.

5. In the absence of a determination to proceed to forceful measures, the presentation of this note at the present juncture would risk impairing or ruining the chief asset which we now possess—namely Japanese respect and goodwill.

6. This can be explained only by a full understanding of the present sensitiveness of Japanese psychology. Mr. Dooman is entirely right in his appraisal of that psychology.

7. Such a note at this time would tend to agitate the military extremists against us, would risk the application to American nationals and interests of the same measures that are now being applied to British nationals and interests, and would tend to mislead the British into believing that we are now going to support them, thereby making them more recalcitrant and creating an implication of responsibility which it would be difficult for us to fulfill.

8. With regard to the Secretary's proposed third course, namely the endeavor to keep alive to the Japanese and our own people our continued belief in certain fundamental principles, this belief has already been amply registered in previous notes and public statements. Our record is complete.

9. My recommendation is that Mr. Dooman be authorized in his discretion to convey our concern, along the lines of the Department's excellent draft note, in informal representations to the Foreign Min-

^{*} This memorandum bears the following explanation by Ambassador Grew: "Telephone statement to Mr. Hamilton, Chief of the Division of Far Eastern Affairs, Department of State, answering his letter of July 4 concerning the Department's proposed note to the Japanese Government and Mr. Dooman's telegram No. 309 of July 3."

ister. These representations would be made of record in the Department and would serve to register our position up to date. This procedure would avoid the dangers which Mr. Dooman and I foresee.

J[OSEPH] C. G[REW]

893.102 Tientsin/349 : Telegram

The Ambassador in China (Johnson) to the Secretary of State

CHUNGKING, July 10, 1939—noon.

[Received July 10—8:10 a. m.]

435. The Embassy has received a note from the Foreign Office dated July 8 stating that a report has been received to the effect that the British and French authorities propose to permit the Japanese and puppet authorities to take possession of silver deposits of the Chinese Government now stored in the British and French Concessions at Tientsin, and requesting that "the American Embassy take note and bring the matter to the attention of the American Government, asking it to remind the British and French Governments not to accede to the Japanese demand, in order to further friendly feeling".

The Embassy does not intend to reply to the note under reference unless instructed to do so by the Department.

Repeated to Peiping, Tientsin and Shanghai. Shanghai please mail to Tokyo.

JOHNSON

893.102 Tientsin/372

Memorandum by the Chief of the Division of Far Eastern Affairs (Hamilton) of a Conversation With the Chinese Ambassador (Hu Shih)

[WASHINGTON,] July 11, 1939.

The Chinese Ambassador called at his request. He had with him a number of telegrams which he said he had received from his Government during the past two weeks and in which the highest officials of the Chinese Government indicated their deep anxiety in regard to the Tientsin situation.

The Ambassador said that his Government was perturbed lest the British and the French make too great concessions to the Japanese and that, according to statements in some of the telegrams which he had received, high officials of the Chinese Government felt that the outcome of the Tientsin situation really hinged on the attitude taken by the American Government. The Ambassador said that he had telegraphed his Government that he did not agree wholly with the

view that the outcome of the Tientsin situation hinged largely on Washington and that he had expressed to his Government the opinion that the Japanese attitude was really the determining factor.

The Ambassador said that in one of the telegrams there was mention of the fact that the British and the French might agree to turn over to the Japanese the Chinese Government's silver now on deposit in foreign banks in the British and French Concessions at Tientsin. The Ambassador said that his Government had approached the British and French Governments and asked that those Governments not agree to turn over this silver to the Japanese. He said that his Government had expressed to the British and French Governments the hope that they would not make too great concessions at Tientsin.

The Ambassador said that in view of the various telegrams which he had received he was calling at the Department to express to us, on behalf of his Government, the hope that the American Government would use its influence with the British and French Governments to the end that those Governments not make too great concessions in reference to the Tientsin situation. The Ambassador said that he realized that we could not make any statement to him on this matter and that he therefore laid the matter before us for consideration.

I said that I would of course make note of what he had said and would bring it to the attention of the higher officers of the Department.

M[AXWELL] M. H[AMILTON]

893.102 Tientsin/363 : Telegram

The Consul General at Tientsin (Caldwell) to the Secretary of State

TIENTSIN, July 14, 1939—4 p. m.

[Received 10 p. m.]

151. Yesterday the Japanese Consul General called upon me on his own initiative and discussed the inconveniences being suffered by Americans and American interests as a result of the present barrier restrictions, which, he again assured me, he is desirous of reducing as much as possible.

I informed him that I still consider that Americans should not be required to pass through the searching houses to the barriers, and that I hoped that it would be possible for arrangements to be made which would enable Americans, upon establishing their identity and nationality by means of passports or identification cards issued by the officials of their own Government to have the same freedom of passage at the barriers as is now accorded to the officials and the few civilians who have obtained special Japanese military passes; but that owing to the instructions issued to the Japanese sentries and to their attitude,

of which I am appreciative, and to the patience and considerate attitude of the Americans, of which I hoped that he was not unappreciative, there had been, so far as I was informed, no case of discourteous treatment of an American at a barrier since June 21st.

I explained to the Japanese Consul General, however, that the American business community is experiencing numerous inconveniences, some of them of serious importance which it should be possible to remove or at least to ameliorate. These difficulties and inconveniences were discussed at some length, and this discussion is being followed up by representations regarding specific matters to the appropriate officers of the Japanese Consulate General.

Japanese Consul General inquired regarding adequacy of food supplies, and particularly regarding milk supply, concerning which I had communicated informally with him a few days ago. I informed him that, although full supplies were not coming into the British Concession, so far as I was aware the principal inconvenience to Americans resulting from such shortage as existed was in the greatly increased prices; and that apparently from yesterday, delivery of milk in the British Concession had been resumed, though whether in normal quantities I was not informed.

Repeated to Chungking, Peiping, Shanghai. Air mail to Tokyo.

CALDWELL

893.102 Tientsin/375 : Telegram

The Chargé in Japan (Dooman) to the Secretary of State

TOKYO, July 20, 1939—6 p. m.

[Received July 20—2:08 p. m.]

345. Our 342, July 19, midnight,⁹ and previous on Anglo-Japanese conversations.

1. In a talk with me this morning the British Ambassador reviewed his two conversations with the Foreign Minister. He expressed pessimism over the final outcome. He said that he had reached bedrock and could make no further concessions. He thought it barely possible that he might receive instructions to yield further but that was not likely and unless the Japanese showed themselves prepared to make concession in their turn the conversations would break down.

2. He emphasized that there are two features of the Japanese formula (see annex 2 our 333, July 15, 8 p. m.⁹) which are wholly unacceptable to the British Government, namely, (a) the British have no objection to noting that the Japanese forces might have to take steps to "safeguarding their own security and maintaining public order" in occupied areas. The British insist however that the formula to be

⁹ Not printed.

agreed upon take cognizance of the right of the British to object to any step which would be irreconcilable with any objective as above defined. As he put it to me, "we British do not intend to give the Japanese carte blanche to do anything they please"; (b) the admission by implication in the Japanese formula that the British Ambassador has in the past authorized action calculated "to benefit the enemy" would be in the Ambassador's view quite untrue and therefore one which the British Government would not possibly make.

3. The Ambassador's thought is that every practicable means should be exhausted to prevent a break down of the negotiations and with that in view he asked whether I could call on Mr. Arita and urge that the Japanese Government refrain from pressing the British Government to make concessions which neither that government nor any other responsible government could make. He has also spoken to the French Ambassador who agreed to ask for instructions.

4. My opinion with regard to point (a) of paragraph 2 is that the British Government would not lose, by reason of failure of the formula to specify its right to object to any improper Japanese measure, its right to make such objection. There appears to be therefore that there is room for compromise on this point along the lines of the Foreign Minister's suggestion as set forth in the last clause of the second paragraph of our 342. In my opinion, the British Ambassador's position with regard to point (b) is well taken.

5. If the Department views with favor my making an approach as suggested to the Foreign Minister, I would recommend that it be made informally largely for the reason that it would not involve our Government. If the Department approves I would say to the Foreign Minister that I am approaching him informally and on my own initiative but with the prior knowledge of my Government. I would not stress point (a) above which might be susceptible of compromise.

Repeated to Peiping for relay to Chungking and Tientsin.

DOOMAN

893.102 Tientsin/378 : Telegram

The Chargé in Japan (Dooman) to the Secretary of State

TOKYO, July 21, 1939—6 p. m.
[Received July 21—1:05 p. m.]

348. Our 342, July 19, midnight,¹⁰ British-Japanese negotiations on Tientsin.

1. We have been informed by the British Embassy that a formula was today agreed to by the Japanese Foreign Minister and the British Ambassador and has been submitted to London with the British Am-

¹⁰ Not printed.

bassador's recommendation that it be approved for immediate release to the press simultaneously in London and Tokyo. The formula itself would not contain British reservation as to Great Britain retaining the final decision in the question whether or not any given act or measure falls within the scope of the military necessity, but the British Ambassador has recommended acceptance [by] his Government of a compromise proposal on this point put forward by the Foreign Minister in this morning's conversation which is essentially an assertion that Great Britain affirms the right to question the inclusion of any given act or measure and the Foreign Minister recognizes that right.

2. From Japanese sources we are informed that the formula must *pro forma* be submitted for the approval of the Japanese Cabinet meeting tomorrow morning.

3. The Ambassador and the Foreign Minister agreed that, if the press release is approved and made, both Governments should exert themselves to minimize recrimination in the press.

4. If the formula is approved on both sides by tomorrow it appears that plenary sessions of the negotiations will commence Monday July 24 and will proceed with point 2 of the agenda.

5. Although a possible alternative was also accepted by the Foreign Minister and the Ambassador for the final clause, the proposed release as recommended by the Ambassador for his Government's approval is as follows:

"His Majesty's Government in the United Kingdom fully recognize the actual situation in China where hostilities on a large scale are in progress and note that, as long as that state of affairs continues to exist, the Japanese forces in China have special requirements for the purpose of safeguarding their own security and maintaining public order in the regions under their control and that they have to suppress or remove any such acts or causes as will obstruct them or benefit their enemy. His Majesty's Government have no intention of countenancing any acts or measures prejudicial to the attainment of the above-mentioned objects by the Japanese forces and they will take this opportunity to confirm their policy in this respect by making it plain to the British authorities and British nationals in China that they should refrain from such acts and measures."

Repeated to Peiping for Chungking, Tientsin.

DOOMAN

893.102 Tientsin/375 : Telegram

The Secretary of State to the Chargé in Japan (Dooman)

WASHINGTON, July 21, 1939—8 p. m.

213. Your 345, July 20, 6 p. m.

1. The Department finds difficulty in concurring in your opinion with regard to point (a) as expressed in paragraph 4 of your telegram

under reference. The Department hopes that there can be avoided formulae which if adopted might be interpreted by the Japanese as British assent to and recognition of rights of a far-reaching character which might be asserted, for example, in seeking to extend the Japanese position vis-à-vis the International Settlement at Shanghai and to encroach upon foreign rights in general.

2. The Department believes that at the present time no useful purpose would be accomplished by action along the lines suggested in your numbered paragraph 5. You are, however, authorized in your discretion in your talks with Japanese officials to emphasize the concern of this Government in the situation along the lines set forth in the Department's 167 of June 19, 6 p. m.

3. While it is realized that circumstances in the Far East may not always render it practicable to ensure respect for the principles to which we are committed, this Government has no intention to take any affirmative step which would be inconsistent with those principles or by express assent to waive rights which we enjoy by virtue of treaty or international law. This Government intends to continue its adherence to and support of those principles and its endeavor to keep its legal position clear with respect to those rights.

4. The Department has just received your 348, July 21, 6 p. m., which appears to obviate the need of instructing you in reference to the question raised in your 345, July 20, 6 p. m. The Department desires, however, that you keep in mind the observations made hereinbefore as indicative of the Department's general attitude and concern. Without undertaking to express a definite view in regard to the formula set forth in your telegram No. 348, the Department inclines to the view that the question whether that formula is likely to be interpreted by the Japanese in the manner envisaged in the second sentence of paragraph 1 above will depend upon what agreements may be reached in respect of points 2 and 3 of the agenda in regard to problems relating to the maintenance of peace and order and to economic matters.

HULL

893.102 Tientsin/382 : Telegram

The Chargé in Japan (Dooman) to the Secretary of State

Tokyo, July 23, 1939—10 a. m.

[Received July 23—3:05 a. m.]

353. 1. The Anglo-Japanese draft statement as reported textually in our 348, July 21, 6 p. m. was signed late last night by Foreign Minister and the British Ambassador. Although the statement was

published textually this morning by one paper it is to be officially released simultaneously in Tokyo and London tomorrow when discussions will begin of Tientsin local questions.

2. The Prime Minister is reported to have informed press representatives yesterday that the principles embodied in the joint statement are to be applicable to the whole of China.

Repeated to Peiping for Chungking and Tientsin.

DOOMAN

893.102 Tientsin/383 : Telegram

The Chargé in Japan (Dooman) to the Secretary of State

TOKYO, July 23, 1939—noon.

[Received July 23—7:50 a. m.]

354. Department's 213, July 21, 8 p. m. With regard to the desire of the Department that I emphasize the concern of the American Government in the situation growing out of event at Tientsin, I have had during the past 4 weeks or more a number of conversations with important Japanese including Prince Konoye, Baron Harada Saeto,^{10a} Prince Saionji and Mr. Fujii, personal adviser to the Prime Minister. I have not only repeatedly drawn attention to the statement of the Secretary's set forth in the Department's 167, June 19, 6 p. m., but I have consistently spelled it out substantially along the line of the views presented in the Department's 213 (please see our 284, June 19, 8 p. m.). My activities in this regard are gradually becoming known in official circles and from reports received from various sources I believe that they are not ineffective.

DOOMAN

893.102 Tientsin/398 : Telegram

The Chargé in the United Kingdom (Johnson) to the Secretary of State

LONDON, July 27, 1939—5 p. m.

[Received July 27—2:35 p. m.]

1074. Personal for the Secretary. 1. Mr. Butler, Parliamentary Under Secretary of State for Foreign Affairs, sent for me this morning to convey on behalf of Lord Halifax a message for you to the effect that he had been troubled in his conscience by a statement contained in the Washington despatch published in yesterday's *Times*. The

^{10a} "Saeto" apparently garble for "secretary to"; Baron Harada was private secretary to Prince Saionji.

article in question was entitled "America and Tokyo" and the portion referred to read as follows:

"Today Mr. Hull told the press that he had had no notification from London of the Tokyo formula but that the Embassy in Tokyo had advised him of its contents."

Lord Halifax is particularly disturbed by what he thinks is the implication in this statement that he is not keeping close contact with you in matters of vital concern in the Far East. Mr. Butler explained that Lord Halifax had given instructions to the British Ambassador at Tokyo to keep our Embassy there informed of every step in the British negotiations with the Japanese Government. He had therefore purposely refrained from communicating the Anglo-Japanese formula directly to you through this Embassy or otherwise. Mr. Butler indicated that the Secretary of State had thought the arrangements made at Tokyo would be adequate and suggested it had also been thought that it would be preferable from your point of view not to have the formula sent directly from London. Mr. Butler did not make clear, however, why Lord Halifax thought such a procedure might have been embarrassing to Washington. Lord Halifax realizes that it may be entirely incorrect to interpret the statement in the *Times* article as indicating any criticism in Washington of the British procedure but he fears that it will be so interpreted in other quarters in this country. Mr. Butler reiterated that the Foreign Secretary was worried about the matter and hoped that if the present instructions for maintaining current information through direct channels at Tokyo are not entirely satisfactory, you will send him some indication, as his purpose is to keep the closest contact with you on all phases of the negotiations, if [*in?*] any way which may be most convenient to you. Mr. Butler indicated that Lord Halifax had asked him to convey this message rather than to send for me himself as he wished to avoid giving it any appearance of formality.

2. There will be a further debate on foreign affairs in the House of Commons on Monday; and among other subjects to be brought up will be that of the Anglo-Japanese negotiations at Tokyo. The Prime Minister will speak first and Sir John Simon,¹¹ or Mr. Butler probably will speak for the Government in the Far Eastern section of the debate. Mr. Butler says that there will, of course, be searching questions asked, and that Lord Halifax is particularly desirous in the Government's replies that nothing be said which would in the slightest degree be embarrassing to you and the President. He mentioned newspaper reports that the United States has denounced the American-Japanese

¹¹ British Chancellor of the Exchequer.

Treaty of 1911 and asked if I knew anything about it.¹² I told him that I had no information regarding this other than that appearing in the press. Mr. Butler then said that if there were anything bearing on the United States attitude, which you might feel that you could communicate before the debate on Monday, Lord Halifax would be most grateful.

The Government's statement will affirm that the negotiations with Japan will be confined to the situation at Tientsin and other areas in China under Japanese occupation; and that the negotiations do not indicate any change in British policy in the Far East. Mr. Butler referred to the situation of fact which confronts Great Britain in the Far East and the precarious means of defense for British subjects and interests which are now at their disposal. He said that it is quite impossible to send any important units of the fleet to the Far East at this time and referred to the meager military forces stationed in China as being too weak to meet any serious trouble.

3. The British Government needless to say is keenly apprehensive about the situation in the Far East and while it wishes to avoid action or words which would in any way embarrass the United States Government, there is no doubt it would more than welcome any action on our part which would involve us with Japan and therefore by so much alleviate Great Britain's desperate plight.¹³

JOHNSON

893.102 Tientsin/398 : Telegram

The Secretary of State to the Chargé in the United Kingdom
(Johnson)

WASHINGTON, July 28, 1939—6 p. m.

593. Your 1074, July 27, 5 p. m.

1. On July 25, in reply to a question by a press correspondent whether any notification had been received from the British Government in regard to the agreement between Great Britain and Japan, I said that we had got something from our representative at Tokyo on the subject, whereupon the correspondent inquired whether anything official had been received from England, to which I answered that I did not recall that we had had anything direct from London. It will thus be clear from the way the subject was brought up that there was in my statement no implication or thought of dissatisfaction or of criticism.

¹² See note of July 26 to the Japanese Ambassador, vol. III, p. 558; for text of treaty signed at Washington, February 21, 1911, see *Foreign Relations*, 1911, p. 315.

¹³ See also telegram No. 1075, July 27, 6 p. m., from the Chargé in the United Kingdom, vol. III, p. 694.

2. With regard to your statement that you had no information other than that appearing in the press with regard to the giving of notice of intention to terminate the 1911 Treaty of Commerce and Navigation with Japan, you will have now received radio bulletin no. 173 of July 27 which contains the text of the note which the Department delivered on July 26 to the Japanese Embassy.¹⁴ The radio bulletin of July 27 also contains a résumé of questions brought up by press correspondents in regard to the subject at my press conference on July 27 and my replies to those questions.

HULL

893.102 Tientsin/415 : Telegram

The Chargé in Japan (Dooman) to the Secretary of State

Tokyo, August 3, 1939—6 p. m.
[Received August 3—9:05 a. m.]

386. Department's 238, August 2, 8 p. m.¹⁵

1. I called on the Vice Minister for Foreign Affairs this afternoon and spoke as authorized on the broad aspects of the questions discussed in the current Anglo-Japanese conversations. I began by saying that so early as June 19 I had informally indicated to the Minister for Foreign Affairs the likelihood of the American Government being concerned if the negotiations over the Tientsin situation were permitted to embrace broader questions; I referred to the several statements made to the press by the Secretary in which reference was made to broader aspects; I made mention of the various conversations which I had with him and other Japanese along similar lines; and I made the statement authorized in the Department's telegram under reference. I concluded by saying that if action were taken by Japan to implement any currency measures adverse reaction in the United States must be expected.

2. In reply to the question whether I were acting under instructions, I said that the statements which I had made to him had been made with the prior knowledge and approval of my Government.

3. Sawada made no comment other than the possibly significant one that he assumed that the American Government had no objection to the broader aspects being discussed but would object if any arrangement relating thereto were carried out without the prior assent of the American Government.

Repeated to Peiping. Peiping please repeat to Chungking and Tientsin.

DOOMAN

¹⁴ Vol. III, p. 558.

¹⁵ *Ibid.*, p. 440.

893.102 Tientsin/446 : Telegram

The Chargé in Japan (Dooman) to the Secretary of State

TOKYO, August 4, 1939—6 p. m.
[Received August 6—8: 05 a. m.]

387. I have received from the British Ambassador the following explanatory note on the so-called Craigie-Arita agreement of July 22:

"The formula: (a) Does not connote any change in His Majesty's Government's China policy. (b) Recognizes no right, only a situation of fact. (c) Does not approve actions giving rise to that situation. (d) Does not lay on His Majesty's Government obligations of a neutral, but provides for a measure of impartiality in certain day to day contacts in a prescribed area in certain specified circumstances. (e) Does not promise anything involving infraction of His Majesty's Government's obligations to third parties. (f) Does not preclude His Majesty's Government [from] continuing to press for redress of their grievances. (g) Involves no admission of past culpability on the part of His Majesty's Government. (h) Does not give carte blanche to Japanese in deciding what degree of cooperation by British is necessary in measures designed to insure security and public order."

Peiping please repeat to Chungking, Tientsin and Shanghai.

DOOMAN

893.102 Tientsin/464

*Memorandum of Conversation, by Mr. Walter A. Adams, of the
Division of Far Eastern Affairs*

[WASHINGTON,] August 9, 1939.

Participants: Mr. Tswen-ling Tsui, First Secretary, Chinese Embassy
Mr. Hamilton
Mr. Adams

Mr. Tsui called at his own request and handed Mr. Hamilton the attached translation of a telegram of August 8, 1939, from Dr. H. H. Kung, Chinese Minister of Finance, in which there is solicited the concern of the Government of the United States in regard to the question of certain silver deposits in Tientsin. Mr. Hamilton explained that the attitude of this Government toward the Tientsin situation was perfectly clear: that through statements by the Secretary and in such other ways as seemed to be appropriate and practicable this Government had made clear that, while it was not concerned in certain aspects of the Tientsin situation, it was concerned and interested with regard to the broader issues arising out of and involved in the Tientsin situation, including the question of currency.¹⁶ Mr. Hamilton said that

¹⁶ See also vol. III, pp. 348 ff.

this Government was desirous of being as helpful as practicable in regard to the currency situation, having in mind all the circumstances involved. He pointed out, however, that with respect to the actual custody and protection of the silver on deposit at Tientsin our position was different from that of the British and French authorities. He said that he understood that the silver was in non-American banks located in the British and French Concessions.

Mr. Tsui said that he understood that this was so and indicated that he also understood the distinction which Mr. Hamilton had made.

It is thought that Mr. Tsui does not expect a further reply to the message under reference.

[Annex]

TRANSLATION OF A TELEGRAPHIC MESSAGE FROM HIS EXCELLENCY
DR. H. H. KUNG, DATED CHUNGKING, AUGUST 8, 1939

Ambassador Quo¹⁸ reported that he called on the Assistant Under Secretary of State of Foreign Affairs in regard to the question of the silver deposited in Tientsin. The Assistant Under Secretary stated that the British Government would firmly hold to their position. When Ambassador Quo asked about the outcome of their conversations with the American and French Governments, the Assistant Under Secretary replied to the effect that the French Government expressed their concern over the question, but the American Government disclaimed any direct relationship.

The silver which is a part of the reserve for the Chinese currency has been in the custody of the Tientsin Office of the Currency reserve Board. The ownership of the silver is known to all Chinese and foreign nationals. Last year when the puppet bank was established and attempts were made to seize the silver, the Chinese Government took the occasion to re-affirm its ownership of the silver so as to prevent its seizure by the Japanese and their puppets.

This question which is an integral part of the currency question, cannot but concern directly or indirectly all those countries having commercial relations with China. If what the British Government said is true, there must be some misunderstanding on the part of the American Government's attitude toward this matter. Please explain the situation fully to the State Department with a view to soliciting its concern over the matter so as to help the British maintain their stand. Such a move will directly maintain our currency and indirectly protect the trade interests of the United States in the Far East. It is our earnest hope that the American Government will be as helpful to us in this regard as it has always been.

¹⁸ Quo Tai-chi, Chinese Ambassador in the United Kingdom.

893.102 Tientsin/454 : Telegram

The Chargé in Japan (Dooman) to the Secretary of State

Tokyo, August 12, 1939—noon.

[Received August 12—4:15 a. m.]

402. Reference telegram No. 401, August 11, 8 p. m., paragraph 2, last sentence.¹⁹

1. This morning's Japanese press is very strong in its disapproval of the British Government's announcement of the decision to hand over the four Chinese to the local court. The action is declared to be a further attempt by the British to prolong the negotiations until present British conversations with the United States and France on economic questions have been completed. This action was taken, it is reported, in spite of the Japanese Government's previous warning that it could not approve such an announcement at this time. The press states that the Japanese Government is fully aware of the attempt to isolate the various questions being considered and to settle peace and order problems separately from economic problems and "will not be deceived by such a maneuver."

2. The British Embassy informs us that no final instructions on the economic issues have been received and that while the Embassy is of the opinion that the matter is urgent they assume that discussions with the United States and France are delaying the final decision of the Foreign Office in London on the currency question.

Repeated to Peiping. Peiping please repeat to Chungking, Tientsin and Shanghai.

DOOMAN

893.102 Tientsin/465 : Telegram

The Chargé in the United Kingdom (Johnson) to the Secretary of State

LONDON, August 17, 1939—8 p. m.

[Received August 17—4:50 p. m.]

1182. My 1178, August 17, 4 p. m.²⁰ The Prime Minister approved today a draft note to be presented to the Japanese Government by Ambassador Craigie regarding the Chinese currency and silver demands of the Japanese. This communication is to be telegraphed to Tokyo tonight. The substance of the note is as follows:

¹⁹ Not printed; the last sentence expressed the likelihood that Japanese reaction to British announcement of a decision to hand over to the Tientsin local Chinese court the four alleged terrorists would be to "view this decision as an attempt to make it difficult" for the Japanese to maintain their position of reserving acceptance of any one point until all others had been settled (893.102 Tientsin/453).

²⁰ Vol. III, p. 570.

After the initiation of the Anglo-Japanese negotiations at Tokyo it became apparent to the British Government that their scope exceeded what might be called a local Tientsin issue and that Japanese demands related to economic and financial features of the present situation in North China on which not only the British Government but certain other governments have expressed to Japan their views. Nevertheless the British Government in a desire to meet the Japanese point of view had had under close consideration what could be done to this end. As a result of its preliminary soundings the British Government found in the question of currency and silver, apart from the natural Chinese interest in the matter, other foreign interests concerned to an extent which renders agreement as between Great Britain and Japan alone impossible. The British Government cannot therefore by itself put forward or accept any proposals prejudicial to the interests of third parties. It therefore feels that no discussion on these economic issues on a purely Anglo-Japanese basis is likely to lead to any useful result. Should the Japanese Government, however, wish to proceed further on these matters, the British Government would be willing to examine the questions afresh provided that arrangements can be made by which the interests of all parties would be safeguarded. For this reason the British Government would be obliged to consult with and have regard to the views of third parties. The British Government does not wish the Japanese Government to suppose from this indication of its attitude that the British Government wishes to shelve questions which the Japanese Government has raised. The British Government indeed fully realizes that in any ultimate settlement of the present dispute in China these matters will have to be fully discussed in relation to conditions existing throughout China. The British Government does not contend that treaties are eternal and would be prepared to consider any constructive suggestion brought forward by the Japanese Government for modifying existing agreements. It is essential, however, that all parties to the Nine Power²¹ and other treaties which govern the situation in China be consulted.

The note concludes by expressing satisfaction that the Tokyo negotiations have witnessed a certain progress toward agreement in regard to police and other local matters and expresses the hope that the Japanese Government will not allow the inability of the British Government to admit its views regarding the currency and silver questions to thwart agreement on the local issues which Great Britain is prepared to conclude now, subject to the adjustment of points of detail and in return for the cessation of anti-British agitation in China and the raising of the blockade against Tientsin.

The Foreign Office believes that it might be possible, although extremely difficult, to meet the Japanese views in some degree regarding the silver, perhaps through sterilizing this bullion, although they are not yet clear how it could be done. The Government, however, considers that any bilateral agreement between Great Britain and

²¹ Signed at Washington, February 6, 1922, *Foreign Relations*, 1922, vol. I, p. 276.

Japan on the subject of Chinese currency is impossible. Foreign Office officials, including the Under Secretary, express no optimism that the Japanese will accept the terms of this communication and evidently they foresee the possibility of a complete breakdown in the Tokyo negotiations.

JOHNSON

893.102 Tientsin/469 : Telegram

The Chargé in Japan (Dooman) to the Secretary of State

TOKYO, August 19, 1939—1 p. m.
[Received August 19—10:10 a. m.]

416. Our 415, August 18, 7 p. m.²² The British Embassy showed us a copy of a telegram sent to London giving the substance of the reply the Ambassador received from Kato²³ last night. The British Embassy informs us that this telegram has been repeated to their Embassy in Washington. Kato told Sir Robert that he had consulted with the military authorities and the Minister for Foreign Affairs. He said that the Japanese had noticed that the British note was definitely more formal and more uncompromising than the attitude which had been evidenced in the informal conversations between himself and Craigie. The Japanese Government hopes that there has been no change in the British attitude of cooperation. While the Japanese would be glad to discuss economic questions with all interested parties separately they could not enter into a joint conference on these questions. The Japanese Government is at a loss to understand the basis for the introduction of a reference to the Nine-Power treaty and believes that the British Government would not want to submit these problems to all of the signatories to that treaty. Mr. Kato also reiterated his statement made to the British Ambassador yesterday morning to the effect that the police questions could not be considered separately from economic questions.

Kato requested that no summary or publication of the British note be given to the press and indicated the bad effect the introduction of the Nine Power Treaty into the negotiations would have on public opinion in Japan. He said that he was willing to delay his return to China if Craigie could assure him that Great Britain will present its final views within a week or 10 days.

Craigie replied that the attitude of Great Britain had not changed; that he believed Great Britain did not intend necessarily to consult all of the signatories of the Nine Power Treaty but merely those more closely interested in these problems. He volunteered to suggest

²² Not printed.

²³ Sotomatsu Kato, Japanese Minister at Large in China, was in Tokyo to assist with the British negotiations.

to [*the?*] publication of a communiqué which he was sending in a subsequent telegram. A copy of this communiqué was not made available to us but it is believed that it would avoid reference to the Nine Power Treaty but would [set forth] refusal to negotiate an agreement on police questions separately from the economic issues.

The British Embassy stated that it was their belief that a statement would be made in London tomorrow concerning the present status of the Anglo-Japanese negotiations on Tientsin.

Shanghai please repeat to Chungking, Peiping, Tientsin.

DOOMAN

893.102 Tientsin/471: Telegram

The Chargé in the United Kingdom (Johnson) to the Secretary of State

LONDON, August 21, 1939—10 p. m.

[Received August 21—5:42 p. m.]

1205. My 1182, August 17, 8 p. m. When I saw Lord Halifax this afternoon he mentioned as I was leaving, the Tokyo situation since the presentation of the last British note to Japan on Chinese currency and silver.

He said that they are now preparing a further note to Japan in which will be suggested the following three alternatives: (1) that the Japanese call a conference in which Great Britain will be willing to participate of all the other countries interested by reason of treaty rights in the situation in China; or (2) that the Japanese should themselves sound out the other countries who are concerned in the matter of Chinese currency and silver and as a result of these consultations formulate proposals which Great Britain would be glad to consider; or (3) that if the Japanese wish Great Britain would undertake to make these consultations and as a result formulate further proposals to Japan.

Lord Halifax is not in the least optimistic that the Japanese will find any of these suggestions acceptable. He therefore looks for an increase of Japanese military insolence and aggression against British subjects and interests in China and a general worsening of the British situation in China. They naturally are considering what they will do here. They will try to get out as many women and children as possible, denounce the British commercial treaty with Japan,²⁴ and consider what other economic reprisals they could take against Japan which would be effective.

JOHNSON

²⁴ Treaty of Commerce and Navigation signed at London, April 3, 1911, *British and Foreign State Papers*, vol. civ, p. 159.

893.102 Tientsin/476 : Telegram

The Ambassador in the United Kingdom (Kennedy) to the Secretary of State

LONDON, August 23, 1939—11 p. m.

[Received August 23—6 p. m.]

1222. Personal for the Secretary. Halifax in his discussion with me talked about the Far Eastern situation. He said that Britain's three alternatives to Japan outlined in our telegram 1205, August 21, 10 p. m. are not likely to get any great consideration although he feels on the whole that the time has arrived when some kind of peace plan might be worked out with both China and Japan.

My own impression is that the top-side men here are so punch-drunk from crises and negotiations that they cannot get any real plan worked out, so if a real peace proposition for the Far East can be worked out it probably will have to come from the United States.

Summing up all my telegrams of today,²⁵ I am convinced that the situation here is a critical one for the future of Great Britain and Europe and that we should view it calmly and dispassionately to save ourselves from taking on the burden of these troubles. I do not think they can shoulder it and there is no place else to put it except on us. If the crises continue, you can look forward to a serious financial upset here. This is one bull that we do not want to grab by its tail too quickly.

KENNEDY

893.102 Tientsin/480 : Telegram

The Chargé in Japan (Dooman) to the Secretary of State

TOKYO, August 25, 1939—9 p. m.

[Received August 25—3 : 22 p. m.]

438. 1. I called on the British Ambassador this afternoon. He informed me that he had received instructions to consult with the French Ambassador and me on the question whether it would be possible to reestablish on a friendly basis Japan's relations with our respective countries.

2. I found the British Ambassador fairly optimistic with regard to the proposition but he felt that it would be essential first of all to dispose of the Tientsin situation. Nevertheless, he stressed that the first objective would be to prevent Japan from yielding to the tempting offer when made of a non-aggression pact with the Soviet Union and thus linking up with Germany.²⁶ He thought that this having been

²⁵ Other telegrams related to the European situation.

²⁶ See vol. III, pp. 1 ff.

accomplished we might then proceed toward improving in some positive manner our respective relations with Japan. He repeatedly stressed, however, the need for disposing of the Tientsin question. I expressed the view that we should not proceed too rapidly; that we should first of all watch the local political situation; and that if there should be a change of government we would then be in a position to determine with a reasonable degree of accuracy what the attitude of the new government would be towards the democratic nations on the one hand and Germany and Soviet Russia on the other. If, as seemed to me most unlikely, the new government should show itself well disposed toward the latter countries, it was my opinion that the obstinate Tientsin situation would not operate in any way to restrain or divert that trend. I therefore suggested that the British Ambassador in the meantime not press the Japanese for a settlement of the economic questions arising out of the Tientsin situation.

3. We agreed to exchange information and views freely while awaiting further developments here and in Europe. Any information or suggestions which the Department may wish to give me in this connection would be greatly appreciated.

DOOMAN

893.102 Tientsin/501

The Chargé in Japan (Dooman) to the Secretary of State

No. 4102

TOKYO, August 25, 1939.
[Received September 13.]

[Extract]

SIR: . . .

The British Embassy has been particularly helpful in enabling us to follow closely these developments and has kept us currently informed of the situation. In a rather long interview which a member of my staff had with Mr. Henderson, first secretary of the British Embassy, on the day instructions virtually ending the conversations arrived, the probable considerations motivating the British Government's decision were discussed at some length by Mr. Henderson. The British Government, he said, had some time ago approached the American Government concerning the economic questions at Tientsin. The Government of the United States had then expressed to Japan its interest in the proposition to prohibit circulation of the *fapi* in the British Concession, but had not shown much concern over the problem of the silver reserves. Consultations were then held between the French Government, which had indicated its direct concern in both

problems, and the British Government as to whether to approach the United States again on the ground that if the silver were allowed to be taken over by the Provisional Government at Peiping, this would, in effect, seriously damage the legitimate currency of the National Government of China and constitute a "leg up" for the Federal Reserve Bank currency. The United States, therefore, should be, if not directly, certainly indirectly interested in the silver problem. Agreement was reached that further approaches should be made to the United States. After this, Mr. Henderson went on to say, the public reaction in Great Britain to the handing over of the four alleged terrorists had been distinctly unfavorable and his Government had felt it necessary to take a decisive step to offset that reaction. At the same time, the British Government came to the conclusion that the United States is of the frame of mind that it will "help only those who help themselves." He pointed out that the reactions in China and the United States had been unfavorable to the British decision regarding the four men. He made a few side remarks to the effect that the British stand in regard to these men had been taken "on bad ground" and his Government wished to relieve itself of that position and take a stand on a firmer and more clearly defined issue. Therefore, the British Government had come to the decision that the political factors involved far outweighed all other considerations and the decision had, in his estimation, been taken for its political effect in Great Britain, China, and the United States.

The Japanese by publicly announcing their objectives were thereby precluded from modifying their stand on questions which Great Britain was unable to accede to for political reasons, and thus at the very first prejudiced the success of the conversations.

Recent international events have completely overshadowed the local issues at Tientsin. The former positions of Great Britain and Japan were so far separated that any future conversations will undoubtedly have to be openly of political significance and far-reaching in their scope. Certainly nothing in this connection can be expected to materialize until the policies of the Japanese Government with regard to the European situation have been clarified and the position of the present Cabinet made apparent or a new Cabinet established.

Respectfully yours,

EUGENE H. DOOMAN

The British Embassy to the Department of State

His Majesty's Ambassador in Tokyo is taking steps to bring the negotiations with the Japanese Government to a conclusion on the basis of the withdrawal by the Japanese of their currency demands

and the sealing of the silver in Tientsin in its present location "until the end of hostilities or agreement between the parties concerned whichever is the shorter".

WASHINGTON, August 28, 1939.

893.102 Tientsin/497

Memorandum by the Adviser on Political Relations (Hornbeck)

[WASHINGTON,] August 29, 1939.

Under instruction from the Secretary, I informed Mr. Mallet today that the Department perceived and felt no objection to the procedure on the part of the British Ambassador in Tokyo indicated in the communication from the British Embassy of August 28, here attached.²⁷

STANLEY K. HORNBECK

893.102 Tientsin/496

The British Embassy to the Department of State

AIDE-MÉMOIRE

Sir Robert Craigie has been instructed by the Foreign Office to endeavor to secure the conclusion of the Tientsin negotiations, and it has been left to his discretion to decide what to do and when. He will of course keep in close touch with his French and United States colleagues.

The sort of programme which His Majesty's Government in the United Kingdom have in mind would be on the following lines:

A. The closure of the present conversations regarding Tientsin on the basis of

1. A police agreement.
2. Neutralizing the silver by sealing it until the end of hostilities or until some other amicable arrangement could be made.
3. Dropping of the Japanese F. A. P. I. proposal and acceptance in its place of a formula providing for the use of Federal Reserve Bank currency in the British Concession. This formula might be formed on a basis of (a) the elimination of any reference to the use of Chinese currency and (b) a statement that there is no intention on the part of the Concession authorities to obstruct the use of Federal Reserve Bank notes in the Concession.
4. Cessation of the blockade and anti-British agitation.

²⁷ *Supra.*

As regards the formula suggested under 3 above His Majesty's Government trust that the United States Government will see no objection to the proposed formula, which merely recognizes a situation of fact, seeing that the Federal Reserve Bank currency has been used for months in the Concession in so far as its peculiar characteristic has not involved considering commercial laws, e. g. for the payment of taxes. While F. A. P. I. have some sort of convertibility and Federal Reserve Bank notes none, the latter should tend to be at a discount on the former and Chinese interests should be adequately safeguarded so long as no preferential treatment is accorded by British or other foreigners to Federal Reserve Bank notes. It would be helpful if the United States Government could see their way to agreeing to Sir Robert Craigie's being authorized at the appropriate time to say that he understood that the United States Government had been made aware of the suggestion embodied in the above formula and had not expressed any objection.

B. The next stage envisaged would be informal discussions with the Japanese Government, in which it is hoped that the French and American Embassies would participate, as to taking practical methods for the clearing up of the economic and currency confusion in North China. His Majesty's Government do not see how the proposals so far put forward by the Japanese would conduce to the end we all desire, i. e., the better ordering of currency and economic matters in North China, apart from the fact of these proposals being incompatible with genuine impartiality at which both the British and Japanese Government were aiming when it was agreed to hold the Tokyo conversations. These Japanese suggestions seem moreover to His Majesty's Government only to touch the fringe of an exceedingly complicated situation which has arisen, and they wonder whether it might not be in the best interests of all concerned if in the first place some impartial technical experts in currency matters could be invited to study the situation on the spot and formulate recommendations for consideration by the Governments concerned. His Majesty's Government will give sympathetic consideration to almost any constructive proposal which does not involve the impairment of China's sovereign rights, e. g., taking currency control out of her hands and subjecting it to some sort of international control.

This consideration of economic difficulties might possibly create a situation in which

C. The Japanese and Chinese might begin the discussion of a peace settlement, and this in turn might pave the way to

D. Some sort of informal consideration of how the Washington Treaty might be brought up to date.

E. Finally perhaps formal conferences might be held approving the recommendations made under D.

His Majesty's Government for their part would be ready to make all necessary sacrifices provided that others do the same to ensure a peace equitable both to Japan and to China. At the same time they will be ready to resume consideration of the projected discussion between Mr. Eden and M. Yoshida²⁸ in 1937 for a world wide Anglo-Japanese economic arrangement.

WASHINGTON, August 31, 1939.

893.102 Tientsin/496

*Memorandum of Conversation, by the Adviser on Political Relations
(Hornbeck)*

[WASHINGTON,] September 1, 1939.

Mr. Mallet handed me the attached *aide-mémoire*²⁹ this morning. He called special attention to paragraph A, subheadings 3 and 4. I said that I would call these to the special attention of our economic officers.

Mr. Mallet then made mention of the remainder of the *aide-mémoire*, beginning with paragraph B. He said that this of course involved a program which it would take a considerable period of time to work out. He said that, in offering this, his Government was offering something in the nature of "thinking out loud", something intended tentatively. I called attention to an ambiguity in a sentence which I have marked on page 3.³⁰ Mr. Mallet said that according to his reading of the sentence the illustration offered was meant to be an illustration of a type of procedure to which his Government would not "give sympathetic consideration". (Note: If that is what the sentence means, I see no reason why the illustration should have been offered at all.)

I made a number of observations to Mr. Mallet, stating that they were my personal views, to the effect that pursuit of a policy of "appeasement" (I did not use that word) involving signing away of rights, etc., in Japan's favor, if followed, in the Far East, would be likely to be no more effective toward producing peace, stability and conditions of justice than has been pursuit of such a policy in Europe. Mr. Mallet remarked that the British are very hard pressed at Tientsin. I replied that it is one thing to give way under *force majeure* and it is another thing to sign and seal a deed of surrender.

²⁸ British Secretary of State for Foreign Affairs and Japanese Ambassador in the United Kingdom, respectively.

²⁹ *Supra*.

³⁰ See last sentence in paragraph B, p. 241.

Later, Lord Lothian³¹ being present, I expressed the personal opinion that signing away of rights and deeding of property to bandits will no more ensure peaceful enjoyment of remainders in the Far East than has or will (would) the same process in Europe.

STANLEY K. HORNBECK

893.102 Tientsin/495 : Telegram

The Consul General at Tientsin (Caldwell) to the Secretary of State

TIENTSIN, September 6, 1939—7 p. m.

[Received September 7—7:15 a. m.]

210. I am authoritatively informed that yesterday evening the British authorities on receipt of a Chinese court order handed over to the Chinese police authorities the four men suspected of the murder of Dr. Cheng,³² but that the British authorities expect no relaxation of the restrictions against the British Concession on that account.

Repeated to Peiping and Chungking. Sent to Tokyo by air mail.

CALDWELL

893.51/6989

Memorandum of Conversation, by Mr. Raymond C. Mackay, of the Division of Far Eastern Affairs

[WASHINGTON,] September 14, 1939.

Participants: Mr. Samuel A. King³³
Mr. Ballantine³⁴
Mr. Mackay

Mr. King, upon invitation, called at the Department and was received by Mr. Ballantine and Mr. Mackay.

Mr. Ballantine informed Mr. King to the effect that, following his and Mr. Watson's³⁵ call on September 9, further careful consideration was given by the appropriate officers of the Department to the proposed use of the silver fund at Tientsin as collateral for a ten million dollar loan; that, so far as the Department is aware, there are no restrictions or regulations of the American Government which would serve to prevent the consummation of a transaction such as is envisaged; that there exists at least the possibility that the proposed plan

³¹ Marquess of Lothian, British Ambassador.

³² Cheng Hsi-keng, Chinese Superintendent of Customs at Tientsin under "Provisional Government" of Peiping, assassinated April 9.

³³ Of Watson, King, and Brode.

³⁴ Assistant Chief of the Division of Far Eastern Affairs.

³⁵ James E. Watson, former Senator from Indiana.

has as its primary objective not the purchase of cotton but rather the transfer to the American Government of the responsibility of protecting the silver fund at Tientsin; that in times of armed conflict there are almost certain to be proposed transactions which, when shorn of their technicalities, have as their primary purpose not the consummation of a normal business process but rather the procurement of protection; that the American Government does not approve of transactions of the nature indicated; that there are inherent in the specific plan which has been brought to the attention of the Department by Mr. Watson and Mr. King various factors, including political factors, which, when viewed in the light of the complex and delicate situation now existing in the Far East, might, if the plan were consummated, result in unfortunate developments; and that if such unfortunate developments should occur and the concerned American interests should request the American Government to extend protection to the silver fund at Tientsin, the Department would probably not be in position to comply with such request.

Mr. King, in reply, said that he had noted carefully the views expressed by Mr. Ballantine; that he believed he now had clearly in mind not only the essential factors in the situation but also the attitude of the Department in regard thereto; that he and his associates would reexamine the matter; and that he wished again to express the thanks of his firm for the Department's attitude of cooperation.

893.102 Tientsin/505 : Telegram

The Chargé in Japan (Dooman) to the Secretary of State

Tokyo, September 30, 1939—11 a. m.
[Received September 30—4:46 a. m.]

497. Tokyo papers carried yesterday afternoon and again this morning stories to the effect that Anglo-Japanese conversations rising out of the Tientsin situation are to be resumed shortly.

2. The British Ambassador who has not been well for some time returned to Tokyo on September 28 after 2 weeks absence in the country. During his absence one of the Secretaries of the British Embassy called on me to show a draft telegram to London discussing a suggestion of the British Government that the conversations be renewed. The draft telegram recommended against making an offer to the Japanese to withdraw British troops from Tientsin but expressed assent to the proposition that the conversations be resumed. A new approach to the silver reserve question was suggested, and that was to propose to the Japanese that the silver be used, subject to the approval of the Chinese Government, for flood relief at Tientsin (see

paragraph 3 of our 482, September 18, 6 p. m.³⁶). The Secretary stated that the British Ambassador would appreciate having my comment and would welcome my recommending to the Department that the American Government take a favorable view of the British Ambassador's proposal with regard to the silver question.

I asked Gore-Booth³⁷ to inform the Ambassador that the views which I had expressed to the latter on August 25 (see our 438, August 25, 9 p. m.) had not changed, and I advised against making any new approach to the Japanese at this time. Gore-Booth observed that the Ambassador was being told by many Japanese to strike while Japan was still resentful over the German-Soviet *rapprochement*, but that I would be informed of the Ambassador's decision with regard to the draft telegram. I heard nothing further.

3. Upon publication of the stories above-mentioned I made inquiry yesterday afternoon and again consulted with members of British Embassy. I was informed that the Japanese Prime Minister³⁸ had reacted favorably to suggestions by Craigie that the conversations be resumed, that the draft telegram above-mentioned had been despatched to London, and that authorization had been granted by the British Government to Craigie to proceed. During Craigie's call on the Minister for Foreign Affairs³⁹ on September 28, when all the Chiefs of Mission were received for the first time by the new Foreign Minister, he broached the subject of the conversations but he found Admiral Nomura "quite indifferent". The British Embassy stated that they have received no definitive reply from the Japanese Foreign Office.

4. Kato is reported to be on his way back to Tokyo. There are rumors that he is to be appointed Ambassador to Germany or to the United States, but in any event it is assumed that he will have further talks with Craigie.

Repeated to Peiping. Peiping please repeat to Tientsin, Shanghai, Chungking.

DOOMAN

893.102 Tientsin/496

The Department of State to the British Embassy

AIDE-MÉMOIRE

Reference is made to the British Embassy's *aide-mémoire* of August 31, 1939, in regard to efforts to bring to a conclusion negotiations having to do with the situation at Tientsin.

³⁶ Vol. III, p. 71.

³⁷ Paul Henry Gore-Booth, Second Secretary of the British Embassy in Japan.

³⁸ Gen. Nobuyuki Abe.

³⁹ Adm. Kichisaburo Nomura.

The Department of State appreciates having the precise information contained in the British Embassy's *aide-mémoire* and has given careful attention to the proposals and suggestions contained therein.

With special reference to the proposal, numbered three in section A of the *aide-mémoire*, in regard to a formula providing for the use of "Federal Reserve Bank currency" in the British Concession at Tientsin, the observation is made that, while circumstances in the Far East have not always rendered it practicable to ensure respect for the principles to which we are committed, this Government has consistently declined to take any affirmative step which would be inconsistent with those principles or to give express assent to any measure which might impair rights which we enjoy by virtue of treaty or international law. It is felt that the more complete establishment of the "Federal Reserve Bank currency" would, by reason of the circumstances governing the issuance of that currency, its inconvertibility and its use in relation to trade control measures, definitely impair American rights, and for this reason, aside from other relevant considerations, the Government of the United States does not see its way clear to giving assent to any formula having for its purpose or as its foreseeable result the more complete establishment or more general use of "Federal Reserve currency".

Heretofore the American banks concerned have indicated their willingness and desire to cooperate with the British and French banks concerned in the maintenance of a united front against attempts to establish the use of "Federal Reserve currency" at Tientsin. As the British Government is perhaps aware, the American banks concerned must, under existing laws and regulations, make their own decisions with respect to their attitude toward the "Federal Reserve Bank" and its currency. The suggestion is offered that the interested British and French banks may wish to approach the interested American banks with respect to any change in attitude that may be considered desirable.

With reference to section B of the British Embassy's *aide-mémoire*, it would appear that, as a prelude to any decision to undertake a joint study of the situation on the spot, there should be drawn up and given prior consideration a detailed program of investigation, formulated on the basis of available data, and a list of desiderata. The Government of the United States would of course be prepared to examine any such program which the British Government may have formulated in this regard or which it may formulate in the future, and which it may care to communicate to this Government. However, the Government of the United States is constrained to observe, with reference not only to section B of the British Embassy's *aide-mémoire* but with reference to sections C, D, and E as well, that in its opinion the

present situation in China and the attitudes of the Chinese and Japanese Governments are such that the making of efforts along the lines mentioned by the British Government would not appear to offer favorable prospects of achieving the ends desired.

WASHINGTON, September 30, 1939.

893.102 Tientsin/506 : Telegram

The Chargé in Japan (Dooman) to the Secretary of State

TOKYO, October 3, 1939—4 p. m.
[Received October 3—9 a. m.]

499. Our 497, September 30, 11 a. m.

1. The British Ambassador informed me that he has been instructed to ask me whether the American Government views with favor the suggestion that the silver reserves at Tientsin be turned over to the Japanese for flood relief. I replied that I had informed the Department that this suggested method of resolving the silver reserve question had been approved by the British Government, but that I had not sought of the Department any expression of its views thereon. At the specific request of the British Ambassador, I hereby do so.

2. I was asked to explain that the use of the silver for flood relief would be put forward only if settlement of the silver question by sealing the silver or by some other method which would not place it even temporarily in the hands of the Japanese were unobtainable.

3. The British Ambassador emphasized the importance of keeping secret the fact that the British are prepared, if necessary, to make the proposal described.

Repeated to Peiping. Peiping please repeat to Chungking, Tientsin and Shanghai.

DOOMAN

893.102 Tientsin/506 : Telegram

The Secretary of State to the Chargé in Japan (Dooman)

WASHINGTON, October 5, 1939—7 p. m.

300. Your 499, October 3, 4 p. m.

1. The Government of the United States has on a number of occasions indicated to the British Government its general attitude and position with regard to principles and procedures which in its opinion might most advantageously be followed in reference to the problems presented by Japanese acts in various parts of China. The Govern-

ment of the United States feels that, with express reference to the question now raised by the British Ambassador, there is nothing which it might usefully add to what it has already said. It may be observed, however, that this Government has a general interest in the effect which any disposition of the silver stored at Tientsin may have upon the general currency situation in China and that this Government has on several occasions brought that interest to the attention of the Japanese Government. Also, this Government understands that the British and French Governments share this general interest and that those Governments have in addition special responsibilities of a custodial character in relation to the silver.

2. Please reply to the British Ambassador's request in the above sense.

Sent to Tokyo via Shanghai. Repeated to Peiping, Chungking, and Tientsin.

HULL

893.102 Tientsin/592 : Telegram

The Secretary of State to the Ambassador in Japan (Grew)

WASHINGTON, October 31, 1939—6 p. m.

335. Tientsin's 253, October 25, 4 p. m., 257, October 28, and 258, October 30, 7 p. m.,⁴⁰ in regard to difficulties which American citizens and American business enterprises are encountering at Tientsin.

1. The Department desires that, unless you perceive objection, you make an approach to the Japanese Foreign Office, in such manner as you may deem appropriate, upon the basis of the three telegrams under reference and request with emphasis that the interference and restrictions complained of be discontinued.⁴¹

2. The Embassy at Peiping is requested to ascertain through the American Consulate General at Tientsin the nature of the proof which the American Chamber of Commerce states that it has to the effect that the barrier restrictions are now a "racket", reporting the results of the inquiry to the Department and to the Embassy at Tokyo. Tientsin is requested to keep the American Embassies at Tokyo and Peiping currently informed of developments in the situation under consideration.

Sent to Tokyo via Peiping. Repeated to Tientsin and Shanghai.

HULL

⁴⁰ None printed; these telegrams reported Japanese restrictions on barrier passes for non-American employees and on movement of American persons and goods to and from the British and French Concessions (893.102 Tientsin/592, 594, 595).

⁴¹ The Ambassador in Japan made oral representations on November 15.

893.102 Tientsin/524 : Telegram

The Consul General at Tientsin (Caldwell) to the Secretary of State

TIENTSIN, November 4, 1939—2 p. m.

[Received 7:25 p. m.]

268. My 263, November 3, 10 a. m.⁴² This morning I discussed with the Japanese Consul General all of the barrier cases of Americans, which he undertook to take up with the Japanese military in the hope of effecting an improvement.

However, the most that I was able to obtain regarding barrier passes for alien employees of American firms was that if, as a temporary expedient, I would send him as being the most urgent a less number of applications than were returned on October 24th, he would endeavor to persuade the military to approve the issuance of some additional passes on the ground that regardless of the situation when the number of 150 was stipulated by the military last summer, more passes are now required by other firms. It is view of the Japanese military that as many more passes have been issued to American firms than to firms of other nationalities Americans should be satisfied; and that the issuance of a larger number of passes will endanger the "whole barrier system". I contended that the number of passes issued to Americans should be dependent only upon the needs of American firms, with whose business the Japanese authorities have repeatedly stated this Embassy desires to interfere unnecessarily, and that the number of passes issued to other nationals should have no bearing upon this question. I stated that the applications sent to the Japanese Consulate General had already been selected from among a much larger number received at this office as being the most urgent and that I was not sure that any basis could be found for selecting and forwarding a less number; that still further applications have been received and are being received each day; and that if I send him applications in accordance with his request of this morning it must [not?] be understood that no more applications will be requested; that no maximum number can be set; and that applications will have to be requested as need arises.

In addition to the 65 applications returned, 29 new applications have been requested, and probably 30 more will be filed if issuance is resumed. These include applications from several firms which have not previously received passes, some of them being firms, such as fur exporters, whose business was not active last summer.

Memorandum of conversation air mailed to Tokyo. Repeated to Peiping, Shanghai. Air mailed to Tokyo.

CALDWELL

⁴² Not printed.

893.102 Tientsin/527 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, November 15, 1939—5 p. m.

[Received November 15—7:31 a. m.]

603. Our 591, November 11, 2 p. m.⁴³

1. My British colleague told me today that in a casual meeting with the Vice Minister for Foreign Affairs Sir Robert expressed the opinion that it would be to no purpose to consider further the latest Japanese proposals for the disposal of the silver now deposited in Tientsin because these proposals would be totally unacceptable to the British Government. Tani then said that with a view to expediting a prompt solution of the matter, which he considered very important, the Japanese Government would now be willing to agree to the sealing of the silver in the Yokohama Specie Bank for the period of the hostilities. Craigie said that he would communicate this proposal to his Government and he expressed to me the opinion that if such sealing could be effected by an international group he thought that it might be a satisfactory solution of the problem.

2. Sir Robert then said to Tani that in his opinion Anglo-Japanese relations could not improve very much until American-Japanese relations had improved and he hoped that the Japanese Government would make every effort to bring about such improvement. Tani, according to Craigie, replied that he recognized the strength of this argument and he expected that certain constructive "proposals" would soon be presented to the American Government⁴⁴ with that end in view.

GREW

893.102 Tientsin/604 : Telegram

The Consul General at Tientsin (Caldwell) to the Secretary of State

TIENTSIN, November 16, 1939—6 p. m.

[Received November 17—2:47 a. m.]

272. My 270, November 13, 4 p. m.⁴³ Barrier difficulties continue to increase. Several Americans have reported that they have been refused preferential treatment heretofore accorded to Americans at barriers and have been made to wait in line with delays of almost an hour in some cases. An American rug manufacturer reports that yesterday a truckload of rugs covered by a pass from this Consulate Gen-

⁴³ Not printed.⁴⁴ See telegram No. 630, November 27, 7 p. m., from the Ambassador in Japan, vol. III, p. 600 and following.

eral and stamped by the Japanese Consulate General was refused passage until the rugs had been opened and spread out in the street for so-called inspection. One American has reported difficulty in bringing food supplies into the Concessions from the First Special Area where cheaper prices prevail. I am informed that other nationals are being prevented from bringing in such food supplies.

Coal situation is becoming critical, although the Kailan Mining Administration has ample stocks across the river in the Third Special Area, as coal is being permitted to enter in limited quantities only. Coal brought up the river by the Kailan Mining Corporation has to be unloaded for so-called inspection at the First Special Area and only two coal barges have been able to pass that point since the 30th. In the course of a conversation with the commander of the International Bridge Barrier Guard regarding a truckload of coal for employees of this Consulate General covered by a pass from this Consulate General and stamped by the Japanese Consulate General, which was passed on Vice Consul Yuni's request after being delayed all day, Vice Consul Yuni was informed that on orders received the night before only a limited number of coal trucks (the number of which he declined to divulge) would be permitted to pass the barrier each day.

Although the newly arrived British Consul General was informed that General Homma was too busy to receive his initial call, yesterday when Consul Fletcher and Vice Consuls Johnson and Yuni made a courtesy call at the Japanese Military Headquarters they were received personally by General Homma, who himself brought up the question of the treatment of Americans in China in general and particularly at the barriers. He said that Americans did not appear to understand the difficulties of the Japanese or to appreciate the efforts of the Japanese military to avoid inconvenience to Americans, referring particularly to the fact that the Japanese military had issued to alien employees of American firms about five times as many passes as had been issued to any other nationality. It was pointed out to General Homma that although 153 such passes have been received there are in Tientsin just over 100 American firms, many of which have a very large number of employees, and some of which firms have received no passes, so that the number issued could not be regarded as excessive.

General Homma made it clear that the Japanese fear that these passes may be used for the benefit of the British and that they consider that any material increase in the number issued would reduce the effectiveness of the barricade of the Concessions.

Repeated to Chungking, Peiping, Shanghai; air mail to Tokyo.

CALDWELL.

893.102 Tientsin/607.: Telegram

The Consul General at Tientsin (Caldwell) to the Secretary of State

TIENTSIN, November 22, 1939—6 p. m.

[Received November 23—7:49 a. m.]

277. My 274, November 17, 4 p. m.⁴⁶ Arrangements made for coal for marines and coal began moving today. Arrangements also made for a few days supply for the British and French Concessions, which began to enter French Concession yesterday and should begin entering British Concession tomorrow. Japanese military are considering requests for winter supply for each Concession but are questioning estimate of total needs for British Concession.

It appears that at present even trucks carrying certificates stamped by the Japanese Consulate General pass the barriers at the rate of about 1 in 2 hours and as they must wait their turn to enter line of trucks carrying such certificates, 15 of which were counted at the International Bridge last night, delays of a day may be expected. I am informed that German trucks with such certificates are now delayed as much as 2 and 3 days.

On November 18th General Homma stated at a press conference that the barrier difficulties would have been removed 3 months ago had it not been for the American treaty abrogation, which caused the stiffening of the British attitude regarding the Tientsin silver, *fapi* and other questions.

From the above statement and from the conversation reported in my 273 [272], November 16, 6 p. m., and from informal conversations with members of the Japanese Consulate General, it is evident that the local Japanese military have taken exception to the American treaty abrogation and to the references in the October 28 telegram⁴⁶ of the Tientsin American Chamber of Commerce to treaty negotiations and to bribery at the barriers, and are less well disposed toward Americans than formerly. It is evident also from the general experience of various non-American nationals that the difficulties and delays encountered by cargo at the barriers have greatly increased in the last few weeks.

However, Japanese officials still profess a willingness to assist in alleviating difficulties of Americans and continue to be helpful in many cases, and while Americans are clearly in a less favorable position than a few weeks ago I believe that even now they receive the same, and perhaps slightly more, consideration than most other [nationalities, but?] no less.

Repeated to Peiping, Shanghai. Air mail to Tokyo.

CALDWELL

⁴⁶ Not printed.

893.102 Tientsin/529 : Telegram

The Consul General at Tientsin (Caldwell) to the Secretary of State

TIENTSIN, November 25, 1939—3 p. m.

[Received 7:30 p. m.]

278. My 277, November 22, 6 p. m. Separate arrangements have now been made by the authorities of the British and French Concessions with the Japanese military for the winter's supply of coal of the two Concessions from November 27th. An additional temporary supply has been permitted to enter the British Concession today and will partially alleviate the already desperate position of many persons, large numbers of whom have been without heat for more than a week with temperatures near the freezing point.

An additional 32 of the passes for alien employees of American firms referred to in my 268, November 4, 2 p. m., have now been received. The Japanese Consul General stated in the transmitting letter: "In order to maintain the efficacy of these certificates the number issued should be limited as much as possible" and he orally expressed the hope in conversation with me that this number of passes would be sufficient temporarily; in reply to which I reminded him that additional applications had already been received and that further passes would have to be requested, but that the number would be kept as low as possible consistent with the urgent needs of American firms.

In response to my request for an appointment to discuss with the Japanese Consul General the coal situation and other barrier difficulties, he called on me yesterday afternoon and expressed his regret for the inconveniences caused Americans by the barrier system and gave me assurances that he and also General Homma wished to remove these difficulties as far as possible consistent with the maintenance of the barrier system, which must remain in effect until an agreement is reached between the British and Japanese authorities concerning the silver question. The Japanese Consul General stated that both he and General Homma disapprove of interference with the entrance into the British Concession of such essential commodities as coal and food, but that certain of the Japanese military (presumably the Japanese Army's special service section) were so intent upon the prosecution of their military campaign that it was difficult to persuade them to agree with this point of view.

I discussed with the Japanese Consul General the greatly increased difficulties encountered during the past few weeks by Americans and American-owned cargo in passing the barriers and have sent him a letter in regard to these difficulties, citing specific instances, which he had promised to investigate immediately and to endeavor to remove.

The Japanese Consul General also informed me that the Japanese military have been persuaded to open within a few days additional

barriers and to improve the barrier arrangements at the International Bridge with a view to relieving the present congestion at that point. Repeated to Peiping, Shanghai; air mail to Tokyo.

CALDWELL

893.102 Tientsin/531 : Telegram

The Consul General at Tientsin (Caldwell) to the Secretary of State

TIENTSIN, November 27, 1939—7 p. m.

[Received 8:25 p. m.]

280. My 278, November 25, 3 p. m. Two Americans today reported in writing that yesterday when they visited the International Bridge barrier regarding a delayed truck, although they remained on the Concession side of the barrier they were compelled in order to return to the French Concession to wait in line outside the entrance to the examination shed for nearly an hour; that although they were at the head of the line Chinese behind them were passed through ahead of them; that the sentry tried to force the line back and when those in front were physically unable to move back on account of the pressure from behind the sentry threw a basin of hot water on the two Americans and others at head of the line.

Immediately upon receipt of this report I made both written and oral representations to the Japanese Consul General, a subordinate officer of which expressed regret orally and proceeded to the barrier in company with a member of the staff of this Consulate General. Sentries interrogated by the commander of the barrier guard admitted only that a sentry engaged in washing had splashed some water on the crowd when it allegedly pressed toward the searching shed, which is in variance with the written and oral statements of the two Americans concerned. A written reply has been promised and I will telegraph further information later.⁴⁸

Repeated to Peiping, Shanghai. Air mail to Tokyo.

CALDWELL

893.102 Tientsin/536 : Telegram

The Counselor of Embassy in China (Peck) to the Secretary of State

CHUNGKING, December 11, 1939—11 a. m.

[Received December 11—6:15 a. m.]

636. First Secretary of the British Embassy acting under instructions from the Ambassador last night informed me that the British and Japanese authorities had arrived at an agreement in regard to

⁴⁸ The Consul General reported on December 13 the receipt of expressions of regret from the Japanese Consul General and assurances that the utmost consideration would be given to Americans at the barriers (893.102 Tientsin/555).

the silver on deposit in the Hong Kong and Shanghai Bank in Tientsin which provides that 100,000 pounds worth shall be spent for relief purposes under an international committee containing British and Japanese and if possible also French and American representatives. The remainder of the silver shall be deposited in a "neutral" bank under the joint control of the Yokohama Specie and Hong Kong and Shanghai Banks. However, the British made their final assent to this plan contingent on the concurrence of the Chinese Government, and the British Embassy here submitted the proposal on December 9 to the Minister for Foreign Affairs⁴⁹ and General Chiang Kai Shek⁵⁰ for consideration. The Japanese have promised if the plan is executed to lift the blockade of the British Concession in Tientsin and to cease the anti-British campaign in North China.⁵¹ Informant told me that he understood that the French Ambassador informed the Chinese authorities some time ago that if the British came to any understanding with the Japanese in regard to the silver in the British Concession the French would be obliged to act similarly in regard to the silver in the French Concession.

Repeated to Peiping; Peiping please mail to Tokyo.

PECK

893.102 Tientsin/538

Memorandum by Mr. George Acheson, Jr., of the Division of Far Eastern Affairs^{51a}

[WASHINGTON,] December 14, 1939.

Reference Chungking's 637, December 13, 5 p. m.,⁵² Tientsin silver deposits.

Prior to the receipt of this telegram an *aide-mémoire* to the British Embassy had been prepared as a reply to the British Embassy's two *aide-mémoire* of November 30 and December 8.⁵³ The draft *aide-mémoire* thanked the British Embassy for having furnished the detailed information contained in the Embassy's two communications, stated that the Department realized the difficulties of the situation with which the British Government is confronted at Tientsin and had given sympathetic study to various questions arising therefrom, and went on to say that:

⁴⁹ Wang Chung-hui.

⁵⁰ President of the Chinese Executive Yuan (Premier).

⁵¹ In telegram No. 637, December 13, 5 p. m., the Counselor of Embassy in China informed the Department that the Chinese Government had refused its assent (893.102 Tientsin/538).

^{51a} The original bears the following notation by the Chief of the Division (Hamilton): "Concur. M. M. H."

⁵² See footnote 51 above.

⁵³ Neither printed.

" . . . " This Government has a broad interest, which it has on several occasions brought to the attention of the Japanese Government, in the effect which any disposition of the silver stored at Tientsin may have upon the general currency situation in China and related matters. With regard, however, to the specific proposals which are now under negotiation between the British and the Japanese Governments, the Department is of the opinion that there is nothing which it might usefully add to what it has already said in regard to questions relating to the silver deposits other than to state that this Government feels that it would not be appropriate for it to become associated either directly or indirectly with the negotiations or with the arrangement which, as indicated by the two *aide-mémoire* under acknowledgment, may result from such negotiations."

As the British *aide-mémoire* of December 8 indicated that in discussing with the Japanese authorities the British suggestions for the disposal of the silver it had been made clear that the assent of the Chinese Government would have to be obtained, Chungking's telegram 637 under reference would seem to preclude the necessity of making any reply at this time to the two British communications. Furthermore, as the proposed reply would be in one sense a gratuitous statement that this Government would not associate itself with the matter, it would seem advisable to assume that the refusal of the Chinese Government to assent to the proposed procedure obviates any necessity for reply.

893.102 Tientsin/540 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, December 16, 1939—10 a. m.
[Received December 15—11:25 p. m.]

681. Our 603, November 15, 5 p. m. I am sending by air mail to Shanghai today for repetition to Department by naval radio the code text of a long telegram⁵⁵ containing the revised draft of a proposed agreement for the solution of the Tientsin silver question which the British Government would be prepared to accept, together with explanatory comment by my British colleague. This question is still under negotiation here.

GREW

893.102 Tientsin/608

The Ambassador in Japan (Grew) to the Secretary of State

No. 4331

TOKYO, December 16, 1939.
[Received January 10, 1940.]

SIR: I have the honor to refer to despatch no. 4247, November 20, 1939, with which was transmitted a copy of the Embassy's memo-

⁵⁴ Omission indicated in the original.

⁵⁵ No. 682, December 16, 11 a. m., not printed.

randum to the Foreign Office, dated November 15, 1939,⁵⁶ concerning the restrictive measures enforced by the Japanese authorities at Tientsin and the resultant difficulties experienced by American nationals and American business enterprises. The Embassy is in receipt of note no. 193, Asia I, dated December 4, 1939, a copy of a translation of which is enclosed,⁵⁷ in reply to those representations.

In this reply it is stated that the control measures instituted by the Japanese army are unavoidable and based on the necessity of maintaining peace and order. Efforts to limit the "inconveniences which might be experienced as a result of these measures by third-Power nationals of good intention" are being made. The special passes which are issued to Chinese employees of American business firms are for the purpose of limiting inconveniences. Despite the fact "that local American authorities stated in the latter part of July that 150 such passes would probably be sufficient" some 60 more passes were requested on November 17, 1939. These, at first, were refused but 32 were issued on November 22 as a result of negotiations between the Japanese and American officials in Tientsin. As a result of the disaster in North China last autumn the roads into the British and French Concessions are damaged and traffic at the International Bridge is congested. The opening of two roads into the British and French Concessions and the First Special Ward alleviated the congestion and further efforts are being made to restore normal conditions. It is stated also that the Japanese authorities are giving "special friendly consideration in regard to the supplying of coal for the British and French Concessions", and there is added the hope that "American nationals in that area will on their part extend further sympathetic cooperation towards these efforts of the Imperial authorities".

Respectfully yours,

JOSEPH C. GREW

893.102 Tientsin/542 : Telegram

The Ambassador in China (Johnson) to the Secretary of State

PEIPING, December 18, 1939—2 p. m.
[Received December 19—7:35 a. m.]

641. My 635, December 14, 3 p. m.⁵⁸ I spent the day of December 15 in Tientsin with the American Consul. In the morning I inspected the detachment of American Marines now in Tientsin and received one or two callers among them Mr. Meyers, the British Commissioner of Customs, Mr. Muto, the Japanese Consul General and

⁵⁶ Neither printed.

⁵⁷ Not printed.

⁵⁸ Vol. III, p. 615.

an old friend, and Mr. Nathan who is General Manager of the Kailan Mining Administration. In the afternoon I spent about 2 hours with the officers and executive committee of the Tientsin American Chamber of Commerce. The Commissioner of Customs stated that business in the Tientsin area, as viewed by the customs, was deteriorating due not only to tremendous losses suffered as the result of the summer flood but also to the fact that the peasants in the area tributary to Tientsin were concentrating on the growing of food to the exclusion of exportable raw material such as cotton and were spending less on articles. He made the significant statement that the customs now have on deposit in the Yokohama Specie Bank in the form of customs revenue approximately 150,000,000 dollars in Federal Reserve Bank notes or approximately half of the acknowledged circulation of such notes. He expressed the belief that the future of business due to the fall in purchasing power of the people in the interior, the tendency to hoard Chinese national currency and the increase in the issuance of unconvertible Federal Reserve Bank notes was gloomy indeed and must deteriorate further with danger of collapse unless some turn for immediate relief comes very soon.

Mr. Nathan of the Kailan Mining Administration confirmed local opinion that there was no dearth of coal in the neighborhood of the concessions at Tientsin but that unless there was a change in the attitude of the Japanese in regard to the barriers and in regard to the transportation of coal by truck and lighter, now handicapped by conflicting interpretations of regulations by Japanese sentries, the future situation of the British and French Concessions in regard to the coal situation would continue on a hand to mouth basis throughout the winter.

Mr. Muto made a call of courtesy but during his visit the Consul General raised the question of inconveniences caused American citizens and their employees by the system prevailing at the barriers. The Consul General had made a request for 10 no examination permits for employees of American citizens which Mr. Muto stated had been favorably acted upon and would be returned duly stamped on the afternoon of the 15th. Mr. Caldwell referred to a recent letter which he had addressed to the Consul General dealing with inconveniences suffered by American citizens whose identification cards, issued by the American Consulate General and countersigned by the Japanese Consul General, under an early arrangement between the two, while relieving such Americans from the necessity of search, did not relieve them of the necessity of delays at the barriers and the necessity of passing the examination sheds for purpose of identification. Mr. Caldwell had informed the Japanese Consulate General that relying on assurances continually given he had been reluctant

to ask for military passes for American citizens but that unless the situation facing Americans could be ameliorated he would have to ask for military passes for the entire American community of some 300 people. (The advantage of a military pass lies in the fact that its possessor is permitted to pass the barriers without going through the examination sheds. Its possessor is consequently relieved of the necessity of examination and at the present time military passes are held only by official Americans and perhaps 15 unofficial Americans who obtained them themselves.) The Japanese Consul General informed Mr. Caldwell, in my presence, that he was submitting to the Japanese military for consideration, Mr. Caldwell's request that Americans possessing identification cards be exempt from passing through the sheds but we inferred clearly from what he said that this request would not be received favorably by the Japanese military as it involved the "principles" of the "barrier system" under which, he asserted, all foreigners were treated alike.

The Executive Committee of the Tientsin American Chamber of Commerce discussed with me the inconveniences which they as Americans and businessmen at Tientsin have suffered because of the unconscionable delays at the barriers. They brought with them the draft of a memorandum regarding these matters which they proposed to lay before General Homma in which they were endeavoring to correct a statement attributed to General Homma in an interview given to Mr. Lee, Associated Press representative, on December 7. In that interview General Homma conveyed the impression that the Japanese military had gone out of their way to be accommodating to American citizens and felt hurt at the attitude of the American Chamber of Commerce which he termed ungrateful. (See Embassy's telegram 625, December 8, 7 p. m.⁵⁹) Among the other inaccuracies General Homma was in that interview reported to have stated his discrimination in favor of Americans was indicated by the fact that he had issued more than 200 barrier passes to less than 300 Americans living in Tientsin in contrast with some 1,500 British residents and 1,300 French residents.

The Chamber pointed out and Mr. Caldwell confirmed this that they knew of no passes other than military passes issued to American citizens and that of the three hundred odd Americans living in Tientsin military passes have been issued only to officers and employees of the American Consulate General and to perhaps 15 additional private American citizens. The Tientsin American Chamber of Commerce informed me and the Consul General that they intended to seek an interview with General Homma and to present to him the statement of their difficulties and to assure him that there was no question of hos-

⁵⁹ Not printed.

tility on their part. Both Caldwell and I stated that we saw no reason why they should not seek such an interview and present a reasonable statement of their position to General Homma.

Arriving in Tientsin by the early morning train I proceeded to the American Consulate General which is within the British Concession in the motor car of the Consul General. The Consul General was armed with a Japanese military pass and we passed through the barrier without difficulty other than to stop and display the pass to the sentry at the barrier. Without this pass our situation would have been different and we would have been under the necessity of dismounting from the car, proceeding through the examination shed with the crowds of others waiting there to be examined by the examining officials and reembarking in the car after passing through the shed.

During our visit my secretary Mr. Lafoon who was without identification other than a passport, proceeding with my wife and the wife of the American Consul General in an official car of the Marine detachment at Tientsin to visit the country club, was stopped and it was only Mrs. Caldwell's knowledge of Japanese that obviated the necessity of Lafoon being required to get out of the car and passing through the examination sheds both going to and coming from the club. I offer this for the purpose of illustrating the absurd situation now existing at Tientsin. Getting in and out of the British Concession is like going in and out of a beleaguered city. Crowds of Chinese stand for hours at the barriers waiting their turn to pass and I saw a line of trucks waiting and was told that sometimes they wait for days. Examination facilities are inadequate and when a truck loaded with goods, American or otherwise, is permitted to proceed it is stopped halfway through the barrier and required to unload its entire contents whether packed or in an unpacked state, such as coal, before it is permitted to proceed through, increasing the delay.

Apparently a form of graft has grown up around the barriers with considerable profit to those conducting the examinations and I was told on good authority that it had been found possible to expedite the passage of goods by payment of fees.

The American community is more active than any other foreign community in Tientsin in airing its difficulties and insisting on its rights and therefore brings upon itself more attention from the Japanese. The British community apparently is resigned to its situation and asks little and receives little. One has the impression that the whole barrier system is an embarrassment to the Japanese as well as to foreigners but that face has become involved and that the Japanese do not know how to rid themselves of it in spite of the fact that its maintenance acts as a wet blanket on trade in Tientsin and to the detriment of Japanese as well as foreign business.

In the interview General Homma gave to the Associated Press it is interesting to note that he clearly believes that British attitude on Japanese terms for lifting the barriers has been stiffened by the action of the American Government in notifying Japan of the termination of the trade treaty of 1911 and that there exists in his mind an idea that unless the United States makes some gesture to win Japanese good will between now and January 26 he will be less kindly disposed toward Americans after January 26 than he is now.

Repeated to Chungking, Shanghai and Tientsin, code text to Tokyo by airmail.

JOHNSON

893.102 Tientsin/543 : Telegram

The Consul General at Tientsin (Caldwell) to the Secretary of State

TIENTSIN, December 28, 1939—3 p. m.

[Received December 28—9:15 a. m.]

294. My 288, December 9, 3 [1] p. m.,⁶⁰ and Embassy's 641, December 18, 1 [2] p. m. On appointment made by this office through Japanese Consul General, delegation of American Chamber of Commerce called this morning on General Homma seeking to correct his impression that they are hostile which he charged in press interview with Lee of Associated Press on December 7th. They requested both orally and in a written statement (copy of which is being forwarded⁶⁰) lifting of barriers and asked that Americans be relieved of necessity of passing through searching sheds; that American-owned cargo be given immediate passage through the barriers; and that passage of barriers by alien employees be expedited and that additional passes be issued for such employees.

They were received in a friendly manner and General Homma discussed the situation with them, but there were no concrete results.

James Young, of the International News Service, who is returning to Tokyo after spending some time in South China, was given an appointment immediately following that of the delegation of the Chamber of Commerce, and General Homma at once embarked upon a discussion of the matters dealt with by the delegation. I am informed that, among other things, the General stated that: even if the silver and *fapi* questions are settled it is not certain that the barriers will be lifted; Tokyo negotiations with the British and Russians are eclipsed at present by negotiations with the United States; although Chamber of Commerce denies hostility charged by General Homma in press interview of December 7, Chamber's recommendation that new treaty

⁶⁰ Not printed.

be not negotiated without improved situation here is evidence of their hostility and has to do with a matter of great importance.

Although a few days ago the Asahi Road barrier, which has remained closed since the flood, was reopened, it is noted that the temporary wooden shed formerly there has been replaced by a permanent brick structure. Reference was made yesterday to this change at press conference with military spokesman, who, according to report which I am mailing, stated that lifting of barriers was contingent upon cooperation of third powers involving not merely passive neutrality but abandonment of pro-Chiang Kai-shek policy and assistance of the Japanese.

Repeated to Peiping, Shanghai. Air mail to Tokyo.

CALDWELL

MEASURES TAKEN BY THE UNITED STATES FOR THE PROTECTION
OF AMERICAN LIVES AND PROPERTY IN CHINA RESULTING FROM
HOSTILITIES BETWEEN JAPAN AND CHINA⁶¹

811.7493 Globe Wireless/36 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, January 1, 1939—noon.

[Received January 2—8 a. m.]

1. Reference No. 1488, December 22 [21], 11 a. m.,⁶² regarding Globe Wireless Company.

1. Following letter dated December 31 has been received from the Japanese Acting Consul General:

"With reference to the conversations which Mr. Hidaka⁶³ and I had with you regarding an American firm in the International Settlement, known as the Globe Wireless Company, which is operating wireless transmission to Manila and America, I now have the honor to lodge a formal protest against the operation of the said firm.

The Japanese forces have made it clear on several occasions since their occupation of this part of China in November last year, that they cannot allow the existence and functioning of any organ of the Nationalist Government in the International Settlement or in the French Concession. The Japanese forces can not sanction the operation of the said Globe Wireless Company, which is reported to have recently been inaugurated under the authorization of the Nationalist Government.

It may be recalled that wireless communication for the use of the general public was a national enterprise of the Chinese Government,

⁶¹ Continued from *Foreign Relations*, 1938, vol. iv, pp. 214-558; see also *Foreign Relations*, Japan, 1931-1941, vol. i, pp. 642 ff.

⁶² Not printed.

⁶³ Japanese Consul General at Shanghai.

which pursued the established practice of not allowing it to be operated by a private enterprise, either domestic or foreign. The reported concession made by the Nationalist Government to the Globe Wireless Company is in obvious contradiction to the above practice, and moreover the Nationalist Government has no authority to sanction the operation of the enterprise within the district where the Government has ceased to function for more than a year.

In these circumstances, I shall be grateful if you will be good enough to see that the wireless operation of the said firm is closed at once. (Signed) I. Goto, Acting Consul General".

2. I am informing Shanghai representative of Globe Wireless of the purport of the Japanese protest but I shall make no acknowledgment or reply to the Japanese Consul General until instructed by the Department.

3. From statements made to me recently by the representative of Globe Wireless, I am led to believe that the answer of the Globe Company to a Japanese protest such as has now been made will be to protest to the Federal Communications Commission that the former Chinese Government radio station at Shanghai which the Japanese are now operating and which continued to respect the traffic agreements of Radio Corporation of America and the Mackay Radio and Telegraph Company is using radio frequencies which belong to the Chinese Government while the Shanghai station is being operated by a Japanese organized company known as the Central China Telecommunications Company which of course is not recognized by the Chinese Government.

4. I have been informed indirectly that Press Wireless Incorporated, another American company which has been seeking to enter the China field, proposes soon to establish a press wireless service at Shanghai, probably operating through Manila. A representative of this company consulted me several months ago in this matter saying that the Chinese Government had indicated its willingness to enter into an agreement, giving the desired permission. I advised this representative, as I had advised Globe Wireless, that the establishment of their stations would likely meet with determined opposition from the Japanese. I was led to believe that the proposal would be dropped but understand that when the Globe Company established its station, the Press Wireless Company decided also to enter the field.

Like the Globe Wireless, it proposes to establish its station in the United States Marines sector of the International Settlement.

5. I request early instructions as to the reply to be made to the Japanese Consul General.

Repeated to Peiping and Chungking.

GAUSS

393.1115/3980: Telegram

The Consul General at Hankow (Josselyn) to the Secretary of State

HANKOW, January 5, 1939—6 p. m.

[Received January 6—6:30 a. m.]

2. Following telegram has been received from American Consul General at Shanghai:

"January 4, 5 p. m. Several American ladies have applied to this office for assistance in obtaining Japanese passage and arranging for their return to Hankow. I understand that Mrs. Jarvis will arrive here with her husband⁶⁴ and presumably wishes to accompany him to Hankow. Please inform me on every [of your?] opinion on the question of American ladies returning to Hankow at present."

I request information whether Department's instructions regarding withdrawal of Americans from this area contained in the Department's telegram number 178, August 25, 7 p. m., 1937 to the Embassy [at] Nanking,⁶⁵ and similar instructions, have been modified.

While present conditions at Hankow are peaceful there are numerous restrictions and inconveniences in effect here and living conditions are abnormal and unpleasant. There is also the possibility that the Japanese may increase these restrictions in retaliation as a result of the American Government's attitude expressed in the note to the Japanese Foreign Office made public on December 31.⁶⁶ However there has been no intimation that such retaliatory measures might be taken.

Our opinion is that generally speaking I do not favor the return of American women and children to Hankow at the present time. I see no objection to the return of men for [if] business or other interests demand their presence here.

Repeated to Chungking, Shanghai.

JOSSelyn

893.70/56: Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, January 6, 1939—1 p. m.

[Received January 7—7:10 a. m.]

18. Referring to Chungking's January 4, 9 a. m.⁶⁷ regarding foreign cable companies. On December 23rd the foreign cable companies

⁶⁴ Robert Y. Jarvis, Consul at Hankow.

⁶⁵ *Foreign Relations*, 1937, vol. iv, p. 282.

⁶⁶ Note No. 1153, December 30, 1938, *Foreign Relations*, Japan, 1931-1941, vol. i, p. 820.

⁶⁷ Telegram No. 8, not printed.

received a joint telegram from the Department of Telegraphs and Telephones, Chungking asking them to refuse to confer or make agreements with the "bogus organization" and on December 28th a joint reply was sent repeating the statement made in a joint telegram of April 21st that the companies have not been approached by any other party regarding the conclusion of agreements and that the companies will continue to observe their existing agreements unless prevented from doing so under *force majeure*.

Repeated to Chungking, Peiping by mail to Tokyo.

GAUSS

811.7493 Globe Wireless/46: Telegram

The Acting Secretary of State to the Consul General at Shanghai
(Gauss)

WASHINGTON, January 7, 1939—3 p. m.

9. Department's 5, January 5, 1939, 7 p. m.⁸⁸ Department informed orally by Jack Kaufman, Executive Vice President of Globe Wireless Company, that he had instructed Neil Brown, the representative of the company in Shanghai, to approach the Japanese authorities and discuss with them the conditions under which they would allow continuation of operation of the Globe Wireless station. In response to his approach the Globe Wireless representative was informed that the Japanese authorities were too busy to discuss the matter at this time.

Mr. Kaufman also stated that he had authorized the company's representative in Shanghai to cease operation of the station immediately if continued operation was likely to cause an incident.

Department informed by Mr. Kaufman that the Globe Wireless station, to the operation of which the Japanese are now objecting, is separate and distinct from the station which has been operated for a number of years by the Robert Dollar Company and which is not involved in the present controversy. Mr. Kaufman added that Globe Wireless is very anxious that this distinction be clearly kept in mind and that the Robert Dollar station be kept out of any discussions.

You are authorized in your discretion to inform the Japanese authorities orally that you have been informed that Globe Wireless, through its local representative in Shanghai, is prepared to discuss all questions relating to the operation of their station in Shanghai with the Japanese authorities.

Please continue to keep Department closely advised of developments in this case.

WELLES

⁸⁸ Not printed.

893.70/57

*The British Embassy to the Department of State*⁶⁹

AIDE-MÉMOIRE

His Majesty's Consul-General at Shanghai has been instructed to reply to the Eastern Extension Telegraph Company along the same lines as the answer already given to the American Company by the United States Consul-General. It is understood that the Danish Consul-General has also given the same advice to the Great Northern Telegraph Company.

There has been no fresh development since December 12th and in the circumstances His Majesty's Government agree that representations at Tokyo should be deferred for the time being.

WASHINGTON, January 7, 1939.

393.1115/3980 : Telegram

The Acting Secretary of State to the Consul General at Hankow (Josselyn)

WASHINGTON, January 9, 1939—6 p. m.

4. Your 2, January 5, 6 p. m. While the Department is not unsympathetic toward the desire of women to return to Hankow and wishes to alter its present policy of advising against their return as soon as conditions warrant such action, it is inclined to concur in the opinion expressed in the final substantive paragraph of your telegram and desires that women, especially those accompanied by children, be discouraged from returning to Hankow. Upon the receipt of advice from you indicating the return of more stable conditions at Hankow, the Department will give the matter further consideration.

Repeated to Chungking and Shanghai.

WELLES

893.7961/48 : Telegram

The Consul General at Canton (Myers) to the Secretary of State

CANTON, January 25, 1939—11 p. m.

[Received 3:03 p. m.]

14. Notification marked very urgent received at 7:45 p. m., January 25, from Japanese Consul General, Canton, refers to Foreign Office, Tokyo, statements to third powers, particularly that of Septem-

⁶⁹ This document is in reply to the Department's aide-mémoire of December 17, 1938, *Foreign Relations*, 1938, vol. iv, p. 553.

ber 2, 1938, and stating "there seems to be some aircrafts whose nationalities are unknown to us flying occasionally over the above zone (referred to as that of the Japanese military operations in China) at night and that as such flights naturally hinder the activities of Japanese forces they have decided to shoot down all such aircraft". Japanese Consul General requests that immediate steps be taken by third powers to notify competent Japanese authorities of the types or kinds of aircraft, time of their departure or arrival, courses of their flights, et cetera, long in advance of such flights and that the altitude of such flights should not exceed 500 meters. He further states that "the Japanese Government is not in a position to take responsibility of any punishment or casualties that may be caused to the aircraft of third powers disregarding the above requests".

Repeated to Chungking, Hong Kong, Peiping, Shanghai. Shanghai please repeat to Embassy at Tokyo.

MYERS

811.79690 Pan American Airways/167: Telegram

The Secretary of State to the Consul General at Canton (Myers)

WASHINGTON, January 26, 1939—7 p. m.

6. Your 14, January 25, 11 p. m.

1. The Department desires that you reply to the Japanese Consul General in the sense that the representative at Hong Kong of the Pan American Airways System, which is believed to be the only American organization regularly operating an airplane service in the south China area, is being informed of the contents of the communication of the Japanese Consul General. You should draw attention to the fact that on November 15, 1937, the American Embassy at Tokyo made notification to the Japanese Government describing the planes in use by the Pan American Airways System on its Manila-Macao-Hong Kong run, and you should state that irrespective of whether airplanes of American nationality comply with the request of the Japanese authorities in regard to advance notice and observance of specified maximum altitudes of flights, the Government of the United States must hold the Japanese Government strictly accountable for any damage caused by the Japanese armed forces to American planes or injury to occupants thereof and expects that instructions will be issued by the Japanese authorities to the Japanese armed forces which will ensure against an American plane being attacked by them.

2. Please repeat to Hong Kong with the request, as from the Department, that Hong Kong inform the local representative of the

Pan American Airways System of the contents of the foregoing and of your telegram under reference.

3. Repeat also to Chungking, Peiping and Shanghai, for repetition to Tokyo.

HULL

893.1115/4012 : Telegram

The Secretary of State to the Consul General at Hankow (Josselyn)

WASHINGTON, January 27, 1939—7 p. m.

13. Your 22, January 23, noon.⁷² The Department is inclined to concur in the opinion expressed in your telegram under reference with regard to the return of American women to Hankow and, therefore, in cases where there are adequate and reasonable grounds for return and where failure to return would involve undue hardship, it is not disposed officially to discourage their return. However, having in mind the Department's policy toward the return of Americans to China, it is desired that you continue to discourage American women generally, especially those with children, from returning to Hankow when there exists no good reason for their doing so.

With reference to the mention of Mrs. Jarvis in your 2, of January 5, 6 p. m., Mr. Jarvis is appropriately instructed concerning transportation expenses and per diem.

Repeated to Chungking and Shanghai.

HULL

893.7961/50 : Telegram

The Secretary of State to the Consul General at Hong Kong (Southard)

WASHINGTON, January 28, 1939—2 p. m.

11. Your 24, January 27, 3 p. m.⁷² You may inform the chief American pilot of the China National Aviation Corporation that if the local representative of the Pan American Airways Service specifically requests, in the light of the Department's no. 6 of January 26, 7 p. m., to Canton, which Canton was instructed to repeat to you, that a supplementary notification be made by the Consul General at Canton to the Japanese authorities acquainting them with the interest of the Pan American Airways Service in the China National Aviation Corporation, the Department perceives no objection thereto, but that the Consul General cannot undertake to make notifications to the

⁷² Not printed.

Japanese authorities of proposed flights. Please refer also to the Department's August 30, 7 p. m.⁷³

Repeated to Canton, Chungking, and Peiping.

HULL

811.7493 Globe Wireless/59 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, January 30, 1939—1 p. m.

[Received January 30—8:10 a. m.]

81. Reference Department's Number 9, January 7, 3 p. m., regarding Globe Wireless. Some days ago after consulting the Globe representative I informed the Japanese Consul General orally that that representative was prepared to discuss matters with the Japanese authorities but upon approaching contacts in the Japanese communications service had been informed that the Japanese were too busy to discuss the matter at this time. Japanese Consul General later told me that the company representative had approached a Japanese technical engineer who is not concerned in the matter and that the company representative should discuss [it?] with Consul Ishiguro of his staff. This information was communicated to Globe representative who, after some delay, has now told me that having ascertained that the Japanese opposition to his company was instigated by his American competitors, that is, R. C. A., Mackay, and Commercial Pacific Cable Company, for the present he does not intend to enter into any conversations with the Japanese Consul.

2. While I have no doubt that the American radio and cable interests at Shanghai have resented the action of the Globe Company in elbowing itself into this field and cutting rates, I am of the opinion that it is a mistake to suppose that the opposition comes from that source or that source alone. The Japanese military are not likely long to tolerate an independent radio service established under permit recently issued by the Chinese Government, competing with the Chinese Government radio monopoly now under Japanese control, avoiding censorship, and cutting rates. It is simply a question as to when and how they may decide to take action to suppress the Globe operations.

3. The willingness of the Chinese Government to enter into contracts with the Globe and other companies undoubtedly arises out of a desire to embarrass the foreign radio and cable interests at Shanghai which have had to submit to some measure of Japanese supervision

⁷³ *Foreign Relations*, 1938, vol. iv, p. 459.

and in my opinion a desire to encourage conflict between American and other foreign interests and the Japanese authorities.

GAUSS

393.115 Nanyang Brothers Tobacco Co./8: Telegram

The Secretary of State to the Consul General at Hankow (Josselyn)

WASHINGTON, January 31, 1939—7 p. m.

15. Your 25, January 26, noon,¹⁴ Nanyang Brothers properties. The Department notes your opinion that the Chinese firm of Nanyang divested itself of its title to the properties in question, in favor of the Hunt interests largely because as Chinese properties they were threatened with Japanese occupation. Under these circumstances the Department feels that protection should not be extended to the properties upon the basis of the alleged American ownership of them.

If, however, as indicated in your telegram under reference, you are of the opinion that through a series of transactions commencing in 1935 there exists a genuine American interest in the properties and stocks at Hankow, you may so inform the Japanese Consul and request that full respect be accorded to such interest.

Repeated to Chungking and Shanghai.

HULL

811.015394/51: Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, February 1, 1939—6 p. m.

[Received February 1—1:45 p. m.]

88. Yesterday morning a foreign newspaperman informed the Consulate General that a Japanese flag was observed flying over an American flag on a factory in the area north of Soochow Creek. Investigation disclosed that the Japanese flag had been raised on same staff over American flag. Officers Chinese tobacco factory claimed to be held under lease by an American leaf tobacco importer and that the Japanese flag had apparently been so raised by Japanese civilians claiming possession of the factory. We complained immediately to Japanese [Consul?] General of the disrespect thus shown to American flag and asked for the removal of the Japanese flag from its offending position. Japanese [Consul?] General promised to investigate and when later pressed for action argued that there was a question in regard to the ownership of the factory. We replied that any question of ownership or possession might be discussed later and that the matter demanding immediate attention and satisfaction was the removal of the

¹⁴ Not printed.

Japanese flag from its offending position on the staff over the American flag. Assurance was later given that orders had been issued to remove the Japanese flag from its offending position and we have subsequently confirmed that this has been done, the Japanese flag now flying elsewhere on the factory.

Repeated to Peiping, by mail to Tokyo.

GAUSS

393.0015/78: Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, February 2, 1939—1 p. m.

[Received February 2—7:40 a. m.]

89. I have received copy of letter dated February 1 addressed by the Japanese Consul General to the Italian Consul and Senior Consul for circulation to his colleagues requesting the evacuation of third power nationals remaining at Kuling. The communication together with certain "regulations" is quoted below.

"I have the honor to inform you that I have been requested by our military authorities to communicate the following to you.

In December last year, the Japanese Army showed its good-will to the third power nationals remaining at Kuling and afforded especial facilities for their evacuation. But there are still many who remain there in spite of the advice for evacuation, fully acknowledging that they do so at their own risk. According to our investigation there are 37 Britons, 12 Americans, 9 Germans and 7 others, totalling 65 in all.

In view of the activities of the Chinese forces in and around Kuling who disturb peace and order, the Japanese Army deems it urgent to conduct mopping-up operations against them.

In spite of the fact that they remain at their own risk, the Japanese Army, being sincerely desirous of ensuring the safety of the lives of third power nationals, hereby advises them again to descend the mountain according to the regulations of the Japanese Army set forth in the appended paper. The Japanese Army wishes to make it clear in advance that it cannot be held responsible for any damages and injuries which may be caused, on account of the mopping-up operations, to those third power nationals who continue to remain, because it is hardly possible to distinguish those nationals from the Chinese forces in operations so long as they are staying at the same place as the Chinese forces.

I shall be grateful, if you would be kind enough to take necessary steps at your earliest convenience to circulate the same to our honorable colleagues with the request that contents of the same be brought as soon as possible to the notice of the interested parties of the respective powers."

"Regulations.

1. The third power nationals remaining at Kuling shall fix a date and hour for evacuation and evacuate in the daytime before February 10, 1939.

The fixed date and hour shall be notified in advance to the commander of the Japanese garrison at Kiukiang.

2. The road for ascending the mountain (Kuling, Lien-Hung-Tung, Kiukiang-Tao) shall be used for evacuating.

3. The third power nationals shall move at the time of evacuation in a group, clearly indicating their non-hostile character by carrying national flags or by other suitable means.

4. After evacuation they shall stay at Kiukiang or move to other places in accordance with directions of the commander of the Japanese garrison at Kiukiang."

As this is a matter which concerns the Hankow Consular District I am taking no action here.

Commander in Chief⁷⁵ informed. Repeated to Peiping, Chungking and Hankow: via airmail to Tokyo.

GAUSS

893.7961/52: Telegram

The Consul General at Canton (Myers) to the Secretary of State

CANTON, February 2, 1939—5 p. m.

[Received 11:59 p. m.]

19. Referring to my telegram No. 14, January 25, 11 p. m., in letter dated February 1st the Japanese Consul General states:

"In pursuance of my previous letter of January 25th I have the honor to state that Weichow Island in the Gulf of Tongking being now under the Japanese military occupation and requested that aircrafts of third powers should refrain from flying within the radius of 15 nautical miles from the island. It goes on without saying that the aircrafts that may wish to fly near the said zone should comply with the other requests mentioned in the above letter of January 25."

Referring to Department's telegram No. 6, January 26, 7 p. m., a written communication in the sense of the Department's telegram referred to was sent to the Japanese Consul General on January 28th.

Repeated to Chungking, Peiping, Hong Kong, Shanghai; Shanghai please repeat to Embassy at Tokyo.

MYERS

393.0015/80: Telegram

The Secretary of State to the Consul General at Shanghai (Gauss)

WASHINGTON, February 3, 1939—6 p. m.

43. Your 89, February 2, 1 p. m., in regard to the withdrawal of Americans at Kuling.

1. After consultation with your British colleague, the Department desires that you acknowledge the Japanese Consul General's com-

⁷⁵ Adm. Harry E. Yarnell, U.S. Asiatic Fleet.

munication and that you state briefly this Government's position along lines substantially as follows: (a) Although American nationals have been and are advised voluntarily to withdraw from places of danger to places of safety and an endeavor will be made to bring to the attention of the American nationals now at Kuling the contents of the Japanese Consul General's communication, obligation rests upon the Japanese military authorities, irrespective of whether American nationals do or do not withdraw from Kuling, to avoid injury to American lives and property at Kuling; (b) the presence of American nationals and property within the area of threatened military conflict at Kuling and the possible proximity of such American nationals and property to Chinese military personnel or equipment in no way lessens the aforementioned obligation of the Japanese armed forces; and (c) the American Government reserves all rights on behalf of itself and its nationals in respect of claims against the Japanese Government for any damages which American nationals or property may suffer as a result of Japanese military operations.

You may also state that among the Americans at Kuling are some who because of old age or illness would find it dangerous, if not impossible, to withdraw. Furthermore, you may point out to the Japanese Consul General that experience has shown that in areas of conflict in China American property from which American nationals have withdrawn has suffered considerably from looting and that American nationals have experienced great difficulty in returning to and assuming custodianship of their property.

2. Please repeat paragraph 1 above to Tokyo and inform the Embassy, as from the Department, that it may in its discretion inform the Japanese Foreign Office of the action you are taking.

3. Hankow's 30, February 3, noon, Chungking's 71, February 3, noon, and your 98, February 3, 7 p. m.⁷⁶ have just been received. Chungking is being instructed to follow the procedure suggested in the second substantive paragraph of its telegram under reference.⁷⁷

Repeated to Hankow, Chungking, and Peiping.

HULL

393.0015/80 : Telegram

The Secretary of State to the Chargé in China (Peck)

WASHINGTON, February 3, 1939—6 p. m.

24. Reference Shanghai's 89, February 2, 1 p. m., the Department's reply thereto,⁷⁸ and your 71, February 3, noon,⁷⁹ in regard to the withdrawal of Americans from Kuling.

⁷⁶ None printed.

⁷⁷ This telegram proposed the use of radio to reach Americans at Kuling.

⁷⁸ Telegram No. 43, February 3, 6 p. m., *supra*.

⁷⁹ Telegram No. 71 not printed.

1. With regard to the situation under reference, the Department believes that a considerable latitude of action may be open to the Chinese and that measures might be designed to discourage hostilities in the neighborhood of the foreign residential area at Kuling without material sacrifice of legitimate military considerations. The Department, with the foregoing in mind, believes that it would be entirely appropriate for you to inform the Chinese authorities in regard to the location of American nationals and property at Kuling to the end that the Chinese take measures to avoid, within the latitude indicated above, measures that would tend to endanger American lives and property.

You are authorized to take the steps suggested in the second substantive paragraph of your telegram under reference.

Repeated to Shanghai, Hankow and Peiping.

HULL

893.115/554 : Telegram

The Consul General at Hankow (Josselyn) to the Secretary of State

HANKOW, February 4, 1939—noon.

[Received February 5—7:30 a. m.]

31. My 50, November 9, 3 p. m.⁸⁰ I have received from the Japanese Consul General the following letter dated January 31, 1939.

"I have the honor to inform you that the Imperial Japanese Army authorities in Hankow have asked me to request that you be good enough to bring the following to the attention of your nationals in Hankow for the purpose of preventing untoward incidents, of avoiding any friction and of perfecting the protection of third power nationals;

(1) from February 10th third power nationals on foot or in vehicles shall show identification cards or passes to sentries.

(2) They shall respect the instruction of sentries. The army authorities wish to point out in this connection that they will not be responsible for any incidents arising from a disregard of the aforementioned requirements".

Similar communications were addressed to the consular representatives of the other countries represented here.

2. I replied February 3rd to the Consul General as follows:

"I have the honor to acknowledge the receipt of your letter of January 31, 1939, requesting me to inform American citizens of certain requirements of the Imperial Japanese Army, which will be enforced as from February 10. These requirements are that from that date third power nationals shall show identification cards or passes to sentries and shall respect instructions of sentries. It is my under-

⁸⁰ *Foreign Relations*, 1938, vol. iv, p. 530.

standing from our conversation of February 2 that the purpose of the Japanese Army authorities is to ensure that identification cards be produced on request and that it is not contemplated to establish a procedure fundamentally different from that at present in effect. I shall, however, be gratified if you will confirm whether my understanding is correct. I assume of course that, in the discharge of their duties, Japanese sentries and other members of the Imperial Japanese armed forces will treat American citizens with courtesy and consideration.

While I am bringing the contents of your letter to the attention of American citizens; I must nevertheless point out that there exists no legal basis for the requirement that American citizens carry an identification document other than that issued by the American authorities, nor for the requirement that American citizens are bound to respect the instructions of sentries. When, as a matter of expediency, American citizens may elect to comply with the above-mentioned requirements of the Imperial Japanese Army, I must make it clear that should, unfortunately, an incident arise involving an American citizen in connection with the enforcement of these requirements, I cannot accept the disavowal by the Japanese Army authorities of responsibility therefore".

3. My comments will follow.⁸¹

4. Repeated to Chungking, Peiping, Shanghai.

JOSSELYN

393.115 Andersen Meyer and Co./9: Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, February 4, 1939—4 p. m.

[Received February 4—7:15 a. m.]

102. Reference Department's 38, February 1, 7 p. m.⁸² regarding Japanese passes for Kiukiang for Andersen, Meyer and Company. The original application for passes for R. R. Rouse, American, and R. Tung, Chinese, were sent to the Japanese Consulate General by this office on December 22. Since then the matter has been followed up frequently and persistently without satisfactory result. The urgency of the matter from the point of view of obtaining insurance on the mill has repeatedly been stressed. We find the greatest difficulty in obtaining passes for American businessmen and their employees to go to Japanese occupied places for business purposes and this case is similar to a number of others. On February 2 before the receipt of the Department's telegram No. 38, I discussed this case personally with the Japanese Consul General along with the cases of employees of American firms to go to Hankow and elsewhere. I complained most emphatically of the attitude of the Japanese military

⁸¹ See telegram No. 32, February 5, 9 a. m., p. 276.

⁸² Not printed.

and naval authorities in refusing to permit the movement of American businessmen, for the protection of their property and business interests and pointed out frankly that this attitude served to confirm American interests in the belief that the Japanese Consulate, contrary to their repeated declarations of respect for foreign rights and interests, are deliberately placing obstacles in the way of foreign business interests with a view to undermining them.

Upon receipt of the Department's telegram, the matter has again been taken up with the Japanese Consulate General and request made that the desired passes be issued or a precise reason be assigned for refusing them. The Japanese Consulate General tells us that the Japanese Navy refused the application on the 3d of January and the Japanese Consulate General has endeavored unsuccessfully since that time to change the Navy's decision which as read to us in translation is as follows: "In order to safeguard the military secrets, the Navy cannot approve of the stationing of third party nationals and Chinese at the warehouse in question. Besides, there had been no watchmen there before the time the Navy leased that property. The Navy, however, has no objection to the stationing of a Japanese agent and a watchman." Andersen, Meyer and Company is negotiating for the possible lease of the mill to Japanese interests, but whether or not the negotiations are successful the company wishes to have an American representative at the mill in order to obtain American insurance.

Having failed in our efforts to obtain the desired passes, I can only suggest that the Department may wish to instruct the Embassy at Tokyo to take up the matter with the Foreign Office.

Copies of the Department's 38 and of this message are being sent to Tokyo by air mail and by mail to Peiping. Repeated to Hankow.

GAUSS

893.115/557: Telegram

The Consul General at Hankow (Josselyn) to the Secretary of State

HANKOW, February 5, 1939—9 a. m.

[Received February 6—8 a. m.]

32. My 31, February 4, noon. In the conversation which my British colleague and I had with him February 2, the Japanese Consul General appears to believe that the requirements which the Japanese Army authorities here have stated will be enforced from February 10 with reference to foreigners showing identification cards or passes and respecting the instructions of sentries did not contemplate any fundamental changes in the procedure now in force. At present, as a rule foreigners are called upon to show identification cards only after 6 o'clock p. m., in order to pass through the gates from one special ad-

ministrative district to another or to the French Concession; occasionally they are asked for at other hours. In a private conversation this morning between a member of my staff and an officer of the Japanese garrison headquarters, however, it was made clear that the new requirements are designed to apply at all hours and that foreigners will be expected to show their identification cards to army sentries without being specifically requested by the sentry to do so.

2. I am satisfied that these requirements are the result of a recent incident involving a British gentleman and his wife who reported that they had been man-handled by a Japanese sentry. The Japanese military authorities, in reply to representations from the acting British Consul General, refused to accept this version and alleged that the arrogant bearing of the two foreigners as they passed aroused the suspicion of the sentry, who asked them for their identification cards; that they only produced them after being asked several times and after consulting each other; and that while the sentry was inspecting the cards they walked away. The Japanese military authorities then proceeded to make the following observations:

"When passes are requested by sentries, it is obligatory for every one, regardless of his nationality, to heed their request and to stop and to wait on the spot until further orders are given. If one does not comply with the request or if one complies with their request but does not wait on the spot for further instructions, sentries are ordered by regulations for same to take suitable measures to enforce their requests or in an emergency to shoot to kill. The sentries are discharging their grave duty of maintaining public order, according to the said regulations. If they allow any one to pass who does not comply with the requirements of the regulation, they shall be punished for the negligence of their specified duties. The military authorities believe that these regulations for sentries are almost uniform throughout the world (to say nothing of Great Britain)."

3. I know of only two serious incidents between sentries and foreigners here, neither of which involved Americans. The extension of the requirements for showing identification cards, for which the foreign community can see no justification, and the multiplication of occasions for enforced contact between foreigners and sentries are more apt to increase than to diminish friction and will certainly increase the strain on the foreigner's patience.

4. There is as yet nothing to indicate whether these new requirements will be extended, formally or by assimilation, to areas controlled by the Japanese Navy, e. g., special administrative districts 1 and 2.

Repeated to Chungking, Peiping, Shanghai.

JOSSELYN

393.1115/4026: Telegram

The Consul General at Hankow (Josselyn) to the Secretary of State

HANKOW, February 5, 1939—4 p. m.
[Received February 5—11:15 a. m.]

33. The U. S. S. *Oahu*⁸³ at Hankow had received instructions from the Commander of the Yangtze Patrol⁸⁴ to be prepared to proceed to Kiukiang. If the *Oahu* leaves I propose to send Vice Consul Davies to Kiukiang to assist Americans from Kuling and also to obtain information regarding number of Americans at Kiukiang which is reported to be unsatisfactory. A British Vice Consul from Hankow will also probably proceed to Kiukiang on the *Oahu*. Will telegraph further developments.

Repeated to Chungking, Shanghai and Peiping.

JOSSELYN

393.0015/85: Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, February 6, 1939—2 p. m.
[Received 7:25 p. m.]

104. Reference Department's No. 43, February 3, 6 p. m. regarding Americans at Kuling. My British colleague when consulted stated he was without instructions from his Embassy. In complying with his Embassy having inquired several days ago regarding our attitude I have informed him of my instructions. He tells me that matter was referred to London and Tokyo with the suggestion that an endeavor be made at Tokyo to have the Japanese military postpone action, pointing out that on a former occasion when both the Japanese and Chinese were cooperating to get foreigners out of Kuling there was considerable difficulty and delay and it will be worse this time so that it would seem practically impossible to get people evacuated before the 10th of February.

I have replied to the Japanese Consul General as instructed, adding a final paragraph to the effect that while an effort is being made to transmit a message to the American nationals at Kuling I am unable to say whether it will be possible to reach them, nor can I say whether any who may wish to evacuate would be able to do so before the 10th of February.

Repeated Chungking, Hankow, Peiping and Tokyo.

GAUSS

⁸³ United States river gunboat in the Yangtze Patrol, U. S. Asiatic Fleet.

⁸⁴ Rear Adm. David McDougal LeBreton.

393.0015/88 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, February 9, 1939—1 p. m.

[Received February 9—5 a. m.]

108. Reference my 107, February 8, 6 p. m.,⁸⁵ regarding foreigners at Kuling. I have received a letter from the Japanese Consul General referring to the postponement of time limit for evacuation of foreigners at Kuling arranged at the instance of British Ambassador at Tokyo and saying that the Japanese military authorities are very anxious to know whether the American officials at Kiukiang are authorized to deal with the Japanese authorities there to arrange for evacuation of third power nationals at Kuling without obtaining instructions from their superior authorities, and if not it is hoped that such authorization will be given so that arrangements for evacuation may be made smoothly between the Chinese-Japanese authorities.

In reply to an oral inquiry of the same tenor last evening from the Japanese Consulate General, we replied to the effect that the United States Navy Commander and Vice Consul Davies at Kiukiang were there to give assistance to American nationals and that I assumed that in their discussions with the Japanese authorities they would refer for instructions to their higher authorities in any instance in which they deemed it necessary or desirable.

In my opinion what the Japanese have in mind is probably an effort to persuade the American and British officers at Kiukiang to order evacuation of their nationals from Kuling.

Repeated to Chungking, Peiping, Tokyo and Hankow. Commander-in-Chief informed.

GAUSS

393.0015/95 : Telegram

The Vice Consul at Hankow (Davies) to the Secretary of State

KIUKIANG, February 10, 1939—1 p. m.

[Received February 11—3 : 25 p. m.]

American, British naval commanders, British Vice Consul and I conferred this evening concerning Kuling evacuation with Lieutenant Colonel Sakurai, Nanking Japanese staff officer; Lieutenant Colonel Hara, Kiukiang staff officer; Major Kishinami, Shanghai Japanese Consulate General Army Liaison officer; and Kiukiang Japanese Consul.

⁸⁵ Not printed.

1. Japanese stated: (1) evacuation, with or without aid of official party from Kiukiang as we find feasible, must be completed by the night of February 20th; (2) Japanese forces are determined to mop up Kuling Chinese forces and will not consider further postponement; (3) Japanese will not be responsible for the safety of foreigners after February 20th; (4) Japanese believe Kuling Chinese will obstruct withdrawal of foreigners.

2. We replied to (1) above that we could only report the time limit to our respective Governments for consideration and could not, as they could see, accept it as binding without instructions to that effect. With respect to (3) above we stated that our respective Governments had already declared that the Japanese military authorities could not divest themselves of responsibility for such actions of theirs as might injure the life or property of our nationals.

4. [3.] The Japanese reacted favorably to the British proposal of concentrating foreigners remaining in Kuling in one premises.

4. Chungking's 95⁸⁶ just received, "other conditions" referred to in the telegram from Kuling may be connected with (4) above.

Sent to Hankow, the Department, Chungking, Shanghai, Peiping. Shanghai please repeat to Tokyo.

DAVIES

893.51 Con. Ob. Andersen, Meyer and Co./56: Telegram

The Chargé in China (Peck) to the Secretary of State

CHUNGKING, February 10, 1939—3 p. m.

[Received February 10—12:20 p. m.]

91. Embassy's 605, December 19, 10 a. m., and 48, January 23, 2 p. m.,⁸⁷ in regard to Peiping-Hankow Railway indebtedness to Andersen, Meyer and Company and Baldwin Locomotive Works.

The Embassy has received the following note (in translation by the Embassy) from the Ministry of Foreign Affairs dated February 4.

"I have the honor to refer to my reply of January 28 to your note in regard to the indebtedness to Messrs. Andersen, Meyer and Company and the Baldwin Locomotive Works of the Peiping-Hankow Railway.

A report has now been received from the Ministry of Communications stating that it previously decided to strive to meet the debts of each railway prior to its complete occupation but that in case of railways which are entirely occupied and which bring in absolutely no revenue, it has no alternative, in view of the press of circumstances, but to suspend payments temporarily. The indebtedness referred to

⁸⁶ Dated February 11, 5 p. m., not printed.

⁸⁷ Neither printed; but see Department's No. 313, December 27, 1938, 5 p. m., *Foreign Relations*, 1938, vol. iv, p. 583.

above has been paid up to the month of May 1938, after which, and before the complete occupation of the Peiping-Hankow Railway, certain sums should also be paid. Following the Ministry's removal to Chungking, it decided to make payments at the place where the Ministry is located. The Ministry has telegraphically requested the Hankow branch of the National City Bank of New York to designate an organization in Chungking to receive payments on its behalf, but has received no reply. A telegram has recently been despatched to the Shanghai branch of the same bank to negotiate concerning the matter, and payment will be made accordingly as soon as a reply is received. The Ministry requested that the matter be noted and a reply made to the party concerned.

I have the honor to indite this formal note for your information. I avail myself, et cetera."

Shanghai is requested to bring the foregoing to the attention of Andersen, Meyer and Company (see Shanghai's despatch No. 1422, November 3, 1938⁸⁸).

Sent to Shanghai. Repeated to Peiping.

PECK

393.0015/91: Telegram

The Secretary of State to the Chargé in China (Peck)

WASHINGTON, February 10, 1939—6 p. m.

27. Your 93, February 10, 9 p. m., and the *Oahu's* 1010.⁸⁹ Department desires that as soon as possible you approach the Chinese Foreign Office, in such manner as you consider will be most likely to produce results, and request Chinese cooperation in providing for communication with and for the safe conduct of Americans who may wish to withdraw from Kuling. Please endeavor to impress upon the Chinese authorities the urgency of prompt action in this matter.

Please repeat to Peiping, Shanghai, Hankow, and Davies, *Oahu*.

HULL

393.1163/866: Telegram

The Second Secretary of Embassy in China (Clubb) to the Secretary of State

NANKING, February 11, 1939—10 a. m.

[Received February 11—7 a. m.]

6. Missionary rights. In a long statement issued to press February 8, Foreign Minister Chen, Reform Government, stated *inter alia* (translation):

⁸⁸ Not printed.

⁸⁹ Neither printed.

"The missionaries in various places in our country are chiefly foreigners. In 1927, on one occasion there was discussion with the various missions in regard to the restriction of foreigners preaching in China, but as yet there is no result. This Ministry understands that in the area under the control of the Reform Government there are more than 6000 foreign missionaries, with more than 20 in the Nanking municipality. Those of French nationality are the most numerous. It is therefore intended to find means of reducing their numbers by stages, and where there are Chinese preachers of prestige foreign missionaries ought promptly to retire and their places be taken by Chinese Fathers (Catholic Priests) until such time as there are no missionaries of foreign nationality."

The statement ends with the observation that all the items treated (a total of six) are urgent matters to be dealt with this year. A complete translation of the statements will be forwarded.⁹¹

Repeated Peiping, Shanghai.

CLUBB

393.0015/94 : Telegram

The Chargé in China (Peck) to the Secretary of State

CHUNGKING, February 11, 1939—noon.

[Received February 11—7 a. m.]

94. Withdrawal Americans from Kuling. Instructions contained in Department's 27, February 10, 6 p. m. were communicated both orally and in writing this morning to the Chinese Foreign Office with the additional request the Commander of the Chinese forces at Kuling arrange for and designate date and route for safe conduct of party of American Consular and Naval officers at Kiukiang to and from Kuling. Military representative orally agreed to take up matter immediately with Chinese military authorities.

Foreign Office stated orally that British representations (see Embassy's 93, February 10, 9 p. m.⁹¹) were communicated to the military authorities this morning for action.

Repeated to Peiping, Shanghai, Hankow and Davies.

PECK

393.115 Andersen Meyer and Co./11 : Telegram

The Secretary of State to the Ambassador in Japan (Grew)

WASHINGTON, February 11, 1939—3 p. m.

35. Shanghai's 102, February 4, 4 p. m., and the Department's 38, February 1, 7 p. m.,⁹² in regard to the desire of Andersen, Meyer and Company to station a representative on its mill property at Kiukiang.

⁹¹ Not printed.

⁹² Latter not printed.

The Department desires that you approach the Japanese Foreign Office, in such manner as you deem appropriate, with the request that steps be taken at an early date to meet the company's desire to send its representative to Kiukiang. Please point out the urgency of the matter from the standpoint of the company and emphasize, in connection with the general question of the return of Americans to their properties and businesses, the justice of acceding to the company's request.

Repeated to Hankow and Peiping.

HULL

393.115 Andersen Meyer and Co./12: Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, February 13, 1939—5 p. m.
[Received February 13—10:55 a. m.]

87. Department's 35, February 11, 3 p. m.

1. This case was taken up today with the Foreign Office which promised to give the case as favorable consideration as possible "when the Japanese Consul General at Shanghai refers it to Tokyo" which he apparently has not done.

2. The Foreign Office stated that the question of transporting foreigners up the Yangtze is gradually improving and cited in this connection passes granted in respect of seven applications made through American Consulate General, Shanghai, to proceed on transport *Unyo Maru* which left Shanghai for Hankow on February 8 along with passes granted to two other Americans who filed applications through the British Consul General.

GREW

393.0015/95: Telegram

*The Secretary of State to the Vice Consul at Hankow (Davies),
Aboard the U.S.S. "Oahu" at Kiukiang*

WASHINGTON, February 13, 1939—7 p. m.

Your February 10, 1 p. m. This Government could not consider as binding any time limit set by the Japanese upon the withdrawal of Americans from Kuling and, as you have indicated, obligation rests upon the Japanese military authorities, irrespective of whether American nationals do or do not withdraw in response to notice given by the Japanese authorities placing a time limit upon withdrawal, to avoid injury to American lives and property at Kuling.

Repeated to Chungking, Shanghai, Peiping, and Hankow.
Shanghai please repeat to Tokyo.

HULL

393.1115/4048: Telegram

The Secretary of State to the Chargé in China (Peck)

WASHINGTON, February 13, 1939—8 p. m.

29. Your 95, February 11, 5 p. m., and Davies' February 12, 1 p. m.⁹⁴ Department desires that you make every practicable endeavor to obtain the cooperation of the appropriate Chinese authorities in arranging for the withdrawal of Americans from Kuling and that you make use of such communication facilities as are available to urge Americans at Kuling to withdraw if possible.

Repeated to Davies, U.S.S. *Oahu*, Shanghai, and Hankow.

HULL

393.115/563: Telegram

The Vice Consul at Hankow (Davies) to the Secretary of State

KIUKIANG, February 13, 1939—10 p. m.

[Received 11:40 p. m.]

1. I requested Japanese Consul February 9 to make arrangements for me to visit American citizens and property in Kiukiang as impossible to do so without first securing Japanese permission. Visit finally made this morning. Japanese asked nine American residents, all missionaries, gather this morning Methodist Water of Life Hospital. I had expressed a desire to visit Americans separately at respective residences. Present throughout interview which commanding officer *Oahu* and I had with Americans were two Japanese Army officers and one *gendarmierie* sergeant.

2. Under such circumstances Americans were naturally reluctant to speak frankly. I did learn, however: (1) Mrs. J. E. Frick of Seventh Day Adventist Mission was on February 11, while on the way to the Japanese Consulate on business and in possession of a Japanese pass threatened by a drunken Japanese naval sentry who loaded his rifle and pointed it at her. In the firm [*formal?*] atmosphere of the interview I was not able to get further details but have asked the Japanese to arrange for me to call on Fricks tomorrow; (2) there had been several recent cases of looting American property by Japanese, the only one of which thus far I have a definite report being the Seventh Day Adventist Church pillaged early February of equipment valued 1,500 United States dollars; (3) The American missionaries at Kiukiang are most anxious to join the American businessmen here in associating themselves with the Hankow American Chamber of Commerce's January request to the American Government for transportation facilities on the Yangtze. No commercial banking nor adequate sup-

⁹⁴ Neither printed.

ply consumers goods available in Kiukiang. Missionaries in need of currency and certain imported supplies. Some have received no mail for 7 months. Two American hospitals running short medicines. (4) Missionaries must secure special permission, not granted during past 2 weeks, to travel between town and oil installations where British gunboat and business community are isolated.

3. Japanese Army authorities refused me permission visit Andersen, Meyer property (Shanghai's 102, February 4, 4 p. m.) because it is in special military district. I was permitted visit Standard-Vacuum Oil office only by back door and on condition I did not look out front windows. Today first time Standard Oil Manager permitted visit his office this month.

4. Stringency of Japanese restrictions at Kiukiang is reported to be due preparations for a spring offensive on Nanchang.

Sent to Hankow. Repeated to Peiping, Shanghai.

DAVIES

393.1115/4054 : Telegram

The Chargé in China (Peck) to the Secretary of State

CHUNGKING, February 14, 1939—6 p. m.

[Received February 14—3:20 p. m.]

102. Department's 29, February 13, 8 p. m.

1. On February 13 not having received any reply to the Embassy's note to the Foreign Office of February 11 (see my February 11, noon) the Embassy telephoned to Foreign Office and was informed that the contents of the note had been transmitted on February 11 to the military authorities concerned; that no reply had yet been received; and that every effort would be made to ascertain and report developments. The Embassy again emphasized the importance of the matter.

2. On receipt of the Department's February 13, 8 p. m., I again telephoned the Ministry of Foreign Affairs and was informed that no information had been received from the military authorities. I therefore decided to approach the military authorities directly and asked the Assistant Military Attaché to call at once on General Ho Yao Tsu, chief of the Department of General Affairs of the Military Affairs Commission, who has had the matter in hand. General Ho appeared well disposed but in replying to questions of importance stated that the headquarters in Chungking had not yet sent any instructions to General Yang in command at Kuling to assist in evacuating American citizens from Kuling and declined to send any official orders to that effect until a report on the general situation had been received from him which report was expected on February 17th. General Ho agreed, however, to telegraph General Yang today in his

personal and not official capacity urging that he render all possible assistance both to persons wishing to leave Kuling and to an escort party from Kiukiang.

3. General Ho also agreed to transmit a further message to the committee in Kuling and I have asked him to send the following: Allgood,⁹⁵ Kuling. Message received 11th. Japanese cooperation in evacuation still open and Embassy has requested similar cooperation from Chinese. Embassy strongly urges that all Americans who are inclined to evacuate set early date in consultation with Chinese local commander and notify Embassy of date and number of persons through him. Route should be ["via Lienhuatung"].

4. In a subsequent telephone consultation with the Vice Minister of Foreign Affairs I impressed on him once more the great urgency of the matter and received his assurance that while decision regarding action must remain with the military authorities the Foreign Office would do its utmost to bring about the results desired by the American and British Embassies.

Repeated to Davies, Hankow, Shanghai, Peiping.

PECK

393.1115/4055 : Telegram

The Vice Consul at Hankow (Davies) to the Secretary of State

KIUKIANG, February 14, 1939—8 p. m.

[Received February 14—7:19 p. m.]

1. Informed Japanese consular and military authorities today in writing of substance of the message from Kuling relayed in Chungking's 95, February 11, 5 p. m.,⁹⁶ but stated that as the Kuling message was sent before postponement of the Japanese attack was announced it is not to be construed as indicating that no Americans will evacuate if an opportunity is made available. I further stated in harmony with the Department's February 13, 7 p. m., that the American Government "wishes it to be clearly understood that it cannot consider as binding any 'time limit' set by the Japanese military on the withdrawal of Americans from Kuling". In conclusion reservations regarding Japanese responsibility for American lives and property were set forth.

2. A Chinese messenger left this morning bearing American and British messages to Kuling (not to be issued to press). I addressed a circular to American citizens there informing them: (1) their tele-

⁹⁵ Roy Allgood, Kuling American School.

⁹⁶ Not printed; it reported that weather and other conditions prevented the evacuation of Kuling and that Americans were concentrated there in the hospital and school (393.1115/4047).

gram referred to above received; (2) Japanese attack postponed until February 21; (3) efforts are being made to secure Chinese cooperation for evacuation of those desiring to leave; (4) Japanese desire concentration of all foreigners at one place, but in event [of attack] Japanese informed of two American concentration centers.

3. With this circular I enclosed a letter and translation of it to the Commander of the Chinese forces on Kuling to be delivered to him if the Americans should so desire. The letter began: "I have the honor to request your assistance in facilitating the withdrawal from Lushan of those American citizens who wish to leave the mountain. The American Embassy at Chungking has already requested the Central Government to issue instructions to the competent authorities to enable the evacuation from Lushan of Americans who [wish] to depart. Due to the present uncertainties of communications, these instructions may have miscarried. I therefore venture to address you directly asking that you be so good as to extend appropriate assistance to those Americans who desire to pass through the Chinese lines en route to Kiukiang". The letter concluded with a request that arrangements be made for a party of four American and British officials to pass through Chinese lines to assist evacuation.

4. The Japanese have offered to scatter from a plane circulars to foreigners on Kuling. The British officials here and we have prepared jointly such circulars containing much the same information outlined in paragraph 2.⁹⁷

Sent to Hankow, repeated to Chungking, Peiping, Shanghai.

DAVIES

393.1115/4054: Telegram

The Secretary of State to the Chargé in China (Peck)

WASHINGTON, February 15, 1939—6 p. m.

30. Your 102, February 14, 6 p. m., and Davies' telegram of February 14, 8 p. m.

1. Department desires that you continue your urgent efforts to obtain cooperation of the Chinese authorities in making possible the withdrawal of Americans from Kuling. It also desires that you urgently advise Americans to leave Kuling if possible.

2. A message of February 14 from the *Oahu*⁹⁸ indicates that consideration is being given to the advisability of a party of British and Americans attempting to proceed to Kuling on Friday. If this party proceeds as suggested you should immediately urge the Chinese authorities to inform the commander of the Chinese forces at Kuling

⁹⁷ This plan was abandoned.

⁹⁸ Not printed.

and to direct him to afford the party protection and every facility practicable to accomplish their mission.

Repeated to Davies.

HULL

393.115/564: Telegram

The Vice Consul at Hankow (Davies) to the Secretary of State

KIUKIANG, February 16, 1939—11 a. m.

[Received February 16—6:55 a. m.]

My February 13, 4 [10] p. m. Situation in Kiukiang.

1. Yesterday I was again escorted by a Japanese Army officer and gendarmes on visit to Kiukiang Americans.

2. With regard to Frick incident Mr. Frick told me he and his wife were on their way to [visit] Callon, another missionary, crossed street before reaching naval sentry posted on side walk half block from Japanese Consulate, started enter side street when summoned by sentry. They deferentially approached sentry prepared to show pass. Sentry then drunkenly seized Fricks and attempted shove them across street after which he departed for nearby billet. Nonplussed, Fricks awaited his return. When he came back he loaded clip of cartridges in rifle and pointed gun at Fricks. Tension resolved by intercession other Japanese sailors.

3. This morning I made verbal representations to Japanese Consul on Frick Case.

4. Other missionaries report repeated discourtesy and minor intimidation from sentries. Their properties have also suffered from Japanese pilfering and looting which they prefer not to have made the subject of representations lest thereby they earn the more pronounced enmity of the Japanese military.

5. Kiukiang being an active base for southward operations, the military are resentful of the presence of foreigners in the city and view them with unconcealed suspicion.

Sent to Hankow.

Repeated to Peiping, Shanghai.

DAVIES

393.0015/98: Telegram

The Chargé in China (Peck) to the Secretary of State

CHUNGKING, February 16, 1939—11 p. m.

[Received February 16—1:18 p. m.]

111. Embassy's 110, February 16, 6 p. m.⁹⁹ Upon recommendation from Kiukiang and approval of Cincaf¹ Lieutenant Commander C. R.

⁹⁹ Not printed.

¹ Commander in Chief, United States Asiatic Fleet.

Jeffs, United States Navy, has been selected to proceed from Kiukiang via Lienhuatung to Kuling on the morning of February 17th to contact foreign residents. Embassy tonight at 10:30 local time informed Foreign Office representative of foregoing arrangement and latter promised to communicate immediately with Chinese military authorities requesting the latter forthwith instruct Chinese commander at Kuling to provide safe conduct and facilities to Jeffs on trip.

Embassy also requested Shanghai to arrange for broadcast of message from station XMHA on February 17 to Americans at Kuling stating that an American naval officer is expected to visit Kuling that day and urgently advising all those for whom departure is possible to utilize the opportunity thus provided to withdraw.

Repeated to Davies [aboard] *Oahu*, Hankow, Shanghai, Peiping.
PECK

393.1115/4064: Telegram

The Chargé in China (Peck) to the Secretary of State

CHUNGKING, February 16, 1939—11:50 p. m.

[Received February 16—4:29 p. m.]

British Diplomatic Mission has just informed Embassy word has been received that Chiang Kai Shek² has issued orders for one American and one British naval officer to be permitted to proceed to Kuling on February 18 although it appears that one officer could proceed tomorrow without difficulty. Embassy suggests desirability of postponement of Jeffs' departure until February 18 thereby affording opportunity for trip by two officers as well as giving Chinese authorities more time to inform Kuling commander and enabling suitable broadcast being made from Shanghai tomorrow night to Kuling.

Sent to Cincaf. Repeated to U. S. S. *Oahu*, Department, Hankow, Shanghai, Peiping.

PECK

393.1115/4068: Telegram

The Chargé in China (Peck) to the Secretary of State

CHUNGKING, February 17, 1939—1 p. m.

[Received February 17—8 a. m.]

Your February 17, 11 a. m.³

Embassy requests that Commander Jeffs personally inform Americans now at Kuling that Embassy urgently advises them to leave

² Chairman of the Chinese Supreme National Military Council and of the People's Political Council.

³ Not printed.

Kuling if possible and expects them to give this advice their most serious consideration taking account of all factors involved.

Sent to Davies. Repeated to Hankow, Shanghai, Peiping.

PECK

393.0015/99 : Telegram

The Vice Consul at Hankow (Davies) to the Secretary of State

KIUKIANG, February 18, 1939—8 a. m.

[Received February 18—7:30 a. m.]

American and British officers left *Oahu* 8 this morning for Kuling. Japanese officer in charge of evacuation arrangements now states "time limit" for withdrawal foreigners from Kuling will be extended to 25th if necessary. British Vice Consul and I may proceed to Japanese lines tomorrow noon to receive any messages from mountain concerning time of descent tentatively set for 20th.

Sent to Chungking, Hankow, Peiping, Shanghai.

DAVIES

393.1115/4088 : Telegram

The Vice Consul at Hankow (Davies) to the Secretary of State

KIUKIANG, February 21, 1939—7 p. m.

[Received February 21—1:45 p. m.]

My February 21, 10 a. m.⁴ Withdrawal foreign residents from Kuling to be made tomorrow morning. Commander Jeffs asks that I proceed to Chinese lines to assist latter half of descent. I plan to do so leaving 7:30 a. m.

Kuling residents proceeding to Shanghai will board *Nakuto Maru* same day and leave 23d.⁵

Foreigners traveling by this or other Japanese ships required to sign a statement prepared by liaison officer of Japanese military headquarters and consisting of six provisions the last of which reads "I shall not say nor write anything of what I have seen nor heard about the Imperial Japanese military or naval forces operating in China and that I clearly understand that if I should, I will not be permitted under any circumstances to return to Kuling or its vicinity."

Repeated to Hankow, Chungking, Peiping, Shanghai.

DAVIES

⁴ Not printed.

⁵ The Consul General at Shanghai reported the arrival of Americans at Shanghai on February 28.

393.1115/4099c: Telegram

The Secretary of State to the Consul General at Shanghai (Gauss)

WASHINGTON, February 24, 1939—5 p. m.

64. Department's 43, February 3, 6 p. m. Having in mind (1) the fact that there are still American nationals at Kuling,⁶ (2) the information reported in Chungking's 118, February 19, 11 a. m.,⁷ and (3) the officially expressed Japanese intention to proceed soon with an attack on Kuling, the Department feels that the situation calls for another approach to the Japanese authorities along the lines of the approach made by you in response to the Department's telegram under reference.

Please repeat to Tokyo and inform the Embassy, as from the Department, that the Department desires that the Embassy also make another emphatic approach to the Japanese Foreign Office.

Repeated to Hankow, Chungking and Peiping.

HULL

393.115 Andersen Meyer and Co./18: Telegram

The Secretary of State to the Consul General at Shanghai (Gauss)

WASHINGTON, February 24, 1939—7 p. m.

66. Please repeat to Tokyo your 140, February 23, 11 a. m., in regard to Andersen Meyer mill at Kiukiang⁸ and suggest to Tokyo, as from the Department, that the information contained in the first substantive sentence of the telegram under reference be brought to the attention of the Japanese Foreign Office with a request that appropriate attention be given the matter to the end that early arrangements may be made for meeting the desire of Andersen Meyer and Company to station a representative at Kiukiang.

Repeated to Chungking and Hankow.

HULL

393.1163/877

The Consul General at Shanghai (Gauss) to the Secretary of State

No. 2020

SHANGHAI, February 24, 1939.

[Received March 29.]

Subject: Interference by Japanese Armed Forces, with Property of the Seventh-Day Baptist Mission at Liuho, Kiangsu Province.

SIR: I have the honor to invite the Department's attention to my despatch no. 1944, January 24, 1939,⁷ on the above subject. The De-

⁶ See telegram No. 49, February 26, 9 a. m., from the Consul General at Hankow, p. 293.

⁷ Not printed.

⁸ Not printed; it reported that the Japanese Consulate General at Shanghai had no apparent intention of informing the Foreign Office of this case (393.115-Andersen Meyer and Co./17).

partment will recall that in the despatch under reference, it was reported that members of the Japanese armed forces had interfered with the property of the Seventh-Day Baptist Mission at Liuho and removed articles from the property according to a report that representatives of the Mission made to this office.

With the despatch referred to above, there was enclosed a copy of a memorandum on this case that I left with the Japanese Consul General on January 16, 1939,¹⁰ requesting the Japanese authorities to take the necessary steps to see that there was no further interference of any kind with this American property. As I did not receive a reply to that memorandum or to other representations in connection with this case, I mentioned it again to the Japanese Consul General during a call on February 1, 1939. As the details of this case were reported in the despatch referred to above and its enclosures, they will not be repeated here. However, there is enclosed a communication, dated February 16, 1939, that I received from the Japanese Consul General¹⁰ concerning this matter.

In the majority of protection cases I have not received any replies to the communications I have addressed to the Japanese Consul General. When replies are received, they usually are very unsatisfactory. The one enclosed with this despatch is an example. It will be noted that the Japanese Consul General states that "there remain scarcely any floorboards to be removed". If this is a fact, it is not improbable that it is due to members of the Japanese armed forces having removed the floorboards. The statement that the wardrobe was taken into the possession of the Japanese garrison to protect it from theft is open to considerable doubt in view of other actions of members of the Japanese armed forces in China since the outbreak of hostilities.

It will also be noted that the Japanese Consul General's communication stated, "Moreover, the troops are taking care of the destroyed houses and there is no justification in alleging the infringement of American rights on the part of the Japanese troops."

It would have been a simple matter for the Japanese authorities to inquire in advance, either directly or through this office, whether the Seventh-Day Baptist Mission wished Japanese troops to "protect" its property at Liuho which is near Shanghai. Furthermore, a representative of the Seventh-Day Baptist Mission insists that a Chinese watchman has been on or near the property of the Mission at Liuho during recent months. The occupation of the property without the consent of its American owners is obviously an infringement of American rights.

¹⁰ Not printed.

I have not replied to the Japanese Consul General's letter because, in the light of similar cases, a discussion of the points raised in his letter, in my opinion, would serve no useful purpose and also because the Mission has informed me that interference with the property has not recurred recently.

Respectfully yours,

C. E. GAUSS

893.1115/4100 : Telegram

The Consul General at Hankow (Josselyn) to the Secretary of State

HANKOW, February 26, 1939—9 a. m.

[Received February 26—7 a. m.]

49. Department's 22, February 24, 5 p. m.,¹¹ Americans remaining at Kuling. There are 11 Americans remaining at Kuling: Henry Baker an architect, and the following missionaries, Dr. and Mrs. Walter Libby and son aged 12, Miss Nancy Fry, Mrs. G. L. Hagman, Miss Rachel Mostrom, the Reverend and Mrs. Wesley Lawton senior, and the Reverend and Mrs. Hugh White.

Their reasons for remaining in the face of threatened danger are several and vary with the individual. They are: 1. Infirmary and old age. [2.] Several Americans remaining at Kuling have retired there and if they leave they have no other home of their own to go to. 3. Loyalty to associates and dependents. For example, Libby has about 35 tubercular Chinese patients which in conscience he will not abandon. He further declares that if there is fighting he will be the more needed. Miss Nancy Fry, a nurse, stays for similar reasons. Mrs. Walter Libby is caring for refugees. Miss Mostrom is in charge of a group of Chinese women teachers and students whom she declines to leave.

This office is in sympathy with the motives which have persuaded them to stay.

JOSELYN

893.51 Con. Ob. General American Car Co./21 : Telegram

The Chargé in China (Peck) to the Secretary of State

CHUNGKING, February 28, 1939—10 a. m.

[Received 10:27 a. m.]

140. Department's 23, February 2, 5 p. m.,¹¹ debt of Peiping-Hankow Railway to General American Car Company. Note was sent to the Chinese Ministry of Foreign Affairs on February 4 based on a statement contained in a telegram from Peiping of January 4, 3

¹¹ Not printed.

p. m.,¹² and expressing hope of the Embassy that the just obligations of the National Government might be promptly and freely met.

Reply of February 18 quotes the Ministry of Communications as stating (Embassy's translation) :

"It is observed that the debts in question were carried out after adjustment according to agreement. When hostilities broke out, railway income dwindled but this Ministry continued to exhaust every effort to maintain its obligations. It has made payments up to June 1938. The conditions under which such payments have been delayed were really created by an incident for which the Chinese Government cannot be held responsible and which was not originally anticipated. This Ministry cannot recognize the principal and interest computed by Mr. W. W. Fowler¹³ according to the arrangement made prior to adjustment.

This Ministry is continuing to exhaust every effort to raise funds to pay the sums due under the revised adjustment agreement and strongly hopes that normal conditions may be restored on the Peiping-Hankow Railway at an early day so that obstacles to the carrying out of the aforementioned agreement may naturally be removed. Please take note and convey this reply to the parties concerned for their information and consideration".

Repeated to Peiping.

PECK

893.51 Con. Ob./42

*The Counselor of the Japanese Embassy in China (Horiuchi) to the Counselor of the American Embassy in China (Lockhart)*¹⁴

PEKING, March 7, 1939.

SIR AND DEAR COLLEAGUE: I have the honor to acknowledge the receipts of your communication dated December 30, 1938,¹² and of several preceding notes addressed to this Embassy during the year requesting this office to bring to the attention of the appropriate authorities concerning certain obligation of the Peking-Suiyong Railway due and payable to the American Companies. In reply to these notes I beg to state as hereunder mentioned :

Following the outbreak of the present hostilities the Peking-Suiyuan Railway had sustained great damages which, together with the desertion by the staff members of the office and other employees of the Railway, caused suspension of the traffic of the line.

¹² Not printed.

¹³ Representative at Shanghai of the General American Car Company.

¹⁴ Copy transmitted to the Department by the Counselor of Embassy in China at Peiping in his despatch No. 1958, March 14; received May 2.

Under the circumstances, the Japanese military was compelled by tactical necessity to resort to an emergency measure and thus effected the placements of required personnel and rolling stock and materials for the repairs of the damaged line furnished by the South Manchuria Railway Company and the resumption of the services principally for the military transportation in the beginning, was made possible under the direction of the North China Office of the South Manchuria Railway Company, which has been continued to date.

In this connection, I desire to direct your attention to the fact that the military operations are still continued and that the Peking-Suiyuan Railway is still engaged principally in the military transportations and that because of the existing conditions, certain preferences are given to the traffic of both passengers and freight directly or indirectly concerned to various requirements for military operations; and therefore, that the normal railway services have not yet been re-established. Consequently as regards the matter such as the receipts and expenditure of the line, since its greater portion is comprised of the military accounts, their computation such as obtainable under normal conditions has been made extremely difficult. Assuming that, however, the accounts are placed under a normal basis the expenditures will still exceed the revenues from general traffic services. And these expenditures include such defrayments from military account as may be transferred to railway account and other items for large numbers of personnel and large quantities of material furnished by South Manchuria Railway Company for the restoration and maintenance of the railway, all of which as operation expenses naturally have the priority in payment.

Although it is considered proper that the disposition of claims of the American firms against the said Railway should be negotiated with their debtors, the Chinese authorities, the Japanese authorities by no means intend to disregard the issues in so far as they are concerned. This is also evidenced in the repeated statements made public by the Japanese Government. Therefore, it is earnestly hoped that you will take into consideration the fact that affairs of this nature cannot be determined, as stated above, on the basis of normal conditions due to the hostilities still in progress. I may add that as the contents of your last note had been transmitted to the proper authorities, I shall again call their attention to give favorable consideration in the matter.

I avail myself [etc.]

Yours respectfully,
T. HORIUCHI

393.1115/4126 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, March 7, 1939—1 p. m.

[Received 10:52 p. m.]

186. In a communication dated March 6, 1939 addressed by the Japanese Consul General to the Senior Consul, the following notification from the Japanese military authorities is quoted:

"The Imperial Japanese military authorities are carrying on a drive against irregulars and bandits in the northern district of Kiangsu Province, Hwaiyang and Suhai in particular. It is requested, therefore, that third power nationals now in the said districts be so warned that they may seek safety at some other places. It is further requested that properties and buildings belonging to third power nationals in the district be marked with their national colours which should be sufficiently big and vivid and stretched horizontally so as to be distinguished clearly by aeroplanes at heights, in order to avoid being bombed by mistake."

There are a number of American citizens residing in northern Kiangsu but I am unable to communicate with them. However, on March 3 I addressed a letter to the Japanese Consul General giving the names of American citizens residing at Hwaiyin, Swain [*Hwaiian?*], Yencheng, Taihsien and Tunghai (Haichow). [Here follows list of names.]

I have requested the Japanese authorities to ascertain the welfare of the American citizens residing at Hwaiyin and Haichow (Tunghai) which cities are reported to have been occupied by Japanese forces within the past few days.¹⁵

In my letter of March 3 to the Japanese Consul General reference was made to communications from this office dated January 7, April 13, May 14, June 2, and December 14, 1938, reporting the location of American property in the above-mentioned places.

Repeated to Peiping and Chungking, air mail copy to Tokyo.

GAUSS

811.5034 (China)/475

The Secretary of State to the Consul General at Shanghai (Gauss)

WASHINGTON, March 9, 1939.

SIR: The Department refers to your telegram No. 1321 of October 11, 6 p. m., and to its telegraphic instruction No. 583 of October 15,

¹⁵ All Americans were safe, according to later reports received by the Consul General from the Japanese military authorities, through the Japanese Consul General at Shanghai.

3 p. m.,¹⁶ in regard to the application for registration of American-incorporated companies engaged, directly or indirectly, in the publication of newspapers in the Chinese language. In that connection, Dr. John C. Ferguson has requested that reconsideration be given to the application for consular registration submitted by the Pacific Publishing Company, an organization engaged solely in leasing the plant and property of, and publishing the *Sin Wan Pao*, a Chinese-owned newspaper published in the Chinese language. There is enclosed a copy of a memorandum of conversation under date February 14, 1939, between Dr. Ferguson and officers of the Department, and there is also enclosed a copy of a memorandum prepared by Dr. Ferguson¹⁶ in regard to that conversation.

It will be noted that Dr. Ferguson states that, when in 1929 he sold his majority interest in the *Sin Wan Pao*, he retained a small block of shares in the enterprise and was appointed adviser to the new Chinese company, and that therefore his relationship with the *Sin Wan Pao* has been unbroken. He feels that it is inequitable that he should be placed in the same category as men who have had no previous connection with Chinese newspapers and who presumably have lent their names solely for the purpose of obtaining American protection. Dr. Ferguson has in mind applications for American consular registration of other firms engaged in publishing other Chinese language newspapers at Shanghai.

Pursuant to Dr. Ferguson's request the Department has given the matter of registration of the Pacific Publishing Company, together with the implications and possible consequences thereof, renewed consideration. The result of this consideration has been to confirm the Department in the opinion, which is in substantial agreement with your views, that applications for registration of American firms engaged in the publication of Chinese language newspapers should be refused. (See telegrams under reference.)

In the case under discussion, there has not been raised any question as to the bona fide character of Dr. Ferguson's financial interest in the Pacific Publishing Company. Specifically the question at issue is the advisability of registering an American-incorporated publishing company whose sole activity is the publication of a Chinese-owned newspaper published in the Chinese language. Request for protection has not been made but developments might at any time raise the question of protection. In this connection it is pertinent to note that the American-incorporated company has an option to purchase the Chinese newspaper and it is possible that the American company might later consider it desirable to exercise its option.

¹⁶ Neither printed.

It is doubtful that, irrespective of its desires or intentions, a Chinese language newspaper published at Shanghai could avoid being drawn into controversial discussions and situations of a political character. Although it is appreciated that the extension of diplomatic protection by the American Government does not, *ipso facto*, follow from the approval of consular registration of American firms, it is manifestly difficult to avoid there arising from the fact and circumstances of registration a presumption that protection will be extended. Furthermore, consular registration has from the standpoint of the general public the effect of giving the firm registered a status by virtue of which it receives special consideration based on an assumption that it is under American protection. A due regard for the responsibilities that American authorities in China have for the protection of wide and varied American interests at Shanghai as well as in China generally indicates the advisability, especially in view of our extraterritorial position in China and of the difficult problems to which the present conflict in China has given rise, of avoiding insofar as appropriate the assumption of responsibilities which previously inhered to the Chinese Government and from the assumption of which embarrassing complications might ensue to the injury of American interests in general. The Department feels that the publication of Chinese language newspapers is not, especially with conditions as they are now in China, a field which American individuals and concerns should be encouraged to enter directly or indirectly and that the American authorities should not take steps, such as granting consular registration, which would encourage entrance into such fields.

The Department realizes that the case of the Pacific Publishing Company in some of its aspects differs from the other cases cited in your telegram No. 1321 but it feels that all the cases involved the same general principle. Furthermore, the case of the *China Press*, an English language newspaper at Shanghai which applied for incorporation under the provisions of the China Trade Act,¹⁷ is a case which, although not on all fours with the case of the Pacific Publishing Company, nevertheless involves somewhat analogous considerations. In that case, it will be recalled, the Department of Commerce refused the application for incorporation under the China Trade Act. (Reference your 1211, December 22, 1937, 3 p. m., and the Department's 62, January 20, 1938, 7 p. m.¹⁸).

The Department is not unmindful of the fact that, as reported in your telegram No. 1081 of August 10, 10 a. m.,¹⁹ the Associated American Industries, which has financial and operating agreements with

¹⁷ Approved September 19, 1922; 42 Stat. 849.

¹⁸ Neither printed.

¹⁹ Not printed.

certain Chinese industrial concerns, is registered at the Consulate General. However, in the opinion of the Department an essential difference between the case of the Associated American Industries and the case of the Pacific Publishing Company lies in the different characters of the enterprises with which these companies are connected.

It is realized that no hard and fast criterion can be formulated which would serve in all cases as an absolute guide for reaching decisions in the matter of consular registration; that individual cases will have to be judged in the light of the attendant facts and circumstances; and that the present conflict in China brings up considerations which call for the exercise of great care and at times for a stricter attitude on the part of the Department than might be required during normal times and situations.

While the Department, as indicated hereinbefore, is not inclined to make an exception in the case of the Pacific Publishing Company to its previous decision that the registration of American-incorporated companies engaged primarily in the publishing, directly or indirectly, of Chinese language newspapers is inadvisable, it will welcome your comment in regard to the matter in the light of the information contained in the enclosed memoranda and of the foregoing discussion of the case. Please also state whether or not the Department's understanding that no Chinese language newspapers are registered at the American Consulate General at Shanghai is correct.²⁰ The Department has noted in subheading (e) of section 2 of your telegram No. 1321 that the American-registered *Shanghai Evening Post and Mercury* publishes a Chinese edition but that this publication is not included in the registration of the company.

Very truly yours,

For the Secretary of State:
SUMNER WELLES

393.115 Standard-Vacuum Oil Co./89: Telegram

The Chargé in China (Peck) to the Secretary of State

CHUNGKING, March 13, 1939—2 p. m.

[Received March 13—9:55 a. m.]

171. Following from Shanghai.

"March 10, 6 p. m. I have today wired to the Chairman of Provincial Government protesting a reported threat of the Ningpo garrison commander to levy a so-called welfare tonnage tax and survey fee against the Standard-Vacuum Company's vessel *Meinan* which carries

²⁰ The Consul General at Shanghai, in his despatch No. 2144, April 27, reported no Chinese-language papers registered at the Consulate General (811.5034-(China)/485).

survey certificate letter of a recognized American Classification Bureau.

The Embassy is respectfully requested to likewise protest these unlawful charges to the Central Government."

I have addressed following note to the Chinese Foreign Office dated March 13:

"The American Embassy presents its compliments to the Minister of Foreign Affairs and has the honor to state that a telegraphic report has been received from the American Consul General at Shanghai to the effect that he has received information that the garrison commander at Ningpo in Chekiang Province intends to levy a so-called 'welfare tonnage tax and survey fee' against vessels of the Standard-Vacuum Oil Company; the Consul General observes that these vessels carry survey certificates issued by the American Classification Bureau, an organization recognized by the Chinese Government as authorized to issue such certificates, and that any attempt on the part of the authorities of Chekiang Province to collect additional tonnage taxes and survey fees would be irregular; he asks therefore that the National Government forbid such action.

The Embassy requests that this report be brought to the attention of the appropriate department of the National Government, with a view to the issuing of instructions forbidding the collection of the irregular taxation described in this communication."

Repeated to Shanghai.

PECK

393.1163 Methodist Mission/55: Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, March 14, 1939—1 p. m.

[Received March 14—7:30 a. m.]

203. Reference my 191, March 8, 6 p. m.,²¹ regarding assurances received from the Japanese authorities that mission property at Soochow and Kashing would be returned by March 15.

I have now been informed by the Methodist Episcopal Mission South that both Soochow University and Laura Haygood Normal School were returned to representatives of the mission on the afternoon of March 9. The mission states that the return was effected smoothly and courteously and that the Japanese military authorities arranged for representatives of the mission to go through the University building a few days before the property was returned and point out which furnishings and equipment belonged to the Mission.

The American Presbyterian Mission South has informed me that occupied mission property at Kashing, Chekiang, consisting of a hos-

²¹ Not printed.

pital, boys school and two foreign residences, was officially returned to the mission by the Japanese on March 10.

Repeated to Chungking, Peiping and Tokyo.

GAUSS

393.115/580 : Telegram

The Acting Secretary of State to the Ambassador in Japan (Grew)

WASHINGTON, March 17, 1939—6 p. m.

64. Reference Hankow's 61, March 16, 4 p. m.,²² in regard to the third bombing within 9 days of American Church Mission property at Ichang. Department desires that, unless you perceive objection thereto, these most recent instances of disregard by Japanese military forces of American lives and property be made the basis of a formal and emphatic protest to the Japanese Foreign Office. Department suggests that the attention of the Japanese Government again be invited to the ever lengthening list of instances in which, as the result of air raids by Japanese forces, American properties, although clearly marked and previously reported with accompanying maps to the Japanese authorities, have been damaged and in some cases destroyed. Department also suggests that you mention in particular the bombing of the American Lutheran Mission at Tungpeh, which resulted in death and injuries to certain members of the Nyhus family,²³ and the bombing on February 25, 1939, of the Catholic Mission at Loting, in the course of which an American citizen was seriously injured.

Department would further suggest that urgent request be made for the prompt issuance by the Japanese Government to its appropriate authorities in China of such instructions as may be required to prevent any future recurrence of the bombing of American properties which in the past has, as indicated above, resulted in extensive material loss and in death and injury to American citizens.

Repeated to Chungking, Hankow, and Shanghai.

WELLES

393.115 Standard-Vacuum Oil Co./98 : Telegram

The Acting Secretary of State to the Ambassador in Japan (Grew)

WASHINGTON, March 18, 1939—1 p. m.

65. Reference Peiping's 131, March 14, 4 p. m.²² (copy of which has been mailed to you) in regard to taxation of products of the

²² Not printed.

²³ See note No. 1105 from the American Ambassador in Japan to the Japanese Minister for Foreign Affairs, October 31, 1938, *Foreign Relations, Japan, 1931-1941*, vol. 1, p. 627.

Standard-Vacuum Oil Company at Kaifeng. You are authorized in your discretion to make an approach to the Japanese Government in regard to the matter in such way as you think most likely to prove effective. If you make an approach it is suggested that, in addition to pointing out the absence of any treaty basis or legal warrant for taxing the products of the American company, you stress the flagrantly discriminatory manner in which the tax is apparently being levied.²⁵

Repeated to Chungking and Shanghai.

WELLES

811.5034 (China)/472

The Secretary of State to the Chargé in China (Peck)

No. 658

WASHINGTON, March 18, 1939.

SIR: Reference is made to the Embassy's despatch no. 1874, January 12, 1939,²⁶ in regard to the application of the Tientsin Investment Corporation, Incorporated, for registration as an American firm.

An examination of the material submitted with your despatch indicates that the place of business of the applicant is at Tientsin, China, and that it maintains an office in the United States merely for the purpose of complying with the laws of Nevada under which the Corporation was created. The applicant is engaged in the business of banking at Tientsin without any governmental supervision of or check upon its activities. There is no American governmental machinery in existence for such supervision.

Events have shown the need for governmental supervision of the activities of banks. No enterprise would be permitted to engage in the business of banking in the United States without such supervision and the Department believes that the development of American banking abroad, without governmental supervision, under the framework of American extraterritoriality should note that paragraph 7 (c) of Section 4 of the China Trade Act, 1922, provides *inter alia*:

"A China Trade Act corporation shall not engage in the business of discounting bills, notes, or other evidences of debt, of receiving deposits, of buying and selling bills of exchange, or of issuing bills, notes, or other evidences of debt, for circulation as money; nor engage in any other form of banking business; . . ."²⁷

The examples afforded by the Oriental Banking Corporation and the Thrift Investment Finance and Trust Corporation also point to

²⁵ Representations to the Japanese Foreign Office were made on March 24. Representations were also made by the Consul General at Tientsin to the Provincial authorities. The collection of the tax was discontinued in May.

²⁶ Not printed.

²⁷ Omission indicated in the original instruction.

the soundness of the view that unregulated banking enterprise in the Far East should not be encouraged.

American banks operating in the United States with branches abroad are subject to supervision at home and their branches in China are thus in a category different from that of banks which operate solely abroad.

Under the circumstances outlined above, and without going into the question of the amount of American interest in the Tientsin Investment Corporation or into the question of the soundness or nationality of its management, the Department is of the opinion that the application of the Tientsin Investment Corporation for consular registration should be disapproved.

Please send copies of this instruction to the various consular offices in China for their information and guidance in similar cases.

Very truly yours,

For the Secretary of State:

R. WALTON MOORE

893.115/581: Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, March 20, 1939—2 p. m.

[Received March 20—8:55 a. m.]

136. Department's March 17, 6 p. m., via Peiping.

1. In conforming to the Department's desire (which has my hearty concurrence) that I protest to the Japanese Government against bombings of American property in China, I propose to make these representations in the most formal and emphatic manner possible. I am telegraphing (see my 137, March 20, 4 p. m.²⁸) the text of a draft, first person note to be delivered personally to the Minister for Foreign Affairs²⁹ later this week immediately after I shall have received the Department's comment. In my view, this draft note should be a self-contained document on the subject of American property so that when published it will present all the pertinent facts.

2. At this juncture, when the Japanese people have been deeply and almost universally moved by the action of our Government in sending home on an American cruiser the remains of the late Ambassador Saito³⁰ and are proclaiming their desire for friendship with the United States, the effect might be salutary if this continual bombing of American property in China by Japanese forces could be brought to their

²⁸ Not printed.

²⁹ Hachiro Arita.

³⁰ See pp. 455 ff.

attention. The Japanese people are of course in almost complete ignorance of these outrages. The press is probably not permitted to print, and in any event does not print, reports of bombings of American property, and the public is persuaded to assume by periodical statements emanating from the military authorities that the behavior in this respect of the Japanese forces in China is exemplary. Typical of such statements is one made in the Diet on March 11 by the Minister of War:

"The army takes advantage of every opportunity to give warning or notice prior to any large engagement, and it is endeavoring to avoid doing damage by urging third party nationals to take refuge and to mark clearly their property. All this causes some inconvenience in the carrying out of military operations, but that must be borne. I shall cite one or two actual examples. During the recent operation at Kuling, notwithstanding the fact that these operations were under way, troops were assigned for the protection and transporting of supplies for the considerable number of foreigners remaining at that place. The next case is by way of being an old story, but during the operations between Shanghai and Nanking there was within the Chinese lines Hukiang [*Shanghai?*] University which is operated by Americans and was then occupied by the Chinese forces. When the Chinese forces were driven back and the property occupied by the Japanese forces, it was immediately returned to the Americans operating the University. Here is another example. A church maintained by Americans was bombed during the operations near Tsinan, and the army at once presented a substantial *ex-gratia* payment, and the case was settled on the spot. Also in the vicinity of Tsinan there is a Standard Oil warehouse which the Japanese forces guarded to prevent pillaging on the part of lawless Chinese, for which protection very warm thanks were received."

3. If the Department therefore were to give publicity to our note its substance would probably find its way into some sections of the Japanese press, and certainly into the *Japan Advertiser* which is read by a considerable element of educated Japanese. The Japanese people are inclined to look lightly on our official protests with regard to interference with our economic and financial rights and interests in China and to dismiss them with a shrug on the ground that we do not yet understand "the new order in East Asia" which the Government must more carefully explain to us. But the *Panay* incident²¹ stirred the Japanese people profoundly and were they to know of these continual bombings of marked American property and the injury of American citizens, including the killing of an American child, their reaction might conceivably influence even the military.

4. If the draft note, subject to such modifications as the Department may consider desirable, and the proposed procedure, including that

²¹ See *Foreign Relations*, 1937, vol. iv, pp. 485 ff.; also *Foreign Relations*, Japan, 1931-1941, vol. i, pp. 517 ff.

of release by the Department of the text of the note after delivery, are approved by the Department, I shall inform the Minister for Foreign Affairs at the time of delivery that release is to be made in Washington.

5. Of course the Department is in a better position than am I to determine whether the probable effect on American public opinion of the publication of such a note is desirable.

Repeated to Shanghai for Chungking and Peiping.

GREW

393.115 Standard-Vacuum Oil Co./99 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, March 22, 1939—9 a. m.

[Received March 22—7:30 a. m.]

Embassy's 171, March 13, 2 p. m. The Chairman of the Chekiang Provincial Government has not yet replied to my telegram of March 10 and the Standard-Vacuum Oil Company now informs me orally that they have received information from their Ningpo agent to the effect that the garrison commander at Ningpo has received no instructions from the Provincial Chairman in regard to the matter of the illegal tax imposed on the company's steamer *Meinan*. The agent further reports that the garrison commander now insists on collecting retroactively public welfare tax on the last six trips of the vessel and that he will commence on April 1 the collection of ships survey fee.

I am again telegraphing the Chairman of the Chekiang Provincial Government requesting that action be taken to prevent the garrison commander at Ningpo from imposing illegal taxes on American shipping and respectfully suggest that the Embassy again approach the Chinese Government with a view to having appropriate instructions issued promptly not only to the Chairman of the Chekiang Provincial Government but also to the garrison commander at Ningpo.

Sent to Chungking.

GAUSS

393.1163/873 : Telegram

The Counselor of Embassy in China (Lockhart) to the Secretary of State

PEIPING, March 24, 1939—3 p. m.

[Received March 24—7:15 a. m.]

147. During a press conference yesterday afternoon with the Japanese Army press spokesman in Peiping, foreign correspondents

brought up the question of the recent increasingly frequent bombings of foreign mission stations by Japanese planes. The spokesman is reported to have stated that: "It has been reported that some foreign Christian missions in Chengchow and other points have recently sustained damages from Japanese planes; although the Japanese Army authorities here are not in possession of information confirming these reports, they desire to state that there is no change in the established policy of respecting rights and interests of third power parties which has been strictly observed in the zone of hostilities in the past even to the cost of suffering disadvantages during military operations."

The records of this Embassy show that written representations have been made to the Japanese Embassy here in regard to five instances of Japanese air bombings of American missions which have occurred since March 8.

Repeated to Chungking. Copy by air to Tokyo.

LOCKHART

398.115/592: Telegram

The Secretary of State to the Ambassador in Japan (Grew)

WASHINGTON, March 24, 1939—5 p. m.

70. Your 136, March 20, 2 p. m., and 137, March 20, 4 p. m.³² The Department approves in principle the procedure which you propose but desires to give further consideration to the question of the timing of the proposed approach. When it seems to the Department that an opportune time has arrived, the Department will so inform you by telegraph and at that time will expect to send certain suggestions with regard to textual alterations in the proposed draft note. In the meantime please withhold action in regard to the formal approach under reference. Meanwhile, the Embassy should bring recent cases of bombing to the attention of the Foreign Office in accordance with the procedure which it has followed hitherto but with the addition of mention of the fact that these bombings appear to the Department to be indicative of increasing indifference on the part of the Japanese military authorities to the rights of the United States, to the safety of American nationals and property and to the pledges and assurances given by the Japanese Government.

Repeated to Chungking and Peiping.

HULL

³² Latter not printed.

393.115/591 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

Tokyo, March 25, 1939—noon.

[Received March 25—7 a. m.]

147. Our 136, March 20, 2 p. m. and 137, March 20, 4 p. m.³³

1. Yesterday, when we made representations at the Foreign Office concerning current cases of bombing of American property, Yoshizawa³⁴ stated that the frequency with which such cases were occurring was causing the Foreign Office alarm. He had before him a tabulated list of bombing cases which had occurred since the beginning of the hostilities. He said that he had taken this list to the War Department, and that the War Department had promised to make a serious effort to put an end to these attacks by ascertaining the causes for ignoring designations marking such property as American.

2. We present the foregoing information in the belief that a note along the lines of the draft now before the Department would be opportune if presented at this time, provided that publicity be withheld provisionally to give the Foreign Office opportunity to put it to helpful use. I wish, therefore, to revise my recommendation as to publicity as follows: that when presenting the note to the Minister for Foreign Affairs I say to him that the American Government will carefully watch future developments in the expectation that the Japanese Government, by taking effective measures to prevent further attacks on American property, will not oblige the American Government to make public the note.³⁵

3. In case the Department has already despatched its reply to our 136 and 137, I suggest an urgent answer to the present telegram.

Repeated to Shanghai for Peiping, Chungking.

GREW

393.1163/875a : Telegram

The Secretary of State to the Ambassador in Japan (Grew)

WASHINGTON, March 27, 1939—8 p. m.

76. A UP press dispatch from Shanghai dated March 27 states that "there is increasing conviction" that recent bombings of mission properties in China constitute "a deliberate attempt to destroy foreign institutions in China".

HULL

³³ Latter not printed.³⁴ Seijiro Yoshizawa, Director of the American Affairs Bureau, Japanese Foreign Office.³⁵ In telegram No. 75, March 27, 7 p. m., the Ambassador in Japan was instructed to present the note and to follow with regard to publicity the suggestion made herein (393.115/595).

393.1163/876 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, March 28, 1939—5 p. m.
[Received March 28—6:28 a. m.]

151. Department's 76, March 27, 8 p. m., bombing of mission properties. I do not see how any other conclusion is possible.

GREW

393.1163 Methodist Mission/60 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, March 29, 1939—5 p. m.
[Received March 30—7:30 a. m.]

248. Reference my 211, March 16, 2 p. m.,³⁷ Huchow property of Methodist Episcopal Mission South. Doctor Manget confirms in a letter dated March 17 that Virginia School was returned on the 8th and Boys School on the 10th, leaving printing property of this mission in Huchow in Japanese hands.

A large proportion of the movable property was stated to be missing. Considerable flooring, most of the doors and windows and their facings, all electric lines and much of the drainage had been removed. Premises were in a filthy condition.

Repeated to Peiping, Chungking, by mail to Tokyo.

GAUSS

393.115/598 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, March 30, 1939—8 p. m.
[Received March 31—6 a. m.]

156. Department's 75, March 27, 7 p. m.³⁷ Our note modified in accordance with the Department's suggestions was presented to the Minister for Foreign Affairs orally today.³⁸ After reading to the Minister the principal points brought out in the note, I said to him that this situation is becoming increasingly serious and that these continual bombings of American property, already totaling 135 in number, reports of which are coming across my desk almost daily, are causing increasing perturbation in the United States. I pointed

³⁷ Not printed.

³⁸ See memorandum by the Ambassador in Japan, *Foreign Relations, Japan, 1931-1941*, vol. I, p. 642; for text of note No. 1230 from the American Ambassador in Japan to the Japanese Minister for Foreign Affairs, see *ibid.*, p. 643.

out especially a few of the outstanding cases including that of the American Lutheran Mission at Tungpeh and that of the American Southern Baptist Hospital at Chengchow which had been bombed seven times since February 1938 and then urged with all earnestness that effective steps be taken to put an end to these bombings, stating that the American Government will carefully watch future developments in the expectation that the Japanese Government by systematic effective measures will relieve the American Government of the obligation to publish the note.

The Minister expressed deep regret at the report which I had laid before him and said that he would immediately take the matter up with the appropriate authorities.³⁹

Repeated to Chungking, Peiping.

GREW

393.115 China Foreign Trade Corporation/3: Telegram

The Secretary of State to the Ambassador in Japan (Grew)

WASHINGTON, April 1, 1939—1 p. m.

80. Reference Shanghai's despatch no. 1994, February 10, 1939, and Shanghai's telegram no. 250, March 29, 7 p. m., in regard to Japanese interference with property claimed by China Foreign Trade Corporation.⁴⁰ Inasmuch as the American Consulate General at Shanghai believes the company's claim to ownership of the material in question to be sound and in view of (a) the failure of the Japanese authorities to present any evidence tending to disprove this claim, (b) the long delay which has already occurred, and (c) the lack of any assurance that a satisfactory local settlement may be achieved in the near future, the Department desires that, in such manner as you may deem appropriate, you protest to the Japanese Foreign Office against the attitude of the Japanese authorities at Shanghai. Say that the American company has presented both to the American Consulate General and to the Japanese Consulate General the evidence in its possession in support of its claim to the ownership of the materials in question; that the American Consulate General has stated its belief that the property belongs to the company; that the Japanese authorities have refused to allow the American company to take possession of the materials but have not presented to the American Consulate General any evidence in support of their interference with the materials

³⁹ For the Japanese reply of May 19, see *Foreign Relations, Japan, 1931-1941*, vol. 1, p. 649.

⁴⁰ Neither printed; they reported Japanese failure to issue a permit for removal of pipes weighing about 200 tons from local railway yards and alleged disappearance of pipes after the Japanese military took charge (393.115 China Foreign Trade Corporation/1, 2).

claimed by the American company; and that the materials, while in Japanese custody, have disappeared. Express the complete dissatisfaction of the American authorities with this situation and emphatically ask that steps be taken to disprove, to the satisfaction of the American authorities, the contention of the American company, or that prompt reimbursement be made by the Japanese authorities to the American company for the loss sustained by it through the disappearance of the materials in question.⁴¹

Repeated to Chungking and Peiping.

HULL

393.115/605 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, April 5, 1939—6 p. m.

[Received April 6—4 a. m.]

263. In a communication dated March 31 addressed to the Senior Consul, the Japanese Consul General asks that the general statement of the Japanese military authorities be communicated to his interested colleagues.

"According to the information obtained from the aerial reconnaissance, the number of properties bearing third power national flags or marks has increased remarkably of late on and along the coasts of Chekiang and Fukien Provinces. Properties belonging to third powers in these districts which have been brought to the notice of the Japanese military and naval authorities thus far through the Japanese Consulate General are as follows:

(1) British interests at Wenchow, Haimen and Ningpo (British Consul General's letter of 1st September 1937); (2) Swiss interests at Wenchow (Swiss Consul General's letter of 28 November 1938); (3) American interests at Foochow (American Consul General's letters of 14 June and 15 December 1938). Thus there is much room for suspicion that third power national flags or marks are being abused to a considerable degree. It is requested therefore that properties belonging to third power nationals situated on and along the said coasts, other than the above, be notified precisely to the Japanese authorities, through the Japanese Consulate General, by Wednesday the 12th April 1939. The Japanese forces will consider any third power national flags or marks, other than those thus notified within the above-mentioned period, as abuses of them on the part of the Chinese and such might be subject, when deemed necessary, to the Japanese attack, and they will not hold themselves responsible for the loss and damage which might be thus sustained."

In my reply of April 5, sent to Japanese Consul General, I pointed out that in addition to the letters concerning American properties at Foochow mentioned by the Japanese Consul General in his communi-

⁴¹ The Japanese paid the claim of the Corporation for the material on November 18.

cation of March 31, this office had written the Japanese Consulate General on August 26 and December 24, 1937, and on March 25, April 2 and April 19, 1938, listing various American properties in the Foochow area and the southern portion of Chekiang Province and in many instances had enclosed maps showing the location of these properties. I stated that in my letter of January 8, 1938, to Consul General Okamoto I pointed out that in the light of the assurances repeatedly given by the Japanese Government that the objects of Japanese military operations were limited to Chinese military agencies and establishments and that the Japanese Government had no intention of making non-military property and non-combatants the object of attack, the American Government did not perceive that there was need for the supplying of detailed lists, information and indicating the location of American property, and where such information was given it was intended for the protection of American life and property, with a full reservation of all American rights. Furthermore, attention was directed to the note from the American Ambassador at Tokyo to the Japanese Minister of Foreign Affairs dated February 21, 1938,⁴² in which the view was expressed that the obligation rests upon the Japanese military authorities to exert the utmost precaution to the end that American nationals and property shall not be injured by Japanese military operations and that regardless of whether information is supplied concerning the location of American property or properties and irrespective of whether American citizens take or do not take precautionary measures or whether American property is or is not marked, the American Government will hold the Japanese Government responsible for any damage done to American lives or property by the Japanese forces.

Repeated to Peiping, Chungking and Foochow; by air mail to Tokyo.

GAUSS

393.115 Standard-Vacuum Oil Co./108: Telegram

*The Secretary of State to the Counselor of Embassy in China
(Lockhart), at Peiping*

WASHINGTON, April 8, 1939—1 p. m.

77. Reference your 169, April 3, 5 p. m.,⁴³ seizure of funds in hands of Chefoo agent of Standard-Vacuum Oil Company. While the Department does not wish to offer a definite opinion in regard to the ownership of the funds in question, it offers the observation that a fair test of ownership would seem to be whether a legal claim for recovery

⁴² *Foreign Relations, Japan, 1931-1941*, vol. I, p. 586.

⁴³ Not printed.

of the money would be presentable by the company or be presentable by the agent.

The Department suggests that the Embassy make an approach to the Japanese Embassy and request return of the money on the ground that seizure of the money constituted an unwarranted interference with American business. If the Embassy is of the opinion that a claim for recovery would properly lie with the company it should state that the property seized is the property of the company. If the Embassy should conclude that claim for recovery would properly lie with the agent the Embassy should state that the seizure was of property in which an American company has a direct and material interest.⁴⁴

Repeated to Chefoo and Tsingtao.

HULL

393.1163 Christian and Missionary Alliance/45

The Consul at Hankow (Jarvis) to the Secretary of State

No. 585

HANKOW, April 11, 1939.

[Received May 25.]

SIR: I have the honor to state that on March 27, 1939, I received the following communication, dated March 25, from the Japanese Consul General:

"With reference to Mr. Josselyn's letter of March 1st, 1939, enclosing for transmittal to the appropriate Japanese authorities two maps showing the approximate location of the properties of the Christian and Missionary Alliance at Siushan and Lungtan, I have the honour to inform you that the Japanese Naval authorities have returned these maps, explaining that they cannot see any value in the maps which your office can assume no responsibility for in its accuracy or completeness."

The letter to which Mr. Hanawa referred contained the following paragraph:

"These maps are submitted at the initiative of the American organization concerned in conformity with the request of the representatives of the Japanese armed forces at Peiping and Shanghai. This office can assume no responsibility for the accuracy or the completeness of the enclosed maps. It is possible that there are other American properties or citizens in these cities, the location or residence of which are not shown on these maps."

In several previous communications transmitting maps to the Japanese Consulate General this office had employed similar language and had added that "any such omission (i. e., of American properties

⁴⁴ The seized funds were returned February 19, 1940, and the case was considered closed.

not shown in the map) does not relieve the Japanese authorities of responsibility for harm which may be caused them through Japanese action". These drew from the Japanese Consul General letters stating that while the Japanese Military authorities appreciated our courtesy in forwarding the maps they saw little value in maps for whose accuracy or completeness the American Consulate General could not assume responsibility and that "the Japanese Army authorities in accepting the said map do so with immunity and shall assume no responsibility whatever under the same".

I felt that this correspondence was tending to lose sight of its main object, the protection of American lives and properties; that although the maps of the two Christian and Missionary Alliance properties were only rough sketches they might contribute towards the safeguarding of the properties and ought to be returned to the Japanese Naval authorities; and that it is obvious that the Consulate General is in no position either to guarantee the accuracy or to assess the value of maps which it transmits for Americans. I therefore called on the Japanese Consul General, on March 29th, and left with him a memorandum, of which I enclose a copy; a memorandum of our conversation is also enclosed.⁴⁵ On March 30th I wrote him as follows:

"With reference to your letter of March 25th and our conversation yesterday, I shall be obliged if you will kindly return to your naval authorities the two maps showing the approximate location of the properties of the Christian and Missionary Alliance at Siushan and Lungtan which, though rough sketches, I hope will contribute towards the safeguarding of these American properties."

I have had no reply to this letter.

Respectfully yours,

R. Y. JARVIS

398.115 Andersen, Meyer and Co./22 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, April 13, 1939—7 p. m.

[Received April 13—3:40 p. m.]

274. Reference my No. 245, March 28, 4 p. m.,⁴⁶ and previous messages regarding Kiukiang mill property of Andersen, Meyer and Company. As American gunboats are leaving April 15th for Hankow we endeavored without success to obtain pass for American employee of Andersen, Meyer and Company to proceed to Kiukiang. I called on my Japanese colleague this morning regarding the matter but he was either unwilling or unable to discuss it and even after consulting one

⁴⁵ Neither printed.

⁴⁶ Not printed.

of his staff officers would say no more than that passes could not be issued for Kiukiang and there is no discrimination amongst nationalities.⁴⁷

At the same interview I took up the cases of Aldunate, a Seventh Day Adventist missionary, and Mrs. Berntsen and son who desire to return to Hankow. The former is head of his mission at Hankow and the latter are wife and son of an American businessman. They were refused landing permits for Hankow although they were to transship on American gunboats. The Japanese Consul General assigned no reason for the refusal of landing permits but his staff officer stated that the military and naval authorities refused to sanction the return of these Americans to Hankow for the reason that when they left there several months ago they signed declarations that they would not return. It is not entirely clear here what declarations they signed at Hankow in Japanese or English but the form used here by the Japanese authorities in connection with passes on Japanese transports simply carries a statement that transportation to return to Shanghai cannot be guaranteed by the Japanese authorities. I pointed out that we were not asking for Japanese transportation in these cases but were furnishing American transportation and whether or not these persons signed declarations at Hankow I could not recognize any right of the Japanese authorities to refuse to permit them to land there. We have done all that we could directly with the Japanese Consulate General and indirectly through our naval authorities with the Japanese naval authorities to obtain issuance of landing permits for these Americans but without success and I am not disposed unless so instructed by the Department to send these Americans by gunboat and force the issue of their landing at Hankow.

At the same conference I brought up for discussion four other important cases, namely: (1) China Foreign Trade Corporation case (see my 250, March 29, 7 p. m.⁴⁸); (2) Palmetto Presbyterian Mission's property at Soochow occupied by Japanese armed forces (see my despatch number 2011, February 16 this year⁴⁸); (3) and (4) attacks by Japanese soldiers on Miss Avett and Mr. J. E. Jackson (see my 173, March 3, 1 p. m.⁴⁸). These cases had been outlined to the Secretary of the Japanese Consul General by a member of my staff over a week ago when an appointment was made for me to discuss these specific cases. However, the Japanese Consul General was obviously totally unfamiliar with all of them except the first named and showed no disposition to be helpful or to interest himself in them.

⁴⁷ Vice Consul Davies reported from Kiukiang on August 19 the arrival from Shanghai on August 11 of an American employee of Andersen, Meyer and Company (393.115 Andersen, Meyer & Co./31).

⁴⁸ Not printed.

For the confidential information of the Department, this is characteristic of his attitude in reference to all matters which I have taken up with him personally. He is apparently unwilling to inform himself regarding them and not disposed to discuss them. Such results as we do obtain are only by persistent contact by my staff officers with officers of the Japanese Consulate General. The Japanese Consul General is apparently prepared only to deal personally with those matters which may further Japanese designs and interests.

Repeated to Peiping, Chungking, Tokyo and Hankow.

GAUSS

393.115/609 : Telegram

The Consul at Hankow (Jarvis) to the Secretary of State

HANKOW, April 14, 1939—4 p. m.
[Received April 14—7:40 a. m.]

Shanghai's 274, April 13, 7 p. m. A member of my staff called at the Japanese Consulate General today and asked what undertaking Aldunate and Berntsen had given to the Japanese authorities in connection with their passage to Shanghai. He was shown a form similar to those they had signed which contains the following clause: "That I leave with the understanding that the Japanese authorities cannot under any circumstance guarantee my return to Hankow". The form, which is in English, contains no undertaking not to return or seek to return.⁴⁹

Sent to Shanghai, repeated to Peiping, Chungking.

JARVIS

393.1123 Nyhus, Phoebe/83 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, April 15, 1939—1 p. m.
[Received 1:18 p. m.]

282. Reference my telegram No. 1402, November 10, noon,⁵⁰ regarding Nyhus case at Tungpeh. Japanese Consul General called on me last evening and, after [mentioning?] the kind gesture of the American Government in sending home to Japan on an American warship the remains of former Ambassador Saito, said that the Japanese Government had instructed him to discuss the Nyhus case with me in pursuance of the statement made at the time that his Government was prepared to pay "consolation money" in settlement of the case. He

⁴⁹ In telegram No. 254, June 1, 6 p. m., the Chargé in Japan, reported that Mrs. Berntsen and her son proceeded to Hankow on May 28 (393.1115/4275).

⁵⁰ *Foreign Relations*, 1938, vol. iv, p. 531.

made no definite offer or proposal and could not even tell me whether the Japanese forces had occupied Tungpeh and investigated the case as they had proposed to do. I told the Japanese Consul General that I was not informed what "claim" the American Government had formulated in respect of the Tungpeh case and was not therefore in a position or authorized to discuss a settlement with him but that I would report to the Department and to the Ambassador at Tokyo.

Repeated to Tokyo, Chungking and Peiping. By mail to Hankow.

GAUSS

393.115/610 : Telegram

The Secretary of State to the Ambassador in Japan (Grew)

WASHINGTON, April 16, 1939—1 p. m.

96. Reference Shanghai's 274, April 13, 7 p. m., and Hankow's April 14, 4 p. m., which Peiping is hereby requested to repeat to you if it has not already done so.

1. Please make an approach to the Foreign Office in such manner as you may deem appropriate and present an emphatic protest in the matter. Department suggests that, while requesting that prompt steps be taken to remove interference with the landing at Kiukiang of the American employee of Andersen, Meyer and Company, you place the main emphasis upon the flagrant disregard of American rights involved in the Japanese undertaking to interfere with the landing of American citizens at Hankow, where no hostilities are in progress and where there is a large foreign community and a considerable number of American citizens. Point out that the case of interference under discussion indicates a lack of consideration for American interests which is especially objectionable in that American officials had extended their assistance in connection with the journey and in that transportation on an American naval vessel had been made available to the Americans concerned. State that, while American officials and citizens have been very patient in regard to interference with their movements and rights in areas where actual hostilities were in progress, the American authorities do not recognize any right on the part of the Japanese to interfere with the movement of American citizens in China.

2. Please also mention the cases of the China Foreign Trade Corporation, Palmetto Presbyterian Mission, and the attacks by Japanese soldiers on Miss Avett and Mr. J. E. Jackson. Point out the complete lack of progress in the settlement of these cases and indicate, in connection therewith, and also in connection with the question of landing permits for American citizens at Hankow and Kiukiang, that the impression of the Department is that the attitude of the Japanese

Consul General at Shanghai toward the the adjustment of cases affecting American interests is distinctly one of lack of interest and lack of helpfulness. This impression should be designated as being that of the Department and not imputed to the American Consul General at Shanghai.

3. The Department expects, for purposes of emphasis, to communicate orally to the Japanese Ambassador here the substance of paragraphs 1 and 2 of this telegram.

Repeated to Chungking, Peiping and Hankow.

HULL

393.115/611 : Telegram

The Consul at Chefoo (Roberts) to the Secretary of State

CHEFOO, April 17, 1939—7 p. m.

[Received April 18—8 a. m.]

30. The Japanese Consul at Chefoo in a letter dated April 11 informed the Consular Body that the Japanese commander of the naval landing party has issued orders forbidding Japanese and third power nationals proceeding outside Chefoo. The restriction is said to have been imposed "from the necessity of guarding and also from the point of view of preventing danger by any further attack".

The new order interferes with travel overland between Chefoo and the American mission stations in the interior of Shantung.

I today joined my colleagues in informal discussion with Japanese Consul in an effort to make arrangements which would remove the restrictions on the travel of Americans and other persons in this Consular District. The Japanese Consul promised to take this matter up again with the naval authorities.

Repeated to Peiping and to Chungking.

ROBERTS

393.115/617 : Telegram

The Secretary of State to the Ambassador in Japan (Grew)

WASHINGTON, April 20, 1939—5 p. m.

103. Reference Department's 96, April 16, 1 p. m.

1. The Under Secretary communicated orally to the Japanese Ambassador on April 20 the substance of paragraphs 1 and 2 of the telegram under reference.⁵¹ The Under Secretary also referred to the long interruption to normal commercial traffic on the Yangtze and to the free movement of Japanese vessels up and down the Yangtze

⁵¹ See memorandum by the Under Secretary of State, April 20, *Foreign Relations, Japan, 1931-1941*, vol. 1, p. 834.

between Hankow and Shanghai and the transportation by them of commercial cargo. He described the inconveniences and hardships to which American citizens are being subjected through inability to proceed between Hankow and Shanghai and expressed the earnest hope that the Japanese Government would immediately take the necessary steps to cause a cessation of interference with the movements and rights of American citizens in areas in China where there were Japanese forces.

2. Following a remark by the Japanese Ambassador as he left the Department to newspaper reporters in regard to the purpose of his call, the Secretary at his press conference was asked whether the American Ambassador at Tokyo would make further representations in regard to the situation on the Yangtze. The Secretary replied that he probably would.

Repeated to Chungking, Peiping and Hankow.

HULL

393.115/616: Telegram

The Secretary of State to the Consul at Hankow (Jarvis)

WASHINGTON, April 21, 1939—8 p. m.

34. Your 93, April 19, 5 p. m.⁵² The Department assumes from your telegram that you do not anticipate any physical attempt to prevent departure from Hankow of Americans who have not obtained Japanese "permission". The Department also assumes that any Americans who may leave Hankow without such "permission" and who may decide to return to Hankow have in mind the practical difficulties that might attend their return landing or sojourn.

Repeated to Chungking, Peiping, and Shanghai.

Shanghai please repeat to Tokyo.

HULL

393.115/620: Telegram

The Secretary of State to the Ambassador in Japan (Grew)

WASHINGTON, April 22, 1939—1 p. m.

107. The Department has noted that for the first time in many weeks no telegraphic report has been received from our offices in China of new bombings of American property by Japanese planes. It is suggested that you might care to mention this to the appropriate Japanese authorities when suitable opportunity offers.

HULL

⁵² Not printed; it reported that Americans were planning to depart aboard American gunboats without Japanese "permission" (393.115/615).

393.1123 Nyhus, Phoebe/85 : Telegram

The Secretary of State to the Consul General at Shanghai (Gauss)

WASHINGTON, April 22, 1939—1 p. m.

127. Your 282, April 15, 1 p. m. and Department's telegram of this date to Chungking⁵³ regarding Tungpeh bombing which is being repeated to you for information. It is suggested that you inform the Japanese Consul General that as a result of the inaccessibility of the place where Nyhus family is located and difficulties encountered in communicating with them, complete information regarding the extent and seriousness of wounds sustained by Mrs. Nyhus and Ruth Nyhus has not yet been received, that steps are being taken to expedite the matter, and that if he is authorized to make settlement of the claims arising out of the bombing you will furnish him with all obtainable information in due course.

Further instructions will be sent you upon receipt of information being requested from Chungking and from Board of Missions at Grand Forks.

HULL

393.115/618 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, April 22, 1939—4 p. m.

[Received April 23—9 a. m.]

194. Department's 96, April 16, 1 p. m. and 103, April 20, 5 p. m., traffic of the Yangtze, et cetera. Emphatic representations were made to the Foreign Office yesterday covering all of the points in the telegrams under reference. Mail copy of our note and memorandum of conversation going forward pouch April 27.⁵⁴

Repeated to Chungking, Peiping, Hankow.

GREW

393.1115/4210 : Telegram

The Consul at Hankow (Jarvis) to the Secretary of State

HANKOW, April 23, 1939—9 a. m.

[Received 12:45 p. m.]

95. Department's 34, April 21, 8 p. m., my 93, April 19, 5 p. m.⁵³

1. The U.S.S. *Isabel* and U.S.S. *Oahu* left here for Shanghai at 8 o'clock a. m. this morning. The two ships are taking 24 Americans, 11 Russians, 4 Swedish subjects and 1 Norwegian to Shanghai. The names of the Americans will be given in a subsequent telegram. The

⁵³ Latter not printed.

⁵⁴ Neither printed.

Russians are the Counselor of the Soviet Embassy, his wife, 8 members of his staff, and the Tass correspondent.

2. The *Oahu* also has on board one American employee of the Standard Vacuum Oil Company who will relieve an American member of the company staff at their installation below Kiukiang.

3. Americans and other foreigners leaving by these ships encountered no difficulties. The Japanese authorities were not asked for "permission" for Americans to leave and did not intimate that it was necessary; they were aware that Americans, the Soviet Embassy staff, and other foreigners would be leaving in our naval vessels. The Commander-in-Chief informed the Japanese Admiral here that he had granted passage to the Soviet Embassy staff and gave him their names. I am giving the Japanese Consul General a list of the Americans who left so that he may cancel the applications of those who had applied through him for passage by Japanese vessel and am suggesting that my Swedish and Norwegian colleagues do the same.

4. Five Americans hope to be able to return within the next 6 months; they understand the difficulties.

Repeated to Chungking, Peiping, Shanghai. Shanghai please repeat to Tokyo.

JARVIS

393.115/621 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

Tokyo, April 24, 1939—9 p. m.

[Received April 24—9:45 a. m.]

197. Department's 107, April 22, 1 p. m. I took occasion at a luncheon today to mention this matter to Sawada for conveyance to Arita and also to Yoshizawa. Yoshizawa said that a considerable number of staff officers of the Japanese forces in China were recently in Tokyo for consultation and that in the attendant conferences there had been "some very plain speaking" to the effect that the bombing of American property in China must cease. He said that these facts would be set forth in the Japanese reply which is now being drafted to our recent note on that subject.

GREW

393.115 Standard Vacuum Oil Co./112

The Secretary of State to the Ambassador in Japan (Grew)

No. 1710

WASHINGTON, April 25, 1939.

SIR: Reference is made to Shanghai's despatch no. 2012 of February 16, 1939,⁵⁵ in regard to the seizure by Japanese armed forces of

⁵⁵ Not printed.

stocks belonging to the Standard-Vacuum Oil Company from its installation at Pengpu, Anhwei, and to Shanghai's despatch no. 2027 of February 24, 1939,⁵⁶ in regard to the seizure by Japanese armed forces at Nantungchow, Kiangsu, of a motor sampan belonging to and a motor launch chartered to the same company.

Although the financial loss to the company as a result of the seizures does not appear to be great it is noted that the cases involve clear and flagrant violations of the rights and interests of an American company. It is also noted that, in spite of the numerous representations which the Consulate General has made and the long period of time which has elapsed since the original seizures, the Japanese authorities in China give no indication that a satisfactory settlement of either of the cases may be achieved in the near future.

In view of the above considerations you are authorized, provided you are informed by the Consul General at Shanghai that his efforts to settle these cases still afford no promise of meeting with success in the near future, to make such representations as you may deem appropriate to the Japanese Government in regard to the cases under reference.⁵⁷

A copy of this instruction is being forwarded to the Consul General at Shanghai in order that he may communicate with you directly in regard to the current status of these cases.

Very truly yours,

For the Secretary of State:
SUMNER WELLES

393.115 Standard Vacuum Oil Co./113 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, May 2, 1939—5 p. m.

[Received 6:59 p. m.]

Reference my telegram March 22, 9 a. m., and Embassy's March 29, 10 a. m.⁵⁸ The Standard-Vacuum Oil Company now reports that the public welfare fee has been charged by the Ningpo garrison commander against the company's steamship *Meinan* retroactively for every trip made by the vessel to Ningpo and that the fee has been paid by the company under protest in order to continue vessel's operation. The company further reports that the survey fee has not been collected to date but that the Ningpo authorities are awaiting outcome of the protest in the matter of public welfare fee. If the welfare tax is permitted to operate then the survey tax will be enforced next.

⁵⁶ Not printed.

⁵⁷ In telegram No. 429, May 26, 6 p. m., the Consul General at Shanghai reported that the case might be considered closed as the Japanese military had paid for the stocks taken (393.115 Standard Vacuum Oil Co./122).

⁵⁸ Latter not printed.

I am telegraphing today to the Chairman of the Chekiang provincial government requesting refund to the Standard-Vacuum Oil Company of the irregular welfare tax already collected against the steamship *Meinan* as well as immediate termination of such illegal imposition on American vessels.

Sent to Chungking. Repeated to Department.

GAUSS

793.94/14965 : Telegram

The Chargé in China (Peck) to the Secretary of State

CHUNGKING, May 5, 1939—4 p. m.

[Received May 5—1:15 p. m.]

312. Embassy's 561, August 30, 2 p. m. and Department's 195, August 30, 7 p. m., both 1937.⁵⁹ The outstanding impression left on the non-military mind by the bombings of the third and fourth instant has been the apparent inability of the Chinese to offer any effective opposition to air attack. Although business and residence areas of considerable size have been burned, a foreign correspondent estimates such areas as less than one tenth of the city and states that although the Chinese assert over 100,000 of the inhabitants have evacuated during the last 2 days the population is calm. Embassy has not been able to learn of any damage to military objectives worthy of mention. Casualties among Chinese probably between one and two thousand. Among foreigners it is reported that one German received wound in his leg and the secretary of the British Ambassador a wound in the head. It is now reported that the house of Vaught, American citizen, the only American property damaged to date, was injured but not burned.

Assistant Military Attaché states that military institutions regarded as legitimate objects of attack during a declared war are scattered throughout the city. It would seem therefore that no protest such as mentioned in telegrams in reference would be tenable especially since the diplomatic establishments and foreign civilian occupied property are likewise scattered throughout the urban area. Experience indicates that whereas other Embassies all of which are on the north bank are exposed to considerable danger the American Embassy on the south bank will be exposed to little risk.

In spite of the demonstrated vulnerability of Chungking to aerial bombardment I have not yet heard of any suggestion that the temporary capital be shifted.

Repeated to Peiping.

PECK

⁵⁹ *Foreign Relations*, 1937, vol. III, pp. 496 and 498.

793.94/14960 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, May 5, 1939—4 p. m.

[Received May 5—2 p. m.]

Reference Japanese bombing of Chungking. I have received letter from Japanese Consul General saying that Japanese naval authorities state that units of their air forces raided Chungking on May 4 at about 7 p. m., their objective being headquarters of the Chinese Military Council, that furious fire was opened against them from approximately 50 guns placed quite close to "American, British, French, and German official establishments", that the fire was so intense that other units had no choice but to attack the Chinese at the guns mentioned to safeguard the preceding units, that they did so and effectively silenced the enemy, that the Japanese authorities wondered if by any chance some of the bombs may have landed near some of the foreign establishments above mentioned and if so the circumstances were as above described.

2. A Japanese consular officer delivered the letter in the company of a Japanese naval officer who showed me on a map the area concerned which was the area in which the American Consulate at Chungking was at one time located at the top of the hill to the west of the city.

3. I stated that we no longer maintained a Consulate at Chungking, that our Embassy is located on the south bank of the river and that I recalled having sent to the Japanese Consulate General maps showing the location of American-owned and leased property at Chungking. I stated that a message just received from the Embassy mentioned the destruction of the residence of one Vaught as a result of the air raid but that the Embassy's inquiries were not yet complete.

4. Our records show that the Embassy at Chungking sent us under date of November 4 last year one copy of a map of Chungking showing location of American-owned and leased property and that this map was sent by us to Japanese Consul General under [date of] November 25 line [*last*]. No copy of the map was available for our files and I am unable to say whether the map showed location of American Embassy at Chungking. If not, I suggest that steps should be taken to communicate to the Japanese authorities exact information on the location of the Embassy houses.

Sent to Chungking, repeated to Peiping, by air mail to Tokyo.

GAUSS

793.94/14970a : Telegram

The Secretary of State to the Consul General at Shanghai (Gauss)

WASHINGTON, May 6, 1939—3 p. m.

151. A United Press despatch bearing Shanghai date line of May 5 reads in part as follows:

"A Japanese spokesman indicated today that hereafter Japan would not assume responsibility for the bombing of foreign properties, including consular buildings, in areas of China unoccupied by Japanese troops.

The spokesman said that Japanese pilots have been authorized to bomb any area in which there are Chinese defenses, regardless of the proximity of foreign property. He said foreigners should see that the Chinese keep their defenses a safe distance from their property".

In view of the statements of the Japanese Consul General in his letter mentioned in your telegram of May 5, 4 p. m., to Chungking, the Department is inclined to doubt whether the above report is accurate and, if it is, to what extent it represents the official Japanese position. The Department desires that you make inquiries in regard to the reported announcement by the spokesman and report promptly by naval radio on the result of your inquiries in order that the Department may be in position to give consideration to bringing the matter to the attention of the Japanese Government.

Please mail copy to Tokyo by air mail.

Repeated to Chungking and Peiping.

HULL

793.94/14971 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, May 8, 1939—9 a. m.

[Received May 8—5 a. m.]

361. Reference Department's telegram No. 151, May 6, 3 p. m. I have consulted United Press and other correspondents and also examined local postscripts of the Press Bureau [*Conference*] of May 5th. The Japanese naval spokesman, Commander Mitunobu, answering questions, appears to have said that Japanese presumedly have instructions not to inflict unnecessary damage on foreign property but that when fired upon by Chinese batteries they must defend themselves, that if any foreign property was hit it is regrettable but unavoidable, that foreign authorities should see that Chinese defenses are kept away from foreign property, and when questioned what the Japanese would do in any future air raids he stated that if it is asserted that Japanese planes should not defend themselves it is tantamount to saying to the

crews that they are to go up and be shot down without returning fire. A Domei News Agency report dated Tokyo, May 6, printed here on 7th, says "third power authorities were advised today by Rear Admiral Kanazawa, spokesman of the Naval Section of the Imperial General Headquarters, to prevent the Chinese from locating military establishments near foreign Consulate or other foreign property so that the latter might not suffer damage in air raids."

Repeated to Chungking and Peiping. By air mail to Tokyo.

GAUSS

793.94/14959 : Telegram

The Secretary of State to the Ambassador in Japan (Grew)

WASHINGTON, May 8, 1939—7 p. m.

119. Reference your 395, September 20, 8 p. m., 1937,⁶⁰ and Department's 221, September 21, 6 p. m., 1937;⁶¹ your 368, June 9, 7 p. m., 1938;⁶¹ and your 214, May 5, 5 p. m.⁶²

The Department desires that, unless you perceive objection, you call on the Foreign Minister at your earliest opportunity and make emphatic representations, based primarily on humanitarian grounds and along the general lines indicated in the first three telegrams under reference, against the recent indiscriminate bombings of civilian populations of Chungking, Swatow, Ningpo, and Foochow. You may in your discretion state that, according to reports received by the American Government, destruction caused by the Japanese air raids was confined almost entirely to civilian lives and civilian property.

Repeated to Chungking and Peiping.

HULL

793.94/14990 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, May 11, 1939—4 p. m.

[Received May 11—6:37 a. m.]

218. Department's 119, May 8, 7 p. m.

1. I called this morning on the Foreign Minister and made emphatic oral representations against the recent indiscriminate bombings by Japanese forces in China, basing my representations primarily on humanitarian grounds involving the safety of non-combatant civilian population and furthermore on the grounds of the serious risks in-

⁶⁰ *Foreign Relations*, 1937, vol. III, p. 535.

⁶¹ Not printed.

⁶² *Foreign Relations*, Japan, 1931-1941, vol. I, p. 596.

volved in jeopardizing the lives and property of American nationals both official and private.

2. The text of my oral statement, a copy of which I left with the Minister, is being sent tonight by airmail to Shanghai for repetition to the Department by naval radio.⁶³ See tel. 219, May 11, 1939 from Tokyo.⁶⁴

3. The Minister's only comment was the usual formula that every effort was made by the aviators to avoid accidents when bombing military objectives but that he would convey my representations both to the military and naval authorities.⁶⁵

4. The Minister, with my concurrence, proposes to announce to the press that my visit was to discuss "current American problems in China", it being mutually agreed that the publication here of the precise representations would only serve undesirably to inflame some elements of the army. I told Arita, however, that my Government might feel obliged to give detailed publicity in the United States with a view to satisfying American public opinion.

GREW

793.94/15010 : Telegram

The Chargé in China (Peck) to the Secretary of State

CHUNGKING, May 16, 1939—8 a. m.

[Received May 16—8 a. m.]

333. A United Press despatch with date line Washington, May 13, published here attributes statement to the Secretary of State concerning oral protest made by the Ambassador to the Japanese Government against bombing of cities including Chungking ending as follows: "Mr. Grew was also instructed to declare that the cities raided by Japanese bombers were unfortified." The radio bulletin states that the phrase actually used was "unguarded localities".

There are anti-aircraft batteries in the environs of Chungking. One that was near a large American mission property has been removed by order of General Chiang. Another is located on the south bank about 2 miles above two residences of the Ambassador and the staff. Contrary to the assertion of the Minister for Foreign Affairs in my May 10, 1 p. m.,⁶⁶ members of the staff have heard from the staff of the British Embassy that there was an antiaircraft gun about 1 kilometer from that Embassy during the bombing of the 3rd but that it had been removed before the bombing of the 4th when the Embassy

⁶³ For text, see *Foreign Relations, Japan, 1931-1941*, vol. I, p. 647.

⁶⁴ Not printed.

⁶⁵ British and French representations were made on May 12 and 16 respectively.

⁶⁶ *Ante*, p. 40.

was hit. There was a military objective in the area north of the Kia-ling River burned in the bombing of [May 12]. These circumstances seem to the Embassy, however, to offer no justification whatever for the bombing of extensive business and residence areas in the center of the city on May 3 and 4 which localities were unguarded so far as the Embassy can ascertain.

Repeated to Peiping.

PECK

393.115/637 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, May 17, 1939—2 p. m.

[Received 7:52 p. m.]

396. In connection with representations made to the Japanese Consul General here in regard to the bombing of American property located outside of this consular district, the Japanese authorities, who have heretofore not replied to such communications, have now commenced to do so. During the past week replies have been received concerning the bombing of the property of (1) Vongehr, Federal Incorporated as [at] Wanhsien (Tokyo's despatch No. 3820 of April 12, 1939); (2) the Lutheran United mission and the Covenant Missionaries society at Fancheng and Hsienyang (my telegram No. 236, March 25, 1 p. m. and No. 227, March 22, 5 p. m.) and (3) the Covenant Missionary Society at Kingmen (my telegram No. 166 of February 28, 7 p. m.).⁶⁷

All replies are noncommittal and unsatisfactory. They contain stereotyped references to the "precautions" taken by Japanese aerial units and refer to the difficulty in locating such properties because the markings are not large enough to be distinguished from a height.

Does the Department desire that I acknowledge these letters for purposes of record, pointing out their unsatisfactory nature? Copies of these replies are being forwarded to the Department, Chungking, Peiping, Tokyo, and Hankow.

Repeated to Chungking, Peiping and Hankow. Air mail to Tokyo.

GAUSS

393.115/641 : Telegram

The Secretary of State to the Chargé in Japan (Dooman)

WASHINGTON, May 20, 1939—4 p. m.

138. Your 197, April 24, 9 p. m., and Chungking's 329, May 13, 6 p. m., 331, May 14, 1 p. m., and 335, May 16.⁶⁸ The Department de-

⁶⁷ None printed.

⁶⁸ Nos. 329, 331, and 335 not printed.

sires that you make early and vigorous written representations to the Foreign Minister in regard to the recrudescence of bombing by Japanese military of American property as reported in the telegrams under reference. In view of the killing or wounding of members of the Nyhus family during the bombing on October 24 by Japanese of the Lutheran Brethren property at Tungpeh and of the improbability that the Japanese military could have been ignorant of the location of that property after the subsequent representations, the Department regards as especially flagrant the bombing and destruction of that property which occurred on May 2. Similarly, the property at Kingmen was unmistakably known to the Japanese military in view of the representations made in regard to the bombing of the property there on February 22. (As definite information in regard to the bombings mentioned in the third paragraph of Chungking's 335 of May 16 is lacking, it is suggested that you make no reference to them at the present time.)

Referring to paragraph 3 of the Embassy's 136, March 20, 2 p. m., and its 147, March 25, noon, the Department would appreciate an expression of your views as to the advisability of making public the texts of the representations herein suggested and of the representations reported in the Embassy's 156, March 30, 8 p. m., and in the Embassy's telegram 219, May 11, 5 p. m.⁶⁹

Repeated to Peiping and Chungking.

HULL

393.115/642 : Telegram

The Chargé in Japan (Dooman) to the Secretary of State

TOKYO, May 22, 1939—6 p. m.

[Received May 23—9:10 a. m.]

241. Department's 138, May 20, 4 p. m., bombing of American properties.

1. The text of the note presented today to the Foreign Office is as follows:

[Here follows text of note printed in *Foreign Relations, Japan, 1931-1941*, volume I, page 650.]

2. With regard to the question raised in the final paragraph of the Department's telegram under reference: there has been an improvement in conditions during the past few weeks, indicating that the central authorities can, if they wish, exercise control over the military in China. The impulse to wish to exercise such control comes from

⁶⁹ Latter not printed; see the Ambassador's oral statement of May 11, *Foreign Relations, Japan, 1931-1941*, vol. I, p. 647.

(a) desire to improve relations with the United States because of the situation in Europe and (b) fear of publication of our note of March 30.⁷⁰ In view of these two factors, I feel that the publication of our representations at this immediate juncture would not be opportune. I heartily recommend publication, however, if conditions deteriorate within the next 2 weeks, by which time the Japanese Government will presumably have come to a decision on its policy toward Europe. I assume that in the meantime the Department will wish to consider, in connection with the question of publication, the Japanese reply (see our 238, May 19, 4 p. m.⁷¹) to our note of March 30 and also our note of today.

Repeated to Peiping, Chungking.

DOOMAN

393.1115/4317

The Consul General at Shanghai (Gauss) to the Secretary of State

No. 2219

SHANGHAI, May 22, 1939.

[Received June 28.]

SIR: I have the honor to submit with this despatch a copy of a self-explanatory communication that the Acting Consul General for Japan in Shanghai addressed to me on May 19, 1939,⁷² offering on behalf of the Japanese military authorities the limited facilities of Japanese transports to Americans who evacuated Kuling prior to the Japanese military operations against that place and who now desire to return there.

Respectfully yours,

C. E. GAUSS

393.115/643: Telegram

The Secretary of State to the Consul General at Shanghai (Gauss)

WASHINGTON, May 23, 1939—6 p. m.

183. Your 396, May 17, 2 p. m. It is suggested that acknowledgments of communications from Japanese Consul General to which you refer be deferred pending receipt of such instructions as the Department may send you upon the receipt by it of the copies which you are forwarding.

Repeated to Chungking, Peiping, and Hankow.

HULL

⁷⁰ *Foreign Relations, Japan, 1931-1941*, vol. 1, p. 643.

⁷¹ *Ibid.*, p. 649.

⁷² Not printed.

393.115 Texas Oil Company, No. 2/12 : Telegram

*The Secretary of State to the Counselor of Embassy in China
(Lockhart), at Peiping*

WASHINGTON, May 24, 1939—6 p. m.

105. Your 226, May 18, noon.⁷³ The Department approves your proposal to inform the Consulate at Foochow that there is no federal statute governing the use of the American flag. You should invite the Consulate's attention to the Department's mail instruction to the Legation, no. 419, June 15, 1923, cited in the Embassy's telegram under reference, and to the Department's earlier instruction to the Legation, no. 223, September 11, 1922.⁷⁴

With regard to the specific case raised by the Consulate, no objection is perceived to the flying of the American flag upon the launch in question provided that (a) such practice is not prohibited by the local laws and regulations of the Chinese Government, and (b) careful investigation by the Consulate shows that the launch is regularly chartered by the Texas Company in good faith for use only in the company's legitimate business.

The same attitude would normally appear to be applicable to lighters and junks hired and employed exclusively for the transportation of American owned cargo. As, however, the lighters and junks employed by the Texas Company at Foochow presumably are not chartered regularly by the company but are hired periodically when needed, the Department shares the Embassy's apparent apprehension in regard to sanctioning the use of the American flag as a general practice by such Chinese vessels. Nevertheless, the Department would hesitate to disapprove the use of the American flag for the protection of American cargo in circumstances where such use might be beneficial to the American interest concerned. It is accordingly suggested that the Consulate (a) decline to give the Texas Company's manager blanket approval for the flying of the American flag on the lighters and junks in question and (b) treat each case in which use of the flag is desired by the company as a separate case to be considered on its merits with a view to favorable action in appropriate circumstances. In this connection the Department is mindful of the Consulate's statement that the company's lack of vessels of its own, places it at a disadvantage in transporting its cargo from Sharp Peak to Foochow along a section of the river in which Chinese shipping is under Japanese attack.

HULL

⁷³ Not printed.

⁷⁴ Neither printed.

393.115/648 : Telegram

The Consul at Hankow (Jarvis) to the Secretary of State

HANKOW, May 26, 1939—3 p. m.
[Received May 26—12:35 p. m.]

114. Department's 183, May 23, 6 p. m. to Shanghai. The Japanese Consul General at Hankow has replied to 4 of the 29 communications which since his arrival 7 months ago we have addressed to him with reference to bombing of American property at places normally within this consular district. Three of his replies, dated within the past 8 days in response to communications addressed to him a few days previously in regard to bombing of Lutheran Brethren Mission properties at Tungpeh and Tangho, Honan, on May 2nd and May 4th (my telegram No. 105, May 15, 3 p. m., and 106, May 15, 4 p. m.⁷⁵) and Covenant Missionary Society properties at Kingmen on March 8th and April 27th and at Kienyangyi and Shihpaitsen, Hupeh (my telegram No. 109, May 18⁷⁶), stated that the matter had been referred to the military authorities concerned. The other reply, dated April 27, 1939, referred to the bombing of the property of the Covenant Missionary Society at Siangyang, Hupeh on March 17th and stated that although Japanese airplanes "confirming the enemy was entering Siangyang, bombed the city, they paid every possible precaution in preventing the bombardment of the western part of the city where the properties of the third power nationals are situated"; a copy of this reply is being mailed, and copies of replies other than bare acknowledgments will in future be forwarded, to the Department, Chungking, Peiping and Shanghai.

Repeated to Chungking, Peiping, Shanghai.

JARVIS

393.115/649 : Telegram

The Counselor of Embassy in China (Lockhart) to the Secretary of State

PEIPING, May 27, 1939—11 a. m.
[Received May 28—8 a. m.]

242. Shanghai's 396, May 17, 2 p. m., and Department's 183, May 23, 6 p. m., to Shanghai. Contrary to practice heretofore prevailing, Japanese Embassy here is now answering protests against bombing of American property.

Embassy is in receipt of replies, dated May 22, from the Japanese Embassy with regard to (1) the bombing of the Lutheran United

⁷⁵ Neither printed.

⁷⁶ Not printed.

Mission Hospital at Kioshan (Peiping's 625, October 17, noon) and (2) the bombing of the Augustana Synod Mission at Hsuchang (Peiping's 628, October 18, noon).⁷⁷ These replies, from reports made by the "competent military authorities" (understood to be the Japanese military headquarters in Peiping), and in the opinion of this Embassy, are entirely unsatisfactory.

With regard to the hospital at Kioshan, the "authorities" are quoted as stating that the city, described as a basis of operations for Chinese troops moving southward along the Pinghan Railway was bombed from an altitude ranging from 2000 to 2500 meters. With regard to the mission at Hsuchang, they state that, although the city of Hsuehchang was bombed from an altitude of from 800 meters to 1500 meters, their objective was "prevented by many scattered clouds". Both replies mention poor visibility, "precautions" taken to avoid damage to foreign property, and terminated with the qualified apology that, if American property happened to be damaged, "the Japanese military authorities should express their deep regret for the occurrence of this unfortunate and unexpected incident".

In the light of the Department's telegram to Shanghai, mentioned in the opening paragraph of this telegram, this Embassy, pending receipt of instructions from the Department, will not acknowledge the receipt of these communications from the Japanese Embassy. Copies thereof will be forwarded to the Department by next pouch.

Repeated to Chungking, Shanghai and Hankow, by air mail to Tokyo.

LOCKHART

393.115/655 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, June 6, 1939—noon.

[Received June 6—9:10 a. m.]

About 5 p. m. yesterday this office received in a plain cover addressed to the American Ambassador to China the following communication dated at Shanghai, June 5, addressed to the American Ambassador to China by Morito Morishima, Counselor of the Japanese Embassy in China:

"Your Excellency, At the request of Vice Admiral K. Oikawa, Commander in Chief of the Imperial Japanese China Sea Fleet, I have the honor to communicate to you his statement which is as follows:

1. The Japanese naval authorities consider it regrettable, incidental to the aerial bombardment done by the Japanese naval air forces against Chinese forces in the interior of China, incidents in which loss and damage were accidentally sustained by American properties

⁷⁷ Neither printed.

occurred, unfortunately, in succession since January 1939, whereby, it is feared, giving to the minds of the American people an impression as if the Japanese Navy had had no respect for the properties of third power nationals.

Needless to say, locations of properties of any third power nationals are transmitted to the headquarters of air forces, after having been carefully studied and coordinated upon material information received either from third powers or collected from other sources, who, on their part too, make most careful studies of them. On planning an attack on military objectives, positions of properties belonging to third powers are minutely reviewed beforehand so as to avoid any unforeseen damage to them.

2. On the other hand the Japanese forces have been greatly harrassed by the attacks of the Chinese forces either under the shelter of properties of third power nationals or by flagrantly using third power national flags.

3. It is presumed that the American authorities have already been informed that on 1st May 1939, a Japanese military sentry on duty was fired upon and was injured in the proximity of the premises of the Lingnan University, an American organization, in the southern part of Canton, and that again on the very next day at 7 p. m., 2 May, a Japanese naval gunboat was fired at from the compounds of the same University.

In connection with the incident on 2 May, the American Consul General at Canton and also the President of the Lingnan University have expressed their sincere regrets that such an incident should have occurred from the presence of an unlawful band and their unlawful use of the university property.

4. An investigation after the capture of Nanchang revealed that along the river front and outside the premises of the Standard-Vacuum Oil Company, situated near the north end of the city, had been constructed barbed wire entanglements. Moreover, beside the front entrance of the said Company and inside the premises were found piles of posts identical to those used at the aforementioned barbed wire entanglements, and yet the company flew an American flag. (*Vide*: annexes numbers 1 and 2.)

5. On the brick wall adjacent to the building of the American Methodist Episcopal Church, Nanchang, were constructed a number of loopholes for firing as well as strategical mounds. However, this brick wall is a continuation of that of the American Methodist Episcopal Church, and an American flag was painted on it at a point just where the two properties divided; thus giving an appearance from a distance as if the whole length belonged to the above church.

Moreover, on the front of the above church facing Kan River, a pillbox was constructed. On the south, adjacent to the American Methodist Episcopal Church, is situated the Nanchang Hospital. (*Vide*: annexes numbers 1, 2, 3, 4, 5, 6, 7, and 8.)

6. On the concrete wall of an American residence situated near Tunghu, center of Nanchang City, was described in large characters "down with the Japanese imperialism". After the entry into the city of the Japanese forces, however, the above words have been scratched out with black ink. (*Vide*: annex number 9.) Rumors are current that the above-mentioned property is the private residence of the Prefectural Governor of Kiangsi Province.

7. Despite the most scrupulous attention of the Japanese naval air forces in carrying on their attacks against Chinese forces, as would be easily perceived from the above examples, some American or any third power national's properties which were situated in the proximity of the objectives might have become involved sometimes in accidental losses or damage.

It is earnestly requested, therefore, that the American authorities take the above circumstances into full consideration and also take appropriate and effective measures to prevent the Chinese forces from taking any position or constructing anything of military nature in the vicinity of the American properties.

I avail, et cetera."

There are attached nine annexes consisting of photographs of scenes and of drawings. The original communication with annexes will be mailed to Chungking. The substance of the communication was given out at the afternoon Japanese press conference yesterday and appears in the local English language press this morning.

Sent to Chungking, Peiping and by air mail to Tokyo.

GAUSS

393.1164/251

The Secretary of State to the Ambassador in China (Johnson)

No. 681

WASHINGTON, June 6, 1939.

SIR: The Department refers to the Embassy's despatch no. 1986 of March 30, 1939, enclosing a copy of a despatch, no. 1597 of March 8, 1939, from the Consul General at Shanghai, with its enclosures,⁷⁸ in which there is discussed the question of the registration of American mission schools with the "Reformed Government" at Nanking. The Embassy outlines some of the factors involved in this question and concludes that the situation remains, apart from its political aspects, substantially unchanged and that therefore American missions should now, as under former régimes, determine for themselves whether their own interests would best be served by registering their schools. The Embassy points out that there is good reason to believe that the formulation of a uniform policy to be followed in the occupied territories will soon become advisable but states that the Embassy hesitates to formulate such a policy without first seeking the instructions of the Department.

The Department is in general agreement with the Embassy's views on this subject. Although, as pointed out in its instruction of April 13, 1933, to the Consul General at Shanghai,⁷⁹ the Department holds that it cannot oppose the efforts of the duly recognized Chinese au-

⁷⁸ None printed.

⁷⁹ *Foreign Relations*, 1933, vol. III, p. 607.

thorities to require the registration of schools maintained in China by American individuals or missionary societies for the secular education of Chinese, it does not admit the applicability to American citizens or organizations of laws or regulations promulgated by unrecognized régimes in China. The Department inclines to the opinion that under present conditions it would not seem advisable for American missionary organizations to take the initiative in entering into extended discussions with either the Japanese authorities or administrations sponsored by them in regard to the status of schools maintained by such American missionary organizations in Japanese-controlled territory. However, it is realized that American citizens may find it expedient in certain cases to make arrangements with local authorities in regard to compliance with regulations pertaining to matters such as registration and to accede to reasonable requests by local authorities, such as, for instance, requests for certain statistical information in regard to American missionary schools in Japanese-controlled territory.

The Department considers that in the last analysis the matter under discussion is one for decision by Americans and American organizations on their own responsibility and in the light of their own convenience and interests.

The substance of this instruction should be brought to the attention of the consular officers in China who should be authorized to explain the Department's attitude on this question to interested American inquirers. It is desired, however, that widespread or general publicity in regard thereto be avoided.

Very truly yours,

For the Secretary of State:
A. A. BERLE, JR.

393.1163Am33/145 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, June 7, 1939—6 p. m.

[Received June 7—1:25 p. m.]

475. Reference Shanghai's No. 753, June 1, 10 p. m., 1938,⁸⁰ regarding American Southern Baptist Mission property at Shanghai. The American Mission has complained to me that on June 5th at about noon a Japanese military officer accompanied by a Chinese interpreter entered upon the mission premises and ordered the Chinese caretaker to lower the American flags flying over the property and that the repairs being made thereto shall cease.

As there was no American living on the premises I today sent an officer of my staff to investigate and he ascertained from the Chinese

⁸⁰ *Foreign Relations*, 1938, vol. iv, p. 336.

caretaker that according to the Chinese interpreter the Japanese in question came from the city government. He assigned no reason for the orders he gave. I instructed that the American flags be again raised over the property.

I have informed the Japanese Consul General of the incident and of my action as set out above and stated that as the "city government" is a regime set up by and under control of the Japanese military authorities I must ask that the Japanese in question be identified and disciplined for his unlawful action, that there must be no further interference with this or any other American property, and that precise and definite instructions be issued that the American flag be respected and that under no circumstances shall any Japanese person order that it be lowered. I added that the incident has been reported to the American Government.

Repeated to Tokyo, Peiping.

GAUSS

393.0015/105 : Telegram

The Consul at Hankow (Jarvis) to the Secretary of State

HANKOW, June 9, 1939—10 a. m.

[Received 8 p. m.]

125. Reference is made to the fifth paragraph of my telegram 121, June 5, noon.⁸¹

1. In identic communication dated May 31, 1939 the Japanese Consul General informed the foreign Consuls at Hankow that foreign civilians wishing to travel down river from this part of the war zone must travel in ships designated by the Japanese authority; that foreign civilians wishing to land from gunboats or ships in this war zone will be refused (permission to land) unless they have a pass from the Japanese military authorities at the port of embarkation; that the Japanese military here will issue passes for those desiring to leave in designated ships; that permits must be obtained from the Japanese military authorities for the despatch of baggage and household effects of foreign civilians traveling down river; and that when deemed necessary the Japanese military authorities will examine baggage. The letter also states that "merchandise in general is prohibited to transport by the Japanese military authorities."

2. While these requirements were undoubtedly formulated with particular reference to travel by the British merchant ships which arrived from Shanghai on June 3rd, they are stated in general terms and, it is believed, are intended to be given general application. I have not

⁸¹ Not printed.

acknowledged the Japanese Consul General's communication and have not discussed it with him.

3. Copies of the Japanese Consul General's communication and of a pass such as the Japanese authorities at Shanghai have been issuing to foreigners travelling up river are being forwarded to the Department, Chungking, Peiping, Shanghai and Tokyo.

Repeated to Chungking, Shanghai, and Peiping.

Shanghai please air mail to Tokyo.

JARVIS

393.115/659: Telegram

The Counselor of Embassy in China (Peck) to the Secretary of State

CHUNGKING, June 12, 1939—11 a. m.

[Received June 12—9:02 a. m.]

381. Reference Peiping's despatch Number 2048, May 13,⁸² location of American properties Chungking.

1. For the second time in June Japanese planes raided Chungking on the 11th at 7:20 p. m., dropping numerous demolition and incendiary bombs at random throughout the city and nearby countryside. Casualties and property damage appear to have been alright [slight?]. No injury to American life and property appears to have been sustained.

2. The Embassy desires to point out, however, that a number of Japanese planes flew over the Embassy office and Embassy residential quarters on the south bank and over the U. S. S. *Tutuila* near the south bank of the Yangtze River; that bombs fell on three sides of the Embassy office and American gunboat, the nearest exploding about 300 yards down river from the gunboat and 400 yards from the office while 2 others fell about a half a mile beyond the Embassy office on the side of the first range of mountains; that the latter 2 bombs fell within 400 yards of the residence of Secretaries Drumright and Weil in the first range of mountains; and further that a number of bombs fell in the immediate vicinity of the installation of the Standard-Vacuum Oil Company situated up stream also on the south bank of the Yangtze. In this area there are many foreign residences and a considerable Chinese population largely refugees from across the river. So far as the Embassy can ascertain there are no Chinese military establishments in the vicinity of the Embassy office or this residential district.

Repeated to Peiping, Shanghai, Hankow, for information only. Peiping mail to Tokyo.

PECK

⁸² Not printed.

393.11B21 Tan, Marcel O./1 : Telegram

The Secretary of State to the Consul at Amoy (MacVitty)

WASHINGTON, June 13, 1939—6 p. m.

18. Your 46, June 8, 4 p. m.⁸³

1. It is assumed from your telegram that Marcel O. Tan is a Philippine citizen of the Chinese race and is being detained by the Police of the International Settlement at Kulangsu.

2. On the basis of the High Commissioner's⁸⁴ telegram of May 27, you should in your discretion and as soon as a suitable opportunity presents itself make a further approach to the Japanese Consul General, as under the instructions of this Government, substantially as follows:

(a) The Japanese Consul General may have misunderstood the status of Philippine citizens. Philippine citizens owe allegiance to the United States, are entitled abroad to the protection of the American Government identically with American citizens, and in China are under the extraterritorial jurisdiction of the United States. Consequently no Chinese or other authority in China except an American authority is legally competent to assume jurisdiction over a Philippine citizen, and a Philippine citizen who may be taken into custody by local police in China should be immediately delivered to the nearest American authority, in this case the American Consul at Amoy, for the consideration of any charges which may be preferred against him.

(b) You should ask the Japanese Consul General, as a matter of right and of comity on the part of an officer of a government with which the United States maintains friendly relations, to remove at once the obstacles which he has placed in the way of Tan's release or delivery to you. You may say that you are desirous of closing this incident in a friendly way locally but that continued illegal detention of Tan at Japanese instance or at the instance of the Japanese-sponsored local régime will of course impel the American Government to take up the matter directly with the Japanese Government at Tokyo.

3. The Department suggests that in future you report to the Embassy any similar cases as soon as practicable after they come to your attention.

Repeated to Chungking and Peiping. Peiping please repeat to Tokyo.

HULL

⁸³ Not printed.

⁸⁴ Paul V. McNutt, United States High Commissioner at Manila.

393.1164/262 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, June 14, 1939—5 p. m.

[Received 8:55 p. m.]

500. My 494, June 12, 5 p. m.,⁸⁵ regarding bombing of property of [West] China Union University.⁸⁶ Written communication received from Japanese Consul General dated June 13 reads in part as follows:

"The main objectives of their attack were the headquarters of the Twenty-eighth Army and the offices of the Provincial Government, and they were satisfied to note that most of the bombs fell directly on or very close to the objectives. However, one of the bombs unfortunately went astray and hit a building situated in the central part of the premises of the West China Union University by mistake.

The circumstances in which the raid was effected was that, on approaching the town, the air units were met by a number of Chinese pursuit planes and also by barrages of fierce anti-aircraft fires, thus obliging them to carry on the bombardment at the same time dodging shellfire on the one hand and fighting with the Chinese planes on the other. As the Japanese naval authorities have been notified of the location of that University (your letter of January 5, 1939) in planning this attack they made most careful preparations and, moreover, in view of the fact that the region subject to aerial bombardment usually extends along the course of the flight, they chose such a course along which it should be least probable that any of the bombs would fall in the premises of the University.

The above accident nevertheless occurred, and, although this may be considered unavoidable at times in actual fightings, especially under the circumstances as described above, it is regretted that this unfortunate accident should have happened.

I should be grateful if you would be good enough to communicate the above to the American authorities concerned and also the Board of Directors representing the Missions."

In reply to this letter I am stating that the contents is being brought to the attention of the American authorities; that it is incredible that this well marked property, maps of which were forwarded to the Japanese authorities here on January 5, 1939, in accordance with the instructions of the Embassy at Chungking, should have been bombed; and that according to information received from the Embassy at Chungking not one, but three bombs, were dropped on the University, causing extensive damage and seriously endangering the lives of a

⁸⁵ Not printed.

⁸⁶ At Chengtu, Szechwan.

number of American citizens. I shall also reserve all rights in behalf of the American interests involved.

Repeated to Chungking, Peiping, Hankow. By air mail to Tokyo.
GAUSS

893.51 Russian Issue/70: Telegram

The Secretary of State to the Ambassador in China (Johnson)

WASHINGTON, June 14, 1939—6 p. m.

103. Reference Nanking's telegram no. 80, February 18, 1937, 11 a. m.,⁸⁷ Department's instruction no. 447, July 26, 1937, to the American Embassy at Nanking, and despatch no. 469, May 15, 1937, from the Embassy at Nanking⁸⁸ in regard to American holders of bonds of the Russian series of the Chinese Government Five Percent Reorganization Gold Loan of 1913.

When you next see Arthur Young⁸⁹ please ask him to remind the Chinese Minister of Finance⁹⁰ of the various approaches made by the Government of the United States to the Chinese Government in regard to claims of American holders of bonds of the Russian series referred to above and say that this Government continues to be importuned by these holders for some action in the protection of their interests. Say that British and possibly other nationals holding bonds of the same series have received at least partial payment thereon and that the American Government feels very definitely that American holders of these bonds have been unfairly discriminated against. Say that in view of all pertinent circumstances the Government of the United States would welcome an acknowledgment by the Chinese Government of its obligation to the American holders of bonds of the Russian series and an assurance that as soon as circumstances permit the Chinese Government will undertake to reach a settlement with those holders on terms not less favorable than the settlement received by holders of any other nationality of similar bonds whether such settlement was made by the Chinese Government or through private banks. Say that the Government of the United States will appreciate an early reply.

Repeated to Peiping.

HULL

⁸⁷ *Foreign Relations*, 1937, vol. iv, p. 664.

⁸⁸ Instruction No. 447 and despatch No. 469 not printed.

⁸⁹ American adviser to the Chinese Ministry of Finance.

⁹⁰ H. H. Kung.

393.115/662 : Telegram

The Secretary of State to the Chargé in Japan (Dooman)

WASHINGTON, June 15, 1939—4 p. m.

163. Your 241, May 22, 6 p. m., paragraph 2.

1. More than 3 weeks have elapsed since the delivery to the Foreign Office of our note of May 22 in regard to the bombing of American properties in China. There have occurred during that time seven reported instances of Japanese bombing operations in which American property was damaged or seriously endangered and American lives jeopardized: (a) May 23, American Evangelical Mission, Shiuhing, Kwangtung (Canton's 62, June 10, 1 p. m.); (b) May 24, Southern Baptist Mission, Laiyang, Shantung (Chefoo's June 8, 4 p. m.); (c) May 25, Methodist Mission, Putien, Fukien (Foochow's May 26, 11 a. m., and May 27, 11 a. m.); (d) May 26, Southern Baptist Mission, Chengchow, Honan (Chungking's 354, May 30, 9 a. m.; this is the fifth reported bombing of this mission); (e) June 9, Methodist Episcopal Mission, Chungking (Chungking's 370, June 9, 8 p. m., and 375, June 10, 2 p. m.); (f) June 11, Chengtu, West China Union University in which American mission interests participate and on whose grounds an American citizen was injured (Chungking's 378, June 12, 11 a. m., 380, June 12, 2 p. m., 384, June 13, 10 a. m., and Hankow's June 14, 10 a. m.); ⁹¹ (g) June 11, Chungking, dropping of numerous demolition and incendiary bombs at random throughout the city, some of which fell near the American Embassy offices, the American gunboat, residences of officers of the Embassy and in the immediate vicinity of the Standard-Vacuum Oil Company installation (Chungking's 381, June 12, 11 a. m.).

2. The first four of the instances listed above occurred within 4 days of the delivery of the note of May 22 and it may be that sufficient time had not elapsed for the Foreign Office to cause new instructions to be issued to the Japanese military in the field. As, however, the other instances occurred more than 2 weeks after the delivery of our note of May 22, and as the previous instructions which the Japanese Government has stated it has issued to the military in the field have not been effective in preventing the continued bombing of American properties, it is the feeling here that it would now be opportune to make public, the texts of our note of March 30 ⁹² (Embassy's 156, March 30, 8 p. m.), the Japanese reply of May 17 (Embassy's 238, May 19, 4 p. m.⁹³), our representations of May 11 ⁹⁴ (Embassy's 219,

⁹¹ Telegrams not printed.⁹² *Foreign Relations*, Japan, 1931-1941, vol. I, p. 643.⁹³ *Ibid.*, p. 649.⁹⁴ See memorandum of May 11 and annex, *ibid.*, p. 646.

May 11, 5 p. m.⁹⁵), and our note of May 22⁹⁶ (to which no reply has as yet been received). Having in mind your suggestions in this connection contained in your telegram under reference, the Department desires to have, before it comes to a definite decision on this point, an expression of your opinion as to whether publication of the texts in question would now be advantageous.

3. In view of the continued bombing of American properties the Department requests that (a) you call as soon as practicable on the Foreign Minister and lodge orally an emphatic protest against the continuance of these bombings; and (b) in the event that you recommend publication now of the texts in question, you request during your call at the Foreign Office permission without delay to publish the Japanese note of May 17.

Repeated to Peiping and Chungking.

HULL

393.115/664 : Telegram

The Chargé in Japan (Dooman) to the Secretary of State

TOKYO, June 19, 1939—7 p. m.

[Received June 20—8:20 a. m.]

283. Department's 163, June 15, 4 p. m. and our 279, June 17, 6 p. m.⁹⁷

1. I called on the Minister for Foreign Affairs this afternoon and carried out the Department's instruction to enter a strong protest against the continuance of bombing of American properties.

2. The Foreign Minister replied that it was unthinkable, in view of the desire of all sections of the Japanese people to develop friendly relations with the United States, that American property was being bombed deliberately and intentionally. He could well appreciate that suspicion in that direction might arise in the United States when the same properties are repeatedly bombed, but for his part he was confident that such cases were due to what he called special circumstances, such as the proximity to the bombed properties of Chinese gun emplacements. He said that every precaution was being taken, but that the Japanese Government would be glad to study the matter further with a view to devising additional preventive measures.

3. I expressed regret that the Foreign Minister had not provided me with a basis for recommending that the publication of official correspondence on this matter, which had been under consideration for several weeks, be withheld. I added that it was impossible to escape the conclusion that many of the responsible Japanese military

⁹⁵ Not printed.

⁹⁶ *Foreign Relations, Japan, 1931-1941*, vol. I, p. 650.

⁹⁷ Latter not printed.

authorities are not in any way concerned over the importance of avoiding damage to American interests. I then asked whether he had objection to the publication of the Japanese note of May 17.⁹⁸ Mr. Arita replied that the publication of the correspondence could not be expected to bring about any improvement in the situation as the Japanese Government was already doing everything that it could to prevent injury to American property. He hoped, therefore, that the American Government would see its way clear to withholding publication, particularly at this time.

4. With regard to the publication of the Japanese note of May 17 Mr. Arita said that he would have the matter looked into and a reply communicated to me as soon as possible.

5. My considered opinion is that correspondence should be published.

Repeated to Chungking, Peiping.

DOOMAN

393.115/672 : Telegram

The Secretary of State to the Chargé in Japan (Dooman)

WASHINGTON, June 20, 1939—9 p. m.

168. Your 283, June 19, 7 p. m. The Department is withholding, at least until tomorrow, publication of the American notes of March 30 and May 22 and of the record of Ambassador Grew's oral statement to the Foreign Office of May 11 in the hope that it may be possible to publish simultaneously the Japanese note of May 17.

In view of press reports from Tokyo, I told the correspondents at my press conference this morning that the Department had today received two cables from the American Chargé d'Affaires at Tokyo; that the first cable reported that the Chargé had called on the head of the American section of the Japanese Foreign Office and had discussed with him phases of the situation at Amoy⁹⁹ and that this was in line with the usual contacts which the Chargé maintains with the Japanese Foreign Office.

I told them that a later cablegram from the American Chargé reports that he called, under instruction from the Department, upon the Japanese Minister for Foreign Affairs and made representations against the continued bombings of American properties which have been occurring at various points in China during recent weeks; and that the Chargé also discussed with the Foreign Minister the question of making public the text of previous representations which the American Embassy had made on this general subject as well as the

⁹⁸ *Foreign Relations, Japan, 1931-1941*, vol. I, p. 649.

⁹⁹ See telegram No. 280, June 19, 11 a. m., from the Chargé in Japan, p. 126.

text of the Japanese Government's reply. I said that it is customary of course to obtain the assent of a foreign government to publication of one of its documents and that in this instance this assent has not as yet been obtained.

Repeated to Chungking and Peiping.

HULL

393.115/665: Telegram

The Chargé in Japan (Dooman) to the Secretary of State

TOKYO, June 21, 1939—noon.
[Received June 21—12:44 a. m.]

286. Our 283, June 19, 7 p. m.

1. Yoshizawa informed me that the Foreign Minister expresses the hope that the American Government will withhold publication of notes on bombing, but that if it intends to publish the Japanese Government would not object to the publication at the same time of the Japanese note of May 17.

2. I would appreciate being informed of the Department's decision. Text by air mail to Shanghai, Peiping.

DOOMAN

393.11B21 Tan, Marcel O./3: Telegram

The Consul at Amoy (MacVitty) to the Secretary of State

AMOY, June 21, 1939—4 p. m.
[Received June 21—1:30 p. m.]

57. With reference to my telegram No. 46, June 8, 4 p. m.,¹ and Department's telegram No. 18, June 13, 6 p. m., regarding Marcel O. Tan.

1. After a conversation with the Japanese Consul General at which the data furnished in the Department's telegram above-mentioned was presented he still refuses to authorize the release of Tan. He claims that inasmuch as the father was Chinese, Tan is Chinese, this claim being made despite fact that I pointed out that under Philippine law the child of an unmarried Philippine mother, as in the present case, acquires Philippine nationality. I have told Uchida repeatedly that the Japanese authorities have in a number of instances insisted on the turnover to them of persons whose claim to Japanese protection was not very clear and that I could not understand his insistence in this case. It is evident that Uchida has little power in the matter and is taking instructions from the puppet government and naval authorities in Amoy.

¹ Not printed.

2. The Japanese Vice Consul in a conversation with Vice Consul Altaffer stated that he was of the opinion that Tan's release would be granted provided I would promise to use my influence in securing the full Japanese demands on the Municipal Council.

3. In view of the circumstances here it is hoped that the Department will make representations to Tokyo in the matter.

Repeated to Embassy at Peiping, Chungking, Consul General at Shanghai.

MACVITTY

393.115/669: Telegram

The Secretary of State to the Ambassador in China (Johnson)

WASHINGTON, June 21, 1939—5 p. m.

111. Shanghai's unnumbered telegram, June 6, noon, in regard to a communication addressed June 5 to you by the Counselor of the Japanese Embassy which contained a statement of the Commander-in-Chief of the Japanese China Sea Fleet on the subject of the aerial bombing of American properties.

The Department assumes that you are causing the pertinent allegations in the statement to be investigated in so far as may be practicable.

HULL

393.115/675: Telegram

The Secretary of State to the Chargé in Japan (Dooman)

WASHINGTON, June 23, 1939—5 p. m.

170. Your 286, June 21, noon.

1. On June 21 the Counselor of the Japanese Embassy called at the Department and, referring to the fact that when Ambassador Grew was here he expressed to the Japanese Ambassador deep concern with regard to the continued bombings of American properties in China by Japanese aviators, said that following the conversation with Mr. Grew the Japanese Ambassador had sent a cablegram to the Japanese Government urging that the Japanese Government take more effective steps toward stopping the bombings under reference. The Counselor continued that the Japanese Ambassador had asked him to convey to us expression of the Ambassador's anxiety in regard to the effects of publishing the notes on bombing, particularly at this time.

2. Taking account of the approach made to the Department here and of the hope expressed by the Japanese Foreign Minister, the Department has decided to put aside for the moment the question of publishing the notes on bombing. It is earnestly hoped that the Japanese Government will take prompt and effective steps to stop the bombings.

3. The Department suggests that in your discretion you inform the Foreign Office informally of the substance of paragraph 2.

Repeated to Chungking and Peiping.

HULL

811.30 Asiatic Fleet/763a : Telegram

The Secretary of State to the Consul at Swatow (Young)

WASHINGTON, June 23, 1939—7 p. m.

3. 1. Associated Press despatch under Hong Kong date line of June 23 reports that eight American sailors from the U. S. S. *Pillsbury* are patrolling entrances of the American Baptist Mission in Swatow.

2. It is the Department's concept that naval units are landed for purposes of protection of American citizens from individual acts of lawlessness and dangers incident to serious disorder. The Department hopes that it will not be necessary for any naval personnel which may have been landed in Swatow to remain ashore for any extended period.

3. In order to enable the Department to answer inquiries from the press and other interested persons, please send the Department by priority radio a statement setting forth the details in regard to any landing of American sailors which may have been made. Also, as long as the situation at Swatow continues to be critical, the Department would appreciate receiving if possible somewhat more detailed daily radio reports than those thus far received.

Repeated to Peiping and Chungking.

HULL

811.30 Asiatic Fleet/764 : Telegram

The Consul at Swatow (Young) to the Secretary of State

SWATOW, June 25, 1939—5 p. m.

[Received June 25—11 a m.]

27. Reference Department's telegram No. 3, June 23, 7 p. m. In accordance with the request of the mission authorities eight American sailors were landed on the morning of June 22 on the American Baptist Mission compound due to the total absence of Chinese police protection and because there appeared to be a possibility of danger to American nationals from looters or rioters among the several hundred panicky Chinese who had collected on compound. To date the Japanese authorities are not exercising sufficient police control in the vicinity of the mission compound to insure the safety of the American citizens.

The landing force was today reduced to five men as the result of slightly improved conditions and [as?] withdrawal is considered probable within 2 days.

The presence of the landing force has been known to the Japanese authorities who have expressed no disapproval. The situation has not required action of a military nature by the landing force, its mere presence apparently being sufficient to preserve order.

Repeated to Chungking, Peiping.

YOUNG

393.115/676 : Telegram

The Chargé in Japan (Dooman) to the Secretary of State

TOKYO, June 27, 1939—3 p. m.

[Received June 27—11 a. m.]

298. 1. I orally informed Yoshizawa yesterday of the substance of the Department's 170, June 23, 5 p. m. and asked that he communicate it to the Minister for Foreign Affairs. He later gave me a message from the Foreign Minister to the effect that the Japanese Government sincerely appreciated withholding of publication of notes and is seeking further effective measures to prevent bombing of American properties.

2. Yoshizawa supplemented this with the information that a conference of naval and military staff officers and a representative of the Foreign Office was held in Shanghai on June 25 for this purpose.

Repeated to Chungking, Peiping.

DOOMAN

793.94/15142 : Telegram

The Consul at Foochow (Ward) to the Secretary of State

FOOCHOW, June 27, 1939—10 p. m.

[Received 11:50 p. m.]

Upon the receipt of information of the Japanese declaration of their intention to attack Foochow I called a meeting of the leading American citizens in Foochow at the Consulate at 2 p. m. today to inform them of the situation and to attempt to persuade any who were willing to leave the port to do so. It was pointed out that they were endangered by (1) the then stated determination of the Chinese to destroy the city, and (2) looting and mob violence after the collapse of police authority. Americans now here appear determined, however, to remain, although arrangements have been made for moving some of the American residents of the city proper over to Nantai Island.

The British Consul held a similar meeting at 5 p. m. inviting me to attend informally and unofficially. I did so but took no part in the discussion. Only two or three British subjects were willing to leave Foochow although a number will concentrate at their Consulate. The British Consul hopes to be able to bring up 10 or 12 sailors from H. M. S. *Duchess* at Sharp Peak for the protection of his nationals. He appears to believe that British shipping will comply with the Japanese warning although H. M. S. *Duchess* may not do so.

Sent to Peiping, repeated to Chungking, Shanghai.

WARD

893.51 Russian Issue/77 : Telegram

The Ambassador in China (Johnson) to the Secretary of State

CHUNGKING, June 30, 1939—10 a. m.

[Received June 30—5:30 a. m.]

419. Department's 118, June 28, 6 p. m.² Following is summary of reply³ of the Minister of Finance dated June 27 in regard to American holders of Chinese Government bonds of the Russian series:

In 1922 the Chinese Government gave an opportunity for several years for holders of Russian series yellow bonds to exchange them for green bonds. The Chinese Government is therefore not in a position to recognize old bonds of this issue. Several years ago the British Government supported the claims of certain holders of yellow bonds. The Chinese Government at first replied that it could not recognize these claims but subsequently bondholders' bank purchased from the British holders a certain number of the bonds and at that time the Chinese Government announced this was not a precedent and it was understood the British Government would present no further claims of this sort. The Minister of Finance knows of no other similar purchases. In the present case as soon as circumstances permit, the Ministry of Finance will be prepared to use its good offices with one or more Chinese banks with a view to the purchase of a limited number of such bonds from bona fide American holders on the understanding that such purchase would be without prejudice nor constitute a precedent; "and that in view of the length of time which has elapsed since 1922 no further claim would be supported by the American Government over and above the amount of claims not exceeding 70,000 pounds of the present claims on the date of the purchase from British holders which according to my recollection was about January 1, 1936. Also in view of altered conditions any purchase of such bonds by Chinese banks would not necessarily be on the same percentage basis as the purchase aforementioned which was made about January 1, 1936."

JOHNSON

² Not printed.

³ To representations made through Arthur N. Young. See telegram No. 103, June 14, 6 p. m., to the Ambassador in China, p. 340.

393.115/688

*Memorandum by the Chief of the Division of Far Eastern Affairs
(Hamilton) of a Conversation With the Counselor of the Japanese
Embassy (Suma)*

[WASHINGTON,] July 5, 1939.

Mr. Suma called at his request. He said that the Japanese Embassy had just received from the Japanese Foreign Office a telegraphic report covering the investigation made by Mr. Hirasawa of the Japanese Foreign Office of the question of the bombing by Japanese planes of American and other foreign properties in China. Mr. Suma said that Mr. Hirasawa's report mentioned four general points as follows: (1) prior to bombing any particular area, the Japanese aviation authorities made a prior investigation of the location of foreign properties; (2) in the light of this investigation, Japanese aviation authorities decided the scope and the direction of the proposed aviation attack; (3) the Japanese aviation authorities endeavored to avoid American and other foreign properties even when so doing caused them inconvenience; (4) even though Chinese military objectives might be near to American and other foreign properties, the Japanese aviators stopped their bombing operations in cases where they saw that American and other foreign properties would be jeopardized thereby. Mr. Suma continued that Mr. Hirasawa's conclusion was that it was not possible for the Japanese aviation forces to do anything further toward carrying out their desire to avoid bombing American and other foreign properties. Mr. Suma said that Mr. Hirasawa recommended that American (and presumably other foreign) properties be isolated by one kilometer and that Chinese should not be permitted to enter the area marked off; also, that Chinese should not erect military objectives within the one kilometer area.

I said to Mr. Suma that we had received reports from Hankow and from Shanghai in regard to the investigation made by Mr. Hirasawa of the Japanese Foreign Office.⁴ I said that a substantial number of the American properties scattered throughout China, especially those in the interior, were American educational institutions where Chinese students naturally went. I said also that the American Government had on many occasions pointed out to the Japanese Government that the question whether or not Chinese military objectives were located in proximity to American properties was a matter over which

⁴ Telegrams Nos. 146, June 28, 3 p. m., and 542, June 27, 1 p. m., neither printed.

we had no control. I commented that in an immense country such as China where American properties constituted such a small part of the area we did not see any good reason why Japanese aviators could not avoid bombing such properties. I said that we appreciated having the information which Mr. Suma had been so good as to furnish, but that the important fact in our opinion was whether or not the bombings of American properties continued. In this connection I handed Mr. Suma the original copies of the attached four sheets⁵ in regard to bombings of American properties on June 23, 24, 25 and 29.⁶ Mr. Suma said that the Japanese Government would be glad to look into these cases and to put forth additional efforts toward avoiding the bombing of American properties in China.

M[AXWELL] M. H[AMILTON]

793.94/15165 : Telegram

The Ambassador in China (Johnson) to the Secretary of State

CHUNGKING, July 6, 1939—10 a. m.

[Received 1:40 p. m.]

425. Two squadrons of Japanese planes raided Chungking on two occasions between midnight and 2 o'clock this morning, bombs falling at random on both banks of the Yangtze River and in the city. One bomb fell within 400 feet of the residence of Counselor Peck and about 150 feet from the British gunboat killing and wounding several Chinese. Other bombs fell in the river in the same locality, one of which landed about 300 yards from my quarters.

Casualties and property damage appear to have been light. All Americans are believed to be safe. Reverend W. A. McCurdy has informed the Embassy that the Lewis Memorial Institutional Church of the Methodist Episcopal Church (located in the city) an American organization was badly damaged in this raid and that other smaller buildings of the same mission were damaged by concussion.⁷

Repeated to Peiping, Hankow, Shanghai. Latter airmail to Tokyo.

JOHNSON

⁵ None printed.

⁶ For the Department's summary, see telegram No. 183, July 6, 7 p. m., to the Ambassador in Japan, *Foreign Relations, Japan, 1931-1941*, vol. I, p. 653.

⁷ For further reports of air raids on Chungking, see *ibid.*, pp. 654 ff.

393.1115/4360 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, July 6, 1939—4 p. m.

[Received July 6—3:30 p. m.]

My June 30, 4 p. m.,⁸ safety zone at Tsangchienshan.⁹ I have today received a reply from the Japanese Consul General pertinent portion of which follows:

"I have now been informed of the decision of the Japanese authorities concerned which states that although they are unable to recognize formally the proposed temporary safety zone, they are prepared not to make that area as the objective of their attack so long as no Chinese armed forces occupy or approach area in question or else use or take advantage of it for military purposes."

Sent to Foochow, repeated to Peiping, Chungking. By air mail to Tokyo.

GAUSS

393.1163P92/235

The Ambassador in China (Johnson) to the Secretary of State

No. 263

CHUNGKING, July 8, 1939.

[Received July 29.]

SIR: I have the honor to refer to this Embassy's telegram No. 415, June 28, 11 a. m., to the Department⁸ in regard to the bombing by Japanese planes of the property of the American Presbyterian Mission at Changteh, an important city in the northwest part of Hunan Province, on June 23 and 24, 1939, and to enclose in this relation a copy of a letter dated June 25, 1939,⁸ which has just been received from Dr. G. T. Tootell, American representative of the mission at Changteh. Information concerning the preparation of claims has been sent to Dr. Tootell.

Apart from its information concerning the destruction of American property and the death of two Canadian missionaries, the letter is a sad commentary on the ruthless and systematic efficiency of the Japanese air forces in inflicting death, ruin and devastation on undefended cities in the interior of China. On the basis of information constantly reaching this Embassy from a great many neutral sources, it is difficult if not impossible to escape the conclusion that since the beginning of the present year the Japanese have embarked upon a deliber-

⁸ Not printed.

⁹ Opposite Foochow on Nantai Island. For previous mention of this matter, see telegram of May 13, 1938, 7 a. m., from the Consul at Foochow, *Foreign Relations*, 1938, vol. iv, p. 318.

ate, relentless campaign of bombing and cowing into submission the inhabitants of the cities, villages and hamlets of "free" China. The vast extent of this campaign of intimidation, death and destruction has been indicated to some extent in reports transmitted to the Department in connection with the bombing of American properties, but doubtless a large majority of the cases involving bombings of cities, villages and small settlements in the interior of the country are seldom revealed to the outside world. The very great proportion of the losses of lives and property resulting from these widespread and indiscriminate air attacks is, of course, suffered by the civil population and not by the Chinese military establishments, as the Japanese are wont to say in explaining the nature and reasons for these attacks. Needless to say, if the Japanese have as their real object the submission of the Chinese people through sheer terrorism, it seems safe to say that this aim is bound to fail; on the contrary, such acts engender in the breast of the average Chinese a feeling of hate and anger so keen that he is merely hardened in his resolve not to bow to ruthless and brutal military aggression.

Respectfully yours,

NELSON TRUSLER JOHNSON

811.7493 Globe Wireless/80 : Telegram

The Ambassador in China (Johnson) to the Secretary of State

CHUNGKING, July 11, 1939—noon.

[Received July 11—10:45 a. m.]

437. Shanghai's 422, May 24, 4 p. m.¹¹ Following is Embassy's translation of the Foreign Office note dated June 26 regarding operations of Globe Wireless.

"The Minister for Foreign Affairs has received a communication from the Ministry of Communications stating:

'According to a report, Globe Wireless, Limited, and Press Wireless, Incorporated, American firms, are negotiating with the bogus Central China Electric Communications Company for the execution of contracts concerning the exchange of messages. It is also observed that RCA Communications and Mackay Radio and Telegraph Company are still exchanging messages with the illegal Japanese station in Shanghai. The execution of contracts for the exchange of messages by American communication companies is subject to the approval of the Federal Communications Commission. Please enter into negotiations with the American Government for the termination of all such activities'.

In respect of the mutual exchange of messages between RCA Communications and Mackay Radio and Telegraph Company and the illegal Japanese station in Shanghai, the Ministry of Foreign Affairs has received the American Embassy's formal note of September 21,

¹¹ Not printed. See telegram No. 81, January 30, 1 p. m., from the Consul General at Shanghai, p. 269.

1938 to the effect that the matter was being considered by the American Federal Communications Commission.

Having received the complaint referred to above the Ministry has the honor to request that the Embassy take note and transmit a telegram to the American Government requesting it to take effective measures to stop the negotiations conducted by Globe Wireless Limited and Press Wireless Incorporated with the bogus Central China Electric Communications Company for the execution of contracts for the exchange of messages, and the exchange of messages between RCA Communications and Mackay Radio and Telegraph Company and the illegal Japanese station at Shanghai, in order to uphold sovereign rights and further friendly relations. The Ministry in inditing this third person note has the honor also to request that it be [favored?] with a reply."¹²

Repeated to Shanghai, by mail to Peiping.

JOHNSON

393.115/693 : Telegram

The Secretary of State to the Consul at Swatow (Young)

WASHINGTON, July 12, 1939—11 a. m.

8. Your 35, July 7, 11 a. m.¹³ The Department assumes from your telegram that the buildings in question, while owned by Chinese, are regularly leased or rented in good faith by American firms for the exclusive use of those firms, are used by American firms and are occupied by American property. If this assumption is correct, and if there are no special circumstances in each individual case which might alter the status of the buildings as being legitimately in the possession and use of American firms, it is the opinion of the Department that the American firms are clearly entitled to fly the American flag over such buildings as long as the buildings are in such use by them under regular lease or rental agreements. In the event of the existence of any special circumstances as mentioned above you should report them promptly by radio. Otherwise you should request the Japanese Consul to take appropriate steps to insure that the American rights and interests in the buildings and their contents and the right to fly the American flag be not interfered with.

In general and whenever practicable matters of this kind should, before action is taken locally, be referred to the Embassy for instructions.

The Department perceives no objection to the procedure in regard to the issuance of proclamations as described in the last paragraph of your telegram under reference.

Repeated to Chungking and Peiping.

HULL

¹² Globe Wireless was unable to effect an arrangement with the Japanese authorities during the next 2 years.

¹³ Not printed.

393.11B21 Tan, Marcel O./7: Telegram

The Consul at Amoy (MacVitty) to the Secretary of State

Amoy, July 13, 1939—10 a. m.

[Received July 13—7 a. m.]

74. In reply to the Embassy's at Tokyo telegram No. 325, July 12, noon, to the Department.¹⁴ Tan is being held by the Municipal Council of the International Settlement until the dispute as to whether he comes under the jurisdiction of the American or the Japanese authorities is settled. The Council will not release him to me without the approval of the Japanese Consul General or to the Japanese without my consent.

I am just in receipt of a letter from the Japanese Consul General stating "the Japanese Vice Minister has replied to the representations of the American Chargé d'Affaires to the effect that Tan is regarded as being of Chinese nationality and the handing over of Tan to the Amoy Peace Maintenance Committee is recognized as legal".¹⁵

Repeated to Peiping for transmission to Tokyo. Repeated to Embassy at Chungking and to Shanghai.

MACVITTY

793.94/15221: Telegram

The Ambassador in China (Johnson) to the Secretary of State

CHUNGKING, July 17, 1939—noon.

[Received July 17—8:10 a. m.]

For Tokyo. Department's 202, July 15, 6 p. m.¹⁶ On re-reading my July 13, noon,¹⁷ I feel that unless you have already read my statement to the Foreign Minister and did not omit assertion that no objects of military character nor military forces were damaged, it would be preferable to omit those statements. They could by forced reasoning be construed as warranting the inference that such objects and forces are in Chungking in spite of my opinion expressed earlier that the city is unarmed in any offensive sense.

Sent to Tokyo through Shanghai, repeated to Peiping.

JOHNSON

¹⁴ Not printed.

¹⁵ Tan was released by the Kulangsu Municipal Council on May 9, 1940, at the request of the Japanese Consul General at Amoy.

¹⁶ *Foreign Relations*, Japan, 1931-1941, vol. I, p. 662.

¹⁷ Telegram No. 438, *ibid.*, p. 661.

793.94/15230 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, July 18, 1939—8 p. m.

[Received July 19—6 a. m.]

[From Tokyo:] 340. Department's 202, July 15, 6 p. m.¹⁸

1. In view of the sensational assumptions which would be made by the press if I were to call on the Foreign Minister at this time, when Japanese attention is concentrated on the Anglo-Japanese conversations,¹⁹ I called today on Director of the American Bureau and left with him a copy of Chungking's 438, July 13, noon,²⁰ which I asked be placed at once in Mr. Arita's hands. I also read to Yoshizawa the second paragraph of the Department's telegram under reference and asked that substance thereof be conveyed to Mr. Arita. Yoshizawa undertook to do so and to transmit to me the Foreign Minister's observations.

2. Yoshizawa told me that the Chungking bombings were being carefully investigated and that the Japanese Ambassador at Washington would be shortly instructed to make a full statement in response to the representations made to him by the Secretary on July 10.²¹

Repeated to Chungking and Peiping.

GAUSS

393.112/19 : Telegram

The Secretary of State to the Chargé in Japan (Dooman)

WASHINGTON, July 20, 1939—6 p. m.

207. Shanghai's 613, July 17, 7 p. m.²² Please bring this matter to the attention of the Minister for Foreign Affairs and supplement the representations made at Shanghai by pointing out that the American Government takes a serious view of this and similar incidents, for which there appears to be no warrant whatsoever, and that this Government is becoming increasingly apprehensive with regard to the cumulative effect which such incidents as these may have upon public opinion in this country.

HULL

¹⁸ *Foreign Relations, Japan, 1931-1941*, vol. I, p. 662.

¹⁹ See pp. 163 ff.

²⁰ *Foreign Relations, Japan, 1931-1941*, vol. I, p. 661.

²¹ See memorandum of July 10, *ibid.*, p. 656.

²² Not printed; it reported an unprovoked assault upon two American missionaries by a Japanese consular police officer at Hangchow.

893.102 Tientsin/369 : Telegram

The Secretary of State to the Chargé in Japan (Dooman)

WASHINGTON, July 25, 1939—6 p. m.

218. Peiping's 354, July 18, 5 p. m., and Chungking's 448, July 19, 11 a. m.,²³ last two sentences. The Department has for some time been considering the advisability of making known to the Japanese Government the growing concern with which increasing anti-foreign propaganda in the areas of China under Japanese control is being viewed by the people as well as the Government of the United States. The Department concurs with the Embassy in China that such propaganda and related anti-foreign acts are detrimental to the interests of third power nationals in general and are accordingly working injury upon American nationals in China. It is the Department's opinion that the danger in this situation, which seems to be expanding, is so potentially serious that we cannot ignore it.

Unless you perceive objection, please seek an early opportunity to call on an appropriate officer of the Japanese Foreign Office and make to him orally a statement substantially as follows:

The American Government is deeply concerned in regard to the effect upon American nationals and interests in China of the present virulent campaign of agitation directed in particular against foreigners of one nationality in the areas controlled by Japanese armed forces. It has been the experience in the past that the Chinese masses, when anti-foreign feeling is aroused, have frequently shown an inability to distinguish between and among certain nationalities, and that consequently ill feeling directed against one nationality spreads to include others, with adverse effects upon the rights and interests of foreigners who were not originally and specifically singled out for abuse of this nature. Within the past year this tendency has not been entirely lacking in such places as Shanghai, Peiping, and Nanking, where utterances by members of local régimes, reportedly inspired by Japanese agents, have not infrequently included statements assailing the United States and its nationals. Our reports indicate that the present agitation directed nominally against British nationals and interests in China, which is becoming increasing violent and widespread, is being instigated and fostered by Japanese agents and Japanese-controlled agencies. Adverse effects upon American interests have already come to our notice, and it is our belief that the continuance of such agitation, even though the agitation may not be specifically directed against American nationals, will be regarded in this country (a) as an indirect onset by Japanese agencies against American nationals and interests in China and (b) as an indication of the methods which those agencies might in due course employ directly against American nationals and interests. The undesirable potentialities in this situation impel us to regard the

²³ Neither printed.

apparently deliberate effort to arouse anti-foreign feeling among Chinese as a serious development, in relation to our interests.

Sent to Tokyo via Shanghai. Repeated to Chungking, Peiping, Hankow, Tsingtao and Swatow.

HULL

893.102 Tientsin/407 : Telegram

The Chargé in Japan (Dooman) to the Secretary of State

TOKYO, July 28, 1939—3 p. m.

[Received July 29—7:40 a. m.]

370. Department's 218, July 25, 6 p. m. Two of all sections of the telegram under reference were not received until late yesterday evening. If the telegram had been received a day or two earlier I believe the Department's instructions could have been carried out and representations received favorably by the Japanese Government. However, to make representations along the lines desired at a time when the first effects of the notice of termination of the commercial treaty²⁴ are being strongly felt would, I believe, be taken by the Japanese as the implied step in the development of a positive American attitude and would bring forth either an evasive or contentious reply. If the Department desires nevertheless that action be taken at once I shall do so; otherwise I shall await a favorable opportunity.

2. There were observed today items in the press predicting that the United States "will come forward as the champion in the Far East of the white race".

Sent to the Department via Shanghai. Shanghai please repeat to Chungking and Peiping.

DOOMAN

793.94/15262 : Telegram

The Counselor of Embassy in China (Lockhart) to the Secretary of State

PEIPING, July 28, 1939—4 p. m.

[Received 8:58 p. m.]

373. Peiping's No. 311, June 27, 1939²⁵ concerning endangering of lives of American citizens at Hanchung, Shensi. Representative of the Japanese Embassy has called at this Embassy and expressed deep regret "for the occurrence of this unfortunate and unexpected incident". He stated in every particular that in cases where Chinese

²⁴ See note of July 26 to the Japanese Ambassador, vol. III, p. 558.

²⁵ Not printed.

troops are active in the vicinity of foreign missions Japanese forces might, through military necessity, bomb such forces. He suggested that steps be taken by foreign missions to require Chinese troops to leave the vicinity of their missions, failing which, he further suggested, missions of third power countries resident in such missions would do well to evacuate. He expressed the hope that the point of view of the Japanese military authorities would be understood. Despatch follows.²⁶

Repeated to Chungking, Shanghai and Hankow; by airmail to Tokyo.

LOCKHART

393.112/23 : Telegram

The Secretary of State to the Chargé in Japan (Dooman)

WASHINGTON, July 28, 1939—5 p. m.

224. Peiping's 365, July 25, 4 p. m.²⁶ During my conference with the press July 24 I mentioned developments in connection with the assault July 3 upon two Americans by a Japanese sentry at Wuhu (Shanghai's 579, July 10, 1 p. m., and 618, July 18, 6 p. m.²⁷), with the assault July 12 by a Japanese consular police officer on two Americans at Hangchow (Shanghai's 613, July 17, 7 p. m., and 634, July 22, 11 a. m.²⁷) and with the assault July 22 on an American naval warrant officer by a Japanese sentry at Hankow (Hankow's 168, July 24, 4 p. m.²⁶). I voiced the concern of this Government at the increasing number of these incidents.

Unless you perceive objection, I desire that you call upon the Minister or Vice Minister for Foreign Affairs, bring to his attention my statements to the correspondents, say that Peiping's 365 reporting a further incident was received subsequent to the press conference in question, and make orally forceful representations in regard to this mounting series of attacks upon Americans, substantially as follows:

These flagrantly unwarranted incidents are receiving considerable publicity in the American press and are regarded by us with increasingly deep concern. It is a matter for speculation whether the recrudescence of such incidents is in any way a reflection of the spreading of anti-foreign propaganda in China, certain aspects of which were the subject of Department's 218, July 25, 6 p. m. In any case, we cannot escape the assumption that underlying causes of the continuing abuse of American nationals by Japanese agents are to be found in circumstances for which the Japanese Government is responsible and that these circumstances are apparently due either to (a) failure of the Japanese Government to issue sufficiently strict and explicit instruc-

²⁶ Not printed.

²⁷ Neither printed.

tions to Japanese military and other personnel to treat Americans with civility or (b) failure of superior officers, either through their inability to control subordinates or their indifference to the acts of subordinates, to impress upon their subordinates the necessity of treating Americans with civility and of obeying scrupulously appropriate instructions to that end. While the amends made by Japanese authorities in regard to some incidents would seem to effect the settlement of those incidents individually, the cumulative results of the incidents and their continuation create a situation which is of deep concern to this Government and which is having an increasing effect upon American public opinion. We believe that the Japanese Government can prevent the occurrence of such incidents in the future if the Japanese Government will undertake in a forthright manner the putting into effect of appropriate measures.

Sent to Tokyo via Peiping. Repeated to Chungking, Shanghai and Hankow.

HULL

393.1163/908 : Telegram

The Consul General at Hankow (Spiker) to the Secretary of State

HANKOW, July 31, 1939—3 p. m.

[Received July 31—10:50 a. m.]

This office has received a letter dated July 17 from an American Benedictine missionary at Kaifeng, Honan, stating in part:

"Next I wish to inform you that an agitation against the missions is going on in Kaifeng. Today the British subjects living here, all being missionaries, are bound to leave. What is to become of the property they had acquired and developed, even a large hospital, no one can foretell but surmise.

Whether this agitation will be turned against the American citizens to the number of about 25 Catholic missionaries and a few Protestants, may again only be surmised. But the success achieved against the British is apt to spur on the agitators to further efforts."

Strong representations have today been addressed to the Japanese asking all courtesy and protection for Americans and American property at Kaifeng.

Sent to Peiping.

SPIKER

893.102 Tientsin/407 : Telegram

The Acting Secretary of State to the Chargé in Japan (Dooman)

WASHINGTON, August 1, 1939—7 p. m.

234. Your 370, July 28, 3 p. m. As indicated in the Department's 218, July 25, 6 p. m., the danger to Americans in China and their

interests to be envisaged in the widespread and expanding anti-foreign agitation sponsored by Japanese agents is potentially so serious that this Government cannot ignore it. The continuing extension of the propaganda and phases of the agitation such as that implied in the "warning to other foreigners" contained in the third quoted paragraph of Peiping's 375, July 29, 12 noon,²⁹ seem to emphasize the need for making representations in the matter to the Japanese Government. Furthermore, it seems advisable that we should not withhold from the knowledge of the Japanese Foreign Office the fact that we are aware of the adverse effects of such agitation upon American interests in China and are deeply concerned lest a continuance of such abusive propaganda result, directly or indirectly, not only in concrete harm to American commercial and other interests but also in personal danger to American nationals. (See Department's 224, July 28, 5 p. m., third paragraph, second sentence.)

In view of the foregoing, the Department, while leaving to your discretion the exact time of your approach to the Minister or Vice Minister, is of the opinion that your representations should be made at an early opportune moment.

Sent to Tokyo via Shanghai. Repeated to Chungking and Peiping.

WELLES

393.112/28: Telegram

The Chargé in Japan (Dooman) to the Secretary of State

TOKYO, August 1, 1939—6 p. m.

[Received August 2—2:02 p. m.]

379. Department's 224, July 28, 5 p. m.

1. I called this afternoon on the Vice Minister for Foreign Affairs and read to him the Department's telegram under reference and Peiping's 365, July 25, 4 p. m.,²⁹ I expanded portions of the Department's 224, especially the references to the possibility that assaults on Americans might be reflective of the anti-foreign propaganda in China and to the cumulative effects of such incidents. Sawada undertook to convey my representations to the Minister and subsequently to make a reply. He made no comment.

2. I also took up this matter with Yoshizawa who expressed concern and promised to see what could be done with a view to taking appropriate safeguarding measures.

Repeated to Chungking, Shanghai and Hankow.

DOOMAN

²⁹ Not printed.

393.112/31a : Telegram

The Acting Secretary of State to the Chargé in Japan (Dooman)

WASHINGTON, August 2, 1939—10 p. m.

240. At my conference on August 2 with the press a correspondent referred to reports emanating from Tokyo that the Japanese Ambassador may be recalled and asked whether any indication of that had come to the Department, to which I replied in the negative. A correspondent then referred to a report from Tokyo that the United States had protested today through the Chargé d'Affaires and there was an impression that the protest had raised the question whether the anti-British campaign in China had become generalized into a sort of anti-foreign campaign. In reply I said that we have repeatedly stated that our representatives on the spot in the Far East are instructed to take up instances of mistreatment of Americans as they occur and to report to the State Department after they have made representations; that on occasion we have sent specific instructions to our representatives to make representations of that character; and that in this case Mr. Dooman was specifically instructed to make representations to the Foreign Office with regard to recent incidents involving American nationals in China. When asked to comment on that portion of the correspondent's question relating to the anti-British campaign having become generalized into an anti-foreign campaign, I replied that, as we have frequently made clear, this Government maps its own course; that when its own rights and the rights of its nationals are affected we present our point of view with regard to those factors in the situation; and that we of course do not attempt to undertake to make representations on behalf of other nationals or their interests.

WELLES

393.1163Am3/380 : Telegram

The Consul General at Canton (Myers) to the Secretary of State

CANTON, August 3, 1939—4 p. m.

[Received 8:10 p. m.]

89. Reference Hong Kong's 247, August 2, 9 a. m.³⁰ I have appropriately protested destruction of Catholic Mission at Kweilin to Japanese Consul General, requesting that more effective measures be taken at once to cause cessation of increasingly frequent attacks on American properties in this area.

³⁰ Not printed.

I am reliably informed that recent bombings in Kwangsi Province have been conducted by naval planes.

Repeated to Chungking, Hong Kong and Peiping, for repetition to Tokyo.

MYERS

393.112/35 : Telegram

The Chargé in Japan (Dooman) to the Secretary of State

TOKYO, August 7, 1939—6 p. m.

[Received August 7—8: 50 a. m.]

392. Our 379, August 1, 6 p. m., anti-foreign agitation.

1. I called today on Yoshizawa and reviewed the growing anti-foreign agitation and cited evidence of increasing dangers to American citizens and property. I then read to him all of the pertinent portion of the Department's 218, July 26 [25], 6 p. m., and urged with all possible emphasis that the Japanese Government realize the serious potentialities of the agitation stirred up by Japanese agents.

2. With regard to the situation at Kaifeng, Yoshizawa said that the Foreign Office had today asked the War Department to make inquiry.

3. He said that the position which has been taken by the Japanese authorities in China in reply to British representations is that the Japanese will not suppress "manifestations of popular Chinese feeling against Great Britain" but that they will be responsible for maintenance of order in the occupied areas and for the safety of British lives and property. He said that our representations would be studied and reply would be made shortly.

Repeated to Shanghai. Shanghai please repeat to Peiping and Chungking.

DOOMAN

394.112/66 : Telegram

The Acting Secretary of State to the Counselor of Embassy in China (Lockhart), at Peiping

WASHINGTON, August 7, 1939—6 p. m.

156. Tsingtao's 174, August 2, 10 a. m., and Shanghai's 677, August 2, 3 p. m.,³¹ searching of Mrs. Wilhoit. It appears that Mrs. Wilhoit was searched and her funds taken from her under measures looking to the enforcement of currency restrictions imposed by the Japanese-sponsored "Provisional Government". As there appears to be no law or regulation of the National Government of China stipulating

³¹ Neither printed.

that national currency bank notes such as carried by Mrs. Wilhoit are contraband goods or prohibiting the carrying of such bank notes in the circumstances in question, the searching of Mrs. Wilhoit and confiscation of her funds were illegal and in impairment of her rights.

Please lodge a protest with the Japanese Embassy, in such manner as you deem advisable, against the searching of Mrs. Wilhoit and the confiscation of her funds and request that those funds be returned to her. Say that this Government does not assent to any asserted right on the part of Japanese authorities or agencies under their direction or control to take such measures against Americans in enforcement of regulations which are restrictive of American rights and which we do not recognize as legally applicable to American citizens. Please request also that the Japanese authorities take such steps as may be necessary to ensure that Americans traveling in areas under Japanese military control will not be subject to such searches and seizures.

The American Consul at Tsingtao should make similar representations to the Japanese Consul at that place.

Sent to Peiping. Repeated to Chungking, Tsingtao and Shanghai.

WELLES

393.115/709 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, August 8, 1939—5 p. m.

[Received August 8—2:50 p. m.]

702. My 527, June 23, noon,³² regarding transportation of employees of Andersen, Meyer and Company to Kiukiang. Rouse and Russian interpreter were issued Kiukiang landing permits and boarded Japanese transport *Murasaki Maru* on August 7, for the trip to Kiukiang. The following Americans boarded same vessel for the trip to Hankow: A. R. Boynton of Seventh Day Adventist Mission, his wife and two children; George Campbell of Standard-Vacuum Oil Company and C. L. Pickens of American Church Mission. Ten Americans and eight Chinese employees of American organizations are still awaiting transportation to Hankow. It is hoped that they will be able to proceed on another Japanese transport scheduled to leave Shanghai on or about August 20.

Admiral Hart³³ has supplied a translation of a letter dated July 29, 1939 addressed to himself and to the senior British, French, and Italian Naval officers in Shanghai by the Japanese Commander in Chief, China Sea Fleet which states in part:

³² Not printed.

³³ Thomas C. Hart, Commander in Chief, U. S. Asiatic Fleet.

"As regards the transport of your nationals on your gunboats on the upward trip, we are prepared to approve the following:

Army and navy officers and their families.

Diplomats, consulate staffs and their families. Landing permits will be issued upon consultation on lists submitted to us in advance.

With regard to the transport of your nationals on your gunboats on the downward trip, we request that consultation be held in advance with the Japanese authorities on the spot. As regards the transport of third power nationals, both up and down, the Japanese authorities would welcome a decision of the third power authorities to avail themselves of the Japanese military and naval transports as heretofore, instead of using their own gunboats."

American naval authorities anticipate that two American gunboats will leave Shanghai for Hankow late this month. It is believed that the requirements of American nationals and organizations will be satisfactorily met if Japanese transports continue to offer passenger travel facilities on an average of twice a month and that therefore compliance with the Japanese request to use only Japanese transports for the purpose would not in practice prove a serious hardship to Americans and American organizations.

I have to point out that the Japanese authorities can readily make their restrictions effective by refusing permission to land to persons traveling by gunboat.

I have suggested to Rear Admiral Glassford,³⁴ now senior American Naval officer present, that it would seem to me desirable to make an appropriate reservation of our rights to transport our nationals on our naval vessels at any time and to and from any place as circumstances may require, but that we might add the statement that the procedure heretofore followed of requesting transportation facilities by Japanese transports to and from Hankow will in general continue to be followed so long as such facilities are made available on reasonably frequent sailings.

Repeated to Chungking, Peiping, Tokyo, and Hankow.

GAUSS

393.1163L97/138: Telegram

The Acting Secretary of State to the Consul at Tsingtao (Sokobin)

WASHINGTON, August 9, 1939—1 p. m.

25. Your 176, August 5, 10 a. m.³⁵ It is suggested that you inform the Japanese Consul General that if claimants mentioned or their authorized representatives voluntarily accept payment for property losses sustained as a result of the bombing in question under agreement that such payments are accepted as final settlement of the claims the

³⁴ William Alexander Glassford, Commander of the U. S. Yangtze Patrol.

³⁵ Not printed.

Department would not be disposed to support any claims which they might thereafter file for those losses. You may add that to complete its records the Department desires to be furnished with authenticated copies of any receipt, release or waiver signed by claimants at the time of settlement.

Repeated to Peiping.

WELLES

293.112/41 : Telegram

The Counselor of Embassy in China (Lockhart) to the Secretary of State

PEIPING, August 9, 1939—5 p. m.
[Received August 9—1:40 p. m.]

401. The missionaries from Shansi referred to in Peiping's number 395, August 6 [8], 2 p. m.,³⁶ last substantive paragraph, apparently did not arrive last night. However, a British missionary from Hungtung, Shansi, recently arrived, informed me late yesterday afternoon that the anti-British feeling apparently stimulated by the Japanese at Hungtung and other places in Shansi, is very strong. He reported that Mr. and Mrs. Scoville, American citizens connected with the China Inland Mission at Hwohsien about 90 li north of Hungtung, were forced to leave their mission; that Mr. Scoville was called to Japanese military headquarters on July 6 and put through a gruelling examination for 3 hours to ascertain if he had any political affiliations with any anti-Japanese society. He apparently was suspected because a British subject had been associated with the Scovilles in their mission work. Scoville was given a military pass and proceeded with his wife to Kiehsiu. Informant stated that Mr. and Mrs. Mellows and Miss Rand, all American citizens, are also now at Kiehsiu. Informant also stated that agitation in Shansi is in varying degree anti-British, anti-church, and anti-foreign, with the latter predominating, according to missionaries with whom he had talked.

Repeated to Chungking, Shanghai, Tientsin, air mail to Tokyo.

LOCKHART

393.0015/108 : Telegram

The Acting Secretary of State to the Consul General at Shanghai (Gauss)

WASHINGTON, August 9, 1939—8 p. m.

290. Reference Hankow's 192, August 7, 3 p. m.,³⁷ and your 702, August 8, 5 p. m., in regard to travel of Americans on the Yangtze.

³⁶ Not printed; the missionaries mentioned were British (393.112/37).

³⁷ Not printed.

The Department approves in general the suggestion which you made to Rear Admiral Glassford as reported in the last substantive paragraph of your telegram under reference but desires that you suggest also to Admiral Glassford that in the Department's opinion it would be advisable to make clear to the Japanese authorities that the question of our right to transport American nationals on our naval vessels in China is not admissible as a subject for negotiation or discussion with agencies of any other government.

The Department desires that you and Hankow keep the Department fully and promptly informed of any developments in the foregoing matter.

Sent to Shanghai. Repeated to Chungking, Peiping, and Hankow.

WELLES

393.112/41a : Telegram

The Acting Secretary of State to the Counselor of Embassy in China (Lockhart), at Peiping

WASHINGTON, August 9, 1939—8 p. m.

158. Reports of anti-American agitation at Kaifeng, places in Shansi and elsewhere, as contained in your and Chungking's recent telegrams and in frequent press despatches from China, are causing us concern. Unless you perceive objection, please approach the Japanese Embassy at Peiping in such manner as you deem appropriate along the lines suggested in the Department's 218, July 25, 6 p. m., and 234, August 1, 7 p. m., to Tokyo. As one possible means of emphasizing to the Japanese authorities our concern at the developments in question, it is suggested that, in your discretion, you ask the Japanese Embassy to make arrangements with the Japanese military, if possible, for the forwarding of letters of inquiry from the Embassy to American missionaries in the affected places within the scope of operations of the Japanese north China command and the delivery to you of the missionaries' replies. In addition, please make such other efforts as may be practicable, direct or through the appropriate consular office as may seem feasible, to keep in communication with Americans in affected places throughout the portions of China under Japanese military control and to obtain and report to the Department all available information in regard to developments.

Gauss is requested in his discretion to make appropriate representations in the matter to the Japanese authorities at Shanghai.

Sent to Peiping. Repeated to Chungking, Hankow and Shanghai. Shanghai please repeat to Tokyo.

WELLES

393.112/43 : Telegram

The Chargé in Japan (Dooman) to the Secretary of State

TOKYO, August 10, 1939—5 p. m.
[Received August 11—7: 53 p. m.]

398. Our 392, August 7, 6 p. m., paragraph No. 2. In response to inquiry this morning Yoshizawa informed me that the War Department had received reply from the military authorities with regard to conditions affecting American citizens at Kaifeng substantially as follows:

Many of the Catholic missionaries who left Kaifeng because of the anti-British agitation are Canadians who indicated intention to return to America. Before evacuating Kaifeng the British asked an American missionary to assume custody of British properties, but conforming to demand of anti-British organization this American subsequently transferred custody of such properties to the Honan Provisional Government. This fact and the Canadian nationality of many of the British missionaries presumably gave rise to the report that Americans and their properties had been molested. There has been no agitation against American citizens but further investigations will be made.

Repeated to Chungking, Hankow and Shanghai.

DOOMAN

393.1163Am3/389 : Telegram

The Consul General at Canton (Myers) to the Secretary of State

CANTON, August 11, 1939—noon.
[Received 1: 40 p. m.]

95. Reference my 89 August 3, 4 p. m. Prefect Apostolic of the Catholic Mission at Kweilin in letter dated August 1, reported bombing was done by 18 Japanese planes on Monday July 31 in eight attacks; that two separate mission compounds were totally demolished except for one building wrecked beyond repair; that both properties were clearly marked with American flags; that members of the mission "witnessed and experienced a most deliberate bombing of the civilian population in one of the mountains outside the city where the people sought shelter from the planes". Damage is estimated at Hong Kong dollars 50,000.

Appropriate representations have been made to Japanese Consul General.

Repeated to Chungking and Peiping for repetition to Tokyo.

MYERS

393.1163P92/249 : Telegram

The Chargé in Japan (Dooman) to the Secretary of State

Tokyo, August 11, 1939—1 p. m.

[Received August 11—6 a. m.]

399. Department's 248, August 9, 8 p. m.³⁸ On July 13 I addressed to the Minister for Foreign Affairs a formal note emphatically objecting to continued occupation of Palmetto Presbyterian Mission property at Soochow and asking that arrangement be made for compensation for losses. A copy of the note was forwarded to the Department with my despatch No. 4036, July 14.³⁸ I asked the Foreign Office today to expedite reply.

Shanghai please repeat to Chungking and Peiping.

DOOMAN

393.112/42 : Telegram

The Consul General at Shanghai (Gauss) to the Secretary of State

SHANGHAI, August 11, 1939—2 p. m.

[Received August 11—8:15 a. m.]

713. Reference is made to Department's telegram No. 158, August 9, 8 p. m., final paragraph, regarding anti-American agitation at Kaifeng and elsewhere in North China. Inasmuch as the area mentioned is under the control of the Japanese North China command I believe there would be no value in making representations to the Japanese authorities here who would merely refer them to the Japanese authorities in North China.

There have as yet been no indications of anti-American agitation in the Shanghai Consular District but I am watching the situation closely and will make appropriate representations at the first sign of any such agitation.

Repeated to Chungking, Peiping and Hankow. Code text by air mail to Tokyo.

GAUSS

393.1121/13 : Telegram

The Acting Secretary of State to the Counselor of Embassy in China (Lockhart), at Peiping

WASHINGTON, August 11, 1939—4 p. m.

162. Tsingtao's 178, August 8, noon.³⁸ Unless you perceive objection, please instruct the American Consul at Tsingtao for his guidance that we cannot admit any asserted right by Chinese police au-

³⁸ Not printed.

thorities to impose fines of any kind upon American citizens and that complaints against Americans for traffic violations should be brought before the Consulate and, in cases in which it is desired to impose a penalty, should be adjudicated in the American Consular Court. In such cases any fines imposed by the Consular Court upon conviction of the defendants would of course be covered into the Treasury of the United States but, as it is assumed that police action against such defendants would have as its purpose the deterring of further infractions rather than the collection of revenue, this procedure should be satisfactory to the police authorities. It is suggested that Sokobin also be instructed to advise American motorcar operators at Tsingtao to exercise care in order to avoid possibility of creating an issue of this matter with the local Chinese authorities.

Sent to Peiping. Repeated to Chungking.

WELLES

393.112/45: Telegram

The Counselor of Embassy in China (Lockhart) to the Secretary of State

PEIPING, August 11, 1939—5 p. m.

[Received 8:20 p. m.]

403. Peiping's 401, August 9, 5 p. m. Mrs. Gertrude Chaney Pye, American citizen connected with the American Board Mission at Fenchow, Shansi, arrived here from that city today. She reports that Americans in Fenchow have not been molested and that there is no anti-American agitation but that she observed a poster in a police station in Fenchow reading "Great Britain and America are the countries responsible for the prolongation of hostilities in the Far East".

Six British missionaries arrived here yesterday from Taiyuan, Shansi, having been forced to leave through threats to themselves and to their Chinese Christians if the British did not leave. They report that Miss L. Jane Shock, American citizen with the Church of the Brethren Mission at Taiyuan, remains there and has not been molested; they say that anti-American items have appeared in the local vernacular press since the notice of termination of the American-Japanese treaty, but no demonstrations have occurred.

Four British missionaries arrived here yesterday from Sinchow, 40 miles north of Taiyuan, Shansi; they report that they were compelled to leave by direct threats from the Japanese military as well as Japanese coercion of their Chinese Christians. They say that, in addition to the usual anti-British propaganda, posters were affixed to their mission gates stating "Kill the British".

Repeated to Chungking, Tokyo, Tientsin, Shanghai.

LOCKHART

393.112/46 : Telegram

The Counselor of Embassy in China (Lockhart) to the Secretary of State

PEIPING, August 12, 1939—10 a. m.

[Received August 13—7:45 a. m.]

404. I called late yesterday afternoon on the Counselor of the Japanese Embassy and made oral representations in line with the Department's 158, August 9, 8 p. m., and the Department's 218, July 25, 6 p. m.; and 234, August 1, 7 p. m., to Tokyo. Horiuchi stated that every effort has been made and will continue to be made to prevent any anti-American demonstrations or any anti-American agitation of any sort. He stated that the military authorities have given particular attention to that phase of the situation and that he feels sure that they are alive to the situation and are in a position to prevent any untoward developments vis-à-vis Americans and in fact towards foreigners as a general group. Horiuchi said that while this question has already been discussed with the military he will have further discussion with them on the subject. His only fear, he stated, was that Communists, or what he described as pro-Chiang Kai Shek elements, might surreptitiously identify themselves with the anti-British demonstrations for the specific purpose of creating trouble between the Japanese and American Governments. I made no comment on this point.

Horiuchi stated that he would endeavor to arrange with the military for me to despatch some letters to and from American missionaries residing at Kaifeng and at other places in occupied areas that are difficult to reach by ordinary mail.

Repeated to Chungking, Hankow, Shanghai and Tokyo.

LOCKHART

393.1123 Nyhus, Phoebe/107 : Telegram

The Acting Secretary of State to the Consul General at Shanghai (Gauss)

WASHINGTON, August 12, 1939—11 a. m.

298. Your 282, April 15, 1 p. m., and Department's 127 April 22, 1 p. m. regarding settlement of claims arising out of bombing of Tungpeh on October 24, 1938. It is suggested that a communication be addressed to the Japanese Consul General in which, after referring to his statement of April 14 to the effect that he had been instructed by his Government to take up with you the matter of a settlement of claims arising out of the above-mentioned bombing, it be stated that

as a result of careful consideration of all available information and evidence relating to the nature and extent of the personal injuries sustained by members of the Nyhus family and the extent of property losses and damages sustained this Government has reached the conclusion that the sum of \$17,698.80 (seventeen thousand six hundred ninety eight dollars and eighty cents) United States currency would constitute reasonable and suitable compensation for the losses and damages sustained. This sum may be itemized as follows:

- (a) For the death of Phoebe Nyhus and personal injuries sustained by Ruth Nyhus and Mrs. Nyhus \$15,000
- (b) For damage to and destruction of Lutheran Mission property 2,646
- (c) For personal property losses of Reverend Nyhus 52.80

It is suggested that a statement be included to the effect that if your understanding regarding the Japanese Consul General's authority to settle the matter is incorrect you desire to be so informed promptly in order that the matter may be taken up at Tokyo.

The Department would appreciate your actively pursuing the matter with a view to effecting an early settlement.

Repeated to Chungking, Peiping and Hankow.

WELLES

893.51 Contractual Obligations/42a : Telegram

The Acting Secretary of State to the Counselor of Embassy in China (Lockhart), at Peiping

WASHINGTON, August 14, 1939—3 p. m.

165. Your mail despatches 1958, March 14 and 2011, April 15⁴⁰ regarding indebtedness of Peiping-Suiyuan Railway Company to certain American firms. It is suggested that unless you perceive objection a further communication be addressed to the Japanese Embassy in which, after referring to your note of April 15⁴¹ and the Japanese Embassy's note of March 7, you will state that while it is earnestly hoped that the Japanese Embassy's request, referred to in its note of March 7, to the effect that the appropriate Japanese authorities give favorable consideration to the matter of such indebtedness, will result in prompt resumption of monthly payments due American firms, this Government desires to record a general reservation of all rights of the American firms concerned arising out of the action of Japanese agencies, or a Japanese Government controlled and directed company, in assuming control of and operating that railway.

⁴⁰ Neither printed.

⁴¹ Not printed.

You may add that in view of reports to the effect that the North China Transportation Company, a subsidiary of the North China Development Company, another Japanese Government directed and controlled company, was to "take over the work of the South Manchuria Railway in the administration of railways and other means of transportation and communication in North China" (your 193, April 18, 2 p. m.⁴²) this Government is constrained to record a similar reservation of rights of American creditors of any railways which may be taken over, administered or operated by the North China Transportation Company.

Please repeat to Tokyo in order that similar representations may be made to the Japanese Foreign Office.⁴³

Repeated to Chungking.

WELLES

893.111/390 : Telegram

The Consul at Tsingtao (Sokobin) to the Secretary of State

TSINGTAO, August 14, 1939—3 p. m.

[Received August 15—3 a. m.]

182. The Japanese naval authorities are now requiring each foreigner embarking at Tsingtao on all steamships, including Japanese vessels, and regardless of destination, to obtain in each instance a "travelling certificate" which must be visaed by the local Japanese Consul General and the local Japanese resident naval officer. Without such visaed certificates passengers are not permitted by Japanese sentries to board vessels.

2. In the past the blanket approval of the steamship's passenger list by the Japanese authorities sufficed, but the present requirement of individual visas of travelling certificates is causing much resentment because of considerable inconvenience to the summer visitors here due to inadequate Japanese staff for issuance of the visas. Much resentment expressed also because of this assumption of absolute control of the movement of all foreigners in Tsingtao.

3. I have already called on Japanese Consulate in regard to this matter and possibly there will be an early amelioration at least in respect to prompt issuance of visas to Americans.

Repeated to Chungking, Peiping, Chefoo, Tientsin, Shanghai. By mail to Tokyo.

SOKOBIN

⁴² Not printed.

⁴³ Written representations were made at Peiping and at Tokyo; for note from Tokyo, August 17, see *Foreign Relations, Japan, 1931-1941*, vol. I, p. 849.

394.112/69: Telegram

The Acting Secretary of State to the Chargé in Japan (Dooman)

WASHINGTON, August 16, 1939—7 p. m.

257. Reference Tientsin's 186, August 15, noon.⁴⁴ If you have not already done so and if you do not perceive objection, the Department desires that you approach the Foreign Office at an early opportunity and make representations in regard to the slapping of Mrs. Richardson⁴⁵ by a Japanese sentry. Your representations should appropriately follow the lines indicated in the Department's 224, July 28, 5 p. m., with emphasis being placed on the fact that the incident under reference has received widespread and unfavorable publicity in this country.

As the headquarters of the Japanese Army in north China is at Peiping, Lockhart is requested to make similar representations to the Japanese Embassy there.

Sent to Tokyo via Peiping. Repeated to Chungking.

WELLES

394.112/75: Telegram

The Consul at Tientsin (Berger) to the Secretary of State

TIENTSIN, August 18, 1939—2 p. m.

[Received August 18—7 a. m.]

189. My 186, August 15, noon.⁴⁴ I have just received the following despatch dated August 17 from the Japanese Consul General:

"I have the honor to acknowledge the receipt of Mr. Berger's letter of the 15th instant regarding an incident at the barrier on Asahi Road on the afternoon of the day in which Mrs. Frances M. Richard, an American citizen, is reported to have been struck by Japanese sentry, and to express, on behalf of the Japanese authorities concerned, our sincere regret for what happened, although there exists some inconsistency between Mrs. Richard's statement published in the local press and the result of our investigations.

I am informed that the Japanese sentry in question who had never caused any trouble nor received any complaint in his treatment of Americans in the past, has been duly dealt with in accordance with the military regulations, and that, in addition to those repeatedly issued, further instructions have been sent to all soldiers concerned to accord courteous treatment to all American citizens as far as they assume similarly courteous attitude."⁴⁶

⁴⁴ Not printed.⁴⁵ Mrs. Frances M. Richard, American.⁴⁶ The above was confirmed by telegram No. 414, August 18, 6 p. m., from the Chargé in Japan (394.112/76).

Unless otherwise instructed by the Department I will consider this reply satisfactory and will take no further action in regard to this incident.

Repeated to Chungking, Peiping, Tokyo, Shanghai.

BERGER

393.1121 Holland, L. W./73

The Chargé in Japan (Dooman) to the Secretary of State

No. 4104

TOKYO, August 24, 1939.

[Received September 13.]

SIR: With reference to the Department's telegram No. 262 dated August 19, 1939, 3 p. m.,⁴⁸ sent to the Embassy via Shanghai, I have the honor to report that in view of the discretion allowed by the Department's immediately subsequent telegram, I did not call upon the Minister or Vice Minister for Foreign Affairs. I took occasion, however, when I called on Mr. Yoshizawa on August 23 to leave with him a short précis of the events leading up to the situation under which it was believed to be necessary for an American official to proceed to Nanchang to make investigations concerning the welfare of American citizens at that place. A copy of this summary is enclosed with this despatch.

Respectfully yours,

EUGENE H. DOOMAN

[Enclosure]

PAPER HANDED TO MR. YOSHIZAWA, AUGUST 23, 1939, BY THE CHARGÉ D'AFFAIRES, MR. EUGENE H. DOOMAN

A Domei news report dated Nanchang, June 14, stated that L. W. Holland was alleged by the Japanese military authorities to be engaged in anti-Japanese activities, and according to reports in the local Chinese press, Holland had been arrested by the Japanese. Inquiry by Mr. Jarvis on June 16 of the Japanese Consulate General in Hankow concerning this case brought the reply that a request had been telegraphed to Nanchang for a report but that none had been received. It was stated that the matter would be pressed.

On June 22, after several attempts by the American authorities to obtain information from the Japanese Consulate General, Lieutenant Colonel Sakurai, the senior Japanese Army liaison officer, called at the American Consulate General at Hankow and stated that the Japanese military police at Nanchang, acting on reports which they

⁴⁸ This telegram and other documents cited in this despatch and its enclosure are not printed.

had received, and with Holland's consent, had made an investigation and had found anti-Japanese literature in the library. The military officer did not know the amount or disposition of this literature, but while uncertain as to what action had been taken, he was positive that Mr. Holland had not been arrested. No assurances could be given that Mr. Holland would not be interfered with in future. Lieutenant Colonel Sakurai made it clear that he was anxious that the case not be taken up "officially" and agreed to effect an exchange of letters between Holland and the American Consulate General at Hankow. This information was considered to be vague and unsatisfactory.

It should be noted that on June 20 a member of the Japanese Consulate General's Army liaison staff told a member of the American Consulate General in Hankow that Holland had been paid \$50,000 by a certain Chinese general with which to conduct anti-Japanese activities.

A letter from the American Consulate General in Hankow addressed to Mr. Holland was delivered to the Japanese Army liaison officer on June 23.

In reply to an informal approach made on June 30, the Embassy was informed by the Foreign Office in a note dated July 5, 1939, that a search had been made of Mr. Holland's residence; that anti-Japanese literature was found and confiscated; that Mr. Holland was requested to appear at *gendarmerie* headquarters but was not taken into custody. This information confirmed that already received from the Japanese Army liaison officer in Hankow.

On July 12, the American Consulate General in Hankow, in view of the unsuccessful attempts to communicate with Holland, requested facilities for Mr. Davies to proceed to Nanchang by air.

Following further informal representations by the Embassy the Foreign Office on July 14 promised an immediate and effective investigation into the cause for delay in hearing from Holland and in regard to his present welfare. The Foreign Office, while more than willing to request facilities for Davies' trip, asked that it be held in abeyance until a further report had been received from the military.

In reply to the Embassy's representations expressing in most emphatic terms the Department's concern, the Foreign Office on July 21 assured the Embassy that a report regarding the Holland case would be made within two days.

On July 22 [21?], at 4 p. m., a letter from Holland dated July 6, in reply to the American Consulate General's letter of June 22, was delivered to the American authorities at Hankow. In view of indefinite statements in Mr. Holland's letter, it was still believed to be advisable for Davies to go to Nanchang.

On July 26, Lieutenant Okuda, chief of the Japanese *gendarmarie* at Nanchang, called at the American Consulate General at Hankow, accompanied by an officer from the Japanese Army Liaison Office at Hankow. His purpose was to "explain the Holland case". During the interview which followed it was brought out that: (1) it was a Y. M. C. A. house and not Mr. Holland's which had been searched; (2) Okuda maintained that Holland had not been interfered with or molested; (3) the information given by Lieutenant Colonel Sakurai on June 22 was "a mistake"; (4) Army headquarters had ordered Okuda to give to the press information concerning anti-Japanese use made of the Y. M. C. A. residence; (5) Domei had distorted what he had released. Lieutenant Okuda suggested that this explanation would probably obviate the need of sending a consular representative to Nanchang.

This report refuted previous reports by the Japanese military and declared those reports to be "a mistake".

393.112/64 : Telegram

The Secretary of State to the Chargé in Japan (Dooman)

WASHINGTON, August 30, 1939—7 p. m.

269. On August 26 the Japanese Ambassador ⁴⁹ called on me at his own request and, referring to reports published in the American press to the effect that American officials were incorrectly attributing anti-American movements and demonstrations in China to Japanese officials or to their influence, handed me an unofficial memorandum ⁵⁰ in which reference was made to reports in regard to the safety of Americans at Kaifeng, Hwoshien and Shihchiachwang. It was stated in the memorandum that such incidents are "mostly cases arising from misunderstanding, exigencies of the situation or the difference of customs" and that "not a single incident occurred because the person concerned was an American". I then briefly reviewed to the Ambassador information received in the Department in regard to the campaign against westerners in China, including Americans, carried out or instigated by Japanese and cited recent instances of adverse effect on Americans of such anti-foreign activities.

Some discussion then followed in regard to the international situation and I took the opportunity to make certain comments in regard to the situation as between the United States and Japan, substantially as follows:

⁴⁹ Kensuke Horinouchi.

⁵⁰ *Foreign Relations*, Japan, 1931-1941, vol. I, p. 853.

[Here follows quotation of the Secretary's observations as given in his memorandum of August 26, printed in *Foreign Relations*, Japan, 1931-1941, volume I, page 851, beginning "The principles and practices of American policy . . ."]

Sent to Tokyo. Repeated to Chungking and Peiping.

HULL

893.111/398 : Telegram

*The Secretary of State to the Counselor of Embassy in China
(Lockhart), at Peiping*

WASHINGTON, August 31, 1939—7 p. m.

185. Tsingtao's 182, August 14, 3 p. m. to the Department and August 26, 10 a. m. to Peiping.⁵¹ The Department does not appear to have the message from Tokyo referred to in the opening clause of Tsingtao's August 26, 10 a. m. to you and requests information as to whether you are taking up this matter with the Japanese Embassy.⁵² We should appreciate clarification of Sokobin's statement in paragraph 2 of that message in regard to the detail of a "unit" to the Consulate for the handling of traveling certificate applications of naval dependents.

As regards the requirement that other American citizens appear personally at Japanese consular or naval offices to obtain traveling certificates, the Department is of the opinion that this requirement, in addition to constituting an illegal restriction on the right of freedom of movement of Americans, places a burden on American travelers which does not appear to be justifiable by any contention of "military necessity" or other circumstances at Tsingtao. You may so inform the Japanese Embassy, point out that American citizens in general have voluntarily cooperated with local authorities in such matters as the use of special documents to facilitate travel, and request that steps be taken in this instance to remove requirements which are unreasonable and which indicate a lack on the part of local Japanese authorities of appreciation of the generally cooperative attitude of Americans and a lack of desire to implement repeated assurances by highly-placed Japanese officials of respect for American rights in areas of China under Japanese control.

Sent to Peiping. Repeated to Tsingtao. Peiping please air mail to Tokyo.

HULL

⁵¹ Latter not printed.

⁵² The Counselor of Embassy in China at Peiping replied in telegram No. 463, September 2, 4 p. m., that representations were being made to the Japanese Embassy there (893.111/400).

893.51 Russian Issue/91

Memorandum by the Assistant Chief of the Division of Far Eastern Affairs (Mackay) of a Conversation With the Chinese Ambassador (Hu Shih)

[WASHINGTON,] August 31, 1939.

Dr. Hu, upon invitation emanating from Dr. Hornbeck,⁵³ called at the Department and, in conformity with prior arrangement, was received by Mr. Mackay.

Mr. Mackay outlined at considerable length developments relating to the unfortunate situation in which American holders of the Russian Series of the Chinese Government Reorganization Loan of 1913 have found themselves as the result of the refusal of the Chinese Government to honor the bonds indicated. Mr. Mackay also mentioned the numerous representations which over a period of many years have been made by the American Government to the Chinese Government—representations which thus far have been barren of satisfactory result; the fact that over three years ago a settlement was made with British holders of the bonds under reference; that no settlement has been made with or offered to American holders; and that the Department continues to be importuned by these holders for some action in protection of their interests. Mr. Mackay added that the most recent development of importance in the matter was the receipt by the American Ambassador to China of a note under date June 27, 1939⁵⁴ from Dr. H. H. Kung to the effect that, provided certain stipulations are complied with, the Chinese Ministry of Finance would be prepared, when circumstances permit, to use its good offices with a view to causing one or more Chinese banks to purchase a limited number of American-held bonds of the issue under reference but not necessarily on the same terms as were accorded British holders. Mr. Mackay remarked that this statement had not been favorably received by certain representatives of the concerned American bondholders, some of whom, although frankly stating their sincere sympathy with China in its present difficulties, nevertheless felt that they were being discriminated against and treated unfairly by the Chinese Government. Mr. Mackay then handed to Dr. Hu a copy of a letter under date August 26 received by the Department from Mr. John J. McManus,⁵⁵ in which letter request for such action was made. In conclusion, Mr. Mackay said that in view of the many factors in the situation he felt that Dr. Hu would wish to have the subject brought to his attention.

Dr. Hu said that he greatly appreciated being thus informed in regard to the matter; that he was not wholly unaware of the situation

⁵³ Stanley K. Hornbeck, Adviser on Political Relations.

⁵⁴ See telegram No. 419, June 30, 10 a. m., from the Ambassador in China, p. 348.

⁵⁵ Not printed.

as he had received a number of protests from American holders of the bonds in question; that he could not in all fairness take exception to the critical attitude assumed by such American holders; that, in his opinion, Dr. Kung's note of June 27 to Ambassador Johnson could not fail but create a "most unfortunate" impression; and that he would without delay send to his Government by air mail a statement of his views on the subject.

Upon taking leave Dr. Hu again expressed his sincere thanks for having the matter brought to his attention by the Department.

Note: In the course of his conversation Dr. Hu said that as he had not yet received a copy of the note of June 27 addressed to the American Ambassador by Dr. Kung he would appreciate the Department's cooperation in providing him with a copy. Following reference to and approval by Dr. Hornbeck, this request was complied with.⁵⁶

393.1121 Holland, L. W./74

*The Consul General at Hankow (Spiker) to the Ambassador in China (Johnson)*⁵⁷

No. 18

HANKOW, August 31, 1939.

SIR: With reference to previous telegrams and correspondence concerning accusations made by the Domei News Agency and various Japanese officials of anti-Japanese activities on the part of the Reverend L. W. Holland of the American Methodist Episcopal Mission, Nanchang, Kiangsi, I have the honor to report on the concluding phases of the case.⁵⁸

⁵⁶ On January 24, 1940, the Chinese Ambassador wrote to the Assistant Chief of the Division of Far Eastern Affairs as follows:

"My Dear Mr. Mackay: Referring to our conversation of last summer on the subject of the so-called 'Yellow Bonds', I beg to inform you that, while my Government finds it impossible to take up the matter of these Bonds in the hands of American holders in these critical and difficult times, I am authorized to say that when the time comes for settlement of these Bonds, the American holders will receive the same treatment as the British holders received prior to the outbreak of the Sino-Japanese hostilities." (893.51 Russian Issue/101)

⁵⁷ Copy transmitted to the Department by the Consul General at Hankow in his covering despatch No. 26, of the same date; received October 17.

⁵⁸ Of the extensive previous correspondence on this case, only despatch No. 4104, August 24, from the Chargé in Japan, is printed, p. 374. In his political report, despatch No. 30, September 10, the Consul General at Hankow reported the case closed and commented as follows: "This office is persuaded that the Holland case arose of an ill-contrived attempt by the Nanchang Headquarters to make anti-American propaganda; that it was magnified by the even more bungling efforts of the military authorities to obscure the facts of the case and discourage investigation; and that the tenacity of the American authorities in following the case through to a finish served as a valuable demonstration to the Japanese authorities of the American Government's concern in the welfare of isolated Americans. From the time that it became evident that this office intended to press the case to a conclusion, Japanese officials began to display a greater degree of cooperation concerning the welfare of Americans in outlying towns of this district." (893.00 P. R. Hankow/146)

In conformity with the Department's* and the Ambassador's† instructions, Vice Consul John Davies, Jr. proceeded to Nanchang, arriving there on August 24. He was escorted by Major Ishihara of the Nanchang Japanese Headquarters staff and Lieutenant Okuda, Chief of the Japanese *Gendarmerie* at Nanchang, to the Nanchang General Hospital, of which institution Mr. Holland is superintendent. There he met Mr. Holland who was well and in good spirits.

Mr. Holland repeated to Mr. Davies the substance of what he had written earlier to this office‡: that his residence had not been searched, that neither he nor the hospital were engaged in anti-Japanese activities and that he had not been molested by the Japanese authorities.

It would now seem to be evident that the original Domei news report of June 14, 1939, stating that the military authorities at Nanchang accused Holland of anti-Japanese activities and that his residence had been raided, grew out of confusing Holland and the Nanchang General Hospital with two Young Men's Christian Association residences on which the Japanese authorities later claimed they had found anti-Japanese material.§ Whether this confusion of identities was through carelessness or whether it was deliberate is not known.

It is significant that the Chief of *Gendarmerie* at Nanchang, Lieutenant Okuda, during a call at this office on July 26, stated to Consul R. Y. Jarvis and me that he had in compliance with orders from Nanchang Army Headquarters told the press about the alleged anti-Japanese material found in the Young Men's Christian Association residences. He simultaneously released to the press accusations against a French priest at Nanchang, who was charged with harboring Chinese soldiers. As it is understood that no Japanese press reports can be dispatched from the field without prior censorship by the Japanese army, it is difficult to avoid the conclusion that if the military authorities did not concoct the "facts" of the Domei report about Holland, they at least acquiesced in a malicious distortion of news on the part of the Domei News Agency.

Mr. Davies pointed out to the Japanese officials at Nanchang, as this office has repeatedly from the inception of the case declared to the Japanese authorities here, that the American authorities have from the first been only too willing to be persuaded that the Domei

*Department's telegram No. 119, June 29, 6 p. m. to the Ambassador. [Footnote in the original; telegram not printed.]

†Ambassador's telegram of July 1, 11 a. m. to Hankow. [Footnote in the original; telegram not printed.]

‡Enclosure to Hankow's despatch No. 4, July 22, 1939, Welfare of Mr. L. W. Holland, Nanchang, Kiangsi, charged with Anti-Japanese Activities. [Footnote in the original; neither printed.]

§Hankow's despatch No. 19, August 31, 1939, Alleged Misuse of American Property at Nanchang. [Footnote in the original; despatch not printed.]

and Japanese official reports concerning Holland were exaggerations. Instead of receiving cooperation from the Japanese authorities in clearing up the case, Mr. Davies continued, we met only obstruction, delay and a most unusual contradiction between the statements of Mr. Holland and responsible Japanese officials (i. e., the Japanese Foreign Office, Lieutenant Colonel Sakurai, Chief Liaison Officer for the Middle Yangtze Area, and the Japanese press spokesman at Shanghai).

As a result of protracted obstruction by the Japanese authorities, Mr. Davies observed, a new issue was introduced. We felt that an important principle had become involved, that of our right promptly to communicate with or, if practicable, to establish personal contact with an American citizen whenever we deemed it necessary. In the present instance, the American involved was living in a city with which the Japanese were in regular contact by air, land and water, and which could be reached from Hankow by air in little more than one hour, yet a letter entrusted to the Japanese military in Hankow for delivery to Mr. Holland was delivered only after a lapse of 13 days, while Mr. Holland's reply was delivered to this Consulate General only after 15 days had passed. As is known, this unexplained delay naturally resulted in increased concern on the part of the American Government and the public as to the welfare of Mr. Holland and the other Americans in Nanchang. Mr. Davies concluded by saying that he was happy to be able to return to Hankow and report that he had seen Mr. Holland and that Mr. Holland was well and happy.

Respectfully yours,

C. J. SPIKER

123R542/185: Telegram

The Consul at Chefoo (Roberts) to the Secretary of State

CHEFOO, September 2, 1939—3 p. m.
[Received September 2—11:45 a. m.]

At 11:30 this morning, during picketing of the British Bank, Chinese police with support of two armed Japanese sailors forcibly searched me, as I left the bank, for Chinese national currency after I had identified myself as American consul by means of a certificate in Japanese issued by the Japanese Consul. I have lodged vigorous protest with Japanese Consul demanding: (1) apology for the indignity; (2) punishment of Japanese guard responsible for the search; and (3) assurances that adequate measures will be taken to prevent a recurrence of the incident.

Sent to Peiping, repeated to Chungking.

ROBERTS

123R542/186 : Telegram

The Consul at Chefoo (Roberts) to the Secretary of State

CHEFOO, September 2, 1939—4 p. m.
[Received September 2—11:50 a. m.]

Referring to my telegram dated September 2, 3 p. m., the Japanese Consul has just called to offer apology on behalf of Japanese naval authorities and the Japanese Consul for searching incident and to give me assurances that measures have been taken to prevent recurrence. The Japanese naval commander refuses to punish armed sentry as he was merely carrying out orders to search all persons leaving bank. I recommend apology and assurances be accepted and the incident be considered closed.

Sent to Peiping. Repeated to Chungking.

ROBERTS

123R542/187 : Telegram

The Secretary of State to the Ambassador in Japan (Grew)

WASHINGTON, September 5, 1939—7 p. m.

274. Chefoo's telegrams to Peiping, September 2, 2 p. m.,⁵⁹ September 2, 3 p. m., and September 2, 4 p. m. The Department does not feel that it can consider as a matter purely for local settlement the forcible searching by Japanese sailors and Japanese sponsored Chinese police of the American Consul at Chefoo. Such search, conducted for the purpose of Japanese imposed or sponsored restrictions on Chinese currency, was illegal in those circumstances and this Government can not admit the right of Japanese authorities in China to seize and search American consular officers under any circumstances.

The Department desires that the Embassy at Tokyo lodge with the Japanese Foreign Office, and the Embassy at Peiping lodge with the Japanese Embassy in that city, an emphatic protest in this matter.⁶⁰ The Department notes from Roberts' September 2, 4 p. m., that the local Japanese naval commander refuses to punish the sentry (or sentries) who conducted the search on the ground that orders had been issued to search all persons leaving the bank. It seems to the Department that it would be appropriate if disciplinary action were to be taken by the higher Japanese authorities against the Japanese naval commander who failed in issuing his orders to make provision for the exemption from search of the American Consul and other American citizens. As has been made known on numerous occasions to the higher Japanese authorities, incidents involving mistreatment of Americans by Japanese military personnel would not,

⁵⁹ Apparently not repeated to the Department.

⁶⁰ Protests were lodged at Tokyo and Peiping on September 8.

in our opinion, occur and continue to occur if appropriately stringent instructions were issued by the Japanese Government and obeyed by Japanese officials and agents. This instance brings to the fore again the entire question of the continuing mistreatment of Americans by Japanese agents and the Japanese Foreign Office in Tokyo and Embassy in Peiping should be informed that the American Government looks to the Japanese Government to take definite effective action to bring to a complete halt the continuing occurrence of such incidents.

Sent to Tokyo via Peiping. Repeated to Chungking and Chefoo.

HULL

123 Service, Richard M./48 : Telegram

The Consul at Chefoo (Roberts) to the Secretary of State

CHEFOO, September 13, 1939—3 p. m.

[Received September 13—1 : 40 p. m.]

Vice Consul Richard M. Service of Tsingtao now on leave in Chefoo was forcibly searched by Chinese police agents after he had shown his official passport to the police.

I have lodged with the Chief of the Police Affairs Bureau a protest demanding (1) apology to this Consulate and Mr. Service from the Chief of Police; (2) immediate and adequate punishment of the police agent responsible for the search; (3) assurances that appropriate measures have been taken to prevent recurrence of incident.

Sent to Peiping. Repeated to Chungking.

ROBERTS

123 Service, Richard M./49 : Telegram

The Secretary of State to the Chargé in Japan (Dooman)

WASHINGTON, September 15, 1939—6 p. m.

288. Chefoo's September 13, 3 p. m., to Peiping, searching of Vice Consul Service. The Department assumes that the Embassy at Tokyo is lodging with the Japanese Foreign Office, and that the Embassy at Peiping is lodging with the Japanese Embassy in that city, an emphatic protest in this matter along the lines indicated in the Department's 274, September 5, 7 p. m., to Tokyo in regard to the searching of Consul Roberts.

The Department would appreciate receiving telegraphic reports in regard to the action taken and its results.^{a1}

Sent to Tokyo via Peiping. Repeated to Chungking and Chefoo.

HULL

^{a1} Representations were made at Tokyo on September 16 and at Peiping on September 18.

124.933/696 : Telegram

The Counselor of Embassy in China (Lockhart) to the Secretary of State

PEIPING, September 20, 1939—1 p. m.

[Received 2:32 p. m.]

500. On the afternoon of Saturday September 16, Mr. Pao Chang Chao, Chinese writer long in the service of this Embassy, was taken from his home by 12 Chinese plain clothes men and removed to the sixth precinct Chinese police station where without the knowledge of anyone in the Embassy he was questioned by the police in regard to the activities of the various members of the staff of the Embassy and in particular in regard to the activities of interpreter Gow. He was detained at the police station overnight and the following morning he was again similarly questioned by a Japanese gendarme after which he was released and permitted to return to his residence with the admonition that he make no mention of his detention to the Embassy. He returned to work yesterday.

Interpreter Gow has himself recently been questioned a number of times by Chinese minor officials resident here. He feels that he has reason to believe that he is being shadowed and that he is suspected of acting as an agent for the Chinese Government or the Soviet Government or both. Insofar as this Embassy is aware these suspicions are entirely groundless.

Gow is a graduate of Yenching University and the students of that University are suspected by the Japanese to be in general violently anti-Japanese. Moreover, many graduates of Yenching are understood to be officers in the Chinese Army. In any event, the activities of Mr. Pao should be entirely above suspicion and intimidation of him would appear to be entirely pointless.

It is understood that similar attempts have recently been made to intimidate certain Chinese in the employ of the British Embassy here.

This Embassy considers that it would be advisable to make informal but emphatic representations to the Japanese Embassy with the request that steps be taken to put a stop to the intimidation of the Chinese employees of the American Embassy. Although the Chinese police and the Japanese *gendarmarie* may be displeased because Pao and Gow have reported the matter, it would nevertheless seem advisable to take this action. The instructions of the Department are respectfully requested.

Repeated to Chungking, code text by air mail to Tokyo.

LOCKHART

893.111/405 : Telegram

The Counselor of Embassy in China (Lockhart) to the Secretary of State

PEIPING, September 22, 1939—2 p. m.

[Received September 22—11 a. m.]

506. Department's 185, August 31, 7 p. m. and Peiping's 463, September 2, 4 p. m.,⁶² final paragraph, in regard to Japanese travel requirements in Tsingtao. Mr. Matsuo of the Japanese Embassy called yesterday afternoon in response to a memorandum on the above subject left with his office by a member of the staff of this Embassy. He stated that the matter had been referred to the appropriate authorities and that a reply had been received substantially as follows:

The authorities have noted a recent increase in the number of undesirable elements among the foreign population in Tsingtao and an increase in smuggling, subversive activities and other illegal acts committed by them. The authorities were therefore obliged to take more strict measures to insure the maintenance of peace and order. New regulations were drawn up and were communicated to the Consulates concerned in a circular letter dated August 7, 1939. The Japanese authorities appreciate the voluntary cooperation of American citizens with the local authorities and they have no desire to place illegal restrictions on their freedom of movement. However, in view of present conditions in Tsingtao and vicinity they have no recourse but they request that American citizens continue to cooperate with the local authorities in this regard.

Repeated to Tsingtao, by airmail to Tokyo.

LOCKHART

124.933/696 : Telegram

The Acting Secretary of State to the Counselor of Embassy in China (Lockhart), at Peiping

WASHINGTON, September 22, 1939—2 p. m.

202. Your 500, September 20, 1 p. m. The Department approves your approaching the Japanese Embassy along the lines suggested in the last substantive paragraph of your message. Please keep the Department informed of developments.

Sent to Peiping only. Peiping please keep Tokyo informed.

MOORE

⁶² Latter not printed.

393.1123 Nyhus, Phoebe/112 : Telegram

The Secretary of State to the Consul General at Shanghai (Gauss)

WASHINGTON, September 23, 1939—3 p. m.

365. Your 836, September 19, 7 p. m.⁶³ You may inform the Japanese Consul General that after careful consideration of the individual cases in the light of international precedents in analogous cases it was considered that the following amounts would be reasonable and suitable: (a) for death of Phoebe Nyhus \$2500; (b) for injuries sustained by Mrs. Nyhus \$2500; and (c) for injuries sustained by Ruth Nyhus \$10,000.

With reference to the case of Ruth Nyhus it is suggested that you advise the Japanese Consul General of the contents of the medical reports of Dr. Colberg, the Norwegian Hospital, Dr. Caylor, and the Surgeon General of the United States which are referred to in the Department's air mail instruction of August 18, 1939.⁶³

With reference to Mrs. Nyhus you may state that according to the latest information received by the Department her injuries and condition as of May 22 may be summarized as follows: one wound near top of head which has healed leaving a scar and also bruises about the head and face; swollen ankles and knees resulting in severe pain which did not begin to disappear until after a lapse of some 7 months, at which time her condition was regarded as critical and it was believed that her incapacity would continue for a considerable period thereafter and possibly necessitate her return to the United States.

With reference to the claims for property losses it is suggested that you point out that in its communication of November 12 to the American Embassy at Peiping the Japanese Embassy stated that Japanese military authorities had indicated "their desire for the offer of a certain amount of solatium for the victims and damages" (See Peiping's despatch no. 1789 of November 18.⁶⁴) In view of that statement and since prior thereto Japanese authorities had made settlement of certain claims of other American missionary organizations for losses sustained as a result of bombing by Japanese planes the Department assumed that they desired to make similar settlement in this case. In expressing appreciation of the offer to make prompt settlement of the death and personal injury claims here involved you may state that it is hoped that Japanese authorities will also be prepared to settle at this time the property loss claims in order that all matters arising out of the incident may be regarded as closed.

⁶³ Not printed.

⁶⁴ Not printed; but see telegram No. 680, November 15, 1938, 3 p. m., from the Counselor of Embassy in China, *Foreign Relations*, 1938, vol. iv, p. 536.

Sent to Shanghai. Repeated to Chungking, Peiping and Hankow. Shanghai please mail to Tokyo.

HULL

123 Service, Richard M./54: Telegram

The Chargé in Japan (Dooman) to the Secretary of State

TOKYO, September 26, 1939—3 p. m.

[Received September 27—9:04 a. m.]

493. Our 480, September 16, 5 p. m.⁶⁵ The Foreign Office has informed us orally that the search of Vice Consul Service⁶⁶ was carried out by Chinese police who were unacquainted with the order prohibiting search of Americans, that suitable measures had been taken to inform all Chinese police of that order to prevent any similar occurrences in the future and that the incident had been settled locally.

Peiping please repeat to Chefoo, Chungking.

DOOMAN

158.932/264½: Telegram

The Consul at Tsingtao (Sokobin) to the Secretary of State

TSINGTAO, September 29, 1939—9 a. m.

[Received September 29—7:15 a. m.]

198. The Japanese Consul General under date of September 27 had addressed a communication to this Consulate stating that in order to strengthen cholera preventive measures "an immediately effective measure was adopted and announced on September 27th by the highest commands of the Imperial Navy and Army forces in Tsingtao to the effect that if any person should violate the directions of the Army Navy Joint Cholera Preventative Committee, or the notices or proclamations of this Consulate General or the Mayor of Tsingtao Special Municipality, or verbal instructions based thereon, or if any person should be guilty of unlawful conduct in violation of cholera prevention regulations, the same person shall be severely punished according to military law".

All persons must bear cholera inoculation certificates which must be presented upon demand or be subjected to inoculation immediately by corps now functioning in streets of Tsingtao.

Repeated by radio to Embassies at Chungking and Peiping and to Shanghai Consulate General.

SOKOBIN

⁶⁵ Not printed.

⁶⁶ At Chefoo.

123 Service, Richard M./55 : Telegram

The Consul at Chefoo (Roberts) to the Secretary of State

CHEFOO, October 3, 1939—noon.

[Received October 4—8 a. m.]

My September 13, 3 p. m. concerning the search of Vice Consul Service. Police officials have called to offer apology and give assurances that means have been taken to prevent recurrence of the incident. I insisted upon punishment of the police agent responsible for the search. The Consul has now received a letter from the Chief of Police confirming apology and assurances and stating responsibility for the search falls upon plainclothes policeman's superiors and that it is proposed to have those responsible dismissed or severely reprimanded.

Sent to Peiping, repeated to Chungking.

ROBERTS

893.111/405 : Telegram

*The Secretary of State to the Counselor of Embassy in China
(Lockhart), at Peiping*

WASHINGTON, October 6, 1939—1 p. m.

219. Reference Peiping's 506, September 22, 2 p. m. Please inquire of Tsingtao whether any significant amelioration in regard to travel requirements at Tsingtao as affecting Americans has occurred since the despatch of the telegram under reference. If such amelioration has not occurred, the Department desires that you approach the Japanese Embassy again. Inform the Embassy that the response conveyed by Matsuo is unsatisfactory in that the response disregards (a) the illegal aspect of the requirements in placing restrictions on the right of the freedom of movement of Americans and (b) the fact that American citizens are subjected to unwarranted inconveniences. You may add that, if the Japanese authorities should have evidence that an American citizen is engaged in illegal activities, such evidence should be brought to the attention of the nearest American diplomatic or consular authorities for appropriate action.

If you deem it advisable, please repeat this telegram to Tokyo with instruction from the Department that the Embassy there, in its discretion, make a similar approach to the Foreign Office.

HULL

158.932/2644 : Telegram

*The Secretary of State to the Counselor of Embassy in China
(Lockhart), at Peiping*

WASHINGTON, October 6, 1939—2 p. m.

220. Reference Tsingtao's 198, September 29, 9 a. m., cholera preventive measures. The Department desires that you bring to the attention of the Japanese Embassy the contents of the communication of the Japanese Consul General reported in the telegram under reference and state that this Government, although sympathetic toward legitimate and reasonable efforts to prevent the spread of disease and although American citizens are voluntarily taking measures intended to achieve such prevention, cannot recognize the existence of any right on the part of the Japanese forcibly to inoculate American citizens nor the legality of the measures of punishment envisaged in the Japanese Consul General's communication in respect of American citizens. Say that this Government is not able to recognize or give countenance to any attempt on the part of any Japanese agencies to exercise jurisdiction over American nationals in China. Say also that this Government deplores the attitude on the part of the Japanese authorities toward American nationals as indicated in the Japanese communication. State that information available to this Government indicates that the inoculation for cholera as carried out by Japanese authorities or their agents in various parts of China is at times done in so dangerously insanitary a manner as to be cause for concern. Add that, in the event of refusal by an American national to cooperate in the carrying out of reasonable health measures instituted by local authorities, this Government would be prepared to give to such an instance, if and when reported to an American diplomatic or consular representative, due consideration.

If you deem it advisable, please repeat this telegram to Tokyo with instruction from the Department that the Embassy there, in its discretion, make a similar approach to the Foreign Office.⁶⁷

Copies of this telegram should be sent by mail to offices in those parts of China now under Japanese control.

Sent to Peiping. Repeated to Tsingtao.

HULL

⁶⁷ The Consul at Tsingtao, in telegram No. 205, October 23, 9 a. m., reported a lifting of Japanese requirements for inoculation certificates (158.932/273).

393.1163Am3/411 : Telegram

The Counselor of Embassy in China (Lockhart) to the Secretary of State

PEIPING, October 7, 1939—11 a. m.

[Received October 7—9 a. m.]

531. Peiping's 509, September 25, 5 p. m. and 523, October 3, 6 p. m.⁶⁸

1. Representative of Sisters of Providence, just arrived in Peiping, has informed Embassy that, in addition to the demand on the part of the Honan Provincial Bureau of Education that their school accept a Japanese adviser, the authorities now demand that the mission deposit with them the sum of 60,000 Chinese dollars, presumably in the nature of a guarantee. Representative states school has voluntarily complied with all requirements for registration except the two mentioned above and that the sisters would prefer to close the school rather than submit to these terms.

2. Embassy believes that further representations to Japanese Embassy here, based on the new developments, would be advisable. It is felt that the requirement that the school deposit funds with the provincial authorities is particularly obnoxious and, if acceded to, might set a most unfortunate precedent. The Department's instructions are respectfully requested.

3. Embassy feels that representations to the Japanese Foreign Office might materially assist in reaching an expeditious and satisfactory settlement of this case and respectfully suggests that the Department may wish to consider instructing the Embassy at Tokyo to that effect.

Repeated to Chungking, Hankow and Tokyo.

LOCKHART

123 Service, Richard M./57 : Telegram

The Secretary of State to the Chargé in Japan (Dooman)

WASHINGTON, October 7, 1939—5 p. m.

305. Your 493, September 26, 3 p. m., and Chefoo's October 3, noon, to Peiping. The Department does not consider that the oral statement of the Foreign Office of September 26 in regard to the searching of Vice Consul Service is satisfactory. It was not until almost a week later that the American Consul at Chefoo was in a position to report that Chefoo police officials had tendered him an apology and had given assurances that disciplinary action would be taken against those responsible and that measures had been taken to prevent a recurrence.

⁶⁸ Neither printed.

While the Department would regard as reasonably satisfactory an adjustment on the basis indicated in Chefoo's October 3, noon, to Peiping, provided the proposed disciplinary action were carried out, the Department is nevertheless very much surprised that the Foreign Office itself apparently has not deemed it appropriate to offer an expression of regret for the searching by Japanese-sponsored police of an American consular officer.

The Department is also surprised that the Foreign Office appears to have made no reply whatsoever to your formal representations of September 8 (your unnumbered September 9, 10 a. m.⁶⁹) in regard to the forcible searching of Consul Roberts, which case remains unsettled.

The failure of the Foreign Office to make reply to your representations in the Roberts case, and the nature of the oral statement of the Foreign Office in regard to the Service case indicates that the Japanese Government lacks appreciation of the fundamental considerations involved in both cases which were set forth in the Department's 274, September 5, 7 p. m. The Department accordingly desires that, in discretion, you make a further approach to the Foreign Office and the Embassy at Peiping renew its representations to the Embassy there. Your approach should be along the lines indicated in the preceding paragraphs and should include a reiteration of the statement of this Government's position as comprehensively set forth in the Department's 274, September 5, 7 p. m., which is applicable to the Service case as well as to the Roberts case, and in general to the continuing problem of incidents involving mistreatment of Americans by Japanese military and Japanese-sponsored agents.

Sent to Tokyo via Peiping. Repeated to Chungking and Chefoo.

HULL

893.111/407 : Telegram

The Counselor of Embassy in China (Lockhart) to the Secretary of State

PEIPING, October 9, 1939—4 p. m.

[Received October 9—7 a. m.]

534. Reference Department's 219, October 6, 1 p. m. In the light of Department's telegram under reference, Embassy made inquiries of Tsingtao and is now in receipt of the following telegram in reply.

"October 9, 9 a. m. Referring to the Embassy's telegram dated October 7, noon. Endorsements of traveling certificates have been obtained for American naval dependents without any difficulty or delay since arrangements were made for the special handling thereof

⁶⁹ Not printed.

for navy families. With the already almost completed exodus of these dependents and of the other summer visitors, the Japanese requirement is now a formality which will be availed of in comparatively few cases by the permanent American community."

Embassy respectfully inquires whether the Department still desires that further representations on this subject be made to the Japanese Embassy here and to the Foreign Office at Tokyo. In view of Tsingtao's telegram the value of such representations would now seem to be in some doubt. The Embassy will withhold repetition to Tokyo of Department's telegram under reference pending receipt of further instructions.

LOCKHART

158.932/267 : Telegram

The Counselor of Embassy in China (Lockhart) to the Secretary of State

PEIPING, October 11, 1939—noon.

[Received October 11—8 a. m.]

537. Department's 220, October 6, 2 p. m. Embassy requests authority to omit the antepenultimate and the penultimate sentences of the first substantive paragraph on (1) the attitude assumed is not directed towards American citizens alone but to persons of all nationalities and (2) it is open to dispute whether the professional methods employed in giving the inoculations are "dangerously unsanitary". No Americans, so far as is known, have thus far suffered any serious consequences. Americans generally receive their inoculations at the hands of their own physicians or other doctors and are in most cases in possession of certificates. Embassy respectfully suggests that it might not be advisable to mention this point without some tangible proof to support the charge. Repetition of the telegram to Tokyo and to Consulates in occupied territory is being withheld pending further instructions on the above-mentioned points.

LOCKHART

393.115/754

Memorandum of Conversation, by the Chief of the Division of Far Eastern Affairs (Hamilton)

[WASHINGTON,] October 11, 1939.

Mr. Morishima, Counselor of the Japanese Embassy, who has recently come to Washington from his previous post at Shanghai, called at his request. He handed me the attached statement⁷⁰ in regard to various outstanding protection cases which Mr. Gauss had brought to

⁷⁰ Not printed.

the attention of the Japanese Consulate General at Shanghai. Mr. Morishima said that the information contained in the attached statement had been gathered by him while at Shanghai and had been written up in its present form after his arrival in Washington. He said that the Embassy here did not have record of some of the cases mentioned. He said that at least one third of the cases had already been settled.

I glanced briefly through this statement and commented that I was of course familiar with most of the cases mentioned but that there were several cases which I did not recognize but with regard to which we undoubtedly had record in our files.

Mr. Morishima said that he was handing the statement to me merely informally and I said that we would be very glad to examine it.

Mr. Morishima said that he appreciated very much the attitude of Mr. Gauss in assisting in the settlement of cases such as those mentioned; and that Mr. Gauss had oftentimes been very helpful in making suggestions as to ways of settlement.

Mr. Morishima said that the Japanese authorities were putting forth special effort to adjust cases involving American nationals which were at present unsettled and he referred to the fact that a special group of Japanese army and navy officers had been established at Shanghai to look into the question of claims of American nationals for losses and injuries.

Mr. Morishima commented that cases such as the slapping of American citizens by Japanese soldiers had received much publicity in the American press whereas no account was given in the press of the adjustment of many cases involving American interests. I said that, while we were of course glad to note the settlement of cases involving American nationals, there were many important respects in which the situation not only at Shanghai but in other parts of China could not be regarded as satisfactory from the standpoint of American interests. I said that the reports of newspaper correspondents, the reports sent to this country by various American chambers of commerce in China, the reports made by missionary representatives to their organizations in this country, and the reports made by travelers from the Far East combined to give the American people a substantially accurate idea of what was going on in China, especially as it affected American interests. I pointed out, for example, that the American public could not be expected to become enthusiastic over reports that the Japanese had settled a few protection cases at Shanghai or some other point when the American public knew that American business as a whole and American activity in general were being subjected to what the American public regarded as unwarranted interference and serious restriction.

M[AXWELL] M. H[AMILTON]

393.1163 Free Methodist/26 : Telegram

The Counselor of Embassy in China (Lockhart) to the Secretary of State

PEIPING, October 11, 1939—5 p. m.

[Received 7:15 p. m.]

538. 1. Following telegram dated October 9 was sent by Embassy to Free Methodist Mission, Kaifeng:

"Reports received here of anti-American agitation in Chenliu and possibly in Kih sien. Please telegraph whether these reports are correct and if so please furnish statement American Embassy."

2. Following is mission's reply dated October 10:

"Reports regarding Chenliu correct, residence there impossible, Free Methodist Mission."

3. Information received here in a letter from Miss Mattie Peterson of the Free Methodist Mission at Chenliu, Honan, now at Kaifeng indicates that a pronounced anti-American campaign sponsored by a resident Japanese official has been initiated at Chenliu some 15 miles southeast of Kaifeng; that Miss Peterson is afraid to return to her station; and that Chinese assisting the mission at Chenliu have been driven away. Embassy understands that there are now no Americans in Chenliu.

4. Pending receipt of detailed statement from mission, Embassy will make preliminary oral representations to Japanese Embassy here requesting that an investigation be made and that, if the situation is as stated, orders be issued to suppress this agitation and appropriate disciplinary measures be taken against the official responsible therefor.

Repeat to Hankow, by airmail to Tokyo.

LOCKHART

393.0015/115

The Consul General at Shanghai (Gauss) to the Secretary of State

No. 2590

SHANGHAI, October 11, 1939.

[Received November 15.]

SIR: I have the honor to refer to my telegram no. 807, September 9, 2 p. m.,⁷¹ in regard to the unsuccessful efforts of this Consulate General to arrange through the Japanese Consulate General at Shanghai for the transportation to Hankow of two inspectors of the Standard-Vacuum Oil Company and two auditors of the National City Bank of New York, and to the telegram no. 475, September 14, 1 p. m., from the Embassy at Tokyo ⁷¹ stating that the matter had been

⁷¹ Not printed.

made the subject of informal representations to the Japanese Foreign Office. As was mentioned in my telegram under reference, the Japanese Consulate General explained that the difficulty in the present instance arose from the fact that the applicants do not come within the Japanese category of "business replacements," that is, are not proceeding to Hankow to replace other employees of the same firm.

On October 4 a Japanese consular officer orally informed this office that arrangements had been made to transport the two National City Bank of New York inspectors, Mr. Morrisson and Mr. Lang, on the next Japanese transport leaving Shanghai in about ten days. On October 6 the same offer was made to transport the two Standard-Vacuum Oil Company auditors, Mr. Lovett and Mr. Hill. When this information was communicated to the four American applicants concerned they replied that they had been instructed by their home offices in the United States to abandon the projected trip to Hankow. They explained that the time allotted for their work in Hankow had elapsed and that they now had other work which might not be interrupted for the purpose of a trip to Hankow.

Although there is no further action to be taken in the present case, it may be pointed out that the long delay in providing travel accommodations to the applicants has had the result of effectively preventing the travel of the four Americans concerned to the detriment of the legitimate interests of the American firms by which they are employed.

Moreover, the Japanese consular officer with whom the case was discussed stated that, in offering to transport the four above-named persons to Hankow, an exception was being made to the Japanese military ruling on the subject, but that the ruling restricting the travel of foreign business representatives to business "replacements", remains in force. It is to be anticipated, therefore, that in the future a repetition of the present difficulties may be encountered in connection with the applications of other American business representatives for transportation to Hankow.

Respectfully yours,

C. E. GAUSS

393.1163Am3/411 : Telegram

*The Secretary of State to the Counselor of Embassy in China
(Lockhart), at Peiping*

WASHINGTON, October 12, 1939—5 p. m.

229. Your 531, October 7, 11 a. m., school of Sisters of Providence. Department concurs in the views expressed in paragraphs 2 and 3 of your telegram under reference and authorizes you to make further

representations to the Japanese Embassy and to ask the Embassy in Tokyo, unless it perceives objection, to make representations to the Japanese Foreign Office.

It is suggested that the representations might include a statement to the effect that it is difficult to avoid the assumption that the present restrictions on the operation of this American school are the result at least indirectly of the anti-foreign agitation at Kaifeng carried on by Japanese-sponsored authorities.

Sent to Peiping. Repeated to Chungking and Hankow.

HULL

393.1163 Free Methodist/36 : Telegram

*The Secretary of State to the Counselor of Embassy in China
(Lockhart), at Peiping*

WASHINGTON, October 13, 1939—6 p. m.

230. Your 538, October 11, 5 p. m. Please repeat your telegram under reference to Tokyo by telegraph.

Please also suggest to Tokyo, as from the Department, that, in view of the Embassy's previous representations on the general subject of the effect upon Americans of Japanese-sponsored anti-foreign agitation in China, this matter, unless the Embassy at Tokyo perceives objection, be brought to the attention of the Japanese Foreign Office.⁷²

Sent to Peiping. Repeated to Hankow.

HULL

893.111/407 : Telegram

*The Secretary of State to the Counselor of Embassy in China
(Lockhart), at Peiping*

WASHINGTON, October 14, 1939—3 p. m.

231. Your 534, October 9, 4 p. m. The Department appreciates the information and suggestion contained in the telegram under reference. As it would appear, however, that any amelioration in the situation existing at Tsingtao as a result of travel requirements imposed by the Japanese authorities concerned has not been due to any action on the part of those authorities, and as with the return of Americans to Tsingtao next year the situation may be expected again to come to the fore, the Department believes that representations should be made at the present time along the lines of the Department's 219, October 6, 1 p. m. It is the feeling of the Department that failure to make representations at the present time would tend to render less effectual any representations which this Government

⁷² Oral representations were made to the Japanese Foreign Office on October 18.

might make next year. However, in view of the fact that the situation existing is not now a matter of urgency, it is suggested that representations be made only at Peiping⁷³ and that a copy of the Department's 219, October 6, 1 p. m., be sent to the Embassy at Tokyo for its information only.

Sent to Peiping only.

HULL

158.932/267 : Telegram

*The Secretary of State to the Counselor of Embassy in China
(Lockhart), at Peiping*

WASHINGTON, October 14, 1939—4 p. m.

232. Department's 220, October 6, 2 p. m., and your 537, October 11, noon. With regard to the antepenultimate sentence of the first substantive paragraph of the Department's telegram under reference, the Department does not feel that the absence of discrimination would render inappropriate representations on the basis proposed by the Department. However, it is suggested that possible misunderstanding would be avoided by deleting the words "toward American nationals". With regard to the penultimate sentence of that paragraph, reference is made to Nanking's telegram no. 56, August 16, 10 a. m.,⁷⁴ in which the procedure of inoculation is described as "most unsanitary and dangerous".

In the light of the above and of the objective of the Department as indicated in its telegram under reference, you are authorized to make such modification in the representations as you may deem advisable.

HULL

393.1163Am3/413 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, October 15, 1939—noon.

[Received October 16—6 a. m.]

522. Department's 229, October 12, 5 p. m., to Peiping—Sisters of Providence. We made formal representations to the Foreign Office on October 10. Circumstances of this case were set forth as fully as possible; reference was made to effort to impair American rights to carry on educational work; request was made for immediate termination [of] interference and for investigation.

Peiping please repeat to Chungking and Hankow.

GREW

⁷³ Representations were made on October 17.

⁷⁴ Not printed.

393.1163 Free Methodist/38 : Telegram

The Counselor of Embassy in China (Lockhart) to the Secretary of State

PEIPING, October 20, 1939—2 p. m.

[Received October 20—7:30 a. m.]

549. Peiping's 538, October 11, 5 p. m., and the Department's 230, October 13, 6 p. m. Miss Peterson of the Free Methodist Mission has reported orally to the Embassy that her station in Chenliu has on two occasions been attacked by mobs apparently instigated by one Sakaguchi, the head of the military police in that city. On September 13 a mob attacked the mission, broke some 180 panes of glass and tore down a sign board bearing the design of an American flag as well as a consular certificate of American ownership. This attack was made on the pretext that the mission at that time housed a British missionary. On September 29 the mission was again invaded by a mob immediately after the departure of Miss Peterson for Kaifeng. Anti-foreign including anti-American posters were pasted in the church and elsewhere in the city some of which read as follows: "Down with the foreign devils." "All Chinese having connection with foreigners must leave town at once under penalty of death." "One hundred dollars reward for the death of a foreigner." "Peace and prosperity cannot return to China until the foreign devils have been evicted." "Down with America." All Chinese associated with the mission have been driven from Chenliu and Miss Peterson feels it inadvisable to return to her station.

Written and oral representations are being made to Japanese Embassy today. Embassy is requesting appropriate disciplinary action against Sakaguchi and against the person desecrating the American flag as well as appropriate amends for such desecration. Reservation of rights is being made.

Repeated to Hankow, by airmail to Tokyo.

LOCKHART

123R542/193 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, October 25, 1939—4 p. m.

[Received October 26—4 a. m.]

553. Department's 305, October 7, 5 p. m., and previous.

1. A formal note replying to our note of September 8 with regard to the search of Consul Roberts was received today. It states that the search measures were instituted to prevent the withdrawal from

the Hong Kong [and] Shanghai Bank of China national currency known to have been deposited by a British national and there was therefore no expectation that these measures would be applied against American consular officers; that the identity of Roberts was not known when he was searched; and that when the facts of the search were ascertained the Japanese authorities expressed regret and undertook to cease search of American citizens. The note concludes: "The Imperial Government greatly regrets, as do the Japanese authorities in China, that an American consular officer was searched. The sentries concerned have been strictly cautioned by the appropriate authorities and precautions are being taken to prevent the recurrence of such incidents in the future".

2. An informal letter from the Director of the American Bureau of the Foreign Office with regard to the search of Vice Consul was also received. It refers to the official note above outlined and concludes: "Unfortunately there were Chinese constables who were not aware that American citizens were not to be searched, with the regrettable result that the search of the Vice Consul occurred. When it took place the police authorities at once expressed regret to the American Consul and they are taking measures to assure definitely against the recurrence of incidents of this character."

Sent to Peiping. Peiping please repeat to Chefoo, Chungking.

GREW

393.1163Am3/421: Telegram

The Counselor of Embassy in China (Lockhart) to the Secretary of State

PEIPING, October 27, 1939—4 p. m.

[Received 9:50 p. m.]

563. Department's 242, October 26.⁷⁵

1. On September 15th, when workmen were constructing a wall around the property of the Catholic Mission in Sinsiang, Japanese surveyors ordered them off the premises and stated that the authorities had decided to build four highways through the property and that approximately 10 mou of land would be requisitioned for purposes to be specified by the special service section of the Japanese Army. When the mission protested, it was informed that compensation at the rate of about \$30 local currency per mou would be paid. The mission replied that it was not interested in selling and that in any case the amount offered was ridiculously small inasmuch as it had paid for the property at the rate of approximately \$580 per mou. The property was purchased before it was the Society

⁷⁵ Not printed.

of the Divine Word, an American institution registered in the Consulate General at Tientsin. On October 23, this Embassy received a further report from the mission that one highway, 40 feet in width, had already been cut through the mission property and that three buildings, 28 meters long and 5 meters wide, had already been constructed on its property; that another was nearing completion and that four more similar buildings were being constructed partly on the mission property. These buildings are of a temporary nature built chiefly of reeds and mud and are to house coolies employed in the various construction enterprises of the Japanese authorities in Sinsiang. There is ample vacant property within a half mile of the mission quite suitable for such use and the occupation of the property of the mission must appear to be quite arbitrary and unwarranted. Property has been the basis of two protests under date of October 4 and October 24 to the Japanese here.^{7a}

2. Reports received in this Embassy from a number of responsible American missionaries both Catholic and [Protestant?] resident in widely scattered areas indicate that the Japanese authorities are becoming increasingly unsympathetic toward Christian missions apparently because of (1) the Japanese desire to administer all educational and charitable institutions in China; (2) a feeling that the missions often harbor anti-Japanese agents and encourage anti-Japanese sentiment among their followers; (3) jealousy of the relative success of the missions and relative lack of success of Japanese sponsored agencies in obtaining the confidence and cooperation of the Chinese; and (4) general bitterness towards foreigners in general who the Japanese seem to feel oppose their military, political and economic policies in China.

3. The Japanese would appear to be particularly antagonistic toward the educational phase of mission work as this conflicts with the apparent Japanese policy of controlling all educational activities and youth movements in the occupied areas. A few weeks ago an American mission in Hopei Province, which was planning relief measures for Chinese flood sufferers, was politely but definitely informed by the Japanese through one of their Chinese agents that they did not wish the mission to carry on relief work. The mission believes that this Japanese opposition was motivated by a desire to prevent the mission from obtaining the gratitude of the Chinese sufferers. The mission informant commented that the Japanese themselves, however, undertook no effective relief work in his area.

5. [4?] Another similar instance is that of the hospital operated

^{7a} Further protests were made in 1940 at Peiping and at Tokyo. The Embassy's office at Peiping in telegram No. 210, June 21, 1940, 2 p. m., reported settlement of this property case (393.1163Am3/516).

by the Anglican Mission in Kaifeng, a city of 300,000 inhabitants, which was recently closed as a result of the anti-British campaign there. There is now not a single civilian hospital or a single foreign doctor in the city to administer more than the most elementary medical needs of the residents there.

Repeated to Chungking, Hankow. By air mail to Tokyo.

LOCKHART

893.111/409 : Telegram

The Secretary of State to the Ambassador in China (Johnson)

WASHINGTON, October 27, 1939—7 p. m.

243. Your despatch 2249, September 13,⁷⁷ Chinese Government Travel Regulations. Under present conditions in China, the Department would not be disposed to question action by the Chinese Government restricting on a temporary and emergency basis travel by Americans and other foreigners in certain areas, provided that the restrictions appeared to be reasonable and warranted. However, the regulations under reference, involving prohibition of travel by foreigners in large areas of China including an entire province, appear to be unreasonably restrictive. It is felt that no useful purpose would be served by taking issue with the Chinese Government on the general subject at this time, but the Department expects that the Embassy and consular offices in China will examine into restrictions on the travel of American citizens in China with a view to making representations to the appropriate Chinese authorities calculated to facilitate the travel of Americans in individual cases in which restrictions appear, in the light of the views expressed in the first two sentences of this telegram, to be unreasonable and unwarranted.

Sent to Peiping. Repeated to Chungking.

HULL

393.1163Am3/422 : Telegram

The Counselor of Embassy in China (Lockhart) to the Secretary of State

PEIPING, October 31, 1939—1 p. m.

[Received October 31—3:31 a. m.]

564. Peiping's 563, October 27, 4 p. m., paragraph No. 1, Catholic Mission at Sinsiang. Embassy has received a further report from the mission to the effect that another highway is shortly to be built through the mission property and that a brick kiln operated by the

⁷⁷ Not printed.

mission in connection with its construction program has been ordered closed by the Special Service Section.

These new developments were originally brought to the attention of a representative of the Japanese Embassy yesterday. At that time the whole case was reviewed and an attempt was made to impress upon him the necessity of immediate action. Japanese representative stated that a general military conference was held in Peiping last week and that the military officer from Sinsiang present had been instructed to leave for Sinsiang immediately to enter into negotiations with the mission for a settlement of all outstanding problems.

Repeated to Chungking and Hankow, by air mail to Tokyo.

LOCKHART

811.5034 (China) American Radio Service/3 : Telegram

The Counselor of Embassy in China (Lockhart) to the Secretary of State

PEIPING, November 3, 1939—3 p. m.

[Received 7 p. m.]

567. Department's 237, October 19, 7 p. m.⁷⁸ In reply to representations made by the Consul General at Tientsin regarding the invasion of the office of the American Radio Service by Chinese and Japanese police (see Tientsin's 232, September 28, 4 p. m.⁷⁸), the Japanese Consulate General at Tientsin stated *inter alia* that "The Japanese *gendarmerie* suspected the premises of the American Radio Service to be one of the bases of anti-Japanese terrorist group", leaders of which, according to the Japanese Consul General, had confessed that the station had been used by the group for communicating with the Chungking Government and added "I believe you will agree with me that it would serve the interests of peace and order in the Concessions to put a stop to unlawful radio stations as soon as possible."

The Consulate General for the time being is making no reply to the Japanese and stating that the Embassy might deem it advisable to inform the Department by telegraph of the Japanese statement pending further action on the registration application of the firm.

The question of whether the Chinese Government has been granted authority to operate the station has been referred to the Embassy at Chungking. It is suggested by the Consul General at Tientsin that the Department may wish to give further consideration to the matter in the light of the information contained herein.

Repeated to Chungking. By mail to Tokyo.

LOCKHART

⁷⁸ Not printed.

393.115/765 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, November 6, 1939—5 p. m.
[Received November 6—8:05 a. m.]

580. We received simultaneously this afternoon six notes from the Foreign Office answering some nine separate protests which we have made concerning damage to American interests in China. These replies conform to the pattern of previous notes and reiterate the contention that every possible precaution is being taken by the Japanese authorities to protect foreign interests. They express regret for the "accidental, unfortunate occurrence which is of a type entirely unavoidable in the prosecution of warfare". The occurrence is said to result from one or several of the following causes: (1) Poor visibility; (2) close proximity of the property to important military objectives or emplacements; (3) insufficient markings.

In one instance, bombing on June 25, 1939, of the American Dominican Mission at Kienow, Fukien, the existence at the time of the raid of any markings of foreign property is denied. Such markings were later on July 14 observed to have been hastily constructed. One other case, shelling of the United Brethren Mission Hospital at Simulam, Chungshan, Kwangtung, is said to have been settled locally by the payment of a solatium.

Repeated to Shanghai. Shanghai please repeat to Chungking, Peiping, Canton.

GREW

393.1163Am3/430 : Telegram

The Counselor of Embassy in China (Lockhart) to the Secretary of State

PEIPING, November 7, 1939—4 p. m.
[Received November 7—5:50 a. m.]

572. Peiping's 557, October 24, 6 p. m.⁷⁹ Embassy is in receipt of a letter from the Sisters of Providence at Kaifeng stating that (1) permission has been received to reopen school which has been registered with the Provincial Board of Education as a middle school, (2) inasmuch as value of property and equipment far exceeds the amount required, question of endowment has been waived and (3) although the authorities have required that a Japanese teacher be employed to teach the Japanese language the school has been per-

⁷⁹ Not printed.

mitted temporarily to employ a Japan-educated Chinese for this purpose.

Repeated to Chungking and Hankow. Code text by air mail to Tokyo.

LOCKHART

393.1163Am33/201 : Telegram

*The Secretary of State to the Counselor of Embassy in China
(Lockhart), at Peiping*

WASHINGTON, November 10, 1939—5 p. m.

251. Your 574, November 8, 3 p. m., and Chefoo's November 7, 9 a. m. to Peiping,⁸⁰ search of the American Southern Baptist Mission at Laichow, Shantung, by Japanese military. As Miss Huey's residence was reportedly searched without permission and as the search of the other mission premises was carried out under the duress constituted by surrounding the mission with soldiers and machine-guns, the Department believes that you should bring this matter to the attention of the Japanese Embassy at Peiping.⁸¹ Before doing so, you may in your discretion ask Chefoo for a more detailed statement of the search of the Huey residence and of the losses incident thereto.

Sent to Peiping. Repeated to Chungking and Chefoo. Peiping please repeat to Tokyo.

HULL

811.5034 (China) American Radio Service/5 : Telegram

*The Secretary of State to the Counselor of Embassy in China
(Lockhart), at Peiping*

WASHINGTON, November 13, 1939—7 p. m.

255. Your 567, November 3, 3 p. m. The Department does not believe that mere suspicions or allegations such as those put forth by the Japanese that the American Radio Service is a "base" for an anti-Japanese terrorist group should cause a modification of attitude by the Department toward the American Radio Service. However, the Department, of course, looks to the American operators of the service, under present abnormal conditions, to adhere strictly to a policy of non-involvement in Sino-Japanese controversies and to take every possible and proper step to avoid the appearance of such involvement. In this connection the Department is mindful that the American Radio Service operates in a foreign-administered area and that foreign-ad-

⁸⁰ Neither printed.

⁸¹ Representations were made at Peiping and Tokyo.

ministered areas in China cannot reasonably be expected either to maintain a position of aloofness from disputes and controversies arising out of causes beyond their borders or to effect protection to organizations within the areas under their control unless those organizations which seek the protection of such areas adhere to a policy of non-involvement in such disputes and controversies.

Your telegram under reference does not indicate whether you have reason to believe that the Japanese suspicions and allegations in question are without foundation or whether the Consulate General at Tientsin has received from the managers of the American Radio Service a denial of or any specific statement in regard to those suspicions and allegations. It is accordingly suggested that you ask the Consulate General at Tientsin to bring the statements of the Japanese Consulate General to the attention of the American Radio Service with a view to clarifying this aspect of the question of the character of the American Radio Service and that you ask the Consulate General to point out to the managers of the service the considerations mentioned above in regard to the necessity of avoiding involvement in political matters.

It would seem desirable that the Consulate General at Tientsin should also undertake a comprehensive investigation of the organization's activities and report thereon in full to the Embassy for its consideration and reference to the Department with appropriate comment and recommendation.

Sent to Peiping. Repeated to Chungking and Tientsin.

HULL

811.51693/112 : Telegram

The Acting Secretary of State to the Ambassador in Japan (Grew)

WASHINGTON, November 16, 1939—6 p. m.

357. Peiping's 573, November 8, noon, and 588, November 16, noon, Japanese interference with employees of the National City Bank.⁸² Unless you perceive objection or unless the National City Bank at Peiping perceives objection, in which case the Embassy at Peiping is requested to inform you, it is suggested that you take up this matter with the Foreign Office in such manner as you may deem appropriate.⁸³

Sent to Tokyo via Peiping. Repeated to Chungking.

WELLES

⁸² Neither printed; they reported details of Japanese pressure placed upon Chinese employees to induce them to reveal information desired (811.51693/110,112).

⁸³ Informal representations were made at Tokyo on December 1.

811.5034 (China) American Radio Service/6 : Telegram

The Second Secretary of Embassy in China (Smyth) to the Secretary of State

PEIPING, November 18, 1939—11 a. m.

[Received 2:20 p. m.]

590. Peiping's November 10, 1 p. m., repeating Chungking's November 9, 10 a. m. to Peiping⁸⁵ regarding the American Radio Service. The following telegram has been received from Chungking:

"November 17, 5 p. m. Embassy's telegram November 9, 10 a. m. from Chungking. The Ministry of Foreign Affairs replied that the Ministry of Communications has authorized the firm in question to install a radio station at Tientsin and to communicate with stations in Shanghai and Chengtu but reserves the right to cancel authorization at any time. The Foreign Office orally requested that information regarding the residence and functions in Tientsin of the representative of the Ministry of Communications be kept confidential since the Japanese are attempting to apprehend him."

Repeated to Tientsin.

SMYTH

393.1163 Lutheran Brethren/126 : Telegram

The Counselor of Embassy in China (Peck) to the Secretary of State

CHUNGKING, November 19, 1939—noon.

[Received November 19—7 a. m.]

601. Reference Embassy's No. 358, October 28, 1939,⁸⁵ and previous regarding bombing of Lutheran Brethren Mission at Tungpeh, Honan, on May 2, 1939. Embassy is in receipt of letter dated October 17 from Arthur E. Nyhus which reads in part as follows:

"In my letter to the Embassy dated August 12, I mentioned Tungpeh being bombed again on August 1, but that mission station escaped. As I was unable to go there myself I relied entirely on Chinese reports for information about that raid. In September I visited Tungpeh in order to put a marker on the grave of my daughter Phoebe, and also to arrange with different matters at the station. I found that the damage from the raid of August 1 had been greatly minimized. While direct hit had [not?] been made on our property, yet three bombs had fallen near enough to cause additional damage to the few remaining rooms. The roof had large holes from falling debris. One remaining brick wall is bulging and may fall at any time. While the remaining part of the missionary residence had been machine gunned, one bullet passing clear through roof, ceiling, and stopping at the brick wall of one

⁸⁵ Not printed.

upstairs room. I mention this only for your information, as it shows that in Tungpeh reoccupied territory, their chief targets seem to be our mission station. The three bombs mentioned above were all near enough to [and?] could have been intended for our property. At least two of them were within 100 feet from us. While machine gunning our house can hardly be explained as accidental. All of this cannot but be painful to us as we fail to understand why our mission there shall be a special object of their hatred. In most towns and cities, the property of Americans, it is presumed American flags, is considered by the Chinese as almost immune from attack by the Japanese planes. Here in Pingshih the local people flocked to our vicinity in times of air raid alarms. But in Tungpeh the mission station now is recognized by the people as the most dangerous place in the city, and they flee away from its vicinity in times of alarm."

Embassy is forwarding copy of letter by air mail.⁸⁶

Repeated to Peiping, Hankow, Shanghai. Peiping please repeat to Tokyo,⁸⁷ by air mail to Yunnanfu.

PECK

393.1163 Free Methodist/55 : Telegram

The Counselor of Embassy in China (Peck) to the Secretary of State

CHUNGKING, November 22, 1939—1 p. m.

[Received 8:20 p. m.]

604. Reference Peiping's 549, October 20, 2 p. m. Anti-foreign incidents, American Free Methodist, Chenliu, Honan. The Embassy is in receipt of a letter from the Reverend Edwin P. Ashcraft of the American Free Methodist, Chengchow, Honan, in which he refers to the incidents at Chenliu reported by Miss Peterson and reports further incidents in Hankang, Kih sien, and Kaifeng. The last four paragraphs of his letter follow:

"Near the middle of September our compound at Hankang, 12 miles east of Chenliu, was entered by Japanese soldiers and the home of the pastor burned. They also set fire to the home which missionaries occupy when making their home there, but this fire was extinguished before the building was destroyed. The U. S. Consular notice there was taken away. The wife and two children of the Evangelist were rescued from their home after it had been set on fire. We do not know why this was done, since our Christians, as far as we know or have heard, are in no way connected with any anti-Japanese agitation.

Two of our Christian men at Kih sien were taken, one from our church compound, and with 11 others, removed to Chenliu and beheaded. Our missionaries there tried to get in contact with the au-

⁸⁶ Not printed.

⁸⁷ See note No. 1426, December 5, from the American Ambassador in Japan to the Japanese Minister for Foreign Affairs, *Foreign Relations, Japan, 1931-1941*, vol. I, p. 670.

thorities and find out why these men were taken, but thus far no reason has been offered.

Our workers in occupied territory are very reluctant to pass on any information regarding such matters as mentioned above. Thus far the results seem to be an increased effort on the part of the Japanese to retaliate, and make things difficult for the Christians, as well as for the missionaries. While the Japanese higher authorities at times appear to be in sympathy with the foreigners in Chungking [*Chengchow?*], the actual working out of reporting irregularities, especially in smaller places, seems to increase the pressure by the military. We are hoping that the visit of Miss Peterson to Peiping will not be followed by more serious incidents than those already experienced.

About 2 weeks ago, about 2:30 one morning, 10 Japanese soldiers, accompanied by a few Chinese, visited our Bible school compound at Kaifeng, and evidently put our two ladies, Miss Wood and Miss Murray, through quite a grilling. As I said, they are so reluctant to write of such matters (for if the Japanese find out that such things are reported, it only increases and intensifies actions of like nature) that it is difficult to ascertain just what the conditions are. Thus far we have not learned the reason for this untimely visit."

Embassy has today telegraphed to Ashcraft requesting further details. Copy of letter being forwarded.⁸⁹

Repeated to Peiping, Shanghai, and Hankow. Shanghai please repeat to Tokyo.

PECK

393.1123 Nyhus, Phoebe/119 : Telegram

The Acting Secretary of State to the Ambassador in China (Johnson)

WASHINGTON, November 22, 1939—5 p.m.

222. Reference Shanghai's 1004, November 15, 3 p. m.⁸⁹ regarding Tungpeh bombing claims.

1. In view of desire of Japanese authorities to investigate property losses it is suggested that Shanghai accept payment, when tendered, of \$15,000 United States currency covering death and personal injury cases, and express the hope that investigation may be expedited with a view to early settlement of claims for property losses sustained by mission and Reverend Nyhus.⁹⁰

2. It is suggested that when Chungking is notified by Shanghai that payment for death and personal injury claims has been made Chungking communicate with Reverend Nyhus advising him of pay-

⁸⁹ Not printed.

⁹⁰ The Consul General at Shanghai in telegram dated November 27, 2 p. m., advised the Department of the receipt from the Japanese Consul of a draft for \$15,000 as solatium (393.1123 Nyhus, Phoebe/120).

ment and amount thereof and, with reference to injuries sustained by Ruth Nyhus, also advise him of the results of examination made by American Public Health authorities of X-ray photographs as reported on pages 2 and 3 of Department's air mail instruction of August 18, 1939 to Shanghai⁹¹ in order that he may consider the advisability of consulting competent medical authorities regarding possible necessity of further treatment. Reverend Nyhus should be requested to advise, for Shanghai's guidance, his desires with respect to the method of transmission to him of the \$15,000 payment.

3. Reverend Nyhus may be informed of the contents of the first paragraph of Department's 365, September 23, 3 p. m. to Shanghai and he should be urged to refrain from any discussion with third parties of the amounts suggested by him in personal injury claims and the amounts regarded as proper by the Department.

Sent to Chungking. Repeated to Peiping and Shanghai.

WELLES

393.1163Am3/435 : Telegram

The Secretary of State to the Ambassador in Japan (Grew)

WASHINGTON, November 27, 1939—6 p. m.

372. Peiping's 603, November 25, noon,⁹² interference with Catholic Mission property at Sinsiang. In view of the continued interference with this American property notwithstanding repeated protests by the Embassy at Peiping, the Department desires that unless you perceive objection you approach the Foreign Office in regard to this case in such manner as you deem appropriate.⁹³

Sent to Tokyo via Peiping.

HULL

893.51 Con Ob General American Car Co/29 : Telegram

*The Secretary of State to the Counselor of Embassy in China
(Lockhart), at Peiping*

WASHINGTON, November 28, 1939—3 p. m.

271. Reference Department's 328, December 22, 1938, 5 p. m.⁹¹ Department has been advised by General American Car Company

⁹¹ Not printed.

⁹² Not printed; it reported difficulties over ownership of property caused by local authorities and attitude of indifference of Japanese Embassy at Peiping.

⁹³ The Ambassador in Japan made representations on December 4 and was instructed by the Department on December 29 to approach the Japanese Foreign Office again (393.1163Am3/441, 451).

that it desires that representations be made to Japanese authorities along the lines indicated in telegram under reference.

Unless you perceive objection it is accordingly suggested that you address a communication to the Japanese Embassy in which, after setting out the contentions of the claimant company to the effect that as a result of lack of compliance with the provisions of the 1933 contract the Railway became legally obligated to make payments in conformity with the provisions of the 1922 contract, you will state that the company has indicated its willingness to waive its alleged rights to payments as specified in the 1922 contract on condition that payments now past due under the 1933 contract are promptly made and on the further condition that payments due in the future under latter contract will be promptly made on respective due dates. Pertinent provisions in the two contracts as set out in Fowler's memorandum of September 21, 1938 to the Embassy at Peiping⁹⁵ may be quoted in your communication, but Department desires to make it clear that above contentions are those of claimant and are not to be attributed to the Embassy or Department in such communication.

In urging that installments due claimant company be met by Japanese authorities you may say that it has been represented to the Department that Japanese authorities are making payments as they become due on Peiping Mukden Railway bonds including the section of the railway from Shanhaikwan to Peiping.

Please forward copies of the code texts of this telegram and of telegram under reference and Fowler's memorandum to Embassy at Tokyo to enable latter to make similar representations to Foreign Office.⁹⁶

Sent to Peiping, repeated to Chungking.

HULL

393.1163 Free Methodist/60 : Telegram

The Secretary of State to the Ambassador in Japan (Grew)

WASHINGTON, November 28, 1939—4 p. m.

374. Department's 230, October 13, 6 p. m., to Peiping, 325, October 24, 2 p. m., to Tokyo,⁹⁷ and related telegrams in regard to difficulties of Americans in the area of Chenliu, Honan. The continued receipt of reports such as Chungking's 604, November 22, 1 p. m., indicates

⁹⁵ Not printed.

⁹⁶ The Embassy at Peiping addressed a note to the Japanese Embassy in that city on December 2; the Embassy in Japan presented to the Japanese Foreign Office a *note verbale* dated December 26.

⁹⁷ Latter not printed.

that conditions affecting Americans have been far from satisfactory. Although the Embassy at Peiping made representations to the Japanese Embassy in that city early in October and the Embassy at Tokyo presumably made representations to the Foreign Office shortly thereafter, the second substantive paragraph of section 2 of Chungking's 604 indicates that the local Japanese military authorities have not received the appropriate instructions which we should expect to have been issued following these representations. It is accordingly suggested that representations be vigorously renewed both in Peiping and in Tokyo.

Sent to Tokyo via Peiping. Repeated to Chungking, Shanghai, and Hankow. Peiping please repeat to Tokyo Peiping's 602, November 25, 11 a. m.⁹⁸

HULL

393.115/787: Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, November 29, 1939—7 p. m.

[Received November 29—11:30 a. m.]

639. Reference our 580, November 6, 5 p. m.

1. Since November 6, 1939, we have received 59 replies to our representations to the Foreign Office made both last year and this year concerning damage to American property and interests in China. Most of these replies have arrived in the last 3 days and deal with instances of bombing of American property. In almost every case a detailed report of the weather conditions, visibility, military objectives and other pertinent information concerning the attack is given. It is usually stated that while the damage incurred is greatly regretted such damage is an unfortunate and unavoidable result of warfare. In many instances the lack of suitable markings visible from the air and the close proximity of American property to Chinese army military positions are emphasized.

2. The following points are suggested as probable explanations of this flood of replies: (a) a desire to place upon the record the Japanese contention that the majority of these bombings were accidental and unavoidable in the prosecution of warfare and that therefore by implication the Japanese Government is not responsible. This would indicate an attempt to assume belligerent rights; (b) an effort to clear away the accumulation of pending questions and to place on the American Government the responsibility of further pursuit of these questions; (c) my recent talk with the Foreign Minister and the publicity

⁹⁸ Not printed.

in Japan concerning the large number of American representations which remained unacknowledged or unanswered have undoubtedly spurred on the Foreign Office and the Japanese Government to take this means of indicating their good intentions by clearing up pending questions; (d) having made these replies the Japanese Government may hope to be in a more favorable position for future discussions of other problems in the relations with the United States.

3. Translations of these replies will go forward with the next pouch.

Repeated to Shanghai. Shanghai please repeat to Chungking, Peiping, Hankow, Tientsin and Canton.

GREW

811.30 Asiatic Fleet/825 : Telegram

The Consul General at Shanghai (Lockhart) to the Secretary of State

SHANGHAI, November 30, 1939—4 p. m.

[Received November 30—3:25 p. m.]

1055. At the request of Admiral Hart, this office on November 17 informed the Japanese Consul General here that two United States naval trucks plainly marked with American flags are engaged in carrying naval supplies and personnel between Haiphong and Chungking and that two additional trucks may be added in the near future and requested that the appropriate Japanese authorities be informed with a view to safeguarding these trucks.

I have now received a reply from the Japanese Consul General dated November 27th in which it is stated that this information has been transmitted to the Japanese military and naval authorities and that the latter have requested that the American naval authorities be informed that Japanese naval units have been ordered "to pay full attention to the American navy trucks in question"; that they cannot "give an absolute guarantee that no mistakes will ever happen although they are more than eager to exercise every possible care"; that it has been recently established that "Chinese military motor trucks were running mixed in between the motor cars of a certain third power in a certain part of Southern China"; that the Japanese naval authorities are "not in a good position to assume responsibility for damage inflicted upon American navy trucks which happen to be in close proximity to Chinese troops or their military establishments"; and that because the Japanese authorities are so anxious to avoid inflicting "any damage even by mistake upon the American trucks they would be much gratified if the American authorities would be good enough to refrain from operating their trucks in the areas under reference for the time being". In the absence of Admiral Hart, I am forwarding a copy of the Japanese Consul General's letter to Rear

Admiral Glassford for consideration and possible transmission to the Commander-in-Chief.

Repeated to Peiping, Chungking; air mail to Tokyo.

LOCKHART

811.80 Asiatic Fleet/825 : Telegram

*The Acting Secretary of State to the Consul General at Shanghai
(Lockhart)*

WASHINGTON, December 6, 1939—3 p. m.

478. Your 1055, November 30, 4 p. m.

1. The Department understands that the trucks in question have been in transit via Nanning but is not informed as to what alterations will be made in the arrangements for their operation as a result of the Japanese capture of that city. If the American naval authorities desire to continue the operation of the trucks on some other route such as the highway between Yunnanfu and Chungking, it is suggested that, in view of the official character of the trucks, the personnel operating or using them for transportation, and of the articles carried by them, it would be appropriate for you to address a reply to the Japanese Consul General substantially as follows:

As other means of transportation are not available, the continued operation of the trucks to and from Chungking is, of course, necessary for the transportation of American diplomatic and naval supplies and naval personnel. Furthermore, as the Japanese authorities have been repeatedly informed, the Government of the United States holds the view that obligation rests upon the Japanese naval and military authorities to exert the utmost precaution to the end that American nationals and property shall not be injured by Japanese military operations. If and when American nationals or property are injured in consequence of the operations of Japanese armed forces, the American Government will be compelled to attribute to the Japanese Government responsibility therefor. The statements in your letter that Japanese naval units have been ordered "to pay full attention to the American navy trucks in question" and that the Japanese naval units "are more than eager to exercise every possible care" have been noted with gratification.

2. Please consult with Rear Admiral Glassford in this matter and, if the American naval authorities desire the trucks to continue to operate over a suitable route and, if you and he perceive no objection to the new routing or to a reply as suggested above, communicate the reply to the Japanese Consul General together with a statement as to the specific route now to be taken by the trucks.

Sent to Shanghai. Repeated to Chungking and Peiping. Shanghai please repeat to Tokyo.

WELLES

494.11/116 : Telegram

The Consul General at Shanghai (Lockhart) to the Secretary of State

SHANGHAI, December 6, 1939—6 p. m.

[Received December 7—3:25 a. m.]

1084. Reference my 1037, November 25, 10 a. m.,⁹⁹ in regard to investigations by Japanese military authorities of American property losses.

1. A member of the staff of the local Japanese Consulate General has orally informed Vice Consul Tenney, informally and unofficially, that a conference was held at Tokyo in late November between representatives of the Japanese armed services and the Foreign Office in regard to the settlement of American property losses; that as a result thereof it was decided that offers of "solatium payments" would be made to American individuals and business concerns as well as to American cultural organizations (see paragraph (b) of my telegram under reference); and that tentative offers would be made as soon as possible in all cases of property loss where there is evidence of Japanese responsibility therefor.

Tenney was also informed "confidentially", but apparently with the design that the information be passed on for consideration by American authorities concerned, that the Japanese military would in all probability be willing to grant increases in payment of perhaps 10 to 20 per cent, should the American claimants be dissatisfied with the original offers. It was suggested that American claimants might wish to submit counter offers, in the above-mentioned increased amounts, and that such counter offers would probably be accepted by the Japanese delegates. It would appear, as a matter of conjecture, that it would be advantageous to the Japanese military to have American claimants affirmatively make counter offers, so that in agreeing to pay such amounts, the military would be in a position eventually to publicize the fact that it had acceded to the requests of the claimants.

2. The Consulate General received yesterday a second list, of 33 cases, in which offers will be made after prior acceptance by American claimants. Solatium payments offered in these cases total 68,545 dollars Chinese currency or about 8.5% of total amounts claimed, estimated at approximately 810,000 dollars Chinese currency. (Exact total of amounts claimed is not available as many of the cases are in the Hankow consular district and this Consulate General has no record thereof.) However, if depreciation in value of Chinese currency in terms of American currency is considered, the offers amount to only about 3% of the total claims.

⁹⁹ Not printed.

Communication of the amounts of the above-mentioned offers to the respective claimants is being deferred pending receipt of the Department's comments on procedure outlined in penultimate paragraph of my telegram under reference.

Repeated to Peiping, Chungking, Hankow and Tokyo.

LOCKHART

393.1163 Free Methodist/65 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, December 6, 1939—9 p. m.
[Received December 7—9:55 a. m.]

665. Our 531, October 18, 2 p. m.,¹ situation at Chenliu. In reply to our representations the Foreign Office sent us a copy of a report received from the military authorities in China to whom the matter was referred. Our translation of the report follows:

"Because of an anti-British movement which arose in Chenliu, a British subject named Ryding, who is a member of the Free Methodist Mission at that place, withdrew to Tsingtao but on September 9 he returned to Chenliu. Early in the morning of September 13 there was an attack on that city by Chinese forces, and about 300 Chinese civilians, erroneously believing that the attack was caused by the above-mentioned British subject being in communication with the enemy, agitated for his expulsion. He therefore withdrew from Chenliu on September 17. At that time the residence of an American woman missionary named Peterson belonging to the same mission, which adjoined the residence of the British subject, incurred some damage. Subsequently on September 28, Miss Peterson came to Chenliu and heard reports evidencing anti-British movement, and she, apprehensive lest she herself be made the object of similar agitation, withdrew from Chenliu on or about October 22 on her own initiative. The above-mentioned circumstances were exaggerated and finally the rumor circulated that anti-British agitation had arisen in Chenliu.

The facts are as above stated. Nothing has been heard of any anti-American movement in Chenliu. Furthermore, the Japanese authorities are on the alert for any such movement and are taking strict precautionary measures."

Repeated to Chungking, Shanghai, and Hankow.

GREW

¹ Not printed.

393.1163 Free Methodist/66 : Telegram

The Ambassador in China (Johnson) to the Secretary of State

PEIPING, December 7, 1939—4 p. m.
[Received December 7—9:45 a. m.]

622. Tokyo's 665, December 6, 9 p. m. Situation at Chenliu. This Embassy considers that the Foreign Office reply is entirely unsatisfactory for the following reasons:

- (1) Free Methodist Mission, against which the two demonstrations were directed, is American and not British;
- (2) No mention is made of the not inconsiderable damage done to the property by the demonstrators;
- (3) Certain of the posters used in the demonstration were definitely anti-American in character;
- (4) No mention was made of the American consular certificate of ownership and the desecration of the American flag;
- (5) The Japanese military have been for some months in firm control of Chenliu and they were either unable or unwilling to protect this American property; and
- (6) No effort was made to refute the alleged complicity of Sakaguchi, the official in charge of the Japanese military police, in instigating the demonstrations.

Miss Peterson reported to this Embassy that she left Chenliu on September 29 and not on or about October 22 as stated in the Foreign Office note, on a routine trip to the mission headquarters in Kaifeng, and that her departure was due to a fear of anti-foreign demonstration.

Repeated to Chungking, Tokyo and Hankow.

JOHNSON

494.11/108 : Telegram

The Secretary of State to the Consul General at Shanghai (Lockhart)

WASHINGTON, December 7, 1939—4 p. m.

480. Your 1037, November 25, 10 a. m.,² and 1084, December 6, 6 p. m. It appears that the proposal of Japanese military authorities contemplates an offer to settle certain claims on the basis of an amount which in each case admittedly represents merely a percentage of the estimated amount of losses which estimate is made by military authorities in disregard of any evidence which may be submitted by a claimant to establish the actual value and quantity of property lost, and that the amount so estimated will be paid in greatly depreciated Chinese currency. It further appears that such action is contemplated

² Not printed.

even in cases in which the loss is the direct result of acts of Japanese military authorities not in the course of military operations.

It is suggested that unless you perceive objection Vice Consul Tenney informally advise the Japanese consular officer who made the approach that such a method of computing the amount to be paid in settlement of an international claim is believed to be unprecedented and that consequently since the Consulate General desires to disassociate itself entirely from any negotiations between Japanese authorities and American claimants which have for their purpose the settlement of claims on any such basis, it is not in a position to transmit the proposed offers to claimants. He may add that if the Japanese authorities endeavor to negotiate directly with American claimants it should be on the understanding that the claimants may accept or reject any offers which may be made and on the further understanding that if settlements are not effected as a result of such negotiations, this Government reserves the right to present through diplomatic channels in appropriate cases formal claims for the full amount of losses actually sustained, irrespective of amounts offered by Japanese authorities or counterproposals made by individual claimants in the course of such direct negotiations.

In the event that direct offers are made to individual claimants and they seek your advice, it is suggested that they be advised that they are free, if they so desire, to negotiate with Japanese authorities on the understandings set forth in the preceding sentence. They may also be advised that if their losses were the direct result of acts of Japanese forces not in the course of military operations, which, it is understood, are the only classes of cases included in the Japanese proposal, claimants are, in the Department's opinion, entitled to the full value of the property lost or destroyed. However, in determining whether they will accept or reject offers of partial compensation, claimants should take into consideration the question whether they possess or are likely to obtain competent evidence establishing that losses were sustained under the conditions stated above.

Bearing in mind the situation outlined in your telegrams under reference and the desirability of there being adopted by American claimants a common attitude in so far as may be consistent with their individual interests, the Department desires that, unless you perceive substantial objection, you suggest to American claimants, either directly or through appropriate American organizations, that it is believed that a useful purpose would be served if American claimants at Shanghai were to set up a special consultative group which, although permitting freedom of individual action, would nevertheless, in the interests of all concerned, offer advice to and coordinate the

efforts of those Americans who are seeking compensation for losses sustained as a result of the existing hostilities in China.

The Department desires that Peiping issue to such offices in China as are handling any considerable number of American claims appropriate instructions in the sense of the preceding paragraph.

Sent to Shanghai. Repeated to Chungking, Peiping, and Hankow. Shanghai please repeat to Tokyo.

HULL

393.115/799 : Telegram

The Secretary of State to the Ambassador in Japan (Grew)

WASHINGTON, December 8, 1939—5 p. m.

389. Your 639, November 29, 7 p. m. The Department suggests for your consideration the desirability of the Embassy's acknowledging the receipt of the recent replies made by the Japanese Foreign Office to this Government's representations in regard to the damage of American property and interests in China.³ You might state that the Japanese replies will be referred to the appropriate consular offices in China, and through them to the injured parties, for investigation of the facts and subsequent report to the Department. In this connection you might add that the replies which the Japanese Government has made in the past to representations of this Government in regard to damage of American properties and interests have been similarly referred to the field and that in the majority of cases in which such investigations have been made the statements of facts as reported to the Department have been at variance with the reports of the Japanese military authorities upon which the Japanese replies have been based. In conclusion you might say that while this Government appreciates the increased interest which the Japanese Government appears to be taking in a number of claims of American citizens against the Japanese Government growing out of the Sino-Japanese hostilities it suggests that a more favorable impression might be created in this country should concrete evidence be received of an earnest desire on the part of the Japanese Government to afford to American claimants equitable amounts in compensation for damages sustained.⁴

The Department assumes that you will forward copies of the Japanese replies in individual cases to the appropriate consular offices in China.

Sent to Tokyo via Peiping.

HULL

³ See note No. 1428, December 13, from the American Ambassador in Japan to the Japanese Minister for Foreign Affairs, *Foreign Relations, Japan, 1931-1941*, vol. I, p. 672.

⁴ See telegram No. 673, December 11, 1 p. m., from the Ambassador in Japan, vol. III, p. 613.

393.1163 Free Methodist/69 : Telegram

The Secretary of State to the Ambassador in Japan (Grew)

WASHINGTON, December 12, 1939—noon.

395. Peiping's 622, December 7, 4 p. m., situation at Chenliu. The Department assumes that on basis of Peiping's telegram under reference you are making to the Foreign Office an appropriate rejoinder to the Foreign Office's communication quoted in your 665, December 6, 9 p. m.⁵

Sent to Tokyo via Peiping. Repeated to Chungking and Hankow.

HULL

393.115/802 : Telegram

The Ambassador in China (Johnson) to the Secretary of State

PEIPING, December 12, 1939—3 p. m.

[Received 3:40 p. m.]

627. The American Consulate General at Shanghai has reported by mail in regard to the receipt of a letter addressed to the Senior Consul by the Japanese Consul General at Shanghai under date of November 20 and circulated by the Secretariat of the Consular Body on the same date. The Japanese Consul General requests that third power nationals and organizations be urged (1) to inform the Japanese authorities of the exact location of their interests and properties in the interior of China, supplying scaled maps showing as accurately as possible the positions of such interests and properties and (2) to mark their properties with easily distinguishable national insignia. The American Consul General replied to his Japanese colleague that he was referring the matter to me for consideration. He stated that American nationals and organizations located in the interior of China had already for the most part supplied information of the nature desired, and, referring to Tokyo's note of February 21, 1938 to the Japanese Foreign Office,⁶ pointed out that regardless of whether information is supplied concerning location of American citizens or properties, or of whether American property is or is not marked the American Government will hold the Japanese Government responsible for any damage done to American lives or property by the Japanese forces.

It is my opinion that it would serve no good purpose again to urge American interests in China to furnish maps of their property and to place identifying insignia thereon. Sufficient maps have been supplied the Japanese authorities to enable them to identify from the

⁵ On December 16 the Japanese Foreign Office was accordingly informed that its reply was unsatisfactory.

⁶ *Foreign Relations, Japan, 1931-1941*, vol. I, p. 586.

air almost every town of importance in China. Japanese planes continue the bombing of these towns. They attack indiscriminately the centers of towns without paying particular attention to military objectives. I recommend that the request of the Japanese Consul General be ignored. The Department's instructions are respectfully requested.

Repeated to Shanghai, by air mail to Tokyo.

JOHNSON

494.11/111 : Telegram

The Consul General at Shanghai (Lockhart) to the Secretary of State

SHANGHAI, December 16, 1939—1 p. m.

[Received December 18—1:30 p. m.]

1111. Reference Department's 480, December 7, 4 p. m., offers of solatium payments to American claimants by Japanese military authorities.

1. The Japanese consular officer who informed Tenney of the original proposals by the Japanese military has been informally advised in accordance with the views set forth in the second substantive paragraph of the Department's telegram under reference. He expressed some surprise at the statements made, adding that in the opinion of the Japanese military authorities the method adopted by them for the computation of solatium payments to be offered represented a fair and equitable method for determining American property losses actually sustained. He said he would discuss the question with the military authorities in the hope that some method might be worked out which would be acceptable to the American authorities, and in this connection stated that the military authorities were anxious to receive any suggestions or proposals which this Consulate General might wish to make. He added that he had been requested by the military to inform Tenney that their original offers might be materially increased, perhaps doubled in some cases, while in others full compensation would be paid. However, questioning revealed that the "full compensation" contemplated was still only for the amount of loss as estimated by the Japanese military. Tenney commented that it is the well established American view that in those cases where American nationals have sustained damage as a direct result of acts of the Japanese forces they are entitled to compensation to the extent of the full value of the property lost or destroyed. The generally accepted exemption, under the rules of war, that compensation may not be recoverable where the loss was sustained in the course of military operations, was not referred to as it was not known whether the Department is prepared to recognize, in so far as such recognition would affect the stand-

ing of American claims, the existence of a state of war in China such as would warrant the invocation and application of the above-mentioned exemption from liability. The Department's views in this connection would be helpful.

2. It is noted in the third substantive paragraph of reference telegram that the Department understands that the only classes of cases included in the Japanese proposals are those in which losses resulted directly from acts of the Japanese forces not in the course of military operations. [While] the Japanese military have indicated as a matter of "principle" that no payments will be made for losses sustained in the course of actual combat or where the property damaged had acquired enemy character (see my 1037, November 25, 10 a. m.⁷), they have in fact offered minor compensation in certain cases which fall at least partially within this classification.

3. It is the Consulate General's understanding that the Department desires this office to disassociate itself entirely from any negotiations between Japanese military authorities and American claimants which have for their purpose the settlement of claims on basis of the method referred to in the first substantive paragraph of the Department's telegram under reference. This brings up other question whether, despite fact that the Consulate General now has constructive knowledge that the method in question is being applied by the Japanese military authorities in all such negotiations, it may nevertheless be advisable, in the interest of American claimants, to continue the practice of having an American consular representative informally and unofficially present at conference between the parties. In this respect it is believed that such informal attendance by a consular officer assures the American claimants the right and opportunity, which might otherwise be curtailed, to present his case fully and without prejudice. It also insures at least to a certain extent the claimant's participation in the discussions on a basis of equality. It is further felt that the withholding of assistance of this character may give rise to criticism of American authorities by claimants. As a final consideration in favor of attendance, the Consulate General believes that the Consular officer's summarized record of the proceedings, as it will [show] the substance of the Japanese contentions and evidence at the time, might well be of material benefit to the American side should the claim eventually be submitted to a claims commission. The Consulate General hopes therefore that the advisability of authorizing such attendance by a representative of this office may receive the Department's further consideration.

[4?] The Japanese military authorities state that their Government maintains that compensation is payable in Chinese currency, without

⁷ Not printed.

regard to depreciation or to its present exchange value in terms of United States currency; that a property, whether real or personal, which has been associated in and become a part of the economy of China, should be compensated for in the currency of that country; and that the only exception to such rule is in the case of property originally purchased in foreign currency and carried by the owner in such currency without being identified as a part of the Chinese economy. The Consulate General would appreciate receiving the Department's views whether compensation may properly be made in depreciated Chinese currency or whether payment should be in United States currency or its present equivalent in Chinese currency.

5. The Consulate General has conveyed the substance of the suggestions contained in the penultimate substantive paragraph of the Department's telegram under reference to certain American claimants who have agreed to organize a consultative group along the lines contemplated by the Department.

Code text by air mail to Chungking, Peiping, Tokyo and Hankow.

LOCKHART

393.115/807 : Telegram

The Secretary of State to the Ambassador in China (Johnson)

WASHINGTON, December 18, 1939—6 p. m.

291. Your 627, December 12, 3 p. m. As we have made complaint that numerous communications from our officials in China to the Japanese authorities have not received reply, the Department believes that it would be advisable for the Consul General at Shanghai to reply further to the Japanese Consul General's communication of November 20.

It is not clear from your telegram as received whether the preliminary reply of the Consul General at Shanghai included the statements contained in the last sentence of the first substantive paragraph of your telegram. If not, it is suggested that the supplemental reply include substantially those statements and that there be added statements along lines as follows: The appropriate American consular officers will be instructed to advise, where possible, Americans and American organizations who have not already furnished maps of their property to prepare and forward such maps as a voluntary action on their part in compliance with the request of the Japanese authorities.⁸ It is to be noted, however, that there are residing in interior places a large number of Americans with whom communication is difficult, delayed and sometimes impossible, and the Japanese authori-

⁸ The Embassy at Peiping on January 5, 1940, sent out a circular (No. 138) which included this advice.

ties will accordingly appreciate the fact that a complete cataloguing and mapping of the numerous scattered American properties is not practicable.

Sent to Peiping. Repeated to Shanghai. Peiping please repeat to Tokyo.

HULL

393.1163 Free Methodist/72 : Telegram

The Secretary of State to the Ambassador in Japan (Grew)

WASHINGTON, December 20, 1939—8 p. m.

406. Department's 395, December 12, noon, situation at Chenliu. Peiping has been requested to mail to you Chungking's 639, December 14, 10 a. m.⁹ for use in your further representations to the Foreign Office which, it is suggested, it would be advisable to make orally as well as in writing.¹⁰ In as much as the Department does not recognize any legal basis for the Japanese demands to use the buildings in question, compliance with which demands would deprive American citizens of the use of property duly leased from Chinese, it would appear undesirable to make any reference to the statement of the Reverend E. P. Ashcraft as quoted in the second substantive paragraph of Chungking's 639 to the effect that the Japanese demands "are within the law" or to the inquiries presented in Mr. Ashcraft's letter. You may request, as under instruction, that the Japanese Government take vigorous and appropriate action to cause cessation by Japanese military and other Japanese instrumentalities of the continued interference with and molestation of Americans in Honan.¹¹

Sent to Tokyo via Peiping. Repeated to Chungking, Hankow.

HULL

893.111/430 : Telegram

The Counselor of Embassy in China (Peck) to the Secretary of State

CHUNGKING, December 22, 1939—10 a. m.

[Received 7:54 p. m.]

656. Your November 10, 4 p. m.,⁹ travel in Honan. On November 18 the Embassy received the following undated telegram from Chengchow:

⁹ Not printed.

¹⁰ The Ambassador in Japan reported on December 27 that he had made written representations to the Japanese Foreign Office (393.1163 Free Methodist/73).

¹¹ In telegram No. 81, March 13, 1940, 4 p. m., the Counselor of Embassy in China at Peiping gave a report that in view of the impossibility of carrying on missionary work in Chenliu the Mission had decided to yield to Japanese pressure and release the property (393.1163 Free Methodist/82).

"Missionaries strongly protest unwarranted order preventing crossing river at Chenghsien. Travel safe (signed) Hoover, C. I. M.¹³"

In note dated December 21 to the Minister for Foreign Affairs I urged that restrictions on travel in Honan be enforced only when travel circumstances made them necessary. I described the attitude of the Department as set forth in its 243 October 27, 7 p. m., and asked that appropriate telegraphic instructions be sent to Chengchow authorities.

Sent to the Department, Peiping. Repeated to Hankow, Tientsin by mail today.

PECK

394.112/111 : Telegram

The Secretary of State to the Ambassador in Japan (Grew)

WASHINGTON, December 29, 1939—5 p. m.

417. Reference Department's 507, December 27, 4 p. m., to Shanghai, Shanghai's 1147, December 28, 5 p. m., and Shanghai's 1156, December 29, 8 p. m.¹⁴ The Department is concerned over the recent recrudescence of incidents as above referred to and accordingly desires that, unless you perceive objection, you bring them to the attention of the Japanese Foreign Office. In your approach please be guided by the Department's 207, July 20, 6 p. m., and 224, July 28, 5 p. m.

Sent to Tokyo via Shanghai. Repeated to Peiping and Chungking.

HULL

494.11/111 : Telegram

The Secretary of State to the Consul General at Shanghai (Lockhart)

WASHINGTON, January 3, 1940—11 a. m.

3. Your 1111, December 16, 1 p. m.

1. Department's first fundamental objection to Japanese proposal relates to matter of determining amount of claimant's loss without taking into account any evidence submitted on behalf of a claimant to establish quantity and value of property lost. If documents such as inventories, vouchers, contractor's estimates and other evidence of character mentioned in paragraphs fourth and fifth of Department's statement of August 27, 1938¹⁵ are disregarded it is not perceived on what basis military authorities reach their conclusions regarding amount of loss.

¹³ China Inland Mission.

¹⁴ None printed; they reported cases of American citizens who were struck or manhandled by Japanese in China.

¹⁵ Not printed.

2. Apparently after having thus reached their conclusions regarding the amount of a claimant's loss, military authorities fix the amount to be offered in settlement, which amount is not the amount of the loss as determined by them but some other amount which represents merely a percentage even in cases in which the loss is the direct result of acts of military authorities not in the course of military operations.

3. Even if it were assumed that in a particular case the Japanese estimate of a claimant's loss approximated the actual loss sustained, the Department perceives no justification for the whittling down process referred to in paragraph 2 above, particularly in cases in which the loss is the direct result of acts of military authorities not in the course of military operations.

4. With reference to the matter of payment in depreciated currency, the Department considers that in cases in which liability exists, claimants are entitled to compensation in amounts which will fully cover losses and damages sustained, or, in other words, amounts which should put them in *status quo ante*. It would appear that payment in depreciated currency will not accomplish this end in the majority of cases. For example a claimant whose building at the time of destruction in 1937 had a value of 1,000 Chinese dollars would not be fully compensated for his loss were he now to receive that amount in Chinese currency since it would obviously be impossible for him now to replace building for such amount in view of currency depreciation and resultant rise in reproduction costs. The effect of the Japanese proposal is to impose upon such claimants losses resulting from currency depreciation although such depreciation was apparently largely, if not entirely, the direct consequence of Japanese action in China. Department feels that, in general, the amount and kind of currency required to reimburse fully for damages to or destruction of property should vary according to circumstances of individual cases.

5. The Department considers that it would be inadvisable for the Consulate General to enter into any discussion with the Japanese authorities regarding the question whether the rules of war relating to nonliability for damages sustained in the course of military operations are applicable in the present conflict. However, if, as indicated in telegram under reference, Japanese propose to offer settlements in some cases involving losses sustained in the course of military operations and if claimants receiving such offers seek your advice, it may be suggested to them that in view of Japanese disclaimer of legal liability in such cases, claimant should, from a practical standpoint, seriously consider the advisability of accepting the best offer obtainable through negotiations following their counterproposals which Japanese military apparently expect to receive as a consequence of

their original settlement offers. The probability that they will otherwise recover nothing in such cases should be borne in mind.

6. In view of the considerations mentioned in paragraph 3 of telegram under reference the Department concurs in your suggestion to have consular representative attend conferences between Japanese authorities and individual claimants but still entertains the view that in the absence of indications that amounts offered by Japanese approximate actual losses your office should not transmit them to claimants.

7. Department hopes that foregoing observations may be of assistance to your office in endeavoring to convince local Japanese authorities of the inadequacy of amounts offered in settlement. For your information it may be stated that in pursuance of Department's authorization Tokyo has informally reported to Foreign Minister the Department's view that settlement offers made at Shanghai do not afford a basis for expecting payment of equitable amounts in compensation to injured American claimants. Department deems it advisable that cases be settled locally if reasonably satisfactory compensation is obtainable and you are requested to keep it informed of developments.

Sent to Shanghai. Repeated to Chungking, Peiping and Hankow. Shanghai please airmail code text to Tokyo.

HULL

PROBLEM OF CONTROLLING THE TRAFFIC IN OPIUM AND OTHER NARCOTIC DRUGS IN PARTS OF CHINA UNDER JAPANESE MILITARY OCCUPATION¹⁶

893.114 Narcotics/2458

The Department of State to the British Embassy

AIDE-MÉMOIRE

The Secretary of State refers to the British Embassy's *Aide-Mémoire* of January 4, 1939¹⁷ and to conversations between the British Ambassador and Mr. Welles on July 8 and July 29, 1938 in the course of which the British Ambassador stated that the British Foreign Office had instructed the British Ambassador at Tokyo that it proposed to make vigorous and formal representations to the Japanese Government in regard to Japanese complicity in the sale of opium in China.

It is believed that the reports of British Consular Officers in China, which form an enclosure¹⁷ to the *Aide-Mémoire* under reference, and the information already in the possession of this Government offer a

¹⁶ Continued from *Foreign Relations*, 1938, vol. iv, pp. 558-571.

¹⁷ Not printed.

reliable basis for similar representations by the Government of the United States and, accordingly, the Government of the United States is prepared to make such representations to the Japanese Government.

It is believed that the evidence in the possession of this Government would sustain a contention that any such approach by this Government to the Japanese Government would be a measure of self-defense against the infiltration of narcotic drugs into the United States for reasons as follows:

A. The evidence in the possession of this Government indicates that the heroin found in the illicit traffic in the United States has since 1935 come in large measure from the Japanese Concession in Tientsin.

B. Practically all of the smoking opium found in the illicit traffic in the United States comes from China and is a blend of Chinese and Iranian opiums. Part of it is prepared in or near Shanghai, part in South China and a little in North China. This type of smoking opium has practically no market in China and is put up solely for the illicit traffic in America. Recent large seizures in the continental United States, at Honolulu, and at Manila point to a substantial increase in the illicit shipment of smoking opium from the Far East to the United States, the amounts seized during the last six months of 1938 having been approximately five-sixths of the total amount seized during the year.

C. The participation of Japanese nationals in the traffic in raw materials for heroin and prepared opium and in the manufacture thereof is a matter of common repute. A summary of the information which has reached this Government concerning the present narcotics situation in China and the participation of Japanese nationals therein is appended hereto.

There are also appended hereto, for convenience of reference, copies of the statements made by the American representative at the Opium Advisory Committee at Geneva ¹⁸ on June 13 and 21, 1938.¹⁹

The Department of State believes that the basis of its intended representations to Japan should not be restricted to one of self-defense against the infiltration of narcotic drugs into the United States, but should include the broader grounds that the Japanese Government shares with the American Government and with other governments the well-recognized obligations under the International Drug Conventions to control the production and distribution of raw opium, to render effective the limitation of manufacture of narcotic drugs to the world's legitimate requirements for medical and scientific purposes, to use its efforts to control or to cause to be controlled all those who manufacture, import, sell, distribute and export narcotic drugs, and to cooperate in other ways provided for in those Conventions. It is self-evident that the growing of opium, the sale of opium, and the

¹⁸ Stuart J. Fuller.

¹⁹ Statements not printed; for substance, see note to the Secretary General of the League of Nations, May 15, p. 435.

sale of opium derivatives in amounts greater than needed for medical or scientific purposes constitute a threat, active or potential, to no one people alone but to the peoples of all countries.

The Department of State is issuing instructions to the American Ambassador at Tokyo ²⁰ in which he is authorized, after consulting with his British colleague, to make at such time as he may consider opportune, representations to the Japanese Government along the lines indicated. It is being suggested to the American Ambassador that he consider and decide the question whether, from the point of view of bringing about effective action by the Japanese Government, it would be advisable for his approach to be synchronized with the approach of his British colleague or for the two approaches to be separated substantially in point of time.

WASHINGTON, February 16, 1939.

[Enclosure]

Memorandum by the Department of State

[WASHINGTON,] January 14, 1939.

Subject: The Narcotics Situation in the Japanese Controlled Areas in China.

The representative of the United States at the Twenty-third Session of the Opium Advisory Committee at Geneva in June 1938 presented information in regard to the traffic in narcotic drugs in Manchuria and Jehol and in other parts of China. This information was based for the most part on official reports and was substantially corroborated by the Japanese representative on instructions from his Government.

The representative of the United States stressed points as follows:

(1) With regard to Manchuria and Jehol, there had been no real or effective improvement during the past year in the conditions obtaining in respect of addiction, illicit import, illicit traffic or opium production.

(2) In China between the Yellow River and the Great Wall, which has for some time past been controlled by the Japanese Northern Army, conditions were worse than they were the year before. Legal control lapsed in August 1937 and the illicit traffic increased. The Peiping "Provisional Government", set up and maintained by the Japanese Army, took a hand in the narcotics situation soon after the establishment of that regime. It rescinded by its Order no. 33 of February 24, 1938, the Chinese Central Government's provisional anti-opium and anti-narcotics laws and regulations and all persons who were being detained under those laws and regulations were promptly released from prison. The narcotics situation became progressively worse.

(3) In a period of fifteen months, 650 kilograms of heroin were exported to the United States from the Japanese Concession in Tient-

²⁰ Instruction No. 1661, February 16, not printed.

sin by a group operating in this trade there. This amount was sufficient to supply some 10,000 addicts for a year.

(4) In Shanghai, control appeared to have broken down completely except in the French Concession and in the International Settlement.

(5) Huge quantities of Iranian opium were reliably reported to have arrived in North China and in Shanghai consigned to Japanese firms and intended, in some instances, for Japanese army officers, while further large consignments were en route to those destinations under similar auspices and still others were on order.

Since last June, the American Government has continued to receive from official sources additional alarming information in regard to the traffic in narcotic drugs in those parts of China controlled by Japan, as follows:

Manchuria and Jehol:

The Director of the Opium Section of the Municipality of Harbin informed the press on May 4, 1938 that the number of unlicensed opium dens in the city of Harbin was estimated at about 1,000 as against 76 that were licensed.

The authorities in Pinkiang Province (in which Harbin is located) estimated in June 1938 that in the Province there were approximately 2,000 Japanese and Koreans addicted to opium, morphine or heroin.

The Opium Administration Section of the Department of People's Welfare of "Manchukuo" announced on August 23, 1938 that reports received from provinces and cities, in connection with the 10-year anti-opium campaign, showed that the total number of registered addicts in Manchuria and Jehol was 585,267.

Tientsin:

In a report from the American Consul General at Tientsin dated November 3, 1938 it is stated that, notwithstanding an announcement in the local press to the effect that all opium dens in the Japanese Concession of Tientsin had been closed on October 1, many small places in that Concession continue to dispense opium, that the larger dens in the Japanese Concession were closed, but that those dens which had been operating in the Japanese Concession are now operating in the areas nominally controlled by Chinese outside the Japanese Concession, and that the number of such places operating is conservatively estimated at 500. According to a reliable informant at Tientsin, all varieties of habit-forming drugs known to the Japanese trade continue to be readily purchasable in numerous places in the Japanese Concession.

The daily newspaper, *Yungpao*, published in the Chinese language at Tientsin and controlled by the Japanese authorities, contained the statement in its issue of November 12, 1938 that the Tientsin Branch

Consolidated Tax Office had received instructions from its head office in Peiping to permit the operation of an additional 25 opium dens, bringing the total of licensed opium dens in the nominally Chinese-controlled areas of Tientsin to 189.

Peiping:

It is reliably reported that the only restriction existing in Peiping in regard to establishing shops for the sale and/or smoking of opium is the payment of taxes. As a result, there were estimated to be some 300 such establishments in Peiping in October 1938. Heroin was also being sold at that time at many places in the city with no evidence of any effort being made to stamp out the trade.

Tsinan:

At Tsinan, since the Japanese occupation, the Tsinan Branch of the Consolidated Tax Bureau has permitted the sale of opium publicly upon the payment of certain taxes. At the end of September 1938 there were four shops authorized to sell raw opium and 40 shops authorized to sell opium paste. By the end of November 1938 the number of shops selling opium paste had increased from 40 to 136. It was reported that, during November 1938, raw opium to the amount of 100,000 taels arrived at Tsinan via the Tsin-pu Railway from the north and that 10,000 taels of that amount were transshipped at Tsinan to other large cities and towns in the interior.

Nanking:

The American Embassy at Nanking has forwarded copies of a letter dated November 22, 1938 by Professor M. S. Bates, in regard to the narcotics situation in Nanking. In the opinion of the Embassy, Dr. Bates is an experienced investigator and a man of unquestioned integrity. He states that, prior to 1938, the present generation had not known large supply and consumption of opium in Nanking nor open sale in a way to attract the poor and ignorant, especially during the five years preceding 1938, and that heroin was practically unknown. Dr. Bates' investigation disclosed that, as a result of changes brought about in 1938, legalized opium sales in Nanking amounted to \$2,000,000 monthly and that heroin sales in the area of which Nanking is the center amounted to \$3,000,000 monthly (Chinese currency). Dr. Bates reported that, according to a private estimate, there were at least 50,000 heroin addicts in a population of 400,000. He stated that there were many young people of both sexes among the addicts; that the public opium system in Nanking, the major supplies for which are reported as coming from Dairen through Shanghai, was controlled by the "Opium Suppression Bureau" which is under the Finance Office of the Nanking Municipal Government; and that the Bureau's regulations and by-laws were concerned mainly with bring-

ing all private trade and consumption into the revenue net. Dr. Bates also stated:

"It is commonly reported that the Special Service Department of the Japanese Army has close and protective relations with the semi-organized trade in heroin."

He further pointed out that:

"There is general testimony that a good deal of the wholesale trade is carried on by Japanese firms which outwardly deal in tinned goods or medicines, but handle heroin through rooms in the rear."

Shanghai:

The American Consulate General at Shanghai, in forwarding copies of a series of articles by Mr. C. D. Alcott which were published in *The China Press* on December 4, 5, 6, and 7, 1938, observed that the articles were believed to give a fairly accurate picture of the present narcotics situation in Shanghai, as much of the factual matter contained therein was understood to have been obtained from the Narcotics Section of the Shanghai Municipal Police and from the records of the Special Municipal Police and from the records of the Special District Courts. The Consulate General added that the traffic was most active in the areas controlled by the Japanese; that no visible efforts were being made by the Japanese or the new administrations to suppress the traffic; and that the traffic appeared likely to increase in Japanese controlled areas around Shanghai.

Pointing out that the application and enforcement of the drastic anti-narcotic laws and regulations promulgated by the National Government during the latter part of 1936 had resulted in a marked diminution in the traffic in heroin and morphine and in some decrease in the opium trade, Mr. Alcott writes that, since the Shanghai area came under Japanese control, heroin, morphine, and similar derivatives have been reintroduced into the area; that the importation and distribution of these drugs have been steadily increasing; that between 60 and 70 stores located in areas immediately adjacent to the International Settlement and the French Concession are now selling these drugs; that a total of about \$1,500,000 (Chinese currency) is being spent monthly by the addicts for narcotic drugs, of which \$250,000 is being spent for heroin; that an increasing number of coolies and poor laborers are using heroin and derivatives; that Jehol opium is now the chief source of supply for cheap drugs in the Shanghai area and that most of the heroin comes from Dairen and Shanhaikwan; that no effort is being made by the Japanese authorities or the Chinese administrations under their direction to suppress the traffic in narcotics in the areas controlled by them; and that, in fact, there is considerable evidence to show that many Japanese are deeply involved in the importing and sale of opium, heroin and other derivatives,

including, according to some authorities on the subject, a group within the Special Affairs Organ of the Japanese military.

The alarming description given by Mr. Alcott of conditions in the Shanghai area is in large measure substantiated by information received from other reliable sources.

893.114 Narcotics/2531

The Ambassador in Japan (Grew) to the Secretary of State

No. 3830

TOKYO, April 14, 1939.

[Received May 2.]

SIR: I have the honor to acknowledge the receipt of the Department's instruction No. 1661 of February 16, 1939, and enclosures,²¹ relating to the situation in China with respect to the traffic in narcotics and directing the Embassy, after consultation with the British Embassy, to present to the Japanese Foreign Office an *aide-mémoire* substantially in the form of the draft transmitted with the Department's instruction under acknowledgment.

Inquiry was made of the British Embassy whether instructions had been received from the British Foreign Office to take action along the lines proposed in the Department's instruction. As the Department's instruction was received on March 11th, and the British Embassy notified us on April 10th that instructions had been received from the British Foreign Office to inform us in the event of inquiry that the matter was still under investigation by the British Government, it was decided to carry out the Department's instruction without further delay. Accordingly the *aide-mémoire*, without alteration, and its enclosure, were presented to the Foreign Office on April 13, 1939.

The official of the Foreign Office to whom the *aide-mémoire* and enclosure were presented had no comment to offer other than that the contents would be studied and a reply made in due course.

Copies of the *aide-mémoire* and enclosure are transmitted herewith. A copy with enclosure has been furnished the British Embassy.

Respectfully yours,

JOSEPH C. GREW

[Enclosure]

The American Embassy to the Japanese Foreign Office

AIDE-MÉMOIRE

The Government of the United States appreciates the efforts of the Japanese authorities and of the Japanese companies operating ships

²¹ Not printed; see *aide-mémoire* to the British Embassy, February 16, and enclosed memorandum, January 14, *supra*.

in trans-Pacific services in connection with the suppression of the illicit traffic in narcotic drugs between Japan and the United States.

In the parts of China now under Japanese military control, however, according to reports submitted by American officials, Japanese in authority are not taking effective measures to cooperate in the suppression of the abuse of narcotic drugs and illicit traffic therein.

The situation existing in the Japanese-controlled areas in China, as described in the above-mentioned reports received from American officials, is indicated in an enclosure to this *aide-mémoire* entitled "The Narcotics Situation in the Japanese-Controlled Areas in China".²²

The Japanese Government shares with the American Government and with other governments the well-recognized obligations under the International Drug Conventions to control the production and distribution of raw opium, to render effective the limitation of manufacture of narcotic drugs to the world's legitimate requirements for medical and scientific purposes, to use its efforts to control or to cause to be controlled all those who manufacture, import, sell, distribute and export narcotic drugs, and to cooperate in other ways provided for in those Conventions. The actions in reference to narcotic drugs of the regimes which have been established in those areas of China controlled by Japanese military forces cannot be regarded as limiting the manufacture or controlling the distribution of narcotic drugs. In the light of the situation existing in those areas of China, the Japanese Government has an inescapable responsibility for the importation of opium into those areas, the shipment of opium from one part of those areas to other parts, the manufacture of opium derivatives in those areas, the distribution within those areas of those derivatives, and the shipping out of opium and its derivatives from the occupied areas of China to third countries.

In urging upon the Japanese Government the importance of there being exercised by the Japanese Government the restraining influence which it is in a position to bring to bear upon its nationals in the occupied areas of China and upon the regimes which have been established therein, the Government of the United States desires to point out that the situation existing in the occupied areas is one of deep concern to it because

1. The evidence in the possession of this Government indicates that the heroin found in the illicit traffic in the United States has since 1935 come in large measure from the Japanese Concession in Tientsin.

2. Practically all of the smoking opium found in the illicit traffic in the United States comes from China and is a blend of Chinese and Iranian opiums. Part of it is prepared in or near Shanghai, part in South China and a little in North China. This type of smoking opium has practically no market in China and is put up solely for the illicit

²² Memorandum dated January 14, p. 428.

traffic in America. Recent large seizures in the continental United States, at Honolulu, and at Manila point to a substantial increase in the illicit shipment of smoking opium from the Far East to the United States, the amounts of such seized during the last six months of 1938 having been approximately five-sixths of the total amount seized during the year.

511.4A2A/875

The Secretary of State to the Ambassador in Japan (Grew)

No. 1721

WASHINGTON, May 8, 1939.

SIR: The Department has received League of Nations document no. O. C. 1748, dated November 22, 1938, containing information that the Secretary General was notified on November 2, 1938 that the Government of Japan had withdrawn the mandate of its representative on the Opium Advisory Committee. A further League document, no. C. 6. 1939. XI, dated January 3, 1939, has also been received in which there was communicated the text of a letter dated October 31, 1938 from Mr. Shiko Kusama, who gave notice of his inability to accept appointment by the League Council as a member of the Permanent Central Opium Board.

The Department assumes, of course, that the Japanese Government will continue to fulfil its obligations under the Narcotics Limitation Convention of 1931.²³

Should, however, anything come to your attention which might be taken to indicate that the Japanese Government contemplates any change in the manner in which, pursuant to Articles 21 and 23 of the Narcotics Limitation Convention, it has hitherto submitted to the other parties to that Convention annual reports on the traffic in narcotic drugs, individual reports on specific cases of illicit traffic, and reports on changes in laws and regulations, the Department desires to be kept informed.

Should anything come to your attention which might be taken to indicate that the Japanese Government contemplates any change in the manner in which it has hitherto met its obligations under the Narcotics Limitation Convention of 1931 to submit quarterly and annually to the Permanent Central Opium Board the statistical reports and the estimates stipulated in that treaty, the Department desires also to be informed. The Embassy will bear in mind that the Permanent Central Opium Board is quite independent of the League of Nations in performing its functions. Its sole actual connection with the League is found in the fact that the League provides its clerical staff

²³ Signed at Geneva, July 13, 1931, *Foreign Relations*, 1931, vol. 1, p. 675.

and in the fact that its members are chosen by the League Council acting, as provided by the treaty which created the Board, in conjunction with representatives of the United States and of Germany (in case those Governments see fit so to cooperate) as an electoral body. It may be pointed out that the Permanent Central Opium Board itself has consistently insisted upon and maintains its complete technical independence. Unlike all other bodies forming part of, or associated with, the League, the Permanent Central Opium Board and the Drug Supervisory Body owe their existence to multilateral treaties other than the Treaties embodying the Covenant of the League. They are thus in a sense independent of the League and would presumably continue to exist even should the League be entirely dissolved. It is highly questionable whether it is even correct to refer to them as organs of the League.

Very truly yours,

For the Secretary of State:
R. WALTON MOORE

500.C1197/1271

The Secretary of State to the Secretary General of the League of Nations (Avenol)

The Secretary of State of the United States of America refers to Circular Letter no. 197 of October 27, 1938, from the Secretary General of the League of Nations,²⁴ in regard to the situation in the Far East in respect of the clandestine manufacture of and the illicit traffic in narcotic drugs.

With regard to the facts brought to light by the discussions on this subject which took place at Geneva during the Twenty-third Session of the Opium Advisory Committee, the Government of the United States desires to observe that it supports and associates itself with the statements presented by its representative on that occasion.

It will be recalled that at the ninth meeting of the Committee, on June 13, 1938, the American representative in the course of his statement, after presenting numerous details in regard to certain illicit shipments of opium into China under Japanese auspices, made the following remarks:

"I wonder if the Opium Advisory Committee, to whose attention the Japanese representative last year called the newly enacted laws for punishing Japanese who import opium into China or who deal in opium therein, would be willing to suggest to the Japanese representative that these transactions of Japanese subjects in China should be investigated and reported upon even if they cannot be adequately punished?"

²⁴ League of Nations document No. C. L. 197.1938.XI.

The Japanese representative at the fifteenth meeting of the Committee, on June 21, having referred the question to his Government for inquiry, reported that he had received a detailed reply, which he proceeded to read. That reply contained the following statements:

"From the investigations made by the Japanese Government, the following conclusions may be drawn:

"1. The North China Provisional Government authorized the import of 428 chests which were covered by the permit issued by the authorities.

"2. Since all the other shipments were also covered by the import certificates issued by the importing countries, they were all licit and not illicit transactions.

"3. The Japanese Government considers that all the transactions were carried out in conformity with the stipulations of the existing opium Conventions, and strongly protests against any charge that the Japanese Government is responsible for the alleged illicit transactions."

The Government of the United States observes that the Japanese Government, after admitting the importation of large quantities of opium of high morphine content into areas of China under control of its military forces, endeavors to justify such importations as technically permissible under the International Drug Conventions, presumably as a basis for refraining from prosecuting or interfering with the Japanese who are concerned in thus building up this serious menace to the rest of the world. The Government of the United States holds that the Japanese Government shares with the American Government and with other governments the well-recognized obligations under the International Drug Conventions to control the production and distribution of raw opium, to render effective the limitation of manufacture of narcotic drugs to the world's legitimate requirements for medical and scientific purposes, to use its efforts to control or to cause to be controlled all those who manufacture, import, sell, distribute and export narcotic drugs, and to cooperate in other ways provided for in those Conventions. The actions in reference to narcotic drugs of the régimes which have been established in those areas of China controlled by Japanese military forces cannot be regarded as limiting the manufacture or controlling the distribution of narcotic drugs.

In a further statement at the fifteenth meeting of the Committee on June 21, 1938, the American representative presented information in regard to the reported arrival at Macao of an armed Japanese vessel carrying over 2,000 chests of raw Iranian opium and said:

"I should like to inquire whether the Portuguese, Japanese and Iranian representatives will undertake to ask their respective govern-

ments to report on this case under the terms of Article 23 of the Narcotics Limitation Convention of 1931."

As yet, so far as this Government is aware, the Portuguese, Japanese and Iranian Governments have not submitted reports covering this important case.

In conclusion, the Government of the United States is of the opinion that it would serve to ameliorate the deplorable conditions now prevailing in the narcotics situation in the Far East

(1) if the Japanese Government would exercise the restraining influence which it is in a position to bring to bear upon its nationals in the occupied areas of China and upon the régimes which have been established therein to prevent the importation of opium into those areas, the shipment of opium from one part of those areas to other parts, the manufacture of opium derivatives in those areas, the distribution within those areas of those derivatives, and the shipping out of opium and its derivatives from those areas of China to third countries;

(2) if the Iranian authorities would immediately take effective steps to suppress the illicit traffic in opium from Iran to the Far East, which unfortunately appears to be increasing rather than decreasing; and

(3) if the Portuguese Government would take effective measures to cooperate in the international campaign against the illicit traffic in narcotic drugs and to prevent the Colony of Macao from being used as a base for such traffic.

WASHINGTON, May 15, 1939.

893.114 Narcotics/2561 : Telegram

The Secretary of State to the Consul at Geneva (Everett)

WASHINGTON, June 2, 1939—3 p. m.

64. For Fuller.²⁵ Treasury Department has received telegram dated May 30 from Nicholson²⁶ reporting that Japanese military are selling Iranian opium in Shanghai at Chinese dollars 7.50 plus 1.50 dollars commission per liang to one Colonel Katayama, who, with assistants Sasaki and Yoshimura, is in charge of wholesale business which is carried on in Bank of China Building at North Szechuen and Haining Roads; that Sasaki and Yoshimura are by military truck actually making the deliveries which are limited to one case at a time; that payment of cargo is made to the Japanese Shanghai Bank in favor of Katayama; that daily retail sales in the Jessfield area amount to five cases; and that cargo is stored in the Japanese area at Woosung.

HULL

²⁵ Stuart J. Fuller was American representative at the 24th session of the Opium Advisory Committee, Geneva.

²⁶ Treasury representative in China.

511.4A2A/894

The Chargé in Japan (Dooman) to the Secretary of State

No. 3970

Tokyo, June 13, 1939.

[Received July 10.]

SIR: I have the honor to acknowledge the receipt of the Department's instruction No. 1721 of May 8, 1939, (file 511.4A2A/) relating to the withdrawal by the Government of Japan of the mandate of its representative on the Opium Advisory Committee and the notice given by Mr. Kusama of his inability to accept appointment by the League Council as a member of the Permanent Central Opium Board.

In a recent conversation between a member of the Embassy staff and the Chief of the Treaty Bureau, Mr. Mitani stated that the Japanese Government would no longer cooperate with the League of Nations' Opium Advisory Committee and that a Japanese national would not accept appointment as a member of the Permanent Central Opium Board. On the other hand Mr. Mitani said that the Japanese Government considered the Narcotics Limitation Convention of 1931 binding in every way and that it would continue to fulfill all of its obligations under that convention.

Respectfully yours,

EUGENE H. DOOMAN

**ATTITUDE OF THE UNITED STATES WITH RESPECT TO REGISTRATION
OF AMERICAN CITIZENS UNDER "MANCHOUKUO" LAW**

893.20 Manchuria/43 : Telegram

The Second Secretary of Embassy in China (Smyth) to the Secretary of State

PEIPING, November 18, 1939—3 p. m.

[Received November 18—2:51 p. m.]

591. The Embassy received today Mukden's despatch No. 411 of November 15 to the Embassy with which was enclosed a copy of the circular letter dated November 14 [1]²⁷ addressed by the Foreign Office at Hsinking to "foreign diplomatic and consular officers in Manchukuo", requesting that such officers inform their nationals of the requirements contained in the "order for the registration of abilities", promulgated September 23, 1939, that they register with the proper authorities without delay. (This order implements article 25 of the "Manchukuo National Mobilization Law" translations of which were enclosed with Mukden's despatch No. 215 of March 5, 1938,²⁸ to the

²⁷ Neither printed.²⁸ Not printed.

Embassy, copies of which were sent by Mukden to the Department). Mr. Langdon states that Manchukuo thus wishes to register foreign residents for national defense. He reports that Americans specifically affected by the Foreign Office circular are those licensed as physicians, pharmacists, nurses and automobile drivers, who number about 12 in all Manchuria. The circular and regulations call for registration by November 30, but they contain no penalties for non-registration.

Mr. Langdon comments that the circular disregards established principles of international law and ignores American extraterritorial jurisdiction in Manchuria. He states that "The requirement of the law that all persons residing within Manchukuo register might well have been ignored as possibly due to carelessness in drafting the law, or as a deliberate gesture to reflect the ideology of the all embracing nature of Manchukuo citizenship, or as intended especially for Japanese lest they claim exemption on the ground that they are aliens. However, the sending of the circular to European and American representatives, by registered mail, suggests that Manchukuo intends every resident in the country, European as well as ordinary, to abide by the letter of the law."

Mr. Langdon requests instructions and suggests either of the courses of action: (1) to ignore the Foreign Office circular in view of the declaration made to the Hsinking Government on December 2, 1937,²⁹ that the United States rejects claim of the authorities of Manchuria to exercise jurisdiction over American nationals or (2) to acknowledge the receipt of the circular and state that, with respect to American residents who might come within the scope of the law, the United States reserves all its rights under existing treaties and under established principles of international law exempting aliens from compulsory service in national defense.

Mr. Langdon reports that his British and French colleagues have expressed a wish to take parallel action with him, and that his German colleague has also consulted him, stating that his Government would probably oppose registration of German nationals on the grounds of international law and reciprocity.

Department's instructions by radio will be appreciated. Copies of Mukden's despatch are being forwarded to the Department in next pouch.

By air mail to Tokyo and letter follows to Chungking.

SMYTH

²⁹ See telegram No. 800, December 3, 1937, 5 p. m., from the Counselor of Embassy in China, *Foreign Relations*, 1937, vol. III, p. 946; see also note No. 828, December 1, 1937, from the American Ambassador in Japan to the Japanese Minister for Foreign Affairs, *Foreign Relations*, Japan, 1931-1941, vol. I, p. 154.

893.20 Manchuria/44 : Telegram

*The Second Secretary of Embassy in China (Smyth) to the
Secretary of State*

PEIPING, November 18, 1939—4 p. m.
[Received November 18—1:45 p. m.]

592. Embassy's 591, November 18, 3 p. m. The Embassy received November 16 following telegram from Harbin :

"27, November 15, 4 p. m. The circular letter received by Mukden from the Foreign Office regarding registration under the national ability law was also given this office yesterday afternoon with the oral assurance that the Government has no intention of drafting American citizens under the National mobilization law but merely wishes a census of all persons falling within the lines technical categories listed in law.

There are apparently only two Americans, missionary doctors, in this district who would be required to register. I see no objection to informing the delegate of the Bureau for Foreign Affairs to that effect and giving him their names together with the simple data called for in the registration forms for their profession provided such action would not be inconsistent with that to be taken by Mukden.

I believe such procedure would obviate insistence on personal registration by the individuals under reference and at the same time avoid the question of extraterritoriality.

Repeated to Mukden."

Embassy also received November 16 following telegram from Mukden :

"23, November 16, 10 a. m. Harbin's 28 [27?], November 15, 4 p. m. Full report will be delivered to the Embassy Saturday morning by safe hand. Matter was discussed with Mr. Lockhart³⁰ who in view of the important issues involved suggested that all action, even acknowledgment, be withheld pending review by the Department."

Substance of Mukden's telegram was telegraphed to Harbin by the Embassy November 17, 11 a. m.

By air mail to Tokyo and by mail to Chungking.

SMYTH

893.20 Manchuria/44 : Telegram

*The Secretary of State to the Second Secretary of Embassy in China
(Smyth), at Peiping*

WASHINGTON, November 30, 1939—4 p. m.

275. Your 591, November 18, 3 p. m., and 592, November 18, 4 p. m., registration of American citizens under Manchukuo law. The De-

³⁰ Frank P. Lockhart, Counselor of Embassy in China.

partment suggests that, unless you perceive objection, you instruct Mukden and Harbin to reply informally to the Foreign Office circular. If it is felt that any useful purpose would be served thereby a list of all American citizens residing in the respective consular districts might be supplied with a statement that this list is being furnished as a courtesy to assist the authorities concerned in compiling general census information. However, the replies should make clear that this Government could not recognize any claim of the authorities concerned to exercise jurisdiction over American citizens.

Mukden and Harbin should also be instructed to inform American citizens residing in their districts of the Foreign Office circular under reference and of the replies authorized in the preceding paragraph. American citizens should also be advised that should they be approached by Manchurian authorities and asked to "register" they might appropriately state that they understand that the names of all American citizens residing in Manchuria have already been furnished to the authorities of that region; but that, should they be pressed and should they consider it to their best interests to take such action, the Department would not object to their furnishing such information as might appropriately be needed in connection with a general census.

Sent to Peiping only. Peiping please air mail code text to Tokyo.

HULL

CHINA

(See volume III, pages 124–867, and *ante*, pages 1–441.)

JAPAN

POLITICAL DEVELOPMENTS IN JAPAN¹

894.00/828 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, January 4, 1939—noon.
[Received January 4—5:10 a. m.]

4. Embassy's 813, December 29, 7 p. m.² The entire Cabinet resigned this morning.

GREW

894.00/830 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, January 4, 1939—5 p. m.
[Received January 4—5:54 a. m.]

6. Our 5, January 4, 3 p. m.³

1. The only authoritative indication thus far given out of the reason for the present political change may be found in an ambiguous announcement issued at noon today by Konoye,⁴ the more important portions of which have already been cabled by American correspondents. He referred to the fact that he had remained in office until the completion of major hostilities with China, and that, with the beginning of the second stage of the conflict—political reconstruction of Japan and of China—he felt that public confidence would be stimulated by a change in Government.

2. A considered assessment of the reasons for the [present political?] change will be telegraphed as soon as they have become clear. In the meantime, the practically certain appointment of Hiranuma as Prime Minister, when considered in the light of Konoye's reference to a projected political reconstruction of Japan, strongly suggests that Konoye has been unable to stem the tide toward a more authoritarian form of government, one of the leading proponents of which is Hiranuma.

GREW

¹ Continued from *Foreign Relations*, 1938, vol. iv, pp. 584-611.

² *Ibid.*, p. 610.

³ Not printed.

⁴ Prince Fumimaro Konoye, Japanese Prime Minister, June 4, 1937-January 4, 1939.

894.00/832 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

Tokyo, January 5, 1939—10 p. m.
[Received January 5—1:10 p. m.]

9. Our 6, January 1 [4], 5 p. m.

1. It has just been announced over the radio that Baron Hiranuma was this evening installed as Prime Minister, and that Prince Konoye, who was appointed President of the Privy Council as successor to Hiranuma, will join the Cabinet as Minister without Portfolio. The former members of the "inner-Cabinet" which was composed of Arita, Itagaki, Yonai, Ikeda and Konoye remain in office with the exception of Ikeda who has resigned.

2. A detailed report of the Cabinet changes will be telegraphed as soon as official announcement is available.

GREW

894.00/833 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

Tokyo, January 6, 1939—6 p. m.
[Received January 6—1:25 p. m.]

14. Our No. 9, January 5, 10 p. m.

1. In addition to the three Ministers mentioned in our telegram under reference who remained in office and retained their respective portfolios, and to Araki who remained as Minister of Education, Hatta, Minister of Overseas Affairs, received the concurrent post of Commerce and Industry, and Shiono, Minister of Justice, received the concurrent post of Communications. Kido, Minister of Public Welfare in the preceding Cabinet, was installed as Minister of Home Affairs. Entirely new Cabinet officers are Sotaro Ishiwata, appointed Minister of Finance, Yonezo Mayeda, appointed Minister of Railways, Hisatada Hirose, appointed Minister of Public Welfare, and Yukio Sakurauchi, appointed Minister of Agriculture and Forestry. Ishiwata and Hirose were previously Vice-Ministers in their respective departments and now represent the bureaucracy in the Cabinet, while Mayeda and Sakurauchi represent respectively the Seiyukai and Minseito parties.

2. Immediately after the installation ceremonies, the new Cabinet held its first meeting and approved a draft statement later released by the Prime Minister. The statement stresses the difficulties which must be surmounted by Japan, refers to the capacity of the Japanese people to unite in times of emergency, and emphasizes determination to carry out established China policy.

3. There is nothing but the daily press sources to warrant the conclusion that the change of Government was brought about primarily by dissension over any specific issue. In fact, official Japanese circles emphasize that there has been no "crisis", meaning that there has been no conflict of opinion on any major political problem. A number of foreign observers believe that, on the contrary, there has been dissension over the question whether military action should be taken against Russia and that the recent governmental change is an indication of the prevailing influence of the positive elements. Such observers admit that there is no definite evidence to support their opinion. There may be some grounds for this hypothesis but every appearance of this hardy perennial at obscure political junctures should be regarded with reserve. Although the occidental mind usually requires some specific cause satisfactorily to explain any such major event as a change of government at this time, to the Japanese public the generalities put forward by Konoye on the occasion of his resignation (the completion of the first stage of the China conflict; establishment of a new order; the framing of plans to deal with a new situation, et cetera,) afford a satisfactory explanation. The *Hochi* observes editorially:

"The Konoye Cabinet existed during the height of the China conflict and an accurate view to take of its retirement is that Premier Konoye, by voluntary and self-initiated resignation, has made possible that strengthening of the Government which it requires to deal with the problems arising out of the new stage of the China conflict."

This and other similar observations suggest that the primary cause of the change of government was that since the conclusion of major hostilities there has been a definite let-down in the feeling and attitude of the public toward the conflict, and that a change in leadership was required to raise the pitch of popular enthusiasm: in short a "lift" was needed.

4. In our 6, January 4, 5 p. m., we suggested that the resignation of Konoye might have been caused by his inability to withstand the trend toward a totalitarian regime. In view of his acceptance of a place in the new Cabinet reluctantly given though it was and given only because of insistent pressure by the army, this suggestion must, we think, be ruled out as one of the determining causes for his abandonment of the Premiership. However, the papers, by stating that there are circumstances which should not be looked into too closely, definitely hint that there has been some trouble on the score of differences in political thought. A well-informed and reliable Japanese informed us today that Admiral Suyetsugu's advocacy of the creation of a National Party and of drastic measures along totalitarian lines

had made him absolutely unacceptable to the members of the Lower House of the Diet; and that it was not politically practicable simply to remove him from the Cabinet. As Suyetsugu was brought into the Cabinet by Konoye, largely because of their friendly personal relations, Konoye could not remain as Premier when circumstances made it impossible for his subordinate to remain in office. The totalitarian factor has, however, other ramifications which cannot be adequately dealt with in this telegram. The following statement made last night by the new Prime Minister shows all too clearly the direction of his thoughts:

"Each individual, whatever his occupation may be, will maintain the Imperial Dynasty and will work together with his fellows to maintain the traditional spirit of Japan. The political parties must also develop under the motto of mutual help and cooperation between each member of the national family. In so doing each one of us will lose his sense of individualism. It is only then that the political parties will truly develop and will be capable of dedicating themselves to promoting the interests of the Imperial Dynasty and the interests of the state."

5. The press has recovered from its surprise over the resignation of Konoye, and today's editorials generally follow the line of stressing that the retirement of Konoye from the Premiership was due to no impasse but rather to his desire to turn over the problems of reconstruction to his successor at the most favorable moment. The new Prime Minister's intellectual honesty and high personal character are given favorable notice and expressions of confidence in his ability to bring the country through the crisis are general. The editorials generally ridicule the belief expressed abroad that the new Cabinet will proceed rapidly toward fascism. The comment on this point of the *Asahi* is quoted:

"We desire to comment on the completely incorrect appraisals chiefly heard and put forward in foreign countries of the new Cabinet. It is astonishing that rumors current years ago about Hiranuma should now be revived. The coordination in time of war of all our resources, both spiritual and physical, is a basic condition to the carrying out of national policy and meets with the unanimous approval of the nation. No appraisal can be made of this situation by foreign yard sticks."

In the field of finance and economics, the belief is general that the trend toward integration and centralized control of finance and industrial resources had already set in and that the trend cannot be arrested or modified until the conflict with China is settled. On the other hand, the fact that the new Minister of Finance was nominated

by Ikeda is considered by some [to mean?] that the tempo of the trend is not to be accelerated.

Cipher text by air mail to Shanghai for repetition to Chungking.

GREW

894.00/865 : Telegram

The Chargé in Japan (Dooman) to the Secretary of State

TOKYO, August 28, 1939—10 p. m.
[Received August 28—12: 58 p. m.]

445. Our 443, August 28, 4 p. m.⁵

1. There is general expectation that General Abe will be able to constitute a Cabinet⁶ and that arrangements therefor will be completed by August 29 or 30.

2. By reference to our 435 [437], August 25, 7 p. m.⁷ third paragraph and 444 [440], August 26, 2 p. m.⁸ second paragraph, it will be perceived how today's events were brought about. They were the handiwork of leaders experienced in world affairs who, because of the colossal miscalculations of the military with regard to European affairs and because of the storm impending in Europe, have succeeded in regaining at least some measure of control over foreign policies. The likelihood of the military hereafter intervening in Japan's relations with Europe has, I believe, been greatly reduced; but whether the new government will be able to modify Japanese objectives in China to conform to the needs created by the European political situation is a question concerning which no definite opinion would be warranted.

3. It seems quite clear that the "free and independent" new policy was decided upon first and search was then made for some one who could be counted upon to give effect to that policy. There has been no organized movement by any political faction in the army or among the political parties which brought about the selection of General Abe. The selection came about through the suitability and qualifications of the man for the position under conditions already laid down.

4. The reason for the resignation of Baron Hiranuma as set forth in a public statement issued today is that explained in our 444 [440]. The resignation of the Cabinet en bloc was designed to manifest their sense of joint responsibility although the army offered to assume entire responsibility.

Repeated to Peiping. Peiping please repeat to Chungking.

DOOMAN

⁵ Not printed.

⁶ Baron Kiichiro Hiranuma's Cabinet resigned August 28.

⁷ Vol. III, p. 54.

⁸ *Ibid.*, p. 55.

894.00/866 : Telegram

The Chargé in Japan (Dooman) to the Secretary of State

TOKYO, August 29, 1939—3 p. m.
[Received August 29—6:50 a. m.]

446. Our 445, August 28, 10 p. m.

1. Change of Government now in progress is viewed by the press this morning with approval, the circumstances leading to the resignation of the Hiranuma Cabinet coming in for considerably more attention than the appointment of General Abe. The reasons given by Baron Hiranuma for the resignation of his Cabinet, namely, to emphasize their sense of responsibility for the situation created by the conclusion of the German-Soviet Treaty^{8a} and to symbolize by a change of Government the adoption of a new foreign policy, are accepted with great satisfaction. The press points out that no blame attaches to the Prime Minister for failure to foresee Germany's betrayal of Japan, and refers in this connection to the fact that the British Cabinet similarly betrayed by the Soviet Government seems to have a clear conscience in remaining in office and Baron Hiranuma's determination scrupulously to fulfill his obligations to the Emperor is discussed in laudatory terms.

2. Interesting details are now appearing in the press concerning the developments of the last few days. It appears that upon receipt of news of the action of Germany the Minister of War offered to assume entire responsibility and sought to induce the Prime Minister to remain in office. The Prime Minister expressed his determination to resign whereupon the decision was taken by the Cabinet as a whole to assume collective responsibility.

With regard to the selection of the next Prime Minister, the question arose whether emphasis should be placed upon suitability from the point of view of external problem or from the point of view of internal problem. General Ugaki was first considered as being the most suitable from the first point of view, but owing to the resentment felt in army and other circles because of the circumstances of his resignation as Minister for Foreign Affairs (see 636, September 30, noon, 1938⁹) he was passed up and the qualifications of Hirota and Abe were then considered. A consensus finally developed that the primary need at this moment was for a man who could count upon the support of all elements, including the army, and thus insure national unity. Abe is reputed to be well liked on all sides, whereas Hirota is not popular with the army. An interesting detail is that

^{8a} Signed at Moscow, August 23, 1939; for text, see Department of State, *Nazi-Soviet Relations, 1939-1941* (Washington, Government Printing Office, 1948), p. 76.

⁹ *Foreign Relations*, 1938, vol. iv, p. 602.

Abe's son is married to the daughter of Marquis Kido who is Prince Konoe's most intimate friend. I believe that there is little doubt that the selection of Abe was engineered by Konoe, Makino and Yuasa, Lord Keeper of the Privy Seal.

3. General Abe received last night the command to constitute the new Cabinet and is expected to complete his negotiations tomorrow or the day after.

4. There is considerable speculation in the press with regard to the possibility of improvement in relations with the United States and Great Britain but these discussions also emphasize that Japan's foreign relations will be subordinated to the paramount need of attaining Japan's objectives in China. There is general agreement that under existing circumstances the conclusion of a nonaggression treaty with Russia is not a practical proposition.

Repeated to Peiping. Peiping please repeat to Chungking.

DOOMAN

894.00/874

The Chargé in Japan (Dooman) to the Secretary of State

No. 4126

TOKYO, September 12, 1939.

[Received October 3.]

SIR: I have the honor to refer to the Embassy's telegrams Nos. 435, August 25, noon;¹⁰ 437, August 25, 7 p. m.;¹¹ 440, August 26, 2 p. m.;^{11a} 442, August 28, 11 a. m.;¹² 445, August 28, 10 p. m.; 447, August 30, 9 a. m.;¹³ and subsequent telegrams in regard to the fall of the Hiranuma Cabinet and the formation of a new Cabinet under General Nobuyuki Abe.

As set forth in my first three telegrams under reference, the reasons behind the resignation of the Hiranuma Cabinet were to manifest outwardly the end of the policy of cooperation with Germany and Italy under the anti-Comintern pact and the beginning of a new "independent" policy, and the desire of the Prime Minister, Baron Hiranuma, to assume personal responsibility for the failure of his Government to foresee the conclusion of the German-Soviet non-aggression pact. We are now able to analyze the effect of the conclusion of this pact upon the Japanese mind with sufficient perspective to conclude that the last reason given was perhaps more compelling than the first two. For months Prime Minister Hiranuma, with the aid principally of his Navy Minister, Admiral Mitsumasa Yonai, had been fighting off the Army's

¹⁰ Vol. III, p. 53.

¹¹ *Ibid.*, p. 54.

^{11a} *Ibid.*, p. 55.

¹² Not printed.

¹³ Telegram No. 447 not printed.

demands for closer relations with the Rome-Berlin axis, and that fight had been largely successful. In the normal workings of Japanese politics it would have been possible, despite the changed external situation, for the Prime Minister to jettison the War Minister, General Itagaki (indeed, the Army offered to assume complete responsibility for the new development), and carry on as before. That Baron Hiranuma did not follow this course is undoubtedly due to the character of the man himself. His statement made to the press on August 29 explaining the reasons for his decision to resign is of sufficient importance to warrant quoting in full:

"Ever since I assumed office I have constantly endeavored, in full cooperation with my colleagues and in accordance with the Imperial will, to surmount all obstacles and to effect the construction of a new order in East Asia in order that the objects of the holy war in China might be attained. In foreign relations a primary requisite has been to follow a policy of contributing toward world peace and civilization on the basis of the spirit of the national foundation and moral principles. With this object in mind I gave consideration to Japan's European policy and reported thereon to the Throne from time to time. However, the conclusion of the German-Soviet non-aggression pact gave rise to a strange and complicated situation in Europe. In view of this situation it became necessary for Japan to abandon the policy which had been prepared and to establish a different one. This clearly represented a change in what I had been frequently reporting, thereby causing inconvenience to the Throne once more. I am overawed by the great responsibility to the Throne confronting me, and I fear that my remaining in office any longer would involve, in view of my duty as subject to Emperor, disrespect to the Throne. Moreover, I believe that in order to overcome the emergency facing Japan through internal reorganization and reorientation of Japan's foreign policy, the most urgent problem of the day is to alter the face of affairs and to revitalize the minds of the people. For the foregoing reasons I have today tendered my resignation to the Throne."

It seems clear from Prime Minister Hiranuma's statement that his resignation was motivated primarily by the doctrine that the first duty of the Prime Minister as subject is to respect and enhance the dignity of the Throne. To continue in office under the changed situation would, in Baron Hiranuma's mind, require exercise of imperial clemency, thus detracting from his prestige as Prime Minister. But what is more important, he felt apparently that by his resignation he would not only clearly establish the responsibility of the Prime Minister in matters of this kind and redefine its position vis-à-vis the Throne, but would bring into clear relief the role which to his mind the Throne should play in Japanese politics. The above analysis would appear to be borne out by the fact that the press was not only unanimous in its praise of Prime Minister Hiranuma's decision to resign but for several days after the event gave only secondary importance to the selection

of the new Premier, concentrating most of its attention on the character of Baron Hiranuma and the reasons behind his resignation. Out of the present development Baron Hiranuma seems destined to emerge as one of Japan's outstanding "behind-the-scenes" statesmen, his power and influence growing in inverse proportion to the actual responsibilities which he has now divested from himself.

As secondary considerations in the decision of the Prime Minister to resign, it would appear that he and his advisers felt that the situation demanded a clearing of the air and that only through withdrawal would the new government be left completely free to initiate such new policies as the changed situation might require. The thought must have been strong in the mind of the outgoing Premier that the heritage he had assumed from the Konoe Cabinet in regard to the settlement of the China incident had often risen to plague him and that the Cabinet to come, if it were to surmount the tremendous difficulties facing Japan, must be free from similar legacies.

An outline of the mechanics by which General Nobuyuki Abe was selected to form a Cabinet to succeed that of Baron Hiranuma was provided in my telegrams Nos. 445, August 28, 10 p. m., and 446, August 29, 3 p. m. The decision of returning Japan to a new "independent" policy free from European commitments had already been announced by the Hiranuma Cabinet through its chief secretary on August 25. The problem then arose of selecting someone to carry out this policy. This task appears to have fallen largely on the shoulders of Prince Konoe, President of the Privy Council and Minister without Portfolio in the Hiranuma Cabinet; Mr. Kurahei Yuasa, Lord Keeper of the Privy Seal; and Count Nobuaki Makino, former Lord Keeper of the Privy Seal, all men with a sound understanding of Japan's international position and its present internal political situation, and all possessed of intangible political power. It appears that these leaders, when it became clear that Hiranuma would not continue in office, decided upon three men who they thought were most fit for the Premiership: Mr. Koki Hirota, Foreign Minister in the Saito and Okada Cabinets and Prime Minister in 1937, General Kazushige Ugaki, Foreign Minister for a short time in the Konoe Cabinet, and General Nobuyuki Abe, retired. Apparently Mr. Hirota was soon eliminated as a candidate because of his close identification in many minds with Japan's foreign policy in the past, in particular possibly his attitude of conciliation towards the Soviet Union. In the latter respect he could not, of course, expect the support of the Army. The name of General Ugaki was brought forward and was given long and careful consideration, but was finally rejected largely because of the unfortunate circumstances attending his resignation in 1938 when, as Foreign Minister, he opposed the establishment of

the Asia Promotion Board, and also because of his abortive attempt to form a Cabinet in 1937, both memories still fresh in the minds of the people. The choice then fell upon General Abe, a man completely unknown in civil politics and without particular distinction in the Army, although he had served for a short period as Acting War Minister in the Hamaguchi Cabinet during the illness of General Ugaki.

One important fact stands out in bold relief in the present Cabinet change: despite the Army's dominant position in the state and the fact that the power of direction over the affairs of state lies, for all practical purpose, in its hands, a substantial residuum of power over important matters of state, a power of decision as contrasted to power of direction, still is lodged elsewhere, in the group around the Throne, of which the Lord Keeper of the Privy Seal, Mr. Kurahei Yuasa, is the focal point. This is not to assert that there exists a cleavage of power within the Japanese state itself: civilian elements see eye-to-eye with the Army on matters of principle. Such differences as may arise are essentially rather those of method to be pursued. That the group around the Throne could make its influence so effective in the present Cabinet change was probably due to the logic of the situation itself: the Army, discredited by the implications for Japan of the German-Soviet non-aggression pact, was prevented for the moment from taking active part in the political maneuvers required for the Cabinet change, such influence as the Army could bring to bear being of a negative, reflected character. The Lord Keeper of the Privy Seal Mr. Yuasa, Prince Konoe, and others were able, therefore, to proceed relatively free-handed in the establishment of a government which would bring Japan's foreign policy back on the track of Japan for itself and freedom from European commitments. It is of interest to note that Prince Saionji, the sole surviving Genro, was completely ignored by Mr. Yuasa, the Lord Keeper of the Privy Seal, in selecting a new Premier, being consulted only after the selection had taken place, thereby indicating that the Genro may be discounted in the future as an effective force in Japanese politics.

As reported in my telegram No. 447, August 30, 9 a. m., the composition of the Abe Cabinet is as follows:

Prime Minister: General Nobuyuki Abe, concurrently Minister for Foreign Affairs.

Minister of War: General Shunroku Hata.

Minister of Navy: Vice Admiral Zengo Yoshida.

Minister of Home Affairs: Mr. Naoshi Obara, concurrently Minister of Social Welfare.

Minister of Finance: Mr. Kazuo Aoki, concurrently President of the Cabinet Planning Board.

Minister of Commerce and Industry: Mr. Takuo Godo, concurrently Minister of Agriculture.

Minister of Communications: Mr. Ryutaro Nagai, concurrently
Minister of Railways.

Minister of Education: Mr. Kakichi Kawarada.

Minister of Overseas Affairs: Mr. Tsuneo Kanemitsu.

Chief Secretary of the Cabinet: Mr. Ryusaku Endo.

The new Premier, General Abe, has been most aptly described as an unknown quantity. His name was not even mentioned until a few days before he received the command from the Throne and his selection came as a complete surprise to the Japanese press and public alike. As previously mentioned, his sole political experience in civil administration consisted of a few months as Acting War Minister in the Hamaguchi Cabinet during the illness of General Ugaki. He is not without political reputation in the Army, however, being known as a man of caution but of exceptional courage (he is best remembered for his part in the Army retrenchment program of 1925), thoroughly honest and possessed of considerable perspicacity. He has made few enemies, and what is more important, he is not known to favor any fixed set of policies, both of which factors appear to have been paramount in his selection and which constitute at the same time both his strength and his weakness. Son of a samurai family, General Abe represents the old and fast-disappearing type of gentry-soldier in the Japanese Army. Like many of the older group in the Army, General Abe saw service abroad as Military Attaché in Germany and in Austria, and is, therefore, presumably familiar with western ways of life and thought.

Abe's Cabinet, with the exception of Admiral Yoshida, his Navy Minister, a man with a brilliant naval record and one long slated for his present post, and perhaps Mr. Kawarada, a close friend and confidant of Prince Konoe, is without distinction and may be dismissed with a few words. The Minister for War, General Shunroku Hata, will be remembered as the Commander-in-Chief of the Japanese forces in Central China who replaced General Matsui shortly after the sack of Nanking. He is a quiet, rugged type from whom nothing spectacular is expected. The non-service members of the Cabinet are for the most part professional bureaucrats like Mr. Aoki, the Finance Minister, and with a decided "controlled economy" background, or professional office seekers like Mr. Ryutaro Nagai, the new Communications and Railway Minister. It may be mentioned parenthetically that while General Abe paid lip service to the principle of including Party members in his Cabinet, he ignored the custom of waiting for overtures but proceeded to pick the men he desired and informed the Parties after the event.

General Abe's Cabinet is not important for its composition but for the circumstances which brought it about, the manner in which it was formed, and the shape which it has assumed. By the system of con-

current portfolios the total number of Cabinet members has been brought down to ten. The latter principle was adopted, it appears, for three reasons: first, to avoid the danger of an *imperium in imperio* which manifested itself in the workings of the Five-Minister Conference principle under the Konoe and Hiranuma Cabinets; second, to facilitate despatch of Cabinet business; and third, to smooth, through coordination of activities, the path of internal reform which is now taking place in the various Ministries.

From all indications the Abe Cabinet will follow closely the policies of its predecessors in domestic matters, no marked changes being anticipated for the time being. The considerations arising in regard to foreign affairs in respect of the Abe Cabinet have been discussed in a separate despatch.

Respectfully yours,

EUGENE H. DOOMAN

894.00/884 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, December 28, 1939—7 p. m.

[Received December 28—11:37 a. m.]

713. 1. It is still too early to estimate accurately the full significance of the action of 250 members of the Diet in signing and presenting yesterday to the Prime Minister a resolution calling on him to resign.¹⁵ The step, however, is definitely a reflection of the growing popular discontent against the increasing governmental control over all aspects of national activity which is resulting in irksome restrictions without bringing perceptibly nearer an end to the basic cause for such control, namely, the China conflict. Measures thus far taken to prevent rises in the prices of daily necessities and to avert inflation, formulated for the most part by government officials lacking in practical experience, have not been effective, and we feel that this recent move on the part of members of the Diet is a strong reflection of the feeling of insecurity among the masses which has been growing during the past few weeks. It is in a sense a revolt against the policy of drift which has characterized each of the Cabinets since the conflict began, the present Cabinet more strongly than its two immediate predecessors.

2. Well-informed Japanese, one of them a Cabinet councilor, in conversation with us today, were unanimously of the opinion that the Cabinet's days are numbered. Some thought that a change of government will take place during the new year recess which lasts until January 20, while others believe that the chances are good of the Cabinet lasting out the Diet session, which is to conclude toward the

¹⁵ For the Prime Minister's reply, see telegram No. 715, December 29, 7 p. m., from the Ambassador in Japan, vol. III, p. 635.

end of March. It is rare for a Cabinet to resign while the Diet is sitting, and it would be reasonable to assume that if there is not a change of government during the present recess such change is not expected to occur until the end of the session.

3. We hear that supporters of Admiral Osumi and General Ugaki respectively are already active, but there are at present no signs of a general call for either of these two to head the next Cabinet. The search in the popular mind is for someone who, first, is able to secure the support of all political elements and, second, has sufficient courage and determination to take the drastic and positive measures which alone can be expected to resolve Japan's internal and external difficulties. There are several who fulfill the first condition but there is no one now visible on the horizon who fulfills both.

Cipher text by airmail to Peiping, Shanghai.

GREW

**TRANSPORTATION TO JAPAN OF THE ASHES OF THE LATE JAPANESE
AMBASSADOR HIROSI SAITO ON THE UNITED STATES CRUISER
"ASTORIA"**

701.9411/1103a : Telegram

The Secretary of State to the Ambassador in Japan (Grew)

WASHINGTON, March 1, 1939—4 p. m.

50. We have informed the Japanese Ambassador today of a wish on the part of this Government to transport the remains of the late Ambassador Saito to Japan on a United States cruiser. Please inform the Minister for Foreign Affairs as soon as possible of this offer. If this method of transportation is found acceptable to the Japanese Government and the family in principle, details will be worked out here between the Department and the Japanese Embassy on the basis of precedents now under examination.

The President today made announcement to the press that the Navy Department has been directed to make a cruiser available for this purpose.

HULL

701.9411/1103 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, March 4, 1939—3 p. m.

[Received March 4—7:52 a. m.]

119. Our 115, March 2, 3 p. m.¹⁶

1. Yesterday the House of Peers discussed in appreciative terms the action of the President in making available an American cruiser to

¹⁶ Not printed.

return to Japan the remains of the late Ambassador Saito. Former Ambassador Debuchi characterized such action as "an expression of friendly feeling toward Japan". The Minister for Foreign Affairs reporting briefly on the events which began with the offer of the President, added that events in China had aroused American public opinion, but he expressed confidence that with American feeling gradually becoming allayed it would be possible to arrive at a just settlement of the question of American rights and interests in China without there being application of pressure on the part of the United States. In this respect, he believed that the graceful act on the part of the United States following the death of Ambassador Saito would provide an opportunity for the restoration of good relations.

2. Editorials on the subject appear this morning in all but one of the metropolitan papers. The editorials in all cases refer to the attitude of the American Government in emphatic terms of appreciation and gratification, and they express confidence that this manifestation of desire for friendship on the part of the United States will contribute toward adjustment of the issues which have arisen over the treatment of American rights and interests in China. Typical of these editorials are those of the:

(a) *Yomiuri*: (After reviewing American-Japanese relations):

"The treatment being accorded by the American Government of the remains of former Ambassador Saito is not in any way reflective of American foreign policy but transcends that policy and is to be construed generally as a manifestation of international friendship. The friction which now disturbs American-Japanese relations is largely caused by difficulties which arise out of emotions and therefore these difficulties can only be resolved by a relaxation of feelings. If the display of good-will at this time by the American Government can provide an opportunity for reflection on the relations between the two countries an emotional drawing together of the two peoples must inevitably occur. In the light of these considerations we express thanks to the American Government for its good-will."

(b) *Nichi Nichi* (First refers to the unanimous vote of condolences adopted by the House of Representatives on the motion of Congressman Kennedy):

"President Roosevelt's offer to send the remains of the late Ambassador by a cruiser doubly endorses feelings of Americans of all classes. That action is a recognition of efforts of the late diplomat to further American-Japanese friendship. The arrangements have been made by the American Government as an act outside the field of mere diplomatic courtesy. There may yet be vicissitudes in the relations between Japan and the United States. The American people are extremely straightforward and the high respect which they are now showing to a soldier of peace creates a profound impression. Although American-Japanese relations are now in a transitional stage, due to

the start of a new Japan, we now have renewed evidence of the fact that the two peoples are bound together by mutual understanding and friendship."

GREW

701.9411/1126a : Telegram

The Secretary of State to the Ambassador in Japan (Grew)

WASHINGTON, March 25, 1939—4 p. m.

72. 1. A UP news dispatch dated Tokyo, March 23, states:

"Japan plans one of the greatest receptions ever accorded a visiting foreign naval delegation when the U.S. heavy cruiser *Astoria* arrives here next month with the remains of Hiroshi Saito, former Japanese ambassador in Washington. Scores of entertainments are being arranged for the American officers and men and gifts for them already are accumulating at the U.S. Embassy. An Osaka merchant, Toshio Okuno, added to the contributions today when he presented the embassy with 20 pearl necklaces for the wives of the American warship's senior officers."

2. The American Government has sent the *Astoria* to Japan for the purpose of carrying the ashes of the late Japanese Ambassador from the country to which he had been accredited, to his home land, as a gesture of courtesy but not on any diplomatic or political "mission". The *Astoria* carries no "delegation". It is our feeling that the activities of the *Astoria* and its officers and men should be restricted to the performance of the task for which the *Astoria* was sent; that any efforts to affix a political or social significance to the visit of the *Astoria* to Japan should be discouraged; and that the circumstances of this ceremonial visit should in no way be permitted to be made an opportunity for general entertainment or social gestures. Proffers of gifts and of entertainment outside the scope of official courtesies should be courteously declined. The Embassy should make clear to the Japanese authorities that entertainment beyond what may be in keeping with the ceremonial character of the visit cannot be accepted and no gifts can be received.

3. The Department has discussed this matter with the Navy Department which concurs in the foregoing. The Navy Department expects shortly to issue orders to the *Astoria* to leave Japan as soon as its ceremonial duties have been fulfilled, the moment of departure to be determined in consultation with the Embassy.

HULL

701.9411/1126 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, March 27, 1939—2 p. m.
[Received March 27—9:20 a. m.]

148. Department's 72, March 25, 4 p. m.

1. The United States press news despatch of March 23 is highly exaggerated. It is true that plans have been formulated by a committee of the Foreign Office for the ceremonial reception of the ashes of former Ambassador Saito in Yokohama on April 17 and for the official funeral service in Tokyo on April 18th and also for the subsequent entertainment of the officers and crew of the *Astoria* while in port, but these plans, apart from the appointment of a committee of the Foreign Office instead of the Navy Ministry, are similar to those customarily arranged for the entertainment of any visiting foreign war ships. These plans from the beginning were formulated by the Japanese and we were not consulted with regard to them nor was our opinion asked.

2. The statement in the Department's 50, March 1, 4 p. m., that "further details will be worked out here between the Department and the Japanese Embassy", and the advice received by the Naval Attaché that the *Astoria* would remain in Yokohama 9 days led to the apparently obvious assumption that the schedule had been so arranged after consultation with the Japanese Embassy as to permit of the customary entertainment. Permit me respectfully to observe: (a) that no indication of the Department's views and wishes with regard to the avoidance of entertainment was given us; and (b) that if the Naval Attaché or I had been consulted from Washington at any point in the preparatory stages in the procedure we would have pointed out that a program of entertainment in Japan would be inevitable unless discouraged at the beginning. In Japanese eyes and according to Japanese custom such entertainment after a funeral in no way robs the funeral of its solemnity.

3. The ceremonial duties of the *Astoria* will technically have been fulfilled upon the completion of the funeral service in Tokyo on April 18th. In view however of the extensive plans already made for entertainment I believe that the minimum requirements of courtesy and the avoidance of serious embarrassment can be assured only if the Department will approve of the fulfilling by Captain Turner and his officers of three important engagements; (a) a dinner at the Embassy on April 17 for the purpose of introducing Captain Turner to high Japanese officials; (b) a luncheon to be given by the Minister for Foreign Affairs on April 19 followed by proposed radio broadcasts by Captain Turner and the Foreign Minister; and (c) a dinner to be

given by the Navy Minister on the same evening. Please instruct me urgently as to the Department's wishes with regard to these three engagements. If they are not to be fulfilled I think that the *Astoria* had better depart from Yokohama immediately after the funeral on the 18th.

4. It is my intention to meet the ashes on the pier at Yokohama where there will be an imposing ceremony and to place a wreath on the urn at the [time?] and also to attend the funeral service in Tokyo.

5. No gifts for the officers and crew of the *Astoria* have been accepted at the Embassy and only in the case of the necklaces mentioned in the news despatch was provisional custody offered on the ground that such provisional custody could not have been refused without giving marked offense. The donor does not reside in Tokyo and he desired to leave the necklaces in the safe of the Naval Attaché until Captain Turner arrived, and could be consulted. In spite of the absence of any naval regulations to the contrary, we did not believe that Captain Turner would accept them and we had expected to return them to the donor with polite explanation after the arrival of the ship. The action of the donor in choosing to give publicity to the matter was totally unexpected. As soon as this publicity occurred we had determined to return them to the donor on our own initiative and this has now been done. I am requesting the United Press to rectify the inaccurate news by wireless.

6. In connection with the question of gifts I quote the following paragraph from a memorandum to me from the Naval Attaché

"On March 24th the junior aide to the Navy Minister inquired if the *Astoria* would accept presents for the Captain's, wardroom and warrant officers messes in the form of framed silk embroidery pictures of marine subjects. The offer was transmitted by cable to the *Astoria*. Reply was received this morning that the ship would be glad to accept them. In view of the recent telegram from the State Department the Japanese Navy Department has not been informed of the willingness of the *Astoria* to accept its offer."

7. In view of the fact that the plans for entertainment are now far advanced, any radical change in the program would be fraught with embarrassment. All or nearly all of the proposed entertainment on the program already elaborated are within "the scope of official courtesies" and the Japanese regard them as "in keeping with the ceremonial character of the visit." I am not aware that the *Astoria* is regarded in any responsible Japanese quarter as being on any diplomatic or naval "mission" or that it carries any "delegation." The Japanese who attach extraordinary importance to the paying of respect for the dead, have become excited over the visit of the *Astoria*, primarily for the reason that the American Government, by render-

ing the late Ambassador an unprecedented honor at this juncture in relations between the two nations, is believed to have chosen a means to show good will which would be especially appreciated by the Japanese as a magnanimous attitude. Considering the emotional and sentimental temperament of the Japanese their present reaction was to be expected. Disappointment, embarrassment, and a possible degree of irritation are likely to result from a change of plans on the part of the *Astoria* no matter how carefully we endeavor to explain the reasons therefor. The constructive effect of our friendly gesture already obvious in Japan may be largely negated.

8. With the foregoing picture of the situation I hope that the Department will cable me its further wishes as specifically and urgently as possible.

GREW

701.9411/1126 : Telegram

The Secretary of State to the Ambassador in Japan (Grew)

WASHINGTON, March 28, 1939—6 p. m.

77. Your 148, March 27, 2 p. m., and Department's 72, March 25, 4 p. m.

1. The information and comments given in your telegram under reference have been studied with care.

2. This Government regards the trip of the *Astoria* to Japan as being something very different from an ordinary "visit" of a foreign naval vessel.

3. Department perceives no objection to the plans for April 17, 18, and 19 outlined in your paragraphs 3 and 4, and no objection to acceptance by officers of the *Astoria* of presents for officers' messes as reported in your paragraph 6.

4. The Department is in doubt whether the statements in the first two sentences of your paragraph 7 regarding "plans for entertainment" and "program already elaborated" relate only to plans for April 17, 18 and 19 mentioned in your paragraphs 1 and 3 or to plans for later dates. Department hopes that they relate to the former.

5. Department's desire is indicated in the third sentence of paragraph 2 of its telegram 72. Giving full consideration to antecedents and to all that is said in your telegram and especially what is said in your paragraph 7, the Department feels that the less the program extends after plans indicated in your paragraphs 1, 3 and 4 have been carried out, and the sooner the *Astoria* can depart after April 19 without causing embarrassment or giving offense, the more accurate will be the impression both in Japan and in this country of this Govern-

ment's intention in the matter, and the better served will be the interests of all concerned.

6. The dates mentioned in the first sentence of Department's telegram 60, March 14, 7 p. m.,¹⁷ were given before this Government had been informed of dates definitely set for the ceremonies in Japan. It would seem that in the light of the subsequent determination of the dates of the ceremonies, the then indicated period of the stay of the *Astoria* might reasonably and appropriately be abbreviated. Moreover, Department understands that the rites connected with the Yasukuni shrine begin on April 23. Would not departure of the *Astoria* before that date be highly appropriate? Incidentally, Department has received no reply to its telegram no. 60, March 14, 7 p. m.

7. Department desires that you exercise the discretion which it implicitly and constantly accords you toward working out the arrangements in a manner harmonizing as effectively as possible the various concepts and objectives involved.

8. Navy Department's order to *Astoria* is being temporarily withheld. Please telegraph as soon as convenient your opinion regarding date when the *Astoria* might most appropriately depart.^{17a}

HULL

701.9411/1171: Telegram

The Ambassador in Japan (Grew) to the Secretary of State

Tokyo, April 24, 1939—7 p. m.

[Received April 24—8 a. m.]

196. At the audience arranged on Japanese initiative at which I today presented Captain Turner of the *Astoria* to the Emperor, His Majesty requested me to convey the following oral message to the President:

"I am sincerely grateful for the deep sympathy shown by the President and the Government and people of the United States on the death of Ambassador Saito, and particularly for the President's courtesy in providing a warship for transporting his ashes to Japan."

I informed the Emperor that I would convey this message to the President. In view of the messages already exchanged by cable it is not my understanding that a reply to the present message is called for.

¹⁷ Not printed.

^{17a} In telegram No. 155, March 30, 7 p. m., the Ambassador stated that a sudden change of plans would cause disappointment and unless accompanied by the announcement of a convincing reason would result in embarrassment and irritation. In telegram No. 78, March 31, 6 p. m., the Department replied that it shared his view that it would not be advisable to attempt to alter the program. (701.9411/1138, 1141a)

In conversation with Captain Turner the Emperor said that the *Astoria* had performed a great service which was deeply appreciated by himself and his nation.

GREW

REPRESENTATIONS BY JAPAN REGARDING PHILIPPINE LEGISLATION
AFFECTING JAPANESE TRADE WITH THE PHILIPPINES¹⁸

611B.943/6

*Memorandum of Conversation, by the Assistant Chief of the Division
of Far Eastern Affairs (Ballantine)*

[WASHINGTON,] January 9, 1939.

Participants: Mr. Suma of the Japanese Embassy
Mr. Sayre¹⁹
Mr. Ballantine

Mr. Suma stated that his Government had studied the report of the Joint Preparatory Committee on Philippine Affairs²⁰ and had noted the recommendations in regard to increases of duty on cotton textiles, evaporated milk and fish in cans. He said that according to the views of the Japanese trade these new duties on cotton textiles, if enacted, would result in a complete stoppage of Japanese cotton textile exports to the Philippine Islands, especially as a consequence of the rising cost of production in Japan, and he pointed to the fact that during the current quota year of the so-called "gentlemen's agreement" providing for the limitation of Japanese cotton textile exports to the Philippines²¹ the Japanese were far short of their allotted quota. He spoke of the proposed duties as constituting discrimination against Japanese products and he asked what the prospects were that the recommendations of the Joint Preparatory Committee would be adopted by Congress. He said that he had been instructed by his Government to inquire whether there was not a possibility for a renewal of the gentlemen's agreement in regard to the exportation of Japanese cotton textiles into the Philippine Islands which would obviate an increase in the import duties on cotton textiles.

Mr. Sayre replied that the recommendations of the Joint Preparatory Committee were now before Congress and he was unable to fore-

¹⁸ For previous correspondence regarding export of Japanese textiles to the Philippines, see *Foreign Relations*, 1938, vol. iv, pp. 662 ff.

¹⁹ Francis B. Sayre, Assistant Secretary of State.

²⁰ Department of State Conference Series No. 36: *Joint Preparatory Committee on Philippine Affairs, Report of May 20, 1938*, vols. I-III (Washington, Government Printing Office, 1938).

²¹ Agreement of October 11, 1935, *Foreign Relations*, 1935, vol. III, p. 1007; extended by exchange of notes July 2 and July 27, 1937, *ibid.*, 1937, vol. iv, pp. 798 and 803.

tell whether they would be acted upon or not. He said that he himself was engaged in drafting legislative measures embodying the recommendations. He recalled to Mr. Suma the fact that the "gentlemen's agreement" had been concluded with the object of preventing higher duties being enacted pending the determination of the future economic policy for the Islands, and he observed that the "gentlemen's agreement" had served a useful purpose in that regard. Mr. Sayre explained that as the Philippines were to become independent in 1946 this Government of course would be unable to commit the Philippine Government beyond the date of its independence. He said that the recommendation of the Joint Preparatory Committee were designed to cover a transitional period during which the preferences in favor of American products would gradually be eliminated and to prevent a situation which would cause the Philippines to starve unless they had time to make gradual adjustments to the new economic situation which would follow their independence. The proposed new duties represent an attempt to translate into tariff protection the same degree of protection which the "gentlemen's agreement" afforded American cotton textiles. Considering that the preferences in favor of American goods would be gradually diminished, Mr. Sayre thought that the rates of duty which were recommended were eminently fair and that in view of the fact that the Philippines were now under American sovereignty he thought that no question of discrimination was involved. He contrasted our attitude which he considered liberal with the discriminatory treatment accorded by Japan to the trade of third powers in China.

At this point Mr. Sayre was obliged to leave and Mr. Ballantine continued the conversation with Mr. Suma.

To a further question by Mr. Suma as to whether it was possible to do anything for the Japanese exporters, Mr. Ballantine suggested that the Japanese exporters possibly did not realize the transitory character of the arrangements contemplated by the Joint Preparatory Committee or the fact that the preferences in favor of American products were gradually to disappear and he suggested that Mr. Suma might make those points clear to his Government.

711B.94/24

Memorandum of Conversation, by the Chief of the Office of Philippine Affairs (Jacobs)

[WASHINGTON,] January 27, 1939.

Mr. Suma called by appointment this morning. After a few remarks about the state of health of former Ambassador Saito, Mr. Suma said that there were three matters concerning Japanese-Philip-

pine relations about which he wished to speak: (1) a new Philippine immigration law; (2) a new Philippine naturalization law; and (3) the agreement with Japanese manufacturers limiting cotton textile exports to the Philippines.

Mr. Suma said that the Embassy had been advised by the Japanese Consul at Manila that a new Philippine immigration law was being drafted and that he himself had seen some reference to this fact in the newspapers. He said that he understood that the new law would provide a quota system and that the quota allotted to each country, regardless of its size and the number of its nationals in the Philippines, would be the same. He said that the Japanese feared that this sort of equality would be discriminatory against Japan and China as they had a far greater number of nationals in the Philippines than any other foreign country. He repeated this point several times, including the reference to China, apparently so that there would be no doubt in my mind as to what Japan was worrying about.

I told Mr. Suma that a Philippine immigration law was under consideration, and that, as had already been indicated in the press, the United States Government had, at the request of the Philippine authorities, sent two immigration experts to the Philippines to assist in this matter. I pointed out that they had only been in Manila for about a month and that, as yet, we had no information as to the nature of the proposed new law.

At this juncture, Mr. Suma said that he had been advised that one or two immigration bills had already been introduced in the Philippine Assembly now in session. I replied that I did not have such information but that it was not at all unlikely that some Philippine Assemblymen had seen fit to introduce an immigration bill. I expressed doubt, however, that the Philippine administrative authorities had as yet sponsored any immigration bill. I explained to Mr. Suma that any Philippine immigration bill which might be passed by the Philippine National Assembly would, under the terms of the Act of March 24, 1934,²² have to be approved by the President of the United States before it became law.

Mr. Suma then said that a new Philippine naturalization law was in the process of drafting and that his government was also very much interested in that law, as it was now impossible for Japanese and Chinese, long resident in the Philippines, to become naturalized citizens of the Philippines. I replied that I knew nothing about such a proposed law although I had seen some reference in Manila papers to certain naturalization cases involving Chinese which had been taken to the courts for decision. Mr. Suma inquired whether the United States had control over the enactment of such a law and I replied that the President of the United States did not have the authority,

²² 48 Stat. 456.

under the Act of March 24, 1934, as he did in the case of an immigration law, to veto a Philippine nationality law but that he did have authority under that act to set aside any Philippine law which violated the international obligations of the United States.

Mr. Suma then took up the question of the Textile Agreement which expires on July 31, 1939 about which he had spoken to Mr. Sayre some weeks ago. He said that the Japanese cotton textile manufacturers were very much worried about the recommendation of the Joint Preparatory Committee on Philippine Affairs that Philippine duty on cotton textiles be increased. He said that the Japanese manufacturers had, during the past year, kept well below their quota as provided in the existing agreement but he admitted that the high manufacturing costs in Japan had some bearing on Japanese textile sales in the Philippines. He remarked that these manufacturing costs were increasing and that the Japanese manufacturers feared that, under the increases in tariffs proposed by the Joint Preparatory Committee, they would not be able to sell any textiles in the Philippines. He expressed the hope that something could be done to prevent this recommendation from being put into effect and urged that the present Textile Agreement be renewed annually in order to keep the trade on its present basis.

I replied that it was impossible for me to say what action Congress would take on the recommendations of the Joint Preparatory Committee. I remarked that bills designed to put these recommendations into effect had been introduced yesterday in the Senate and the House.

I remarked, however, that regardless of whether the Joint Committee's recommendation was adopted, the annual agreement with Japanese manufacturers restricting imports was not a very satisfactory method of insuring that American textiles would have an even chance of competing in the Philippine market. I explained this by saying that the agreement with the Japanese exporters covered only Japanese textiles and that it did not cover Chinese, English or Indian textiles which, under changing conditions, might find the Philippine market profitable. I said that the recommendation of the Joint Committee seemed the best method of insuring that the American manufacturers would have an even chance to compete in the Philippine market. Mr. Suma remarked (which is rather significant) that he feared that the Japanese and other mills in China, with their lower manufacturing costs, might begin to take away oriental markets from the Japanese manufacturers in Japan.

Mr. Suma expressed appreciation for the information which I had given him and said that he hoped that he could confer with me from time to time in regard to these matters as new developments arose. I said that I would be pleased to see him at any time he wished to call.

J[OSEPH] E. J[ACOBS]

611B.9417/813

Memorandum of Conversation, by the Chief of the Office of Philippine Affairs (Jacobs)

[WASHINGTON,] May 4, 1939.

Participants: Mr. Yakichiro Suma, Counselor of the Japanese Embassy
Mr. Sayre
Mr. Ballantine
Mr. Jacobs

Mr. Suma called today to communicate to Mr. Sayre orally the substance of an instruction which he had received from his Government concerning the renewal of the cotton textile agreement regulating the importation into the Philippine Islands of Japanese cotton textiles. Mr. Suma said that the Japanese Cotton Textile Association was unanimous in its desire to have this agreement renewed for another year beginning August 1, 1939 and that the Japanese Government had instructed the Embassy to convey this information to the American Government.

In reply, Mr. Sayre referred to the fact that new Philippine legislation was now under consideration in Congress and that, therefore, he could not give any definite answer as to what this Government or the American cotton textile manufacturers would wish to have done. He said that he would, however, give the matter consideration.

(Note: It will now be necessary for Mr. Ballantine and Mr. Jacobs [and also possibly Mr. Sayre]²³ to discuss this matter with Dr. Murchison.²⁴)

J[OSEPH] E. J[ACOBS]

611B.9417/322

The Department of State to the Japanese Embassy

MEMORANDUM

The Japanese Embassy having informed the Department of State that the Japanese Government and the Association of Japanese Exporters of Cotton Piece Goods desire a renewal of the existing arrangement relating to the importation of Japanese cotton piece goods into the Philippines, the United States Government wishes to declare to the Embassy, for communication to the Japanese Government and to the Association of Japanese Exporters of Cotton Piece Goods into the Philippines, its policy, for a further period of one year from August

²³ Brackets appear in the original.

²⁴ Claudius T. Murchison, president of the Cotton Textile Institute.

1, 1939 through July 31, 1940, toward the importation into the Philippines of Japanese cotton piece goods, to-wit:

So long as the imports into the Philippines of Japanese cotton piece goods do not exceed 11,250,000 square meters in any quarter, the United States Government will take no action directed toward securing an increase in Philippine tariff rates on cotton piece goods to become effective prior to August 1, 1940. If imports in any quarter should amount to less than or more than 11,250,000 square meters, the deficiency shall be added to or the excess subtracted from the allowance for any succeeding quarter or quarters, providing that such excess of imports as may be brought into the Philippines within any quarter shall never be more than 2,250,000 square meters (this being twenty percent of the normal quarterly quota allowance).

WASHINGTON, July 19, 1939.

611B.9417/324

The Japanese Embassy to the Department of State

MEMORANDUM

With reference to the memorandum of the Department of State, dated July 19, 1939, declaring the policy of the United States Government for the period August 1, 1939 through July 31, 1940, in regard to the importation into the Philippines of Japanese cotton piece goods, the Japanese Embassy is now instructed to inform the Government of the United States as follows:

The Association of Japanese Exporters of Cotton Piece Goods declares that it will, during the period of one year from August 1, 1939 through July 31, 1940, limit the imports of Japanese cotton piece goods into the Philippines within the quantitative limitations set forth in the memorandum of the Department of State dated July 19, 1939, and will continue its voluntary efforts to make its restrictions upon shipments via intermediary ports as effective as they were during the period from August 1, 1938, to the date of this memorandum.

[WASHINGTON,] July 20, 1939.

611B.003/193

The Counselor of the Japanese Embassy (Suma) to the Chief of the Office of Philippine Affairs (Jacobs)

WASHINGTON, August 23, 1939.

MY DEAR MR. JACOBS: I have received information that the amendment of the Tariff Act of the Philippines, which recently passed the Philippine Congress, is to include provisions for the imposition of

pielage on export lumber. This imposition will work great hardship not only to Philippine exporters of lumber, whose business has yielded little profit owing to the low price of Philippine lumber, but to Japanese engaging in this industry in the Philippines due to the fact that 60 per cent of Philippine export lumber is destined to Japan and this amount will necessarily decrease because of the subsequent rise in the price of Philippine lumber. As a consequence, it is anticipated that serious social problems may arise in the Philippines, such as the dumping of surplus lumber in the domestic market and the increase of unemployment.

In view of the untoward consequences of the imposition of pierage not only against Japanese in the Philippines but against Americans and Filipinos, as well, engaging in the industry, and the inconveniences caused both to Japan and the Philippines, as above stated, I beg to request you to be good enough to take proper steps to the end that the foregoing be brought before the President for his consideration when the provisions are presented to him for sanction.

It is hoped that the President may see his way to withhold approval of the imposition of pierage on Philippine export lumber on the above-mentioned grounds and because of the importance of the economic relations between Japan and the Philippines.

Sincerely yours,

Y. SUMA

611B.003/205

The Secretary of State to the Secretary of the Interior (Ickes)

WASHINGTON, November 15, 1939.

MY DEAR MR. SECRETARY: Reference is made to the Department of the Interior's letter of August 12, 1939,²⁵ in which the views of the Department of State were requested on Bill No. 958 of the Second National Assembly of the Philippines, First Session. In as much as this measure amends certain sections of the Philippine Tariff Act of 1909,²⁶ as amended, it therefore affects imports and exports, and approval of the President of the United States is necessary before it may become effective, in accordance with Section 2 (a) (9) of the Independence Act of March 24, 1934.

In view of the fact that President Quezon, pursuant to the power vested in him by Article VI, Section 11 (3) of the Constitution of the Philippines, vetoed Section 3 of Bill No. 958, relating to the refund of duties collected on fuel oils imported into the Philippines and subsequently used for certain specified purposes, the President of the

²⁵ Not printed.

²⁶ Signed August 5, 1909; 36 Stat. 130.

United States is not concerned with this section of the proposed legislation.

Paragraph 349 of Section 11 of the Philippine Tariff Act of 1909, providing for the duty-free entry of all articles and materials used in the construction, equipment or repair of vessels within the Philippine Islands, when imported in accordance with regulations, is repealed by Section 1. With respect to this provision, the Department has no information which would be of any assistance to the President.

Section 2 amends Section 14 of the Philippine Tariff Act which imposes a wharfage charge on the exportation or shipment from the Philippines of all articles other than those specifically exempted and other than those exported or shipped for the use of the Government of the United States or of the Commonwealth Government. Under the terms of existing law all "forest products" are exempted and the modification proposed would remove this exemption and insert in lieu thereof "lumber, creosoted, and other pressure treated materials as well as other minor forest products". Whereas the wharfage charge is fixed generally at one dollar per gross ton of one thousand kilos, the amendment fixes the charge on "logs or flitches twelve inches square or equivalent cross-sectional area, or over" at thirty cents per cubic meter.

While the ostensible purpose of this section, as indicated in the title of the Bill and as is stated in the memorandum of the Secretary of Finance to the President of the Philippines, dated May 29, 1939, a copy of which was enclosed with the letter under reference, is to increase the revenue, the explanatory note which accompanied this bill, drafted apparently by the Committee on Ways and Means of the Philippine National Assembly, a copy of which was also enclosed in the letter under reference, makes no mention of the revenue feature of this section. On the contrary, this note points out that the exemption of all forest products from the wharfage charge has resulted in Philippine lumber companies exporting logs rather than sawn lumber to the detriment of laborers who would otherwise have been employed in the fabrication of such logs. Hence, it would appear that one of its ultimate objectives is to restrict the exportation of logs from the Philippines.

While this Department has consistently opposed Congressional proposals to restrict exports from the United States to foreign countries for the reason, among others, that such action encourages reciprocal restriction abroad and in this manner acts as a deterrent to the free flow of world trade, in view of the fact that Bill No. 958 is a proposal of the Commonwealth Government in which Congress has vested a large degree of autonomy and of the further fact that the bill, with

Section 3 deleted, does not violate any of the international obligations of the United States, the Department does not recommend that the President withhold his approval.

For the information of the President, however, it should be stated that the Japanese Embassy has filed an informal protest with reference to Section 2 of the bill. As the Japanese are the principal purchasers of Philippine logs and flitches, the Japanese Embassy is apprehensive that the wharfage charge will cause an increase in prices and thus result in a decrease in the volume of sales, with "inconvenience" to both Japan and the Philippines. It was requested that these views be brought to the attention of the President and the Embassy expressed the hope that the President would "see his way to withhold approval . . . ²⁷ because of the importance of the economic relations between Japan and the Philippines".

The Commonwealth authorities have been notified of this protest and the President of the Philippines has replied that "the protest of the Japanese Government will not affect their desire that the bill be approved by the President of the United States". In as much as the wharfage charge is not discriminatory, the Department feels that the Japanese protest is lacking in justification.²⁸

Sincerely yours,

For the Secretary of State:

HENRY F. GRADY

Assistant Secretary

**REPRESENTATIONS TO THE JAPANESE GOVERNMENT AGAINST
BLOCKING TRANSFER BY THE AMERICAN PRESIDENT LINES OF
ITS PROPERTY ACCRUING IN JAPAN**

894.5151/131 : Telegram

The Secretary of State to the Ambassador in Japan (Grew)

WASHINGTON, April 8, 1939—1 p. m.

89. The American President Lines, Limited, has asked the Department, through the Maritime Commission, for assistance in effecting the regular transfer to the United States of yen revenues blocked in Japan by exchange control. Prior to January of this year the company was allowed to present to the Japanese Government estimates of anticipated yen revenues and was then given permission in advance to export half of the estimate of the month in question but only after the revenues had accrued. Control has since been applied so that January revenues may not be wholly remitted until the month of May. Revenues amounting to 620,000 yen have already accumulated and

²⁷ Omission indicated in the original.

²⁸ See President Roosevelt's proclamation No. 2377, of December 12, 54 Stat. 2675.

clearly under the present procedure the amount of blocked yen will increase rapidly.

The remission of yen revenues has an obviously important bearing upon the competitive ability of the American President Lines in the Far Eastern trade. The Department desires that you acquaint yourself fully with the situation through the agent in Japan of the American President Lines and that you bring this matter forcefully to the attention of the appropriate Japanese authorities, explaining that the Japanese steamship lines operating to this country are free to remit accumulated balances from this country and that we expect continued reciprocal treatment for American steamship lines.

HULL

894.5151/133 : Telegram

The Ambassador in Japan (Grew) to the Secretary of State

TOKYO, April 14, 1939—11 a. m.

[Received April 14—1:10 a. m.]

176. Department's telegram No. 89, April 8, 3 [1] p. m., deferred dollar remittances of American President Lines. After consultation with the company's representative we find total awaiting remittance is approximately 390,000 yen. This has been partly covered by permits through June. Accordingly representations were made orally yesterday with a view to expediting pending and future remittances.

GREW

894.5151/138 : Telegram

The Secretary of State to the Chargé in Japan (Dooman)

WASHINGTON, June 29, 1939—6 p. m.

177. Reference your 287, June 21, 2 p. m.²⁹ When next you approach the Japanese authorities in regard to the blocked funds of the American President Lines, the Department desires that you say, as under instructions, that it is unsatisfactory for the American Government to be under the necessity of making repeated approaches in regard to the transfer of the continuously accruing yen revenues of the American President Lines; that Japanese steamship lines operating to this country are free to remit accumulated balances from this country and we expect reciprocal treatment for American steamship lines; and that the American Government expects that the Japanese authorities will establish some effective system for the regular transfer of the funds in question.

HULL

²⁹ Not printed.

894.5151/140 : Telegram

The Secretary of State to the Chargé in Japan (Dooman)

WASHINGTON, July 21, 1939—4 p. m.

209. Department's 177, June 29, 6 p. m. If you have not already made the approach suggested in the Department's telegram under reference it is desired that you convey the Department's message to the Foreign Minister,³⁰ that you present it emphatically, and that you ask for an approximate date on which a reply may be expected. If you have already made the suggested approach, the Department desires that you endeavor to impress upon the Foreign Minister the importance which this Government attaches to this question and ask when this Government may expect a reply.

HULL

894.5151/143 : Telegram

The Chargé in Japan (Dooman) to the Secretary of State

Tokyo, July 24, 1939—6 p. m.

[Received July 25—7 a. m.]

359. Department's 209, 9 [4] p. m., via Peiping—blocked funds American President Lines. We have been continuously pressing the Foreign Office for permission to remit the blocked funds. Today the Foreign Office informed us that permit to remit April funds was being granted today and that permit to remit May funds will be granted early in July [*August?*]. We are not yet aware of the terms under which the April permit has been granted and will cable these data tomorrow or Wednesday.

It would be helpful if we could assure the Foreign Office that in view of the ownership of the vessels by the Government the funds in question are United States Government funds or those of one of its agencies.

DOOMAN

894.5151/143 : Telegram

The Secretary of State to the Chargé in Japan (Dooman)

WASHINGTON, July 29, 1939—3 p. m.

229. Your 359, July 24, 6 p. m., in regard to the blocked funds of the American President Lines. It is not clear to the Department

³⁰ Hachiro Arita.

from your telegram under reference whether you have presented to the Japanese Government the considerations and desiderata set forth in the Department's no. 177, June 29, 6 p. m., and no. 209, July 21, 4 p. m. If you have not done so, the Department desires that, unless you have substantial objection—in which case the Department would like to have your views—you seek an early occasion to take the matter up with the Foreign Minister.

The Department considers it especially important that the Japanese Government be informed that this Government expects that the Japanese Government will establish some effective system for the prompt and regular transfer of the steadily accruing revenues of American shipping companies. This Government desires to be informed of an approximate date on which it may expect a reply from the Japanese Government and it is hoped that you will be able to elicit some definite immediate response on this subject and report thereon to the Department.

Obstruction to the transfer to the home office of earnings of a shipping company in a foreign country over and above its expenses there, obviously runs counter to the universally recognized principle that governments shall avoid flag discrimination even in favor of the shipping under their own flag. This has been generally recognized and, so far as concerns American shipping, arrangements have been made by American shipping companies with governments practising exchange control to assure prompt transfer of the companies' legitimate net earnings. The American lines now doing business in Japan find their operations hampered and their competitive position impaired by the delays recently imposed by the Japanese authorities on transfer of their net earnings. The payments involved are not large in absolute amount and this Government expects that the Japanese Government, which draws large amounts of foreign exchange from the earnings of its shipping transactions in the United States, will so operate its exchange control as to give practical effect to the principles of non-discrimination and national treatment by which international shipping is regulated. In future conversations with the Japanese Foreign Office in regard to this matter you may use the foregoing argumentation in addition to that contained in the previous telegrams on this subject.

With regard to the last paragraph of your telegram under reference, the position of the Department in this matter would extend to all American shipping companies regardless of ownership. The Department prefers that the question of ownership of the American President Lines be not raised with the Japanese Government.

HULL

894.5151/145 : Telegram

The Chargé in Japan (Dooman) to the Secretary of State

Tokyo, August 1, 1939—7 p. m.
[Received August 1—9:30 a. m.]

380. Department's 229, July 29, 3 p. m., blocked funds American President Lines.

1. Upon the receipt of the Department's 177, June 29, 6 p. m., the matter of the blocked funds was taken up with the Foreign Office and continually pressed. On July 20 Mr. Yoshizawa³¹ was handed a copy in paraphrase of the Department's 177 with the request that he lay the matter before the Foreign Minister.

2. Upon the receipt of the Department's 209, July 21, 9 [4] p. m., Mr. Yoshizawa was again approached, the telegram read to him and he was informed that I proposed to see the Vice Minister³² that day regarding the matter. Mr. Yoshizawa asked that I refrain from seeing the Foreign Minister as he would give us a favorable reply that afternoon. Mr. Yoshizawa replied the same afternoon as reported in our 359, July 24, 6 p. m. The following day a member of the Foreign Office telephoned the Embassy that the Ministry of Finance was seeking some method by which the funds of the American Line could be promptly transferred. We are still awaiting information on this phase.

3. I called this afternoon on the Vice Minister for Foreign Affairs and went into this matter at great length. I emphasized the importance of the President Line being permitted to remit funds promptly to the United States; I described the freedom with which Japanese steamship companies could remit to Japan their earnings in the United States; and I followed with a statement following closely along the lines of the Department's 229. I called Sawada's attention to the fact that the Japanese Government is expected to set up a system for the prompt remittance of earnings in Japan of American steamship companies; and I asked in conclusion that he indicate to me as soon as possible the date on which I might expect to receive a favorable reply.

4. I also took up this matter again with Yoshizawa today making representations similar to those which I made to the Vice Minister.

DOOMAN

³¹ Seijiro Yoshizawa, Director of American Affairs Bureau, Japanese Foreign Office.

³² Renzo Sawada.

894.5151/155 : Telegram

The Chargé in Japan (Dooman) to the Secretary of State

TOKYO, August 19, 1939—7 p. m.

[Received August 19—8:18 a. m.]

418. Our 404, August 12, 2 p. m.³³ Foreign Office advised us informally today that Ministry of Finance will hereafter issue permits regularly with a time lag of 2 months: permit for June remittance to be issued in September, July remittance in October and so on. Foreign Office added that this will be communicated to us formally by note early next week.

DOOMAN

³³ Not printed.

THE NEAR EAST AND AFRICA

EGYPT

PROPOSED CONSULAR CONVENTION BETWEEN THE UNITED STATES AND EGYPT¹

711.8321/13

The Secretary of State to the Minister in Egypt (Fish)

No. 416

WASHINGTON, September 13, 1939.

SIR: The receipt is acknowledged of the Legation's despatch no. 1156 of December 23, 1937² relating to the proposed consular convention between the United States and Egypt, and transmitting a copy of a memorandum prepared by Secretary Gordon P. Merriam, a memorandum prepared by Vice Consul Daniel Gaudin, Jr., and certain comments on Mr. Gaudin's memorandum by Chargé d'Affaires Leland B. Morris.³

The Department has given thorough consideration to the various proposals set forth in the memoranda and comments and accepts certain of them as indicated below. The Department commends Vice Consul Daniel Gaudin, Jr., on the thorough and elaborate study he prepared.

The draft consular convention⁴ transmitted with the Department's instruction no. 260 of October 11, 1937,⁵ has been amended as follows:

Article IV, paragraph 1, line 8: After the word "other" the description, "articles for personal use, including automobiles, spare parts and equipment for automobiles and fuels consumed in operating automobiles," has been substituted in place of "personal property".

Article V, paragraph 1, line 4: After the words "coat of arms" the words "and fly the flag" have been inserted.

The words "and air" have been struck out of Article XIII; "and" has been placed between "land" and "water"; and "or" has been substituted in place of "and" between "claim" and "exercise".

Article XIII as thus revised reads as follows:

"The territories of the High Contracting Parties to which the provisions of this Convention extend shall be understood to comprise all areas of land and water over which the parties respectively claim or exercise dominion as sovereign thereof, except the Panama Canal Zone."

¹ For previous correspondence, see *Foreign Relations*, 1937, vol. II, pp. 665 ff.

² *Ibid.*, p. 669.

³ None printed.

⁴ Not printed.

⁵ *Foreign Relations*, 1937, vol. II, p. 665.

Article XIV: At the end of first paragraph a proviso has been added as follows:

“; provided, however, that Article VIII and IX shall not enter into force with respect to the United States of America until the United States of America shall relinquish all jurisdiction in Egypt in matters of personal status in accordance with Article IX of the convention regarding the abolition of the capitulations in Egypt signed at Montreux May 8, 1937.”^a

Two copies of the draft convention as thus revised are herewith enclosed. You are instructed to present this draft to the Egyptian authorities as a basis for negotiation, mentioning, moreover, that this Government will understand that it has the privilege of making changes in its proposals during the negotiations, if it so desires.

Very truly yours,

For the Secretary of State:

R. WALTON MOORE

[Enclosure]

Draft of a Consular Convention Between the United States and Egypt

The President of the United States of America and His Majesty the King of Egypt, being desirous of defining the duties, rights, prerogatives and immunities of consular officers of each country in the territory of the other country:

Have decided to conclude a convention to that end and have appointed the following plenipotentiaries; that is to say: the President of the United States of America,

.....,
and His Majesty the King of Egypt,
.....;

who after having communicated to each other their respective powers, found in good and due form, have agreed upon the following articles:

ARTICLE I

Each of the High Contracting Parties agrees to receive from the other, consular officers in those of its ports, places, and cities, where it may be convenient and which are open to consular representatives of any foreign country.

Consular officers of each of the High Contracting Parties shall, after entering upon their duties, enjoy reciprocally in the territories of the other all the rights, privileges, exemptions and immunities which are enjoyed by officers of the same grade of the most favored nation. As official agents, such officers shall be entitled to the high consideration of all officials, national or local, with whom they have official intercourse in the State which receives them.

^a Department of State Treaty Series No. 939, or 53 Stat. 1645.

The Government of each of the High Contracting Parties shall furnish free of charge the necessary exequatur of such consular officers of the other as present a regular commission signed by the chief executive of the appointing State and under its great seal; and they shall issue to a subordinate or substitute consular officer duly appointed by an accepted superior consular officer with the approbation of his Government, or by any other competent officer of that Government, such documents as according to the laws of the respective countries shall be requisite for the exercise by the appointee of the consular function. On the exhibition of an exequatur, or other document issued in lieu thereof to such subordinate, such consular officer shall be permitted to enter upon his duties and to enjoy the rights, privileges and immunities granted by this Convention.

ARTICLE II

Consular officers, nationals of the State by which they are appointed, and not engaged in any profession, business or trade, shall be exempt from arrest except when charged with the commission of offenses locally designated as crimes other than misdemeanors and subjecting the individual guilty thereof to punishment. Such officers shall be exempt from military billetings, and from service of any military or naval, administrative or police character whatsoever.

In criminal cases the attendance at court by a consular officer as a witness may be demanded by the prosecution or defense, or by the court. The demand shall be made with all possible regard for the consular dignity and the duties of the office; and there shall be compliance on the part of the consular officer.

When the testimony of a consular officer who is a national of the State which appoints him and is engaged in no private occupation for gain is taken in civil cases, it shall be taken orally or in writing at his residence or office and with due regard for his convenience. The officer should, however, voluntarily give his testimony at the trial whenever it is possible to do so without serious interference with his official duties.

No consular officer shall be required to testify in either criminal or civil cases regarding acts performed by him in his official capacity.

ARTICLE III

Consular officers, including employees in a consulate, nationals of the State by which they are appointed, other than those engaged in private occupations for gain within the State where they exercise their functions, shall be exempt from all taxes, National, State, Provincial and Municipal, except taxes levied on account of the possession or ownership of immovable property situated in, or income derived

from property of any kind situated or belonging within the territories of the State within which they exercise their functions. All consular officers and employees, nationals of the State appointing them, shall be exempt from the payment of taxes on the salary, fees or wages received by them in compensation for their consular services.

The exemptions of the foregoing paragraph shall apply equally to officials who are duly appointed by one of the High Contracting Parties to exercise essential governmental functions in the territory of the other High Contracting Party, provided that such officials shall be nationals of the state appointing them and shall not be engaged in private occupations for gain within the country to which they are accredited. The state appointing them shall communicate to the other state satisfactory evidence of the appointment and shall indicate the character of the service of the officials to whom the exemptions of this Article are intended to apply.

The Government of each High Contracting Party shall have the right to acquire and own land and buildings required for diplomatic or consular premises in the territory of the other High Contracting Party and also to erect buildings in such territory for the purposes stated subject to local building regulations.

Lands and buildings situated in the territory of either High Contracting Party, of which the other High Contracting Party is the legal or equitable owner and which are used exclusively for governmental purposes by that owner, shall be exempt from taxation of every kind, National, State, Provincial and Municipal, other than assessments levied for services or local public improvements by which the premises are benefited.

ARTICLE IV

Each of the High Contracting Parties agrees to permit the entry free of all duty and without examination of any kind, of all furniture, equipment and supplies intended for official use in the consular offices of the other, and to extend to such consular officers of the other and their families and suites as are its nationals, the privilege of entry free of duty of their baggage and all other articles for personal use, including automobiles, spare parts and equipment for automobiles and fuels consumed in operating automobiles, whether accompanying the officer, his family or suite, to his post or imported at any time during his incumbency thereof; provided, nevertheless, that no article, the importation of which is prohibited by the law of either of the High Contracting Parties, may be brought into its territories.

The exemptions of the foregoing paragraph shall apply equally to officials who are duly appointed by one of the High Contracting Parties to exercise essential governmental functions in the territory of the other High Contracting Party, provided that such officials shall be

nationals of the state appointing them and shall not be engaged in private occupations for gain within the country to which they are accredited. The state appointing them shall communicate to the other satisfactory evidence of the appointment and shall indicate the character of the service of the officials to whom the exemptions of this Article are intended to apply.

It is understood, however, that this privilege shall not be extended to officers who are engaged in any private occupation for gain in the countries to which they are accredited, save with respect to Governmental supplies.

ARTICLE V

Consular officers may place over the outer door of their respective offices the arms of their State with an appropriate inscription designating the official office, and they may place the coat of arms and fly the flag of their State on automobiles employed by them in the exercise of their consular functions. Such officers may also fly the flag of their country on their offices including those situated in the capitals of the two countries. They may likewise fly such flag over any boat or vessel employed in the exercise of the consular function.

The quarters where consular business is conducted and the archives of the consulates shall at all times be inviolable, and under no pretext shall any authorities of any character within the country make any examination or seizure of papers or other property deposited with the archives. When consular officers are engaged in business within the territory of the State where they are exercising their duties, the files and documents of the consulate shall be kept in a place entirely separate from the one where private or business papers are kept. Consular offices shall not be used as places of asylum. No consular officers shall be required to produce official archives in court or testify as to their contents.

Upon the death, incapacity, or absence of a consular officer having no subordinate consular officer at his post, secretaries or chancellors, whose official character may have previously been made known to the Government of the State where the consular function was exercised, may temporarily exercise the consular function of the deceased or incapacitated or absent consular officer; and while so acting shall enjoy all the rights, prerogatives and immunities that were granted to the consular officer.

ARTICLE VI

Consular officers of either High Contracting Party, nationals of the State by which they are appointed, may, within their respective consular districts, address the authorities concerned, National, State, Provincial or Municipal, for the purpose of protecting their country-

men in the enjoyment of their rights accruing by treaty or otherwise. Complaint may be made for the infraction of those rights. Failure upon the part of the proper authorities to grant redress or to accord protection may justify interposition through the diplomatic channel, and in the absence of a diplomatic representative, a consul general or the consular officer stationed at the capital may apply directly to the Government of the country.

Consular officers shall have the right to interview, to communicate with, and to advise their countrymen within their consular district; to visit any of their countrymen who are imprisoned or detained by authorities of the State in which they exercise their consular functions; to assist them in proceedings before or relations with such authorities; and to inquire into any incidents which have occurred within the consular district affecting the interests of their countrymen.

Nationals of either of the High Contracting Parties shall have the right at all times to communicate with the consular officers of their country.

ARTICLE VII

Consular officers, in pursuance of the laws of their own country may (a) take, at any appropriate place within their respective districts, the depositions of any occupants of vessels of their own country, or of any national of, or of any person having permanent residence within the territory of, their own country; (b) draw up, attest, certify and authenticate unilateral acts, translations, deeds, and testamentary dispositions of their countrymen, and also contracts to which a countryman is a party; (c) authenticate signatures; (d) draw up, attest, certify and authenticate written instruments of any kind purporting to express or embody the conveyance or encumbrance of property of any kind within the territory of the State by which such officers are appointed, and unilateral acts, deeds, testamentary dispositions and contracts relating to property situated, or business to be transacted, within the territories of the State by which they are appointed, embracing unilateral acts, deeds, testamentary dispositions or agreements executed solely by nationals of the State within which such officers exercise their functions.

Instruments and documents thus executed and copies and translations thereof, when duly authenticated by the consular officer, under his official seal, shall be received as evidence in the territories of the High Contracting Parties as original documents or authenticated copies, as the case may be, and shall have the same force and effect as if drawn by and executed before a notary or other public officer duly authorized in the country by which the consular officer was appointed; provided, always, that such documents shall have been

drawn and executed in conformity to the laws and regulations of the country where they are designed to take effect.

ARTICLE VIII

In case of the death of a national of either High Contracting Party in the territory of the other without having in the locality of his decease any known heirs or testamentary executors by him appointed, the competent local authorities shall at once inform the nearest consular officer of the State of which the deceased was a national of the fact of his death, in order that necessary information may be forwarded to the parties interested.

In case of the death of a national of either of the High Contracting Parties without will or testament whereby he has appointed testamentary executors, in the territory of the other High Contracting Party, the consular officer of the State of which the deceased was a national and within whose district the deceased made his home at the time of death, shall, so far as the laws of the country permit and pending the appointment of an administrator and until letters of administration have been granted, be deemed qualified to take charge of the property left by the decedent for the preservation and protection of the same. Such consular officer shall have the right to be appointed as administrator within the discretion of a tribunal or other agency controlling the administration of estates provided the laws of the place where the estate is administered so permit.

Whenever a consular officer accepts the office of administrator of the estate of a deceased countryman, he subjects himself as such to the jurisdiction of the tribunal or other agency making the appointment for all necessary purposes to the same extent as a national of the country where he was appointed.

ARTICLE IX

A consular officer of either High Contracting Party shall within his district have the right to appear personally or by delegate in all matters concerning the administration and distribution of the estate of a deceased person under the jurisdiction of the local authorities for all such heirs or legatees in said estate, either minors or adults, as may be non-residents and nationals of the country represented by the said consular officer, with the same effect as if he held their power of attorney to represent them, unless such heirs or legatees themselves have appeared, either in person or by duly authorized representative.

A consular officer of either High Contracting Party may on behalf on his non-resident countrymen collect and receipt for their distributive shares derived from estates in process of probate or accruing under the provisions of so-called Workmen's Compensation Laws or

other like statutes, for transmission through channels prescribed by his Government to the proper distributees.

ARTICLE X

A consular officer shall have exclusive jurisdiction over controversies arising out of the internal order of private vessels of his country, and shall alone exercise jurisdiction in cases, wherever arising, between officers and crews, pertaining to the enforcement of discipline on board, provided the vessel and the persons charged with wrongdoing shall have entered a port within his consular district. Such an officer shall also have jurisdiction over issues concerning the adjustment of wages and the execution of contracts relating thereto provided, however, that such jurisdiction shall not exclude the jurisdiction conferred on local authorities under existing or future laws.

When an act committed on board of a private vessel under the flag of the State by which the consular officer has been appointed and within the territorial waters of the State to which he has been appointed constitutes a crime according to the laws of that State, subjecting the person guilty thereof to punishment as a criminal, the consular officer shall not exercise jurisdiction except in so far as he is permitted to do so by the local law.

A consular officer may freely invoke the assistance of the local police authorities in any matter pertaining to the maintenance of internal order on board of a vessel under the flag of his country within the territorial waters of the State to which he is appointed, and upon such a request the requisite assistance shall be given.

A consular officer may appear with the officers and crews of vessels under the flag of his country before the judicial authorities of the State to which he is appointed for the purpose of observing the proceedings or of rendering assistance as an interpreter or agent.

ARTICLE XI

A consular officer of either High Contracting Party shall have the right to inspect within the ports of the other High Contracting Party within his consular district, the private vessels of any flag destined or about to clear for ports of the country appointing him in order to observe the sanitary conditions and measures taken on board such vessels, and to be enabled thereby to execute intelligently bills of health and other documents required by the laws of his country, and to inform his Government concerning the extent to which its sanitary regulations have been observed at ports of departure by vessels destined to its ports, with a view to facilitating entry of such vessels therein.

In exercising the right conferred upon them by this Article, consular officers shall act with all possible despatch and without unnecessary delay.

ARTICLE XII

All proceedings relative to the salvage of vessels of either High Contracting Party wrecked upon the coasts of the other shall be directed by the consular officer of the country to which the vessel belongs and within whose district the wreck may have occurred. Pending the arrival of such officer, who shall be informed immediately of the occurrence, the local authorities shall take all necessary measures for the protection of persons and the preservation of wrecked property. The local authorities shall not otherwise interfere than for the maintenance of order, the protection of the interests of the salvors, if these do not belong to the crews that have been wrecked and to carry into effect the arrangements made for the entry and exportation of the merchandise saved. It is understood that such merchandise is not to be subjected to any customhouse charges, unless it be intended for consumption in the country where the wreck may have taken place.

The intervention of the local authorities in these different cases shall occasion no expense of any kind, except such as may be caused by the operations of salvage and the preservation of the goods saved, together with such as would be incurred under similar circumstances by vessels of the nation.

ARTICLE XIII

The territories of the High Contracting Parties to which the provisions of this Convention extend shall be understood to comprise all areas of land and water over which the Parties respectively claim or exercise dominion as sovereign thereof, except the Panama Canal Zone.

ARTICLE XIV

The present Convention shall be ratified and the ratifications thereof shall be exchanged The Convention shall take effect in all its provisions thirty days after the day of the exchange of ratifications and shall remain in full force for the term of ten years thereafter; provided, however, that Articles VIII and IX shall not enter into force with respect to the United States of America until the United States of America shall relinquish all jurisdiction in Egypt in matters of personal status in accordance with Article IX of the Convention regarding the abolition of the capitulations in Egypt signed at Montreux May 8, 1937.

If within six months before the expiration of the aforesaid period of ten years neither High Contracting Party notifies to the other an intention of modifying, by change or omission, any of the provisions

of any of the Articles in this Convention or of terminating it upon the expiration of the aforesaid period, the Convention shall remain in full force and effect after the aforesaid period and until six months from such a time as either of the High Contracting Parties shall have notified to the other an intention of modifying or terminating the Convention.

In witness whereof the respective Plenipotentiaries have signed this Convention and have affixed their seals thereto.

Done in duplicate, at, this day of in the year one thousand nine hundred and thirty-nine.

711.8321/15

The Minister in Egypt (Fish) to the Secretary of State

No. 1899

ALEXANDRIA, October 21, 1939.

[Received November 17.]

SIR: I have the honor to acknowledge the receipt of the Department's instruction no. 416 of September 13, 1939, enclosing two copies of the draft consular convention, as amended by the Department, for presentation to the Egyptian Foreign Office as a basis for negotiation.

I have on this date handed in person to Aly Maher Pasha in his capacity as Minister of Foreign Affairs one copy of the draft convention, under cover of a note to the Foreign Office worded in such a way as to mention that my Government understands that it has the privilege of making changes in its proposals during the negotiations, if it so desires.

The contents of paragraph two of the Department's instruction under acknowledgment have been brought to the attention of Vice Consul Daniel Gaudin, Jr.

Respectfully yours,

BERT FISH

PRELIMINARY DISCUSSIONS RESPECTING A TRADE AGREEMENT
BETWEEN THE UNITED STATES AND EGYPT¹

611.833/64

*Memorandum by the Chief of the Division of Near Eastern Affairs
(Murray)*

[WASHINGTON,] January 3, 1939.

The Egyptian Minister² called me by telephone this morning to say that he had received a telegram from his Government inquiring

¹For previous correspondence relative to trade matters, see *Foreign Relations*, 1938, vol. II, pp. 705 ff.

²Mahmoud Hassan Bey.

as to the status of the studies which the Minister had been informed were being made by various interested departments and agencies of this Government with a view to ascertaining whether Egyptian requests for a reduction in the duty on long staple cotton could be given favorable consideration in connection with any eventual trade agreement with Egypt.

I reminded the Egyptian Minister of the conversation which took place in my office on December 8, 1938, the substance of which was set forth in a memorandum of that date,⁹ and assured him of the willingness of competent officials of this Department to lend their assistance in the matter under reference. The Minister thanked me and said he wanted to be able to assure his Government that every effort was being made at this end to push matters along, since otherwise he feared there might be a growing demand in Egypt for retaliatory measures against us because of our continued maintenance of the high duty on Egyptian long staple cotton.

611.8331/118

The Egyptian Legation to the Department of State

AIDE-MÉMOIRE

The trade between Egypt and the United States has decreased to a remarkable degree during the past few years. In order to give an idea of the extent of this decline, the following statistics may be quoted:—

The yearly average for the entire trade between Egypt and the United States for the five years 1924–1928 was £E9,090,000. Of this sum £E2,270,000 represented imports from the United States and £E6,820,000 was for exports from Egypt to the United States.

During the following years the figures went down until in 1937 the trade between the two countries was represented by an amount of £E3,704,000, of which £E2,143,000 was for imports from the United States and only £E1,561,000 for Egyptian exports to the United States—in other words instead of an annual surplus for Egypt of £E4,550,000 in her trade with the United States, the position was reversed and the year 1937 showed a deficit of about £E550,000.

The statistics also reveal that the value of United States exports during 1937 almost regained the position they held before the world economic crisis. In 1924–1928 United States exports were £E2,270,000 and in 1937 they were £E2,143,000, while the values of exports from Egypt to the United States were as follows:

1924–1928	£E6,820,000
1937	£E1,561,000

⁹ *Foreign Relations*, 1938, vol. II, p. 708.

This sharp drop in Egyptian exports indicates in a striking manner the result of United States taxes which hit Egyptian exports of cotton, manganese and onions severely. These three products were the principal Egyptian exports to the United States—in fact they constitute the chief Egyptian exports as a whole.

The yearly average of Egyptian exports of cotton during the period 1925–1929 was £E6,543,617, while in 1937 it dropped to £E994,660. In 1929 the figure for manganese was £E96,797, but this product no longer appears in the trade statistics between Egypt and the United States. As regards onions, in 1927 the amount was £E166,842 and in 1937 it had dropped to £E14,819.

The most unfortunate aspect of this situation is the fact that Egypt has no other possible item for export which could compensate for the decline in her trade with the United States.

It may also be mentioned that Egypt has not raised any of her Customs duties which would particularly affect American imports.

WASHINGTON, 15 March, 1939.

611.8331/118

Memorandum by the Under Secretary of State (Welles) to the Chief of the Division of Near Eastern Affairs (Murray)

[WASHINGTON,] March 16, 1939.

The Egyptian Minister called to see me yesterday afternoon and left with me the attached *aide-mémoire*.¹⁰ He told me that he had discussed this subject frequently with you and Mr. Alling,¹¹ and expressed great appreciation of the helpful interest you had both taken in the matter. His reason for coming to see me about it, he said, was the fact that he understood that a decision was now imminent and that he hoped I would give the “final shove”. I told him that I would be very glad to do what I could to be helpful in the matter.

Will you let me know what the exact situation may be and also whether in your judgment there is anything I personally should do in the matter.

S[UMNER] W[ELLES]

¹⁰ *Supra*.

¹¹ Paul H. Alling, Assistant Chief of the Division of Near Eastern Affairs.

611.8331/113

*Memorandum of Conversation, by Mr. Vernon L. Phelps of the
Division of Trade Agreements*

[WASHINGTON,] March 17, 1939.

Participants: The Egyptian Minister
Mr. Sayre¹²
Mr. Phelps

The Egyptian Minister stated that he had called to present certain views of his government relating to trade relations between his country and the United States, which he hoped would be given consideration by the Committee which he understood was now about to complete its studies regarding the possibility of a trade agreement between Egypt and the United States. During the conversation the Minister handed the attached *aide-mémoire*¹³ to Mr. Sayre.

The Minister stated that Egypt has not imposed any special trade barriers to imports from the United States. In support of this statement he pointed out that in 1938 the United States share of the Egyptian import trade had increased and that the United States had "jumped" from fifth to fourth place as a supplier of the Egyptian market. On the other hand, the United States tariff duties on cotton, manganese, and onions, the principal products imported from Egypt, had caused United States imports from Egypt to drop sharply.

Mr. Sayre stated that we had reduced the duty on manganese, and that inasmuch as we were according most-favored-nation treatment to imports from Egypt, the benefit of this reduction was extended to Egypt. The Minister replied that this tariff reduction on manganese did not apply to the grade of manganese which Egypt produced. (Subsequent investigation revealed that the Minister's statement was technically incorrect, since the reduction in the duty in the Brazilian agreement¹⁴ from 1¢ to ½¢ per pound (the maximum reduction authorized under the Trade Agreements Act¹⁵) on the metallic manganese contained in the ore applies to the entire tariff paragraph 302 (a), "Manganese ore (including ferruginous manganese ore) or concentrates, and manganimiferous iron ore, all the foregoing containing in excess of 10 per centum of metallic manganese." However, it appears that although technically the aforementioned reduction applies to Egyptian ore, nevertheless this reduction is not sufficient to benefit

¹² Francis B. Sayre, Assistant Secretary of State.

¹³ Not printed; it was similar to the *aide-mémoire* dated March 15, p. 487.

¹⁴ Signed February 2, 1935, Department of State Executive Agreement Series No. 82, or 49 Stat. 3808.

¹⁵ Approved June 12, 1934; 48 Stat. 943.

Egypt substantially because of the low metallic manganese content of the Egyptian manganiferous iron ore. In this connection it may be noted that in the Tariff Act of 1922¹⁶ manganese ore containing in excess of 10 percent but not more than 30 percent manganese was free of duty, whereas in the Tariff Act of 1930¹⁷ the duty is applicable to ores containing in excess of 10 percent.)

The Minister continued that he had been sent here last September primarily for the purpose of endeavoring to improve the trade relations between our two countries, and that he hoped that within six months after that date to be in a position to report some progress to his Government; that is, he hoped that he might receive some concrete encouragement not later than the end of April. Mr. Sayre stated that other governments were also pressing us for agreements, but that, as the Minister was doubtless aware, our trade-agreements program is now under heavy attack in Congress; that while a reduction in the duty on long staple cotton is probably economically justifiable, yet at this particular juncture any such reduction might further increase the opposition to the entire trade-agreements program. Therefore, he hoped the Minister and his Government would realize that it was in their own interest not to press for an agreement too rapidly at this time. The Minister replied that, as the Department had doubtless been informed by its Legation at Cairo, his Government had also been under pressure from Egyptian cotton exporters to obtain relief from the present United States duty on long staple cotton.

Mr. Sayre concluded the conversation by assuring the Minister that he might inform his Government that we were continuing to give the matter active study and would give careful consideration to the contents of the *aide-mémoire*.

611.8331/118

*Memorandum by the Chief of the Division of Near Eastern Affairs
(Murray) to the Under Secretary of State (Welles)*

[WASHINGTON,] March 18, 1939.

An *aide-mémoire* in a somewhat similar vein as that left with you by the Egyptian Minister on March 15, 1939, was presented to the Department last July¹⁸ both through the Egyptian Legation at Washington and the American Legation at Cairo. Shortly thereafter a subcommittee was appointed by the Trade Agreements Committee to study the possibilities of a trade agreement with Egypt but owing to the many complicating factors involved in the question of a reduc-

¹⁶ Approved September 21, 1922; 42 Stat. 858.

¹⁷ Approved June 17, 1930; 46 Stat. 590.

¹⁸ July 5, 1938, *Foreign Relations*, 1938, vol. II, p. 705.

tion of the duty on imported long-staple cotton and the necessity for a field survey on the subject by officers of the Tariff Commission, these studies have made rather slow progress. The subcommittee, however, has now reached the final stages of its studies and it is expected that its report will be ready for presentation to the Trade Agreements Committee within the next week or two.

The Egyptian Minister has called on us from time to time and in each instance he has been informed as to the status of our studies. More recently the situation was discussed fully with Mr. Hawkins¹⁹ and it was decided that we should call in the Minister to inform him of our willingness to begin preliminary conversations and to outline to him the procedure we intended to follow in the event that the Trade Agreements Committee gave approval to our undertaking negotiations for a trade agreement with Egypt. It had been our intention to hold this conference one day this week, but, unfortunately, Mr. Hawkins, who was to be a participant, has been tied up on other pressing matters during the last few days. We are hopeful that it will be possible to arrange a conference with the Egyptian Minister during the early part of next week.

For the time being, at least, I do not believe that there is anything you need do personally in the matter.

WALLACE MURRAY

611.8331/114

*Memorandum of Conversation, by Mr. J. Rives Childs of the Division
of Near Eastern Affairs*

[WASHINGTON,] March 21, 1939.

Participants: Mahmoud Hassan Bey, the Egyptian Minister
Mr. Mohamed Awad El Koni, Egyptian Attaché
Mr. Hawkins
Mr. Murray
Mr. Alling
Mr. Childs
Mr. Durnan²⁰

The Egyptian Minister was informed that in the preliminary examination of the possibility of the conclusion of a trade agreement with Egypt the question had been raised, on the basis of a study of existing Egyptian legislation, whether the Egyptian Government was in a position to conclude any other than a provisional trade agreement. It was added that it was thought he might desire to explore the question and a memorandum was given him on the subject.

¹⁹ Harry C. Hawkins, Chief of the Division of Trade Agreements.

²⁰ James J. Durnan of the Division of Near Eastern Affairs.

The Minister stated that he was unable to answer the question, but he would be glad to raise it with his Government.

In exhibiting to the Minister the proposed preliminary report of the sub-committee on Egypt of March 1, 1939,²¹ it was remarked that the exhaustive character of that report evidenced the attention which had already been devoted to the question of a trade agreement with his country.

He was informed that a member of the sub-committee was now making a field study on the special problem of long-staple cotton which had been found necessary before the report could be completed and that upon his return the completion of the report would be undertaken by the sub-committee in the light of the findings of the field investigation. The investigator was expected to return to Washington on March 27th and the sub-committee on Egypt would probably be able to complete the report by the end of next week. It should be possible for a meeting of the Committee on Trade Agreements to be held on April 5th in order to reach a decision in the matter of proceeding with trade agreement negotiations with Egypt. The Minister was informed that it was hoped that it might be possible to conform with that schedule although circumstances might necessitate a few days delay, but that in any case he would be kept informed.

Following an affirmative decision on the part of the Committee on Trade Agreements it would be possible to enter into tentative discussions with the Minister regarding possible concessions which might be incorporated in the trade agreement. It was emphasized that the Minister must appreciate that the conclusions of the Committee on Trade Agreements and the discussions based on them could only be of a wholly tentative character without any commitment on the part of this Government as no definite commitments could be made under the Trade Agreements Act until after public hearings had been held following a formal announcement, and until after approval of the Secretary and President had been obtained. The Minister stated that he fully appreciated that the discussions would be wholly tentative pending the more formal action required in accordance with the Trade Agreements Act.

It was explained to the Minister that the question as to when public announcement of negotiations could be made would have to be decided by the Secretary of State and the President in the light of the circumstances existing when the preliminary tentative discussions have been completed; that it is not known when they would feel we are in a position to make the announcement but that it seems unlikely that they would consider it practicable to do so before next summer.

²¹ Not found in Department files.

It was emphasized to the Minister that in view of the wholly tentative and exploratory character of the discussions which might be carried on with him preliminary to any public announcement it was, of course, to be expected that the discussions would be regarded as confidential. As no public announcement could be made until the Department was prepared to enter into formal binding conversations he would understand, of course, the necessity of avoiding any leakage on the part of his Government of any information concerning the exploratory discussions in view of their wholly unofficial informal character.

611.8331/120

Memorandum of Conversation, by the Assistant Chief of the Division of Trade Agreements (Deimel)

[WASHINGTON,] April 24, 1939.

Participants: The Egyptian Minister
Mr. Murray
Mr. Alling
Mr. Childs
Mr. Durnan
Mr. Deimel

The Minister called to learn what further conclusions had been reached on the basis of the studies we had been making of the possibilities of trade-agreement negotiations with Egypt. He was told that on the basis of a very thorough review of the facts by the trade-agreements organization it appeared to be clear that in the event an acceptable basis for proceeding with the negotiation of a trade agreement with Egypt is found, and decision is made to undertake such negotiations, the United States would be prepared to give active consideration to the possibility of granting a reduction in the duty on long-staple cotton (783)*, and of guaranteeing continuance of the present tariff treatment of cigarettes (605)†, and of the free entry applicable to crude senna (1669), henna (1669) and waste bagging for paper making (1750). The occasion was taken to explain again to the Minister the reason why no binding commitment could be given on such questions prior to public announcement of intention to negotiate and the holding of public hearings, etc. It was also

*The numbers in parenthesis refer to paragraph numbers in the Tariff Schedules of the United States Tariff Act of 1930. [Footnote in the original.]

†Rate reduced by 50%—the maximum reduction authorized under the trade agreement concluded between the United States and the United Kingdom effective January 1, 1939. [Footnote in the original. The trade agreement was signed at Washington November 17, 1938, Department of State Executive Agreement Series No. 164, or 54 Stat. 1897.]

explained that it would not be feasible to make public announcement of intention to negotiate at the present time even if a basis for negotiations were fully agreed upon, but that further exploration with a view to developing a basis appeared to be in order.

It was further explained to the Minister that a *quid pro quo* in the form of reductions and bindings in Egyptian duties would of course be necessary and that a list of products had been tentatively formulated with regard to which it was believed that reductions or bindings in Egyptian duties would be of particular interest.

It was also explained that we would wish to conduct negotiations, if initiated, on the basis of our standard general provisions.²² Five copies of these general provisions were handed to the Minister together with a memorandum setting forth the information already given to him orally.

The Minister asked whether onions and manganese, the other two products in which his Government had indicated interest, were included in this memorandum. He was told that they were not, for the reason that all possible action authorized under the Trade Agreements Act had been taken with respect to manganese and that on the basis of our information Egypt did not appear to be a sufficient actual or potential supplier of our onion imports to warrant a concession on that product to Egypt; it was explained that should the duty on onions be reduced in negotiations with some other country, Egypt would automatically receive the lower rate on the basis of most-favored-nation treatment. He was also told that the question had been very carefully studied and the possibilities of a seasonal concession had been examined, but that in the case of a commodity as readily stored as onions, the feasibility of a seasonal concession was open to doubt. As he continued to press the subject, he was informed that we would always be glad to receive further information; that we were naturally anxious to find possibilities of granting concessions to Egypt in order that we might ask more from his Government by way of reciprocal concessions, in the event trade-agreement negotiations should be undertaken; and, at his request, a statement of our statistical information on the question of onion imports was promised him.

The Minister also felt that something needed to be done with respect to manganese; it was his impression that in some way the treatment of Egyptian manganese had been made worse in consequence of trade agreements with other countries. The nature of the changes in our manganese duty in 1930 and by the trade agreement with Brazil in 1935 was carefully explained with specific application to manganese ore of a manganese content between 10 and 30%, since it is our infor-

²² For text of original standard general provisions, see *Foreign Relations*, 1935, vol. I, p. 541. Minor changes in these standard provisions were made from time to time.

mation that this was the grade of manganese principally shipped to the United States from Egypt before 1930. It was pointed out that the tariff rate applicable to manganese ore of that grade, which had become dutiable in 1930, had been cut in half in the trade agreement with Brazil and the reduced duty now applied to Egyptian manganese; and it was suggested that perhaps the Egyptian producers had not as yet found the circumstances of sufficient interest to warrant endeavoring to recover their market in the United States. The Minister said, however, that there had been much correspondence from the manganese producers on this subject, that they had shown much interest, and stated that according to his understanding the Egyptian manganese ore had a manganese content of less than 10%. It was pointed out to him that if such were the case, it was believed the ore would continue to enter duty free, but that probably manganese ore of such low grade would not be valuable enough to stand the freight charges. The Minister asked for a memorandum explaining our manganese tariff rates and the changes made therein, and this was promised him.

He said he would await the information on onions and on manganese before communicating with his Government.

[Annex]

The Department of State to the Egyptian Legation

[WASHINGTON,] April 24, 1939.

MEMORANDUM

1. In the event an acceptable basis for proceeding with the negotiation of a trade agreement with Egypt is found, and decision is made to undertake such negotiations, the United States would be prepared to give active consideration to the possibility of granting a reduction in the duty on long-staple cotton (783)*, and of guaranteeing continuance of the present tariff treatment of cigarettes (605)†, and of the free entry applicable to crude senna (1669), henna (1669) and waste bagging for paper making (1750).

In effect this means that the United States would be prepared to include these articles in the list of products published together with its public announcement of intention to negotiate a trade agreement. The publication of such announcement and list of products

*The numbers in parenthesis refer to paragraph numbers in the Tariff Schedules of the United States Tariff Act of 1930. [Footnote in the original.]

†Rate reduced by 50%—the maximum reduction authorized—under the trade agreement concluded between the United States and the United Kingdom effective January 1, 1939. [Footnote in the original.]

constitute an essential step in the regular procedure followed by the United States in the negotiation of trade agreements with foreign countries, their purpose being to obtain information and views from the trade in regard to the proposed negotiations.

In advance of such announcement and of the public hearings held pursuant thereto, it is not possible to make a firm decision or commitment as to what concessions may be granted in a trade agreement, or in the case of a reduction in duty, what amount of reduction could be offered within the limit of one-half of the existing rate authorized by the Trade Agreements Act. However, the products above-mentioned have been the subject of intensive preliminary study by the interdepartmental trade-agreements organization of this Government, and on the basis of present information there is no apparent reason for doubting that concessions of the nature indicated would be found possible, or that a reduction in the duty on long-staple cotton might be as much as one-half of the existing rate, which is the maximum reduction authorized by the law,

2. In return for the grant of concessions on the products above indicated, it is necessary under the Trade Agreements Act that there be an equitable *quid pro quo* in the form of reductions in or bindings of the Egyptian tariff rates on certain American products. Subject to some revision in the light of information from the trade which may be received following public announcement of intention to negotiate, and to the possible inclusion of certain kinds of tobacco and lumber on the basis of further studies now being made, the conclusions concerning which will be communicated to the Minister as soon as they have been reached, the United States would consider as an equitable *quid pro quo* reductions in the Egyptian import duties on the products included in list A, below, and guarantees against increases in the present duties on products included in list B, below.

[Here follow detailed lists of tariff items.]

3. Imports into Egypt from the United States of the products included in the above lists A and B amounted to \$6,905,000 in 1937, representing 63.5 percent of Egypt's total imports from the United States in that year. Imports into the United States from Egypt of long-staple cotton, cigarettes, crude senna, henna, and waste bagging for paper-making—the products mentioned in the first paragraph—amounted to \$7,370,839 in 1937, representing 55.4 percent of total imports into the United States from Egypt in that year.

4. In accordance with its established policy, the United States would wish to follow the standard general provisions developed in the negotiation of trade agreements with other countries, as a basis for negotiations with Egypt. There are attached five copies of these standard general provisions. Some revision is now being made of certain ar-

ticles, particularly the one dealing with import quotas, with a view to simplification, but without change, in substance. The texts of these articles will be provided the Minister at an early date for transmission to his Government.

5. The Government of the United States will welcome a statement of the views of the Government of Egypt as to the acceptability of these standard general provisions, and as to whether the Government of Egypt would be prepared to grant reductions in duties and bindings of existing duties on the products included in Lists A and B, respectively, in the event the Government of the United States should find itself in a position to offer the concessions indicated in the first paragraph. In the event the Minister's Government should find itself in a position to reply favorably, consideration could then be given to the question of the timing of this Government's public announcement of intention to negotiate a trade agreement with Egypt. The publication of such announcement, which is required under the law authorizing the negotiation of trade agreements, and the list published therewith of products under consideration for the granting of concessions to the other country ‡, are customarily followed by a period of about five weeks during which interested persons in the United States may submit their views in writing with respect to the proposed negotiations; followed by public hearings at the end of a further week or ten days. After a further brief period for the study of the information thus received, the Government of the United States is in a position to proceed with definitive negotiations.

611.8331/123

Memorandum of Conversation, by the Assistant Chief of the Division of Near Eastern Affairs (Alling)

[WASHINGTON,] July 17, 1939.

The Egyptian Minister called today by appointment to discuss further the possibility of a trade agreement between the United States and Egypt. He said that upon receiving the Department's suggestions a few weeks ago he had communicated them to his Government, which in turn had referred them to the Egyptian Committee on Foreign Trade. The Minister said that he had now had a reply from that committee which made certain informal observations, which are outlined in the attached memorandum. The Minister stressed the fact that these observations did not constitute an official communication since they had not been passed upon by his Government and that they

‡The United States does not publish a list of products on which concessions may be requested from the other Government in trade-agreement negotiations. [Footnote in the original.]

were merely preliminary proposals for our consideration. The attached memorandum is self-explanatory. I asked the Minister, however, if he had any information whether the Committee on Foreign Trade in Egypt appeared to be agreeable to accepting our general provisions as a basis of discussion in the event it should later prove possible to initiate negotiations for a trade agreement. The Minister replied that it was his definite understanding that the general provisions were acceptable in principle.

The Minister went on to inquire whether it would be possible, in the event the present suggestions proved acceptable to us as a possible basis of negotiations, to conduct those negotiations in Cairo in the event it was decided in principle that a trade agreement was feasible. In this connection the Minister stated that he was leaving Washington for Egypt about the first of September, that there would be no one here with whom to carry on negotiations, that the negotiations would in any case be very simple, and that he therefore hoped that we would be agreeable to having our Commercial Attaché in Cairo carry on the necessary work. I told him that so far as I knew we had negotiated trade agreements in foreign countries only in the case of Turkey²³ and that our experience in that case had not proved very satisfactory. I stated, therefore, that I felt certain that our people would much prefer to have any negotiations take place here, but that I would nevertheless pass along his suggestion.

I asked the Minister what he anticipated to be the next move. He said that if we found the present suggestions agreeable as a basis of possible negotiations he would like to be informed and that we could then decide, after he had consulted his Government, what the next step might be. He said that he would telephone to me from his hotel in Hot Springs next Monday, July 24, and he hoped that by that time I could let him know the reactions of the Trade Agreements Committee to the present suggestions.

[Annex]

The Egyptian Legation to the Department of State

MEMORANDUM

The proposals of the Trade Agreement Commission have been discussed in a preliminary manner by the Committee on Foreign Trade in Egypt, and the following preliminary observations are made by the Committee:—

1. It has been noticed that the Trade Agreement Commission has taken as the basis of discussion the 1937 statistics, while the Egyptian

²³ For trade agreement negotiations with Turkey, see *Foreign Relations*, 1938, vol. II, pp. 1052 ff.

Committee considers that it would be more suitable to take the 1938 statistics as the basis of discussion as the year 1938 just precedes the year during which the Trade Agreement is proposed to be settled.

2. The Egyptian authorities feel they are only interested in the reduction of 50% of the taxation imposed on long staple cotton, and on cotton-seed oil. The other articles mentioned in the proposals of the Trade Agreement Commission do not really interest the Egyptian authorities.

In the circumstances, and as the list proposed by the American authorities was notably abbreviated, the Egyptian authorities, in order to maintain the good economic relations between the two countries, are willing to discuss as a whole the articles contained in list "A" of the Trade Agreement Commission.

It should be mentioned once more that the taxation imposed on cotton has not been met by a counter measure on the part of the Egyptian authorities, who do not even think that after such a lapse of time (practically ten years) Egyptian cotton can in any way regain its former position on the American market. However, in order to demonstrate their goodwill they are nevertheless disposed to make certain concessions on list "A" in compensation for the proposed reduction of 50% on cotton and cotton-seed oil.

611.8331/122

*Memorandum of Conversation, by Mr. Vernon L. Phelps of the
Division of Trade Agreements*

[WASHINGTON,] July 31, 1939.

Participants: Egyptian Minister
Mr. Hawkins
Mr. Phelps

The Egyptian Minister called by appointment on July 31, 1939 to discuss further the possibility of undertaking trade-agreement negotiations between the United States and Egypt, with particular reference to the observations of the Committee on Foreign Trade in Egypt (outlined in the attached memorandum handed to Mr. Alling by the Minister on July 17 ²⁴) relative to the Department's suggestions regarding the possibility of undertaking negotiations which were contained in the informal memorandum handed to the Minister on April 24, 1939.²⁵

The Minister was told that an informal memorandum would be prepared for him containing this Government's views regarding the

²⁴ *Supra.*

²⁵ *Ante*, p. 495.

observations of the Committee on Foreign Trade in Egypt, but that it seemed desirable to discuss certain points in connection therewith. (This memorandum, intended to be handed to the Minister, is attached hereto).²⁶

Referring to the products which might constitute the basis for possible concessions by Egypt, contained in Lists A and B of the Department's memorandum of April 24, Mr. Hawkins stated that this Government feels that it could not agree to the withdrawal of all the items in List B (tariff items with respect to which it was proposed that the existing moderate Egyptian customs duties be bound) but it would be disposed to give consideration to possible modification of both Lists A and B in the event decision should be reached to proceed with active negotiations.

The Minister stated that the Egyptian authorities desire to exclude List B from consideration for the reasons that (1) the United States is not the principal supplier of these products and (2) it is against the policy of the Egyptian Government to bind existing statutory customs duties in its commercial agreements.*

Mr. Hawkins stated that, since it is the general policy of this Government in its trade-agreement negotiations to request concessions on products in respect of which the United States is the principal or an important supplier of the other country's imports, we would not maintain a request for a concession on a product with respect to which further investigation shows clearly that the United States is a minor supplier of the Egyptian market. In this connection, the Minister promised to supply the Department with 1938 statistics of Egyptian imports of the items in the aforementioned Lists A and B.

With respect to the Egyptian request for a tariff reduction of 50 percent on cottonseed oil, the Minister was informed that it is also the general policy of the United States to grant concessions only on products in respect of which the other country is the principal or an important supplier, and that therefore no concession to Egypt on this product could be considered for the reason that Egypt is a minor supplier of the American market.

²⁶ *Infra.*

* Subsequent investigation has revealed that in the one existing Egyptian commercial agreement containing reciprocal tariff concessions, that between Egypt and Palestine of August 18, 1936, the rates of duty on certain products which had been promulgated by decree in July 1935 were consolidated in the agreement without change. However, it appears that the promulgation of these reduced rates in July 1935 was the direct result of the visit of a Palestine Trade Mission to Egypt in June 1935 so that their consolidation in the agreement of August 18, 1936 seems to have been simply the publication of the terms of an agreement reached a year earlier and made effective at that time by decree. (See despatch, Treaty Series No. 7 (1937), from London, February 3, 1937, enclosure 1, containing the text of this agreement (667N.8331/6), and the Acting Commercial Attaché economic and trade notes no. 15, July 8, 1935, "Egyptian Customs Tariff Changes.") [Footnote in the original.]

As to a concession on long-staple cotton, the problems involved and the difficulties arising in connection with the formulation of a decision at this time were explained to the Minister, and he was informed that pending the outcome of the meeting on cotton to be held in Washington in September ²⁷ and a definitive formulation of its domestic cotton program, this Government finds itself unable to decide whether a concession could be granted on long-staple cotton. In this connection, the Minister suggested that no reference be made to long-staple cotton in the informal memorandum (attached hereto) containing the views of this Government regarding the observations of the Egyptian Committee on Foreign Trade, for the reason that the Department's position regarding this matter had been fully covered in its memorandum of April 24, 1939. Nevertheless, it seems desirable, in view of the fact that the invitations to the meeting on cotton to be held in Washington in September 1939 and the announcement of this Government's export subsidy on cotton ²⁸ were both issued subsequently to April 24, 1939, to state clearly our position on the matter at this time.

611.8331/122

The Department of State to the Egyptian Legation ²⁹

[WASHINGTON,] August 8, 1939.

MEMORANDUM

Reference is made to the preliminary observations of the Committee on Foreign Trade in Egypt regarding the statements contained in the informal memorandum of April 24, 1939, relative to the products which might form the basis for reciprocal tariff concessions in the event it should be decided to undertake the negotiation of a trade agreement between the United States and Egypt. These preliminary observations have been given careful and sympathetic consideration by the interdepartmental trade-agreements organization of this Government, and, as a result, the following comments may be submitted:

1. In the event that a decision should be reached to proceed with active negotiations with a view to concluding a trade agreement between the United States and Egypt, this Government feels that it could not agree to the withdrawal of all of the items in List B contained in its memorandum of April 24, 1939. However, it would be prepared to give consideration to possible modification of both Lists A and B contained in the memorandum, including, as was pointed out

²⁷ See vol. II, section entitled "Meeting of Representatives of Chief Cotton Exporting Countries"

²⁸ Announced by the Secretary of Agriculture on July 22, 1939, to be effective July 27, 1939.

²⁹ Sent informally to the Egyptian Minister on August 9.

in the memorandum, such revision of these lists as may be found necessary in the light of information which might be received from the trade following any public notice of intention to negotiate a trade agreement with Egypt. In this connection, the attention of the Egyptian authorities is invited to the fact that it is the general policy of this Government in its trade-agreement negotiations to request concessions on products in respect of which the United States is the principal or an important supplier of the other country's imports. With respect to the suggestion of the Egyptian Committee on Foreign Trade that statistics covering imports into Egypt during 1938 be taken as the basis of discussion rather than those for 1937, this Government is prepared to take the 1938 statistics into account in determining the relative position of the United States as a supplier of the Egyptian market. It would not maintain a request for a concession on a product with respect to which it is clearly shown that the United States has been, or is likely to be, a minor supplier of the Egyptian market. This Government also desires to point out that its trade agreements with other countries usually include reciprocal assurances that existing moderate duties on certain products will not be increased during the life of the agreement as well as reciprocal assurances that reductions from existing high rates of duty on other products will be maintained for the duration of the agreement.

2. It is also the general policy of the United States to grant concessions only on products in respect of which the other country is the principal or an important supplier of the American market. Under this policy, this Government would not be in a position to consider granting any concession on cottonseed oil in a trade agreement with Egypt, for the reason that Egypt has supplied only a relatively small part, 10.7 percent, of the value of total imports into the United States during the period January 1, 1935-June 30, 1939. Statistics of imports of cottonseed oil into the United States during this period are shown in the following table. Prior to 1935, imports of cottonseed oil into the United States from all countries, including Egypt, were negligible.

[Here follows table of statistics on importation of cottonseed oil.]

3. A further matter mentioned in the memorandum of the Committee on Foreign Trade in Egypt is the possibility of a reduction in the United States duty on long-staple cotton. In this Government's memorandum of April 24, 1939 it was stated that the United States would be prepared to give active consideration to the possibility of granting a reduction in the duty on this product, in the event an acceptable basis for proceeding with the negotiation of a trade agreement with Egypt was found, and it should be decided to undertake such negotiations. Since that date this matter has continued to

receive the active and sympathetic consideration of this Government. However, pending the outcome of the meeting on cotton to be held in Washington in September, and the definitive formulation of its domestic cotton program, this Government regrets to state that it finds it is not able to decide whether a concession could be granted on long-staple cotton.

611.8331/125

*Memorandum of Conversation, by Mr. Vernon L. Phelps of the
Division of Trade Agreements*

[WASHINGTON,] August 16, 1939.

Participants: The Egyptian Minister
Mr. Mohamed Awad El Koni, Attaché, Egyptian
Legation
Mr. Hawkins
Mr. Phelps

The Egyptian Minister and Mr. El Koni came in at the Minister's request to discuss certain points contained in the informal memorandum dated August 8, 1939 which was prepared for the Minister following his conversation with Mr. Hawkins and Mr. Phelps on July 31, 1939 regarding the possibility of undertaking trade-agreement negotiations between the United States and Egypt.

As to the statement in paragraph numbered 1 of this memorandum to the effect that we would be prepared to take the 1938 Egyptian statistics into account in determining the products with respect to which the United States is the principal or an important supplier of the Egyptian market and with respect to which we would therefore expect consideration to be given by the Egyptian Government to the possibility of granting a concession, it was explained, in reply to a question from the Minister, that we normally use trade statistics covering a period of years in determining our position as a supplier, and that we would be prepared to follow this practice in the case of Egypt.

The Minister expressed dissatisfaction with the last sentence in the memorandum to the effect that, pending the outcome of the meeting on cotton to be held in Washington in September, and the definitive formulation of our domestic cotton program we were unable to decide whether a concession could be granted on long-staple cotton. He said that this seemed to him a qualification of the statement contained in our previous memorandum of April 24, 1939 regarding the possibility of a concession on long-staple cotton, and that it therefore constituted a recession from our previous statement on this subject. An endeavor was made to explain to the Minister that this statement merely supple-

mented, and brought up to date, the statement contained in the memorandum of April 24, and repeated in the last paragraph (numbered 3) of our memorandum of August 8, that we would be prepared to give active consideration to the possibility of granting a reduction in the duty on long-staple cotton, in the event an acceptable basis for proceeding with the negotiation of a trade agreement with Egypt was found, and it should be decided to undertake negotiations. It was stated that this sentence was intended to indicate certain developments which had arisen subsequent to our memorandum of April 24 which of necessity must be taken into account in reaching a decision whether a concession could be made on long-staple cotton and active negotiations undertaken, including the issuance of a public notice of intention to negotiate a trade agreement with Egypt.

The Minister was not entirely satisfied with this explanation, and stated that he was reluctant to forward the memorandum to his Government containing this statement. At the Minister's request it was agreed to give further consideration to the possibility of modifying the statement, although Mr. Hawkins assured the Minister that there was little likelihood that this could be done. It was also agreed that meanwhile the Minister would not transmit the text of our memorandum to his Government, at least until after the meeting on cotton to be held in Washington beginning September 5, but would simply report to his Government the substance of the remainder of the memorandum.

611.8331/128

*Memorandum of Conversation, by the Chief of the Division of
Trade Agreements (Hawkins)*

[WASHINGTON,] November 1, 1939.

The Minister [of Egypt] phoned to ask what decision we had reached on the proposed trade agreement, and what our plans are in this regard. I told the Minister that we had been working on the subject in an effort to reach conclusions which would permit us to go ahead with the negotiations; that, unfortunately, we were forced to conclude, in view of the uncertainties of the present time, such as those arising out of the war in Europe and absence of any definite plans regarding a cotton conference, that it is virtually impossible for us to formulate proposals at this time; nor could I foresee when it would be possible to do so. The Minister indicated that he understood from this that the possibility of trade-agreement negotiations is ended for the time being and thanked me for giving him this information. He said he fully realized the large amount of time and effort which we had expended on this matter, which is appreciated by him and by his Government.

611.8331/129

Memorandum of Conversation, by the Secretary of State

[WASHINGTON,] November 6, 1939.

The Minister of Egypt called and proceeded to refer to previous conversations about the possibility of a trade agreement between our two countries. He had informed his Government that Mr. Hawkins had stated to him that, on account of the war, any definite consideration of a trade agreement would probably have to be deferred; he then added that, if we were negotiating trade agreements with Argentina and Chile,³⁰ and perhaps other countries, he would be obliged to explain to his country the seeming change in the situation.

I replied that, in ordinary circumstances, we would be interested in discussing the possibilities of a trade agreement, but that the war in Europe had resulted in the dislocation and complete regimentation of most phases of finance and commerce on the part of the belligerents and many other countries in Europe seeking to safeguard their domestic economy; that these developments, coupled with the danger to shipping, had militated very definitely against further satisfactory consideration of trade agreements with countries beyond the seas.

I finally said that I would be glad to confer with Dr. Grady³¹ and Mr. Hawkins, in order to ascertain whether there was anything further to be said to the Minister about this matter, and, in such event, we would be glad to get in touch with him. I implied that Dr. Grady or Mr. Hawkins would get in touch with him, as a matter of courtesy, and tell him that we had given further and full consideration to what he had said, and that nothing in the way of immediate steps were quite feasible, but that we would keep all phases of the matter in mind, pending more seasonable conditions for the discussion of trade agreements, with European countries in particular.

C[ORDELL] H[ULL]

611.8331/131

*Memorandum of Conversation, by the Assistant Secretary of State
(Grady)*

[WASHINGTON,] December 5, 1939.

Referring to the attached memoranda,³² I asked the Egyptian Minister to call this morning to discuss with him again the matter of a trade agreement with Egypt.

³⁰ See vol. v, sections on trade agreements under Argentina and Chile.

³¹ Henry Grady, Assistant Secretary of State.

³² Dated December 4, 1939, not printed.

I had talked with him along these same lines on October 24 before he saw the Secretary. We went over the whole ground again and he stressed the same arguments he had made before. I in turn again pointed out the impossibility of going ahead with announcement of a trade agreement with Egypt at this time. I told him when the matter of the renewal of the Act was settled and our slate was clear of pending agreements, we could again take the matter up, and suggested that he call upon us in this connection some time in the late spring.

H[ENRY] G[RADY]

ETHIOPIA

REPRESSIVE MEASURES BY THE ITALIAN AUTHORITIES AGAINST FOREIGN MISSIONARY ACTIVITIES IN ETHIOPIA¹

365D.1163/128

The Secretary of State to the Ambassador in Italy (Phillips)

No. 424

WASHINGTON, January 20, 1939.

The Secretary of State refers to the Department's telegram No. 119 of November 30, 1938,² regarding the alleged expropriation by the Italian authorities of properties of the Seventh Day Adventist Mission in Ethiopia, and requests the Ambassador to endeavor to ascertain and report what, if any, action has been taken by the Italian authorities as a result of the discussions reported in the Embassy's telegram No. 356 of December 1, 1938.³

365D.1163/131

The Secretary of State to the Ambassador in Italy (Phillips)

No. 429

WASHINGTON, February 6, 1939.

SIR: Reference is made to the Embassy's despatch No. 922 of May 24, 1938,⁴ regarding compensation for the properties at Sayo and Gore, Ethiopia, which were taken over by the Italian authorities from the United Presbyterian Mission, and there is transmitted a copy of a further letter and its enclosure on this subject⁵ from the Financial Secretary and Treasurer of the above mentioned Mission Board. In as much as this letter indicates that no adjustment has yet been made, it is requested that you again bring the matter to the attention of the appropriate Italian authorities with a view to expediting an early and satisfactory settlement. It is also requested that you keep the Department currently informed of developments in this case.

Very truly yours,

For the Secretary of State:

R. WALTON MOORE

¹ Continued from *Foreign Relations*, 1938, vol. II, pp. 710-723.

² *Ibid.*, p. 722.

³ *Ibid.*, p. 723.

⁴ *Ibid.*, p. 719.

⁵ Neither printed.

365D.1163/132

The Ambassador in Italy (Phillips) to the Secretary of State

No. 1285

ROME, February 7, 1939.

[Received February 23.]

SIR: With reference to the Department's instruction No. 424 of January 20, 1939 (File No. 365D.1163/128) regarding the expropriation by the Italian authorities of the property of the Seventh Day Adventist Mission in Ethiopia, I have the honor to inform the Department that the report promised by the Foreign Office (see Embassy's telegram No. 356 of December 1, 6 p. m., 1938^e) has now been received and a copy in translation is enclosed.

It will be seen that the Ministry of Italian Africa states that the representative on the spot of the Seventh Day Adventist Mission has failed to respond to the invitation of the Colonial authorities to discuss the proposed liquidation of the properties. It was explained orally at the Foreign Office that the appointment of an authorized agent to represent the Mission in discussions regarding the value of properties to be expropriated would facilitate matters greatly and that it might be possible to obtain a more satisfactory estimate of their value if the said agent be authorized to cooperate with the Colonial authorities in determining the valuation to be set.

Respectfully yours,

WILLIAM PHILLIPS

[Enclosure—Translation]

The Chief of the Office of Mediterranean and Italian East African Affairs of the Italian Ministry for Foreign Affairs (Guarnaschelli) to the Second Secretary of the American Embassy (Reber)

203502/16

ROME, February 4, 1939.

DEAR MR. REBER: As I have already verbally advised you, the Royal Ministry of Italian Africa, which has been informed of the condition of matters concerning the liquidation of the properties of the Seventh Day Adventist Mission in Italian East Africa, has recently communicated that Mr. Cupertino—to whom at the request of the Adventist Mission permission to enter Italian East Africa was granted—has been repeatedly invited by the competent Colonial authorities to discuss the procedure of liquidation of the properties of the Mission; but Cupertino has failed to do so.

Although the Government General of Italian East Africa wished to get in touch with Cupertino in order to agree upon a settlement,

^e *Foreign Relations*, 1938, vol. II, p. 723.

it was forced in the circumstances to propose to the Royal Ministry of Italian Africa to proceed as follows:

1) With regard to the real properties of the Mission, to issue a decree declaring that the buildings of the Mission located in Addis Ababa near the hospital "Duca degli Abruzzi" and those located in Addis Alem are of public value, and to expropriate them for the use of the sanitary organization of that Government General.

2) With regard to the Filoà Hospital (Addis Ababa), administered by the Mission and therefore State property, to issue a decree to assign such real properties to the Institute "Adelia Clementi Graziani," paying the Adventist Mission an indemnity for the best fixings of the building and the hospital equipment.

3) With regard to the properties of the Mission located in Galla and Sidam and in Amara, to follow the same procedure of expropriation proposed in paragraph No. 1 with respect to real properties in Addis Ababa and Addis Alem.

The Royal Ministry of Italian Africa authorized the said procedure and consequently the Government General of Italian East Africa on October 10 issued the decree of expropriation attached hereto with regard to the buildings in Addis Ababa and Addis Alem, and the decree, also attached, with regard to assigning real properties of the Filoà Hospital to the Maternity and Infants Institute "Adelia Clementi Graziani." In connection with the expropriation of real properties in Addis Ababa and in Alem, the indemnities of 189,000 lire and 25,000 lire, respectively, are fixed.

The Royal Ministry of Italian Africa adds that it will inquire of the Government General of Italian East Africa whether there have been any further developments in the negotiations with Mr. Cupertino and reserves the possibility of communicating such information as it may receive in this respect.

With best regards,

GUARNASCHELLI

[Subenclosure 1—Translation]

Expropriation Decree of October 10, 1938, Regarding Certain Properties of the Seventh-Day Adventist Mission

In view of Articles 8 and 107 of the "Ordinamento Fondiario" (Land Laws) for the Colony of Eritrea, approved by R. D. 7th of February 1926, No. 269;

In view of Article 63 of the R. D. L. of the 1st of June, 1936-XIV, No. 1019, amended in the law of January 11, 1937-XV, No. 285;

Recognizing the urgent necessity of providing for the systematization of the hospitals of Addis Ababa, and for the organization of the sanitary service at Addis Alem;

Considering the opportuneness of declaring the public utility of proceeding to the expropriation of all properties belonging to the Union of Seventh-day Adventist Missions in the Cabana sector, in the vicinity of the "Duca degli Abruzzi", and the buildings of the Union located at Addis Alem;

Whereas the report of the Commission is in harmony with Article 108 of the "Ordinamento Fondiario" for the Colony of Eritrea;

In virtue of the powers conferred by Article 56 of the above-mentioned R. D. L. No. 1019;

WE HAVE DECREED AND DECREE:

ARTICLE 1

Are declared of public utility the properties belonging to the Union of the Seventh-day Adventist Missions, situated in the Cabana sector, adjacent to the Government Hospital "Duca degli Abruzzi", and in Addis Alem, as shown by the Cadaster Office.

ARTICLE 2

Is ordered the expropriation of the above-mentioned properties in favor of the Government of Addis Ababa.

ARTICLE 3

For said expropriation the Union of Adventist Missions will be entitled to an indemnity in the proportion indicated in the annexed list.⁷

ARTICLE 4

The right of petition is granted, with regards to the title of the property and the amount of the indemnity, during a period of 15 days from the date of the publication of the present decree.

ARTICLE 5

The Governor of Addis Ababa is commissioned to see that the present decree, as well as the requirements of Article 62 of the "Regolamento Fondiario" of Eritrea, and of any other stipulations relating to this matter, are carried out.

Addis Ababa, the 10th of October 1938-XVI.

AMEDEO DI SAVOIA

Registered at the Court of Accounts, Delegation of Addis Ababa, October 25, 1938-XVI.

Register No. 5, page 20.—Girotti.

⁷ Not printed.

[Subenclosure 2—Translation]

Decree of October 10, 1938, Ordering the Affiliation of the Filoa Maternity Hospital (Seventh Day Adventist Hospital) With the Maternity and Child Hospital "Adelia Clementi Graziani"

Considering the urgent necessity of providing for the systematization of the sanitary services of Addis Ababa;

Recognizing the opportuneness of affiliating the maternity service with the "Ricovero Maternita ed Infanzia 'Adelia Clementi Graziani'";

WE HAVE DECREED AND DECREE:

ARTICLE 1

The buildings of the domanial property situated at Filoa and at present used by the Maternity Hospital operated by the Union of Seventh-day Adventist Missions are to be put at the disposal of the Addis Ababa Government.

ARTICLE 2

The Mission will be expected to vacate the premises within a month after the publication of the present decree.

ARTICLE 3

The management of the Maternity Hospital is to be turned over to the Maternity and Child Hospital "Adelia Clementi Graziani".

ARTICLE 4

A commission composed of a government functionary, an engineer of the Office of Public Works, a physician of the Superior Inspection of Health, will fix the amount of the indemnity deserved by the Seventh-day Adventist Mission for the improvements made in the domanial buildings mentioned above and for the transfer of all medical and other equipment of the Maternity Hospital.

Addis Ababa, the 10th of October, 1938—XVI.

AMEDEO DI SAVOIA

Registered at the Court of Accounts, Delegation of Addis Ababa, October 20, 1938—XVI.

Register No. 4, page 275.—Salerno.

365D.1163/133

The Ambassador in Italy (Phillips) to the Secretary of State

No. 1304

ROME, February 23, 1939.

[Received March 10.]

SIR: With reference to the Department's instruction No. 429 of February 6, 1939, concerning compensation for the properties at Sayo and Gore, Ethiopia, which were taken over by the Italian authorities from the United Presbyterian Mission, I have the honor to inform the Department that this matter has again been brought to the attention of the appropriate Italian authorities.

The Embassy has on various occasions pressed for further information regarding the present status of the Mission properties and has repeatedly asked for a report from the Italian authorities. On February 1, 1939, a member of the Embassy staff called at the Ministry of Foreign Affairs to inquire regarding recent developments. He was informed at that time that the Foreign Office was experiencing difficulties in obtaining information from Addis Ababa and a copy of the latest communication addressed by the Foreign Office to the Ministry of Italian Africa urgently requesting a prompt reply was shown as evidence of the hope of the Foreign Office that an early settlement might be reached.

As soon as further information may be received, it will be communicated to the Department.

Respectfully yours,

WILLIAM PHILLIPS

365D.1163/137 : Telegram

The Ambassador in Italy (Phillips) to the Secretary of State

ROME, March 29, 1939—5 p. m.

[Received March 29—noon.]

108. Embassy's despatch No. 1304, February 23, 1939, a communication received from the Foreign Office today states the following information has been communicated by the Ministry of Italian Africa. "The Government of Galla and Sidama has taken steps to appraise the real and other property of the American Presbyterian Mission located at Dembidollo (Sayo) and Gore. The appraisals were made in the absence of representatives of the Mission inasmuch as they had not responded to the invitation to present themselves. Should they persist in this attitude, despite the fact that the competent authorities desire to negotiate with representatives of the Mission regarding the price of the property in question, it will be necessary to resort to official expropriation proceedings and consequently to a direct determination of the price by the Italian authorities."

PHILLIPS

365D.1163/138

The Financial Secretary and Treasurer of the Board of Foreign Missions of the United Presbyterian Church of North America (R. W. Caldwell) to the Secretary of State

PHILADELPHIA, PA., April 4, 1939.

DEAR SIR: We wish to thank you for your communication of March 31st^{*} enclosing copy of cablegram from Ambassador Phillips⁹ at Rome relating to our mission property at Sayo (Dembi Dollo) and Gore.

In regard to the appraisal of this property in Western Ethiopia, we are not informed by our representatives at Addis Ababa of any definite invitation on the part of the Italian authorities to assist in an appraisal of this property. We have repeatedly instructed our representatives at Addis Ababa, Mr. Henry and Doctor Cremer, to keep us informed of any approach on the part of the Italian authorities, reminding them that any final negotiations should be conducted with us here. The only information which has reached us is contained in a letter from Mr. Henry in October, 1938, in which he states: "The Ufficio Politico called me in once and asked if any of us had made a trip out to the west to list and evaluate the property. We told them that we had not, and nothing more has been said."

It has not been our intention in these negotiations to commit to our representatives at Addis Ababa any responsibility for appraising the value of the property in Western Ethiopia, but rather we have been quite content to carry on negotiations through your good offices. In preferring to negotiate through your Department directly with the authorities at Rome, we have been influenced by the following considerations:

1. The properties in question are in Western Ethiopia, quite remote from the capital, and our missionaries who are familiar with the property at Sayo and Gore, Messrs. Kenneweg, Dougherty, West and Buchanan, were all unable to secure permission to return to their stations. Hence it has seemed desirable that we should assume responsibility here for any decision made concerning the disposal of these properties.

2. Of our two remaining representatives in Addis Ababa, only one has any knowledge at all of the property values in western Ethiopia, and his knowledge is inadequate for the purposes of appraisal. Our access to Western Ethiopia was for many years by way of the Anglo-Egyptian Sudan, through which building materials were imported, accounts being handled in America and complete records of building costs being kept here and not in Addis Ababa. If there has been any hesitancy on the part of our missionaries in Addis Ababa to participate

^{*} Not printed.

⁹ *Supra.*

in the appraisal of properties in Western Ethiopia, it is due not to any unwillingness to cooperate with the Italian authorities, but to lack of complete information on their part.

3. The absence of American diplomatic representation at Addis Ababa has made it especially desirable that we should communicate with the Italian authorities directly through your Department.

We note from the cable message, of which you have kindly given us a copy, the willingness of the Italian authorities to consider a claim for this property, and we suggest that you might find the present time favorable for presenting to the Italian authorities a statement in regard to the valuation of the properties in question. We are informed from our records here that we have invested in these properties at Sayo and Gore at least \$50,000, and this sum might be accepted as a basis for negotiations, since the Italian authorities have had possession of the buildings now for more than two years and they are reported to have been adapted to the military and civil uses of the Italian Government.

We trust these statements have provided you with information which makes it possible for you to communicate further with the Italian authorities through the United States Ambassador at Rome, presenting our claim for compensation on the basis of an estimate of \$50,000, and also suggesting that settlement should be made with us here in view of the considerations which have been mentioned above.

Thanking you for your consideration, I am

Sincerely yours,

R. W. CALDWELL

365D.1163/138

The Secretary of State to the Financial Secretary and Treasurer of the Board of Foreign Missions of the United Presbyterian Church of North America (R. W. Caldwell)

WASHINGTON, April 12, 1939.

MY DEAR MR. CALDWELL: The Department has received your letter of April 4, 1939 in further reference to the appraisal of your mission properties in Western Ethiopia. You state that it was not your intention to negotiate with the Italian authorities through your representatives at Addis Ababa, who lack adequate information for the purposes of appraisal, and that you would prefer to have the Department conduct such negotiations in your behalf.

While the Department has been glad to use its good offices in obtaining information in regard to the status of your properties and has on several occasions instructed the Embassy at Rome to discuss the matter informally with the Italian authorities, it is not in a position to present

a claim for compensation on the basis of the steps so far taken by your board. It is not apparent that the board has taken any action as yet to protect its interests in Western Ethiopia except to communicate with the Department, or that it has been denied a proper hearing by the Italian authorities, or that it has been unable to reach an equitable settlement with the appropriate officials. Since there is no evidence that your organization has suffered a denial of justice, I regret to say that diplomatic intervention would not be warranted.

In view of the circumstances, the Department suggests that you promptly furnish your representatives in Addis Ababa with full information in regard to the value of your properties and that they be empowered to undertake direct negotiations for an appraisal. Such data, it is suggested, might include the complete records of building costs which you state are being kept in the United States rather than in Addis Ababa. Should you desire to inform the Italian Government of any steps which you may propose to take along these lines, the Department will be glad to transmit a message through the Embassy at Rome at your expense.

Sincerely yours,

For the Secretary of State:

WALLACE MURRAY

Chief, Division of Near Eastern Affairs

365D.1163/139

The Financial Secretary and Treasurer of the Board of Foreign Missions of the United Presbyterian Church of North America (R. W. Caldwell) to the Secretary of State

PHILADELPHIA, PA., April 19, 1939.

DEAR SIR: We wish to thank you for your communication of April 12th with reference to our Mission properties in Western Ethiopia, and we are being guided by your suggestions in approaching the Italian authorities in regard to the appraisal of the value of these properties.

A cable message has now been sent to Addis Ababa to Mr. Duncan Henry at the American Mission Hospital, advising that the Government of Galla and Sidamo has undertaken the appraisal of the properties at Sayo and Gore in Western Ethiopia and directing him to contact these authorities immediately in regard to the valuation.

This step had not been taken previously for reasons stated in our letter to you on April 4th.

We shall be pleased to have you transmit a message to the Italian Government through the Embassy at Rome to the effect that Mr. Dun-

can Henry at Addis Ababa is now authorized to represent our society in negotiations relating to the appraisal of the Mission properties at Sayo and Gore.

We shall be glad to bear the expense of forwarding such a message in telegraphic form.

Thanking you, I am

Sincerely yours,

R. W. CALDWELL

385D.1163/139: Telegram

The Secretary of State to the Ambassador in Italy (Phillips)

WASHINGTON, April 22, 1939—noon.

30. Your 108, March 29, 5 p. m. Please inform the Italian authorities that Mr. Duncan Henry at Addis Ababa is now authorized to represent the Presbyterian Board of Foreign Missions in negotiations relating to the appraisal of mission properties at Sayo and Gore.

HULL

385D.1163/143

The Ambassador in Italy (Phillips) to the Secretary of State

No. 1536

ROME, August 16, 1939.

[Received August 29.]

SIR: With reference to the Embassy's despatch no. 1285 of February 7, 1939 and previous correspondence with the Department concerning the expropriation by the Italian authorities of the property of the Seventh Day Adventists Mission in Ethiopia, I have the honor to report that on August 3 the Embassy received a check from the Italian Government for £6738.11.0, said to be the price for the hospital of Filoha (Filhwoa), in Ethiopia, agreed upon by the Seventh Day Adventists Mission in Addis Ababa and the Italian authorities in a contract signed April 13, 1939. The check under reference was made payable to the Treasurer, Southern European Division of the General Conference of Seventh Day Adventists.

The Embassy accordingly communicated through the Legation at Bern, Switzerland, with Mr. A. V. Olson, President of the General Conference of Seventh Day Adventists, and has now received a reply requesting that the check be sent to Mr. F. Brennwald, 17 Höhweg, Bern, who, it is understood, is the Division Treasurer of the organization under discussion. This request has been complied with.

Respectfully yours,

WILLIAM PHILLIPS

365D.1163/145

*Memorandum of Conversation, by Mr. Henry S. Villard of the
Division of Near Eastern Affairs*

[WASHINGTON,] September 19, 1939.

Mr. Caldwell came in to report the present status of negotiations with the Italian authorities in regard to compensation for the properties of the United Presbyterian Mission in Ethiopia. He said that the Mission Board had arranged for an appraisal of the property at Addis Ababa by an Italian engineer, who had placed a valuation of \$160,000 on the buildings. The Italian Government had offered to pay \$52,000 for the same property.

Mr. Caldwell said that, after studying the protest of the Presbyterian Board, the Italian Government had now offered to pay \$60,000 and had given the Board five days in which to accept. Apparently the Board was content with this compromise, and Mr. Caldwell indicated that the figure would be accepted.

Mr. Caldwell then discussed the Mission properties at Saio and Gore in Western Ethiopia. He said that, during the hostilities in 1936, the Italian authorities had "commandeered" these properties and had since set a valuation of approximately \$50,000 on them, which was an acceptable figure to the Mission Board. However, nothing further had been heard as to a settlement and Mr. Caldwell inquired if he could request the Department to obtain some information in the matter from our Embassy at Rome. I said that if he would write a letter setting forth the status of the negotiations which had taken place thus far we would be glad to consider the question of seeking further information through the Embassy.

Mr. Caldwell observed that six Presbyterian missionaries were now left in Ethiopia, and that they proposed to stay on indefinitely. He said their relations with the Italian authorities were excellent, and that the Italians had even permitted six new Presbyterian churches to be started by the natives in Western Ethiopia.

According to Mr. Caldwell's information, the Italians had made great progress in road construction in Ethiopia and had instituted good airplane and radio communications with Italy. One of the missionaries in Addis Ababa had telephoned the American Embassy at Rome recently and had spoken for six minutes by radio telephone at a total cost of \$3.50. There was no loyalty, however, to the Italian Government on the part of the natives, who would be likely to revolt at once if a European war took place. Mr. Caldwell said that the British authorities in the Sudan had arranged to evacuate the region bordering Western Ethiopia in the event of war in Africa, and to permit the Italians to invade the Sudan as far as the Nile—where they

would become bogged-down in the marshes. It was also reported by the missionaries that Haile Selassie might be induced to become a puppet ruler for Italy, but there was also the possibility that he might be used by the British to lead an uprising in case of war. Mr. Caldwell added, however, that Haile Selassie was not universally followed in Ethiopia and that the extent of his influence might be problematical.

365D.1163/148

The Ambassador in Italy (Phillips) to the Secretary of State

No. 1570

ROME, September 29, 1939.

[Received October 16.]

SIR: With reference to the Department's instruction No. 429 of February 6th, 1939 (File No. 365D.1163/131), regarding compensation for properties in Ethiopia which were taken over by the Italian authorities from the United Presbyterian Mission, I have the honor to report that on August 23, 1939, Dr. John A. Cremer, representative of the United Presbyterian Mission in Addis Ababa, informed the Embassy that the Italian authorities had expropriated the American Mission Hospital in that town, offering 980,000 lire in full settlement for buildings and fixtures. Dr. Cremer asked that the Embassy protest (1) against the expropriation because the hospital is run in close collaboration with the local government and on humanitarian lines and that a large number of indigent patients are treated free of charge; (2) on the ground that the offer made by the Italian Government is out of all proportion to the "actual value which, according to an independent Italian valuation, reaches approximately four million lire." Dr. Cremer also stipulated that the purchase price should be paid in United States currency.

Accordingly, this matter was taken up with an official in the Italian Foreign Office on August 24. The matter was referred to the Ministry of Italian Africa, and that Ministry's reply to the Foreign Office was communicated to the Embassy today, orally, by the Foreign Office official. The Ministry of Italian Africa takes the position that:

(1) Inasmuch as the expropriation of the hospital has been definitively decided upon, it is impossible to reopen or to reconsider the matter;

(2) the amount to be paid for the property, however, is a matter which may be made the subject of juridical proceedings. The Italian authorities state that, if the Mission so desires, it may lodge a civil suit in the Italian courts at Addis Ababa, putting forward a claim for whatever it may estimate to be the worth of the property.

Dr. Cremer has been informed of the foregoing reply of the Italian authorities. A copy of my letter to him, dated September 29th, is

enclosed.¹¹ It is suggested that Mr. R. W. Caldwell, of the Board of Foreign Missions of the United Presbyterian Church of North America, 500 Schaff Building, 1505 Race St., Philadelphia, Pennsylvania, be informed of its contents.

Respectfully yours,

WILLIAM PHILLIPS

365D.1163/141 : Telegram

The Secretary of State to the Ambassador in Italy (Phillips)

WASHINGTON, October 12, 1939—7 p. m.

127. Department's instruction no. 513, July 19.¹¹ Department is informed by Presbyterian Board of Foreign Missions that its representatives in Ethiopia, Dr. John A. Cremer and the Reverend Duncan C. Henry, have been expelled by the Italian authorities following expropriation of mission property at Addis Ababa.

Please investigate and report by telegraph.

HULL

365D.1163/154a

The Secretary of State to the Ambassador in Italy (Phillips)

No. 547

WASHINGTON, November 10, 1939.

SIR: Referring to the Department's telegraphic instruction no. 127 of October 12, 7 p. m. and related correspondence, the Board of Foreign Missions of the United Presbyterian Church of North America has now submitted to the Department a report from Dr. John A. Cremer and the Reverend Duncan C. Henry setting forth the circumstances attendant upon the expropriation of the mission property at Addis Ababa, the endeavors of the mission to conclude satisfactory arrangements for a settlement, the expulsion from Ethiopia of Dr. Cremer, and the threatened forced departure of the Reverend Mr. Henry. The Department is seriously concerned at the treatment which is reported to have been meted out by the Italian authorities to these American nationals and desires you to bring their statements, as set forth in the enclosures to this instruction,¹² immediately to the attention of Count Ciano.

You will observe that according to Dr. Cremer the first intimation that the Italian Government desired to take over the hospital at Addis Ababa was conveyed to him on May 31, 1939, by Dr. Giaquinto of the medical department at Addis Ababa, who however agreed subsequently

¹¹ Not printed.

¹² Not attached to file copy.

to embody the "demands and proposals" of his Government in a letter for presentation to the Mission Board in Philadelphia. No such letter was ever received, instead of which a formal notice of expropriation was served on August 22. During the five days allowed for the purpose, Dr. Cremer entered a formal protest on the basis of a private survey previously made by an Italian engineer who had placed the valuation of the property at more than three and one-half times the appraisal made by the Italian authorities. As reported in your despatch no. 1570 of September 29, Dr. Cremer also telephoned the Embassy to request its assistance in the matter.

No reply was received by Dr. Cremer to his protest and on September 16 an order was issued directing that the property be turned over by September 21. Dr. Ceci, head of the Department of Civil Affairs, is reported to have been "inflexible" in his insistence that the hospital and dwellings should be evacuated by the date set; that no time could be allowed to prepare inventories; and that payment could not be made except in lire. Having no alternative, the mission was compelled to sell to the Government its equipment and furnishings at sacrifice prices arbitrarily set by Dr. Ceci, and to seek shelter elsewhere in Addis Ababa. Not until these summary proceedings had taken place does Dr. Ceci appear to have informed Dr. Cremer that the valuation of the property had been raised from 980,000 lire to 1,370,000 lire, with a warning, however, that if the latter sum were not accepted the former price would come into effect again.

It will be noted further that an attempt by Dr. Cremer to obtain an interview with the Viceroy at this juncture met with failure. A few days later Dr. Cremer was shown a decree at the police station to the effect that he had been "asked to abandon Italian East Africa as there is no longer any reason for his staying and his presence is no longer desired", and that his participation in professional activities was henceforth forbidden. Refused a copy of the decree, Dr. Cremer was informed by the officer in charge, in what appears to have been wholly unwarranted language, that it was solely for the Italian authorities to decide whether he might delay his departure for a week or two, that "no one can tell us what to do in our own house", and that "when a person in our house is no longer desired we give him two or three days in which to leave".

The Board understands that Dr. Cremer is now on his way to the United States, but that the Reverend Mr. Henry is being permitted temporarily to remain in Ethiopia in order to negotiate a final settlement for the property at Addis Ababa, as well as the properties taken over at Sayo and Gore in 1936. However, the Board considers it urgently necessary to ascertain why the Reverend Mr. Henry may not remain indefinitely in Addis Ababa, since his relations with the

local authorities hitherto have been reported as excellent and since there is said to be a need among the natives for his services.

In bringing the foregoing to the attention of Count Ciano, you should state that this Government takes emphatic exception to the discourteous manner in which the members of the Presbyterian Mission are reported to have been treated, at the hardships they were forced to endure in evacuating their properties on five days' notice, at the scant consideration given to their protest as to the property valuation, and at the failure of the Italian Government to furnish any reason for the order of expulsion pending against the Reverend Mr. Henry. You should recall, in this connection, the conversations which you had with Count Ciano in April and June 1937¹³ regarding the policy of the Italian Government with respect to American missionaries in Ethiopia, reminding him particularly of the statement made in your *aide-mémoire* of June 16¹⁴ that the Government of the United States would lend its full support to claims for compensation which might be submitted by American nationals in return for properties taken over by the Italian Government. You should add that your Government now wishes to make it clear that prompt, adequate and effective payment is expected in the case of all such expropriated properties, and that your Government assumes in the case of the United Presbyterian Church properties at Addis Ababa, Sayo and Gore that satisfactory provision for the transfer of payments will be made at an early date.

Please inform the Department by telegraph as to the results of your interview.

Very truly yours,

CORDELL HULL

365D.1163/158

The Ambassador in Italy (Phillips) to the Secretary of State

No. 1676

ROME, December 18, 1939.
[Received January 5, 1940.]

SIR: With reference to the Department's telegram No. 127 of October 12, 7 p. m., I have the honor to transcribe for the Department's information the following excerpts from a report dated October 13, 1939, just received by the British Embassy here from the British Consul General at Addis Ababa:

"We have now heard from the Consulate General that the remaining members of the Mission, namely, the Reverend D. C. Henry and Mrs. Henry and Miss R. Beatty, have been informed by the Political Af-

¹³ See *Foreign Relations*, 1937, vol. II, pp. 701-711.

¹⁴ *Ibid.*, p. 710.

fairs Department that they must leave Italian East Africa within the next two months (the Consulate-General's report was dated October 13th).

"The Consulate-General add that the head of the Political Affairs Department, in the course of conversation with the Reverend D. C. Henry, intimated that missionary work in Ethiopia could now be undertaken by Italian missionary societies and there was therefore no further need for foreign assistance in this sphere."

Excepting for an acknowledgment dated December 3, 1939, stating that he had referred the matter to his colleague the Minister for Italian Africa, I have not yet received any response from the Minister for Foreign Affairs to my note of November 21, 1939, regarding the expropriation of the property of the Board of Foreign Missions of the United Presbyterian Church at Addis Ababa and the expulsion of the Board's representatives from Ethiopia, which note was delivered by me pursuant to your Air Mail instruction No. 547 of November 10, 1939, File No. 365D.1163.

Respectfully yours,

WILLIAM PHILLIPS

365D.1163/161

The Ambassador in Italy (Phillips) to the Secretary of State

No. 1716

ROME, January 23, 1940.

[Received February 9.]

SIR: Confirming my telegram No. 52 of January 22, 7 p. m.,¹⁵ I have the honor to transmit herewith a copy and translation of a Note dated January 13, 1940 (received by the Embassy January 20) from the Italian Minister for Foreign Affairs in reply to my communication to him of November 21, 1939, which I delivered pursuant to your instruction No. 547 of November 10, 1939, File No. 365D.1163.

As reported in my telegram No. 52, Count Ciano takes the position that the procedure of the Italian East African authorities in expropriating the hospital owned by the United Presbyterian Mission at Addis Ababa and in expelling the Mission's representatives from Ethiopia was entirely in accordance with the legislation applicable in such matters.

The letter mentioned in the penultimate paragraph of Count Ciano's Note was dated June 18, not January 18, 1937.¹⁶ In that letter the Minister, speaking of the future activities of foreign missions in the conquered territory, said "If the said missions, outside the educational field, intend to carry on work of a humanitarian and

¹⁵ Not printed.

¹⁶ See telegram No. 291, June 21, 1937, 1 p. m. from the Ambassador in Italy, *Foreign Relations*, 1937, vol. II, p. 710.

philanthropic character, any requests will in due course be examined, when the juridical question of recognition of the Empire has become an accomplished fact." (Underlining supplied).

Respectfully yours,

WILLIAM PHILLIPS

[Enclosure—Translation]

The Italian Minister for Foreign Affairs (Ciano) to the American Ambassador (Phillips)

13/01477/3

ROME, January 13, 1940.

MR. AMBASSADOR: I have the honor to refer to my letter No. 242139/120 of December 3, 1939¹⁷ and to submit to Your Excellency the information given me by the Royal Ministry of Italian Africa regarding the expropriation of the hospital of the American United Presbyterian Church Mission in Addis Ababa and the expulsion of Dr. John A. Cremer and the Rev. Duncan C. Henry from Italian East Africa.

As regards the hospital at Addis Ababa, the competent Royal Authorities have advised that, for reasons of public utility, expropriation was ordered under Viceregal Decree No. 124 of July 8, 1939, and indemnification therefor established as 980,000 lire.

Following the protest presented by the aforesaid mission and in partial satisfaction thereof, the indemnification was raised to 1,370,000 lire—an amount set by a special and regularly constituted commission, which appraised the various real property of which the hospital is composed on an absolutely fair basis.

In the event that the aforesaid mission deems it cannot accept the above-mentioned indemnification for expropriation, it can resort to the usual legal procedure provided for in expropriation cases by the legislation of Italian East Africa, which is the same as Italian legislation.

With regard to the payment of the sum of 1,370,000 lire, the Governor General of Italian East Africa has advised that such payment could be made without further formality during the current month, but that it does not appear possible to make payment in American currency, in view of the regulations governing foreign exchange.

As regards the expulsion of the two above-mentioned American citizens from the territory of Italian East Africa, the competent Royal Authorities have pointed out that, independently of other motives, such expulsion is the result of a provision of general character, strictly

¹⁷ See last paragraph of despatch No. 1676, December 18, 1939, from the Ambassador in Italy, p. 522.

applied to Italian nationals as well, prohibiting sojourn in Italian East Africa by anyone not engaged in some specific activity.

In this connection the competent Royal Authorities have stated that the liquidation of the Gore and Saio missions has also been completed.

The presence in Italian East Africa of the two individuals in question could not, moreover, be justified by humanitarian and philanthropic activities on their part: in this connection I refer to the letter I had the honor to send Your Excellency on January (*sic*) 18, 1937.

In any case I remain at your disposal for any further explanations and information you may desire.

I am, Mr. Ambassador,

Very respectfully yours,

CIANO

IRAN

REPRESENTATIONS BY THE UNITED STATES REGARDING THE EXPROPRIATION OF AMERICAN SCHOOLS IN IRAN

391.1164/82 : Telegram

The Chargé in Iran (Engert) to the Secretary of State

TEHRAN, August 13, 1939—9 a. m.
[Received August 14—8:05 a. m.]

78. Acting Minister of Education today orally informed the American College in Tehran that the Government has decided to take over all American educational institutions both in the capital and in the provinces involving two colleges and two middle schools with dormitories in Tehran, two schools in Resht and Tabriz and two schools in Hamadan.

The Government desires all properties turned over to it within the next 2 weeks, i. e., before the opening of the fall term. It promises compensation for the properties and may retain some of the American personnel.

I am seeing the Minister for Foreign Affairs in the morning and shall ask for further explanations.

Please inform Presbyterian Board.

ENGERT

391.1164/83 : Telegram

The Chargé in Iran (Engert) to the Secretary of State

TEHRAN, August 14, 1939—1 p. m.
[Received 2:40 p. m.]

79. Legation's telegram No. 78, August 13, 9 p. m. I have just seen the Foreign Minister who confirms the decision. When I remarked that I thought it particularly unfortunate that the present moment should have been chosen for such a measure and that I feared it could not but create a most painful impression in America he said that the decision had been taken by the "highest authorities" meaning the Shah and the Council of Ministers and as it applied also to other foreign schools he believed it was irrevocable. I then said that pending instructions from my Government I desired to make the fullest reservations not only regarding the value of the properties but also the rights and possible claims of the board in America and of all individual American citizens connected with the institutions. He made

no reply but when I added that this might include considerable sums for travel expenses of personnel now en route to Iran and to the United States he said he would try and obtain a reasonable delay. This gave me an opportunity to say that I considered a fortnight's notice to institutions which had for a hundred years unselfishly served Iran little short of outrageous and I doubted whether the American people would understand such brusqueness. Again he made no reply.

Although neither he nor I mentioned American hospitals and missions I feel, and this feeling is shared by the missionaries, that their days are numbered too.

Upon inquiry I find that the French school in Tehran has received similar notice. British Legation has not yet heard anything as the only British schools are in the south. I shall, of course, keep in touch with my interested colleagues.

ENGERT

391.1164/82 : Telegram

The Acting Secretary of State to the Chargé in Iran (Engert)

WASHINGTON, August 15, 1939—6 p. m.

35. Your 78, August 13, 9 a. m. and 79, August 14, 1 p. m. The Department appreciates your prompt and comprehensive report, and fully approves of the action you have thus far taken. The information furnished by the Acting Minister of Education has been communicated to the Presbyterian Board. As soon as the matter has been discussed with representatives of the Board, the Department contemplates telegraphing you the text of a note to be delivered to the Iranian Government.

WELLES

391.1164/84 : Telegram

The Chargé in Iran (Engert) to the Secretary of State

TEHRAN, August 16, 1939—noon.

[Received August 16—9:55 a. m.]

80. Department's 35, August 15, 6 p. m. At my suggestion the American college yesterday requested from the Ministry of Education a written confirmation of the verbal communication. This was received today stating that representatives of the Ministry would appear at the college on August 21st "to take delivery".

I am sending a personal letter to the Minister of Foreign Affairs reminding him of his promise and pointing out the absurdity of such short notice.

ENGERT

391.1164/86 : Telegram

The Chargé in Iran (Engert) to the Secretary of State

TEHRAN, August 18, 1939—9 a. m.

[Received 9:55 a. m.]

83. My telegram No. 82, August 17, noon.¹ I should like to make it quite clear that the action of the Government was not due to any incident or disagreement between any of the schools and the authorities which could have been used as an excuse. On the contrary I am told that all American institutions have been scrupulously careful in complying with all regulations however unreasonable and irksome and that their relations with the authorities were perfectly friendly.

The closing of foreign schools has caused consternation among all educated Iranians and I am daily receiving verbal expressions of emphatic disapproval and deep regret.

ENGERT

391.1164/86a : Telegram

The Acting Secretary of State to the Chargé in Iran (Engert)

WASHINGTON, August 18, 1939—5 p. m.

36. Department's 35, August 15, 6 p. m. Unless you perceive some serious objection, you should incorporate the following text in a signed note to be delivered without delay to the Foreign Minister :

"The Government of the United States has been informed that the Iranian Government desires all properties belonging to American educational institutions in Iran to be turned over to it before the opening of the fall term, and that representatives of the Ministry of Education would appear at the American College in Tehran on August 24 to give effect to this decision. Since the first indication of the proposed action was received on August 13, less than 2 weeks' notice has been given to the college authorities of the Iranian Government's intentions.

"My Government has instructed me to state that it views with serious concern the extreme abruptness with which the Iranian Government is seeking to carry out this decision. The Iranian Government must, of course, realize that the time allowed for the transfer of these American properties is wholly inadequate. A careful estimate of the situation confirms the belief of my Government that a delay of at least one year is essential in order to permit of an orderly process of adjustment to the contemplated change. Entirely aside from the compensation which, my Government has noted, the Iranian Government is prepared to make for the properties, numerous complicated details must necessarily be settled with respect to the rights and future plans

¹ Not printed.

of the American citizens connected with the several institutions. Serious personal inconvenience and loss incurred by so drastic a change in the administrative program for the approaching scholastic year may certainly be anticipated.

"My Government is moreover of the opinion that the abrupt termination of the valuable services which these American educational institutions have for more than one hundred years rendered to Iran would be interpreted as a lack of the traditional Iranian courtesy and hospitality and would receive widespread publicity in the United States of a most unfavorable character. The scant consideration shown by the Iranian Government in this respect would not only be deeply resented in this country but would be regarded, without doubt, as unreasonable and unwarranted by the American press—over which, as the Iranian Government is aware, the American Government exercises no control.

"On the other hand, if an adequate period is permitted for working out the details of the transfer, my Government is confident that an amicable adjustment can be made. My Government believes, in this connection, that it would be to the advantage of the Government of Iran to allow the American interests concerned an opportunity to present certain general proposals on the subject which they already have in mind.

"My Government therefore urges that prompt steps be taken with a view to postponing the effective date of the transfer of these properties in order that the numerous complex questions involved may be settled in full cooperation with representatives of the American Mission Board."

WELLES

391.1164/90a : Telegram

The Acting Secretary of State to the Chargé in Iran (Engert)

WASHINGTON, August 19, 1939—2 p. m.

37. Following from Presbyterian Board for Muller:²

"We have consulted State Department and for the time being formal representations on behalf of mission will be handled by Legation at Tehran. Please keep in close touch with Engert and communicate with us through the Legation as circumstances may require."

MOORE

391.1164/87 : Telegram

The Chargé in Iran (Engert) to the Secretary of State

TEHRAN, August 20, 1939—1 p. m.
[Received August 20—11:55 a. m.]

85. Department's 36, August 18, 5 p. m. My 80, August 16, noon. Colleges have received second notice that three representatives will begin registration of new students tomorrow.

² Rev. Hugo A. Muller, member of the Presbyterian Mission at Tehran.

Note dated yesterday was this morning handed to the Minister of Foreign Affairs in person. Before reading it he stated that he had brought our conversation of August 14th, see my 79, August 14, 1 p. m., to the attention of the highest authorities and he was happy to inform me that he had been able to obtain a delay of one month. I shall comment further in a subsequent telegram.

May I give copies of the note to my British and French colleagues? They have as yet received no instructions.

ENGERT

391.1164/89 : Telegram

The Chargé in Iran (Engert) to the Secretary of State

TEHRAN, August 20, 1939—10 p. m.

[Received August 20—1:23 p. m.]

86. My 85, August 20, 1 p. m. The Foreign Minister began by saying that he was about to send for me when I called because the Iranian Government did not wish to give the impression that it did not appreciate the services rendered by Americans in the days when Iran was unable to help herself. On the contrary they were most grateful and if they now wished to take over the American institutions it was not in a spirit of hostility but merely as an administrative measure for the unification of their national educational system. He added that even before knowing the contents of my note he would request me to convey these friendly sentiments to the Secretary of State and to say that he had kept his promise and had obtained a month's delay. As he obviously realized his mistake of not saying something conciliatory at our previous interview when he only seemed to reflect the stubborn truculence of his Imperial master I thanked him and readily agreed to convey his message to the Secretary.

I then read the note to him and begged him to give it his most careful consideration. I pointed out that one scholastic year was an extremely fair and reasonable period in which to adjust the manifold problems which would present themselves and that the Government could count on the wholehearted cooperation of the American staffs in avoiding the friction, confusion and unnecessary expense, which were otherwise inevitable. I suggested that inasmuch as the Government's notice of its decision to take over the schools had now been given it really mattered [*did not matter?*] when physical possession took place so long as both parties worked harmoniously toward the same ultimate end.

The Minister replied at once that the thought appealed to him personally very much and that he would see what he could do to give it

practical expression. I therefore feel reasonably hopeful that a satisfactory compromise may now be possible.

ENGERT

391.1164/88 : Telegram

The Chargé in Iran (Engert) to the Secretary of State

TEHRAN, August 21, 1939—2 p. m.
[Received August 21—9:30 a. m.]

87. My 86, August 20, 10 p. m. I take pleasure in informing the Department that the Minister of Foreign Affairs has just telephoned me the Imperial Government accepts our proposal that all institutions continue to operate as before until the end of the coming school year.

ENGERT

391.1164/87½

*Memorandum by the Chief of the Division of Near Eastern Affairs
(Murray) to the Under Secretary of State (Welles)*

[WASHINGTON,] August 21, 1939.

Dr. Ali Akbar Daftary, the Iranian Chargé d'Affaires, called at my home late Friday evening, August 18, at my invitation, to discuss the contemplated expropriation of American college and school properties in Iran. Dr. Daftary had been out of town on leave and returned at my urgent request.

I showed Dr. Daftary the communications we had received from our Legation in Tehran regarding this matter and recited to him the substance of the attached telegraphic instruction no. 36 of August 18, 5 p. m., sent to Mr. Engert.

I told the Chargé d'Affaires that I thought we knew each other well enough by this time for me to speak to him with entire frankness. These American educational institutions had been in Iran for more than a hundred years; they had come into the country at a period when education in the western sense of the word was entirely unknown in Iran; they had educated several generations of Iranians who had risen to power and prominence in the country; above all, they had rendered an unforgettable service to Iran by setting up the first schools that ever existed in the country for the education of women; considering the vital interest which His Majesty has taken in the education and emancipation of women, it was only fair to give full honor and credit to these courageous American citizens who had made

far-reaching strides along that line before Reza Shah was ever heard of in Iran.

All these services had been faithfully and loyally rendered in the interest of the Iranian people and there had never been the slightest breath of criticism directed against any phase of the activities of our institutions. Such being the case, I felt sure that Dr. Daftary would agree with me and I urged him to make it emphatically clear to his Government that the present notification to my fellow countrymen in Iran to evacuate their institutions and homes on a few days' notice could not fail to shock American public opinion deeply and to lead to widespread publicity of the most unfavorable sort. I observed that neither the Chargé nor his Government could be unaware of our total inability to control press comment in a situation of this kind, should it unfortunately become public.

I reminded Dr. Daftary of an earlier conversation which I had had with him when I pointed out that members of the Presbyterian church occupy, in general, in this country positions of standing and prominence and that if Iran desires to be favorably known here, rather than the contrary, it would be distinctly in the Government's interest to create a good impression among the parishioners of that church. Instead of subjecting our people in Iran to such inconsiderate treatment as that now contemplated, which contrasted sharply with the great traditions of courtesy and hospitality that have always been associated with the name of Iran, I said I would have hoped that when the time came for a termination of the century-long activities of my fellow countrymen in Iran the Iranians would come forward and thank the Americans generously for their outstanding services to the country, explain the need for consolidating all educational activities in the hands of the Government and wish them Godspeed.

Dr. Daftary seemed deeply moved by the above presentation of the case and promised to hurry back to the Legation at once and telegraph his Government yet that night.

The happy results of the joint efforts of the Department and the Iranian Legation are evident in Mr. Engert's attached telegram of today.³ When I telephoned the information to Dr. Daftary, he said he had worked until two o'clock in the morning on his telegram and that he had told his Government in all frankness that it was impossible for him to preserve proper relations with the American press if these American nationals and educational institutions were to be treated in the abrupt and discourteous manner at first contemplated.

WALLACE MURRAY

³ *Supra.*

391.1164/87: Telegram

The Acting Secretary of State to the Chargé in Iran (Engert)

WASHINGTON, August 22, 1939—7 p. m.

38. Your 85, August 20, 1 p. m. In view of the completely favorable response of the Iranian Government to our representations, and particularly in view of the desirability of avoiding all publicity in the matter, the Department does not approve of your furnishing your British and French colleagues with a copy of this Government's note to the Iranian Government. Furthermore, in order not to prejudice the success of the forthcoming negotiations between the Mission board and the Iranian authorities, the Department considers it inadvisable for you to reveal, in any conversations you may have on the subject, the arguments used in the note.

WELLES

391.1164/98

Memorandum of Conversation, by the Chief of the Division of Near Eastern Affairs (Murray)

[WASHINGTON,] August 28, 1939.

Dr. Ali Akbar Daftary, Chargé d'Affaires of Iran, called on me Friday, August 25, by appointment, and, acting under instructions from his Government, made the following statement orally to me in connection with the recent decision of the Iranian Government to take over all foreign educational institutions in Iran:

"The decision of the Imperial Government of Iran has been taken only with the idea of unifying the school system in the whole country, and has not been taken only with respect to American schools, but includes all foreign schools, i. e. also the French and English schools.

"The Imperial Government of Iran not only has no complaint about the behavior of the American Mission, but their services in the educational and humanitarian field have been highly appreciated.

"Despite the decision already taken in the matter, in order to comply with the wish expressed by the United States Government, it has been ordered, that the execution of this decision be postponed for one year, i. e. that the Direction of the School during the school year ending in Spring 1319 (1940), remains entirely in the hands of the American Mission so that during this period there would be enough time to take the necessary steps for the transfer of the schools.[""]

Dr. Daftary had the above statement with him only in the Persian original and read it to me in English translation. After he had finished, I asked him whether he had been specifically instructed to convey the communication orally and he replied that he had. At my suggestion, however, he agreed to let me have, informally, a translation of the text, which appears above.

I thanked Dr. Daftary for the courteous remarks of his Government regarding our educational institutions in Iran and reiterated my appreciation of the prompt manner in which the Iranian Government had responded to our request that the execution of the decision of the Government to take over the schools might be postponed until the end of the coming school year, thus affording full opportunity for discussion between the Government and the Mission Board of all questions of every kind relating to the properties and their personnel.

391.1164/88 : Telegram

The Secretary of State to the Chargé in Iran (Engert)

WASHINGTON, September 16, 1939—1 p. m.

42. Your 87, August 21, 2 p. m. In view of the important issues involved and in the light of previous experience, the Department has insistently urged upon the Presbyterian Board the desirability of sending a special representative from the United States at the earliest possible moment to negotiate a settlement with the Iranian authorities. While admitting that many complicated questions would be involved in such a settlement and that the time yet remaining in which to complete negotiations is in fact none too long, the Board states it is unwilling to make a decision in this matter until it has consulted the missionaries in Iran. For your confidential information, the Board has indicated that it is not convinced of the necessity for this "most unusual" step and that it believes a satisfactory settlement can be arrived at by members of the Mission now in Hamadan and Tehran.

Please confer at once with the missionaries and inquire whether, in their opinion, it would not lend prestige to the negotiations and tend to expedite an agreement as to the compensation involved if the negotiations were headed by a responsible representative of the Board especially sent to Iran for the purpose. The Department would be glad to have you telegraph the results of your conference, adding an expression of your own views on the subject.

HULL

391.1164/105 : Telegram

The Chargé in Iran (Engert) to the Secretary of State

TEHRAN, October 9, 1939—8 a. m.
[Received 10:17 a. m.]

114. Shortly after the settlement of the school question last August a rumor reached me from two different sources that the Government's action against the schools had been due to "Soviet intrigue". I considered the rumor too fantastic to merit serious thought but in the

light of subsequent events described in my 103, September 18, 10 a. m. and 112, October 3, 2 p. m.,⁴ I now feel that it cannot be entirely disregarded. It is quite possible that Russia which is not permitted to have any schools in Iran informed the Iranian Government that it would insist on the same rights as other nations. And the Iranian Government rather than risk resumption of poisonous propaganda which has always emanated from Soviet schools, but unable to afford to annoy Moscow, then promised to eliminate also the remaining foreign educational institutions.

Although Iranians are always apt to take shortsighted view of events, they probably realized in this instance that they were on the eve of a renewal of Russian efforts to win Iran—like China—to communism and therefore wanted to prolong breathing space in the hope that the Soviets were only play-acting to frighten the democracies.

ENGERT

391.1164/88 : Telegram

The Secretary of State to the Chargé in Iran (Engert)

WASHINGTON, October 11, 1939—noon.

50. Department's 42, September 16, 1 p. m. Please deliver the following note to the Iranian Government:

"The Government of the United States has noted with satisfaction that the American educational institutions in Iran will continue to operate as before until the end of the present school year. My Government has, moreover, been particularly gratified to learn that the Iranian Government shares the widespread feeling in the United States that the long and disinterested services performed by these institutions have been deserving of the highest appreciation.

In recognition of the importance of the decision taken by the Iranian Government with respect to the transfer of the schools, the American Mission Board has named Dr. J. L. Dodds as its chief representative in the forthcoming negotiations for a settlement. Dr. Dodds is expected to leave the United States for Iran on October 14. In view of the fact that Dr. Dodds has undertaken this long journey especially for the purpose of effecting an amicable agreement as to the details of transfer, my Government hopes that the Iranian authorities will be prepared to commence discussions immediately following his arrival in Tehran, and that the negotiations will proceed in a manner satisfactory to all concerned.

In this connection I am instructed to state that my Government expects that in accordance with recognized principles of international law, provision will be made by the Government of Iran for adequate, effective and prompt payment for the properties taken over. My Government considers it unnecessary to add that it will watch with

⁴ Neither printed.

great interest the steps taken to insure a rapid, fair and equitable settlement, including the method by which the Iranian Government intends to make payment."

When Dr. Dodds arrives in Tehran, you should arrange to present him to the appropriate authorities of the Iranian Government, at the same time recalling the substance of the above communication. The Department does not, of course, desire you to participate in the discussions between the Board representatives and the Iranian officials, unless you are called upon to intervene for some unusual or important reason, but it assumes you will follow closely and report upon all major developments in the negotiations.

HULL

391.1164/108 : Telegram

The Secretary of State to the Chargé in Iran (Engert)

WASHINGTON, October 21, 1939—1 p. m.

57. Department's 50, October 11, noon. You may inform the Iranian Government that Dr. William James Hutchins, President Emeritus of Berea College, has been designated by the Mission Board as one of its representatives in the forthcoming discussions. Both he and Dr. Dodds, who were unable to sail on October 14, expect to leave shortly for Tehran.

HULL

391.1164/116a

The Chief of the Division of Near Eastern Affairs (Murray) to the Chargé in Iran (Engert)

WASHINGTON, October 27, 1939.

DEAR VAN: Our latest information is that Dr. Dodds and Dr. Hutchins are sailing for Iran on the **Export** steamer scheduled to leave New York on October 28, so that they should reach Tehran not long after the receipt of this letter. We are confident, in view of your telegram no. 124 of October 18,⁵ that the Iranian authorities will be prepared to start discussions immediately after the arrival of the Mission Board's representatives and that no time will be lost in getting the negotiations under way.

Your telegram above referred to, however, showed that the missionaries were not keeping the Legation currently informed as to their recommendations and communications to the Board in New York. The conflicting telegrams received by the Board from Tehran as to whether Dr. Dodds' coming was or was not premature, and which led us to request your views by telegraph on October 16,⁵ have

⁵ Not printed.

puzzled both us and the Board and we still do not know the background of this apparent vacillation. I cannot emphasize too strongly in this connection the desirability of the Mission keeping you abreast of all developments in regard to the transfer of the school properties. Without close cooperation between the Mission and the Legation in this respect, complications are bound to ensue which can only prove a hindrance to a final settlement.

This naturally raises the question of the extent to which you should assist the representatives of the Mission in their endeavors to reach an understanding with the Iranian Government. As a rule, it is not the policy of the Department to go out of its way in offering suggestions or advice to American interests abroad in the conduct of their affairs, and if a large American business concern were involved I should say that the rule applied as usual. However, we are fully aware of the inexperience, not to say the diffidence, of the missionaries in carrying out business negotiations with the Iranians, and in particular we realize that the turning over of their educational institutions is the most important problem which they have ever faced in Iran. I believe you would be justified, therefore, in extending to the Mission and its representatives, in their own protection, somewhat more than the ordinary measure of guidance.

I do not, of course, mean to imply that you should put yourself in the position of directing the policy to be pursued in the approaching discussions. You could, however, properly make yourself available for consultation and advice at all stages of the negotiations, and hold yourself in readiness to intervene at once in the missionaries' behalf if the Iranians should show a disposition to take advantage of any weakness on their part. If any problem of unusual difficulty should arise, you could telegraph the Department and we could then seek the views of our legal experts. We should, of course, expect the Mission to keep you informed at all times of the progress made, and I believe that Dr. Dodds and Dr. Hutchins will cooperate to the fullest extent in this respect.

Sincerely yours,

WALLACE MURRAY

391.1164/120 : Telegram

The Chargé in Iran (Engert) to the Secretary of State

TEHRAN, December 11, 1939—4 p. m.

[Received December 11—2:17 p. m.]

163. I called with Dodds, Hutchins and Allen⁷ on the Minister of Foreign Affairs this morning and referred to my note of October 13⁸

⁷ Cady H. Allen, of the Presbyterian Mission at Hamadan, Iran.

⁸ See telegram No. 50, October 11, noon, to the Chargé in Iran, p. 534.

(see my despatch No. 1705).⁹ He was very cordial and seemed impressed by the fact that representations [*representatives*] had been sent all the way from America. He said nothing that would indicate the slightest change in the Government's decision to proceed with the expropriation of the schools.

I shall also introduce the negotiations [*negotiators*] to the Prime Minister and to the Minister of Education.

ENGERT

391.1164/121: Telegram

The Chargé in Iran (Engert) to the Secretary of State

TEHRAN, December 13, 1939—5 p. m.

[Received 6:45 p. m.]

164. Legation's 163, December 11, 4 p. m. In conversation with the Minister of Education this afternoon he said among other things that a commission had been appointed to negotiate regarding value of properties, mode of payment, et cetera, and "any property that might be donated". I stopped him at once and said the American representatives were only authorized to sell and not to give away property and that the money was much needed for similar work in other fields where it was greatly appreciated. The representatives who were present fully endorsed my statement.

ENGERT

391.1164/123: Telegram

The Chargé in Iran (Engert) to the Secretary of State

TEHRAN, December 21, 1939—3 p. m.

[Received December 21—2:45 p. m.]

169. For Murray. Your letter of October 27th just received. Closest possible cooperation has always existed between mission and Legation but there was considerable difference of opinion among the missionaries themselves as to wisdom of sending someone.

Since the arrival of the representatives I am glad I anticipated your suggestions and have taken a slightly more than normal interest in their doings.

ENGERT

⁹ Not printed.

EFFORTS OF THE IRANIAN GOVERNMENT TO SECURE A LOAN IN THE UNITED STATES

891.51/519

Memorandum of Conversation, by the Chief of the Division of Near Eastern Affairs (Murray)

[WASHINGTON,] September 25, 1939.

The Iranian Chargé d'Affaires¹⁰ came to see me at my home yesterday evening to say that he had received an urgent telegram from his Government directing him to approach this Government immediately with a view to ascertaining whether the Iranian Government would be able to obtain a loan of fifteen million dollars in this country and, if so, what security would be required.

I expressed my surprise at this unusual action of the Iranian Government and inquired of the Chargé how he would explain it. He said he had no information but that he supposed it resulted from the difficult situation now facing Iran as a result of the outbreak of hostilities in Europe. In particular, he referred to the clearing agreement between Germany and Iran which had suddenly become inoperative as a result of the war.

I pointed out to the Chargé that there could of course be no question of a loan by this Government to the Government of Iran in the absence of specific authorization by Congress, which was highly unlikely. Assuming, therefore, that if any loan were obtainable in this country it would necessarily be a private one, I asked him whether the rather substantial oil royalties accruing each year to the Iranian Government from the Anglo-Iranian Oil Company's operations in South Iran would be available as security for any loan that might be floated in this country. Dr. Daftary stated that he assumed that such was the case. I reminded him, in this connection, that the British Government had raised objection about fifteen years ago to the utilization of the oil royalties as security for a loan which Iran was seeking at that time in connection with the granting of an oil concession to an American company.¹¹ The Chargé replied that, while England might have endeavored to deny Iran the right to use its oil royalties as it saw fit in 1924, during the capitulatory days, it was inconceivable that she would dare to raise objection today in view of the entirely changed situation in Iran due to the far-reaching reforms accomplished by His Majesty since he came to the throne.

I told the Chargé that we would look into the matter and talk with him further within the next few days.

¹⁰ Ali Akbar Daftary.

¹¹ See *Foreign Relations*, 1924, vol. II, pp. 539 ff.

891.51/520

Memorandum of Conversation, by the Chief of the Division of Near Eastern Affairs (Murray)

[WASHINGTON,] September 27, 1939.

In view of the attitude of the Treasury with regard to the desire of the Iranian Government to obtain a loan of fifteen million dollars in the United States, as set forth in Mr. Livesey's¹² attached memorandum,¹³ I spoke this morning by telephone with Mr. Warren Pierson, President of the Export-Import Bank, and arranged for him to receive Dr. Daftary, the Iranian Chargé d'Affaires tomorrow at eleven o'clock to discuss the matter.

Mr. Pierson told me in confidence, that, regardless of other considerations, his bank simply did not have the funds to make available any such sum to American exporters to Iran at the present time. He told me that the one hundred million dollars authorized by Congress had already been exceeded by twenty million dollars. He also added that he felt sure his directors would vigorously oppose any commitment in that part of the world at this time, in view of the grave uncertainties of the political situation. He would, however, be glad to discuss the matter with the Iranian Chargé d'Affaires and find out what his Government had in mind.

891.51/522

Memorandum of Conversation, by the Chief of the Division of Near Eastern Affairs (Murray)

[WASHINGTON,] September 28, 1939.

With reference to my memorandum of September 27 on the above subject, Mr. Warren Lee Pierson, President of the Export-Import Bank, called me by telephone this morning to report the outcome of his conversation with the Iranian Chargé d'Affaires.

Mr. Pierson said he told Dr. Daftary quite frankly that, entirely aside from other considerations, the Bank had no money available at the present time for any loans, but that even if funds were available he had serious doubts that his trustees would consider any commitments in Iran at a time like this. In order, however, not to let the Chargé down too abruptly Mr. Pierson said he informed Dr. Daftary that he would discuss the matter further with his trustees and see what it might be possible to work out at a later time, perhaps around next January. To this Dr. Daftary replied that his Government could not wait that long since the Shah wanted the money at once.

¹² Frederick Livesey, Assistant Adviser on International Economic Affairs.

¹³ Not printed.

I was not surprised to be informed by Mr. Pierson that Dr. Daftary was wholly without the necessary information as to what, if any, purchases the Iranian Government would intend to make in this country with the funds realized from any eventual loan. It appears that Dr. Daftary informed Mr. Pierson that he had no information on that subject and that he assumed his Government would wish to be entirely free to dispose of the money as it might see fit.

As a result of the above developments Dr. Daftary came to see me this morning and we arranged for him to call upon an official of the Securities and Exchange Commission tomorrow morning with a view to obtaining information as to private banks which have within recent years floated foreign loans. Our purpose in making this suggestion was in order to enable Dr. Daftary to establish direct contact with any banks that might wish to consider his Government's proposal. In this connection I may say that according to Mr. Pierson's view it is highly unlikely that any bank would consider for a moment making a loan to the Iranian Government today in view of the sorry experiences of banks with their previous loans of the 1920's.

Dr. Daftary seemed very much disappointed that the Department was not able to pave the way for his discussions with private banks regarding the loan and that we did not look with favor upon his request for a "letter of recommendation." He mentioned the possibility of speaking to Dr. Millspaugh¹⁴ about the matter, but dropped the idea because he said he was not aware of whether Dr. Millspaugh was in the good graces of the Shah at the present time! Mr. Morgan Shuster's¹⁵ name was then suggested, but Dr. Daftary seemed unimpressed when he was informed that Mr. Shuster is at present in the publishing business.

All in all the developments of the day do not present a very promising outlook for the Iranian hopes of obtaining a loan in this country in short order.

891.51/521

Memorandum of Conversation, by the Assistant Chief of the Division of Near Eastern Affairs (Alling)

[WASHINGTON,] October 4, 1939.

Participants: Dr. Daftary
Mr. Murray
Mr. Alling

The Iranian Chargé d'Affaires called again today to discuss the question of the loan of \$15,000,000 which his Government desired to

¹⁴ Arthur C. Millspaugh, formerly Administrator General of the Finances of Persia, 1922-27. See *Foreign Relations*, 1927, vol. III, pp. 523 ff.

¹⁵ Financial Adviser to the Persian Government, 1911. See *Foreign Relations*, 1911, pp. 679 ff.

obtain in the United States. Dr. Daftary stated that he had now received a letter from Mr. Warren Pierson, President of the Export-Import Bank, saying that the Bank would be unable to consider the possibility of extending credits to American exporters on shipments to Iran inasmuch as no funds were available at the present time. Dr. Daftary added that he was greatly discouraged at the prospects since his recent trip to New York had shown him that it would be impossible to obtain a loan through private banking channels.

Mr. Murray inquired what steps Dr. Daftary had taken in New York and the Chargé replied that he had called on Mr. Morgan Shuster who had told him that it would be out of the question for Iran to obtain a loan in New York under existing conditions. Mr. Shuster agreed, however, to communicate with some of his banking friends with a view to confirming his opinion. He had made such contacts and the result was as anticipated; that is, all consulted agreed that an Iranian loan was impossible. Dr. Daftary then consulted Dr. Leland Rex Robinson, a financial expert, lecturer at Columbia University and an old friend of Iran. Dr. Robinson fully confirmed the information which Dr. Daftary had obtained from Mr. Shuster. In the circumstances Dr. Daftary said that he thought it undesirable to approach any bankers since he knew in advance what answer he would receive and since he did not wish to have it known that his Government was seeking a loan in this market.

Dr. Daftary then inquired whether the Department could not assist him further by asking the Office of the International Economic Adviser to give him advice. Mr. Murray replied that the Department could not, of course, assist foreign governments in obtaining loans in this country, that the Economic Adviser had already been consulted, as a result of which the Iranian proposal had been laid before the Treasury and the Export-Import Bank, neither of which was in a position to be of service. Mr. Murray added that Dr. Daftary's own investigations in New York must have convinced him of the futility of obtaining a loan through private channels and that there seemed to be nothing further that he could do except to report the facts to his Government. Dr. Daftary reluctantly accepted this conclusion.

891.51/524 : Telegram

The Chargé in Iran (Engert) to the Secretary of State

TEHRAN, November 24, 1939—9 a. m.

[Received 1:40 p. m.]

149. Legation's 143, November 15, 11 a. m.¹⁶ The Minister for Foreign Affairs said to me last night that the British reprisals would

¹⁶ Not printed.

hit Iran very hard as Germany owed Iran large sums in goods which were either en route or about to be shipped. He realized of course that some inconvenience and even privations were inevitable in war time but he hoped Iran's legitimate needs and interests would be respected and that her right to commercial intercourse with Germany would be recognized.

The Minister then said the United States were now in a very favorable position to expand their business in Iran but that as Iranian exports to America could not of course be suddenly greatly increased available foreign exchange would soon be exhausted by purchases of heavy machinery, rails, planes, et cetera. He therefore thought it would be to the interest of both countries if a loan or credit could be arranged. As I had just received the Department's mail instructions numbers 468 and 70¹⁷ I told him we could hold out little hope for the present. He expressed disappointment and said that as Great Britain naturally wanted to maintain her own exports at the highest possible level, credit agreements could perhaps be made in London especially if Britain showed willingness to take more Iranian products.

ENGERT

891.51/525 : Telegram

The Chargé in Iran (Engert) to the Secretary of State

TEHRAN, December 6, 1939—3 p. m.

[Received 10: 15 p. m.]

155. Legation's 149, November 24, 9 a. m. Minister of Finance now states that the Iranian Government is seeking a loan of 40 or 50 million dollars in the United States and he requests the Department's assistance. Loan is to be authorized by Medjliss and guaranteed by oil royalties. Amortization to take place within 10 years. About half of the loan to be spent in the United States on the basis of competitive bids for rails, locomotives and other rolling stock, airplanes and military supplies.

ENGERT

891.51/525 : Telegram

The Secretary of State to the Chargé in Iran (Engert)

WASHINGTON, December 18, 1939—4 p. m.

67. Your 155, December 6, 3 p. m. As you were informed through the Department's instructions 467, 468 and 470,¹⁸ the competent agen-

¹⁷ Neither printed. These instructions transmitted copies of memoranda of September 28 and October 4, respectively (pp. 539 and 540).

¹⁸ None printed.

cies of this Government, after carefully considering the Iranian Chargé's inquiries last September as to possibility of obtaining a \$15,000,000 loan, did not find it in their competence to make such a loan; nor have they the available funds. The Iranian Government, of course, enjoys free access to unofficial sources of credit in this country but the attitude of the latter depends on their own judgment of financial conditions. The Department is informing the appropriate agencies of this Government of the contents of your telegram under acknowledgment for their further consideration.

HULL

ASSURANCE BY IRAN THAT FOREIGN EXCHANGE WOULD BE
PROVIDED FOR THE PAYMENT OF AMERICAN CREDITORS

891.5151/195

The Chargé in Iran (Engert) to the Secretary of State

No. 1677

TEHRAN, September 11, 1939.
[Received October 19.]

SIR: In confirmation of the Legation's telegram No. 101, September 8, 10 a. m.¹⁹ I have the honor to transmit herewith the translation of *Note Verbale* No. 25885/3248 dated September 4, 1939, in which the Iranian Ministry of Foreign Affairs informs the Legation that Iranian debtors will be authorized to purchase the necessary foreign exchange for the purpose of satisfying their American creditors. This is to be done by means of their procuring export certificates of third class merchandise to the value of their indebtedness. These certificates will then be submitted to the Exchange Commission which, in turn, will issue the necessary permits for the purchase of the corresponding exchange.

The Department will recall that these blocked accounts are due to American firms for merchandise sold and shipped to Iranian importers before March 1, 1936, i. e. before the present Iranian Exchange Law went into effect, and are payable in dollars.

On several occasions in 1938 and in the early part of 1939, the Legation, in cooperation with the Consulate, discussed the problem with the appropriate officials of the Iranian Ministry of Foreign Affairs and of the Ministry of Finance. But when apparently nothing could be obtained except vague promises that the matter would be studied, I decided to write a formal note to the Foreign Office in which were set forth the pertinent facts and stated that it would be greatly appreciated if the question were to be referred to the competent authorities and the Legation were informed of the probable date when payments would be permitted.

¹⁹ Not printed.

This note was sent on April 5, 1939, and although I repeatedly mentioned its contents to the Minister of Foreign Affairs and to other officials of the Foreign Office I was unable to obtain a reply. On August 6, 1939, I therefore sent another note to the Foreign Office in which I pointed out that four months had elapsed since my last note and requested that an answer be expedited.

It is to this reminder (No. 892, August 6, 1939) that, after a delay of another month, the Ministry of Foreign Affairs finally replied by the attached Note of September 4, 1939.

The only difficulty—apart from further delay—which I now anticipate is that the Iranian debtors, who will have to purchase dollars at the unofficial rate (which is over 100% higher than the official one) will plead inability to do so because the merchandise was, of course, long ago sold at prices based on an exchange rate of about Rls. 16.00 to the dollar which prevailed in March 1936. However, considering the tangled muddle in which the entire Iranian exchange situation finds itself—especially since the outbreak of hostilities in Europe—it will be impossible to foresee the effect of the decision of the Government until a concrete case presents itself.

Respectfully yours,

C. VAN H. ENGERT

[Enclosure—Translation]

The Iranian Ministry for Foreign Affairs to the American Legation

No. 25885/3248

TEHRAN, September 4, 1939.

NOTE VERBALE

The Imperial Ministry of Foreign Affairs presents its compliments to the Legation of the United States of America and in reply to Note No. 892 dated August 6, 1939, requesting action in connection with the issuance of permits for the purchase of exchange by Iranian merchants owing money to American merchants, has the honor to state that in order to pay the claims of American merchants against Iranian merchants the debtors will be authorized to procure certificates of third class merchandise equivalent to the amount of their debts and submit them to the Exchange Commission, together with the pertinent evidence, so that permits for the purchase of exchange may be issued after investigation and establishment of the debt.

(Seal of the Ministry of Foreign Affairs)

IRAQ

REPRESENTATIONS BY THE UNITED STATES AGAINST PROPOSED IRAQI LEGISLATION AFFECTING FOREIGN SCHOOLS IN IRAQ

890G.42/35

*The Minister Resident in Iraq (Knabenshue) to the Secretary
of State*

No. 1347

BAGHDAD, August 5, 1939.
[Received August 22.]

SIR: I have the honor to report as follows regarding a new educational law which the Iraqi Government is about to enact and which, if passed in its present form, would be prejudicial to American and other foreign schools.

A few weeks ago the local press published brief items announcing that the Ministry of Education was preparing a new education law, mentioning briefly some of the provisions thereof for the control of foreign schools. Inasmuch as it was evident that a new law such as proposed would be very damaging to foreign schools, in Iraq, I decided to consult with M. Lescuyer, my French colleague, in the matter. Aside from a large number of Iranian schools, the only other foreign schools in Iraq are French and American. M. Lescuyer and I decided to take parallel action with the Ministry for Foreign Affairs. Consequently, on June 15 I called on the Foreign Minister and handed him a copy in Arabic of the enclosed copy¹ of an article published in the *Al-Bilad* on Tuesday, May 23, 1939, regarding the alleged new educational law, remarking that a law containing the provisions such as reported would hardly seem consistent with our treaty rights and particularly with Article 15 of Iraq's Declaration to the League of Nations of May 30, 1932.² His Excellency said that he knew nothing about the matter and that as far as he knew the Ministry for Foreign Affairs had not been consulted, but that he would immediately make inquiries at the Ministry of Education. I suggested to His Excellency that if some such new law were in process of formulation I hoped he would be good enough to let me see the draft of it before it would be passed to the Council of Ministers, explaining that if it should contain any clauses which might seem to

¹ Not printed.

² For text of Declaration, see League of Nations document No. A.17.1932.VII: *Request of the Kingdom of Iraq for Admission to the League of Nations*, p. 3.

be in conflict with the privileges of foreign schools as guaranteed by treaty rights and Iraq's Declaration to the League of Nations, we might be able in consultation to reconcile such differences before the draft would be presented to the Council of Ministers. His Excellency very kindly agreed to do this.

Some days ago Mr. MacDougall, the British Legal Advisor to the Ministry for Foreign Affairs, first hinted to me and then spoke frankly about the proposed new educational law which had been submitted to him for examination. From our conversation it was evident that it was his intention to endeavour to cause the law to be redrafted so that it would not violate treaty rights and Iraq's Declaration to the League of Nations.

It would seem that Mr. MacDougall was not successful in his efforts, for on August 1 the local press published the alleged text of the new law (a copy of which is enclosed ³) with a statement to the effect that the law would be presented to Parliament for approval before the close of the present session. After consultation with the Reverend Francis B. Serjeant, S. J., Principal of the American Jesuit school known as the Baghdad College, and with M. Valadier, the French Chargé d'Affaires ad interim, I despatched a note to the Ministry for Foreign Affairs, a copy of which is enclosed herewith. I am also enclosing a copy of a note with translation sent by the French Legation to the Ministry for Foreign Affairs in the same connection.³ I am also enclosing a copy of a memorandum prepared at my request by Father Serjeant³ analysing the proposed law and commenting upon the effect of its application to American schools, and showing also in what respects it is a contravention of American treaty rights and Article 15 of Iraq's Declaration to the League of Nations.

In view of the serious difficulties with which the American schools would be confronted were such a law to be hastily enacted by the Iraqi Parliament, I took advantage of the occasion of the Prime Minister's dining with me last night to mention the matter to him and to ask that he be good enough to hold the law over until the next session of Parliament in October (the present Parliament is expected to adjourn within a few days) in order that the representations which I propose to make in the matter might be given due consideration before enactment of the proposed new law. General Nuri very kindly promised to do so and assured me that no action would be taken until after the opening of the next session of Parliament.

The only specific comment that General Nuri made to me in connection with the proposed law was that the article providing for the

³ Not printed.

prohibition of Iraqi subjects to attend foreign primary schools was directed essentially against the Iranian schools and that he agreed to the inclusion of the article in this form because he seemed to be under the impression that the American Missions in Iraq were conducting only secondary schools here. In this respect General Nuri has been misinformed, for Primary schools as well as Secondary schools are conducted both by Dr. John Van Ess in Basrah and by Dr. Staudt in Baghdad.

I am asking both Dr. Van Ess and Dr. Staudt to furnish me with memoranda giving their comments regarding the effect of the application of the proposed law to their schools and when received these memoranda will be sent to the Department.

I would like to draw the Department's attention to the fact that while in my note to the Ministry for Foreign Affairs I have referred to the Convention and Protocol between the United States, Great Britain, and Iraq, signed at London on June [January] 9, 1930,⁴ and to the exchange of notes of the same date between the Minister of Iraq and the American Ambassador at London,⁵ the question might be raised as to whether the provisions thereof are now applicable in the case now at issue. According to Article 7 of the Convention cited it might be held that pending the conclusion of new agreements, American nationals are entitled only to Most Favored Nation treatment and that the rights specifically provided for in the Convention in respect to American schools are superseded by and rest exclusively in the rights granted under Article 15 of Iraq's Declaration to the League of Nations of May 30, 1932. This is of course a debatable point but one which might be raised and which should be considered by the Department.

I would also like to draw the Department's attention to the fact that in some respects Article 15 of Iraq's Declaration to the League of Nations is more favorable to foreign schools than is Article 4 of the Convention with the United States, for the former does not contain the specification indicated in capital letters⁶ in the following quotation from Article 4 of the Convention:

"Subject to the provisions of any local laws for the maintenance of public order and public morals, *and to any other⁷ general educational requirements prescribed by law in Iraq* the nationals of the United States will be permitted freely to establish and maintain educational, philanthropic, and religious institutions in Iraq, to receive voluntary applicants, and to teach in the English language."

⁴ *Foreign Relations*, 1930, vol. III, p. 302.

⁵ *Ibid.*, pp. 307-308.

⁶ Printed in italics.

⁷ The word "other" does not appear in the text of the convention.

Article 15 of Iraq's Declaration to the League of Nations merely states as follows:

"Subject to such measures as may be essential for the maintenance of public order and morality, Iraq undertakes to ensure and guarantee throughout its territory freedom of conscience and worship and the free exercise of the religious, educational, and medical activities of religious missions of all denominations, whatever the nationality of those missions or of their members."

Even if it were accepted that rights under the Convention have been superseded by Article 15 of Iraq's Declaration to the League of Nations, it would seem that the Iraqi Minister's note of January 9, 1930, to the American Ambassador at London clarifying Article 2 of the Protocol might still properly be invoked.

In the circumstances I respectfully ask that the Department instruct me in respect to the nature and form of the representations which it desires me to make to the Iraq Government in this matter and that such instructions reach me as early as possible before the opening of the Iraqi Parliament on October 7.

Respectfully yours,

P. KNABENSHUE

[Enclosure]

The American Legation to the Iraqi Ministry for Foreign Affairs
No. 668

The Legation of the United States of America presents its compliments to the Ministry for Foreign Affairs and has the honor to draw the attention of the Ministry to the fact that Baghdad newspapers have published what is alleged to be a proposed new Public Education law which, it is said, will be submitted to Parliament for approval during its present session.

In view of the fact that several provisions of the proposed law, as published in the newspapers, would appear to be prejudicial to American educational institutions in Iraq and contrary to the privileges which they enjoy under the Convention and Protocol between the United States, Great Britain, and Iraq, signed at London on January 9, 1930, and by the exchange of notes of the same date between the Minister of Iraq and the American Ambassador at London, and as guaranteed also by the Declaration of the Kingdom of Iraq to the League of Nations on May 30, 1932, the American Legation hastens to ask the Ministry for Foreign Affairs to be good enough to inform it whether in fact such a proposed law is actually to be presented to Parliament for approval.

The Legation avails itself of this opportunity to renew to the Ministry the assurances of its highest consideration.

BAGHDAD, August 4, 1939.

890G.42/37

The Chargé in Iraq (Mattison) to the Secretary of State

No. 1357

BAGHDAD, August 22, 1939.

[Received September 21.]

SIR: I have the honor to refer to this office's despatch no. 1347 of August 5, 1939, giving information with regard to the proposed new Educational Law for Iraq, and to report on developments which have occurred since forwarding the above-mentioned despatch.

On August 7 I called at the British Embassy at the request of Captain Holt, the Oriental Secretary, and discussed the situation with him. I outlined for his information the steps which the Legation had taken, as he was then preparing a memorandum for the Ambassador on the subject. He was quite frank in stating that, in his opinion, the only grounds which we had for protest was Iraq's Declaration to the League of Nations of May 30, 1932, and that he did not believe that a protest on this basis would prove very effective, because of the objections which Iraq had originally made to including educational institutions in this Declaration. I pointed out the serious effect which the law, if enacted, would have on American educational institutions in Iraq and stated that I hoped that the British Embassy would see its way clear to taking some action in regard to this matter. The fact remains, however, that the British interest in educational institutions in this country is slight, and it would not be surprising if their actions parallel their interests.

The Legation has received a letter from Dr. John Van Ess, of the American Mission at Basrah, in which he states his objection to the proposed law. A copy of this communication is enclosed.^s Dr. Van Ess was also kind enough to furnish the Legation with a copy of a letter which he addressed to the Prime Minister, which is also enclosed herewith.^s

The Ministry for Foreign Affairs has now replied to the Legation's note no. 668 of August 4, 1939 in which inquiries were made with regard to the proposed law. A translation of the Ministry's reply is attached. From the tone and content of the note it would not seem that the Iraqi Government is as yet officially prepared to make any changes in the law.

^s Not printed.

As of possible interest to the Department there is also enclosed a translation^{*} of an editorial which appeared in *Al-Istiqlal* of August 6, 1939. The next to the last paragraph of this editorial is regarded as being particularly pertinent, as it perhaps gives an insight into the real purpose of the law.

Respectfully yours,

GORDON H. MATTISON

[Enclosure—Translation]

The Iraqi Ministry for Foreign Affairs to the American Legation

No. 12/11117/11875/gh

BAGHDAD, August 12, 1939.

The Ministry for Foreign Affairs presents its compliments to the American Legation at Baghdad and with reference to the Legation's note no. 668 of August 4, 1939, has the honor to state that what was published in the local press was nothing but a draft law submitted to Parliament for examination and that the decision thereon has been postponed until the next session. The bill under discussion has been drafted for the purpose of organizing cultural and educational affairs and is not intended to prejudice any foreign cultural institution in Iraq the aim of which is, undoubtedly, sincere service to the sons of the country within the existing laws.

The Ministry avails itself of this opportunity to express the assurance of its highest consideration and respect.

890G.42/35

The Secretary of State to the Minister Resident in Iraq (Knabenshue)

No. 389

WASHINGTON, September 14, 1939.

SIR: The Department has read with interest your despatch no. 1347 of August 5, 1939, reporting the pertinent provisions of a proposed new educational law which would be prejudicial to our schools in Iraq if enacted in its present form.

The Department commends your alertness and timely action in obtaining a postponement of this proposed legislation in order that consideration may be given to the views of those who would be affected by its restrictive terms.

All provisions of the Convention and Protocol of January 9, 1930, between the United States of America and Great Britain and Iraq, with the exception of Article 7, terminated on October 3, 1932, the

^{*} Not printed.

date on which Iraq was admitted to the League of Nations. The basis for the protection of American interests in Iraq now rests upon most-favored-nation treatment as provided in Article 7 of the Convention above mentioned. Whether or not there appears to be any technical discrimination in the proposed law itself, upon the basis of which, if enacted, representations might be made, it may be remarked that the ambiguity of some of the provisions of the proposed law, that may depend for their interpretation and application upon administrative action, hold the possibility of discrimination in practice that might call for representations. Furthermore, the proposed law appears to be contrary to both the letter and spirit of Iraq's Declaration of May 30, 1932, to the League of Nations, upon the basis of which Iraq was recognized as an independent nation. That declaration established a standard of treatment applicable to all nations from which Iraq cannot depart by unilateral action. The guarantees of that declaration may very properly be invoked as a basis for most-favored-nation treatment under Article 7 of our convention with Iraq in any representations you may make in behalf of American institutions in Iraq. This Government cannot, of course, admit that American interests may be treated less favorably than those of members of the League of Nations.

It is the Department's desire that you continue to impress upon the Iraq Government its responsibilities in this respect. You may also continue to keep in touch with such of your colleagues as to you may seem advisable in this connection. You will, of course, realize the undesirability of associating yourself so closely with the redrafting of the proposed law as to appear to assume any responsibility for any of its provisions as finally enacted. It is to be hoped, however, that any new legislation will be in harmony with the spirit of Iraq's Declaration of May 30, 1932, and that there will be no abridgment of the long established prerogatives of our educational institutions in Iraq.

The Department will await with interest your further reports on developments.

Very truly yours,

For the Secretary of State:
R. WALTON MOORE

890G.42/40

The Minister Resident in Iraq (Knabenshue) to the Secretary of State

No. 1427

BAGHDAD, November 2, 1939.
[Received December 1.]

SIR: I have the honor to refer to my despatch no. 1347 of August 5, 1939, reporting in respect to the proposed new Education Law which as stated would be prejudicial to American schools in Iraq, and to

the Department's instruction in response thereto, no. 389 of September 14, 1939. I now have the honor to report that, upon the receipt of the Department's instruction, I addressed another note to the Ministry for Foreign Affairs, a copy of which is enclosed herewith. I have not yet received a reply to this note.

I may inform the Department that I had recently discussed the situation with Sir Basil Newton, the British Ambassador, and suggested that although there were at present no British schools in Iraq, he might consider it desirable to support the representations made by this Legation and the French Legation, inasmuch as the proposed new legislation was directed against foreigners in general, and any successful encroachments against established foreign interests here might provide a precedent for or develop further encroachments in other respects. The Ambassador expressed agreement with my point of view. Yesterday he called upon me to say that he had referred this matter to London and had received authority to give full support to our Legation's representations and he said that it was his intention to take the matter up personally with the Minister for Foreign Affairs and inform him that it was his Government's opinion that the Iraqi Government should refrain from enacting an educational law which would be contrary either in letter or spirit to Iraq's Declaration to the League of Nations of May 30, 1932. I therefore feel hopeful that, with the support of the British Embassy, acting under instructions from London, the proposed law will be so amended as to eliminate at least its most objectionable features.

I will keep the Department informed of further developments.

Respectfully yours,

P. KNABENSHUE

[Enclosure]

The American Legation to the Iraqi Ministry for Foreign Affairs
No. 696

The Legation of the United States of America presents its compliments to the Ministry for Foreign Affairs and has the honor to refer to the Legation's note no. 668 of August 4, 1939, and to the Ministry's note in reply no. 12/11117/11875/gh of August 12, 1939, concerning the proposed new Public Education Law.

The Ministry was good enough to inform the Legation that what had appeared in the local press was nothing but a draft law submitted to Parliament for examination and that the decision thereon had been postponed until the next session.

The Legation was pleased to learn from the Ministry that the bill under discussion had been drafted for the purpose of organizing cultural and educational affairs and is not intended to prejudice any

foreign cultural institutions in Iraq, the aim of which is undoubtedly sincere service to the sons of the country within the existing laws.

The Legation desires to remark that, whether or not there be any technical discriminations in the proposed law itself, or other provisions which might be liable to prejudice American educational interests in Iraq, the ambiguity of some of the provisions of the proposed law, that may depend for their interpretations and application upon administrative action, holds the possibility of prejudice and discrimination in practice. Furthermore, the draft of the proposed law, as published by the press, would appear to contain provisions contrary to both the letter and spirit of Iraq's Declaration of May 30, 1932, to the League of Nations. The Legation feels sure that the Ministry will agree that that Declaration established a standard of treatment applicable to all nations from which Iraq would not desire to depart by unilateral action.

It is therefore hoped that any new legislation on this subject will be in harmony with the spirit of Iraq's Declaration of May 30, 1932, and that there will be no abridgement of the long-established prerogatives of American educational institutions in Iraq.

The Legation avails itself, etc.

BAGHDAD, October 16, 1939.

890G.42/37 : Telegram

The Secretary of State to the Minister Resident in Iraq (Knabenshue)

WASHINGTON, November 9, 1939—1 p. m.

39. Your despatch 1357, August 22 and Department's instruction 389, September 14. Telegraph brief report of status of proposed educational law and indicate what further action, if any, has been taken by your British and French colleagues.

Trustees of Baghdad College, who have invested about \$250,000 in the institution, are particularly concerned at some of the provisions of the law, such as Article 32, and are fearful that their investment, which was encouraged by Iraqi authorities, may be seriously jeopardized.

HULL

890G.42/38 : Telegram

The Minister Resident in Iraq (Knabenshue) to the Secretary of State

BAGHDAD, November 10, 1939—7 p. m.

[Received November 10—9:45 a. m.]

72. Referring to the Department's telegram number 39, November 9, 1 p. m. The present status of proposed education law was reported

in my despatch No. 1427 dated November 2, sent by pouch on that date to the following effect: I sent a note to the Ministry of Foreign Affairs on October 16 in the sense suggested in the Department's instruction September 14. In the meantime the British Ambassador acting upon instructions from London is giving full support to my representations. I am, therefore, hopeful of a reasonably satisfactory solution.

KNABENSHUE

KENYA AND TANGANYIKA

[For correspondence on representations regarding British import and exchange restrictions in Kenya Colony and the mandated territory of Tanganyika in violation of American treaty rights, see volume II, under United Kingdom.]

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LIBERIA

INTEREST OF THE UNITED STATES IN THE DEFENSE AND SECURITY OF LIBERIA; ASSURANCES BY FRANCE AND THE UNITED KINGDOM OF AID TO LIBERIA IN CASE OF ATTACK¹

882.20/431

The Minister in Liberia (Walton) to the Secretary of State

No. 251

MONROVIA, January 3, 1939.

[Received January 27.]

SIR: I have the honor to make the following observations:

At so momentous a period in international relationships, Liberia's strategic geographical position on the West Coast of Africa invests it with added importance politically and economically. The contributory factors to this metamorphosis have been: (1) A narrowing world due, in the main, to the remarkable development of aerial transportation and aerial communication; (2) revolutionary social changes in Europe and Asia; (3) the aggressive challenging of the *status quo* in the Mediterranean; (4) the promotion of more mutual inter-American relations; (5) envisagement of Liberia as a fertile field for the exploitation in the areas of trade, agriculture and mineralogy.

In regard to its geography Liberia is the halfway point on the west African Coast. Liberia is situated midway between Europe and South America. Liberia is situated approximately midway between Europe and South Africa.

Taking into account the Machiavellian international policy so vigorously pursued nowadays by autocratic powers, it is obvious that distance, even when measured in terms of thousands of miles, does not preclude the United States from finding it imperative to give immediate attention to political and economic considerations which may inevitably have a direct bearing on its future welfare.

It is no cry of the alarmist to assert that for any totalitarian state to gain a strong foothold on the West Coast of Africa would undoubtedly menace the good neighbor policy of the United States in South America; and that the establishment of an airplane base, a naval base, a radio or a cable station by either Germany or Italy, particularly Germany, would prove detrimental to Pan-America and its ideologies.

¹For previous correspondence regarding proposals for guaranteeing the political and territorial integrity of Liberia, see *Foreign Relations*, 1938, vol. II, pp. 836 ff.

The esteem in which Germany holds Liberia as a strategic point of communication between Europe and South America was clearly indicated shortly before the World War. In 1911, toward the close of President Arthur Barclay's administration, the Liberian Government granted a Dutch company a cable concession which was subsequently sold to a German concern, commonly known as the German-South American Cable Company. In 1912, at the beginning of President Howard's administration, the company opened a cable station at Monrovia. As many as forty German employees were quartered in the company's local community house. Liberians were regularly employed. Seven men worked on each shift. The station was operated throughout the day and night.

Monrovia was in constant touch with Pernambuco, the South American station; also Emden, Germany, Teneriffe, Canary Islands; Lome, Togoland, and Duala, Cameroons. During the World War when Liberia joined the Allies, the German cable station was forced to close. In retaliation, a German submarine bombarded the French cable station at the Liberian capital.

Italy's rise to a dominant and aggressively articulate role in the Mediterranean has evoked misgivings as to the future availability of the Suez Canal at all times for shipping. The United States enjoys a large, profitable export trade with South Africa. If the Suez Canal were blockaded there would remain the sea route to South Africa via the West African Coast. That is, if the democracies do not permit a *fait accompli* by totalitarian states in the political penetration of the Canary Islands, or some point of vantage on the West Coast of Africa.

So interrelated are the economic and political issues involved which have cast Liberia in a principal role in this drama of "Preparedness in Africa," (which should mean so much to the economic progress and political security of both the United States and the African republic) that one issue cannot be seriously considered without the other.

With the development of American overseas trade with Africa, our merchant ships, in the event of war, would need protection. Liberia is the logical port in this region for a naval base to safeguard our sea lanes.

Apart from the utilization of Monrovia as a naval base, an airplane base or a base for aerial communication, it should be an ideal location for the storage of cargo consigned for transshipment either northward or southward. To American shipping, Monrovia might gradually assume a maritime status similar to that of Dakar to French shipping, or that of Freetown, Accra and Lagos to British shipping.

Because it was founded under the aegis of the American Colonization Society, with the active cooperation of the Federal Government, Liberia has been regarded more or less by Americans as a sentimental

attachment. In the light of the incredible occurrences transpiring today in the field of internationalism, it would appear that the future political and economic interests of both Liberia and the United States can more effectively be served by Americans combining traditional sentiment with a more realistic appreciation for Liberia's wealth of potentialities.^{1a}

Respectfully yours,

LESTER A. WALTON

882.20/432 : Telegram

The Minister in Liberia (Walton) to the Secretary of State

MONROVIA, March 15, 1939—3 p. m.

[Received March 15—2:05 p. m.]

14. In an *aide-mémoire* handed me by Secretary of State with respect to previous conversations between President and the American Minister anent conflicting claims in the colonial sphere, reference is made to the visit on Secretary of State by the French Chargé d'Affaires who during an informal discussion spoke of an alliance between France and Great Britain in the event of war over their West African possessions, and inquired what would be Liberia's actual military defense if attacked by Germany. The French representative informally suggested that Liberia, through the United States, secure from French and British assurances of necessary defensive assistance.

The Liberian Government feels justified in its apprehension because of threatening war clouds, insistent demands by European powers for a repartitioning of Africa and other disturbing factors, and would welcome the establishment by the United States of air and naval bases within its borders. It is cognizant of large scale precautionary measures which the British have undertaken in Sierra Leone.

The Liberian Government would appreciate any suggestion the United States Government may deem proper to give as to the advisable course to follow in the circumstances.

WALTON

^{1a} A memorandum attached to this despatch in the files reads as follows:

"Comment made by Division of Near Eastern Affairs on March 2, 1939, on despatch no. 251, January 3, 1939, received from the American Legation at Monrovia:

"Your observations have been noted by the Secretary and the Under Secretary, as well as by other officers of the Department, and are being brought to the attention of the Navy, as of possible interest to it. We assume, of course, that you would not have offered these suggestions, however tentatively, without considering Liberia's sensibilities; and that the Liberian Government has made its anxiety so plain in regard to the menace of aggression by certain European powers that it would be willing to risk the alternative of virtual American domination along the lines you mention."

882.20/432 : Telegram

The Acting Secretary of State to the Minister in Liberia (Walton)

WASHINGTON, March 16, 1939—8 p. m.

6. Your 14, March 15, 3 p. m. Please forward via commercial cable in same code as this message full text of the *aide-mémoire* handed you by the Secretary of State. After it has been received and studied, appropriate instructions will be sent to you.

WELLES

882.20/433 : Telegram

The Minister in Liberia (Walton) to the Secretary of State

MONROVIA, March 20, 1939—2 p. m.

[Received 2:56 p. m.]

16. Department's No. 6, March 16, 8 p. m. *Aide-mémoire* was handed me after conversation with Secretary of State relative to informal remarks of French Chargé d'Affaires. The Secretary of State recalled a statement made to me on a previous occasion by the President that the Liberian Government would look with favor on the establishment by the United States of air and naval bases in Liberia.

Text of *aide-mémoire* follows:

It will be recalled that on October 8th last, in the course of a conversation which His Excellency the President had with the American Minister at the Executive Mansion, the President took occasion to invite attention of [to?] the apprehension on part of the Liberian Government concerning what may have been agreed upon between Mr. Chamberlain and Herr Hitler during their conference at Munich in September last regarding the conflicting claims in the colonial sphere. This apprehension was intensified by the fact that Herr Hitler seemed to have attached a great deal of importance to the question of the return of German colonies.

The President at the time stressed the point that it may be possible that an understanding at the expense of and to the detriment of third parties may have been agreed upon or might likely be agreed upon by the two statesmen.

You will perhaps remember that the substance of the President's conversation with you on October 8 last, relative to the matter mentioned above was the object of a note to you on October 10th 1938, for the purpose of being brought to the attention of your Government, whose advice in the premises the Government of Liberia solicited.²

It should also be pointed out that at a subsequent date you were good enough as to advise the President that your Government felt that no justification existed at the time for the apprehension entertained by the Liberian Government.³

² See telegram No. 77, October 11, 1938, 4 p. m., from the Minister in Liberia, *Foreign Relations*, 1938, vol. II, p. 839.

³ See telegram No. 52, October 15, 1938, 3 p. m., to the Minister in Liberia, *ibid.*, p. 840.

That the apprehensions of the Liberian Government were nevertheless not unfounded would seem to be indicated by a query made to the Liberian Secretary of State by the French Chargé d'Affaires when he called at the Department of State on February 22nd last. In an informal discussion of the international situation Mr. Emanuelli referred to the alliance between France and Great Britain and said that in the event either of their possessions in West Africa were attacked they would jointly defend each other.

He then wanted to know from me, he was at pains to explain, quite informally, what actual military defense, if any, would the Liberian Government put up in the event of war, and Liberia was attacked by Germany.

This enquiry relates to Liberia's geographical and strategical position in relation to the British and French West African colonies of Sierra Leone and the Ivory Coast. An undefended Liberia, situated on the flanks of the said colonies would in the event of war offer an attractive point of entrance for German attack against either or both of the said possessions.

It would appear desirable that Liberia, in its own interests as an independent state, should either make adequate arrangement to defend itself against a possible attack or correlate its defenses with that of the two Governments whose frontiers march with our own.

What the Liberian Government feels is that unless it is able to prepare and maintain its own defenses whilst remaining neutral, it might have to face the necessity of having to correlate its defenses with those of the adjacent European possessions or face the possibility of either France or Great Britain or both taking joint or individual action to secure that an undefended Liberia be not made the base of a possible attack against their possessions in this region.

Owing to the importance which the Liberian Government attaches to this matter and by reason of the traditional friendship which has always existed between the Governments of the United States of America and the Republic of Liberia, the latter Government would appreciate any suggestion which you may think proper to give as to the most advisable course to be followed in the circumstances.

WALTON

882.20/434

Memorandum by the Under Secretary of State (Welles) to the Chief of the Division of Near Eastern Affairs (Murray)

[WASHINGTON,] March 22, 1939.

The President shares the views which you and I hold in this matter. This Government cannot consider discussing the establishment of naval or air bases in Liberia. We should inform the American Minister in Monrovia to say to the Liberian Government that this Government sees no objection to the Liberian Government discussing with the authorities in the French and British colonies adjoining Liberia the formulation of plans and measures of a purely defensive character.

882.20/435

The Acting Secretary of the Navy (Leahy) to the Secretary of State

WASHINGTON, March 24, 1939.

SIR: Acknowledgment is made of State Department letter of March 16, 1939, file NE 882.00/1080,⁴ together with its enclosure, in which it is stated the Liberian Government would welcome the establishment by the United States of air and naval bases within the borders of Liberia.

The Navy Department sees no occasion at this time for establishing a naval or air base within the borders of Liberia.

Respectfully,

WILLIAM D. LEAHY

882.20/436 : Telegram

The Secretary of State to the Minister in Liberia (Walton)

WASHINGTON, March 25, 1939—1 p. m.

8. Your 14, March 15, 3 p. m. and your 16, undated [*March 20, 2 p. m.*]. The following observations are made with respect to the *aide-mémoire* recently handed you by the Liberian Secretary of State, the date of which is not indicated:

1. The Department does not appear to have received the text of the note stated to have been delivered to you on October 10, 1938 which, as in the case of all similar communications exchanged between the Legation and the Liberian Government, should be transmitted at once to the Department. It is assumed, however, that the substance thereof was embodied in your telegram no. 77 of October 11⁵ reporting in a general manner the apprehensions of the Liberian Government regarding German colonial aspirations, to which the Department replied in its telegram no. 52 of October 15⁶ that it had no specific information on the subject but would be glad to communicate to the Liberian Government any developments that might come to its attention. No basis is perceived in this or in any other communication for the statement now attributed to you by the Secretary of State that your Government, at the time, felt "that no justification existed" for the apprehension entertained by the Liberian Government.

⁴ Not printed; now filed under 882.20/432.

⁵ *Foreign Relations*, 1938, vol. II, p. 839.

⁶ *Ibid.*, p. 840.

2. With respect to the Liberian Government's request for advice as to the best method of insuring its national defense, the situation in Europe has changed so materially since the Department's telegram no. 57 of November 11, 3 p. m.,¹ that the Government of the United States would not feel warranted in advising Liberia against entertaining a proposal, such as now appears to have been advanced orally and informally by the French Chargé d'Affaires, looking toward the formulation of plans and measures of a purely defensive character by the Governments of Liberia, Great Britain and France. It seems probable that the geographical and strategical position of Liberia in relation to the British and French West African colonies, as described in the *aide-mémoire*, may make the protection of the Liberian coastline of particular interest to the British and French Governments and that a correlation of defenses might seem to those two Governments a logical step by reason of existing bases in the colonies of Sierra Leone and the Ivory Coast.

While the Department would appreciate being kept informed as to the progress of any discussions which may take place on the basis of the oral suggestion reported to have been made by the French Chargé d'Affaires, it should be made clear to the Liberian authorities that the employment by Liberia of the United States as an intermediary would seem to be neither necessary nor appropriate. However, the Department would, if approached, be glad to give assurances to the British and French Governments that it has no objection to any arrangement that may be entered into by the three Governments concerned for the defensive assistance of Liberia.

3. It is observed that contrary to the impression conveyed by your telegram no. 14 of March 15, 3 p. m., no mention is made in the text of the *aide-mémoire* to the effect that the Liberian Government would "welcome the establishment by the United States of air and naval bases within its borders" nor does the Department appear to have been previously informed of President Barclay's statement allegedly favoring such a proposal, as referred to in your undated telegram no. 16. In this connection the Department wishes it to be clearly understood that even if a formal indication should be received from the Liberian Government that it would, in fact, welcome the establishment of American air or naval bases in Liberian territory, it would not be possible for this Government to give consideration to such a proposal.

HULL

¹ *Foreign Relations*, 1938, vol. II, p. 841.

882.20/436 : Telegram

The Minister in Liberia (Walton) to the Secretary of State

MONROVIA, March 29, 1939—11 a. m.

[Received March 29—11 a. m.]

17. Referring to the Department's telegram No. 8, March 25, 1 p. m., I have corrected misapprehension the Liberian Government appeared to have had.

WALTON

882.20/437

The Minister in Liberia (Walton) to the Chief of the Division of Near Eastern Affairs (Murray)

MONROVIA, March 31, 1939.

DEAR MR. MURRAY: I am writing with a view to clarifying several points raised in the Department's first telegram of March 25.⁸

(1) In paragraph one of my telegram of March 20, I sought to explain that what Secretary Simpson referred to in *aide-mémoire* was not a formal statement made to me by the Liberian Government. In an informal conversation with President Barclay he offered a suggestion and asked that I convey same to my Government. Following this informal talk at the Executive Mansion I returned to the Legation, put down in essence what were President Barclay's views and transmitted same for authentication. In reply he sent me a personal note agreeing substantially with what I had written and asking me to implement one or two other suggestions in my telegram. It was as a result of these informal talks and exchange of personal letters that I transmitted telegram of October 11.

All formal communications exchanged between this Legation and the Liberian Government I have transmitted to the Department. As you know, in numerous instances I have acted as intermediary in which either I have been asked by someone in the Department to discuss informally with President Barclay a matter of mutual concern or vice versa.

(2) In reply to my telegram of October 11, expressing the Liberian Government's apprehension, the Department transmitted telegram of October 15, advising the Liberian Government that it could give no specific information but would inform the Liberian Government should any developments occur. This, I presume, was the basis of the Liberian Government's assumption that assurance was received that

⁸ Telegram No. 8, March 25, 1 p. m., p. 561. For second telegram, see telegram No. 9, March 25, 2 p. m., p. 614.

no justification existed for apprehension at that time; however, if there was future cause for apprehension the Department accordingly would advise the Liberian Government.

(3) The text of the penultimate paragraph of the Department's telegram of November 11, was interpreted by the Liberian Government as clearly and emphatically expressing the United States Government's attitude. It was, therefore, a source of much surprise when the sentiments in the Department's first telegram of March 25 were made known. President Barclay bluntly asked me if I thought Secretary Hull had knowledge of the telegram before it was transmitted and also wanted to know if my Government had suddenly changed its policy.

I have been given to understand that the text of the penultimate paragraph herein referred to was the reason for the desire of the Liberian Government that the United States Government act as intermediary and initiate the negotiations.

I hope this communication will give a clearer insight on the situation.

With kindest regards,

Sincerely yours,

LESTER A. WALTON

882.20/440 : Telegram

The Minister in Liberia (Walton) to the Secretary of State

MONROVIA, April 12, 1939—5 p. m.

[Received April 12—2:50 p. m.]

21. I have been requested by the Liberian Government to inform the Department that today Secretary Simpson separately held informal discussions with representatives of the British and French Governments with a view to ascertaining to what extent the two powers would [apparent omission] Liberia in the event of the war. In this connection the Chargés d'Affaires are transmitting telegrams to their respective Foreign Offices.

The Liberian Government is taking precautionary measures against internal attack and has requested me to inquire if the United States Government is in a position to supply it with reserve arms and ammunition. German nationals are holding secret meetings. Firestone representatives have expressed apprehension lest German nationals, because of Liberia's strategic geographical position on the west coast, may [attempt?] to take over Government radio station and lighthouse should there be hostilities.

WALTON

882.20/440 : Telegram

The Secretary of State to the Minister in Liberia (Walton)

WASHINGTON, April 18, 1939—7 p. m.

15. Your 21, April 12, 5 p. m. The situation in respect to the availability of arms and ammunition for purchase by the Liberian Government has not changed since the Department's written instruction No. 79 of April 27, 1938.^{*} War and Navy Departments have not available any surplus arms and ammunition of the character which it is believed the Liberian Government would wish to procure, and there is no authority under law for sale or disposal by War or Navy Departments of arms and ammunition which are not surplus. It is suggested that should the Liberian Government desire to place an order in the United States for supplies of this type, the matter might appropriately be taken up with private manufacturers through the Liberian Consul General in New York.

Taking into account the existence of the Liberian Frontier Force and the presence of the American Military Adviser, the Department would appreciate an air mail report from you as to the grounds on which Firestone officials base their fear that German nationals would be able to take over the Government radio station and lighthouse in the event of hostilities.

HULL

882.20/439

Memorandum of Conversation, by the Chief of the Division of Near Eastern Affairs (Murray)

[WASHINGTON,] April 18, 1939.

The French Ambassador came to see me this morning to inquire about recent conversations that had taken place in Monrovia between the Liberian Secretary of State and the French Chargé d'Affaires at that capital. It appears that the French Government has been advised that inquiry has been made of its Chargé d'Affaires in Monrovia with a view to ascertaining to what extent France would be able to assist Liberia in the event of war.

I informed the Ambassador of the earlier phases of this matter as they had been brought to the attention of the Department shortly after the Munich Conference. The Liberian Government had at that time instructed its Secretary of the Treasury to proceed to Europe with a view to initiating negotiations for a tripartite agreement designed to give Liberia assurance that in time of war Great Britain

^{*} Not printed.

and France would furnish Liberia aerial, naval and other protection. The Liberian Government had at the time expressed the hope that this Government would look with favor upon the proposed plan.

Upon being advised of the above development and in view of the uncertainty of the situation prevailing in Europe at that moment, the Department expressed its doubts that any useful purpose would be served by approaching the British and French Governments in the matter at that time.

Subsequently the Department was informed that on February 22, last, the French Chargé d'Affaires called upon the Liberian Secretary of State and, after referring to the alliance between France and Great Britain, stated that in the event either of their possessions in West Africa were attacked they would jointly defend each other. The French Chargé d'Affaires then inquired informally of the Liberian Secretary of State as to what actual military resistance, if any, the Liberian Government would be able to make in the event of war and if Liberia were attacked by Germany.

In communicating the above information to our Legation in Monrovia the view was expressed by the Liberian Government that in its own interests as an independent state Liberia should either make adequate arrangement to defend itself against a possible attack or correlate its defenses with those of the two governments whose frontiers join those of Liberia.

In view of the Liberian Government's request for any suggestion which this Government might consider it proper to give in the light of the above developments, the Department had instructed the American Minister in Monrovia to state that it had no objection to any arrangement that might be entered into by the three governments concerned for the defensive assistance of Liberia.

I asked the Ambassador whether he had any idea as to what sort of steps his Government might be prepared to take to assist Liberia in case of any serious threat from one of the totalitarian powers. The Ambassador stated that he had no detailed information on the subject and believed, furthermore, that it would be difficult if not impossible for France to detach any portion of its fleet to guard the Liberian coast against invasion. He believed, on the other hand, that in case of war both the British and French Governments would be obliged to take all necessary steps to prevent the establishment of hostile submarine or air bases in Liberia, and in that connection he considered it very important that the Liberians should be on the alert and should keep the British and French Governments promptly advised of any suspicious developments. He added in conclusion that he presumed it would be generally understood that neither France nor Great Britain has any designs whatsoever on Liberian territory.

882.20/441 : Telegram

The Minister in Liberia (Walton) to the Secretary of State

MONROVIA, April 19, 1939—4 p. m.

[Received April 19—1 p. m.]

25. The Liberian Government has been advised by the French Chargé d'Affaires that his Government accepts in principle Liberia's proposal that a secret agreement be entered into whereby Great Britain and France in the event of war will furnish Liberia naval and aerial assistance, and that Paris has opened conversations with London relative thereto.

WALTON

882.20/441 : Telegram

The Secretary of State to the Ambassador in France (Bullitt) ¹⁰

WASHINGTON, April 22, 1939—3 p. m.

294. The Department is advised that a secret tripartite agreement is being negotiated between the Governments of France, Great Britain and Liberia, under which the two former countries would in the event of war furnish Liberia with naval and aerial assistance. The Department is sending you background material on this subject by pouch and would appreciate being kept informed as to developments.

HULL

882.20/442

The Minister in Liberia (Walton) to the Secretary of State

No. 274

MONROVIA, April 22, 1939.

[Received May 5.]

SIR: I have the honor to refer to the Department's telegram No. 15, April 18, 7 p. m. and to report that the impelling reason for anxiety manifested by Firestone officials here has been based on the possibility of such a coup. This feeling is shared by Liberian authorities, the British and French representatives.

The suspicion is entertained by Liberians and others at this capital that German nationals are supplied with arms and ammunition; that the secret meetings they are holding have to do with the critical international situation, and that in the event of war Germany, owing to Liberia's strategic geographical position, would not hesitate to make a desperate attempt to seize the Government radio station and lighthouse.

¹⁰ The same telegram was sent, April 22, 3 p. m., to the Ambassador in the United Kingdom as No. 283.

In the opinion of the Liberian Government, French, British and Firestone representatives, if precautionary measures were immediately adopted by the government, there should be less likelihood of a coup if armed German nationals staged a surprise attack. It has been pointed out that if several hundred members of the Frontier Force were stationed in Monrovia it would be of paramount importance to supply them with machine guns and ammunition. It requires no stretch of the imagination to picture the ineffective opposition from the Frontier Force if armed only with rifles of comparatively ancient make and the world-be invaders equipped with machine guns and other modern types of firearms.

The Department is cognizant of the negligible number of machine guns available for use should it be necessary for the Frontier Force to repel an attack from within. In this connection, the Liberian Government's request made through me in the last paragraph of my telegram No. 21, April 12, 5 p. m., was predicated on informal action taken by the Department in the fall of 1938.¹¹

The Great Britain and France Intelligence Service are aware that twelve German submarines are in Northwest Africa. Captains of British cargo boats have reported sighting a mysterious vessel in Liberian waters near Baffu Bay. So deeply concerned is the British Government over the advices that German nationals in Liberia are in secret communication with German vessels that the British Chargé d'Affaires at Monrovia secured permission of the Firestone Plantations manager for an English employee, a former British army officer, to make an overland trip to Baffu Bay in the guise of a labor recruiter for the plantations with a view to ascertaining the movements of Germans in that section.

The French Chargé d'Affaires has informed the Liberian Government of his government's suspicions that Germans are secretly operating a radio station in Liberia. Radio operators on French Aeromarine time planes, arriving at Monrovia outward bound on Tuesday and homeward bound on Sunday complain of radio interference. The Liberian Government Radio Station and the Firestone Radio Station at Duside, by agreement with the French Aeromarine Company, do not operate when the French planes are arriving at and departing from Monrovia. The Liberian Government is conducting investigations. The existence of a German radio station located in the Seventh Day Adventist Mission in the Kakata area, the head of which is a German, is suspected.

¹¹ Informal permission given to the Minister in Liberia to loan, as a temporary measure, certain Legation arms and ammunition to Captain Nabors, Military Adviser to the Liberian Government, to assist him in his efforts to give the Liberian militia modern training.

The British and French representatives have on several occasions recently confided to me that Liberia's pregnability to attack from without and within is a source of grave concern to their governments. Liberia is regarded as the weak link in the West African Coast chain. Night and day the British and French are feverishly engaged in strengthening their colonies from attack.

At this writing indications point to Great Britain and France forming a secret alliance with Liberia, with the knowledge of the United States Government, whereby the African republic will receive naval and aerial assistance in time of war. I have been informally requested by the French representative to emphasize to Liberian authorities that in giving Liberia external protection the two colonial powers expect Liberia to bend every effort possible to organize and prepare to defend itself successfully should nationals of a foreign nation precipitate internal disorders.

Respectfully yours,

LESTER A. WALTON

882.20/437

The Chief of the Division of Near Eastern Affairs (Murray) to the Minister in Liberia (Walton)

WASHINGTON, April 24, 1939.

DEAR MR. WALTON: I wish to thank you for your letter of March 31, commenting on several points raised in connection with the Department's telegram no. 8 of March 25, 1 p. m. Your observations are naturally of much interest and have helped to give us a clearer understanding of the situation as it appears from Monrovia.

It is to be regretted, of course, that the Liberian Government was so taken aback at the Department's attitude toward the proposed tripartite treaty, and that President Barclay should have received the impression that this attitude constituted a reversal of our position as set forth in the penultimate paragraph of our telegram of November 11.¹² It would seem, however, that the Liberian authorities may have read into the paragraph something more than was intended, since it was never contemplated that this Government should reserve to itself the right to conduct treaty negotiations with other governments on behalf of Liberia. We have the utmost sympathy with the aims and aspirations of Liberia, and we are glad to offer advice whenever it is sought, but we naturally do not assume to act for her Government in the conduct of foreign relations.

By way of explanation as to why the Department discouraged the idea that Liberia should approach the French and British Govern-

¹² *Foreign Relations*, 1938, vol. II, p. 841.

ments for a defensive pact last November, you will recall that the Four Power Conference at Munich had taken place only a short time before, and the general feeling was that in view of the outcome of the Conference neither France nor Great Britain would be willing to undertake any commitments in respect to the protection of such a distant country as Liberia. If you had been in the Department at that time, while the European situation was being closely studied, I am confident you would have concurred in the view that no favorable response could then have been expected from the French and British Governments with respect to the Liberian proposals. That the European political situation has since changed radically and unexpectedly is now apparent, and the active efforts of the French and British to align other countries with their policies would seem to make it entirely proper to reverse the advice which we gave previously.

As a matter of fact, by not approaching the French and British Governments during the uncertain period of last fall, Liberia appears actually to have placed herself in a much stronger position. Your recent telegrams indicate that it was the French Chargé d'Affaires who made the initial move in proposing a tripartite agreement, and the promptness with which negotiations seem to be proceeding confirms our impression that it is now the French, rather than the Liberian Government, which is most desirous of entering into a defensive arrangement. Obviously the advantage thus rests with Liberia in the discussions.

I appreciate the comments in the first two paragraphs of your letter regarding the conversation with President Barclay which was the basis of your telegram of October 11,¹³ and regarding your practice of transmitting to the Department copies of all formal communications between the Legation and the Liberian Government. However, I wonder whether it would not be preferable, in important cases such as this, also to transmit copies of any informal notes or memoranda exchanged with the President? The absence of a Liberian diplomatic representative in Washington naturally requires that the transaction of business and the exchange of views should take place in Monrovia, and we therefore depend upon the Legation for as much background material as possible. Incidentally, if the telegram of October 11 embodied all the results of your informal discussion, it is still not clear just when President Barclay made a statement with regard to the possible establishment of American air and naval bases. In your telegram no. 16 of March 20, 2 p. m., referring to your receipt of the *aide-mémoire* from the Secretary of State, you said that Secretary Simpson had recalled such a statement made to you by the President

¹³ *Foreign Relations*, 1938, vol. II, p. 839.

"on a previous occasion", whereas your telegram in question was the first intimation we had received that such a subject had ever been mentioned.

Sincerely yours,

WALLACE MURRAY

882.20/443 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, April 25, 1939—6 p. m.

[Received April 25—3:15 p. m.]

819. I asked Bonnet¹⁴ yesterday for information with regard to the question of defense for Liberia referred to in your 294, April 22, 3 p. m.

He said that he knew that such a request had been received but was unfamiliar with the matter and asked me to discuss it with Léger.¹⁵ I did so today.

Léger said that about 2 weeks ago the Government of Liberia had approached both the French and British Governments stating that Liberia felt that Germany might attempt to seize the country and asking for British and French naval and airplane protection. Léger said that up to the present time no reply had been made to the Liberian Government other than the statement that the French Government was considering the matter carefully. He said that the British Government had made a similar reply to the Liberian Government.

Three days ago the British Government had stated to the French Government that it believed that in case of war the Germans would attempt to seize Liberia and establish naval and aeroplane bases there and therefore the question was one which must be studied most carefully.

The British opinion at the moment was that the question was not an urgent one; but that in case of war the French and British would have to bring adequate support to Liberia to prevent German attack.

Léger went on to say that he did not wish to make any suggestion whatsoever with regard to American support for Liberia; but he recalled the interest of the Government of the United States in Liberia and he wondered if it might not be possible that the Government of the United States would wish to participate in any defense of Liberia which might be necessary. I replied that since nearly all our fleet had been sent to the Pacific I considered it unlikely in the highest

¹⁴ Georges Bonnet, French Minister for Foreign Affairs.

¹⁵ Alexis Léger, Secretary General of the French Ministry for Foreign Affairs.

degree that the Government of the United States would wish to send forces for the defense of Liberia.

Léger promised to keep me informed with regard to any decisions made by either the French Government or the British Government.

In conclusion Léger said that he felt it would be unwise for the French and British Governments to make any public statement of a guarantee to Liberia. Such a statement would provoke immediate demands for guarantees from nearly every other small country in the world.

BULLITT

882.20/444 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, April 29, 1939—4 p. m.
[Received April 29—1:43 p. m.]

860. The Liberian Minister in Paris Baron de Bogaerde called on me this morning and gave me to read instructions from his Government to him informing him that the Liberian Government on April 13 had requested the French Minister in Liberia to obtain a promise from the French Government to support Liberia in time of war and ordering him to press the matter with the French Foreign Office. He also gave me to read a copy of the instructions of the Liberian Government to the Liberian Minister in London instructing him to ask the British Government for a similar promise of assistance.

The Liberian Minister went on to say that neither he nor the Liberian Minister in London had been able to obtain any reply except that these requests were being studied with interest. He added that it was difficult for him to see either Bonnet or Léger and asked me if I could not attempt to obtain from the French Foreign Office an oral promise that in case of an attack on Liberia the French would give assistance to Liberia.

I informed the Liberian Minister that I had already discussed this matter with Bonnet and Léger and added that I would be of any assistance that I could within the limits of my instructions and diplomatic proprieties.

Later I asked Bonnet if the French Government had taken any action with regard to this Liberian request. Bonnet replied that no decision had been made, and said he wished I would discuss the matter with Léger.

I have informed the Liberian Minister in Paris of this statement of Bonnet's.

BULLITT

882.20/445 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, May 1, 1939—11 a. m.

[Received 11:29 a. m.]

864. I informed Léger today of the conversation that I had had with the Liberian Minister on April 29 reported in my No. 860 of April 29, 4 p. m.

Léger said that while he thought that it would be impossible for either the French or the British Government to make a formal written promise to Liberia he believed that the French Government might be willing to give an oral promise through diplomatic channels that in case of a German attack on Liberia if the Liberian Government should resist and should request French assistance the request would be considered favorably.

I have passed along this information to the Liberian Minister.

BULLITT

882.20/448 : Telegram

The Minister in Liberia (Walton) to the Secretary of State

MONROVIA, May 10, 1939—9 a. m.

[Received 1:20 p. m.]

29. Two French representatives arrived May 5th to form military alliance with Liberia, conversations held 6th, 8th, and 9th. While Liberian Government has kept me informed I have differed from Secretary of State and military adviser on points I consider of paramount importance. France proposes to furnish aerial and naval assistance, arms and ammunition. Desires Liberia to raise army of 8,000 to be trained by French officers for internal defense.

I have vigorously contended: (1) Liberia should refrain from entering into any agreement in which Great Britain does not play as important role as France; (2) to officer Liberian soldiers with other than Americans is questionable; (3) that it would be in contravention of loan agreement for Liberia to become indebted to France or Great Britain for arms and ammunition as no provisions are in budget for such expenditure.

Assurance has been given me no final agreement will be made until the United States is apprised. I have maintained there should not even be a tentative agreement until information of terms is conveyed to my Government.

French exhibiting far more active interest than British.

WALTON

882.20/449 : Telegram

The Minister in Liberia (Walton) to the Secretary of State

MONROVIA, May 10, 1939—6 p. m.

[Received May 10—5:35 p. m.]

31. French representatives left for Dakar today on military plane. Secretary Simpson called today and gave me copy of Liberian Government's *aide-mémoire* with reference to the *aide-mémoire* submitted May 8 by French Chargé d'Affaires.

Tentatively agreed that 12 French non-commissioned officers assist in training Liberian defense force. France to put at Liberia's disposal arms and ammunition, terms to be decided upon.

The American Government is to be kept informed of discussions.

I informally expressed opinion to Secretary Simpson that in my judgment all discussions of French cooperation for internal defense should have been deferred until matter had been referred to United States Government and Firestone.

WALTON

882.20/449 : Telegram

The Secretary of State to the Minister in Liberia (Walton)

WASHINGTON, May 12, 1939—3 p. m.

17. Your 31, May 10, 6 p. m. Please telegraph complete text of *aide-mémoire* given to you by the Liberian Secretary of State on May 10. The Department would also appreciate receiving by telegraph the text of the *aide-mémoire* submitted to the Liberian Government by the French Chargé d'Affaires on May 8.

HULL

882.20/449 : Telegram

The Secretary of State to the Ambassador in the United Kingdom (Kennedy)

WASHINGTON, May 12, 1939—4 p. m.

356. Department's 283, April 22, 3 p. m.¹⁶ Legation at Monrovia reports that two French representatives who arrived in Liberia on May 5 have concluded a tentative agreement with the Liberian Government which provides that 12 French non-commissioned officers would assist in training Liberian defense force and that France would put at Liberia's disposal arms and ammunition on terms to be agreed upon.

¹⁶ See footnote 10, p. 567.

The Department would appreciate being informed what action, if any, the British Government is taking or intends to take in connection with the proposed tripartite agreement.

HULL

882.20/451 : Telegram

The Ambassador in the United Kingdom (Kennedy) to the Secretary of State

LONDON, May 16, 1939—5 p. m.
[Received May 16—1:26 p. m.]

690. Your 356 of May 12, 4 p. m. and confidential instruction No. 612, February 24, 1939 [*No. 663, April 24, 1939*].¹⁷ According to information furnished by the Foreign Office, the Liberian representative in London has approached this Government with a view to an agreement for military assistance in the event of a war. I have the impression that the authorities here have not moved with any dispatch to consideration of the Liberian request and that it was referred for a report to the colonial and other service departments. This report has just been received at the Foreign Office and has not yet been submitted to the higher officials for action. An official of the Foreign Office, speaking confidentially, said that the answer to Kennedy [*Liberia?*] would probably be to the effect that Great Britain would be willing to assist in her defense should such a necessity arise between the two, that the opinion of this official and of the service departments is that Liberia is in fact in little danger of being attacked even if a war with Germany does arise. The official also indicated that the report of a "secret tripartite agreement between Great Britain, France and Liberia" is an overstatement of what is under consideration. The Embassy will be advised when a decision has been reached.

KENNEDY

762.82/16 : Telegram

The Secretary of State to the Minister in Liberia (Walton)

WASHINGTON, May 17, 1939—6 p. m.

18. The American Consul at Geneva has learned¹⁸ from sources close to the League that the German Government is reported recently to have worked out a plan for the invasion and occupation of Liberia on the pretext of protecting German interests and German nationals. The object of this move would be not only to convert Liberia into a

¹⁷ Not printed.

¹⁸ Information reported to the Department in despatch No. 547 Political, dated May 5, not printed.

German colony but also to acquire a military base to buttress Germany's claims for the return of her former colonies. According to this report, the plan was conceived prior to recent developments in Eastern Europe and was to have been put into execution after the consolidation of Germany's position in that area as the first move in her colonial program. The story, it is added, might be ridiculed as preposterous except for the fact that it is said to have been initiated by Von Ribbentrop,¹⁹ whose radical tendencies and influence over Hitler are well known.

While we are not in a position to corroborate this report or to vouch for its authenticity, we feel that it should be brought informally to the attention of the Liberian Government in view of the promise in our telegram no. 52 of October 15²⁰ to communicate information in respect to German colonial aspirations. You may, therefore, lay the report before President Barclay in strict confidence, at the same time observing that this Government has no basis on which to evaluate the information or to make any comment thereon. If further developments should occur they will be communicated to you.

Please expedite a reply to the Department's 17, May 12, 3 p. m.

HULL

882.20/452 : Telegram

The Minister in Liberia (Walton) to the Secretary of State

MONROVIA, May 17, 1939—9 p. m.

[Received May 18—4:20 p. m.]

32. Department's 17, May 12, 3 p. m. During a lengthy conversation with President Barclay on internal affairs, he expressed keen disappointment over the position taken by my Government in the Department's telegram No. 8, March 25, 1 p. m. which he considers a reversal of my Government's policy as previously enunciated. He particularly refers to Department's 57, November 11, 3 a. m. [*p. m.*]²¹ stressing penultimate paragraph.

President Barclay describes Liberia's position as extremely delicate; that the Republic is small and defenseless and has had only the assurance of moral support from the United States in these times of aggression and imminence of a world war; that as in the World War Liberia would be requested to become allied with the democracies, and that despite Liberia's grave apprehensions it had refrained from forming an alliance with European powers in view of such considerations as penultimate paragraph referred to above.

¹⁹ Joachim von Ribbentrop, German Minister for Foreign Affairs.

²⁰ *Foreign Relations*, 1938, vol. II, p. 840.

²¹ *Ibid.*, p. 841.

I told President Barclay it was my impression that my Government looked with favor on Liberia receiving external assistance from Great Britain and France, but I was not quite sure of its stand on other powers' internal defense. According to President Barclay France's first proposal was to station a battalion of French troops in Liberia, which was declared unacceptable. As a compromise, Liberia suggested that French non-commissioned officers train Liberian soldiers.

The opinion was expressed by me that Liberia showed undue haste in giving France assurances relative to internal defensive cooperation, and that that subject could have been left in abeyance until Liberia carefully weighed economic potentialities for increasing its frontier force and also obtained the considered opinion of my Government and American manufacturers directly concerned.

President Barclay concluded conversation by stating he has always been willing to consult and is still desirous of ascertaining the views of my Government and to follow suggestions on all questions in the international field when there is no cause for embarrassment to my Government; but recent communications from the Legation have left his Government puzzled as to how far, if in any degree, my Government would care to be involved in questions affecting Liberia growing out of the present world tension.

Texts of the French and Liberian *aide-mémoire* are herewith transmitted: ²²

"The Chargé d'Affaires of the French Republic in the Republic of Liberia has brought to the attention of the Ministry for Foreign Affairs in Paris the proposals of the Government at Monrovia designed to assure to Liberia the protection of France and Great Britain in the event that Liberia were attacked by a hostile power.

"The Government of the French Republic, desirous in the present circumstances of responding as quickly as possible to the request of the Government of Liberia, has decided to establish without delay direct relations with that Government. To that end, Governor Chazelas who was on his way to Dakar, accompanied by Artillery Captain Lefebvre, Staff officer of the forces in French West Africa, has been sent to Monrovia.

"The position of the French Government is as follows: Owing to the geographic positions occupied by the Republic of Liberia and by Tropical French Africa respectively, Liberian interests and French interests are closely joined: the seizure of all or a part of the coast of Liberia by a hostile power would have the most serious consequences for the freedom of communications by sea between the various provinces of French Africa.

"On the other hand, it is incontestable that Liberia, which is rich in rubber, in minerals, wood, and many other products, is coveted by countries who wish to augment their war potential at any price, but do not have at their disposal the regular means of purchase in the countries which are producing the raw materials which they lack.

²² A revised translation of the French *aide-mémoire* of May 8, 1939, is here substituted for the one transmitted in this telegram.

"Cooperation between Liberia and France is imposed by these facts.

"This cooperation ought to be based on the principles of equality of rights and of obligations between two sovereign states. The international position of France is characterized by the absence of all racial prejudice and by respect for the independence of small nations.

"The French Republic, owing to the position which it holds in Africa, is able to give Liberia the benefit of French experience, as also the assistance of French technicians, and of French military forces.

"The section of the French staff in Paris which is responsible for questions of African defense, considers that in addition to a maritime and aerial defense, which are extremely useful, but cannot be decisive, a land defense is indispensable.

"Because of the length and the complexity of Liberia's coasts, the possibility of a landing of troops by a hostile power is not to be ignored.

"It is necessary, therefore, to face the possibility of some action by the nationals of hostile powers established in the country, who might attempt a sudden attack, with the cooperation of mercenaries in their pay, and assisted by landing forces sent by their government, with the help of arms secretly imported.

"In order to avert this menace, the French staff deems it indispensable that the Liberian Government make an effort to secure its land defenses. The raising of an effective force of 5,000 men seems necessary; if that effort is decided upon, then, in order to meet any peril while waiting for the Liberian troops to be recruited and trained, and in order to take part in such instruction, the French Republic is prepared to place immediately a battalion of African troops at the disposal of the Liberian Republic. In fact, the present situation might require quick action.

"Governor Chazelas and Captain Lefebvre are ready to study the means of carrying out these technical measures, if the Liberian Government gives them its approval.

"If for reasons of a political, economic, financial, or diplomatic nature the Liberian Government perceives difficulties in the prompt adoption of these measures, which are urgently required for the efficacy of defense and the decisive success of Franco-Liberian co-operation, but which are viewed solely on the technical military plane, it goes without saying that counter-proposals would be welcome."

"With reference to the *aide-mémoire* submitted on the 8th instant, by the French Chargé d'Affaires, to the Government of the Republic of Liberia having regard to Great Britain and France giving Liberia aerial and naval assistance in the event the territory of the latter country is attacked by an adverse power, the Secretary of State of Liberia has been authorized by his Government to make the following observations:

1. The Liberian Government is fully convinced that owing to its geographical and strategical position in relation to the British and French West African colonies of Sierra Leone and the Ivory Coast its territory might in the event of war offer an attractive point of entrance for attack by an unfriendly power against either or both of the said possessions, or Liberia itself might be victim of aggression.

2. It would therefore appear desirable that Liberia, in its own interests as an independent state, should make adequate arrangements to defend itself against a possible attack and meanwhile correlate its defenses with those of the two governments whose frontier[s] march with our own.

3. The Liberian Government is, however, much gratified at the proffered assistance which the French Government has envisaged in its *aide-mémoire* mentioned in paragraph 1 hereof, and hereby accepts same in principle, subject nevertheless to such assistance which the British Government may also decide to give in the premises and whose reply to the Liberian Government's suggestion for assistance may be forthcoming at the earliest possible date.

4. The Liberian Government notes the suggestion of the French Government with respect to the recruiting and training of 5,000 men (Liberians) to be utilized as a territorial defence force and it hereby undertakes to give immediate effect to said suggestion as its resources will permit with the assistance at the moment of 12 French non-commissioned officers, preferably colored trained cadres, the length of whose services to be determined by agreement between the French and Liberian Governments.

5. In the light of the discussion held at the Department of State on yesterday between French and Liberian officials, the Liberian Government should be infinitely obliged if the French Government would be good enough as to consider the possibility of placing at its disposal certain arms and ammunitions which are specified in its statement submitted to Governor Chazelas on yesterday; the terms upon which same is to be furnished to be decided upon by agreement between the two Governments.

6. The Liberian Government also welcomes the suggestion made on yesterday by French officials that at as early a date as can be made practicable either one or two Liberian military officers be detailed to proceed to Dakar for the purpose of conferring with the military authorities thereat in regard to such further defensive measures as may be urgently necessary for assistance to Liberia in the event of aggression.

7. The American Government will be kept fully informed of these discussions and of such arrangements as may ultimately be decided upon between the British, French, and Liberian Governments."

WALTON

882.20/453

*Memorandum of Conversation, by Mr. Henry S. Villard of the
Division of Near Eastern Affairs*

[WASHINGTON,] May 19, 1939.

Participants: Mr. Harvey Firestone, Jr.
Judge Fisher, attorney for the Firestone Company.
Mr. Villard.

Mr. Firestone and Judge Fisher called to say that they had received advices from their representative in Liberia to the effect that the Li-

berian Government was entering into an agreement with the Government of France for the national defense of Liberia. Mr. Firestone said that he wished to discuss the terms of the proposed agreement, in as much as they seemed to him quite out of place for a country such as Liberia. Judge Fisher had just returned from a three months' stay at Monrovia, and was familiar with some of the original background of this question.

Mr. Firestone said that, according to his information, Liberia would undertake to recruit 5,000 soldiers and that 12 French non-commissioned officers would train the men. France would supply arms and ammunition to Liberia, on terms to be agreed upon. I said that this checked with our own information, although it was not entirely clear which side had commenced the negotiations.

Judge Fisher said that he did not wish to be quoted in any way, but that for our confidential information he would volunteer to state that the British Chargé d'Affaires in Monrovia appeared to have taken the initiative in these discussions. Judge Fisher said that the Chargé had approached him in confidence and asked his advice as to whether the Liberian Government would welcome negotiations for a tripartite defensive agreement between the governments of Great Britain, France and Liberia. In the opinion of Judge Fisher, the Liberian Government had no objection to such a proposal and would in fact welcome it. Thereupon conversations were begun in Monrovia by the British and French representatives. I observed that the French had been far more active in the matter and that, according to our information from London, the British Government was moving rather deliberately in the negotiations. This was in great contrast to the French, who had sent representatives to Monrovia by air and within the space of a few days had concluded a tentative agreement.

Judge Fisher felt that this activity of the French, as well as their demand that Liberia should raise an army of 5,000 men, was somewhat suspicious. He said that it amounted to France's obtaining the services of a small army, at the expense of the Liberian Government, and that there was no good reason for setting up this defensive standing force in Liberia. Both Judge Fisher and Mr. Firestone were inclined to believe that there was some ulterior motive in this plan of the French.

A standing army of 5,000 Liberians, in the opinion of Judge Fisher and Mr. Firestone, not only would be incapable of repelling invasion but would actually constitute an invitation to attack. A Liberian army, even if it amounted to 50,000 men, would fall away like chaff before any small, well-armed force of European soldiers. Liberia's best course would appear to be to rely entirely upon the assistance of her neighbors in case of hostilities, since the presence of a military

organization in the country might be considered as a legitimate object of attack by a predatory European power. If Liberia had no army of her own, but relied for protection on Great Britain and France, the two latter countries would be compelled to defend her—to much better advantage than she could defend herself.

Mr. Firestone said that he felt very strongly that the French proposal was not in the best interests of Liberia. He pointed out that the expense of recruiting, training and equipping an army of 5,000 men was more than Liberia could stand, and that it would be necessary to obtain a foreign loan for the purpose. The furnishing of arms and ammunition, although the terms of this arrangement were not yet known, would undoubtedly constitute a further burden. I asked whether an expenditure of this kind would contravene the provisions of the Firestone loan agreement, to which Judge Fisher replied in the affirmative. Judge Fisher said that no expenditures outside of those regularly provided for in the budget could be made without the consent of the Financial Adviser (in other words, the representative of the Firestone interests). Mr. Firestone also said that the presence of French officers in Liberia might lead to incidents and unfortunate political complications. He asked whether it would not be possible to have American military officers instead of French, or at least to have the American Government assist in sending equipment to Liberia.

Mr. Firestone said that while President Barclay would, of course, like very much to have an American air base in Liberia, he was under no illusions whatever as to the extent of the military assistance which the United States was prepared to render to his country, and that the most he could really expect was American help in reorganizing or equipping the Frontier Force.

In Mr. Firestone's opinion, all that is necessary for the defense of Liberia would be an agreement with the British and French governments under which British and French naval vessels and airplanes from the neighboring colonies of Sierra Leone and the Ivory Coast would patrol the Liberian coast in time of need. Any attack, whether from without or within, could thus readily be nipped in the bud. In addition to thus assimilating the coastline of Liberia for defense purposes to that of the adjacent French and British possessions, the Liberian Frontier Force might appropriately be doubled from its present strength of approximately 650 men and furnished with a few modern machine guns. I told Mr. Firestone that this coincided with our own view and that we were inclined to agree it would be much more practical for Liberia than the French proposal. Mr. Firestone also suggested that the French and British governments might issue a declaration of mutual guarantee for the integrity of Liberia, somewhat along the lines of the British declaration in regard to Poland. He

said that, in his opinion, this in itself would constitute the strongest possible defense for Liberia.

I asked Judge Fisher whether he had received any impressions as to the danger of Liberia from internal or external attack. He replied that to his mind there might well be a definite danger. There were now at least 100 Germans in Monrovia or vicinity and with the infiltration of perhaps 50 more in the near future it might be possible to seize the Government. It was quite possible that these Germans were supplied with smuggled arms and ammunition, which would be more than a match for the antiquated equipment of the Frontier Force. Judge Fisher said that he had positive information to the effect that a German wireless station was operating out of Kakata, and that the British Legation had definite knowledge of German submarines off the West African coast. Moreover, mysterious vessels and lights had been seen at Baffu Bay, where, it was thought by Firestone officials, a base for arms and ammunition might easily be established without the knowledge of the Liberian Government. In this connection, Judge Fisher said that while he was at Monrovia a group of Germans had staged a noisy and provocative demonstration one night in front of the Executive Mansion. President Barclay's first inclination was to have the demonstrators arrested, but on second thought realized that this was undoubtedly an incident especially staged so as to give Germany an excuse to intervene for the "protection" of its nationals.

. . . I told Mr. Firestone and Judge Fisher in confidence of the information we had received from Geneva in regard to the reported plan for a German invasion of Liberia, which, they agreed, was not to be lightly dismissed.

In conclusion Mr. Firestone strongly urged that we attempt to persuade the Liberian Government not to adopt the French plan of assistance. He felt that the matter was one of some urgency and that steps should be taken without delay to suggest a more practical scheme for Liberia's defense. I told Mr. Firestone that we were giving the matter our earnest consideration and that we would communicate with him as to any steps which might be taken. Mr. Firestone said that he would be very glad to come to Washington at any time to consult with us further on this subject.

882.20/452 : Telegram

The Secretary of State to the Minister in Liberia (Walton)

WASHINGTON, May 20, 1939—4 p. m.

20. Your 32, May 17, 9 p. m. We are giving careful study to the proposed plan of military assistance for Liberia and hope that no

final agreement will be concluded by the Government of Liberia with the Governments of France and Great Britain until our comments have been forwarded to you by telegraph. While we feel that any move to secure Liberia's defenses through the cooperation of neighboring Governments is to the advantage of Liberia, it would appear to be in Liberia's interest to refrain from adopting a definitive plan until the best opinion can be obtained relative to the merits of the French proposal or of any complementary proposal which may be suggested by the British Government.

With reference to President Barclay's statement that his Government is "puzzled" at the attitude of the United States toward Liberia's position in international affairs, please see letters sent to you by Murray by steamer mail under date of April 24 and May 9.²³

HULL

882.20/456

*Memorandum of Conversation, by Mr. Henry S. Villard of the
Division of Near Eastern Affairs*

[WASHINGTON,] May 24, 1939.

I telephoned to Mr. Dunaway²⁴ at his home in Maplewood, New Jersey, in order to obtain his opinion regarding the proposed agreement between the French and Liberian Governments under which Liberia would undertake to train a standing army of 5000 men under the direction of twelve French non-commissioned officers and to obtain from France an unspecified quantity of arms and ammunition on terms to be agreed upon. It appeared desirable to consult Mr. Dunaway on this subject not only because of his position as Financial Adviser to the Liberian Government but because his long experience in Liberia qualified him to express an opinion on the economic merits of the French proposal.

Mr. Dunaway said that he was "flabbergasted" to learn of this development and that there was no way under the Firestone Loan Agreement by which Liberia could undertake the expenditures called for by such a program. Mr. Dunaway said that, according to the provisions of the Loan Agreement, the only expenditures outside of the regular budget to which the Liberian Government could commit itself would be those charged against an estimated surplus in the revenues. As there were no estimated surplus revenues, the Liberian Government could not undertake to incur expenses not provided for in the current budget. The only way Liberia could pay for the mili-

²³ Letter of May 9 not printed.

²⁴ John A. Dunaway, Financial Adviser to the Liberian Government.

tary establishment contemplated would be by incurring an indebtedness to the French Government, which could not be done without the approval of the Financial Adviser. In this connection Mr. Dunaway explained that one of the provisions of the Loan Agreement was to the effect that the Firestone Company would have the first option on any further loans or advances of money to the Liberian Government.

Mr. Dunaway also remarked that the recruiting, training and maintenance of 5000 men, as well as the acquisition of arms and ammunition, would cost the Liberian Government more than its entire national budget. He said that he did not see how, in any case, a force of 5000 native troops would be of the slightest use to Liberia. Mr. Dunaway thought it would take at least five or six years to train such an army and that, in the end, its efficacy against any attack would be open to considerable doubt. Mr. Dunaway could conceive of no advantage whatsoever to Liberia from such an arrangement, nor could he understand the motives of the French Government in proposing a plan of this kind. In his opinion the defense of Liberia could be adequately secured by a naval patrol of the Liberian coastline by the French or British naval vessels stationed in West Africa.

In conclusion Mr. Dunaway expressed the strong hope that the Department would do all it could to bring to the attention of the Liberian Government the difficulties and dangers of the French proposal. He said that he had heard by mail from Mr. Pilot, the Auditor of Liberia, that the two representatives of the French Government had arrived in Monrovia, but that he had not been informed as to their objective. Mr. Dunaway said that he was at a loss to understand how the Liberian Government could undertake to give effect, in any way whatsoever, to the French plan of assistance. He expressed his thanks for my informing him of this development and said that he would be very glad to give us the benefit of his further views should we desire him to do so.

Mr. Dunaway said that he would be in this country until July 3 and hoped that if any developments took place in the meantime we would let him know.

882.20/457 : Telegram

The Minister in Liberia (Walton) to the Secretary of State

MONROVIA, May 24, 1939—6 p. m.

[Received May 24—2 p. m.]

36. Department's 20, May 20, 4 p. m. The Liberian Government has given me assurances no further action will be taken relative to

proposed plan of military assistance until comments have been received from the United States Government. In my opinion any definitive plan for internal defense formulated with a view to United States Government sole and active cooperation might be acceptable to the Liberian Government.

WALTON

882.20/458

Memorandum of Conversation, by Mr. Henry S. Villard of the Division of Near Eastern Affairs

[WASHINGTON,] May 26, 1939.

Mr. Firestone telephoned from Akron in reply to Mr. Murray's letter of May 25²⁵ regarding the possible financing of a moderate increase in the Liberian Frontier Force, with the purchase of perhaps 20 machine guns at a total cost of approximately \$10,000. This would be part of an alternate plan to be suggested to the Liberian Government in lieu of the French proposal for a standing army of 5,000 men.

Mr. Firestone said that he saw no reason whatever why funds should not be made available for such a moderate program. He pointed out that the present Road Fund of \$50,000 could, for instance, be reduced to \$40,000, thus freeing the amount necessary for the purchase of the machine guns, which would take precedence over road building as a measure of national defense. Payment for the guns, as well as for other equipment necessary to an increase in the Frontier Force, could probably be extended over a term of years, thus further lightening the burden.

Mr. Firestone also said that Mr. Gabriel Dennis, the Liberian Secretary of the Treasury, had cabled the Finance Corporation of America (the Firestone fiscal agents) asking for certain modifications in the arrears of amortization on the current bond issue, and that by arranging to afford the requested relief in this connection, there would be a release of funds which could be employed elsewhere.

Complete sympathy was expressed by Mr. Firestone with the projected alternate plan, and he promised that the company would cooperate fully in any proposal made to the Liberian Government for increasing its armed forces on a modest scale. He felt strongly that the French proposal was unworkable as well as unnecessary. Mr. Firestone also suggested that one method of defending Liberia's coastline would be for Great Britain and France to make a joint declaration to the effect that any attack on Liberian territory would be regarded as an attack against the adjacent colonies of Sierra Leone and the Ivory Coast.

²⁵ Not printed.

882.20/463

The Ambassador in France (Bullitt) to the Secretary of State

No. 4429

PARIS, May 30, 1939.

[Received June 9.]

SIR: I have the honor to refer to my telegram No. 988 of May 23, 2 p. m.,²⁶ reporting a conversation I had with the Liberian Minister, and to enclose herewith a copy of a despatch which the Liberian Minister in Paris addressed to the Liberian Foreign Office in Monrovia under date of May 26, 1939.

Respectfully yours,

WILLIAM C. BULLITT

[Enclosure]

The Liberian Minister in France (Bogaerde) to the Liberian Secretary of State (Simpson)

No. 479.F.

PARIS, May 26, 1939.

YOUR EXCELLENCY: I have the honour to confirm my cable of today's date, the text of which was as follows:

Sending full report by air mail with regard to very important proposals made by French Colonies Minister concerning assistance to Liberia./.

I called on Mr. Georges Mandel, French Minister of Colonies, at his request and in the course of a long discussion of the problem of French aid to Liberia, he gave me his opinion of the form which this assistance ought to take. I should add here that I gathered the impression that this matter is being treated principally on the French side by the Minister of Colonies rather than the Foreign Office officials whom I have recently conferred with. Mr. Mandel said that he considered it would be more satisfactory to deal with this matter here in Paris, through his office, rather than in Monrovia. The French Government had been very gratified by the results of Governor Chazelas' mission, but he was of opinion that future negotiations would be too long were it necessary to send a similar mission to Monrovia for each question which might arise.

The Minister of Colonies declared at the outset that he considered the present arrangement, as it is embodied in the Liberian Government's *aide-mémoire* of May 9th, completely inadequate. In his opinion, one of the most important elements for the defense of Liberia in case of aggression will be the preparation of territorial forces capable of meeting and resisting attack. Aerial and naval protection

²⁶ Not printed.

from outside would supplement and strengthen this resistance but the brunt of an aggression, which would most likely come in the form of a surprise attack, would have to be borne by land forces trained to modern methods of warfare. The assistance which France could give to Liberia, therefore, would, at the present time, be principally in the field of training. Now, the Liberian Government have engaged to raise, as far as possible, an army of 5000 men, which Mr. Mandel considers as a strict minimum, and for the training of this army, they have asked France for 12 officers. Two points appear to Mr. Mandel as of capital importance in connection with this: 1st. If the whole training of the Liberian army is to be left to 12 French officers, the effective preparation of the Liberian forces, which would be long under the most favourable circumstances, would be indefinitely prolonged. 2nd. Should an aggression occur in the meanwhile, before any sufficient preparation has been made in Liberia to ward it off, the country would be without any means of defense; the present Liberian force, however courageously it might resist an invader, cannot be taken into consideration; aerial and naval assistance might not be instantaneous and a surprise attack could have disastrous consequences before this assistance reached the country.

The answer to this double objection, in Mr. Mandel's opinion, would consist in sending to Liberia a French African force amounting to one battalion. Disseminated in companies or platoons in the principal centers in Liberia and those points especially on the coast where an enemy landing could be most effectively attempted, these French troops would serve a double purpose. They would form a training corps for the Liberian army, the recruitment and preparation of which would then be infinitely more rapid than if they were under the technical supervision of 12 officers only; and they would constitute, together with the gradually increasing Liberian forces, a garrison for the protection of the country until such time as this function could be left exclusively to the Liberian army. I mentioned at this point that the presence of so important a force of French troops in Liberia could create a peculiar impression in the country as well as abroad. The French Minister replied that these troops would not, of necessity, arrive all at once nor remain together in only one or two places. Their presence there would not, then, cause anything like a sensation. Furthermore, he said, it may not yet be generally known that Liberia has asked France for military assistance, but if this assistance is accepted, the matter will eventually become common knowledge. It could hardly be kept a secret and there would, in fact, be no particular advantage in secrecy, on the contrary. (I may mention that the matter has already been referred to in newspapers in England and Germany,

to my certain knowledge.) What would appear more natural, in these circumstances, than the presence of French troops in the country?

Mr. Mandel then said that he realized that no small country could look quite serenely on the arrival of troops of a large neighbour in her territories, without sufficient guarantees that this in no wise constituted an army of occupation. He felt certain that the Liberian Government would have the greatest confidence in the disinterestedness of the French Government's motives in this respect. But assurances on this score should be given completely to disarm any suspicion that France's action was based on anything other than the most friendly motives. I asked Mr. Mandel what form such assurances might take and he replied that the French Government would be willing to give whatever guarantees the Liberian Government might require. To his way of thinking, an agreement with regard to the presence of French troops in Liberia might take some such form as the following, to the satisfaction of all concerned:

A written declaration could be drawn up and signed in which the number of these troops would be specified and the object of their presence defined. It could be stipulated that these troops would withdraw automatically if an improvement in the international situation removed the present danger, or at the moment when the Liberian army has reached a point of development considered sufficient for the defense of the country. The French Government would further take an engagement to withdraw these troops upon a simple request from the Liberian Government to do so. To give full force to these guarantees, the American Government could be asked to sponsor the arrangement, either through a declaration made by the French Government to the Government in Washington, or by having a representative of the United States sign the agreement in the name of his Government.

This Mr. Mandel considers to be a minimum form of assistance. France is naturally prepared to answer Liberia's request for assistance in the manner in which the Liberian Government desire it. But he considers that to limit this assistance to the loan of 12 officers and a promise of help by air and by water in case of attack would not be a satisfactory reply to the Liberian Government's appeal. Speaking with great frankness, Mr. Mandel said that, although the element of friendly solidarity and desire to protect a small neighbour did, of course, enter into France's wish to be of assistance to Liberia, he would not conceal from me that this desire was very largely motivated by the realisation that in protecting Liberia, France would be defending her own interests as well. Hence his anxiety that this assistance should be effective. The best way to ward off an act of aggression, he said, would be to have it known that such an act would be effectively resisted; it would always be better to prevent the enemy

from landing in one's territory at all than to expel him afterwards with the assistance of outside naval and aerial forces.

I took occasion at this point to refer to the participation of Great Britain in the measures of assistance to Liberia. Mr. Mandel told me that he had no information concerning the attitude of Britain. He could conclude from her general policies and from the understanding between the French and British Governments, as well as from the point of view of her own interests, that Great Britain would cooperate in assisting Liberia in case of attack, but not by virtue of any special agreement or in any greater measure than that of the aid the two countries are engaged to give one another in case the territories of one or the other should be attacked. He had had no contacts with British authorities in his study of this problem. In a general way, he thought that Liberia should rely on Great Britain principally for aerial and naval assistance, whereas the assistance of France, while including the latter as well, would take the form principally of territorial help, the means of which he had already indicated. On land Great Britain's cooperation could not be compared to that of France which can, at a moment's notice, raise an army of 700,000 men in West Africa alone. Mr. Mandel said that he would be prepared, if the Liberian Government desired it and accepted his proposals with regard to territorial preparation, to negotiate with the British authorities the coordination of a plan for British aerial and naval assistance conjointly with French aid on land, and to whatever degree might be possible and necessary, on sea and in the air. This, I might add, would have the effect of rendering British help more certain and more effective.

Referring to the Liberian Government's suggestion that the Officers to be sent by France to assist in the training of the Liberian army should be Africans, Mr. Mandel said that the French Government were quite prepared to accede to this, but he would give other advice himself. The French Government had the very highest regard for the quality and the capacity of their African cadres, but the training of these latter was not generally so thorough as that of French officers who had gone through higher studies in the War College here. To perform the task of training the Liberian troops with a maximum of efficiency and in a minimum of time, he felt that French officers would be superior to African ones, having themselves a more complete knowledge of modern technique. He would advise therefore that at least a portion of these 12 officers should be French.

Mr. Mandel then asked me if I would communicate his observations to my Government and stress principally his proposal with regard to the sending of a battalion of French African troops and the manner in which he would suggest that this could be guaranteed. He said

that as he considers that not a moment should be lost in completing the measures of preparation, expecting as he does that a conflict might break out at almost any time, he would like to have an answer from the Liberian Government as rapidly as possible. He asked me if I thought I could obtain a reply by next week, and I said that I would urge upon my Government the desirability of reaching a decision.

I would suggest, therefore, that Your Excellency be kind enough to give me instructions by cable with regard to an answer for the French Minister of Colonies as early after the receipt of this note as may be possible.

I should add that I am communicating the principal points of my interview with Mr. Mandel to the American Ambassador here in order to have the benefit of his opinion and to permit him, should he judge it opportune, to report on this matter to his Government. I shall not fail to keep you informed in this regard.

Be pleased to accept [etc.]

[File copy not signed]

882.20/464a : Telegram

The Secretary of State to the Minister in Liberia (Walton) ²¹

WASHINGTON, June 5, 1939—7 p. m.

23. Department's 20, May 20, 4 p. m. We have carefully examined the French plan of assistance for Liberia in consultation with the War and Navy Departments, and as a result of these studies the following observations are transmitted for the strictly confidential information of the Liberian Government. In making known these comments to President Barclay or the Secretary of State, you should point out that while this Government is unable to act as intermediary for Liberia, and has no desire to influence decisions which the Liberian Government may regard as proper in the interest of its national defense, the fact that Liberia initially requested our advice in the matter would appear to warrant our interposing such observations as might suggest themselves from a technical standpoint. These observations, as you will note, are definitely unfavorable to the French proposals.

While this Government approves of the principle of insuring Liberia's safety through the cooperation of the French and British Governments in West Africa, we cannot escape the conviction that a Liberian force of 5,000 men, even if properly armed, trained and disciplined, would be entirely inadequate to resist attacks by a European power from sea or air, or to meet the determined aggression of a hos-

²¹ A similar instruction of same date was sent to the Ambassador in France as telegram No. 402.

tile landing force in conjunction with assistance from within the country. Moreover the financial resources of Liberia would obviously preclude the possibility of creating or maintaining a military establishment on the scale contemplated by the French. We feel also that these resources would not permit consideration of a foreign loan or any other form of external indebtedness except in a manner which would be disastrous to the country's financial stability. Furthermore any such financial commitments would apparently be in conflict with the existing Loan Agreement between the Liberian Government and the Firestone Company, under the provisions of which all expenditures not regularly provided for in the national budget (which is barely enough to meet the most urgent necessities of the Government) or secured by surplus revenues must be approved by the American Financial Adviser. It is understood further that according to the Loan Agreement, the opportunity to subscribe to any new financing of the Liberian Government must be offered first to the Firestone Company, which so far does not seem to have been approached or consulted in the premises by the Liberian Government.

Since an overland invasion of Liberia from neighboring French or British territory can scarcely be considered a likelihood under present world conditions, the most probable danger to Liberia would arise from the strategic purpose of an unfriendly power to extend naval and air control down the West Coast of Africa over the sea routes to the South Atlantic and over the sea and air routes to South America. Any attempt to establish a base for this purpose in Liberia would undoubtedly come from a state whose aggression in the African continent would threaten the vital interests of France and Great Britain at least equally as much as those of Liberia. From a practical standpoint, the defense of Liberia would seem to be of paramount concern to the two Powers which have most at stake in this portion of Africa. From the standpoint of Liberia, on the other hand, the proposals of the French Government would appear to be seriously defective in that they do not involve any positive French commitment toward the defense of Liberia but would require Liberia to arm and defend itself at its own expense.

For your confidential information the following comments have been made in this connection by the United States War Department:

"It is hard to believe that the suggestions made by the French Government were motivated by a sincere regard for the best interests of Liberia. The presumably qualified representatives of the French Government who proposed to furnish 12 French non-commissioned officers to create a force of 5,000 men, must have been aware of the human impossibility of turning that number of primitive, untrained men, wholly lacking in the background of military organization, discipline and efficiency, into a cohesive, effective force, by the aid of such a paltry number of alien instructors. Moreover, even this corps of

instructors is not proposed to be of the caliber of commissioned officers, who might be competent to give strategic direction to the dispositions and employment of the force as a whole, as well as to meet the intricate problems of leadership and organization from a broad background of intelligent experience."

After careful consideration of the problem, we have come to the conclusion that while this Government cannot make the suggestion even informally, the best and simplest means of securing Liberia's defense would be a joint declaration by the Governments of France and Great Britain to the effect that any attack on Liberian territory would be regarded as an attack on the nearby territories of the Ivory Coast and Sierra Leone, respectively. As an alternative to this plan, we feel that a similar purpose could be achieved by an informal tripartite agreement between the Government of Liberia and the Governments of France and Great Britain under which the coastline of Liberia would be assimilated for defense purposes with that of the adjoining French and British colonies, while naval vessels and airplanes of those two Governments based in West African waters would patrol the coast of Liberia in the event of emergency and render such assistance as might be needed. Obviously it would be of the utmost importance to France and Great Britain in the event of hostilities to prevent the establishment of a hostile base in Liberia from which attacks might be launched against their shipping, commerce or territorial possessions in West Africa, and either of the above plans would seem adequate to accomplish that objective.

In respect to the possibility of internal attack, the Liberian Government could probably be sufficiently safeguarded at the present time by an increase in the strength of the Frontier Force to approximately 1,000 men, and by the purchase of perhaps 20 machine guns at a total cost of not much more than \$10,000. The cost of such a moderate program, or a slightly more comprehensive one if conditions appeared to demand it, could for example be met by an emergency reduction in the current appropriations, while payment for military equipment could be spread over a number of years. Mr. Harvey Firestone has assured us that the Finance Corporation of America would be glad to accommodate the Liberian Government in certain details connected with the servicing of the Loan Agreement, and to cooperate in any way practicable to enable Liberia to take such measures for defense as are within reasonable bounds of its economy.

In view of the haste which the French authorities seem to have displayed in negotiating the tentative agreement, we believe it desirable for us to take up the matter directly with the French Government. Accordingly, the American Ambassador at Paris has been instructed to make known to the French Foreign Office the views of the United States Government with respect to the defensive assistance of Liberia,

and to endeavor to persuade the French authorities to substitute for their present proposal a plan of assistance more along the lines mentioned above. Pending the outcome of these discussions it is hoped that the Liberian Government will make no move to give effect to the provisions of the tentative agreement.

The Embassy at London reports that the Liberian representative in that city has approached the British Government in regard to military assistance but that the authorities have not acted with any dispatch in the matter. A Foreign Office official has indicated confidentially that while Great Britain would probably be willing to assist in the defense of Liberia should the need arise, Liberia seemed to be in little danger of attack even if war with Germany should take place. Since the Liberians have approached both France and Great Britain and since the matter would appear to concern both Governments equally, we are suggesting that the British Ambassador in Paris might be drawn into the discussions with a view to arriving at an understanding acceptable to all sides. We shall inform you promptly as to the results of the proposed discussions in Paris.

HULL

 882.20/465 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, June 6, 1939—7 p. m.
[Received June 6—5: 59 p. m.]

1082. Your No. 402, June 5, 7 p. m.²⁸ I sent you on May 30th (my despatch No. 4429) by the *Queen Mary* pouch which reached New York yesterday a despatch prepared by the Liberian Minister in Paris after a conversation with Mandel, Minister of Colonies. This despatch which I assume you will receive today is so pertinent to the observations in your telegram under reference that I feel you may wish to amend slightly your instructions and shall await your comments before acting.

BULLITT

 882.20/466 : Telegram

The Minister in Liberia (Walton) to the Secretary of State

MONROVIA, June 9, 1939—5 p. m.
[Received June 9—1: 50 p. m.]

42. Department's 23, June 5, 7 p. m. I have communicated Department's views to the Liberian Government which is gratified at

²⁸ See footnote 27, p. 590.

suggestions offered. I have been assured by the Liberian Government that nothing will be done to carry to a definite conclusion tentative proposals while the American Government is making approach.

Am I at liberty to leave paraphrase of Department's telegram with President Barclay?

WALTON

882.20/466 : Telegram

The Secretary of State to the Minister in Liberia (Walton)

WASHINGTON, June 13, 1939—6 p. m.

26. Your 42, June 9, 5 p. m. The Department has no objection to your showing President Barclay in strict confidence a copy of the telegram referred to, but believes it inadvisable to leave him a paraphrase.

HULL

882.20/451

The Secretary of State to the Ambassador in the United Kingdom (Kennedy)

WASHINGTON, June 28, 1939.

MY DEAR MR. AMBASSADOR: In reference to your telegram no. 690 of May 16, 5 p. m., Ambassador Bullitt has forwarded to us a copy of a despatch prepared by the Liberian Minister in Paris after a conversation with the French Minister of Colonies, which indicates that the French Government is pressing for Liberia's acceptance of a proposal to garrison that country with a battalion of French African troops pending the establishment of a native army of at least 5000 men to be trained by French officers. Since it has been our understanding that discussions for the defense of Liberia were entered into by the Liberian Government simultaneously, although separately, with the British as well as the French representative in Monrovia, we have been rather surprised to note in this connection that the Minister of Colonies told the Liberian Minister that he had no information concerning the attitude of Great Britain and had had no contacts with the British authorities in his study of the problem of defensive assistance for Liberia.

The French plans for assistance, of which you are aware through the Department's instructions no. 663 of April 24 and no. 741 of May 26,²⁹ appear to us so inimical to the best interests of Liberia and so at variance with the conclusions reached by our War and Navy Departments as to the most practicable means of insuring Li-

²⁹ Neither printed.

beria's safety that we have instructed Ambassador Bullitt to endeavor to persuade the French authorities to withdraw their proposals in favor of some sort of understanding with Great Britain for the joint protection of the Liberian coastline. You will be fully informed on our action in this respect after receiving copies of the Department's telegrams to Paris no. 402 of June 5, 7 p. m.,³⁰ and one going forward at the same time as this letter, as well as a copy of the Liberian Minister's despatch, all of which we have requested the Embassy to transmit to you.

Your telegram of May 16 suggests that the British would scarcely consider the far-reaching French proposals necessary for the defense of Liberia and that the British view as to what is advisable probably coincide more nearly with our own. As made clear in the telegrams being repeated to you, we are persuaded that the safety of Liberia could be adequately secured at the present time by a moderate increase in the strength of the Frontier Force and by an undertaking on the part of the British and French Governments to come to Liberia's aid in the event of hostilities. We are, therefore, hopeful that the British and French authorities will eventually come to some sort of understanding on this subject, with a view to assuring the Liberian Government, either formally or informally, that they would be prepared to render to Liberia whatever assistance might be considered necessary or feasible in time of need. It is of course obvious in this connection that in protecting Liberia, Great Britain would be defending her own vital interests in West Africa as well.

I am taking the opportunity of supplying you with the foregoing background information because of the fact that this question is regarded as one of some importance in this country, particularly in view of our large Negro population, whose interest in the destiny of Liberia is well-known. We should, therefore, be appreciative of any word you may be able to send us from time to time in regard to British intentions in the matter.

Sincerely yours,

CORDELL HULL.

882.20/466 : Telegram

The Secretary of State to the Minister in Liberia (Walton)

WASHINGTON, June 28, 1939—5 p. m.

27. Your 42, June 9, 5 p. m. Ambassador Bullitt has forwarded to us a copy of a despatch prepared by the Liberian Minister in Paris after a conversation with the French Minister of Colonies, the contents of which you probably are aware of by now, which indicates

³⁰ See footnote 27, p. 590.

that the French Government is again pressing for acceptance of its original proposal to garrison Liberia with a battalion of French West African troops pending the establishment of a native army. Moreover, the latest French plan apparently regards 5000 men as "a strict minimum", and contemplates sending to Liberia 12 commissioned officers instead of the non-commissioned staff which, it is understood, Liberia suggested as a compromise for the proposal to station French troops within its borders.

Despite the assurances mentioned by the Minister of Colonies relative to the eventual withdrawal of French troops from Liberian territory, we consider that the renewed insistence of the French Government on the matter of armed forces serves only to emphasize the objections outlined in our telegram no. 23, June 5, 7 p. m. In addition to the reasons already enumerated, our War and Navy officials point out that the presence on Liberian soil of French troops, or French-trained troops, might actually attract the attention of an aggressor nation and thus constitute an objective for attack. The officials we have consulted, including the chief of the Army War Plans Division, are of the opinion that in case of such attack a force of 5000 natives would serve no purpose except as a target to draw the enemy's fire.

We note that the French *aide-mémoire* of May 8 invites counter-proposals on the part of Liberia. Since it is obvious that in protecting Liberia, France and Great Britain would be defending their own vital interests in West Africa as well, it seems to us that the Liberian Government, rather than accept the French plan of a territorial defense force, should continue to endeavor to persuade the appropriate French and British authorities to work out some sort of joint understanding on the subject of assistance to Liberia, or at least to give the Liberian Government informal assurances that they would be prepared to render such aid as might be considered necessary or feasible in case of emergency. With respect to the participation of Great Britain in such measures of assistance, we have been surprised to note in the despatch of the Liberian Minister at Paris the statements of the Minister of Colonies that he had no information concerning the attitude of Great Britain and that he had had no contacts with British authorities in his study of the problem. It was our understanding that the discussions initiated by the Liberian Government on April 12 were entered into simultaneously, although separately, with the British, as well as the French, representative in Monrovia, while from your telegram no. 25 of April 19, 4 p. m., it appeared that the French Chargé d'Affaires had informed the Liberian Government that France had accepted the proposal for an agreement with Great Britain under which air and naval assistance would be rendered to Liberia in the event of hostilities and that conversations in respect thereto had been opened by Paris with London.

Whether or not such a commitment on the part of Great Britain or France is forthcoming, however, it is the opinion of our War and Navy Departments that neither of those two Powers could permit the establishment of a hostile base on Liberian territory and that they would inevitably be compelled to take steps to prevent this should the occasion arise. In the last analysis, therefore, it would appear to be immaterial whether a formal agreement on the subject is entered into, the main problem for Liberia at the moment being that of internal defense.

In the latter connection you may inform President Barclay in strict confidence that the War Department is exploring the possibility of having American manufacturers make available to the Liberian Government at cost the suggested machine gun equipment together with a reasonable amount of ammunition. As you were previously informed, we are also instructing the American Ambassador at Paris to make known to the French Government our general views on the subject of defensive assistance for Liberia.

Should the Liberian Government have further fears as to the danger of attack from within, you might suggest that it give consideration to the possibility of restricting the immigration of aliens whose purpose in entering the country could not be satisfactorily explained or whose increasing numbers might develop into a minority likely to threaten the best interests of Liberia.

HULL

882.20/465 : Telegram

The Secretary of State to the Ambassador in France (Bullitt)

WASHINGTON, June 28, 1939—6 p. m.

472. Embassy's 1082, June 6, 7 p. m. It would appear from the Liberian Minister's despatch that the French Government, instead of accepting the Liberian undertaking to recruit and train an army of 5000 men with the aid of 12 French non-commissioned officers, is again proposing to garrison the country with a battalion of French African troops pending the establishment of a native army in Liberia. This proposal was previously rejected by the Liberian Government, according to Minister Walton's telegram of May 17,³¹ a paraphrase of which was sent you with the Department's instruction no. 1526 of May 26.³² Moreover, the latest French plan apparently regards 5000 men as "a strict minimum" and contemplates sending to Liberia 12 commissioned officers instead of the non-commissioned staff which, it is under-

³¹ Telegram No. 32, p. 576.

³² Instruction not printed.

stood, Liberia suggested as a compromise for the proposal to station French troops within its borders.

Despite the assurances mentioned by the Minister of Colonies relative to the eventual withdrawal of French troops from Liberian territory, we consider that the renewed insistence of the French Government on the matter of armed forces serves only to emphasize the objections outlined in our telegraph instruction no. 402 of June 5, 7 p. m.³³ Please approach the French authorities, therefore, at your earliest opportunity in order to make known the views of the United States Government on this subject.

It is apparent that while the French authorities do not deny the value of air and naval assistance for Liberia, their opinion as to the necessity for a standing defense force differs widely from that of our War and Navy Departments and, in so far as it is known at present, from that of the British Government. With reference to British participation in these measures of assistance, we are surprised to note in the Liberian Minister's despatch the statements of the Minister of Colonies that he had no information concerning the attitude of Great Britain and that he had had no contacts with British authorities in his study of the problem. You will recall in this connection that according to a telegram from the Legation at Monrovia dated April 19,³⁴ a paraphrase of which was sent you with the Department's instruction no. 1443 of April 24,³⁵ the French Chargé d'Affaires had informed the Liberian Government that France had accepted the proposal for an agreement with Great Britain under which air and naval assistance would be rendered to Liberia in the event of hostilities and that conversations in respect thereto had been opened by Paris with London. Moreover, it is our understanding that the discussions initiated by the Liberian Government on April 12 were entered into simultaneously, although separately, with the British, as well as the French, representative in Monrovia, concerning which the French Government cannot be uninformed. From the strategic point of view, the defense of Liberia would appear to be of equal importance to both those Governments and would seemingly make a joint understanding on the subject desirable. We are hopeful that the British will view the matter in the same light as we do, and that they may reach some agreement with the French for protection of the Liberian coastline, leaving the problem of internal attack to be met by the suggested increase in strength of the Frontier Force. In this connection it is obvious of course that in protecting Liberia, France would be defend-

³³ See footnote 27, p. 590.

³⁴ Telegram No. 25, p. 567.

³⁵ Instruction not printed.

ing her own vital interests in West Africa as well, a point which has already been stressed by the Minister of Colonies.

Please send to London a copy of the Liberian Minister's despatch and repeat to London this telegram as well as our telegram no. 402 of June 5, 7 p. m.

HULL

882.20/473 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, June 30, 1939—9 p. m.

[Received June 30—5:30 p. m.]

1233. Your 472, June 28, 6 p. m. I discussed this question informally with Léger today. He stated that the French Government had made no proposals to the Liberian Government except in accordance with the requests of the representative of the Liberian Government and that the French Government had not the slightest desire to send troops to Liberia. He added that he will be glad to receive from me any suggestions our Government might wish to make with regard to the best ways and means to prevent a German landing on the coast of Liberia from either a submarine or a cruiser and at the same time leave intact the excellent financial position of Liberia.

The Liberian Minister called on me at his request yesterday and showed me an instruction from his Government dated May 17th in which it was stated that you had instructed me and Kennedy to discuss this question with the French and British Governments. The Liberian Minister added that he was about to leave Paris for a stay of 2 or 3 weeks in Norway and he would be greatly obliged if I would handle this question for him during his absence.

I should appreciate instructions.

BULLITT

882.20/474 : Telegram

The Minister in Liberia (Walton) to the Secretary of State

MONROVIA, July 3, 1939—6 p. m.

[Received July 3—4:45 p. m.]

48. The Liberian Government concurs with observations made in Department's 27, June 28, 5 p. m. Assurances have been given me that no agreement will be entered into for external military assistance unless both Great Britain and France are principals. Nor will Liberia give further consideration to present French proposal regarding the strengthening of Liberia's internal defense.

I have been given to understand that a motivating reason for Liberia seeking a military alliance was to preclude the possibility of

an excuse for a "friendly invasion" as a "precautionary measure"; and that this step would not have been taken had not Liberian Government misinterpreted Department's telegrams of March 25th and April 18th.

I am inclined to suspect that Dakar, which experiences great difficulty in realizing that Liberia is a separate sovereign state, has had much to do with the initiation of the French proposal. Recently Dakar undertook to negotiate with Liberia a radio agreement. The Liberian Government, to avoid establishing an undesirable precedent, insisted on Quai d'Orsay's participation.

WALTON

882.20/473 : Telegram

The Secretary of State to the Ambassador in France (Bullitt)

WASHINGTON, July 8, 1939—6 p. m.

509. Your 1233, June 30, 9 p. m. Our military and naval experts are of the opinion that landing of hostile forces in Liberia could be prevented only by appropriate measures of defense of Liberia's coastline by French or British naval or aerial units. Those experts believe, furthermore, that the presence of foreign troops or foreign trained troops in Liberia might even constitute an objective for attack by hostile forces and that they would in any case be unable to resist bombardment by hostile naval vessels. The proposed increase in the Liberian Frontier Force would not be undertaken with a view to preventing acts of aggression from without but to preserve internal order and to reduce the possibility of a coup by unfriendly aliens who might be residing in the country.

Our military and naval authorities consider that any attempt to seize Liberia through naval or aerial action would automatically have to be met by France and Great Britain which have their own vital interests to protect in that part of Africa. The nature of the measures to be put into effect upon the outbreak of hostilities in order to assimilate the Liberian coastline, for defensive purposes, to the adjoining French and British possessions, are of course for the determination of the French and British Governments in the light of any arrangements they may have for the protection of those possessions. Apparently what the Liberian Government desires at this time is some assurance, either formal or informal, from the British and French Governments that they intend, in the event of hostilities, to take such action as may be required to protect, in their own self interest, the coastline of Liberia.

HULL

882.20/476 : Telegram

The Ambassador in the United Kingdom (Kennedy) to the Secretary of State

LONDON, July 8, 1939—6 p. m.
[Received July 8—1:45 p. m.]

956. My 690, May 16, 5 p. m. and related correspondence. The Liberian Minister in London received an oral reply from the Foreign Office on July 5 to the inquiry which had been made by the Liberian Government with a view to ascertaining to what extent Liberia could expect assistance from Great Britain should war break out. The statement made to the Liberian Minister was as follows:

"His Majesty's Government could not remain indifferent if Liberia were the victim of unwarranted aggression which would have for its objective the establishment of a foreign power on her territory."

Foreign Office information is that recent French activities in Liberia had their inception very largely in a visit paid to Dakar some time ago by Mr. Dennis, Secretary of the Treasury of Liberia who was returning from a trip to the Far East, and his conversations with French officials. Mr. Dennis since his return to Liberia is stated to have suggested the advisability of Liberian officials paying a visit to Sierra Leone to discuss the common interests of Liberia and the British colony in matters of defence. Should such a visit of Liberian officials take place, the Governor, who is also the Commander in Chief, could not make any commitments without reference to London.

I understand that the view of Foreign Office and the service departments in London is that Liberia is in fact in very little danger of attack; that if she were attacked the British Government could obviously not remain unconcerned and would take whatever measures the circumstances might call for. This in substance is the view which has been communicated to the Liberian Minister. I understand that the French proposals, which have been reported to the Department, have not been concerted with the British, and Foreign Office official states that a member of the French Embassy here expressed the private opinion that the excessive personal zeal of the French Minister of Colonies was a considerable factor. The British had already received information that the French proposals were not looked upon with favor by the United States Government and apparently no action is projected here at the moment beyond the declaration already made to the Liberian Minister. This declaration is not to be made public and the Foreign Office wishes it to be held confidential.

KENNEDY

882.20/476 : Telegram

*The Secretary of State to the Ambassador in the United Kingdom
(Kennedy)*

WASHINGTON, July 18, 1939—2 p. m.

550. Your 956, July 8, 6 p. m. The essential portions of the information contained in your telegram were conveyed in confidence to the American Minister at Monrovia who now reports that he has been informed by the Liberian Secretary of State that he has not received any such information from the Liberian Minister in London. Our Minister was shown a communication from the Liberian Minister in London, dated July 7, stating that he had discussed the question of a defensive alliance with Sir Lancelot Oliphant³⁶ who promised to consult immediately the Foreign and Colonial Offices and, if necessary, the Admiralty. The Liberian Minister in London referred in this report to the different attitudes displayed by France and Great Britain and stated that Great Britain had not even committed itself in principle which is of course at variance with the information furnished to you.

Please endeavor discreetly to clarify these apparent discrepancies.

HULL

882.20/478 : Telegram

*The Chargé in the United Kingdom (Johnson) to the Secretary
of State*

LONDON, July 21, 1939—6 p. m.
[Received July 21—2:40 p. m.]

1048. Your 550, July 18, 2 p. m. I have discussed this matter informally with Oliphant who says that he can only confirm the accuracy of the information given the Embassy on July 8 and reported to the Department in telegram No. 956, July 8, 6 p. m., and in a letter from the Ambassador to the Secretary of July 11.³⁷ It is quite evident that the Liberian Minister in London did not grasp the significance of the statement made to him on July 5 by Sir Lancelot Oliphant. Oliphant says that the Minister called specifically to take up the possible visit of Liberian officials to Sierra Leone and that they had a somewhat lengthy conversation about the matter. He thought the occasion a good one to give the British answer to the original Liberian query as to what extent Great Britain would be able to assist Liberia in the event of war and thinks that the Minister

³⁶ Deputy Under Secretary of State in the British Foreign Office.

³⁷ Letter of July 11 not printed.

simply missed the point of his statement, which he had not at the time thought it necessary to emphasize.

Olipphant further reaffirmed most emphatically that whatever proposals the French had made to Liberia had been in no way concerted with the British and he said that he did not even know in detail what the proposals were.

The Liberian suggestion for a visit of Liberian officials to Sierra Leone has been taken up with the Colonial office.

JOHNSON

882.20/477 : Telegram

The Secretary of State to the Minister in Liberia (Walton)

WASHINGTON, July 22, 1939—2 p. m.

30. Your 50, July 15, 11 a. m.³⁸ Sir Lancelot Oliphant has confirmed to our Embassy at London that he made the statement quoted in the Department's 29, July 12, 4 p. m.³⁸ to the Liberian Minister in London on July 5. Apparently the statement was made during a lengthy discussion and the Liberian Minister may have misunderstood its significance. If the Liberian Government has any further doubt about the matter it may wish to instruct its Minister in London to obtain confirmation or a reaffirmation of the statement from Oliphant.

HULL

882.20/470 : Telegram

The Secretary of State to the Minister in Liberia (Walton)

WASHINGTON, July 22, 1939—3 p. m.

31. Department's 23, June 5, 7 p. m. and your despatch 306, June 23.³⁹ Please telegraph what, if any, steps the Liberian Government is taking to "enlarge its defensive forces" as proposed in President Barclay's memorandum of May 9.

If the Liberian authorities so desire we shall be glad to ascertain the lowest price at which a small number of machine guns can be purchased here.

HULL

882.20/474½

The Under Secretary of State (Welles) to President Roosevelt

WASHINGTON, July 24, 1939.

MY DEAR MR. PRESIDENT: In connection with the efforts which the Government of Liberia is making to provide for its defense in case of

³⁸ Not printed.

³⁹ Latter not printed.

hostilities, you recently discussed with me the possibility of the Liberian authorities purchasing one or more field pieces mounted on tractors. The question of Liberia obtaining coast defense guns or field pieces mounted on tractors has been considered by experts in the War and Navy Departments who are of the opinion that so far as defense against external aggression is concerned Liberia must rely upon the naval and aerial forces of its British and French neighbors. In this connection you will be interested to know that our Embassy in London reports that an official of the British Foreign Office on July 5 made the following oral statement to the Liberian Minister in London in reply to the latter's request for information as to what support Liberia could count upon receiving from Great Britain in the event of an attack upon Liberian territory:

"His Majesty's Government could not remain indifferent if Liberia were the victim of unwarranted aggression which would have for its objective the establishment of a foreign power on her territory."

Our Army and Navy experts feel that the most Liberia can do is to provide against any possibility of hostile action from within, such as an attempt by unfriendly aliens residing in the country to overthrow the Government and seize power. To provide against such a contingency our experts believe that the Liberian Government would be well advised to increase its frontier force from the present strength of about 650 men to a total of 1,000 men and to purchase a suitable number of machine guns. The War and Navy Department authorities are of the opinion that field pieces, either mounted on tractors or unmounted, would not be appropriate to put down internal outbreaks and that machine guns are the most useful weapons for such a purpose. They point out, moreover, that a mounted field piece would cost about \$48,000, and in that connection they refer to the small sum of money which Liberia can make available for defense measures without imperiling its financial position. The present Liberian budget totals less than \$1,000,000 and the amount required to increase the frontier force and to purchase machine guns would seem to be all that the budget can absorb at this time.

Our Minister at Monrovia recently reported that the President of Liberia had given instructions that the country's defense forces were to be increased. We are now ascertaining what steps the Liberian Government is taking to that end. At the same time we are offering to find out the lowest price at which the Liberians can purchase machine guns in this country if they so desire.

In view of all the above circumstances, and bearing in mind the assurances which the Liberians have received from the British Foreign

Office, the steps being taken would seem to be adequate to meet the immediate requirements of the situation.

Faithfully yours,

SUMNER WELLES

882.20/474½

*Memorandum by President Roosevelt to the Under Secretary of State
(Welles)*

WASHINGTON, July 26, 1939.

I do not agree with this estimate of the situation.⁴⁰ There is, of course, always danger of some internal trouble in Liberia but the fact of possessing even two or three line mobile field pieces is going to keep a raiding enemy cruiser or submarine out of the roadstead. The cost can be made negligible by cutting red tape.

F[RANKLIN] D. R[OOSEVELT]

882.20/474½

*Memorandum by the Under Secretary of State (Welles) to the Chief
of the Division of Near Eastern Affairs (Murray)*

[WASHINGTON,] July 27, 1939.

The President's memorandum⁴¹ is self-explanatory. Please take the matter up again with War and Navy and try to work out something in accordance with the President's desires. When this has been done, please be kind enough to draft a further letter for me to send the President telling him what has been agreed upon. You will also remember that I have to inform Ambassador Bullitt when this decision is finally reached.

882.20/476½

*Memorandum by the Under Secretary of State (Welles) to the Acting
Chief of the Division of Near Eastern Affairs (Alling)*

[WASHINGTON,] July 27, 1939.

When I saw Mr. Green⁴² today upon another matter, I discussed this question with him in general terms. I wish you would both obtain for me in as brief a form as possible memoranda giving the views of Army and Navy on these questions, as well as a memorandum setting forth the willingness of the manufacturers of this country with whom Mr. Green has spoken to supply machine guns to the Liberian Government at cost. I likewise desire a further memorandum indicating whether

⁴⁰ See *supra*.

⁴¹ *Supra*.

⁴² Joseph C. Green, Chief of the Division of Controls.

or not the War Department is able to obtain six non-commissioned officers of the reserve who might be available to go to Liberia to give the training necessary for the utilization of the matériel suggested.

When I have these documents, I will ask the President to give me an opportunity to discuss the question further with him and I will then suggest to him that it would presumably be helpful for him to call in General Marshall and Admiral Stark in order to find a way of carrying out the ideas he has in mind.

882.20/479½

Memorandum by the Acting Chief of the Division of Near Eastern Affairs (Alling) and the Chief of the Division of Controls (Green)

[WASHINGTON,] July 28, 1939.

It has been suggested that the War Department might detail six negro non-commissioned officers to assist the Military Adviser to the Liberian Government in the training of troops in the use of machine guns.

There is no authority in law for the detailing of American Army personnel for service in Liberia. Such action could be accomplished only by means of the subterfuge of assigning a negro military attaché to the Legation in Monrovia, and detailing six non-commissioned officers ostensibly as members of his staff. Such action might subject the Administration to severe criticism.

This memorandum has been seen and approved by the Chief of Staff of the Army.

PAUL H. ALLING
JOSEPH C. GREEN

882.20/478½

Memorandum by the Acting Chief of the Division of Near Eastern Affairs (Alling) and the Chief of the Division of Controls (Green)

[WASHINGTON,] July 28, 1939.

The Liberian Government fears the possibility of an attack upon the capital by Germans resident in the country. We have reason to believe that these fears may not be entirely unjustified.

The Liberian Frontier Force, as at present armed, would probably find it difficult to cope with a well-organized coup on the part of German residents. It would, however, be in a position to cope with such a coup and probably to prevent it if the Frontier Force were increased from its present strength of 650 to 1,000 and if it could obtain 15 or 20 machine guns. An American negro, a former American Army officer, has been retained by the Liberian Government as

a military adviser. He is competent to train the Liberians in the use of machine guns.

The Colt's Patent Fire Arms Manufacturing Company has informed the Department it would be prepared to sell and deliver immediately to the Liberian Government fully equipped machine guns at the nominal price of \$200 per gun.

This memorandum has been seen and approved by the Acting Secretary of the Navy and the Chief of Staff of the Army.

PAUL H. ALLING
JOSEPH C. GREEN

882.20/477½

Memorandum by the Acting Chief of the Division of Near Eastern Affairs (Alling) and the Chief of the Division of Controls (Green)

[WASHINGTON,] July 28, 1939.

Liberia is in no danger of attack from Germany because of the difficulties of transport and supply. Our information indicates that this view is shared by the British Government.

If a serious attack were made upon her, Liberia, unaided, could not, of course, resist such an attack. The British and French Navies, however, would be obliged in defense of their own vital interests to come to Liberia's assistance. Satisfactory assurances in this regard have been given to the Liberian Government by the British Foreign Office.

The smallest coast defense guns which would be of any use in resisting an attack by a submarine or raider would be 155 mm. guns. There is no authority in law by which this Government could furnish such guns to Liberia. Furthermore, there is no military personnel in Liberia which would be able to handle guns of this caliber. Neither the United States nor any other great power has found it possible to train black troops in the use of such guns.

This memorandum has been seen and approved by the Acting Secretary of the Navy and the Chief of Staff of the Army.

PAUL H. ALLING
JOSEPH C. GREEN

882.20/480

The Under Secretary of State (Welles) to President Roosevelt

WASHINGTON, August 2, 1939.

MY DEAR MR. PRESIDENT: On the receipt of your memorandum of July 26, 1939, in regard to the defense of Liberia, I instructed officers

of the Department to restudy the entire question in consultation with the War and Navy Departments. Those instructions have been most carefully complied with.

There are enclosed, for your information, two memoranda⁴³ dealing with different phases of the matter. I should appreciate it if you could find it possible, at your convenience, to give me an opportunity to discuss this matter further with you.⁴⁴

Faithfully yours,

SUMNER WELLES

882.20/473½ : Telegram

The Minister in Liberia (Walton) to the Secretary of State

MONROVIA, August 3, 1939—4 p. m.

[Received August 3—3 p. m.]

55. Department's 30, July 22, 2 p. m. Secretary of State has received from Liberian Minister in London confirmation of statement as quoted in the Department's 29, July 12, 4 p. m.⁴⁵

The excuse is given by Liberian Minister that he was seeking a written commitment from the British Foreign Office before advising Liberian Government.

WALTON

882.20/481 : Telegram

The Acting Secretary of State to the Ambassador in France (Bullitt)

WASHINGTON, August 5, 1939—1 p. m.

590. Your 1446, August 4, 7 p. m.⁴⁵ The President yesterday approved a solution different from that which he had previously had under consideration. I am sending you the full text by mail.

WELLES

882.20/482a

The Acting Secretary of State to the Ambassador in France (Bullitt)

[Extract]

WASHINGTON, August 8, 1939.

MY DEAR MR. AMBASSADOR: In view of the President's interest in the question of the defense of Liberia, I recently instructed officers of the Department to restudy the matter in consultation with the War and Navy Departments. As a result, two memoranda were prepared

⁴³ *Supra.*

⁴⁴ This paper bears the notation, "OK FDR".

⁴⁵ Not printed.

dealing with different phases of this subject, and their contents have now been approved by the President. I am enclosing copies of the memoranda herewith.⁴⁷

Sincerely yours,

SUMNER WELLES

882.20/482b : Telegram

The Acting Secretary of State to the Minister in Liberia (Walton)

WASHINGTON, August 8, 1939—5 p. m.

38. Department's 31, July 22, 3 p. m.

1. You may inform President Barclay that the Colt's Patent Fire-Arms Manufacturing Company of Hartford, Connecticut, is prepared to sell and to deliver immediately to the Liberian Government fully equipped machine guns at the nominal price of \$200 per gun. While these guns are of Model 1914 and are not equipped with the most modern appliances, we are assured by experts of the War Department that they would be entirely satisfactory for the purpose of Liberia's internal defense.

2. Please endeavor to ascertain what, if any, steps the Liberian Government contemplates with respect to enlarging its defensive force, including the suggested purchase of machine guns. We should be glad to have you telegraph your observations on this subject.

3. In view of the confirmation received from the Liberian Minister in London of the British assurances for the defense of Liberia, we assume that the Liberian Government would now be satisfied that the external safety of the country would be adequately secured provided a similar declaration is forthcoming on the part of the French Government. We believe that the present moment would be advantageous for the Liberian Government to take steps to obtain from the French Government assurances along the lines of those offered by the British, emphasizing the fact that such action would of course be in France's own self-interest should hostilities threaten the Liberian coastline. The actual protective measures to be taken by the British and French Governments in the event of an emergency would, of course, be a matter for determination by them, but it would seem logical to suppose that the former would render aerial or naval aid while the latter could supply such territorial forces as might be necessary.

WELLES

⁴⁷ *Ante*, pp. 606 and 607.

882.20/484 : Telegram

The Minister in Liberia (Walton) to the Secretary of State

MONROVIA, August 11, 1939—4 p. m.

[Received August 11—2 p. m.]

59. In accordance with suggestion in the Department's 38, August 8, 5 p. m., Foreign Office is instructing Liberian Minister in Paris to secure from the French Government similar assurances as have been obtained from the British Government relative to aerial and naval assistance in the event of an emergency.

It is not made clear what country "could supply such territorial forces as might be necessary."

The largest submarine of the French West African squadron is paying a courtesy visit here on the 12th instant. The French Chargé d'Affaires is giving an informal reception for the officers to be attended by Cabinet officers and Diplomatic Corps.

WALTON

882.20/486 : Telegram

The Chargé in the United Kingdom (Johnson) to the Secretary of State

LONDON, August 19, 1939—7 p. m.

[Received August 19—2:30 p. m.]

1200. My 1048, July 21, 6 p. m. The Foreign Office informs me that a despatch from the British Embassy in Paris reports that the British Assistant Military Attaché had been informed by the French War Office, without any reference to the fact that France had made certain proposals to Liberia, that there was no question of sending any French troops or military instructors to Liberia.

JOHNSON

882.20/487 : Telegram

The Minister in Liberia (Walton) to the Secretary of State

MONROVIA, August 23, 1939—1 p. m.

[Received August 23—10:40 a. m.]

63. I have been requested by the Liberian Government to inform the Department that new budget will provide for an increase in the frontier force to 1,000 men, and that new laws to be enacted at coming session of the legislature designed to reorganize the militia as a reserve force.

The Liberian Government is ready to purchase machine guns as recommended.

The Secretary of State has received word from Liberian Minister in Paris that French Government looks with favor on giving Liberian Government written assurance relative to defensive assistance similar to assurance given verbally by British Government.

WALTON

882.20/493

The Ambassador in France (Bullitt) to the Secretary of State

No. 4911

PARIS, August 31, 1939.

[Received September 19.]

SIR: I have the honor to refer to my telegram No. 1658 of August 29, 7 p. m.,⁴⁸ and to enclose herewith, with English translation, a copy of a note addressed by the French Foreign Office, under date of August 26, 1939, to the Liberian Legation in Paris.

In furnishing me with a copy of this note, the Liberian Minister expressed his deepest personal thanks and the gratitude of the Liberian Government for the assistance given in this matter by this Mission.

Respectfully yours,

WILLIAM C. BULLITT

[Enclosure—Translation]

The French Ministry for Foreign Affairs to the Liberian Legation in France

PARIS, August 26, 1939.

Under date of the 17th instant, the Liberian Legation kindly handed to the Ministry of Foreign Affairs an *aide-mémoire* reading as follows:

"In the course of negotiations which took place in Paris and in Monrovia between the French Government and the Liberian Government, the latter was greatly gratified to be able to note the assurance given to it by the Government of the French Republic concerning the help which the latter would give it in the case of an aggression against Liberian territory being committed by an enemy power aiming at the occupation of the said territory.

"The help to be given by France in such case would be, it seems, for the most part, of an interior nature, i. e., would consist of military preparation and the defense of the Liberian territory by French land forces in conjunction with the Liberian Army. The question as to the most effective form under which such help should be given is at present being discussed by the two Governments.

⁴⁸ Not printed.

"Pending the solution of this question, the Liberian Government, having gathered the assurance that the British Government could not disinterest itself in such an aggression, is anxious to know whether the Government of the French Republic would be ready to confirm its assurance as regards possible exterior aid, i. e., naval or aerial, should the case contemplated in the assurance already given present itself."

In acknowledging to the Legation the receipt of this *aide-mémoire*, the Ministry has the honor to inform it that the Government of the Republic, on its side, could not remain indifferent in case of an aggression by a third power against Liberian territory.

For the Minister for Foreign Affairs
and by procuration

The Ambassador of France

Secretary General

(Signed) A[LEXIS] L[ÉGER]

882.20/502a : Telegram

The Secretary of State to the Minister in Liberia (Walton)

WASHINGTON, October 12, 1939—noon.

50. It now appears that owing to conditions created by the war in Europe, a delay may be encountered in shipping the machine guns ordered by the Liberian Government. In the light of actual hostilities and the declared position of Great Britain and France with respect to Liberia, it is possible that President Barclay may wish to take advantage of the interval in order to re-examine the needs of the Frontier Force both as to the precise number of machine guns which could advantageously be employed and as to the strategic disposition of the weapons, which, we understand, require a crew of 8 or 10 men each.

The Liberian Consul General in New York states that he has been authorized to spend \$4,000 on this order, that with deductions for freight and insurance he will be able to acquire 19 machine guns, but that he has no instructions to purchase ammunition. It may be, therefore, that a review of the situation would lead the Liberian Government to make a different allocation of the funds earmarked for this purpose.

We believe it would be well to ascertain from Major Nabors in this connection (1) whether any plan has been worked out to guard against the possibility of internal attack or sabotage at Monrovia, or elsewhere in the country; (2) the extent to which he may regard it feasible to train an adequate portion of the Frontier Force to operate machine guns; and (3) whether it might be advisable to substitute a

number of automatic rifles or submachine guns for part of the order for machine guns.

We should of course be glad to seek the views of our War Department experts on any subject which the Liberian Government might desire.

HULL

882.20/503 : Telegram

The Minister in Liberia (Walton) to the Secretary of State

MONROVIA, October 21, 1939—noon.

[Received 7 p. m.]

85. Department's 50, October 12, noon. I have been informed by President Barclay that the Liberian Government is guarding against possible internal disturbances and sabotage in Monrovia and elsewhere; that troops are now available and adequately trained to operate machine guns; that the military after a review of the situation recommends the Liberian Government limit the ordered Colt's 7 millimeters machine guns to 10 in number and substitute for the remainder Browning light automatic rifles of 7 millimeters caliber; that the ammunition for machine guns had already been ordered when the [order?] for arms was placed with the Liberian Consul General in New York.

President Barclay expresses appreciation for the offer made in the last paragraph of the Department's telegram of which he says the Liberian Government will avail itself when necessity arises.

WALTON

882.20/507

Memorandum of Conversation, by Mr. Henry S. Villard of the Division of Near Eastern Affairs

[Extract]

[WASHINGTON,] October 25, 1939.

I telephoned to Mr. Walker and inquired how the proposed shipment of machine guns to Liberia was proceeding. Mr. Walker said that the ten guns which had now been specified by the Liberian Government had been loaded on board the Elder-Dempster Steamer *New Brunswick*, which was scheduled to sail from New York this afternoon. The *New Brunswick* was to proceed first to Norfolk to take on a load of dynamite for the Firestone Plantations in Liberia and would then set out for West Africa.

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882.20/515

The Liberian Consul General at New York (Walker) to the Chief of the Division of Near Eastern Affairs (Murray)

NEW YORK, December 4, 1939.

DEAR MR. MURRAY: I have just received a cable from the Secretary of the Treasury at Monrovia, stating that the Government feels that additional guns are not necessary for the present time.

Again I want to thank you for your interest and courtesies in this matter.

Very sincerely yours,

WALTER F. WALKER

AIR NAVIGATION AGREEMENT BETWEEN THE UNITED STATES AND
LIBERIA, SIGNED AT MONROVIA, JUNE 14, 1939

711.8227/1a : Telegram

The Secretary of State to the Minister in Liberia (Walton)

WASHINGTON, March 25, 1939—2 p. m.

9. In connection with the Department's telegram no. 8 of March 25, 1 p. m.⁴⁹ this Government would be willing to initiate negotiations with the Liberian Government for the conclusion of an agreement on civil aviation. You will recall that the aviation provisions of our recently negotiated Treaty of Commerce and Navigation⁵⁰ were omitted at the last moment owing to the desire of the Liberian Government to obtain reciprocal most-favored-nation treatment which the United States was unable to grant. If you think the Liberian Government would now look with favor on the negotiation of an agreement embodying such provisions on the subject of civil aviation as the two Governments may be willing to agree upon, you are authorized to broach the matter to the appropriate authorities. Should there be a favorable response, a draft agreement will be sent you.

For such discreet confidential use as you may deem advisable, it may be observed that the negotiation of an aviation agreement between Liberia and the United States at this time, following closely upon the visit of the *Boise*,⁵¹ might serve as an indication of the continued close interest of this Government in the future of Liberia and correspondingly make an impression on any nation with colonial ambitions in West Africa.

HULL

⁴⁹ *Ante*, p. 561.

⁵⁰ Signed at Monrovia, August 8, 1938, Department of State Treaty Series No. 956, or 54 Stat. 1739. For correspondence relating to the negotiations, see *Foreign Relations*, 1938, vol. II, pp. 842 ff.

⁵¹ For correspondence concerning courtesy visit of the U. S. S. *Boise* to Liberia, October 29 to November 3, 1938, see *ibid.*, pp. 817 ff.

711.8227/2 : Telegram

The Minister in Liberia (Walton) to the Secretary of State

MONROVIA, March 31, 1939—noon.

[Received March 31—11:18 a. m.]

18. Department's No. 9, March 25, 2 p. m. The Liberian Government would welcome the initiation of negotiations with the United States Government for the conclusion of a civil aviation agreement.

WALTON

711.8227/2 : Telegram

The Secretary of State to the Minister in Liberia (Walton)

WASHINGTON, May 2, 1939—4 p. m.

16. Legation's 18, March 31, noon. Please propose to the Liberian Government the conclusion of the following air navigation agreement:

"Article I

(a) The present arrangement shall apply to continental United States of America, exclusive of Alaska, and to Liberia, including their territorial waters.

(b) Subject to the conditions hereinafter set forth, civil aircraft registered by either Party to this arrangement and not engaged in regular scheduled services, shall be accorded liberty of passage above and of landing upon the territory of the other Party.

Article II

(a) Aircraft of either Party operating in the territory of the other Party must be airworthy. The members of the operating personnel must have the necessary qualifications, and also possess airmen certificates issued by the competent authorities of the country of registration.

(b) The aircraft of each Party, their crews, passengers and goods carried thereon shall, while within the territory of the other Party, be subject to the laws in force in that territory, including all regulations relating to air navigation applicable to foreign aircraft, the transport of passengers and goods, and public safety and order, as well as any regulations concerning immigration, quarantine, customs, and clearance.

Article III

The Government of Liberia agrees that before granting any new concessions for the establishment and operation of air routes and services or for the construction or use of any air transport facilities, such as landing bases, airports, or aids to air transportation, it will inform the Government of the United States of America.

Article IV

In respect to the establishment and operation of air routes and air transport services and all matters pertaining thereto, the nationals and aircraft of the United States of America shall receive most-favored-nation treatment in Liberia. However, the United States

of America may not claim any rights in respect of such routes and air transport services if it should be unwilling to accord similar rights to the Government or nationals of Liberia.

Article V

The present arrangement shall be subject to termination by either Party upon six months' notice given in writing to the other Party."

If the Liberian Government accepts this text, you should address a note to the Liberian Secretary of State stating that it is your Government's understanding that the text as agreed to in the negotiations between the two Governments is as follows: (Here set forth entire text, Articles I to V, inclusive). Your note should contain the following final paragraph:

"I shall be glad to have you inform me whether the text set forth above is accepted by your Government. If so, it is suggested that the agreement become effective on (here insert date)."

The Liberian note in reply should also set forth the entire text, Articles I to V, inclusive, and conclude with the following paragraph:

"I am glad to assure you that the foregoing text is accepted by my Government. It is understood that the agreement will come into force on (here insert date)."

You should mail to this Department a copy of your note to the Liberian Department of State, certified by you as a true copy. Also transmit original of the Liberian reply, retaining a certified copy for your files.

The above provisions have been made as brief and non-technical as possible. Although more concise, they are similar to provisions in other aviation agreements, with the probable exception of Articles III and IV. If the Liberian authorities raise any questions respecting Article III, you should point out that it has been designed principally as a measure of protection for Liberia, affording an opportunity to defer action and to consult with the United States in the event of the Government of Liberia being approached for an aviation concession by foreign nationals who might not have the best interests of Liberia at heart. It might, moreover, assist in serving the purpose indicated in the last paragraph of the Department's No. 9, March 25, 2 p. m.

HULL

711.8227/5 : Telegram

The Minister in Liberia (Walton) to the Secretary of State

MONROVIA, May 29, 1939—2 p. m.

[Received May 29—12:55 p. m.]

37. Department's telegram No. 16, May 2, 4 p. m. Liberian Government agrees to article III but suggests that article be omitted from

text of the agreement and that article be ratified by an exchange of notes. Question of favored nation clause raised.

WALTON

711.8227/5 : Telegram

The Secretary of State to the Minister in Liberia (Walton)

WASHINGTON, June 10, 1939—1 p. m.

25. Legation's 37, May 29, 2 p. m. This Government accepts the Liberian Government's counter-proposal and authorizes you to effect by an exchange of notes the Aviation Agreement, the terms of which should consist of all of the articles, excepting Article III, set forth in the Department's 16, May 2, 4 p. m. The exchange should be made in accordance with the procedure indicated in the Department's telegram.

The terms of Article III of the draft agreement should be set forth in a separate note addressed by the Liberian Government to the Legation. Immediately upon receipt of the note, the Legation should address an acknowledgment to the Liberian Government indicating this Government's understanding of Liberia's undertaking with respect to the granting of new concessions.

Legation's 40, June 1, 2 p. m.⁵² In as much as the Aviation Agreement which is to be effected by an exchange of notes will be an executive one, no other authorization is necessary for you to conclude the Agreement.

You should mail to this Department the original of the Liberian Government's note regarding Article III, retaining a certified copy for the Legation's files. Also transmit a copy of your note of acknowledgement to the Liberian Government, certified by you as a true copy.

HULL

711.8227/7 : Telegram

The Minister in Liberia (Walton) to the Secretary of State

MONROVIA, June 14, 1939—3 p. m.

[Received June 14—12:35 p. m.]

45. Aviation agreement signed today 11 a. m. Notes in identic terms relative to article No. 3 exchanged in accordance with Department's telegram No. 25, June 10, 1 p. m.

WALTON

⁵² Not printed.

711.8227/9

The Minister in Liberia (Walton) to the Secretary of State

No. 301

MONROVIA, June 16, 1939.

[Received July 18.]

SIR: I have the honor to forward under separate cover the Aviation Agreement concluded at Monrovia on June 14, 1939 at 11 a. m. and signed by His Excellency Clarence L. Simpson, Secretary of State, R. L., for the Government of Liberia and by me for the Government of the United States of America.

In accordance with instructions contained in the Department's telegram no. 25, June 10, 1 p. m., the terms of Article III of the draft agreement have been set forth in a separate note addressed by the Liberian Government to the American Legation. This communication together with my acknowledgment thereto, indicating my Government's understanding with respect to the granting of new concessions, constitute an agreement between the two Governments.

The original of the Liberian Government's note and a certified copy of my reply are submitted with the agreement. Certified copies of both notes have been retained in the Legation's files.

Respectfully,

LESTER A. WALTON

[Enclosure 1]

The Liberian Secretary of State (Simpson) to the American Minister (Walton)

580/D. F.

[MONROVIA,] June 14, 1939.

MR. MINISTER: With reference to your despatch No. 185 of May 24, 1939,⁵³ regarding the proposed Air Agreement between the Republic of Liberia and the United States of America, which Agreement has this day been signed by Representatives of the two countries, I have the honour on behalf of my Government, in acceptance of the clarification made in yours above mentioned, to state that "the Government of Liberia agrees that before granting any new concessions for the establishment and operation of air routes and services or for the construction or use of any air transport facilities, such as landing bases, air ports, or aids to air transportation, it will inform the Government of the United States of America."

The present note and Your Excellency's reply in identic terms will constitute an agreement between the two Governments.

Be pleased to accept [etc.]

C. L. SIMPSON

⁵³ Not printed.

[Enclosure 2]

*The American Minister (Walton) to the Liberian Secretary of State
(Simpson)*

No. 190

MONROVIA, June 14, 1939.

EXCELLENCY: I have the honor to acknowledge receipt of your note no. 580/D. F. June 14, 1939, relative to the Aviation Agreement concluded on this date between the Government of the United States of America and the Government of Liberia and to note the acceptance by the Liberian Government of the mutual understanding that:

"The Government of Liberia agrees that before granting any new concessions for the establishment and operation of air routes and services or for the construction or use of any air transport facilities, such as landing bases, air ports, or aids to air transportation, it will inform the Government of the United States of America."

It is further understood that Your Excellency's note no. 580/D. F. June 14, 1939, and the present note in identic terms will constitute an agreement between the two countries.

Accept [etc.]

LESTER A. WALTON

711.8227/9

The Secretary of State to the Minister in Liberia (Walton)

No. 152

WASHINGTON, September 12, 1939.

SIR: Reference is made to your despatch no. 301 of June 16, 1939, informing the Department that you were forwarding under separate cover the Aviation Agreement between the United States and Liberia, signed at Monrovia, June 14, 1939, by you and the Secretary of State for Liberia.

The Agreement has been received in the Department. It has been found upon examination, much to the Department's surprise, in view of its telegraphic instructions dated May 2 and June 9 [10], 1939, that an article has been added to the text of the Agreement as approved by the Department, providing for ratification of the Agreement and for the exchange of instruments of ratification at Monrovia.

The Department has, under authority of existing law, concluded aviation agreements with a number of foreign countries on a basis of reciprocity. These agreements, being executive in character, did not require that they be sent by the President to the Senate for the purpose of obtaining the advice and consent of that body to ratification. They were effected by exchange of notes between representatives of the United States and of the foreign countries concerned. This Government's note has usually consisted of an introductory para-

graph followed by the text of the agreement as understood by this Government to have been approved in the course of the negotiations and a concluding paragraph suggesting an effective date for the agreement. It was an agreement of the character referred to above which the Department wished you to effect with Liberia.

It is desired that you bring the above facts to the attention of the Secretary of State for Liberia, arranging with him to replace the agreement as now signed by an agreement effected by exchange of notes. The notes should be dated June 14, 1939, the same date that the agreement bears which they will replace, and should follow the form of the two draft notes enclosed for your guidance.⁵⁴ You should mail to the Department a copy of your note to the Secretary of State for Liberia, certified by you as a true copy. Also transmit the original of the reply of the Liberian Secretary of State, retaining a certified copy for your files.

As soon as the agreement as now signed has been replaced by an agreement effected by exchange of notes, it will be deposited by the Department in this Government's archives among the unperfected agreements. The Liberian Government may wish to make like disposition of the duplicate held by it.

With respect to the supplementary agreement, it is felt that the notes constituting it need not be changed.

Very truly yours,

For the Secretary of State:
R. WALTON MOORE

711.8227/12 : Telegram

The Minister in Liberia (Walton) to the Secretary of State

MONROVIA, January 24, 1940—5 p. m.
[Received January 24—12: 40 p. m.]

4. Aviation agreement⁵⁵ effected by exchange of notes in accordance with Department's instruction No. 152, September 12, 1939.

WALTON

**TREATY OF CONCILIATION BETWEEN THE UNITED STATES AND
LIBERIA, SIGNED AT MONROVIA, AUGUST 21, 1939**

711.8212a/2

The Secretary of State to the Minister in Liberia (Walton)

No. 124

WASHINGTON, March 7, 1939.

SIR: The Department regards with satisfaction the signature of a treaty of commerce and navigation between the United States and

⁵⁴ Draft notes not printed.

⁵⁵ For text, see Department of State Executive Agreement Series No. 166, or 54 Stat. 2018.

Liberia on August 8, 1938,⁵⁶ a consular convention on October 7, 1938,⁵⁷ and an extradition treaty on November 1, 1937.⁵⁸ These three instruments were transmitted to the Senate by the President on February 13, 1939, with a view to receiving the advice and consent of the Senate to ratification.

With a view towards completing a series of treaties deemed suitable for the regulation of the relations between the two republics, there are enclosed herewith two copies of a draft conciliation convention⁵⁹ which is practically identical with conciliation conventions now in force between the United States and nineteen other countries.

As you doubtless know, an arbitration treaty between the United States and Liberia signed on February 10, 1926⁶⁰ is now in force. This Government would be pleased to enter into a conciliation convention with Liberia as part of its program looking towards the peaceful settlement of international disputes.

You are authorized to present the enclosed draft convention to the Liberian authorities at such time as you may deem appropriate.

Very truly yours,

For the Secretary of State:

R. WALTON MOORE

711.8212a/3 : Telegram

The Minister in Liberia (Walton) to the Secretary of State

MONROVIA, May 24, 1939—noon.

[Received 1:40 p. m.]

35. Reference Department's instruction No. 124 of March 7th subject conciliation convention. Liberian Government desires to know if expense of the Permanent Commission shall be a continuous charge on the contracting parties or whether those expenses arise only as and when the Commission is called upon to function.

WALTON

711.8212a/4 : Telegram

The Secretary of State to the Minister in Liberia (Walton)

WASHINGTON, May 26, 1939—5 p. m.

21. Your telegram no. 35, May 24, noon. The expenses would arise only as and when the Commission is called upon to function.

HULL

⁵⁶ Department of State Treaty Series No. 956, or 54 Stat. 1739.

⁵⁷ Department of State Treaty Series No. 957, or 54 Stat. 1751.

⁵⁸ Department of State Treaty Series No. 955, or 54 Stat. 1733.

⁵⁹ Not printed.

⁶⁰ Department of State Treaty Series No. 747, or 44 Stat. 2438.

711.8212a/5 : Telegram

The Minister in Liberia (Walton) to the Secretary of State

MONROVIA, June 1, 1939—11 a. m.

[Received 1:30 p. m.]

38. Conciliation treaty signed today at 10 o'clock a. m.

WALTON

711.8212a/7 : Telegram

The Secretary of State to the Minister in Liberia (Walton)

WASHINGTON, June 28, 1939—7 p. m.

28. Your 38, June 1, 11 a. m. Authority to sign conciliation treaty with Liberia has not yet been forwarded to you. Signature should not have taken place without communicating full powers as specified in preamble to treaty. A plenary power from the President to sign such a treaty will be sent to you by early mail. Upon its receipt a new convention, dated the day of its signature, should be signed to replace the one which you signed on June 1.

HULL

711.8212a/8

The Secretary of State to the Minister in Liberia (Walton)

No. 137

WASHINGTON, July 6, 1939.

SIR: Confirming the Department's telegram no. 28, June 28, 7 p. m., I send enclosed the President's full power⁶¹ authorizing you to sign a conciliation treaty with Liberia, to replace the one signed by you on June 1. As stated in the telegram, the replacing convention should be given the date of the day on which it is signed.

Very truly yours,

For the Secretary of State:

R. WALTON MOORE

711.8212a/12

The Minister in Liberia (Walton) to the Secretary of State

No. 329

MONROVIA, August 21, 1939.

[Received September 19.]

SIR: Adverting to Department's instruction No. 137, July 6, 1939, I have the honor to transmit herewith Conciliation Treaty between

⁶¹ Not attached to file copy.

the United States of America and Liberia, signed at Monrovia August 21, 1939, at 1:30 p. m.⁶²

Respectfully yours,

LESTER A. WALTON

WITHDRAWAL BY THE UNITED STATES STEEL CORPORATION FROM FURTHER INVESTIGATION OF MINERAL DEPOSITS IN LIBERIA⁶³

882.6351 U. S. Steel Corp./40 : Telegram

The Secretary of State to the Minister in Liberia (Walton)

WASHINGTON, January 10, 1939—7 p. m.

1. The Department is somewhat disturbed to learn that the United States Steel Corporation contemplates recalling its engineers from Liberia for the purpose of consultation before proceeding further with the survey of Liberian iron ore deposits. While we are not yet fully informed as to the reasons for this move, it would seem that the withdrawal of the engineers after only 2 months' activity, unless demonstrated to be technically unavoidable and merely temporary in nature, might lead to criticism that would prove embarrassing to President Barclay.

Please report by telegraph whatever you may be able to ascertain discreetly regarding this projected step such as the extent of the survey so far made, the results, if any, obtained by the engineers and the necessity for their returning to the United States before completing the survey.

HULL

882.6351 U. S. Steel Corp./44 : Telegram

The Minister in Liberia (Walton) to the Secretary of State

MONROVIA, January 13, 1939—2 p. m.

[Received 3:40 p. m.]

2. The attitude of the United States Steel Corporation representatives has been most puzzling. They have been conducting an inspection tour rather than a survey. No borings have been made and no equipment brought to do so. Two trips have been taken to Bomi hills chiefly to ascertain what Neep⁶⁴ had done. Altogether, less than 2 weeks were spent there. One or two other perfunctory investigations have been conducted where they were told iron deposits exist.

⁶² For text, see Department of State Treaty Series No. 968, or 55 Stat. 1137.

⁶³ For previous correspondence concerning American interest in developing Liberian iron resources, see *Foreign Relations*, 1938, vol. II, pp. 770 ff.

⁶⁴ Nord Europeesche Erstand Pyriet Maatschappij, the Netherlands company which had been interested in a concession in Liberia.

Croze,⁶⁵ head of the party, has repeatedly lamented about there being no geological survey of Liberia in sight of which he knew before leaving the United States. He complains about not knowing where to search for new deposits. When I advised him to see President Barclay on "leads" he invariably changed the subject. Party has been here since October. President Barclay has neither been in contact with nor received an inquiry from Croze since I took representatives to executive mansion.

High Government officials think Croze's viewpoint has been warped by his relations with Caffé⁶⁶ who has sought to discourage him and destroy confidence in the Liberian Government. Caffé is quoted as predicting that American negotiations would eventuate in failure. He sails for Gold Coast January 14 but is leaving open his office. He still entertains hopes for a Neep concession.

When Croze informed me Caffé had said the Liberian Government gave him a "dirty deal" I immediately conferred with the President who subsequently sent a special message to the Legislature asking that any favorable action previously taken in regard to Neep be repealed. This was done to assure the United States Steel Corporation that the Liberian Government is dealing fairly.

Croze called at Legation on the morning of January 11th. He volunteered the information that the two younger men had left for Cape Mount to be gone about 9 days. I understand they have become restive and desire to show corporation they have been active. When I asked Croze if rumor was true that party was leaving soon he replied that such talk was without foundation but that Lalonde⁶⁷ because of illness, would probably sail January 16. Both Croze and Lalonde are nearly 70 and about to be retired. It is said that neither was particular about making trip. Croze has not been in the interior and says he is too old to undergo hardships.

Croze has told me the quality of iron ore examined is good but the question is if there is enough of it. He disputes estimates of Neep that there are from 50 to 65 million tons in Bomi hills. He has expressed the opinion that from 100 to 200 million tons must be available and cost of mining is not too large if the United States Steel Corporation is to become interested.

Croze desires to secure Neep's information, which Neep, having expended \$200,000, will not furnish. My suspicion is that he does not favor loosening the purse strings for making real survey unless the Liberian Government previously make commitments to grant United States Steel Company a concession. I suspect all that he is doing is an empty gesture and "marking time".

⁶⁵ W. W. J. Croze, geologist.

⁶⁶ D. Caffé, NEEP representative in Liberia.

⁶⁷ B. E. Lalonde, engineer.

If the report of the United States Steel Corporation is unfavorable it will be not because representatives have been hindered but because they have been indifferent to meeting objectives originally sought.

Latest developments are also very disturbing to President Barclay who does not wish to be put in a delicate position. He has frankly said to me: "If there is a let-down in the result, those with whom I have consistently cooperated will have to share the responsibility."

WALTON

882.6351 U. S. Steel Corp./48 : Telegram

The Minister in Liberia (Walton) to the Secretary of State

MONROVIA, January 27, 1939—5 p. m.

[Received January 27—4:04 p. m.]

7. On January 26, Croze and Turneure,⁶⁸ United States Steel Corporation representatives, accompanied me to Kakata where they had a satisfactory conference with President Barclay. They were given written memorandum relative to the existence of iron ore deposits in the Bong Mountains 30 miles from Kakata and elsewhere. President Barclay commented several times that he would have gladly cooperated before had it not been the policy of engineers to conduct an independent investigation. He explained at some length the Liberian Government's [experience] with Neep.

All parties agreed that it would take months of investigation before a definite estimate of iron ore potentialities could be reached. President Barclay expressed a willingness to grant the United States Steel Corporation longer than the allotted 6 months.

Croze and Turneure called at the American Legation January 25th. The former appeared disturbed over a message from his corporation in which he intimated that inquiries had been made by the Department of State relative to their activities in Liberia. When Croze again complained to me about knowing where to look for additional iron deposits I reiterated that President Barclay was the logical person from whom to secure desired information. I complied with their request to arrange an appointment with the President.

WALTON

882.6351 U. S. Steel Corp./68 : Telegram

The Minister in Liberia (Walton) to the Secretary of State

MONROVIA, May 23, 1939—noon.

[Received May 23—8:11 a. m.]

33. United States Steel engineers to sail last of May.

Their probable return to Liberia gives me reason to surmise that

⁶⁸ F. S. Turneure, geologist.

desirable iron deposits were discovered in Bolahun and other areas. No results of survey will be made known to Liberian Government until United States Steel Corporation receives formal report by same careful study.

WALTON

882.6351 U. S. Steel Corp./79

Memorandum of Conversation, by Mr. Henry S. Villard of the Division of Near Eastern Affairs

[WASHINGTON,] October 3, 1939.

While talking on the telephone about another matter, Mr. Walker⁶⁹ inquired whether anything had been heard as yet from the United States Steel Corporation in regard to its report on the iron ore surveys in Liberia. Mr. Walker said he had been instructed by the Liberian Secretary of the Treasury to find out what the United States Steel Corporation intended to do in this matter.

I said that we had received no further word from the steel corporation other than that contained in our letter to him on September 14.⁷⁰ Mr. Walker inquired whether we had any reason to believe the United States Steel Corporation was not going to furnish the report and whether the Department would now consider it advisable to approach the Bethlehem Steel Corporation. I said that it was my recollection the United States Steel Corporation had been given a period of six months to undertake its surveys in Liberia, with an additional six months if necessary, and that this total period of one year would now appear to have elapsed. I suggested that it might be in order for the Liberian Government to approach the United States Steel Corporation with a request that it adhere to its part of the bargain by furnishing the promised geological report. If a satisfactory response were not forthcoming, the field might be considered to be open again and steps might then be taken to interest the Bethlehem company.

Mr. Walker agreed with these suggestions and said he would take up the subject at once with his Government.

882.6351 U. S. Steel Corp./80

Memorandum of Conversation, by Mr. Henry S. Villard of the Division of Near Eastern Affairs

[WASHINGTON,] October 25, 1939.

In talking on the telephone on another matter, Mr. Walker, Consul General of Liberia in New York, inquired whether we had heard

⁶⁹ William F. Walker, Liberian Consul General in New York.

⁷⁰ Not printed.

anything further from the United States Steel Corporation in regard to the report of their findings in Liberia. When I said that we had received no word since the middle of September, Mr. Walker stated that he now proposed to approach the Bethlehem Steel Corporation with a view to interesting that organization in the Liberian iron ore deposits.

I suggested to Mr. Walker that it might be advisable first to ascertain definitely from the United States Steel Corporation whether or not they intended to furnish the report which had been agreed upon as part of the arrangement with the Liberian Government. I said the corporation had not yet categorically declined to furnish such a report and that an opportunity might be given to the corporation to make a statement on the matter before the Bethlehem people were approached. Mr. Walker then said that he intended to go to Saint Louis next week and would plan to stop off at Pittsburgh to take up the subject directly with the officials of the United States Steel Corporation. I furnished Mr. Walker with the name of Mr. John M. Sias as the person to see in Pittsburgh and Mr. Walker said that he would write a letter at once to inform Mr. Sias of his coming.

Mr. Walker said that he would let us know as soon as his interview with Mr. Sias had taken place. I said that, since the Department had been instrumental in putting the United States Steel Corporation in touch with the Liberian Government, we could probably back up his efforts to obtain an answer from that corporation. In this connection, I said that if he was unable to obtain satisfaction in Pittsburgh, and would let us know promptly, we could then immediately address a further communication to the corporation asking for an explanation of its attitude. Mr. Walker expressed his thanks for this offer but indicated that he had little hope of obtaining a favorable answer from the United States Steel Corporation. He was very anxious to open negotiations with the Bethlehem Company at an early date.

882.6351 U. S. Steel Corp./88

*Memorandum of Conversation, by Mr. Henry S. Villard of the
Division of Near Eastern Affairs*

[WASHINGTON,] December 11, 1939.

I telephoned to Mr. Walker and inquired whether he had heard anything from the United States Steel Corporation in regard to the results of its survey in Liberia. Mr. Walker replied that he had received a message asking him to get in touch with Mr. Sias, but that he had not yet succeeded in doing so.

I then told Mr. Walker that Mr. Sias had handed us the Corporation's report on December 8, with the request that, in view of the wartime uncertainty of the mails, we transmit it to President Barclay through the diplomatic pouch. I said that the Department regretted very much to note that the outcome of the survey was much less favorable than had been anticipated and that the United States Steel Corporation was not interested in further investigation of mineral deposits in Liberia. In this connection I read to Mr. Walker for his information the summary of the engineers' findings as set forth in the letter from Mr. Sias to President Barclay.

Mr. Walker said that he was very sorry indeed to learn of this outcome, and said he did not know what to do next. I asked him whether he had received any instructions from his Government as to what steps he should take in the event the United States Steel Corporation's report was unfavorable. Mr. Walker replied that he had received only informal communications from the Secretary of the Treasury, but that he had no official instructions to take up the matter with any other American company. He said, however, that he was prepared to approach the Bethlehem Steel Corporation, or any other reputable concerns that we might suggest, as soon as he heard from his Government.

I told Mr. Walker that we were telegraphing to Monrovia the summary of the findings and that we could indicate in the telegram that he was prepared to act if instructions were forthcoming. I added that the Department would be very glad to use its good offices in any way that seemed feasible in order to assist in the development of Liberia's iron ore resources. Mr. Walker said that he would communicate with his Government and would devote some study to the question within the next few days, and would then come to Washington to discuss the subject with the Department.

882.6351 U. S. Steel Corp./84 : Telegram

The Secretary of State to the Minister in Liberia (Walton)

WASHINGTON, December 13, 1939—4 p. m.

61. The United States Steel Corporation has delivered to the Department a confidential copy of its final report covering the reconnaissance survey of Liberia's iron ore resources, together with a transmitting letter to President Barclay. In view of the uncertainty of the open mails during wartime, at the request of the company the Department has agreed to transmit these documents by official pouch which is expected to leave New York on the Barber Line steamship

West Humhaw on December 19. Immediately upon their arrival you should hand the report and its accompanying communication to the President.

The Department notes with regret the engineers' statement that the outcome of the survey was much less favorable than anticipated and that consequently the United States Steel Corporation is not further interested in Liberia's mineral deposits. Results of the reconnaissance are summed up in the communication to President Barclay and appear in outline below. For your information, the unusual length of time in completing the report was brought by the Department to the attention of a company official, who explained the unavoidable nature of this delay and expressed his sincere regret. The findings are as follows: (a) no extensive iron ore deposits of high quality were discovered; (b) only a limited amount exists of high grade ore suitable for direct shipment; (c) iron ore concentrates of good quality could be produced from iron formations over a wide region but at a prohibitive cost; (d) zinc, tin, chrome or manganese deposits were not discovered; (e) the possibility exists that iron and other minerals might be encountered through detailed and exhaustive geological examination, but years of work would probably be required to obtain the necessary information and evaluate its economic importance.

The foregoing has been communicated by the Department to the Liberian Consul General in New York, who is prepared to act on any instructions that may be received from his Government with a view to interesting other American companies, such as the Bethlehem Steel Corporation, in the exploitation of Liberia's known iron ore deposits. We desire, of course, to be as helpful as possible to the Liberian Government in this matter, and will be glad to use our good offices in facilitating the approach of any reputable American interests to the problem. In this connection, we could, for example, on the authorization of President Barclay, make available in strict confidence to the officers of any recognized concern that might seriously entertain the idea of developing the deposits an indication of the results obtained in the investigation just completed, for confidential preliminary guidance.

The Liberian Government undoubtedly realizes that we consider the development of Liberia's natural resources of much greater importance than the mere participation of American concerns in such an enterprise. In the event, therefore, that no other American company proves to be interested in Liberian iron ore, it would be useful to know whether the Neep organization is still hoping to obtain a concession. It is possible that in the light of developments which have now taken place, Neep might be able to provide satisfactory assurances as to the

ownership of its stock and to offer some practical proposal for the exploitation of Liberia's mineral deposits. We should appreciate a report from you on this subject, on the basis of such discreet inquiries as you may be able to make.

HULL

882.6351 U. S. Steel Corp./92 : Telegram

The Minister in Liberia (Walton) to the Secretary of State

MONROVIA, December 27, 1939—4 p. m.

[Received December 27—3:40 p. m.]

114. Department's 61, December 13, 4 p. m. President Barclay seemed unsurprised over final report of the United States Steel Corporation. He characterizes reconnaissance survey as "*pro forma*" and "superficial" and says he entertained no hope for favorable findings.

President Barclay is not disposed to reopen negotiations with Neep which has never satisfied him of its sound financial status. After formally receiving report in all probability he will get in touch with Bethlehem Steel.

WALTON

MOROCCO

PROPOSED ABOLITION OF CAPITULATORY RIGHTS OF THE UNITED STATES IN THE FRENCH ZONE OF MOROCCO¹

781.003/177b

The Secretary of State to the French Ambassador (Saint-Quentin)

WASHINGTON, January 21, 1939.

EXCELLENCY: Your Excellency will recall that in my note of August 23, 1938,² the intention of this Government was expressed to submit to your Government the drafts of a capitulations convention and a treaty of establishment, commerce and navigation concerning the French Zone of the Shereefian Empire.

In now transmitting drafts of those instruments, it has been considered useful, with a view to facilitating examination of the proposed texts, to include certain comments concerning their respective provisions. These comments are given below, beginning with a seriatim examination of the provisions of each article of the proposed capitulations convention and continuing with a general examination of the proposed treaty of establishment, commerce and navigation.

CAPITULATIONS CONVENTION

Article 1

Article 1 is more detailed in character than the corresponding article of the British Convention.³ The first paragraph is identical, *mutatis mutandis*, with the single paragraph of the British Convention but the article includes, besides, a subsection (2) of paragraph 2 which corresponds to paragraph 4 of the Protocol annexed to the British Convention and subsection (3) of paragraph 2 which corresponds to paragraph 3 of Article 16 of that Convention.

It will be noted that Article 15 of the Convention of Madrid of 1880⁴ relates to the change of nationality by naturalization. In view of the proposed termination of this article, along with the other articles of that Convention, it is believed appropriate to suggest the conclusion

¹ Continued from *Foreign Relations*, 1938, vol. II, pp. 846-888.

² *Ibid.*, p. 885.

³ Anglo-French Convention for the Abolition of Capitulations in Morocco and Zanzibar, signed at London, July 29, 1937, League of Nations Treaty Series, vol. CLXXXIV, p. 351.

⁴ Signed at Madrid, July 3, 1880, William M. Malloy (ed.), *Treaties, Conventions, etc., Between the United States of America and Other Powers, 1776-1909* (Washington, Government Printing Office, 1910), vol. I, p. 1220, or 22 Stat. 817.

of a treaty of naturalization and military obligations applicable to the United States of America and the French Zone of the Shereefian Empire. A draft of such a treaty, identical in substance with treaties in force between the United States and several other countries, is accordingly enclosed.⁵

The articles of the Act of Algeciras,⁶ which it is proposed to abrogate, so far as concerns the French Zone of the Shereefian Empire, are identical with those mentioned in the British Convention, with the exception of Articles 51-53 which this Government does not consider necessary for retention. It may be added that, in the event the French Government is disposed to accept the text of subsection (7) of paragraph 2 of Article 6 of the draft convention this Government would be prepared to include among the abrogated articles of the Act of Algeciras all those contained in Chapter V of that Act, namely, Articles 77-104, inclusive, in addition to those now specifically mentioned as subject to abrogation.

Article 2

Paragraphs 1 and 2 of this article are identical, *mutatis mutandis*, with the corresponding paragraphs of the British Convention. Paragraph 4 of the draft is intended to confer the same rights upon American Chambers of Commerce in French Morocco as are granted to British Chambers of Commerce in the exchange of notes nos. 7-8 annexed to the British Convention. While paragraph 3 of Article 2 of the British Convention makes the continuance of the provisions of the article after an expiry of ten years subject to the granting of most-favored-nation treatment to subjects and companies of the French Zone as regards the matter referred to in the second paragraph of the article, the fifth paragraph of the present draft proposes to grant such treatment at once.

The third paragraph of the draft convention has no precise counterpart in the British Convention. However, the legislative and administrative non-discrimination therein provided for as affecting American nationals, American-protected persons, American companies, American ships, American aircraft and American goods is but a more explicit interpretation of the principle of economic liberty without any inequality already affirmed in the Act of Algeciras and reaffirmed elsewhere in the draft convention. The emphasis given that principle is a measure of the importance which this Government attaches to its maintenance in Morocco.

⁵ Not printed; this draft is substantially the same in content, though somewhat different in arrangement, as the Treaty of Naturalization between the United States and Albania, signed at Tirana, April 5, 1932, Department of State Treaty Series No. 892, or 49 Stat. 3241.

⁶ *Foreign Relations*, 1906, pt. II, p. 1495.

Article 3

Article 3 is, *mutatis mutandis*, identical with Article 3 of the British Convention.

Article 4

This article is practically identical with Article 4 of the British Convention except that the second sentence of the final paragraph has been slightly revised to conform with a similar provision in the Montreux Capitulations Convention of May 8, 1937,¹ providing for a period of twelve years rather than an indefinite term for the retention of American consular court records. Article 4 has been further modified to provide that such records shall be "open for inspection by" rather than "made available to" the tribunals of the French Zone of the Shereefian Empire.

Article 5

This article is conformable with Article 5 of the British Convention with the addition of provisions corresponding to those embodied in paragraph (2) of the Minute and of notes nos. 3-4, annexed to the British Convention. To obviate the necessity of an annex such as that mentioned in paragraph 3 of Article 5 of the British Convention, American protégés for signal services have been included as entitled to the benefits of the provisions of this article.

Article 6

The first paragraph of this article corresponds to the first paragraph of Article 7 of the British Convention, with the addition of a reference to internal taxes, and the interpolation of "and Moroccan" between "French" and "nationals", as well as between "French" and "companies".

Paragraph 2 of Article 6 is a more explicit rendering of the provisions of paragraph 2 of the Protocol of Signature annexed to the British Convention. Moreover, the definition of economic liberty without any inequality herein proposed represents in substance the terms of a similar definition which was accepted verbatim by the British, French and Spanish Governments in 1924 as one of the conditions made by this Government as prerequisite to its adherence to the Tangier Statute. You will recall that the French Government accepted these stipulations in a note dated October 31, 1924 from the French Embassy to the Department.²

In the redrafting of the definition, this Government, while conforming as far as possible with the formula agreed upon in 1924, has naturally been moved to take into account forms of economic control

¹ Department of State Treaty Series No. 939, or 53 Stat. 1645.

² *Foreign Relations*, 1924, vol. II, p. 466.

which have developed since that time and were not then contemplated. The previous agreement of the French Government to a provision substantially similar in tenor, in relation to the international zone of Tangier, should insure, it is believed, its acceptability under the present circumstances, the more particularly as the general principle of equality of treatment not only forms a part of the existing Act of Algeciras but is embodied in the Protocol of Signature annexed to the British Convention.

The expression "régime of economic liberty without any inequality" has been substituted for the original phrase "régime of economic equality" for the reason that the former, incorporated as it is in the preamble of the Act of Algeciras, has come to have an accepted connotation in respect of Morocco. The interpolations relative to quotas and exchange control do not, it is believed, require any special comment. The provision concerning monopolies is identical with that proposed in 1924.

The final provision of Article 6 relates to customs valuation. Subsection (a) is an adaptation in more precise terms of the principle of customs valuation embodied in Article 95 of the Act of Algeciras and in the interpretative paragraph concerning customs valuation included in the Anglo-French Commercial Treaty on French Morocco of July 18, 1938.⁹ Moreover, the formula "purchase value" is based on Article 82 of the official French *Observations Préliminaires*, edition 1933, setting forth the basis of customs valuation in France, while the subsection as a whole follows very closely the first paragraph of Article 6, relating to customs valuation, in the Commercial Agreement between France and Belgium of February 23, 1928.¹⁰ Subsection (b) calls for no comment but, of subsection (c), it may be noted that it is an adaptation of Article 85 of the Act of Algeciras. Accordingly, it is presumed that these provisions of Article 6 will commend themselves to the French Government, based as they are either on French practice or on methods defined by the Act of Algeciras.

Article 7

Article 7 corresponds to Article 8 of the British Convention but provides for immediate most-favored-nation treatment for Moroccan subjects in the United States.

Article 8

Article 8 is identical, *mutatis mutandis*, with Article 9 of the British Convention.

⁹ British Cmd. 5823, Morocco No. 1 (1938): *Treaty . . . Regarding Commercial Relations Between the United Kingdom and the French and Tangier Zones of the Shereefian Empire*.

¹⁰ League of Nations Treaty Series, vol. LXXII, p. 61.

Article 9

Article 9 corresponds in general to Article 10 of the British Convention. The first paragraph has been modified to provide that this Government shall have the right to maintain consulates at any place in the French Zone "which is open to the consular representatives of any foreign country". Moreover, the second paragraph reserves to American consular officers, pending the conclusion of a consular convention, the rights, privileges and immunities which they possess at present, other than those of a judicial character under the capitulations.

Article 10

The first paragraph of Article 10 corresponds to the whole of Article 11 of the British Convention. A new paragraph has been added providing for most-favored-nation treatment for American missionaries. There is also added a provision reserving the operation of Article 11 of the Convention revising the General Act of Berlin of February 26, 1885, and the General Act and Declaration of Brussels of July 2, 1890, signed at St. Germain-en-Laye, September 10, 1919.¹¹

Article 11

Article 11 is identical, *mutatis mutandis*, with Article 12 of the British Convention.

Articles 12 and 13

Article 13 of the British Convention was not deemed to be a suitable model for use in a treaty of the United States and, accordingly, this Government proposes two articles relating to estate cases which are standard in the consular conventions of the United States. Articles similar to Articles 12 and 13 are now in force between the United States and many other countries. The United States is prepared to offer Moroccan subjects immediate most-favored-nation treatment in the matter of consular rights in relation to the settlement of estates and transmission of proceeds of estates.

Articles 14 and 15

Articles 14 and 15 are identical, *mutatis mutandis*, with Articles 14 and 15 of the British Convention.

Article 16

The first and second paragraphs of Article 16 correspond to the first two paragraphs of Article 24 of the British Convention, except that the expression "companies" has been given a more comprehensive interpretation in order to make it inclusive both of commercial associations as well as companies.

¹¹ *Foreign Relations*, 1928, vol. I, p. 437.

A third paragraph has been added defining Moroccan companies, while the fourth paragraph corresponds to the third paragraph of Article 24 of the British Convention with the addition of a clause made necessary by the nonadherence of this Government to the Tangier Statute.

Article 17

Article 17 corresponds to Article 25 of the British Convention. It provides for arbitration under the existing treaty of the United States and France,¹² unless the High Contracting Parties agree on another method of settlement.

Article 18

Article 18 is practically identical with Article 26 of the British Convention.

TREATY OF ESTABLISHMENT, COMMERCE AND NAVIGATION

It will be observed that the enclosed draft treaty of establishment, commerce and navigation¹³ includes provisions relating to establishment and navigation, as well as to commerce. While establishment and navigation provisions are also included in the draft capitulations convention, the nature of that instrument precludes the extension, in all respects, of such provisions to the subjects of His Majesty the Sultan of Morocco in the French Zone of the Shereefian Empire on a basis of reciprocity. However, the enclosed draft treaty of establishment, commerce and navigation accords rights in the United States to Moroccan nationals, corporations, goods and ships of the French Zone of Morocco, as well as to American nationals, corporations, goods and ships in that Zone.

As the treaty conforms in general with treaties of establishment, commerce and navigation concluded by this Government with many other countries, its provisions are not believed to require any extended comment.

Owing to the non-adherence of this Government to the convention signed at Paris on December 18, 1923,¹⁴ as modified by the agreement of July 25, 1928,¹⁵ regarding the organization of the Statute of the Tangier Zone, and due to the continued exercise by this Government of extraterritorial rights in that Zone, it would not, of course, be practical for the present draft treaty of establishment, commerce and navigation to be extended at this time to the Tangier Zone. However,

¹² Treaty of arbitration, signed February 6, 1928, *Foreign Relations*, 1928, vol. II, p. 816.

¹³ Not printed.

¹⁴ League of Nations Treaty Series, vol. XXVIII, p. 541.

¹⁵ League of Nations Treaty Series, vol. LXXXVII, p. 211.

with a view to insuring uniformity in the customs tariff in the various zones of Morocco, provision has been made in Article XX for the extension of the customs provisions of the treaty, under certain circumstances, to the Spanish Zone of influence and to the Tangier Zone. That article, moreover, makes possible the extension to the Tangier Zone of the quota provisions of the treaty.

With regard to the quota provisions included in the annex to the draft treaty, it may be recalled that in a memorandum presented to the French Government by the American Embassy in Paris on January 24, 1938,¹⁶ it was stated that the United States Government had not modified its views that the imposition of quotas and the introduction of similar restrictive systems are a hindrance to that normal and free development of international trade most conducive to the up-building of world economy. It was added that if, notwithstanding the position the United States had assumed generally in respect of quotas, the adoption of a quota system in Morocco on a limited list of articles to be agreed upon by the countries most concerned, was looked upon with favor by other interested governments, the United States Government would not wish to appear obstructive in the matter. When presenting this memorandum, the Embassy was informed that, as regarded the adoption of a quota system in Morocco, the French Government looked at the matter in the same spirit as that reflected in this Government's communication.

In view of these considerations, my Government is not requesting assurances against the imposition of quantitative restrictions on the importation into French Morocco of products other than those of special interest to the United States numbering at this time some thirty-five items as listed in the Annex.¹⁷ On the other hand, it will no doubt be appreciated that my Government attaches particular importance to the assurances sought from the French Government that quantitative restrictions will not be imposed on the importation into French Morocco of the products referred to in the Annex. Moreover, it will be noted that the value of imports from the United States into French Morocco of the products for which such assurances are sought amounted to an average of only 5.2 percent of the value of total imports of all products from all countries into that Zone for the years 1927 to 1937, as is indicated in the following table based upon official Moroccan statistics as published in *Statistiques du Mouvement Commercial et Maritime du Maroc*.

¹⁶ See telegram No. 32, January 22, 1938, 11 a. m., to the Ambassador in France and telegram No. 132, January 25, 1938, noon, from the Ambassador in France, *Foreign Relations*, 1938, vol. II, pp. 851 and 854.

¹⁷ Not printed.

Year	Total Imports From all Countries	Imports from U. S. of Products Listed in Annex	Percentage of Total Imports
(Values in 1,000 francs)			
1927	1, 798, 598	78, 392	4. 4
1928	1, 999, 545	108, 707	5. 4
1929	2, 547, 430	173, 402	6. 8
1930	2, 208, 474	131, 790	6. 0
1931	2, 075, 191	95, 968	4. 6
1932	1, 785, 058	63, 617	3. 6
1933	1, 532, 416	61, 432	4. 0
1934	1, 319, 705	61, 539	4. 7
1935	1, 139, 138	60, 705	5. 3
1936	1, 150, 502	80, 213	7. 0
1937	1, 765, 624	99, 188	5. 6

It will be observed that my Government seeks also, in the Annex, bindings of the duties on the same thirty-five items and bindings of the internal taxes on all but two of those items. The items included in the List represent products of which, according to Moroccan customs statistics for the years 1927 to 1937, inclusive, the United States was the principal supplier during one or more of those years and was in most cases the supplier of a preponderant share of such goods.

While there has not been incorporated in the treaty proper any article corresponding to Article 2 of the Anglo-French Commercial Treaty of July 18, 1938, recognizing customs autonomy in relation to the French and Tangier Zones of the Shereefian Empire, the United States is prepared to give due consideration to the inclusion of such an article in the event the French Government so desires.

It is understood, of course, that the enclosed drafts are subject to revision during the negotiations.

Accept [etc.]

CORDELL HULL

[Enclosure]

Proposed Convention Between the United States and France for the Renunciation of American Extraterritorial Rights in the French Zone of Morocco

PREAMBLE

The President of the United States of America, and the President of the French Republic, acting in his own name and on behalf of His Majesty the Sultan of Morocco;

Whereas the present special régime applicable in the French Zone of the Shereefian Empire to American consuls, nationals, protected-

persons, companies, goods and ships is no longer in accordance with the present state of that Zone;

And whereas both High Contracting Parties are desirous of modifying certain treaties in order to render them more in conformity with existing conditions;

Have accordingly decided to conclude a convention for this purpose and have appointed as their plenipotentiaries:

The President of the United States of America :

..... ;
and

The President of the French Republic :

..... ;
Who, having communicated to each other their full powers found to be in good and due form, have agreed upon the following articles:

ARTICLE I

1. The United States of America agrees to renounce all rights and privileges of a capitulatory character in the French Zone of the Shereefian Empire.

2. Specifically such renunciation shall be considered to include:

(1) The abrogation of the Treaty of Peace and Friendship, signed September 16, 1836.¹⁸

(2) The relinquishment of the right of the United States of America to rely in the French Zone of the Shereefian Empire upon the following Articles of the Act of Algeciras: Articles 1 to 65, 70, 71, all provisions of Article 72 after the word "permit", 75, 76, 80, 97, 101, 102, 104, 113 to 119, while in Article 81 the words "by the competent consular authority" must be deemed to be omitted and in Article 91 the word "competent" must henceforth be substituted for the word "consular".

(3) All rights and privileges acquired in the French Zone of the Shereefian Empire under the Convention of Madrid of 1880.

ARTICLE II

1. American nationals, American-protected persons and American companies in the French Zone of the Shereefian Empire shall be subject to the jurisdiction of the same tribunals as French citizens and French companies.

2. In their recourse to such tribunals American nationals, American-protected persons and American companies shall be subject to the same conditions as French citizens and French companies.

3. No discrimination to the detriment of American nationals, American-protected persons, American companies, American ships, or

¹⁸ Hunter Miller (ed.), *Treaties and Other International Acts of the United States of America*, vol. 4, p. 33.

American aircraft or to the detriment of goods, the growth, produce or manufacture of the United States of America, shall be made in any legislation governing the French Zone of the Shereefian Empire, or shall be effected by administrative action in that Zone.

4. American Chambers of Commerce in the French Zone of the Shereefian Empire shall enjoy rights and privileges no less favorable than those accorded to the Chambers of Commerce of the most-favored-nation.

5. The subjects of His Majesty the Sultan of Morocco and companies duly incorporated under the law of the French Zone of the Shereefian Empire shall enjoy in the United States of America the treatment of the most-favored-nation as regards access to the courts of justice.

ARTICLE III

1. In respect of matters occurring before the entry into force of the present convention, laws and regulations of the French Zone of the Shereefian Empire shall only be applied to American nationals, American-protected persons, American companies and American ships in cases where in accordance with the existing practice such laws and regulations were then applicable to them.

2. Duties and taxes, however, payable under legislation, enacted less than one year before the date of the entry into force of the present convention and not yet made applicable to American nationals, American-protected persons and American companies by the Government of the United States of America, may be recovered from such nationals, protected persons and companies.

3. American nationals, American-protected persons and American companies shall not be sued in the courts of the French Zone for taxes or duties of any kind which became due more than two years before the coming into force of this convention.

ARTICLE IV

1. The American courts at present exercising jurisdiction in the French Zone of the Shereefian Empire shall continue to deal with the cases regularly instituted before them before the entry into force of the present convention until these cases are finally completed.

2. Decisions which are final, given by the said courts within the limits of their jurisdiction, shall be recognized as having the force of *res judicata* by the authorities of the French Zone of the Shereefian Empire. Certificates given by the American consular officers to the effect that the said decisions are final will be accepted.

3. The United States of America undertakes to retain in Morocco, during a period of twelve years from the date of the entrance into

force of this convention, all the judicial records of the American consular courts. These records shall be open for inspection by the tribunals of the French Zone of the Shereefian Empire whenever these tribunals require them for the purpose of cases within their jurisdiction. Certified copies of these records will be furnished on request to the said tribunals, the competent authorities of the Zone and to any other properly interested party.

ARTICLE V

1. Subject to the provisions of paragraphs 2 and 3 below, no person owing allegiance to His Majesty the Sultan of Morocco may claim in the French Zone of the Shereefian Empire the protection of the United States of America.

2. Natives of the French Zone of the Shereefian Empire, who at the date of the entry into force of the present convention enjoy American protection, whether as employees of an American consulate, as *sensars* or as protégés for signal services shall for the remainder of their lives be justiciable by the French tribunals of the Shereefian Empire except as regards matters coming within the jurisdiction of the Moslem or Jewish religious courts. Moreover, the like right shall extend to American-protected persons of the Spanish Zone and of the Tangier Zone in respect of litigation in which they may be engaged in the French Zone. A list of the persons referred to in this paragraph shall be drawn up within six months of the coming into force of the present convention by agreement between the French Residency-General and the American Diplomatic Agency and Consulate General at Tangier. This list shall include the wives and minor children of these persons living under the same roof, and the provisions of this paragraph shall apply in the case of the wives during the lifetime of their husbands, and in the case of the children until the death of their fathers or until their majority, whichever happens earliest.

3. The High Contracting Parties agree that the American consular authorities in the French Zone of the Shereefian Empire shall be competent to make representations to the competent authorities in favor of the persons mentioned in paragraph 2 above.

ARTICLE VI

1. American nationals, American-protected persons and American companies shall enjoy in the French Zone of the Shereefian Empire the same personal and private rights (*droits privés*) as French and Moroccan nationals and French and Moroccan companies. They shall have the same guarantees for the protection of person and property; and they shall pay no internal taxes other or higher than those exacted of and paid by French or Moroccan nationals or companies.

2. In addition to the rights granted in Article 2 and in the first paragraph of this Article, American nationals, protected persons, companies, goods, ships, and aircraft shall enjoy in the French Zone of the Shereefian Empire a regime of economic liberty without any inequality with French citizens, companies, goods, ships and aircraft, and with Moroccan subjects, companies, goods, ships and aircraft. The term "regime of economic liberty without any inequality" shall be understood to include, among other things:

(1) That with respect to customs or tonnage duties, charges in respect of warehousing and other facilities, port dues, or other charges, taxes, fees or exactions of whatever character appertaining to industry, trade, or commerce, there shall be no discrimination in law or in fact placing or tending to place nationals, protected persons, companies, goods, aircraft or ships of the United States of America at a disadvantage as compared with nationals, protected persons, companies, goods, aircraft or ships of any other country; and that every advantage, favor, privilege, or immunity which is or may be accorded to any article originating in or destined for any other country shall be extended unconditionally, immediately, without request and without compensation, to the like article originating in the United States of America, from whatever place arriving, or destined for the United States of America;

(2) That no import or export prohibition, restriction, or license system, including import or customs quotas and other forms of quantitative regulations affecting the importation, sale, or use of imported articles, shall be applied to articles originating in or destined for the United States of America which is other or more burdensome than that applied to the like articles originating in or destined for any other country. If a share of the total quantity of any article permitted to be imported or sold, or permitted to be imported or sold at a lower duty or charge than the duty or charge imposed on the importation or sale of quantities in excess of such total quantity is allotted to any other country, a share equivalent to the proportion of the total importations of such article which was supplied by the United States of America during a previous representative period shall be allotted to the United States of America;

(3) That, if any form of control of the means of international payment is established or maintained, such control shall be administered so as not to influence to the disadvantage of the United States of America the competitive relationships between articles originating in the United States of America and similar articles originating in any other country; and that no restrictions shall be imposed upon payments to American nationals which are other or more burdensome than those applied to payments to the nationals of any other country;

(4) That in regard to the right to acquire, possess and dispose of both movable and immovable property, in the pursuit of occupations, industries, or professions, and in all that pertains to facilities of every kind, including the prospecting for and utilization of natural resources, there shall be no discrimination;

(5) That in the granting of concessions of all kinds as well as in the granting of contracts for public works and in the purchase of supplies, there shall be suitable opportunity for competition and open bidding free from any condition or provision calculated to give competitors of one nationality or the goods of a particular country any advantage over those of another; and

(6) That no monopoly or exclusive privileges shall be created or granted which would result in monopolization of the markets, resources, or facilities of the French Zone of the Shereefian Empire for the benefit of any special interests, directly or indirectly, or in any exclusive or preferential advantage inconsistent with the principle of complete equality of opportunity.

(7) (a) With respect to articles, the growth, produce or manufacture of the United States of America imported into the French Zone of the Shereefian Empire, on which ad valorem rates of duty are or may be assessed, the declared value for customs purposes shall be the cash wholesale value of the merchandise at the time when and the place where presented to the customs, that is to say, the purchase value in the country of shipment, increased by the necessary charges for importation up to the place of entry (transportation, freight, insurance, lighterage, etc.), excluding customs duties and warehouse charges.

(b) The basis for the conversion of currency for customs valuation purposes shall be the latest available official buying rate of the State Bank of Morocco.

(c) In the event any dispute should arise regarding the assessment of customs duties under subsection (a) above, the customs shall either levy the duty in kind, then and there, or, if the merchandise is indivisible, take the said merchandise by at once paying the declarant its declared value, plus five percent, unless the importer and the customs shall mutually agree upon an adjusted valuation on the basis of which the duties may be levied in cash.

(d) The provisions of this paragraph shall not prevent the imposition of appropriate penalties in cases where fraud shall have been judicially established.

ARTICLE VII

1. American nationals and American-protected persons shall not be subject in the French Zone of the Shereefian Empire to any compulsory personal military service nor to any tax or payment in lieu of such service.

2. The subjects of His Majesty the Sultan of Morocco shall enjoy in the United States of America the treatment of the most-favored-nation as regards the matter referred to in this Article.

ARTICLE VIII

1. Extracts from "casier judiciaire" shall be delivered to American nationals and American-protected persons resident in the French Zone of Morocco on the same conditions as to French citizens. In order to enable the competent authorities of the Zone to deliver such extracts, the American consular authorities in the Zone will supply to these

authorities certificates as regards convictions, if any, pronounced by the American consular courts in Morocco.

ARTICLE IX

1. The United States of America shall have the right to maintain consulates at any place in the French Zone of the Shereefian Empire which is open to the consular representatives of any foreign country. The establishment of new consulates at other places in the said Zone shall be subject to the agreement of the Governments of both High Contracting Parties.

2. Pending the conclusion of a Consular Convention, American consular officers shall continue to enjoy the rights, privileges and immunities which they possess at present, particularly in the matter of taxes, customs duties and other public dues. The foregoing stipulation does not include rights, privileges or immunities of a judicial character under the capitulations.

3. It is further agreed that American consular officers shall be treated in the French Zone of the Shereefian Empire no less favorably than the consular officers of any other Power.

ARTICLE X

1. American schools of every grade shall continue to enjoy in the French Zone, especially in regard to the teaching of English, the same liberty as hitherto. They will be subject to the laws relating to State control which are applicable to all European schools in the French Zone.

2. Moreover, American missionaries, both those established in the French Zone of the Shereefian Empire at present and those who may come into the Zone in the future, shall enjoy the treatment of the most-favored-nation. However, nothing contained in this Article shall be considered as prejudicing in any way the rights enjoyed by American nationals in the French Zone of the Shereefian Empire under the terms of the Convention signed at St. Germain-en-Laye on September 10, 1919, (Revision of the General Act of Berlin of February 26, 1885, and the General Act and Declaration of Brussels of July 2, 1890) and more particularly under the provisions of Article 11 of that Convention.

ARTICLE XI

1. Nothing contained in the present convention shall be construed to affect the right of the authorities of the French Zone of the Shereefian Empire to regulate admittance and immigration or to expel persons for reasons of police or public order or to enact and apply immigration regulations, provided that there is no discrimination against American nationals or American-protected persons.

2. Nevertheless, American nationals and American-protected persons who have been resident in the French Zone of Morocco for more than five years shall not be expelled unless—

- (1) They have committed a crime or offense punishable with more than three months' imprisonment.
- (2) They have been guilty of conduct prejudicial to public safety, public order, good morals or public health.
- (3) They are in such a state of indigence as to be a burden to the State.

3. The provisions of paragraph 2 of this Article may be terminated at any time after the expiry of twenty years from the date of the coming into force of the present convention by six months' notice.

ARTICLE XII

1. In case of the death of an American national in the French Zone of the Shereefian Empire without having any known heirs or testamentary executors by him appointed, the competent local authorities shall at once inform the nearest American consular officer of the fact of his death, in order that necessary information may be forwarded to the parties interested.

2. In case of the death of an American national in the French Zone of the Shereefian Empire without will or testament, the American consular officer within whose district the deceased made his home at the time of death, shall, pending the appointment of an administrator and until letters of administration have been granted, be deemed qualified to take charge of the property left by the decedent for the preservation and protection of the same. Such consular officer shall have the right to be appointed as administrator within the discretion of a tribunal or other agency controlling the administration of estates.

3. Whenever a consular officer accepts the office of administrator of the estate of a deceased American national he subjects himself as such to the jurisdiction of the tribunal or other agency making the appointment for all necessary purposes to the same extent as a Moroccan subject.

ARTICLE XIII

1. An American consular officer may, in behalf of his non-resident nationals, receipt for their distributive shares derived from estates in process of probate or accruing under the provisions of so-called Workmen's Compensation Laws or other like statutes, provided he remit any funds so received through the appropriate agencies of his Government to the proper distributees, and provided further that he furnish to the authority or agency making distribution through him reasonable evidence of such remission.

2. The subjects of His Majesty the Sultan of Morocco shall enjoy in the United States of America the treatment of the most-favored-nation as regards the matters referred to in Articles 12 and 13.

ARTICLE XIV

1. The High Contracting Parties agree that the French decree of the 8th November, 1921, relating to French nationality in the French Zone of the Shereefian Empire, and the Dahir of the same date, relating to Moroccan nationality, are not applicable to American nationals or protected-persons born before the date of the entry into force of the present convention.

2. If the French or Moroccan Governments should enact measures which would result in conferring French or Moroccan nationality by reason of birth or residence in the French zone of the Shereefian Empire in any case where the above-mentioned decree would not have conferred French nationality, American nationals and protected-persons affected by such enactments shall be freed from such French or Moroccan nationality if they make a request to this effect in the year which follows their majority.

ARTICLE XV

1. The subjects of His Majesty the Sultan of Morocco and Moroccan vessels shall enjoy the same rights as French citizens and French ships in the United States of America, its territories and possessions.

2. The expression "Moroccan vessels" means ships duly registered as such in a port of the French Zone of the Shereefian Empire.

ARTICLE XVI

1. For the purpose of the present convention the term "American companies" means any company duly incorporated under the laws of the United States of America or any of its states, territories or possessions, or any commercial association organized and legally recognized therein; and the term "American ships" means any ship duly registered therein.

2. The expression "French companies" means any company duly incorporated under the laws of France or any French colony, protectorate or territory under mandate, and the expression "French ships" means any ship duly registered in any of the above-mentioned territories.

3. The expression "Moroccan companies" means any company duly incorporated under the laws in force in the French Zone of the Shereefian Empire.

4. The term "Moroccan nationals" or "subjects of His Majesty the Sultan of Morocco" includes only those of His Majesty's subjects who enjoy French diplomatic protection abroad, but is not inclusive of

those whose protection is derived by virtue of Article 6 of the Convention of Paris of December 18, 1923.

5. The term "American goods" as used in this Convention shall be understood to mean goods the growth, produce or manufacture of the United States of America, its territories and possessions, and the term "Moroccan goods" shall be understood to mean goods the growth, produce or manufacture of the French Zone of the Shereefian Empire.

6. The term "most-favored-nation treatment" as used in the present Convention, is understood to mean, in respect of American nationals, companies, goods, ships or aircraft, treatment no less favorable than that accorded to the nationals, companies, goods, ships or aircraft of any third country, including France.

ARTICLE XVII

Any dispute between the High Contracting Parties relating to the interpretation or application of the provisions of the present convention, which they are unable to settle by diplomatic means, shall, on the application of one of them, be decided in accordance with the provisions of the Arbitration Treaty between the United States of America and France signed at Washington on February 6, 1928, unless the High Contracting Parties shall agree on another method of settlement.

ARTICLE XVIII

The present convention shall be ratified.

The instruments of ratification shall be exchanged at

The present convention shall enter into force thirty days after the date of exchange of ratifications.

In faith whereof the above-named plenipotentiaries have signed the present convention and have affixed their seals hereto.

Done in duplicate, in the English and French languages, equally authentic, at , this day of , 1939.

781.003/180

Memorandum of Conversation, by the Chief of the Division of Near Eastern Affairs (Murray)

[WASHINGTON,] January 24, 1939.

The French Ambassador called on me this morning, by appointment, to receive the Secretary's note of January 21, 1939¹⁹ and the draft instruments which we have prepared for purposes of negotiations looking to the termination of American capitulatory rights in the French Zone of the Shereefian Empire and to the establishment

¹⁹ *Supra*.

of appropriate safeguards for our trade with Morocco after such termination.

In handing the Secretary's note and the draft instruments to the French Ambassador, I made the following observations:

The position of this Government upon entering the present negotiations differs in certain material respects from that of the British Government when entering into treaty relations with the French on the same subject in 1937. It was recalled that the British Government had obligated itself, under the Anglo-French Declaration of April 8, 1904,²⁰ to examine any suggestions that might be made by the French Government respecting reforms "tending to assimilate Moroccan legislation with that of other civilized countries," in return for similar cooperation on the part of the French Government in respect of any suggestions of the same kind made by Great Britain in the case of Egypt. Since France had fulfilled her part of the bargain in connection with the Montreux Convention of 1937 terminating the capitulations in Egypt, the British Government was, of course, under the necessity of giving effect to the promises made in the above-mentioned declaration of 1904.

Furthermore, there figured in the Anglo-French negotiations of 1937 the *quid pro quo* of the French Government's renunciation of its capitulatory rights in Zanzibar in deference to British wishes and, finally, it had been noted that the British obtained also, during the negotiations with the French, definite commitments regarding insurance legislation favorable to British interests.

The Ambassador interrupted me at this point to observe that, since this Government had shown such a liberal and helpful attitude to the Egyptians during the Montreux conference,²¹ it was hoped that our position would be equally favorable to the French in the matter of the termination of our capitulatory rights in Morocco. In reply to this observation, I pointed out to the Ambassador what we believe to be the very considerable difference between the two situations. In the case of Egypt we were cooperating in the termination of our capitulatory rights solely in the interest of the Egyptians themselves, whereas in the case of Morocco the termination of our rights there is rather in the interest of the French than of the Moroccans. A further and more important point of difference was that, in the matter of our trade with Egypt, there had never been any cause for complaint on the score of discrimination, whereas our records show that, despite our capitulatory rights in Morocco, there have been almost constant complaints that the French authorities there have endeavored to discriminate against American trade in favor of their own.

²⁰ *British and Foreign State Papers*, vol. CI, p. 1053.

²¹ See *Foreign Relations*, 1937, vol. II, pp. 615 ff.

The Ambassador appeared rather annoyed at the above remark and said that he would like to know in what particular cases there had been charges of discrimination on the part of the French authorities. I replied that I did not, of course, have the particular cases at hand but could easily furnish material on this subject at his convenience. The Ambassador then went on to say that the situation was an impossible one in Morocco and that the French must naturally make every endeavor to "regularize" it. I thereupon mentioned the basic principle enunciated in the Algeciras Act, namely "economic liberty without any inequality", and observed that our present treaty drafts quite naturally took that principle fully into account.

Returning to the exposition of our general attitude in this matter, I mentioned the introduction of quotas in the new Franco-British Commercial Treaty regarding Morocco. As the Ambassador must doubtless be aware, this Government had been requested in 1935 to give its consent to the introduction of quotas in Morocco but was unwilling to do so at that time. As evidence, however, of our present spirit of accommodation and in view of the desire of both the French and the British Governments to introduce the principle of quotas in French Morocco, we had reluctantly, in the present instruments, agreed to the introduction of quotas with proper safeguards for certain items of American imports into Morocco in which we are principally interested. Our approach to the matter was, however, in my opinion, far more liberal than that of the British. The latter had actually insisted upon the introduction of quotas in French Morocco in order to regain their lost textile market. We, on the other hand, were perfectly willing to take our chances in the free competitive market of French Morocco which we desired to see continued. If we had followed the British example with the present commanding position of our automotive products in the French Zone, we would have requested that those products be placed under quotas guaranteeing them in the future against any reduction in the volume of our exports to the Zone and against any outside competition. The Ambassador was also reminded in passing that, while other powers appear to have granted the French Government a certain degree of latitude in certain particulars in French Morocco by the provisions of Article IV of the Franco-German Accord of November 4, 1911,²² the United States has never adhered to that accord.

In view of the above circumstances, I wished to make it clear that in presenting the present draft instruments we were firmly attached to the provisions therein regarding (1) customs valuation and (2) the Annex to our Commercial Treaty containing assurances against the

²² *British and Foreign State Papers*, vol. civ, p. 948.

imposition of quantitative restrictions on articles of special interest to this country.

The Ambassador was anything but pleased at the above oral exposition of our views on this subject and inquired whether they were incorporated in the covering note. I replied that, while they were not specifically mentioned, they were clearly implied and would be obvious after he had examined the draft texts. The Ambassador then expressed the wish that I not regard his remarks as an official reply to the oral statements I had made; that, in view of his long familiarity with Morocco, he would be in a position to reply in detail to the points I had raised and in writing if I desired. I informed him that there would appear to be no necessity for written correspondence on these points since they would undoubtedly come out during the course of our future negotiations on the basis of the treaty drafts.

781.003/190

The Secretary of the Italian Embassy (Capomazza) to the Chief of the Division of Near Eastern Affairs (Murray)

WASHINGTON, March 13, 1939 XVII.

MY DEAR MR. MURRAY: Referring to our conversation on the French Morocco, I wish to thank you very much for your letter of March 10th,²³ and for the copy of the note addressed by the Department of State to the Belgian Ambassador on the matter.²⁴

Herewith enclosed you will find, in the form of an *aide-mémoire*, a translation of the "résumé" of the note sent²⁵ by the Italian Government to the French and English ones.

I am unable to send you the full text of the note, as we ourselves do not have it. Our Foreign Office has only asked us to inform the Department of State of the contents of the note.

Sincerely yours,

B. CAPOMAZZA DI COMPOLATTARO

[Enclosure]

The Italian Embassy to the Department of State

AIDE-MÉMOIRE

The Italian Government has informed the French and British Governments that, in its opinion, the Anglo-French Agreement of

²³ Not printed.

²⁴ Note of February 21, 1938, *Foreign Relations*, 1938, vol. II, p. 868.

²⁵ This paper bears the notation: "Capomazza says it was sent about the end of February. W. S. M[urray]".

July 18, 1938,²⁶ concerning Morocco, is in contrast with the principle of freedom and economic equality established by the Treaty of Algeciras:

- 1) Because it grants to Morocco the right of reciprocity;
- 2) Because it allows Morocco to change the actual customs duties of 10 percent ad valorem;
- 3) Because it makes possible a system of quotas on which England has already obtained some discriminatory advantages;
- 4) Because it allows the abrogation of the "Règlement sur les Douanes de l'Empire" (Chapter 5 of the Act of Algeciras).

Taking into consideration the foregoing as well as the fact that the Anglo-French Agreement of July 18, 1938 is detrimental to Italian interests, inasmuch as special tariffs are applied to British merchandise, and as the greatest advantages benefiting England, particularly from the quota point of view, concern products forming the greater part of Italian exports to Morocco, the Italian Government makes the widest reservations as to the legality of said Treaty. The Italian Government declares, moreover, that while it intends to maintain intact its rights deriving from the provisions of the Treaty of Algeciras, it expects at the same time to take part in all those modifications that will be deemed advisable to bring to the economic and commercial clauses of said Treaty.

WASHINGTON, March 13, 1939 XVII.

781.003/211

The Counselor of Embassy in the United Kingdom (Johnson) to the Chief of the Division of Near Eastern Affairs (Murray)

LONDON, April 17, 1939.

DEAR WALLACE: I refer to your instruction No. 581 of March 17, 1939²⁷ regarding the attitude of the Italian Government toward the Anglo-French Commercial Treaty of July 18, 1938, with respect to French Morocco. There is enclosed with this instruction a copy of a letter to you from the Secretary of the Italian Embassy, in which he refers to a communication made by his Government to the British and French Governments setting forth the attitude of Italy toward this Treaty. You also enclosed a copy of an *aide-mémoire* of the Italian Embassy dated March 13, giving a résumé of the Italian note.

I have had an opportunity to discuss this matter informally with an official of the Foreign Office who has dealt for a long time with the

²⁶ British Cmd. 5823, Morocco No. 1 (1938).

²⁷ Not printed.

Moroccan question. He showed me the Italian note, of which your summary is substantially accurate. It was, however, sent at the beginning, not the end, of February. The British Government has not yet answered, but the Foreign Office has drawn up its views in a memorandum which has been sent to the Board of Trade for an expression of opinion. The Board of Trade has not replied to the Foreign Office request, and my informant said he did not know exactly when a reply would be sent to Italy.

The gist of the view of the Foreign Office, as transmitted to the Board of Trade, is substantially as follows:

They do not recognize any legal right of Italy or any other signatory of the Treaty of Algeiras to question the agreement that they had made with France, and they will wish to point out to Italy that any other country having treaty rights in Morocco under the Treaty of Algeiras, or otherwise, is at complete liberty to negotiate an agreement, as the British have done; that there is nothing in the Anglo-French treaty which creates for Great Britain an exclusive position; that any privileges which Great Britain has secured are open to other countries through negotiation with France.

Whether or not this stand of the British is legally sound, at any rate it is a statement of their present views. I will keep in touch with a view to getting what information I can when the British finally send their reply. In the present state of Anglo-Italian relations and of Franco-Italian relations, it may be that they will be in no hurry to reply to the Italian note of February.

With best wishes as always,

Yours sincerely,

HERSCHEL JOHNSON

781.003/200

Memorandum of Conversation, by the Chief of the Division of Near Eastern Affairs (Murray)

[WASHINGTON,] April 18, 1939.

During a call from the French Ambassador this morning I asked whether he had as yet received any instructions from his Government in connection with our draft treaty and convention providing for the termination of American capitulatory rights in the French Zone of the Shereefian Empire. These draft instruments were handed to the French Ambassador more than three months ago.

The Ambassador stated that he had received no word whatsoever and he attributed the delay in the matter to the intense preoccupation of Foreign Office officials with the Italian claims in the Mediterranean

and other problems in that area. He added that it was also not unlikely his Government considered that the negotiation of these instruments would take considerable time and that the competent experts of the Foreign Office whose assignment to Washington for purposes of negotiation the Ambassador intended to request could not be spared at the present time. He promised, however, to keep me advised of any developments.

781.008/210a

The Secretary of State to the French Ambassador (Saint-Quentin)

WASHINGTON, April 28, 1939.

EXCELLENCY: In my note of January 21, 1939 there was transmitted to Your Excellency drafts of a capitulations convention, treaty of establishment, commerce and navigation, and treaty of naturalization and military obligations which this Government proposed for negotiation with the Government of the French Republic concerning the French Zone of the Shereefian Empire.

At the time of the submittal of those instruments the Department had under consideration the devising of some arbitral procedure less cumbersome and more adapted to the purposes in view than the complicated procedure envisaged in Article XVII of the proposed capitulations convention and Article XXIV of the proposed treaty of establishment, commerce and navigation. To avoid further delay in communicating the drafts, however, the proposed texts were communicated to Your Excellency in their present form under the reservation of the right of this Government to introduce modifications of the texts during the course of the negotiations.

The Department accordingly now proposes that Article XVII of the draft capitulations convention, as forwarded to Your Excellency under date of January 21, 1939, be replaced by the following Article:

"Any dispute that may arise between the High Contracting Parties relating to the interpretation or application of the provisions of the present convention and which they are unable to settle by diplomatic negotiations shall, upon request by either party and unless some other method of adjudication is agreed upon, be submitted in the form of a special agreement to a sole arbitrator to be chosen by the High Contracting Parties or to a tribunal consisting of three arbitrators, one appointed by each Party and the third, who shall preside over the tribunal, to be selected by mutual agreement between the two Parties. In the event that the two Parties shall be unable to agree, within a period of six months, upon a sole arbitrator or upon the neutral in the event that a tribunal of three arbitrators is to be established, the designation shall be made by Her Majesty, the Queen of the Nether-

lands, upon the request of either of the High Contracting Parties. In no event shall the sole arbitrator or the presiding arbitrator be a national of either party.

"The decision of the sole arbitrator or tribunal agreed upon shall be made in accordance with applicable principles of law and shall be regarded as final and binding upon both Parties.

"The special agreement referred to in this article shall provide in each case for the organization of such tribunal as may be decided upon, define the powers of the sole arbitrator or tribunal, state the question or questions at issue, and settle the terms of reference. Such special agreement shall be made in accordance with the respective constitutional methods of the High Contracting Parties."

The above quoted article, with the substitution of "treaty" for "convention" in the fourth line would replace Article XXIV of the draft treaty of establishment, commerce and navigation proposed likewise for negotiation.

In the event the French Government may concur in the terms proposed for the new arbitration Article, it will, of course, be necessary to ascertain whether Her Majesty, the Queen of the Netherlands, may be disposed to consent to act in the capacity contemplated by the Article in question. This Government would be prepared to act in concert with the French Government in seeking the wishes of Her Majesty in this respect at such time as might be deemed appropriate during the course of the treaty negotiations.

Accept [etc.]

CORDELL HULL

781.003/214 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, May 16, 1939—7 p. m.
[Received May 16—4:39 p. m.]

951. Leon Marchal Foreign Office expert detailed to the staff of the French Resident General in Morocco informed us this morning that it is now planned that he shall sail for the United States on the steamer *Champlain* June 3 to aid the French Ambassador in concluding the Moroccan agreements envisaged by the Department's note to the Ambassador of January 21, 1939. Marchal stated that it would be difficult, if not impossible, for him to remain in Washington for more than 2 weeks. He said that Saint-Quentin will be in a position to supply the Department with the formal French counterproposals about the time he, Marchal, sails.

Marchal who has probably had more to do with the formulation of these counterproposals than any other one person outlined in some detail the French reaction to our drafts. His statement was prelimi-

nary to a conversation which we are to have on the subject with Lagarde ²⁸ tomorrow.

Briefly summarized, Marchal's statement of the French position was as follows:

The French object to some of the drafting in the proposed convention for the renunciation of extraterritorial rights but profess to be prepared to give us in fact what we want. They are most anxious to avoid any language which would appear to reaffirm at this time capitulatory procedures set up by previous treaties. They consider the nationality and military obligations agreement to be of little practical importance to either party but express a desire to meet our wishes insofar as possible without, however, committing themselves to a principle with respect to military service which the French military authorities could reasonably object to.

They consider the establishment provisions of the draft treaty of establishment, commerce and navigation as unnecessary and undesirable in view of the similar provisions which might be extended in the draft convention for the renunciation of extraterritorial rights. The French authorities are prepared to provide in a treaty of commerce and navigation for complete equality of treatment for American goods and American enterprise with French goods and French enterprise. Similar equality would obtain with respect to taxation and consolidation of the Moroccan tariff but in this connection France is unwilling to tie its hands to the point where it could not meet the need for larger revenues.

In this latter connection it is maintained that the real value of Moroccan tariff revenues at the present time is only about 50% of what it was before "monetary manipulation" had become general. American shipping would be accorded equality of treatment with French shipping as has been done with respect to British shipping. The principles enumerated in the annex to the draft treaty of commerce and navigation appear acceptable but agreement does not as yet exist with respect to some of the minor items listed on the commodity schedule. Agreement on the annex would also be contingent upon reciprocity in some form with respect to Moroccan palm fiber.

Any further information that our meeting with Lagarde tomorrow may develop will be telegraphed briefly.²⁹ Full reports on the conversations will be sent by mail.³⁰

Copy by mail to Tangier.

BULLITT

²⁸ M. Ernest Lagarde, Assistant Director of the Africa-Levant Section of the French Foreign Office.

²⁹ See telegram No. 962, May 17, 7 p. m., from the Ambassador in France, p. 672.

³⁰ Despatch No. 4375, May 19, 1940, not printed.

781.003/219

The Ambassador in the United Kingdom (Kennedy) to the Secretary of State

No. 2702

LONDON, May 19, 1939.

[Received May 31.]

SIR: I have the honor to refer to the Department's instruction No. 581 of March 17, 1939³¹ and to a letter from the Counselor of the Embassy to Mr. Wallace Murray, the Chief of the Division of Near Eastern Affairs, under date of April 17, 1939. The British Foreign Office has now replied to the Italian note of February 1, which was the subject of the correspondence above referred to. The British note, dated April 29, 1939, was addressed to the Italian Chargé d'Affaires in London. A copy has not been made available, but the substance of the reply is as follows:

The British Secretary of State for Foreign Affairs informs the Italian Chargé that he feels he must explain that the Anglo-French Commercial Treaty of July 18, 1939 [1938] in regard to French Morocco does not and cannot affect the rights in the French zone of Morocco of any State other than the United Kingdom, and that, in the opinion of His Majesty's Government in the United Kingdom, there can be no question of the legality or the validity of this Treaty, seeing that it does not purport to require the authorities of the French zone to take advantage of any of the derogations from existing treaty provisions to which His Majesty's Government has agreed, but merely embodies the agreement of His Majesty's Government, for its part, with regard to these matters and the conditions upon which such agreement is given.

Respectfully yours,

For the Ambassador:
HERSCHEL V. JOHNSON

781.003/211

The Chief of the Division of Near Eastern Affairs (Murray) to the Counselor of Embassy in the United Kingdom (Johnson)

WASHINGTON, May 22, 1939.

DEAR HERSCHEL: We have found very interesting your letter of April 17, 1939, transmitting the preliminary views of the Foreign Office with reference to the representations made by the Italian Government in respect of the Anglo-French Commercial Treaty of July 18, 1938, concerning French Morocco.

³¹ Not printed.

There is one further question in connection with that treaty which we would appreciate your pursuing informally with the Foreign Office, namely whether it is expected that the treaty may enter into force independently of the conclusion of similar agreements by the French Government with the other signatories of the Act of Algeciras or subject to the conclusion of such agreements at least with Spain and the United States. It may be observed in that connection that so far as our information goes the instruments of ratification of the Anglo-French Treaty in question have not yet been exchanged. We presume that the delay in the exchange of such ratifications is probably due to the desire of the British to defer making the treaty effective until France has made comparable arrangements with those countries which possess treaty rights in French Morocco which would be infringed by the introduction of quotas or the raising of Moroccan duties above the present bound level in the absence of their express consent.

As you may be aware, the binding of Moroccan customs duties at ten percent (plus a special tax of two and one-half percent admitted by Article 66 of the Act of Algeciras) rests on Article 7 of the British-Moroccan Convention of Commerce and Navigation of December 9, 1856³² (abrogated by Article 15 of the unratified Anglo-French Treaty of July 18, 1938, as regards the French Zone and also as regards the Tangier Zone when the treaty may be extended to the latter Zone), and on Article 50 of the Spanish-Moroccan Treaty of Commerce of November 20, 1861.³³ The benefit of these bindings was extended to other countries through the most-favored-nation provisions of the treaty engagements concluded with them by Morocco. Consequently, even after the entrance into effect of the Anglo-French Treaty of July 18, 1938, it would still be necessary, it seems to us, for the French Government to obtain abrogation of at least Article 50 of the Spanish-Moroccan Treaty of Commerce of November 20, 1861 as one among possibly other conditions to the exercise by Morocco of customs autonomy.

It is understood that other interested governments contend that even after the abrogation of the British-Moroccan Convention of Commerce and Navigation of 1856 and the Spanish-Moroccan Treaty of 1861 the exercise of customs autonomy by Morocco would be conditional upon obtaining the assent thereto of the other Powers signatory of the Act of Algeciras. It is hardly necessary to enter into any extended discussion of this phase of a question already sufficiently complicated. However, it is pertinent to note that the French Government is understood to contest the arguments in this regard of certain

³² *British and Foreign State Papers*, vol. XLVI, p. 188.

³³ *Ibid.*, vol. LIII, p. 1089.

Powers. Further the French Government is understood to place particular emphasis upon the derivation of its freedom of action in respect of customs matters in French Morocco through the provisions of Article 4 of the Franco-German Convention of November 4, 1911, which read in part as follows:

"The French Government declares that, being firmly attached to the principle of freedom of commerce in Morocco, it will not lend itself to any inequality, either in the establishment of customs duties, imposts and other taxes . . ."

Whatever may be the validity of the French contention in this respect, it has no force so far as we are concerned in as much as the United States, in contradistinction to other interested Powers, has never adhered to the Franco-German Convention of 1911.

We are of course proceeding in our own treaty negotiations with the French concerning French Morocco on the principle which the British appear to have followed, i. e. that any country having treaty rights in Morocco under the Act of Algeciras or otherwise is at liberty to negotiate with the French concerning the redefinition of those treaty rights. Our position, obviously, is not only different from other Powers by reason of our non-adherence to the Franco-German Convention of 1911, but also by reason of the fact that we still retain extraterritorial rights in Morocco and the French are obligated to negotiate with us, as they were with the British, for the relinquishment of those rights.

Despite the difference of our position we would appreciate any information you may be able to gather informally from the competent British authorities on whether the exchange of ratifications in the Anglo-French Commercial Treaty of July 18, 1938 is being deferred pending the conclusion by France of treaty arrangements concerning French Morocco with Spain and the United States and perhaps other signatories of the Act of Algeciras. We would also be interested in knowing whether the British are of the opinion that France is under the necessity of obtaining the assent of all of the Powers signatory of the Act of Algeciras precedent to the exercise by French Morocco of customs autonomy.

It is entirely possible, of course, that you may hesitate to raise even informally with the British authorities the questions discussed in the foregoing which relate to the possible attitude of a third government. In the event there should be the least doubt in your mind regarding the desirability of approaching the British in the matter it is suggested that the making of the inquiries should be abandoned. The information given in this letter, however, may serve some useful purpose in your future conversations on the subject of French Morocco with the

Foreign Office when it may be possible for you to elicit incidentally some sidelights on the problems raised.

Sincerely yours,

WALLACE MURRAY

781.003/245a : Telegram

*The Secretary of State to the Ambassador in the United Kingdom
(Kennedy)*

WASHINGTON, July 7, 1939—8 p. m.

511. Please endeavor to ascertain from the Foreign Office the reasons lying behind the omission from the British treaty instruments with France concerning French Morocco of any safeguards with respect to the possible eventual introduction of either monopolies or exchange control. Please reply as soon as possible by telegraph.

HULL

781.003/246 : Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary
of State*

LONDON, July 8, 1939—7 p. m.

[Received July 8—2:25 p. m.]

957. Your 511 July 7, 8 p. m. discussed informally this morning with an official of the office who participated in negotiations of the French treaty regarding Morocco. He said that so far as he could recall the question of exchange control did not at any time enter into the negotiations of the treaty. He is looking into the question of monopolies and will give a reply early next week.

Letter of May 22, 1939 from the Chief of the Near Eastern Division to the Counselor of the Embassy. Delay in exchange of the ratifications of the Anglo-French treaty of July 18, 1938 is said not to be due to any desire of the British to defer putting the treaty into effect until comparable arrangements have been made by France with those countries which possess treaty rights in French Morocco that will be infringed by the introduction of quotas or the raising of Moroccan duties. The delay is due to the desire of the British to perfect the necessary exchanges with the Dominions Governments in regard to Morocco before putting the treaty into effect. With regard to the question as to whether France is under the necessity of obtaining the assent of all the parties signatory to the Act of Algeciras, precedent to the exercise by French Morocco of customs autonomy, the British view is that once the Anglo-French treaty is effective its exception is a purely French obligation.

KENNEDY

781.003/249 : Telegram

The Ambassador in the United Kingdom (Kennedy) to the Secretary of State

LONDON, July 11, 1939—5 p. m.
[Received July 11—noon.]

970. My 957, July 8, 7 p. m., first paragraph. The Foreign Office states that in the commercial treaty with France regarding Morocco the British only dealt with subjects normally covered in British commercial treaties and these subjects do not cover state monopolies or exchange control. These questions therefore did not arise.

KENNEDY

781.003/256b

The Secretary of State to President Roosevelt

WASHINGTON, July 21, 1939.

MY DEAR MR. PRESIDENT: In recent negotiations with the French Embassy concerning the abrogation of American capitulatory rights in French Morocco the French Government has raised the question of the possible abrogation by this Government of its rights under the Act of Algeciras.

The French Government proposes that, in return for the abrogation by the United States of that Act in relation to French Morocco, by which the United States is assured of the open door in that country, the most complete guarantees will be given American commercial interests in French Morocco for a period of at least thirty years.

In view of the many disputes which have arisen between the American and French Governments in the past over the application of the principle of the open door in French Morocco, I am of the opinion that the acceptance of this revised basis of negotiations would be in the interest of this Government. I enclose a memorandum on the subject in the event you may care to consider the matter in more detail.

The French Embassy has requested us to consider this proposal as ultra-confidential.

Faithfully yours,

CORDELL HULL

[Enclosure]

Memorandum by Mr. J. Rives Childs of the Division of Near Eastern Affairs

Following the conclusion of the Montreux Convention by which this Government agreed to relinquish its extraterritorial rights in Egypt,

the French Government approached the United States with regard to similar action with respect to the like rights exercised by this Government in French Morocco. The extraterritorial rights of the capitulatory powers in French Morocco were, with the exception of those enjoyed by the United States and Great Britain, renounced at the beginning of or during the World War. In 1916 [1917] when this Government recognized the French protectorate over Morocco,³⁴ it was agreed to enter into negotiations subsequently with the French Government for the abrogation of our extraterritorial rights in that country. In accordance with this obligation and following the relinquishment by Great Britain as of January 1, 1938 of its extraterritorial rights in the French zone of Morocco, discussions were begun between this Government and the French Government looking to the negotiation of new treaties defining the rights of American nationals, ships, and goods incident to the abrogation of the extraterritorial rights enjoyed by us.

The rights of the United States in Morocco generally are defined in the following instruments:

- (1) Treaty of Friendship concluded in 1836 with the Sultan of Morocco which is subject to denunciation upon one year's notice;
- (2) Multilateral Convention of Madrid of 1880, with no terminable date, defining the right of protection in Morocco; and
- (3) General Act of the International Conference at Algieras signed April 7, 1906, with no terminable date.

The Act of Algieras is of particular importance as it affirms the principle of the open door in Morocco.

In the present negotiations the French Government has been disposed to grant this Government guarantees equivalent to those recently accorded Great Britain. Accordingly the French Government has been prepared to grant adequate guarantees for American nationals and ships but it has been unwilling to accord guarantees with respect to goods for a period longer than seven years. Moreover, the French Government, while admitting its obligation under the Act of Algieras to maintain the open door in Morocco, refuses to reaffirm or reinterpret that principle in any new treaty with any power.

The French position is that the principle of the open door in Morocco was forced upon France at the beginning of this century under the threat of war by Germany. It is represented that the development of the North African Coast comprising Algeria, Tunisia, and Morocco has become a matter of vital necessity to France if that

³⁴ See *Foreign Relations*, 1917, pp. 1093 ff.

country is to maintain its position as a world power. Algeria is a part of metropolitan France and no treaty obligations now stand in the way of the full exercise by France of its protectorate over Tunisia. The treaty obligations contracted by France in relation to French Morocco under the Act of Algeciras before the establishment of a French protectorate over that country, however, have made impossible the binding of Morocco to France in the manner in which Algeria and Tunisia are now bound to France.

The difficulties in our present negotiations with the French have been further complicated by reason of our nonadherence to the Franco-German Accord of 1911 concerning Morocco to which all other powers signatory of the Act of Algeciras have adhered. That accord granted France a certain liberty of action in respect to the application of the Act of Algeciras. France has found it impossible to exercise that liberty, however, without violating our treaty rights.

In view of these difficulties and in view of the fact which has become apparent during our negotiations that any new treaty instruments considered in conjunction with the Act of Algeciras, would give rise to endless disputes with the French authorities, the French Government has proposed an alternative basis for our negotiations. The French propose that in return for the abrogation by this Government in French Morocco of all of its rights under the Act of Algeciras, including the principle of the open door, the French Government would be prepared to grant us the most explicit and binding guarantees in respect of the treatment of our particular economic interests in French Morocco for a period of at least thirty years. The treaty would be framed, however, with a view to giving France the same general economic liberty of action, outside of our particular economic interests, which that Government has enjoyed in the political sphere in French Morocco since 1912. At the end of thirty years France would possess both complete economic as well as political liberty of action in French Morocco.

781.003/256a

The Chief of the Division of Near Eastern Affairs (Murray) to the Ambassador in France (Bullitt)

WASHINGTON, July 21, 1939.

MY DEAR MR. AMBASSADOR: Within the next few days there will go forward to you under cover of an official instruction³⁵ the Minutes of the various meetings which have taken place during the past four weeks in connection with the Moroccan treaty negotiations. The

³⁵ Instruction No. 1642, July 27, not printed.

Minutes will clearly indicate to you the difference in point of view which developed between the American and French negotiators on several important points. Briefly, the French were unwilling to give us adequate safeguards on such important matters as monopolies and exchange control. They were also unwilling to redefine or reaffirm in any manner the provisions of the Act of Algeciras granting the signatory Powers economic liberty without any inequality. The most they were willing to do was to give us some rather unsatisfactory guarantees in our commercial treaty covering certain aspects of our trade, but that treaty was to have lasted only seven years. Thereafter we would have been thrown back on the provisions of the Act of Algeciras, and in that regard the French admitted that they were not even at this time giving us the rights which the Act guaranteed to us. On July 10 we had a lengthy discussion with the French Ambassador and Marchal which ended in a practical impasse. What disturbed me particularly was that if we had accepted the French proposals we would, in the language of the Department's lawyers, have "bought a law suit", because it was quite evident that there was a radical difference in interpretation of several articles the texts of which had already been more or less agreed upon.

On July 11 Marchal, the French negotiator, came to the Department and made an entirely new proposal. This proposal is outlined in the attached memoranda.³⁶ Briefly, Marchal proposed that we give up in Morocco not only our capitulatory rights but all of our rights under the Act of Algeciras. In return the French would give us specific guarantees and assurances along the lines that we had been seeking in our other treaty instruments, and these new guarantees would cover a period of thirty years. Although this arrangement would give us most-favored-nation treatment it would not give us treatment equal to that accorded the French except in matters of particular interest to the United States. I think you will be interested in reading the attached memoranda, which discuss the proposals in detail.

It seems to me that these binding proposals, if they can be written into a clear and unequivocal treaty, will give us adequate and satisfactory guarantees during the next generation. Thereafter France would have a free hand in Morocco and our trade and commerce would presumably be on more or less the same basis that they are now in Tunis and Algeria. I have not yet had an opportunity to discuss this proposal with any of the executive officers of the Department except the Under Secretary. Mr. Welles' first reaction was that the period of thirty years was rather short, and I gather the distinct

³⁶ Not printed.

impression that he would favor a longer period. Beyond that he did not commit himself, but I believe that he would not be averse to a proposal along the lines which the French have made provided the guarantees were adequate and if the term were somewhat lengthened.

As you will see from the enclosed memoranda, Marchal has returned to Paris. From there he will go to Rabat and work on the details of the new scheme, after which he will return to Washington about the middle of September at which time we will again take up the negotiations.

Both the Ambassador and Marchal stressed again and again the ultra-confidential character of these proposals, and for that reason we are not informing the Legation at Tangier of the new situation which has been created. It is particularly important, I gather, that no word of the proposed new basis of negotiations reaches the ears of any foreign Power.

I am sending you this information so that you will be aware of developments, and I should appreciate any comments or suggestions which you may have in regard to the principles involved.

Sincerely yours,

WALLACE MURRAY

781.003/272

Memorandum by the Acting Chief of the Division of Near Eastern Affairs (Alling) to the Under Secretary of State (Welles)

[WASHINGTON,] July 25, 1939.

The French Ambassador telephoned to me today to inquire whether any final decision had been reached whether the proposals recently made to us on the subject of the Moroccan treaty were acceptable. I told the Ambassador that I hoped it would be possible within the next day or two to give him a reply.

As you know, the President has given his approval to our proceeding with negotiations along the lines of the French proposals, i. e. firm guarantees for our trade for a period of at least thirty years in return for our abrogation of our rights under the Act of Algeciras. In the circumstances do you perceive any objection to my informing the Ambassador that the proposals are acceptable as a basis of negotiation? ³⁷ I could at the same time, if you consider it desirable, intimate that some question is likely to arise as to the term of years proposed, since some of us feel that thirty years is not adequate.

PAUL H. ALLING

³⁷ Marginal note: "I agree S W[elles]".

781.003/271

Memorandum by the Acting Chief of the Division of Near Eastern Affairs (Alling)

[WASHINGTON,] July 25, 1939.

After receiving the approval of Mr. Welles, as indicated on the attached memorandum of today's date,²⁸ I telephoned this afternoon to the French Ambassador to say that I was now able to give him a reply to his query of this morning regarding the proposed Moroccan treaty negotiations. I explained that some of the higher officers of the Department were inclined to believe that the proposed period of thirty years was not adequate, but that we were prepared in principle to begin negotiations on the basis proposed by the French, it being understood that we would give favorable consideration to relinquishing our rights under the Act of Algeciras in return for suitable guarantees for our trade for an adequate period. The French Ambassador stated that on their part they might wish to propose a shorter period. I said that these questions would of course be open to discussion during the negotiations and that I was simply passing on to him a viewpoint which we had encountered in the Department; the main point I wished to make was that in return for the concessions which the French Government was asking us to make we fully expected to receive firm guarantees for an adequate period.

The Ambassador inquired whether we still planned to renew negotiations about the middle of September when M. Marchal would presumably return. I stated that this was the present intention, but that in as much as it might be necessary to send some one to Morocco to make investigations on the spot in connection with the proposed bindings of duties, it might be necessary to postpone the renewal of negotiations until the latter part of September. The Ambassador requested that we inform him on this point in due course and I said that we would do so.

PAUL H. ALLING

781.003/275

Memorandum by the Chief of the Division of Near Eastern Affairs (Murray) to the Under Secretary of State (Welles)

[WASHINGTON,] August 7, 1939.

As you are aware, we expect to resume negotiations with a French representative in Washington about October 1, looking to the con-

²⁸ *Supra.*

clusion, on a new basis, of a treaty of general relations with France concerning French Morocco.

This treaty will differ considerably from the ordinary commercial treaty in that there will be annexed to it a schedule of items of particular interest to American trade on which bindings will be granted in respect of customs duties. In addition to the establishment of the rates of duty on some forty to sixty items, there are certain highly technical problems to be considered, including the transformation of ad valorem to specific rates and the determination of the basis of valuation for those items which may be maintained on an ad valorem basis.

In this connection it is pertinent to note that the basis of the assessment of ad valorem rates of duty in the Franco-British Treaty of July 18, 1938 has resulted in a great deal of criticism of the British negotiators by British commercial interests in Morocco. This Division is exceedingly anxious to avoid the adoption of any formula which would result in similar criticism by American commercial interests. With that purpose in view, we have engaged in very extensive technical studies in cooperation with other Departments of the Government and an informal committee has been appointed to take under particular examination this unusual and extremely technical problem.

As we propose to conclude a treaty for the duration of at least thirty years, I am of the opinion we should leave no stone unturned to satisfy ourselves regarding its provisions. The studies of the committee have indicated that certain of the technical information, which is essential to reach any definite conclusions on the problem under review, is only obtainable in Morocco. We would ordinarily resort to our consular offices in Morocco for such information. However, in view of the ramifications of the treaty, which possesses so unusual a character, and the difficult technical questions involved, it appears highly desirable to send to Morocco, to complete the study there, Mr. Childs of this Division, who has had the treaty negotiations in hand, under my direction, since their inception in 1937.

Mr. Childs' mission would be to establish:

(a) The conversion of the present ad valorem basis to a specific basis for the assessment of customs duty upon forty to sixty items of which the United States is a substantial supplier of Moroccan imports.

(b) The determination of the tare allowances on as many of such specific duties as possible.

(c) Determination of the maximum internal taxes to be imposed upon all items of interest to the United States, whether dutiable upon an ad valorem or specific basis.

(d) Since automobiles constitute the most important American export to Morocco, and since it is contemplated that automobiles will continue to be dutiable upon an ad valorem basis, it is of prime importance that that basis be defined in the most complete and satisfactory

manner. There are certain variable items, such as packing, freight and insurance, in the determination of the value of automobiles which require consultation with importers in Morocco before any satisfactory formula can be arrived at. All efforts to obtain this information in this country have so far proved unavailing.

(e) As we shall admit preferential tariff treatment for French goods, except for the items included in the schedule annexed to the treaty, it is believed most important that the competitive relationship between French products, and those American products which may not be included in the schedule, should be carefully examined in Morocco.

If you approve of the detail of Mr. Childs to Morocco for the investigation contemplated, it would be necessary for him to proceed by the United States Lines on August 23 and to return by a vessel of those same lines arriving in New York about October 1, depending upon the time which may be found necessary to complete the investigation.

It is estimated that the cost of the journey would be approximately eight to nine hundred dollars and the expenses thus entailed would, I feel sure, be balanced by the reduced necessity for telegraphic charges either before or during the course of the negotiations.

I should appreciate an early indication of your wishes in the matter in order that we may plan accordingly.

WALLACE MURRAY

781.003/282

The Diplomatic Agent and Consul General at Tangier (Blake) to the Secretary of State

No. 1483

TANGIER, August 25, 1939.

[Received October 2.]

SIR: I have the honor to inform the Department that, from conversations with my Belgian colleague, it is apparent that there has been a Franco-Belgian exchange of views in Brussels with regard to the modification of the Morocco Treaty position. The Belgian Government is gravely concerned over the possible issues, and is determined to set up the strongest possible defense of Belgian economic and trade rights in Morocco. My Belgian colleague has no information as to the details of the conversations, but he informed me that, in reply to the French suggestion that proposals should be submitted by the Belgian to the French Government, the former replied that its conventional position and rights in Morocco were already defined by the existing Moroccan treaties; that it had no inclination to promote a change of that position, and therefore, if any modification were contemplated by France, propositions in that direction should more ap-

propriately come from the French, for consideration by the Belgian Government.

The Department will be kept informed of any further data which I may be able to gather in the above connection.

Respectfully yours,

MAXWELL BLAKE

781.003/276h : Telegram

The Secretary of State to the Diplomatic Agent and Consul General at Tangier (Blake)

WASHINGTON, September 6, 1939—5 p. m.

12. Has Childs arrived? If so, has he been able to ascertain whether Marchal still plans to commence negotiations this autumn or whether they are likely to be indefinitely postponed?

HULL

781.003/279 : Telegram

The Consul General at Casablanca (Goold) to the Secretary of State

CASABLANCA, September 9, 1939—6 p. m.

[Received September 10—8:43 a. m.]

1. Following from Childs. "I saw Marchal yesterday. He has not yet been informed concerning the status of the negotiations in the light of the war but he believes that the negotiations will be suspended indefinitely.

He expects foreign exchange control to be imposed shortly in France, its colonies and protectorates. The export of certain essential commodities has been prohibited and the importation of unessential articles will probably be forbidden.

Marchal expressed the hope that while suspending the treaty negotiations we had in view it might be possible to conclude the capitulations convention as drafted in Washington with certain alterations which would preserve the position of the Department as far as possible on the questions left in suspense. At the same time the French Government would undertake to enter into negotiations for a commercial treaty upon the conclusion of hostilities.

I pointed out that from the beginning the Department had insisted on negotiating the two treaties concurrently. I added that the advent of war might have changed the Department's views but that I had no information as to this.

Marchal considers the entire treaty position in Morocco will be subjected to a sweeping examination in the settlement following the war. Blake expressed the same thought.

I believe that the suggestion made by Marchal requires very cautious consideration."

GOOLD

781.003/280a : Telegram

The Secretary of State to the Consul General at Casablanca (Goold)

WASHINGTON, September 12, 1939—6 p. m.

5. For Childs. Despite the uncertainty regarding treaty negotiations in the near future, the Department assumes you are collecting the information required for such negotiations.

HULL

781.003/281 : Telegram

The Diplomatic Agent and Consul General at Tangier (Blake) to the Secretary of State

TANGIER, September 13, 1939—noon.

[Received 5:42 p. m.]

Referring to telegram No. 1 from Goold September 9, the following from Childs:

"At suggestion of Marchal I visited Rabat on September 11 and called with him on the French Resident Delegate. The latter repeated the hope expressed by Marchal that the Department might find it possible to conclude capitulation convention. I made no other observation than to state that I would communicate the desire of the French Protectorate authorities to the Department. Upon further consideration I am of the opinion that acceptance of the suggestion made by the French Protectorate authorities would be unwise. I informed Marchal of my belief that the French authorities might count on every endeavor being made by the Department, while safeguarding American interests, to exercise American capitulatory rights in a manner least embarrassing to the French Protectorate authorities in the present emergency.

I have no reason to believe that the French Government proposes to press the Department in the matter and I gained the impression from my conversations with [at?] Rabat that the French Protectorate authorities would probably be satisfied with appropriate assurances along the lines of the above."

I fully concur in the above. Separate conclusion of capitulation convention fatal error. Department can count on French using the present emergencies to extract from us every possible advantage against vague assurances. Our friendly exercise of capitulatory rights constitutes no embarrassment to the French authorities.

BLAKE

[Further negotiations regarding the proposed abolition of the capitulatory rights of the United States in the French Zone of Morocco were held in abeyance during the war.]

NEGOTIATIONS REGARDING THE SETTLEMENT OF AMERICAN CLAIMS
IN THE FRENCH ZONE OF MOROCCO

481.11/134a

The Secretary of State to the Ambassador in France (Bullitt)

No. 1464

WASHINGTON, May 8, 1939.

SIR: The Department desires that you seek an early occasion to reiterate to the French Government the hope of this Government that the necessary instructions may be issued to the French Protectorate authorities in French Morocco with a view to the settlement by them, in concert with the American Diplomatic Agent at Tangier, of certain claims of American nationals and protégés in French Morocco which have been outstanding for some years.

The claims in question are some seven in number, six of which involve American protégés and one the estate of an American citizen. There is enclosed a copy of a memorandum relating to the claims,³⁹ which was handed by Mr. Blake, the American Diplomatic Agent at Tangier, to the French Resident General in French Morocco in 1934 when an effort was being made at that time to reach a settlement.

In the Department's note to the French Chargé d'Affaires dated October 19, 1937,⁴⁰ a copy of which was forwarded to you with the Department's instruction no. 512 of October 26, 1937,⁴¹ the hope was expressed at that time that instructions such as those referred to above might be issued in order that outstanding problems affecting American interests in the French Zone might be solved to the mutual satisfaction of the two Governments.

Subsequently the Department instructed the Diplomatic Agent at Tangier, in a telegram dated November 19, 1937,⁴² that, upon being informed of the readiness of the French Government to negotiate a settlement of the claims, he might communicate with the French Protectorate authorities at Rabat in order to arrange the details which might appear appropriate to him. It was added that the Department considered that a simple procedure involving agreement on the part of the French authorities at Rabat to make assessment and pay-

³⁹ Not attached to file copy.

⁴⁰ *Foreign Relations*, 1937, vol. II, p. 868.

⁴¹ Not printed.

⁴² *Foreign Relations*, 1937, vol. II, p. 871.

ment of the damages in each case and the restoration of any property concerned would meet adequately the forms of the settlement.

In view of the failure of the French authorities to take action in the matter, the Diplomatic Agent was authorized on June 24, 1938,⁴³ to approach the Protectorate authorities with a view to arranging the details of a settlement. Mr. Blake accordingly addressed a note on July 15, 1938⁴⁴ to the French Resident General at Rabat in this sense.

Moreover, in a note of August 23, 1938,⁴⁵ the Department informed the French Chargé d'Affaires of the instructions issued to the American Diplomatic Agent at Tangier in this regard. A copy of the note was forwarded to you as an enclosure to the Department's instruction no. 1047 of August 29, 1938.⁴⁶

The French Residency General at Rabat informed the American Diplomatic Agent at Tangier in a note dated September 8, 1938, no. 331D⁴⁷ that "by reason of the recent opening at Washington of negotiations relating to American capitulations", the Residency General had transmitted to the Ministry of Foreign Affairs in Paris the Diplomatic Agent's communication of July 15, 1938 on the subject of American claims. Mr. Blake has subsequently reported, in an informal letter dated April 10, 1939,⁴⁸ of which a copy is enclosed, that there have been no subsequent developments in French Morocco with respect to the settlement of the claims.

While Mr. Blake states that the pecuniary damages involved in the claims do not exceed two or three thousand dollars each, except in the case of the claim of Abdel Aziz El-Yacoubi against the municipality of Meknes, the Department is desirous of obtaining a settlement of the claims, irrespective of their relatively minor character, before the relinquishment of American extraterritorial rights in French Morocco.⁴⁸ It is desired, therefore, that you make known to the appropriate officials in the Ministry of Foreign Affairs that this Government perceives no reason for any further delay in the making of arrangements between the French Protectorate authorities and the American Diplomatic Agent at Tangier for a settlement of the claims.

Very truly yours,

For the Secretary of State:

R. WALTON MOORE

⁴³ *Foreign Relations*, 1938, vol. II, p. 881.

⁴⁴ *Ibid.*, p. 882.

⁴⁵ *Ibid.*, p. 885.

⁴⁶ Not printed.

⁴⁷ See despatch No. 1388, September 16, 1938, from the Chargé at Tangier, *Foreign Relations*, 1938, vol. II, p. 886.

⁴⁸ For correspondence relating to the proposed abolition of capitulatory rights of the United States in the French Zone of Morocco, see pp. 631 ff.

781.003/215 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, May 17, 1939—7 p. m.
[Received May 17—2:20 p. m.]

962. My 951, May 16, 7 p. m.⁴⁹ The conversation with Lagarde⁵⁰ this afternoon added nothing of importance to the explanation given by Marchal⁵¹ yesterday. It did however offer a convenient opportunity to bring up the subject of the claims of American nationals and protégés. The Department's instruction No. 1464 was received yesterday after our talk with Marchal. Lagarde and also Marchal who was present appeared impressed by the observation that it would be unfortunate to handicap Marchal during his Washington visit by failure to give consideration to the claims question before his departure.

Lagarde agreed that Marchal immediately upon his arrival at Rabat at the end of this week should urge upon the Resident General the desirability of entering into immediate contact on the subject with Blake. It was suggested on the French side that if the Resident General and Blake are not able to reach an early settlement then the claims question should be covered by a provision in the convention for the renunciation of extraterritorial rights. After the meeting Marchal said to us that he would do all possible to have negotiations opened with Blake at once in the hope of thus facilitating his work in Washington on far more important subjects.

Copy by air mail to Tangier.

BULLITT

481.11/132 : Telegram

The Diplomatic Agent and Consul General at Tangier (Blake) to the Secretary of State

TANGIER, May 27, 1939—noon.
[Received May 27—8:40 a. m.]

8. With reference to Paris Embassy's telegram to Department 962, May 17, note has been received from Residency General to take up study of claims by a commission sitting either at Tangier or Rabat at an early date. Note adds, however, "It must be distinctly understood, moreover, that the affairs in question for the moment may only be the subject of previous study and that their definitive settlement will be subordinated to the conclusion of the general agreement which

⁴⁹ *Ante*, p. 654.

⁵⁰ M. Ernest Lagarde, Assistant Director of the Africa-Levant Section of the French Foreign Office.

⁵¹ M. Leon Marchal, Director of Commerce and Industry, French Residency General, Rabat, Morocco, detailed to assist the French Ambassador in the United States in the current negotiations with the United States regarding the abolition of capitulatory rights in the French Zone of Morocco.

should shortly be arrived at between the Government of the United States and the French Government concerning Morocco". My letter to Murray of April 10,⁵³ page 2, fifth paragraph and subsequent sets forth reasons for separation of claims and treaty negotiations. I suggest this difference of viewpoint be clarified before any negotiations are engaged in between myself and Residency General. Telegraphic instructions requested indicating the nature of the reply the Department desires me to make to the Residency General.

BLAKE

481.11/128 : Telegram

The Secretary of State to the Diplomatic Agent and Consul General at Tangier (Blake)

WASHINGTON, May 31, 1939—4 p. m.

4. Your 8, May 27, noon. You should inform the French Resident General in reply to his note that this Government cannot see any justification for the long continued delay in the settlement of claims involving relatively small amounts and the merits of which have been generally admitted by the French Protectorate authorities. This Government is therefore unable to understand why any further delay should be contemplated in effecting settlement of the claims.

You should add that in any case this Government cannot admit that the settlement of these claims should be made dependent upon or subordinated to the conclusion of the proposed draft treaties between the United States and France concerning French Morocco.

Foregoing has been communicated to the Embassy at Paris which has been requested in its discretion to bring it to the attention of the Foreign Office. Please forward to Embassy by air mail a copy of your telegram under reference if you have not already done so.

HULL

481.11/129 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, June 3, 1939—1 p. m.

[Received 4:50 p. m.]

1058. Your 387, May 31, 4 p. m.⁵⁴

1. A paraphrase of the Department's [*Tangier's*] No. 8, May 27, noon to [*from*] Blake was handed yesterday to both Coursier⁵⁵ at the Foreign Office and Marchal.

⁵³ Not printed.

⁵⁴ Not printed; it quoted telegram No. 4, May 31, 4 p. m., to Tangier, *supra*, and instructed the Ambassador at his discretion to bring it to the attention of the French Foreign Ministry.

⁵⁵ M. Henri Coursier, Chief of the Africa-Levant Section of the French Foreign Office.

Coursier explained that the Foreign Office does not entertain the idea that settlement of the claims can be made dependent upon the conclusion of new treaties. He said that it is, however, only natural that the French authorities have a definite point of view with respect both to the merits of the claims and to the basis on which they should be settled in the event a new order for foreigners in Morocco were not contemplated. He then pointed out that this special point of view would not be controlling in the present negotiations between Blake and the Resident General in view of the concurrent negotiations looking to a change in the capitulatory regime.

He said that under these circumstances it is the French view that if the changes contemplated cannot, for some reason, be given effect then the French authorities would want to deal anew with the claims question on the basis of the point of view that would have been controlling in the past.

In other words Coursier interpreted the Resident General's communication to Blake as merely a reservation to safeguard the traditional French point of view in the event modification of the capitulatory regime becomes impossible. He interpreted the closing paragraph of the Department's instruction to Blake as a reservation on our part to the effect that we expect a settlement of the claims regardless of the outcome of the Washington negotiations. He agreed that this proposition was unassailable.

Coursier concluded his remarks by expressing the hope that neither Blake nor the Resident General would read into the Department's instruction anything that might hold up the negotiations now resumed between the two. He said that the Resident General's note to Blake was an expression of French good will in the matter of meeting our desire to negotiate the claims question locally and without further delay. He added that it should be obvious to both sides that a matter of a few thousand dollars could not exercise a controlling influence on either's point of view with respect to the far more important question for both of the regime to which foreigners are to be subjected in Morocco.

2. Marchal is sailing today on the steamer *Champlain*. He brought back with him from Morocco the proposed draft of the French *considerata* which still awaits the signature of the Minister of Foreign Affairs. Its contents will be telegraphed to the Department as soon as it is received by the Embassy.⁵⁶

Repeated by telegraph to Tangier.

⁵⁶ Telegram No. 1093, June 8, 5 p. m., not printed.

481.11/129 : Telegram

The Acting Secretary of State to the Diplomatic Agent and Consul General at Tangier (Blake)

WASHINGTON, June 7, 1939—6 p. m.

5. Department's 4, May 31, 4 p. m. The Department has interpreted the explanation of the French position regarding the settlement of American claims in French Morocco, contained in the Paris Embassy's telegram no. 1058, June 3, 1 p. m., as confirmatory of this Government's position that there should be no delay in their settlement. It is considered that any further discussion of the respective positions of the two Governments is therefore unnecessary. Accordingly, the Department perceives no reason which should stand in the way of the acceptance by you of the French Resident General's invitation to settle the claims question without further delay.

The form which the settlement should take has been already indicated to you in the Department's telegram of November 19, 1937, 5 p. m.⁵⁷

Please keep the Department informed of all pertinent developments.

Repeat to Paris.

WELLES

481.11/136 : Telegram

The Diplomatic Agent and Consul General at Tangier (Blake) to the Secretary of State

TANGIER, June 8, 1939—noon.

[Received June 8—8:20 a. m.]

10. Department's no. 5, June 7. The substance of the Department's telegram No. 4, May 31, was communicated to the French Residency on June 2 with a suggestion that subject to his acceptance I would appoint a delegate to meet with the French representative to liquidate the claims as soon as he might find it convenient. As yet have received no reply.

I am informing Paris.

BLAKE

⁵⁷ *Foreign Relations*, 1937, vol. II, p. 871.

481.11/137 : Telegram

The Chargé in France (Wilson) to the Secretary of State

PARIS, June 13, 1939—3 p. m.

[Received June 13—1:06 p. m.]

1117. Department's No. 5, June 7, 6 p. m., to Tangier. In the event the Resident General has not yet replied to Blake's note of June 2 (see Blake's despatch No. 1458, June 2 [3]⁵⁸), would the Department have any objection to the Embassy revealing informally to the Foreign Office the tenor of the telegram referred to above? This suggestion is made in view of the possibility that the Resident General may not fully understand that Coursier's explanation has made further discussion of the respective positions of the two Governments unnecessary and that the way is therefore clear for immediate examination of the claims.

Repeated by telegraph to Tangier.

WILSON

481.11/137 : Telegram

The Secretary of State to the Chargé in France (Wilson)

WASHINGTON, June 15, 1939—5 p. m.

433. Your 1117, June 13, 3 p. m. The Department fully approves the action proposed by you.

HULL

481.11/138 : Telegram

The Diplomatic Agent and Consul General at Tangier (Blake) to the Secretary of State

TANGIER, June 16, 1939—noon.

[Received June 16—9:10 a. m.]

11. Reference Embassy's telegram No. 1117, June 13, Residency has replied to my note of June 2 suggesting that delegates meet at Rabat June 23 for examination of claims, leaving to the French and American Governments the adoption or the rejection of the reservations made by the Department.

Accordingly I am designating Khazen⁵⁹ and after a conference with me here he will proceed to Rabat. Above repeated to Paris.

Please cable Casablanca \$80 transportation expenses and per diem for Khazen available for the remainder of current fiscal year.

BLAKE

⁵⁸ Not printed.

⁵⁹ Michel El-Khazen, interpreter at the Consulate General at Casablanca. Hooker A. Doolittle, First Secretary of the Diplomatic Agency and Consul at Tangier, was also sent to Rabat for these negotiations.

481.11/139 : Telegram

The Chargé in France (Wilson) to the Secretary of State

PARIS, June 16, 1939—9 p. m.

[Received June 16—1:20 p. m.]

1150. Department's 433, June 15, 5 p. m. The substance of the Department's 5, June 7, 6 p. m. to Tangier and Blake's No. 11, June 16, noon, was communicated to Lagarde this afternoon. He was gratified to learn of the interpretation the Department had given Coursier's explanation and also that the Residency General at Rabat had set principles aside and had made a responsive reply to Blake. He said that as far as the Ministry of Foreign Affairs is concerned there is no need for further discussion at this time of the respective positions of the two Governments on matters of principle as the views of each had already been made sufficiently clear to provide for any contingency.

Repeated by wire to Tangier.

WILSON

481.11/144

The Diplomatic Agent and Consul General at Tangier (Blake) to the Secretary of State

No. 1468

TANGIER, July 6, 1939.

[Received July 21.]

SIR: With reference to the recent exchange of telegrams between the Department and this Legation on the subject of the American claims in the French Zone, I have the honor to enclose herewith a summary report of Mr. Doolittle on the meeting of the commission held at Rabat on June 23 and 24, last.

In view of what transpired and the limited powers or lack of powers of the French delegates, I trust that the Department will concur in my opinion that not only would my presence there have been unnecessary, but would have been a positive error at this stage of proceedings.

Although the proposals of General Noguès for the settlement of the claims, were to have reached me within a few days of the meeting, it may be pointed out that nothing has yet been received from the Protectorate authorities, hence it is believed opportune to now forward this written report, which was not at first believed necessary in view of the complete verbal report given me by Mr. Doolittle and Mr. El Khazen at the conclusion of their meeting at Rabat.

Full details with reference to the claims will be dealt with in a subsequent despatch, as soon as the definite proposals from General Noguès reach me and my response has been formulated.

This communication, therefore, serves only for the general information of the Department concerning the steps already taken in pursuance of the Department's telegraphic instructions, and to explain the nature of the delay that is taking place in the negotiations.

Respectfully yours,

MAXWELL BLAKE

[Enclosure]

The Consul at Tangier (Doolittle) to the Diplomatic Agent and Consul General (Blake)

TANGIER, July 5, 1939.

SIR: In accordance with your instructions, accompanied by Mr. El Khazen of the American Consulate at Casablanca, I presented myself at the Diplomatic Cabinet of the French Residency General at Rabat, at 10:30 a. m. on the morning of June 23, 1939, for the first meeting regarding the settlement of American claims against the French Protectorate.

To my surprise and the surprise of Mr. El Khazen we found that we were apparently sitting in on a complete Council of Government as, in addition to M. Broustra, Chief of the Diplomatic Cabinet, there were his secretary and nine other highly placed officials of the Protectorate services, among whom the Director of Domaines, the Director of Shereefian Affairs, a representative of the Public Works Department, and others. Although the complete list of these officials was requested, I was not furnished with the list before the meeting terminated.

In response to my inquiry as to the powers of the French delegates, or commission, it was explained that the purpose of this meeting would be merely a re-examination of the claims in the hope of coming to a mutual agreement, but that their findings would be submitted to General Noguès for his approval; General Noguès thereupon to make proposals for the approval of yourself.

From my impressions gathered during the progress of these meetings, it does not appear that there is any sincere desire on the part of the Protectorate government to settle these matters in an equitable manner.

From the beginning the American delegates took a conciliatory attitude, and expressed the opinion that in practically all the cases redress could be given by returning the property seized, except of course in the few cases of consumable property which had long since disappeared. In the event that it for political reasons would be inconvenient to return the property, valuation by a committee of experts, and recompense, would seem to be the logical manner of arranging the settlement.

Fortunately, with the exception of the claims of Abdel-Assiz El Yacoubi, most of these claims are relatively small, but the general attitude of the French delegates was well indicated in the case of Yacoubi, where his rights to the water supply devoted to the city of Meknez were confirmed by decree of the Director of Public Works and subsequently mentioned and confirmed in a decree of the Grand Vizir allotting the water to the city of Meknez and calling upon the city to reimburse the owners, a decree which in due time was published in the *Official Bulletin*. In spite of the existence of these documents from the highest officials of the French Protectorate, it was argued on the part of the Public Works representative that the decree of the Director General was merely a police measure taken for the purpose of temporarily putting order in the distribution of the water concerned, and that the Vizirial decree had not mentioned it for the purpose of confirming its contents, but merely as a consideration of the temporary status of the water distribution at the time it was turned over to the city, in spite of the fact that the decree of the Director General of Public Works had been taken after due inquiry on the spot, in the presence of the owners of the property.

That this line of reasoning failed to convince even themselves was indicated by an off-hand remark made later by M. Broustra, the Chief of the Diplomatic Cabinet, to the effect that Yacoubi's case might possibly be settled by the offer of half a million francs, or so.

As I informed you verbally, the understanding after the three meetings, in the morning and afternoon of June 23 and the morning of June 24, was that the cases discussed would be presented to General Noguès who would write you his definite proposals not later than the following Thursday. In the meantime Mr. El Khazen was to return to Rabat and present himself with one or two of the claimants whose documents it was desired to examine, for the purpose of elucidating further information. As there, therefore, seemed to be nothing more for me either to discuss or do in the interim, I thought it best to return to Tangier.

Respectfully yours,

H. A. DOOLITTLE

481.11/145

The Diplomatic Agent and Consul General at Tangier (Blake) to the Secretary of State

No. 1477

TANGIER, August 4, 1939.

[Received August 19.]

SIR: I have the honor to transmit herewith copy of a communication to the American Consul General at Casablanca, dated August 3, 1939, embodying the substance of a conversation by telephone between Mr.

Goold and myself on the subject of American claims in the French Zone. This conversation was subsequently confirmed by Mr. Goold in his letter to me of August 3, 1939, copy of which is also enclosed.⁶⁰

The Department will note that the French Protectorate Authorities at Rabat continue to associate the settlement of our claims with the treaty negotiations now being pursued in Washington, and are endeavoring to restrict their prospective proposals to a partial solution, by the elimination of the case of the American protégé El-Yacoubi.

This claim concerns the confiscation by the Municipality of Meknes of water rights, which have been confirmed to El-Yacoubi by Vizirial Decree and given publicity by insertion in the *Bulletin Officiel* of the French Protectorate. It is significant to add that the pecuniary interest involved in this case, is the most important item of our claims.

I trust the Department will approve of my instructions to Mr. Goold in the sense indicated in my communication to him herewith enclosed.

My position in connection with the settlement of our claims rests upon the instructions from the Department, in its telegram to the Legation of November 19, 1937, 5 p. m.,⁶¹ to wit: (1) That property confiscated by the French Authorities be restituted to the owners; (2) or, if the above solution is found to be impracticable or inconvenient to the French Authorities, then the regulations for the expropriation of private property will apply, each party to the controversy designating a local assessor, and in the event of disagreement, a third arbitrator to be appointed by General Noguès and myself.

Respectfully yours,

MAXWELL BLAKE

[Enclosure]

*The Diplomatic Agent and Consul General at Tangier (Blake) to the
Consul General at Casablanca (Goold)*

TANGIER, August 3, 1939.

SIR: For purposes of record, I desire that our telephonic conversation this morning should be set forth in writing, in view of its obvious importance.

I understood from our conversation that you had recently seen M. Broustra of the Diplomatic Cabinet, who stated that the Protectorate Government had been giving their attention to the question of the American claims, and that a proposal was ready to be submitted, covering all the cases except that of Yacoubi, but that, as they had heard nothing in regard to the treaty negotiations in Washington, it would not be submitted by them to me until a favorable outcome of the negotiations was known. It was not expected that M. Marchal would

⁶⁰ Not found in Department files.

⁶¹ *Foreign Relations*, 1937, vol. II, p. 871.

arrive in Rabat before October, and it was now thought that no action would be taken before then.

I would be very pleased if you would inform M. Broustra verbally, when the occasion presents itself, that I was somewhat surprised to find that the question of the American claims in the French Zone hinged upon treaty negotiations now taking place in Washington, as my Government had never accepted the point of view that these two subjects were in any way correlated. The French Government had been so informed by the American Government, and it was my understanding that the French Government had disclaimed any intention of associating the two subjects.

You may also inform M. Broustra that any proposal submitted to me which did not include provisions for the settlement of all the claims, would be unsatisfactory and would, indeed, in my opinion, be contrary to the agreement arrived at for the solution of these claims in the French Zone.

I am communicating copy of this letter to the Department, and to the Embassy at Paris, for their information.

Respectfully yours,

MAXWELL BLAKE

481.11/146

The Diplomatic Agent and Consul General at Tangier (Blake) to the Secretary of State

No. 1480

TANGIER, August 14, 1939.

[Received September 1.]

SIR: I have the honor to refer to my despatch No. 1477 of August 4, 1939 on the subject of the American claims in the French Zone, reporting conversations between Consul General Goold at Casablanca and Mr. Broustra, Chief of the Diplomatic Cabinet at Rabat, and enclosing a copy of my instructions to Mr. Goold regarding the reply to be made. This reply seems to have penetrated the consciousness of the French authorities, as is evidenced by attached copy of a letter, dated August 12, 1939, received from Mr. Goold this morning.

Respectfully yours,

MAXWELL BLAKE

[Enclosure]

The Consul General at Casablanca (Goold) to the Diplomatic Agent and Consul General at Tangier (Blake)

CASABLANCA, August 12, 1939.

SIR: I talked over the telephone this morning with M. Broustra and gave him the message contained in your letter of August 3. He told

me that the reason why no proposal was ready in the El Yacoubi case was because of its difficulty. The case was still under study by the various departments of the Protectorate, and when they had concluded, a proposal would be drawn up.

As to the connection of claims settlements with the negotiations at Washington, he was writing to Paris asking for information as to what had occurred at Washington in June and for definite instructions as to whether to proceed with the claims settlements independently of the treaty negotiations.

Respectfully yours,

HERBERT S. GOOLD

481.11/145

*The Chief of the Division of Near Eastern Affairs (Murray) to the
Diplomatic Agent and Consul General at Tangier (Blake)*

WASHINGTON, August 24, 1939.

DEAR MAXWELL: We have been very much interested in your despatch no. 1477 of August 4, 1939 regarding the settlement of American claims in the French Zone.

The action taken by you in your letter to Mr. Goold of August 3, 1939 is fully approved. In that connection, your attention is invited to the Paris Embassy's telegram to the Department no. 1058 of June 3, 1939, 1 p. m., in which M. Coursier was quoted as stating that the French Foreign Office "does not entertain the idea that settlement of the claims can be made contingent upon the conclusion of new treaties." You will recall also that in the same telegram M. Coursier "interpreted the closing paragraph of the Department's instruction to Blake (Department's telegram no. 4 of May 31, 1939, 4 p. m.) as a reservation on our part to the effect that we expect a settlement of the claims regardless of the outcome of the Washington negotiations. He agreed that this proposition was unassailable."

It was no doubt the foregoing facts to which you had reference when observing in your letter to Mr. Goold that it was your "understanding that the French Government had disclaimed any intention of associating the two subjects".

As you may well appreciate, however, we are less concerned with upholding this contention than with that of obtaining some firm offer of settlement from the French to include, of course, all the claims. We hold the whip hand in this regard as we may always delay ratification of any treaty instrument which may be negotiated until the claims are settled.

Sincerely yours,

WALLACE MURRAY

481.11/147

*The Diplomatic Agent and Consul General at Tangier (Blake) to the
Secretary of State*

No. 1508

TANGIER, November 24, 1939.

[Received December 27.]

SIR: For the purposes of record in the matter of American claims, I have the honor to forward herewith copy of a letter from Mr. Goold reporting conversation with Mr. Broustra of the Diplomatic Cabinet on the subject of American claims in the French Zone. As was to be expected, the Protectorate authorities have no intention of doing anything to settle these claims until there is a resumption of the general treaty negotiations, probably pending the conclusion of the war.

Respectfully yours,

MAXWELL BLAKE

[Enclosure]

*The Consul General at Casablanca (Goold) to the Diplomatic Agent
and Consul General at Tangier (Blake)*

CASABLANCA, November 20, 1939.

SIR: I saw M. Broustra for a few minutes at Rabat on Saturday on the occasion of the ceremony of the Sultan's accession to the throne. I brought up the matter of the *procès verbal* to be drawn up relative to the sessions held in Rabat last June on the subject of the claims. M. Broustra assured me that you would have it soon. He stated that everything in the matter of claims had been delayed because it had not been possible to make an offer in the El Yacoubi case, and because of the pressure of work following the outbreak of hostilities. I urged upon him the advisability of continuing the study and investigation of the El Yacoubi claim with a view to including it in the offer eventually to be made to you. He very politely said that he would see that that was done.

I next asked whether he had received any reply to his inquiry at Paris as to whether the settlement of the claims might be proceeded with independently of treaty negotiations. But I cannot say that I received a reply to this inquiry. He had a great deal to say about how completely the coming of the war had changed everything, and made it impossible to carry on what they had previously in mind, but I got no categorical answer as to whether he had received a reply or not. I take it that he had not, and I gather that it is somewhat doubtful whether he had even asked instructions on the point. I take it that there is very little disposition to proceed with a settlement of the claims independently of the treaty negotiations.

Mr. Khazen reports, however, that Shereef El Yacoubi has been approached by certain people said to be close to the authorities in Meknes relative to bringing about the settlement of his claim. It may be the official desire to reach a private settlement with him, and then to have M. Broustra make you an offer covering the rest. Mr. Khazen also reports that M. Coriat⁶² has been confidentially informed that the Post Office has been ordered to proceed to the condemnation of his property, and has been advised to let the postal authorities know that he is disposed to settle.

Respectfully yours,

HERBERT S. GOOLD

**RESERVATION OF AMERICAN TREATY RIGHTS AS AFFECTED BY
EMERGENCY WAR MEASURES IN THE FRENCH ZONE OF MOROCCO**

381.1153 Socony Vacuum Co./3: Telegram

*The Diplomatic Agent and Consul General at Tangier (Blake) to the
Secretary of State*

TANGIER, September 11, 1939—3 p. m.
[Received September 11—12:52 p. m.]

21. Reference to the Department's instruction of December 8, 1931⁶³ and its unnumbered telegram September 19, 1938, 6 p. m.⁶⁴ In view of circumstances therein referred to, the Franco-Moroccan authorities, to serve distinctly military purposes, have requested permission for immediate or eventual requisitioning of all livestock and automotive vehicles belonging to American nationals or protégés domiciled in French Zone.

In the event that the Department acquiesces in the proposed measures valid during the existence of crisis, I suggest our consent be subordinated to the following stipulations: (1) all requisitions to be made in cooperation with the American Consul in Casablanca; (2) no requisition will be authorized, the effect of which would cause serious prejudice or stoppage of any established American enterprise or deprive individual owners from gaining their livelihood; (3) immediate payment at fair value for all requisitioned property and option for repurchase belongs to original owner in event of subsequent sale; (4) measures taken to be applied impartially to persons of all nationalities without distinction or discrimination; (5) the Department reserves the right to determine when present exceptional measures are to terminate; (6) guaranteed assurances that no prejudice as a result of above military measures will be brought to the interests

⁶² American protégé in the French Zone of Morocco.

⁶³ Instruction No. 668, not printed.

⁶⁴ Not printed.

of American nationals or protégés on the resumption of their legitimate business activities upon reestablishment of normal conditions in French Morocco.

BLAKE

681.006/66 : Telegram

The Consul General at Casablanca (Goold) to the Secretary of State

CASABLANCA, September 12, 1939—11 a. m.

[Received September 13—8:48 a. m.]

4. My number 1, September 9, 6 p. m.⁶⁵ Following from Childs.⁶⁶

"The economic measures envisaged by Marchal⁶⁷ have now been introduced.

A decree of September 9th prohibits all importations into French Morocco with the exception of gold. Exceptions may be accorded by Director General of Communications in the case of solid mineral fuel and petroleum products and by jurisdiction over economic affairs in regard to other products. Article 1 of the regulations accompanying the decree provides that goods shipped before September 9 may be admitted under conditions prevailing previously. Article 3 provides that import permits shall be valid for 4 months. Article 4 of the regulations provides that provisionally goods from France and Algeria shall be admitted without special license.

In a conversation with Marchal yesterday before texts of the legislation were available he stated that permits will be granted subject to the following conditions: essential character of the product; the availability of exchange and of transport. He added that the Protectorate authorities plan to apply the import permits through the medium of trade syndicates now existing or to be established.

A decree of September 11th introduced exchange control similar to that introduced in France.

I observed in my talk that Department would no doubt desire to make full reservations of its treaty rights as affected by the new legislation. He accepted this as a matter of course and said that the legislation would be administered as liberally as possible.

As it is possible the legislation may not be submitted to the Diplomatic Agent and Consul General for authority to make it applicable to American nationals, it is suggested that the Diplomatic Agent and Consul General be authorized to make full reservations of the United States Government's treaty rights in the premises particularly in view of article 4 of the regulations mentioned above. Blake has been informed of the foregoing and concurs."

GOOLD

⁶⁵ *Ante*, p. 668.

⁶⁶ J. Rives Childs, of the Division of Near Eastern Affairs, on a special mission to French Zone of Morocco.

⁶⁷ Leon Marchal, Director of Commerce and Industry, French Residency General, Rabat, Morocco.

681.006/66 : Telegram

*The Secretary of State to the Diplomatic Agent and Consul General
at Tangier (Blake)*

WASHINGTON, September 15, 1939—4 p. m.

15. Casablanca's 4, September 12, 11 a. m. Please make a formal reservation of American treaty rights as affected by the decree of September 9 prohibiting importations into French Morocco. With respect to article 4 state that this Government cannot admit the validity of any regulation which would accord preferential treatment to French and Algerian goods and that it protests emphatically against such discrimination.

HULL

381.1153 Socony Vacuum Co./4

*The Secretary of State to the Diplomatic Agent and Consul General
at Tangier (Blake)*

WASHINGTON, September 16, 1939—1 p. m.

16. Your 21, September 11, 3 p. m. If the proposed requisition of American property is intended to facilitate the acquisition of supplies by any belligerent in the war now in progress between certain European countries, it would seem that the approval of the proposal by this Government might be regarded as direct governmental assistance to one belligerent against the interests of the opposing belligerent. Such a result would not be in accord with the neutrality of the United States which has been proclaimed by the President.

However, if you are convinced that the proposed requisition is necessary in the interests of Morocco and that the requisitioned goods would be used exclusively in Morocco and for its benefit, you may inform the Protectorate authorities that the Department, while refraining from giving definite approval to the application to American nationals in French Morocco of a decree providing for such requisition, would not be disposed to object thereto provided that American interests were safeguarded by observance of stipulations substantially similar to those suggested in your telegram.

HULL

331.1153/2

*The Diplomatic Agent and Consul General at Tangier (Blake) to
the French Resident General in Morocco (Noguès)*⁶⁸

TANGIER, September 20, 1939.

MR. RESIDENT GENERAL: I have the honor to inform Your Excellency that I did not fail to bring to the attention of my Government, the request contained in your unnumbered Note of August 31, 1939,^{68a} that consideration be given, in the present circumstances, to the possibility of extending to American nationals and *ressortissants* in the French Zone of Morocco, the decree issued in that Zone, in respect of the requisition of draft animals, and vehicles both animal hauled or automotive.

In compliance with directions of the Department of State in reference to the above, I would respectfully point out to Your Excellency that my Government's acquiescence in the application of the measures in question to American *ressortissants* under its jurisdiction in Morocco, would in fact, place the latter under constraint to contribute their assistance to one of the parties engaged in the present military conflict in Europe, a condition of affairs which would be incompatible with the proclamation of American neutrality issued by the President of the United States.⁶⁹

My Government is consequently not in a position to give unreserved approval to the enforcement upon American *ressortissants* of the requisition decrees.

However, in view of my examination of the situation and my conclusion that present circumstances may promote internal needs of French Morocco itself, my Government would not be inclined to raise objection to a resort to the requisition of American property of the character referred to, subject to the proper safeguard of the American interest concerned, and providing the requisitioned vehicles or animals are to be utilized strictly within the limits, and exclusively in the interests of the French Zone of the Protectorate of Morocco. This concession shall be valid only for the duration of the crisis, and the termination of these exceptional measures shall be a matter for the decision of the Secretary of State.

A practical application of the principles above set forth will require co-operation between the French requisitioning Authorities, and the

⁶⁸ Copy transmitted to the Department by the Diplomatic Agent at Tangier in his despatch No. 1493, September 21; received October 13.

^{68a} Not printed; but see telegram No. 21, September 11, 3 p. m., from the Diplomatic Agent and Consul General at Tangier, p. 684.

⁶⁹ September 5, 1939, Department of State *Bulletin*, September 9, 1939, p. 203, or 54 Stat. 2629.

American Consul General at Casablanca, whose consent in all cases will be essential.

The application of this arrangement will be further subject to the following conditions:

1. Assurances and guarantees to be given against prejudice resulting from these measures to the legitimate activities of American nationals and protégés upon resumption of a normal situation in the French Zone.

2. Any vehicle requisitioned to be paid for immediately at a fair price, and the original owner to have option of repurchase if his vehicle is sold.

3. If great prejudice were occasioned to an American enterprise, or if the enterprise were stopped, or individuals deprived of their livelihood, as a result of requisition, the latter would not be authorized.

4. There shall be no discrimination of nationality in regard to the release of requisitioned vehicles or animals, or in regard to relaxation of the requisition measures.

Please accept [etc.]

MAXWELL BLAKE

681.006/67

The Diplomatic Agent and Consul General at Tangier (Blake) to the Secretary of State

No. 1496

TANGIER, October 9, 1939.

[Received November 3.]

SIR: I have the honor to transmit herewith copies of the Dahirs and Decrees establishing war time measures in the French Zone of Morocco, concerning control of Exchange and Imports and Exports, and other correlative regulations referred to in Mr. Goold's telegram, Casablanca No. 4 of September 12, 1939, 11 a. m., to the Department, on behalf of Mr. Childs.

There is also enclosed copy of a Note dated September 18, 1939, which, in pursuance of the Department's cable instruction, No. 15 of September 15, 1939, 4 p. m., I addressed to the French Resident General at Rabat, making formal reservation of American treaty rights in Morocco, in regard to the Dahirs and Decrees concerned, and protesting emphatically against provisions found therein, pretending to accord preferential treatment to French and Algerian merchandise.

The Dahirs and other Decrees annexed hereto⁷⁰ are as follows:

1. Dahir of September 10, 1939, prohibiting or regulating the export of capital, exchange transactions and commerce in gold.

⁷⁰ None printed.

2. Residential Decree of September 10, 1939, establishing the conditions of application of the foregoing Dahir of September 10, 1939.

3. Residential Decree of September 10, 1939, concerning the regulation of imports and exports in time of war.

4. Decree of the Director General of Finance of September 10, 1939, defining prohibited and authorized operations.

5. Decree of the Director General of Finance of September 10, 1939, concerning intermediaries.

6. Decree of the Director General of Finance of September 10, 1939, relative to Customs Control.

7. Dahir of September 9, 1939, relative to the control of importations.

8. Residential Decree of September 9, 1939, establishing the conditions of application of the Dahir of September 9, 1939, relative to the Control of Importations.

9. Residential Decree of September 9, 1939, prohibiting the exportations from the French Zone of certain products, materials, and produce.

10. Residential Decree of September 6, 1939, relating to the requisition of the plant, material and petroleum products existing in the French Zone of Morocco.

11. Residential Decree of September 23, 1939, prohibiting the exportation of all products from the French Zone of Morocco.

12. Decree of September 23, 1939 of the Director General of Economic Services, relative to the application of the Residential Decree of September 23, 1939, prohibiting the export of all products from the French Zone of Morocco.

13. Dahir of September 13, 1939, concerning the control and limitation of petroleum products in time of war.

14. Decree of September 14, 1939, of the Director General of Transports establishing the regime of gasoline deliveries.

Application was made to the Residency General at Rabat for multiple copies of the French text of these Dahirs and Decrees, but the reply was that the edition was exhausted and would not be reprinted. By courtesy of the Director of Customs at Tangier, one copy each, of the official French Text has been obtained in respect of Nos. 1-8 only on the above list, and these French copies are attached to the original text of the present despatch.

Tenor of Decrees.

The keystone of all the legislative acts above referred to is the introduction of Foreign Exchange Control, which obviously carries with it prohibition to export capital, the regulation of imports and exports and all the other measures taken to establish official supervision of and interference with the free movement of trade, and distribution of goods and commodities.

Effect on American Interests.

In the present exceptional circumstances, the action of the Protectorate Government is understandable, and since, in effect the execu-

tion of the measures is imposed upon the customs authorities, banks and other financial establishments, shipping and inland transport organizations, which are outside the extraterritorial jurisdiction of the United States in Morocco, there is little that can be done, even if that were entirely desirable, to subtract American nationals and *ressortissants*, in the pursuit of their commercial activities, from compliance, in practice, with the regulations concerned.

Any prosecutions of American *ressortissants* by the Protectorate Authorities, in the American Consular Courts, in connection with the enforcement of the unapproved regulations, would of course be non-suited, but it is improbable that such prosecution will occur.

Reservations Suggested.

It is important, however, that the Protectorate Government should be made to understand that the absence of active resistance on the part of the Department to these derogations of American treaty rights in Morocco, cannot be taken to imply any degree of waiver of these rights, and that the position in principle of the United States in Morocco is also entirely reserved in regard to any eventual examination of its position in French Morocco.

Such requirements appear to be sufficiently met by the terms of my Note to the French Resident General above mentioned, drawn up on the Department's directions.

However, this Note makes specific reference only to the decrees (Nos. 1 to 8 in the above list) published in No. 1402-bis of the *Bulletin Officiel* of September 10, 1939. Subsequent similar decrees are constantly being promulgated, (e. g. Nos. 9 to 14 on the list), and the question arises whether the Department may deem it necessary or desirable to instruct me to address to the Protectorate Government, a Note reiterating the principles of my Note of September 18, 1939, worded in such manner as to cover all war legislation, present or future, enacted by the Protectorate Authorities in derogation of American treaty rights in Morocco. My suggestion in this request is prompted, amongst other considerations, by the terms of the Residential Decree of September 6, 1939, relating to the requisition of the plant, material and stocks of the distributors of petroleum products in French Morocco.

Such a Note might be made to include assurances of unwillingness to raise unnecessary obstruction to the working of the organization and civil administration of the French Zone, in the present eventful period, and that the American Diplomatic Agent at Tangier and the Consul General at Casablanca would be instructed to examine with the Protectorate Authorities, and report to the Department suggestions by which any special difficulties might be overcome through measures of co-operation which did not imply prejudice to the neu-

trality declaration of the President, to the maintenance of American treaty rights, or even temporarily, in an unreasonable or unnecessary degree, to the legitimate interests or activities of American nationals and *ressortissants* trading in French Morocco.

Since we are withholding our validation from the legislation, it might appear inappropriate to stipulate for equality of treatment under the application of its provisions, but the same effect would seem to be obtained by protest against the pretended creation of a privileged situation for the trade or interests of the *ressortissants*, or territories of France, French colonies, protectorates or mandates.

Importance of Question vis-à-vis Future Treaty Negotiations:

The present legislation affords some indication of the facilities which the French Protectorate Authorities may derive from a system of Exchange Control, for the purposes of directing the movement of Moroccan trade at their will and pleasure. An observation of its operation in Morocco in the present circumstances may prove interesting as providing support for our opposition to, or requirement of safeguards against the continuance, or reintroduction of its application in Morocco, upon the termination of the war period.

Position in Tangier Zone.

The French are endeavoring to secure the application in the Tangier Zone of the legislation above discussed, but they are confronted with the opposition of the representatives of the neutral powers, Belgium, Holland, Spain, and Italy, on the grounds that the measures are incompatible with the provisions of the Moroccan treaties, and since these neutral representatives constitute a majority on the Committee of Control, it is believed that the decrees in question will not be given legal acceptance in the neutral Zone of Tangier.

The French are, however, pursuing their objective, and with some measure of success, by practical means, namely, through instructions to the predominant banks, (the State Bank of Morocco and other banking institutions conducted by nationals of belligerent countries in Tangier) and through a system of control exercised by the French administered Tangier Customs House, over the requirements and importations of the Tangier Zone, at least in respect of foodstuffs and other essential commodities, coming from French Morocco.

Position in the Spanish Zone.

As the Department is aware, the French Zone decrees in question cannot be applied in the Spanish Zone where, however, exchange and trade control exists similar to those now adopted in French Morocco. (See Mr. Doolittle's Report "Exchange Restrictions in the Spanish Zone of Morocco," dated August 19, 1939ⁿ). Conversations are pro-

ⁿ Not printed.

ceeding between Rabat and Tetúan in an endeavor to concert a resumption of interzonal trade, but the arrangements are in suspense because no agreement has yet been reached on the fixation of the exchange rate to rule between the controlled Moroccan franc and the controlled Spanish peseta.

Respectfully yours,

MAXWELL BLAKE

[Enclosure]

The Diplomatic Agent and Consul General at Tangier (Blake) to the French Resident General in Morocco (Noguès)

TANGIER, September 18, 1939.

MR. RESIDENT GENERAL: I have the honor to inform your Excellency that my attention has been drawn to the promulgation of a group of Dahirs and Decrees relating to Foreign Exchange Control, to the prohibition or reglementation of exports and imports, and similar emergency measures, all appearing in the *Official Bulletin* of the Protectorate of September 15, 1939 (Nos. 1402-bis) and the purport of this legislation has been communicated to the Department of State in Washington.

In consequence I am now instructed to make, on behalf of my Government, a formal reservation of American treaty rights in Morocco in relation to the legislation in question and furthermore to protest emphatically against such discriminations as that which is found in Article 4 of the Residential Decree of September 9, 1939, concerning the control of importations, pretending to accord preferential treatment to French and Algerian merchandise.

Please accept [etc.]

MAXWELL BLAKE

681.006/67

The Secretary of State to the Diplomatic Agent and Consul General at Tangier (Blake)

No. 1054

WASHINGTON, December 4, 1939.

SIR: The Department has received your despatch no. 1496 of October 9, 1939 referring to the protest you were instructed to make against certain legislation introduced by the French Protectorate authorities and reporting additional legislation in violation of American treaty rights, which has been subsequently promulgated in French Morocco.

The Department is of the opinion that it would be desirable for you to make a further formal reservation of American treaty rights as affected by this additional legislation. It is considered that the

reservation should extend both to the legislation which the Protectorate authorities have introduced subsequent to that referred to in your note of September 18, 1939, and to that which may be introduced in the future incident to the present exceptional circumstances in French Morocco.

In your note you may remind the French Protectorate authorities that this Government cannot give its approval to the application to American nationals in French Morocco of legislation which might be regarded as direct governmental assistance to one belligerent against the interests of the opposing belligerent. As the Protectorate authorities have been informed, such a result would not be in accord with the neutrality of the United States, which has been proclaimed by the President.

However, it may be stated in your communication that you would be prepared to examine with the Protectorate authorities and report to the Department suggestions designed to avoid special difficulties prejudicial to the interests of the Moroccan community which might result from the failure of this Government to give its approval to legislation enacted as a result of the present exceptional circumstances in Morocco. It should be added that the suggestions would have to be limited, of course, to those measures of cooperation which did not prejudice the neutrality of the United States, the maintenance of American treaty rights in French Morocco or the legitimate activities and interests of American nationals there.

Very truly yours,

For the Secretary of State:
R. WALTON MOORE

PALESTINE

INTEREST OF THE UNITED STATES IN BRITISH POLICY REGARDING PALESTINE: BRITISH DISCUSSIONS WITH ARAB AND JEWISH REPRESENTATIVES; BRITISH WHITE PAPER; SUSPENSION OF JEWISH IMMIGRATION¹

867N.01/1365

The Under Secretary of State (Welles) to President Roosevelt

WASHINGTON, January 9, 1939.

MY DEAR MR. PRESIDENT: I transmit the original of a communication addressed to you by His Majesty Abdul Aziz ibn Saud, King of Saudi Arabia,² regarding the Palestine situation and the attitude of this Government with respect thereto. The original letter, of which a translation prepared by the American Legation in Cairo is also enclosed, was handed to the American Chargé d'Affaires in that city by the Saudi Arabian Chargé d'Affaires there, and transmitted by the former to the Department.

With regard to King ibn Saud's remarks concerning the position of President Wilson in respect of self-determination and the sending of a "Commission of Investigation" to the Near East in 1919, it may be helpful, for convenient reference, to set forth briefly the chronology of events. It will be recalled that President Wilson, in the twelfth of his Fourteen Points,³ urged that "the other nationalities which are now under Turkish rule should be assured an undoubted security of life and an absolutely unmolested opportunity of autonomous development". In line with the foregoing principle Article XXII of the Covenant of the League of Nations⁴ accorded provisional recognition as independent nations to certain communities in the former Ottoman Empire, and stipulated that in selecting mandatories for such nations the "wishes of these communities must be a principal consideration".

With a view to carrying out that stipulation it was agreed at Paris that commissions should be sent to the Near East to inquire into the situation and to submit a report thereon. It will be recalled that the other governments concerned refrained from sending such commissions but an American section, headed by Mr. Charles R. Crane and Dr. Henry Churchill King, did visit the Near East during the sum-

¹ For previous correspondence regarding interest of the United States in a settlement of the Palestine question, and related subjects, see *Foreign Relations*, 1938, vol. II, pp. 889 ff.

² *Ibid.*, p. 994.

³ *Ibid.*, 1918, supp. 1, vol. I, p. 15.

⁴ *Foreign Relations*, The Paris Peace Conference, 1919, vol. XIII, pp. 69, 93.

mer of 1919 and submitted a report, dated August 28, 1919.⁵ It is to this report that King ibn Saud refers in the fourth from the last paragraph of his letter. For convenience of reference I quote those of the Commission's recommendations regarding Palestine which King ibn Saud apparently had in mind:

"If that principle (self-determination) is to rule, and so the wishes of Palestine's population are to be decisive as to what is to be done with Palestine, then it is to be remembered that the non-Jewish population of Palestine—nearly nine-tenths of the whole—are emphatically against the entire Zionist program. The tables show that there was no one thing upon which the population of Palestine were more agreed than upon this. To subject a people so minded to unlimited Jewish immigration, and to steady financial and social pressure to surrender the land, would be a gross violation of the principle just quoted, and of the people's rights, though it kept within the form of law."⁶

The conclusions of the Commission on the question of Palestine read as follows:

"In view of all these considerations, and with a deep sense of sympathy for the Jewish cause, the Commissioners feel bound to recommend that only a greatly reduced Zionist program be attempted by the Peace Conference, and even that, only very gradually initiated. This would have to mean that Jewish immigration should be definitely limited, and that the project for making Palestine distinctly a Jewish Commonwealth should be given up."⁷

Although we have had numerous communications from Arab notables and organizations protesting that the attitude of this Government favored the Zionist cause and was consequently anti-Arab, this is the first letter which we have had from an Arab Chief of State. As you are aware, the special position of the Arab States neighboring Palestine with reference to that country has been recognized by the British Government on several occasions, the most recent of which was in connection with the forthcoming London Conference called by the British Government to effect a settlement of the Palestine question, to which the Governments of Saudi Arabia, Iraq, Transjordan, Egypt and Yemen have been invited to send official delegates. In view of the special position of the Arab States in respect of the Palestine question, and in view of the position of King ibn Saud as the outstanding Arab ruler and as the person most qualified to speak on behalf of the Arab people, it would seem that something more than a perfunctory acknowledgment should be made of his present communication.

I enclose for your consideration and your signature, if you approve, a reply to His Majesty which has been drafted with the foregoing

⁵ *Foreign Relations*, The Paris Peace Conference, 1919, vol. XII, p. 751.

⁶ *Ibid.*, p. 793.

⁷ *Ibid.*, pp. 794-795.

considerations in mind. If you have some particular views which you desire to have incorporated in this communication, I shall be grateful if you will indicate their nature.

Faithfully yours,

SUMNER WELLES

[Enclosure]

*Draft Letter From President Roosevelt to the King of Saudi Arabia
(Abdul Aziz ibn Saud)⁸*

YOUR MAJESTY: I have been greatly pleased to receive Your Majesty's letter of November 29, 1938, which was delivered by the Saudi Arabian Chargé d'Affaires in Cairo on December 6 to the American Chargé d'Affaires there, with regard to the Arab cause in Palestine.

As Your Majesty is no doubt aware, the Palestine situation is one which has engaged for long the attention of the American people. It is therefore with particular interest that I have read Your letter devoted to that subject.

The interest which the American people have in Palestine is based on a number of considerations. They include those of a spiritual character as well as those flowing from the rights derived by the United States in Palestine through the American-British Mandate Convention of December 3, 1924.⁹

The position of the United States with respect to Palestine has been set forth in a public statement issued by the Department of State on October 14, 1938,¹⁰ of which it gives me pleasure to transmit to Your Majesty a copy. I may add that this Government has never taken any position different from that which it has maintained from the beginning toward this question.

Your Good Friend,

867N.01/1391

*Memorandum of Conversation, by Mr. J. Rives Childs of the Division
of Near Eastern Affairs*

[WASHINGTON,] January 10, 1939.

Mr. Antonius¹¹ stated that late last summer, when Mohammed Mahmoud Pasha, Egyptian Prime Minister, was in London, he was

⁸ Apparently the President approved this reply, for a copy was transmitted to the Chargé in Egypt as an enclosure to instruction No. 357, January 17, 1939 (not printed). It was presented to the Saudi Arabian Chargé d'Affaires in Egypt on February 15.

⁹ *Foreign Relations*, 1924, vol. II, p. 212.

¹⁰ *Ibid.*, 1938, vol. II, p. 953.

¹¹ George Antonius, Near Eastern authority, and author of *The Arab Awakening*.

approached by the British Government following conversations which were then under way with the British authorities and Dr. Weizmann, President of the World Zionist Organization, and others, looking to a settlement of the Palestine problem, with a view to the use by the Egyptian Prime Minister of his good offices to bring about such a settlement.

The Egyptian Prime Minister was asked to approach the Mufti¹² and to sound him out as to whether he would be disposed to take part in a round table conference on Palestine with representatives of the British Government, Dr. Weizmann and with representatives of Arab states neighboring Palestine, including Egypt and Iraq. According to Mr. Antonius this proposal was made after Dr. Weizmann had signified his willingness to take part in such a conference looking to the establishment of a bi-national state in Palestine in which Arabs and Jews would have equal representation and on condition that Jewish immigration would be continued.

Mohammed Mahmoud Pasha returned to Cairo where he is said to have consulted three prominent authorities whose names were not given to me, regarding the wisdom of his acceptance of the rôle of intermediary as proposed to him. One of these in whom he had the greatest confidence, and whom I believe to have been Sheikh Maraghi, head of Al Azhar University in Cairo, is said to have advised against an approach on the part of the Prime Minister to the Mufti unless certain prior undertakings were given by the British Government. The Prime Minister's adviser is said to have pointed out that the Mufti had gone on record as being unwilling to discuss a settlement of the Palestine problem on a basis of the continuance of the Balfour Declaration¹³ or with any Jewish representatives other than Palestinian Jews. The adviser therefore suggested that the Prime Minister inform the British Government that he would only be prepared to accept the rôle of intermediary provided assurances could be given by the British Government that any conference into which the Mufti would be called would be based on these conditions.

The British Government of course was unable to give such undertakings, and the proposal collapsed.

Dr. Weizmann is then said to have made counter proposals to the British Government suggesting that the Jews would be prepared to support an Arab federation, including the union of Palestine and Transjordan under the rule of the Emir Abdullah,¹⁴ with that united state associated with Syria, the Lebanon and Iraq in a federation, pro-

¹² Haj Mohammed Amin Effendi el Husseini, in exile from Palestine, with headquarters at Beirut.

¹³ November 2, 1917; for text, see *Foreign Relations*, 1917, supp. 2, vol. 1, p. 317, footnote 1.

¹⁴ Ruler of Transjordan.

vided it was agreed by the Arabs to accept an immigration of Jews into that federation to raise the proportion of Jews to the total population to forty percent. It may be mentioned in this connection that discussions have been under way for almost a year between Nuri Pasha, present Prime Minister of Iraq, and Dr. Magnes, President of the Hebrew University in Jerusalem, and with others interested, looking to a settlement along these lines.¹⁵ The difficulty has been that the Jews, as represented by Dr. Magnes, have only been willing to accept such a prescribed limitation of the Jewish population on a purely temporary basis extending for some ten years, while Nuri Pasha has insisted that the settlement be accepted as a permanent one. More recently such a settlement has been espoused by Lord Samuel, former High Commissioner for Palestine, and by Mr. Winston Churchill.

The present proportion of Jews to the total population of Palestine is approximately thirty percent, while the Jewish proportion of the population of Syria, the Lebanon and Iraq is very small. The advantage of such a proposal to the Jews is that it would greatly extend the possibilities of Jewish immigration. It has been estimated that to bring the population of Jews to forty percent of the total population of Palestine alone in ten years would entail an annual immigration of some 30,000 Jews, while the bringing of Jews in a proportion to the total population of a federated Arab state embracing Palestine, Transjordan (where no Jews at present reside), Syria, the Lebanon and Iraq, would extend very largely the number. The Jews would hope, of course, while accepting a minority status in the federation, to bring the Jewish population of Palestine eventually to a majority.

Following Dr. Weizmann's suggestion the British Government invited Tewfik as-Suwaidi, Iraqi Foreign Minister, to come to London to discuss the proposal. At this conference, which took place in early October, Nuri Pasha, who had not yet become Iraqi Prime Minister, was present. They had already been acquainted with the Egyptian Prime Minister's attitude as well as with that of the Mufti, and they are said to have expressed to the British authorities their approval in principle of formal discussions looking to the settlement of the Palestine problem on a basis of federation. They are said, moreover, to have repeated the conditions of the Egyptian Prime Minister that such formal discussions could be undertaken with the Jews only with the understanding that the Balfour Declaration would be discarded and provided discussions were limited to Jewish representatives from Palestine. In a discussion between the Iraqi Foreign Minister and Mr. MacDonald, the British Colonial Secretary, concerning the ques-

¹⁵ For a summary of these discussions, see letter dated March 3, 1938, from the Minister Resident in Iraq, *Foreign Relations*, 1938, vol. II, p. 903.

tion of Palestine, the Iraqi Foreign Minister stated that it was to be clearly understood that no conference could hope to obtain an agreement on the part of the Arabs to any large-scale Jewish immigration at the present time into either Palestine or into the proposed Arab federation. Mr. MacDonald inquired whether the Arabs would be prepared to agree to a "token" Jewish immigration. When the word was explained to him he agreed and stated that this was quite in accordance with Arab ideas on the subject. Mr. Antonius was present in London while the negotiations were in progress and was in frequent touch with the Iraqi Foreign Minister and, accordingly, the information he gives was obtained by him at first-hand.

Confirmation in part of this interpretation of events is found in an editorial in the *New Palestine*, organ of the American Zionist Organization, for October 14, 1938, reading as follows:

"The fact that in London, immediately after Munich, the Zionist leadership had been asked by the Colonial Office to confer with the Iraqi Foreign Minister, without comment on the amazing disregard, in the proposals the Foreign Minister submitted, on a new covenant with the Jewish people or responsibility to the Jewish people; in fact, calling for the nullification of the Balfour Declaration; caused the greatest disturbance in all corners of the Jewish world, especially here in the United States. It seemed to be the intention of His Majesty's Government to liquidate the Palestine enterprise by abandoning without reserve, at the expense of the Jewish people, the implications of the Balfour Declaration and the Mandate."

According to our own information Dr. Weizmann, upon learning from the British Colonial Secretary that the British Government was seriously considering the Arab proposals, immediately got in touch with American Zionists with a view to organizing a protest. There followed the organization of an Emergency Committee on October 7, 1938, in New York, under the Chairmanship of Dr. Goldman, President of the American Zionist Organization, which took the initiative in inspiring the unprecedented mass appeals which flooded the White House and the State Department thereafter for a period of several weeks, protesting against the reported British plan to abandon the Balfour Declaration and appealing for the intervention of this Government with the British Government for the continued maintenance of that Declaration as well as for the continuance of Jewish immigration into Palestine.

There followed on November 9 the publication of the Palestine Partition Commission's report¹⁶ and the announcement of the British Government's intention to call a conference in London of representa-

¹⁶ British Cmd. 5854: *Palestine Partition Commission Report*, October, 1938 [Woodhead Report].

tives of the Jewish Agency on the one hand and of representatives of Palestinian Arabs and of Arabs of neighboring states on the other, with a view to reaching a Palestine settlement. It was announced at the same time that if the London discussions should not produce an agreement within a reasonable period of time the British Government would take its own decision in the light of its examination of the problem and of the discussions in London and announce the policy it proposed to pursue.

Mr. Antonius is very pessimistic of the possibility of the reaching of an agreement between Arabs and Jews in London. He is of the opinion that the Arabs will insist upon recognition of Palestine and Transjordan as an independent Arab state bound to Great Britain by a Treaty of Alliance similar to the Treaty of Alliance concluded between Great Britain and Iraq of June 30, 1930.¹⁷ He is further of the opinion that so far as immigration is concerned, the Arabs will insist that this is a domestic matter for the determination of the Arab state.

867n.01/1382: Telegram

The Consul at Geneva (Bucknell) to the Secretary of State

GENEVA, January 17, 1939—11 p. m.
[Received January 17—7:40 p. m.]

9. The British representative made a statement on Palestine before the Council this evening.¹⁸ He said that after examination of the last Royal Commission's report the British Government had decided that the partition scheme was impractical. He announced that discussions in London with the Jewish and Arab representatives would begin during the present month and that he expected the discussions to result in an agreement. If however an agreement was not rapidly reached the British Government would itself take a decision on the policy to be adopted. He considered it would be useful for the Council to have without delay the advice of the Permanent Mandates Commission on any proposals the British Government might be ready to make on the termination of the conference and consequently requested authorization for an extraordinary session of the Mandates Commission before the May session of the Council in order to examine those proposals. The Council agreed.

English text by mail to London, Paris and Berlin.

BUCKNELL

¹⁷ League of Nations Treaty Series, vol. cxxxii, p. 363.

¹⁸ See League of Nations, *Official Journal*, February 1939, p. 80.

867n.01/1381 : Telegram

The Chargé in Egypt (Merriam) to the Secretary of State

CAIRO, January 18, 1939—11 a. m.

[Received January 18—8:30 a. m.]

4. The first Arab meeting preliminary to the London Conference was held here yesterday. It included representatives from Egypt, Palestine, Transjordan, Iraq, Saudi Arabia and the Yemen. The Egyptian Prime Minister presided. The viewpoints of the various delegations were expressed but not made public. The delegates from the Palestine following their recent contact with the Mufti are understood to have asked support for the following demands: (1) Complete and immediate stoppage of Jewish immigration; (2) a statement from the British that the Balfour Declaration has been fulfilled; (3) establishment of an Arab National Government and the conclusion of a treaty between it and the British Government similar to the treaty between Great Britain and Iraq.

It is believed that the Palestinian delegates also insist upon speaking for the Arabs of Palestine to the exclusion of any other and specifically the Nashashibi¹⁹ group.

MERRIAM

867n.01/1402

Memorandum of Conversation, by Mr. J. Rives Childs of the Division of Near Eastern Affairs

[WASHINGTON,] January 20, 1939.

Participants: Mr. Peter S. George, of the Arab National League of New York City.

Mr. Jamil Beyhum, President, Lebanese Academy of Arts and Sciences, Beirut.

Mr. Amil Ghori, Graduate of the University of Cincinnati, now member of the Arab Higher Committee, of Jerusalem.

Mr. Murray,²⁰ Mr. Alling,²¹ Mr. Childs.

Mr. George, who is well known to this Division, stated that Messrs. Beyhum and Ghori had been sent by the Arab Higher Committee to acquaint the American public with the aims and program of the Arab cause in Palestine and that he had brought them in to introduce them to the Department. (It may be explained that the Arab Higher Committee was formed in 1936 of the leaders of all Arab parties in Pales-

¹⁹ Ragheb Bey-Nashashibi, leader of the Palestine National Defence Party.

²⁰ Wallace Murray, Chief of the Division of Near Eastern Affairs.

²¹ Paul H. Alling, Assistant Chief of the Division of Near Eastern Affairs.

tine to carry on the national struggle looking to the prohibition of Jewish immigration and of the transfer of Arab lands to Jews and the establishment of a National Government responsible to a representative council.)

In the course of the conversation which followed, the Arab spokesmen stated that they were desirous that the United States Government should maintain an attitude of impartiality toward the Palesine settlement. It was pointed out by them that the United States had gained great prestige in the Near East and that the principle of self-determination enunciated by President Wilson had particularly appealed to the Arab world. The Arabs in Palestine, it was stated, only desired the fulfillment of that principle, so far as they were concerned. It was added that the support in this country of Jewish aspirations in Palestine might have the effect not only of impairing the high prestige enjoyed by the United States in the Near East but also of affecting the material benefits enjoyed by this country in that area. The Arabs, it was explained, had fully as much sympathy as other humane people with the oppressed Jews; they felt, however, that it was inconsistent and unjust to endeavor to relieve the oppression of the Jews by resorting to methods which resulted in the oppression of the Arabs. Moreover, the Arabs considered that the problem of relieving the Jews should not be a problem imposed exclusively upon the Arabs of Palestine for solution but was one calling for sacrifices by humane people of all countries.

Mr. Murray stated that the position of this Government toward Palestine had been very objectively set forth in the Department's statement of October 14, 1938 and he inquired whether they were acquainted with that statement. Mr. George replied that the statement was known to him and he considered it a very fair and objective presentation of the position of the United States, to which no objection could be taken. It was added that its purport, however, had been distorted by headline writers. It was stated also that the statement apparently had been given publicity in the Near East in only a garbled version and that its importance had been neglected in view of the almost concurrent appearance of statements by Senator Wagner and other public officials strongly sympathetic toward the Jewish cause in Palestine, which were misinterpreted as official expressions of the views of the United States Government.

Mr. Ghori expressed strong doubts of the success of the London Conference on Palestine, in view of the apparently irreconcilable program of the Arabs and of the Zionists. The Arabs, he said, insisted upon a cessation of immigration into Palestine, the withdrawal of the Balfour Declaration and the granting of independence to an Arab State in Palestine. The Arabs, he stated, sought only the application of the principle of self-determination and the right of Palestine, such

as was exercised by the United States, to control immigration. After the recognition of immigration as a domestic matter for the determination of Palestine was accorded, the Arabs would be willing to give consideration to the admittance of Jews in reasonable numbers. Both he, a Christian, and Mr. Beyhum, his companion, a Moslem, perceived no reason for the continuance of the Mandate even over the Holy Places. He pointed out that the Holy Places had been undisturbed during 1300 years of Moslem control of them and that the keys of the Holy Sepulchre in Jerusalem were even now in the hands of a Moslem family, and had been for generations, in order to prevent disturbances between the Christian sects interested in that site.

The delegation concluded by expressing their thanks for the courteous and attentive hearing given them and in the reiteration of the hope that this Government would not depart from the principles set forth in the Department's statement of October 14, 1938, or interpose any obstacles to the attainment by the Arabs of Palestine of self-determination.

867N.01/1389 : Telegram

The Chargé in Egypt (Merriam) to the Secretary of State

CAIRO, January 24 [23^d], 1939—noon.
[Received January 23—12:11 p. m.²²]

5. It was indicated on January 21 that the representatives of the Mufti had succeeded in imposing most of their program on the Arab Conference here particularly the point that they alone should represent the Palestine Arabs. Later that day the British stated that all parties must be represented including the moderate Nashashibi. A deadlock thereupon ensued. The National [*Premier and*] Assembly [*Foreign Minister*]²³ of Iraq, the Foreign Under Secretary of Saudi Arabia²⁴ and Jamal Husseini²⁵ flew to Syria yesterday in an attempt to persuade the Mufti to agree to the participation of the Arab moderates at London.

Ragheb Bey Nashashibi who is now here has issued a statement that his party must have a number of delegates equal to the Mufti's because the former represents at least 50 percent of the Palestine Arabs and 75 percent of Arab economic interests. Egyptian delegation at London will comprise Prince Abdil Moneim, Aly Maher Pasha^{25a} and the Egyptian Ambassador at London.²⁶

MERRIAM

²² Corrected on basis of information contained in despatch No. 1529, February 9, from the Minister in Egypt (867N.01/1446).

²³ Nuri Pasha as-Said.

²⁴ Fuad Bey Hamza.

²⁵ Cousin of the Mufti.

^{25a} Chief of the Royal Cabinet.

²⁶ Hassan Nashat Pasha.

867N.01/1393 : Telegram

The Chargé in Egypt (Merriam) to the Secretary of State

CAIRO, January 24, 1939—noon.

[Received January 24—10:40 a. m.]

6. The three Arabs mentioned in paragraph 1 of my telegram 5, January 23, noon returned to Cairo yesterday bearing the Mufti's consent to the representation of the Nashashibi Party by two specified delegates. The latter were considered unsuitable by the party heads here who moreover insisted upon the party's right to choose its own delegates. The party has therefore decided to abstain from the London Conference and not to recognize its findings.

The Arab delegates minus the Nashashibi sailed for England early this morning.

MERRIAM

867N.01/1407 : Telegram

The Minister in Egypt (Fish) to the Secretary of State

CAIRO, February 2, 1939—10 a. m.

[Received 11:20 a. m.]

10. Legation's telegram No. 6, January 24, noon. It is confirmed by the British Embassy that an agreement has been reached in principle whereby the Nashashibi Party will be represented at the London Conference by means of delegates selected by the party heads and the British.

Reports that if the representatives of the Mufti withdrew as a protest against the participation of the moderates then the latter will also retire leaving the representation of the Arab cause to non-Palestinians are described at the Embassy as "premature". I presume that while such an understanding may have been reached it is being stamped as a rumor pending the reaction of the Mufti. Its apparent purpose is to serve notice that the British strongly desire all Arab parties of Palestine to be represented but if that is impossible then it is preferable that none should be.

FISH

867N.01/1417 : Telegram

The Chargé in the United Kingdom (Johnson) to the Secretary of State

LONDON, February 7, 1939—7 p. m.

[Received February 7—3:55 p. m.]

181. The Palestine discussions opened today with separate meetings between the British and Arab representatives on the one hand and between British and Jewish representatives on the other.

Mr. Chamberlain²⁷ in his speeches of welcome said that it was the task of statesmanship when faced by what might appear to be a deadlock between two peoples to achieve a compromise on the basis of justice and appealed for concentration on the realities of the present situation giving due weight to all essential facts and endeavoring to appreciate each other's point of view.

The problem of a united Palestine Arab delegation is still unsolved and the Defence Party representatives were not present at the opening meeting. The British Government has issued a statement that its efforts to achieve a united delegation are continuing, that it is glad to have opportunity to enter into consultation with Palestine Arab leaders selected from parties other than the Defence Party; and that in view of its anxiety to exclude no important section of opinion, it will also be glad, if agreement on the composition of single Palestine delegation proves impossible, to hold separate consultations with the Defence Party delegation.

JOHNSON

867N.01/1418 : Telegram

The Minister in Egypt (Fish) to the Secretary of State

CAIRO, February 8, 1939—4 p. m.

[Received February 8—1:40 p. m.]

13. The Minister of Foreign Affairs this morning requested me, in response to a message received from Prince Abdel Moneim at London and at the direction of the Prime Minister, to communicate to my Government the strong hope of the Egyptian Government that the Government of the United States would take no action during the course of the Palestine Conference at London which might tend to prevent the reaching of an agreement. He added that the Egyptian Government would like to receive an answer to this communication.

I remarked that I would communicate the message and inform him of the reply of my Government when received.

The Foreign Minister explained that a similar request was being made of all American representatives in Arab countries participating at London, the initiative having been taken by the Arab representative at London and transmitted by the heads of the national delegations to their respective Governments.

FISH

²⁷ Neville Chamberlain, British Prime Minister.

867N.01/1441

The Chargé in the United Kingdom (Johnson) to the Secretary of State

No. 2079

LONDON, February 11, 1939.

[Received February 23.]

SIR: Referring to my telegram No. 196 of February 9, 7:00 p. m.²⁸ reporting that the Nashashibi and Husseini groups had reached agreement with respect to a united Palestine Arab delegation for the London discussions on Palestine and that Regheb Bey Nashashibi and Yakub Effendi Farraj would be the National Defence Party representatives, I have the honor to report that with the solution of this factional controversy it has become possible for the London Conference on Palestine to proceed to the consideration of the essential problem.

The Jewish delegation held its first business meeting with the British representatives (Lord Halifax, Mr. Malcolm MacDonald and Mr. R. A. Butler²⁹) on February 8 and at that time Dr. Weizmann presented a statement of the Jewish position on Palestine. The details of his presentation of the Jewish case are not yet available but are to be published within the next couple of days.

The initial business meeting between the Arab delegation and the British representatives was held in the afternoon of February 9. The Defence Party, however, was not represented since Ragheb Bey Nashashibi was said to be ill and Yakub Effendi Farraj had not yet reached London. At this meeting Jamal Effendi Husseini presented the Arab case. The Arab position and proposals are summarized in the enclosed communiqué.²⁸

The Arab delegation puts forward four principal demands, namely:

1. Recognition of the Arabs' right to complete independence in their country.
2. Abandonment of the attempt to establish a Jewish National Home in Palestine.
3. Abrogation of the mandate and its replacement by a treaty similar to that concluded between Britain and Iraq, creating in Palestine a sovereign Arab State.
4. Immediate cessation of all Jewish immigration and of sales of land to Jews.

It advances a reasoned explanation in support of its claims and states that the Arabs are prepared to negotiate, in a conciliatory spirit, the conditions under which reasonable British interests shall be safeguarded; to approve the necessary guarantee for the right of access to

²⁸ Not printed.

²⁹ Secretary of State for Foreign Affairs, Secretary of State for Colonies, and Parliamentary Under Secretary of State for Foreign Affairs, respectively.

all holy places, and for the protection of all legitimate rights of the Jewish and other minorities in Palestine.

Now that the Jewish and Arab delegations have presented their respective points of view, the British representatives will carry the Conference a step further by entering upon a series of separate and alternate discussions with each delegation in an effort to reconcile their views and, if possible, to bring the two delegations together for joint discussions.

Respectfully yours,

HERSCHEL V. JOHNSON

867N.01/1442

*The Chargé in the United Kingdom (Johnson) to the Secretary
of State*

No. 2094

LONDON, February 14, 1939.

[Received February 23.]

SIR: Referring to my despatch No. 2079 of February 11, 1939 in which I reported that the first business meeting between the Jewish Delegation and the British Government representatives at the Palestine Conference in London had taken place on February 8 and that on that occasion Dr. Chaim Weizmann, Chairman of the Jewish Agency, outlined the Jewish position with respect to future policy, I have the honor to enclose the text of a communiqué³⁰ issued last night summarizing the Jewish case as presented by Dr. Weizmann.

The burden of Dr. Weizmann's argument is that a common meeting ground for Jews and Arabs can only be found on the basis of the Mandate, implemented in spirit and in letter; large-scale Jewish immigration into Palestine on the principle of economic absorptive capacity; an active policy of development; and effective safeguards for the Jews against minority status.

The Jewish representatives, Dr. Weizmann said, entered the present Conference with the desire to be helpful and with a full recognition of the difficulties facing the British Government. There were, however, vital interests which they had to safeguard, and rights which they could not surrender, least of all at this, the blackest hour in Jewish history.

At the root of the Jewish problem, Dr. Weizmann stated, lay the homelessness of the Jewish people who everywhere were a minority. They had preserved their identity because of their attachment to Palestine and of their hope of a return to Zion. The claim to Palestine had never been abandoned; the Jewish community there had never ceased to exist; in every age groups of Jews had worked their

³⁰ Not printed.

way back to Palestine; and for the past sixty years active resettlement had gone on. The Balfour Declaration, he said, recognized those historic facts; and in the Preamble of the Mandate international recognition was "given to the historical connection of the Jewish people with Palestine and to the grounds for reconstituting their national home in that country."

Dr. Weizmann then reviewed developments connected with the Peel³² and the Woodhead Reports,³³ pointing out that the central point of the former was the proposal to partition Palestine and to set up a Jewish State and an Arab State. The Jews, he said, did not regard the proposal to divide Palestine as fulfilling the original promise of the Balfour Declaration, but they had agreed to explore the possibility of cooperating on the basis of the report because two guiding principles underlay it, namely, the Jews should have sole control of immigration in their allotted territory and they should be guaranteed there against becoming a minority. Those principles, he submitted, retained their binding force.

Moreover, the Royal Commission, he maintained, was satisfied that when the British Government issued the Balfour Declaration, it realized that a Jewish State might eventually be established in Palestine. That important statement, he asserted, ruled out any artificial restriction on Jewish immigration and any relegation to minority status. He could not conceive that after twenty years, the British Government should seek an interpretation of the Mandate which might curtail those fundamental Jewish rights. Such a departure from a moral position, he said, would shake the British Empire to its foundation, for the bonds which rivet it together are purely moral bonds, composed of mutual faith and belief in the security of promises. The terms of reference of the Woodhead Commission, he continued, contained the germs of destruction of the Peel Report and the main conclusions reached by the Peel Commission were later shelved so that all that remained was the "political high level" for Jewish immigration.

Referring to suggestions that at the time of the Balfour Declaration, large scale immigration to Palestine was not envisaged, Dr. Weizmann asserted that this was erroneous; that Jewish distress had always been one of the foundations of the Zionist movement; but that apart from this, the Movement was built upon the homelessness of the Jews, which had itself produced the Jewish problem; and that it was essential that there should be one place where Jews should not be a fraction, an adjunct to something else, but themselves, masters of their own destinies.

Dr. Weizmann dismissed as offering little immediate relief to

³² British Cmd. 5479: *Palestine Royal Commission Report*, July 1937.

³³ British Cmd. 5854, October 1938.

refugees projects for founding Jewish territorial bases elsewhere than in Palestine. The success of Jewish colonization in Palestine, he held, was due to the national and religious fervor behind the effort there and sixty years of pioneer preparation. Palestine, he asserted, was capable of absorbing hundreds of thousands of refugees, and if it could not take all, that was hardly a reason for refusing to allow it to take as many as it could.

Alluding to the alleged conflicting promises made to Jews and Arabs, Dr. Weizmann stated that the British Government had repeatedly acknowledged that no such conflict existed with regard to Western Palestine; that Sir Henry McMahon had stated this, and that Colonel T. E. Lawrence had placed on record that Mr. Churchill's settlement of 1921-22 fulfilled all Britain's promises to the Arabs "in letter and in spirit." Where there might have been a conflict of promises—in Transjordan—it had been solved 100% in favor of the Arabs.

Turning to the Arab claim that Palestine was an Arab country and should have an Arab National Government, Dr. Weizmann contended that this claim was not capable of realization. The Jews, he said, already formed one third of the population, and were responsible for two-thirds or more of the country's economic and cultural activity. The Arabs professed to fear Jewish domination. The Jews, he said, did not wish to dominate the Arabs, but would not allow themselves to be dominated.

A meeting ground beneficial to both, Dr. Weizmann believed, could, as stated, be found only on the basis of the Mandate; large-scale Jewish immigration as determined by the absorptive capacity of the country; an active policy of development; and effective safeguards against minority status.

The respective points of view of the Jews and the Arabs have now been fully set forth by the two delegations and I understand that tomorrow the actual work of negotiation will begin and that the British representatives will start discussions of the opposing claims with each delegation in an effort to ascertain where compromise is possible.

Respectfully yours,

HERSCHEL V. JOHNSON

867N.01/1444

The Ambassador in the United Kingdom (Kennedy) to the Secretary of State

No. 2116

LONDON, February 16, 1939.

[Received February 24.]

SIR: Referring to my despatch No. 2094 of February 14, 1939 and to previous despatches on the London discussions on Palestine, I have

the honor to report that the British Government has consented to the publication of the correspondence between Sir Henry McMahon, then High Commissioner of Egypt, and the Grand Sherif Hussein of Mecca, in 1915, which has been cited by the Arabs as supporting their claim for the inclusion of Palestine in a National Arab State.

Mr. Chamberlain, in reply to a question in the House of Commons on February 14, stated that a White Paper containing the McMahon correspondence was being prepared and would be issued as soon as possible.³⁴ A further question was addressed to him as to why it was now in the national interest to publish this correspondence when in the past successive British Governments had always refused to do so on the ground of national interest. In reply, Mr. Chamberlain said that he could not go into the reasons why past Governments had not thought it right to publish it, but publication had been asked for by the Arab delegates, and it was considered desirable to comply with their request. As they were going to have this information, it seemed desirable to make it available to the House of Commons also.

This correspondence was referred to both in the Arab and in the Jewish presentation of their respective cases at the beginning of the current London discussions. Jamal Effendi Husseini, at the meeting with the British representatives on February 9, stated that the "Arabs had been denied the independence which had been promised to them in the British Government's pledge of October 24, 1915, and confirmed in several subsequent pledges in return for their share of the Allied victory." (See enclosure ³⁵ to despatch No. 2079 of February 11, 1939).

Dr. Weizmann, in his presentation of the Jewish case on February 8, also alluded to it, asserting with regard to alleged conflicting promises made to the Jews and Arabs, that "His Majesty's Government had repeatedly acknowledged that no such conflict existed in regard to Western Palestine. Sir Henry McMahon had stated this and Colonel T. E. Lawrence had placed on record that Mr. Churchill's settlement of 1921-22 fulfilled all Britain's promises to the Arabs 'in letter and in spirit.'" (See enclosure ³⁵ to despatch No. 2094 of February 14, 1939.)

The *Times* of February 15 writes as follows with regard to the support which the McMahon correspondence gives to the Arab claim:

"The passage which is regarded by the Palestinian Arabs and their supporters as confirming their claim to Palestine was contained in a letter dated October 24, 1915. In this Sir Henry McMahon replied

³⁴ British Cmd. 5957, Miscellaneous No. 3 (1939): *Correspondence between Sir Henry McMahon . . . His Majesty's High Commissioner at Cairo and the Sherif Hussein of Mecca, July 1915-March 1916.*

³⁵ Not printed.

to the very comprehensive territorial demands made on behalf of 'the Arab people' by the Grand Sherif. The relevant passage in his reply ran:

The districts of Mersina and Alexandretta and portions of Syria lying to the west of the districts of Damascus, Hama, Homs, and Aleppo cannot be said to be purely Arab, and should be excluded from the above limits and boundaries.

"As the boundaries proposed by the Grand Sherif had mentioned the Mediterranean as the western limit of the independent Arab area the Arabs took this to mean that Palestine would be included in it. The late King of Iraq (then the Emir Feisal) made this contention in a conversation at the Foreign Office in January 1921, but withdrew it after hearing the British explanation of the passage quoted. In his memorandum of June 3, 1922,³⁶ Mr. Churchill stated that the reservation made by Sir Henry McMahon was always 'regarded by His Majesty's Government as covering the Vilayet (Province) of Beirut and the independent Sanjak (district) of Jerusalem. The whole of Palestine was thus excluded from Sir H. McMahon's pledge.' Sir Henry McMahon himself, in a letter published in *The Times* on July 23, 1937, confirmed that he did not intend to include Palestine in the independent Arab area, and one of Colonel Lawrence's recently published letters entirely supports Mr. Churchill's statement."

In a brief conversation yesterday afternoon, Mr. C. W. Baxter,³⁷ one of the British Foreign Office officials who is participating in the current discussions on Palestine, was asked why the McMahon correspondence had hitherto been withheld from publication by the British Government. He said that he could not be altogether sure, but that it was his recollection, that the main deterrent had been certain references in it to the question of the Caliphate. He added that in any case, the references in it to eventual territorial limits of an independent Arab State had not been the reason for withholding publication in the past.

Commenting on the general status of the Palestine Conference at this time, Mr. Baxter said that it had not really settled down to detailed negotiations and that the meetings with the Arabs were still being devoted largely to general statements by the representatives of the Arab States.

Mr. Baxter said that the Government here was looking for a solution that would not put the Jews under the Arabs nor give them a minority status. He went on to say, however, that it was still too early to see how things would develop.

Respectfully yours,

For the Ambassador:
HERSCHEL V. JOHNSON
Counselor of Embassy

³⁶ British Cmd. 1700: *Correspondence With the Palestine Arab Delegation and the Zionist Organisation*, June 1922, pp. 17, 20.

³⁷ Chief of the Eastern Department of the British Foreign Office.

867N.01/1459

The Ambassador in the United Kingdom (Kennedy) to the Secretary of State

No. 2137

LONDON, February 21, 1939.

[Received March 4.]

SIR: Referring to my despatch No. 2116 of February 16, 1939 and previous despatches on the London discussions on Palestine, I have the honor to report that Mr. C. W. Baxter, Chief of the Eastern Department of the British Foreign Office, yesterday informed a member of the Embassy staff that it had not been possible in the discussions of the past fortnight to make any progress in reconciling the opposing viewpoints of the representatives of the Palestine Arabs and of the Jewish Agency.

The Palestine Arab representatives, Mr. Baxter said, had not receded in the slightest degree from their original position and in this they had apparently received the support of the representatives of the neighboring Arab States. According to the press, the representatives of those States yesterday presented the British Government's representatives, through Ali Maher Pasha, Chief Egyptian delegate, with a joint declaration affirming their support of the Palestine Arabs' demand for complete independence.

While the Arab representatives thus maintain the Palestine Arabs' claim to an independent national Arab State in Palestine, the McMahon correspondence which the Palestine Arabs contend sustains their legal claim to such a status and which, as reported in my despatch No. 2116 of February 16, 1939, is soon to be published, is being studied by an Anglo-Arab sub-committee with a view to establishing its bearing on the question of independence.

In commenting on the situation, Mr. Baxter stated that a great deal of time had been wasted in the meetings with the Arabs by the insistence of the latter on making a series of lengthy general statements. It had been hoped, he said, that the representatives of the neighboring States would exert a moderating and helpful influence but thus far they have shown no tendency to do so. At their preliminary gathering at Cairo, he said, an effort had been made to induce them not to commit themselves too far with respect to the Palestine Arab claims but he was afraid that they might have committed themselves further than they ought perhaps to have done. It was still possible, however, that they would exert a helpful influence when the time should come for the British Government to present its proposals for a settlement of the Palestine problem.

With regard to the Jewish sessions, Mr. Baxter said that the Jewish representatives appeared to be willing to make concessions on immi-

gration and land policy, though with respect to the latter [*former?*] they were opposed to accepting any definite upper limit on total Jewish immigration which would specifically condemn them to remaining a permanent minority in Palestine. The Jewish representatives, he continued, had indicated that if they could discuss the general problem directly with the Arabs they felt they might be able to make some progress. He personally was afraid that it was going to prove "quite impossible" to bring the Jews and the Palestine Arabs together. The latter seemed determined to do nothing that could be construed as recognition of the Jewish Agency or the Mandate.

He went on to say that the British Government had as yet made no proposals of its own. Its representatives had restricted themselves to permitting the Arabs and the Jews to present their views and to discussing with them various objections and possible alternatives in an effort to discover possible bases for compromise.

A general summing up of the position, he said, would be submitted to the British Cabinet to-morrow (February 22) and he believed that toward the latter part of this week it would be possible to determine definitely whether anything could be done on the basis of the Arab and Jewish proposals. He indicated that in his opinion the British Government would now have to make proposals of its own. It was here, he said, that it was hoped that the representatives of the neighboring States might still be helpful, though the British authorities had no definite knowledge as to the basis, short of acceptance of his complete demands, on which the Mufti of Jerusalem might be willing to end the revolt.

It may be mentioned, in passing, that Yakub Effendi Farraj, who arrived in London on Sunday evening (February 19), took part in yesterday's Arab-British session. Since Ragheb Bey has regularly attended the meetings since the beginning of last week, the Nashashibi group was for the first time represented at full strength. The Second Iraqi delegate, Taufiq Suwaidi, who also arrived in London Sunday evening, also attended yesterday's session.

Respectfully yours,

For the Ambassador:
HERSCHEL V. JOHNSON
Counselor of Embassy

867N.01/1418: Telegram

The Secretary of State to the Minister in Egypt (Fish)

WASHINGTON, February 21, 1939—1 p. m.

9. Your 13, February 8, 4 p. m. You may inform the Minister for Foreign Affairs, in whatever manner you consider appropriate,

that the United States Government, no less than the governments and other bodies represented at the London conference, would welcome a solution of the Palestine question. Once a solution has been agreed upon or once a plan has been announced, this Government would, of course, wish to examine it in the light of the American interests involved. The character and extent of those interests have been set forth on several occasions, notably in correspondence with the British Government in 1937³⁹ and more recently in a public statement issued by the Department of State on October 14, 1938.

You may furnish the Foreign Minister with copies of the above mentioned correspondence and statement which appeared in the weekly issues of *Press Releases* of August 14, 1937 and October 15, 1938.

Please send copies of your telegram and this reply to Beirut, Jerusalem and Baghdad.

HULL

867N.01/1460

The Ambassador in the United Kingdom (Kennedy) to the Secretary of State

No. 2138

LONDON, February 22, 1939.

[Received March 4.]

SIR: I have the honor to report that on Friday last, February 17, the American Zionist leaders, Dr. Stephen S. Wise and Mr. Robert Szold, who are attending the current discussions in London on Palestine, called at the Embassy and discussed their impressions of the Conference.

Dr. Wise and Mr. Szold expressed concern over the trend which the discussions between the Jewish and British representatives had taken with respect to the problem of immigration into Palestine. According to Mr. Szold, Mr. Malcolm MacDonald had sought their reaction to a possible plan whereby the Jews would be granted a diminishing immigration quota for a term of years, at the end of which Jewish immigration would cease unless otherwise consented to by the Arabs. The figures would be determined on the basis of Palestine's economic absorptive capacity and political considerations as well.

The Jewish representatives, they said, had taken the position that any plan which meant a complete cessation of immigration would

³⁹ See telegram No. 281, July 7, 1937, 10 a. m., to the Ambassador in the United Kingdom; telegram No. 448, July 7, 1937, 9 p. m., from the Ambassador in the United Kingdom; and note No. 2744, August 4, 1937, from the Ambassador in the United Kingdom to the British Secretary of State for Foreign Affairs, *Foreign Relations*, 1937, vol. II, pp. 889, 891, and 901.

contravene the Mandate. They were, moreover, not disposed to accept a plan under which they would specifically commit themselves to remaining a permanent minority in Palestine.

There was some difference of opinion between Dr. Wise and Mr. Szold as to the precise terms of Mr. MacDonald's suggestion and as to its exact significance. Dr. Wise regarded it as merely an idea for discussion, whereas Mr. Szold regarded it as representing what was more or less definitely in the British Government's mind. Dr. Wise thought nevertheless that if it developed that such a plan were envisaged it might properly be brought to the attention of the Department of State in view of American interest in the Mandate.

It was suggested that in view of the importance of having the suggestion phrased with complete accuracy, Dr. Wise and Mr. Szold might let the Embassy have an informal memorandum on the matter. They indicated that they would be glad to do so.

Dr. Wise mentioned further that in the course of the discussions the British representatives had indicated that the strategic importance of a satisfactory settlement of the difficulties in Palestine was necessarily a paramount consideration at this time. Dr. Wise added that when he had later seen the Prime Minister on February 16, this point had been touched on and that Mr. Chamberlain had said that as British military strength increased with the execution of the Government's rearmament program, the strategic aspect would assume diminishing importance.

Meanwhile Dr. Wise and Mr. Szold have thought better of the idea of providing the Embassy with the memorandum referred to last Friday. Mr. Szold called at the Embassy today and stated that Dr. Wise had been correct in his impression that Mr. MacDonald's original suggestion had not been a proposal in any sense but merely an idea for discussion. Mr. Szold went on to say that since then Mr. MacDonald had advanced a further suggestion for a possible immigration scheme. Under this alternate scheme, the immigration quota for Palestine would be established for a term of five or ten years at a uniform annual figure. This would be worked out on a basis whereby at the end of the period the Jewish population of Palestine would not exceed a fixed percentage of the total, say 35 or 40 per cent. Under this scheme, Mr. Szold said, the annual figure would be smaller than under the previously discussed diminishing rate system, since the eventual cessation of immigration would not be provided for.

Mr. Szold added that the Jews were prepared to make concessions both as regards land purchases and immigration but that they felt that they could make little progress in working out the problem unless they could actually negotiate with the Palestine Arabs. They had in consequence made a definite proposal for a meeting with the Arabs.

He believed that if such a meeting could be arranged, there was a possibility of coming to a working arrangement. He went on to say, however, that he felt that it had been a mistake to hold the present Conference while peace had not been restored in Palestine since any concessions which the Jews might be disposed to make would probably be taken by the Mufti as an encouragement to persist in his excessive demands.

Respectfully yours,

For the Ambassador:
HERSCHEL V. JOHNSON
Counselor of Embassy

867N.01/1461

The Ambassador in the United Kingdom (Kennedy) to the Secretary of State

No. 2155

LONDON, February 24, 1939.
[Received March 4.]

SIR: Referring to my despatch No. 2138 of February 22, 1939 and previous despatches on the London discussions on Palestine, I have the honor to report that an informal meeting took place yesterday between representatives of the Jewish Agency, the British Government and three of the neighboring Arab States. It was the first time that all three groups, i. e., Arab, Jew and British, had come into direct contact since the opening of the Conference.

The meeting, which was entirely informal, was arranged on condition that the presence of representatives of the Arab States should not imply any recognition of the Jewish Agency. None of the Palestine Arab delegates was present. They had not been invited as their refusal was known to be certain.

Those present were Ali Pasha Maher (Egypt), General Nuri es-Said, and Seyyid Taufiq es-Suwaidi (Iraq) and Fuad Bey Hamza (Saudi Arabia). The Jewish representatives included Dr. Chaim Weizmann, Mr. D. Ben-Gurion, Professor S. Brodetzky, and Mr. M. Shertok (Jewish Agency), Lord Bearsted and Lord Reading (Great Britain), and Rabbi Dr. Stephen Wise (U. S. A.). Mr. Malcolm MacDonald presided and Lord Halifax and Mr. Butler were the other British delegates.

The discussions are reported to have lasted two hours, to have been general in nature, and not to have narrowed the gap separating the Arabs and the Jews with respect to Palestine. The conversations, however, are to be continued to-day.

This development is regarded as representing a slight advance. In a personal conversation, Dr. Wise referred to it as a "psychic gain."

A section of the press notes that hitherto the Jews and Arabs have arrived at St. James's Palace for separate meetings with the British representatives, using not only different entrances but different conference rooms, and suggests that the fact that on this occasion they arrived at the same entrance and sat at the same table may foreshadow progress, notwithstanding the fact that the absence of the Palestine Arabs was a serious flaw in the proceedings.

Respectfully yours,

For the Ambassador:
HERSCHEL V. JOHNSON
Counselor of Embassy

867N.01/1443 : Telegram

The Minister in Egypt (Fish) to the Secretary of State

CAIRO, February 24, 1939—5 p. m.
[Received February 24—1:55 p. m.]

21. Department's telegram No. 9, February 21, 1 p. m. As I have not been pressed for an answer I would suggest postponing a reply until the Minister of Foreign Affairs again approaches me.

I find some difficulty in reconciling the use of the word "may" in the Department's telegram with the final paragraph thereof in view of the apparent desirability that the precise nature and extent of my reply should be communicated [to?] the offices mentioned.

When and if I do make a reply should I not forward copies thereof along with copies of the Department's No. 9 to the three offices? Copies of my telegram No. 13⁴⁰ have already been transmitted.

FISH

867N.01/1443 : Telegram

The Secretary of State to the Minister in Egypt (Fish)

WASHINGTON, February 25, 1939—2 p. m.

12. Your 21, February 24, 5 p. m. In as much as your 13, February 8, 4 p. m. indicated that the Minister for Foreign Affairs asked specifically for an answer and that you agreed to communicate such answer when received, the Department is inclined to believe that an oral reply should now be made without further approach from him, unless you have some reason, other than that given in your telegram, to believe that such action would be definitely undesirable.

You should, of course, inform the three neighboring offices of the nature of your reply and telegraph the Department the action taken in pursuance of this instruction.

HULL

⁴⁰ February 8, 4 p. m., p. 705.

867N.01/1449 : Telegram

The Ambassador in the United Kingdom (Kennedy) to the Secretary of State

LONDON, February 27, 1939—8 p. m.

[Received 8:11 p. m.]

276. Halifax invited me to the Foreign Office this morning. He talked to me about some observations they had from Germany to the effect that it was very important that England make whatever concessions were necessary, to make the talks between the industrialists of both countries successful.

He then talked about the Jewish question. He said they had not arrived yet at a definite plan but it looked as though it meant doing away with the present Mandate, having a Palestinian state with the Jews a minority, with immigration allocated for the next 5 years to between 100,000 and 150,000 with 10,000 children additional every 2 years. He was a little hazy on the figures, but said this approximated it; that a round table conference be called in the fall with the Palestinian Jews and Palestinian Arabs and the British to try to work out the formulas for the new state and take up the question of immigration again at the end of 5 years.

He just wanted to give me a bare outline and as you can see this is because they are still talking it over. They are really sparring for time and, I should judge, giving the Arabs the better of it.

The press association tonight carries a statement to the effect that I advised Halifax that American public opinion would be outraged at something or other—I do not know what. Of course I have not given out any statement at all to any press except to deny the above.

I have asked Dr. Wise to come in tomorrow to see if I can get any definite reactions or thoughts and will send them to you. Is there any angle on this that you want covered or have you any suggestions for me to make to Halifax?

KENNEDY

867N.01/1467

Memorandum of Conversation, by the Under Secretary of State (Welles)

[WASHINGTON,] March 1, 1939.

The British Ambassador called to see me this morning. The Ambassador referred briefly to the Palestine problem and the attitude of the British Government with regard thereto and said that he was leaving with Mr. Murray a memorandum ⁴¹ on that subject. He said

⁴¹ Not printed.

that this memorandum contained nothing which had not already appeared in the press. I made no comment with regard to the question.

S[UMNER] W[ELLES]

867N.01/1469

Memorandum of Conversation, by the Chief of the Division of Near Eastern Affairs (Murray)

[WASHINGTON,] March 1, 1939.

During a call from the Egyptian Minister yesterday he mentioned his Government's deep interest in the successful outcome of the London Conference on Palestine and went on to say that his Government was unable to understand the apparently partisan attitude taken in certain quarters in this country with respect to Zionist aspirations in Palestine. He said he was struck by the fact that although a number of countries had a larger percentage of Jews in proportion to their population than the United States, the support of the Zionist cause coming from this country far outweighed the support of any other country of which he was aware.

I reminded the Minister that under constitutional guarantees in this country minority sections of our population were free to express their interest or sympathies in any cause. I called his attention at the same time to the various official statements, notably that of October 14, 1938, made by this Government with regard to American interests in Palestine and stated that our position in that matter had undergone no change. The Minister remarked that he did not intend to imply that this Government's stated position in the matter had not been entirely correct; he merely wished to say that his Government regretted the contrary attitude taken by the American press and certain sections of American citizens, which his Government felt was an obstacle to any satisfactory settlement of the Palestine problem.

867N.01/1453 : Telegram

The Minister in Egypt (Fish) to the Secretary of State

CAIRO, March 1, 1939—11 a. m.

[Received 1:35 p. m.]

23. Department's 12, February 25, 2 p. m. I called on the Foreign Minister this morning and left with him an *aide-mémoire* embodying the exact phraseology used in the Department's telegram No. 9, Feb-

ruary 21, 1 p. m., paragraph 1. Copies of the correspondence and statement mentioned therein were attached to the *aide-mémoire*.

FISH

867N.01/1473

The Ambassador in the United Kingdom (Kennedy) to the Secretary of State

No. 2191

LONDON, March 1, 1939.

[Received March 14.]

SIR: Referring to my telegram No. 279 of February 28, 5:00 p. m.,⁴² transmitting an outline of suggestions put forward on February 24 by the British delegation for a solution of the constitutional problem in Palestine and the text of a declaration of February 27 made by the Jewish delegation stating that it did not regard the British suggestions as forming a basis for further discussions, I have the honor to report that with those developments the Palestine Conference has entered upon a critical period and that while "formal" discussions between the British and Jewish delegations are in abeyance, "informal" discussions are still going on.

The British suggestions were first tentatively put forward in the second of the informal meetings between the British, Jewish and Arab States' delegates which took place on February 24. That meeting was very brief. Less than half an hour after it began, Emir Feisal stated that he would not feel justified in commenting on the British suggestions until they had been submitted to the Palestinian Arab delegation. This view was supported by the other Arab delegates (Egyptian and Iraqi) and it was accordingly agreed that the British suggestions should be submitted to all the Arab delegations before future tripartite meetings should be held. On the other hand, parallel discussions by the British with each side were to be resumed on Monday, February 27.

The situation rapidly deteriorated over the week-end. The tenor of the British suggestions found their way into the press both in England and abroad. Moreover, the Executive of the Jewish Agency which was considering the British suggestions came to the conclusion that they did not form a basis for further discussion and this also became publicly known. The British press of Monday morning, February 27, carried reports that the Jewish delegates would not continue further formal discussions on the basis of the British suggestions; that the American Zionist leaders attending the Conference had tenta-

⁴² Not Printed.

tively booked passage to the United States for Wednesday, March 1; and that the Jewish delegates would not find it possible to be present at a luncheon scheduled for that day to which they had been invited by the British Government.

The aspect of breakdown led to discussion in the House of Commons that afternoon and in reply to a question Mr. Malcolm MacDonald, the Colonial Secretary, stated that the British delegation had laid before the Arab and Jewish delegations separately a series of suggestions and that they were still the subject of discussion with both groups. At the present stage, he said, he was not in a position to make any public announcement. Unfortunately, he added, incomplete and, in some respects, misleading press reports had been published. He desired to appeal to the House of Commons and to the wider public to withhold judgment until an authoritative statement could be made. This would be done when the negotiations, which were proceeding, were further advanced. They were still fluid.

While the Jewish delegation has declined to continue "formal" discussions on the basis of the British suggestions, "informal" conversations took place yesterday and another meeting is scheduled for to-day.

Meanwhile, the Arabs have been giving consideration to the British suggestions and are to give their considered reaction to them to-day.

A member of the Embassy staff yesterday discussed the general situation with Mr. C. W. Baxter, Chief of the Eastern Department of the Foreign Office, who stated that the British authorities had been puzzled by the extreme reaction of the Jewish representatives. When the suggestions had been originally advanced on Friday, February 24, Dr. Weizmann and Mr. Ben-Gurion had apparently not regarded them as devoid of any basis for discussion. The suggestions, Mr. Baxter added, had not been meant to be final. The British Government had other suggestions to make. As for the Jewish objections that the suggestions made no mention of the Balfour Declaration or the Jewish National Home, the British Government had intended to make appropriate reference to those matters later.

Mr. Baxter made available a summary of the British suggestions and requested that they be kept confidential. A copy had previously been given the Embassy by Dr. Wise and was quoted in the Embassy's telegram No. 279 of February 28, 5:00 p. m.

As the memorandum was restricted to the constitutional question, inquiry was made whether suggestions had also been put forward regarding the problems of immigration and land sales. Mr. Baxter said that those problems had been touched upon orally at different times. Nothing, however, had been put in writing.

With regard to immigration, Mr. Baxter confirmed the general features of the schemes outlined in the Embassy's despatch No. 2138 of February 22, 1939, though his observations were somewhat less precise.

With regard to land sales, he said that there had been discussion of the idea of dividing Palestine, for purpose of sales to Jews, into three areas in which such sales would be (a) forbidden, (b) restricted, (c) unrestricted. He indicated that no progress had been made with regard to acceptance of the principle.

The Conference has thus apparently arrived at an extremely difficult stage. The *Manchester Guardian* (February 28) suggests that there is still a hope that it may be nursed back to health by informal talks. While this may be a possibility, it is difficult thus far to discern any progress toward an agreed solution. The press has been remarkably restrained in its comments but one or two papers have suggested that it is already clear that the British Government will in the end have to impose a solution on its own responsibility.

Respectfully yours,

For the Ambassador:
HERSCHEL V. JOHNSON
Counselor of Embassy

867N.01/1458 : Telegram

*The Secretary of State to the Ambassador in the United Kingdom
(Kennedy)*

WASHINGTON, March 2, 1939—7 p. m.

160. Your 276, February 27, 8 p. m. I do not have in mind any suggestions which you might make to Halifax on the Palestine question. A general outline of our rights in Palestine, as provided for in the American-British Convention of December 3, 1924,⁴³ is set forth in a public statement the text of which is contained in *Press Releases* of October 15, 1938. If Halifax should raise any questions regarding our position in the matter I think that you might be guided by that statement.

I may say in strict confidence that I feel we should be cautious about being drawn by the British into any of their preliminary proposals in advance of any final plan which they may decide upon for a solution of the Palestine problem. If any suggestions in that sense are made to you I am confident you will bear the above observation in mind and keep us promptly advised.

HULL

⁴³ *Foreign Relations*, 1924, vol. II, p. 212.

867N.01/1457 : Telegram

The Ambassador in the United Kingdom (Kennedy) to the Secretary of State

[Extract]

LONDON, March 3, 1939—1 p. m.

[Received March 3—10:08 a. m.]

290. . . .

I saw MacDonald and Butler last night after they and the Prime Minister were in a conference with Weizmann, Wise and others on the Jewish situation. MacDonald felt that the conference might be resumed and they were considering questions of delay in order to save themselves from one more critical situation at home and abroad. They have never discussed any detail of the plan with me beyond what is reported in my 276, February 27, 8 p. m.

MacDonald feels that he has an impossible situation and will try to make a decision involving the least trouble for the British Government.

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KENNEDY

867N.01/1506½

Memorandum by the Chief of the Division of Near Eastern Affairs (Murray) ⁴⁴

[WASHINGTON,] March 4, 1939.

I think we may anticipate the exercise of considerable pressure on the Department and on the President in the event the London conference on Palestine, which is now in progress, fails to result in an agreement acceptable to the Jews.

You will recall that the British Government has announced that if the London discussions should not produce an agreement within a reasonable period of time the British Government will take its own decision in the light of its examination of the problem and of the discussions in London and announce the policy which it proposes to pursue.

The recent British suggestion at the conference, that the mandate be terminated and an independent state set up in treaty relations with Great Britain with certain undefined safeguards for the Jewish minority population, has resulted, as you are aware, in a Jewish threat to withdraw from the conference. Further conversations are reported

⁴⁴ For the Under Secretary and the Secretary.

as now in progress in London looking to the continuance of the conference, but it is not known what their result will be.

Last October when American Zionists were aroused over reports from Dr. Weizmann in London that the British Government was contemplating the termination of the mandate, emergency committees were organized by the Zionist Organization of America which resulted in an unprecedented mass appeal for American intervention with Great Britain in behalf of the Jewish interest in Palestine. At that time we received more than 100,000 telegrams and letters from Jewish organizations and individuals and from non-Jewish American citizens whose support had been enlisted by the Zionist Organization. In answer to this appeal there was issued the Department's public statement of October 14, 1938, setting forth very explicitly our position with reference to Palestine.

The *New Palestine*, organ of the Zionist Organization of America, in its issue of March 3, 1939, reports that three members of the American delegation at the London conference, namely Dr. Stephen Wise, Mr. Louis Lipsky and Mr. Robert Szold, will give an account of the proceedings of the conference at a public meeting arranged by the Zionist Organization of America in Carnegie Hall in New York on March 13th. It had been previously announced in the press that Dr. Wise would sail from England on March 4th and it is presumed he will be accompanied by Messrs. Lipsky and Szold.

The *New Palestine* also announced that, following news of the British Government's proposals concerning Palestine, national officers of the Zionist Organization of America and the Mizrach Organization of America had met to formulate a program of action and that "Zionist districts throughout the country were forming Emergency Committees reminiscent of those formed during the previous crisis" of October 1938.

We have already begun to note a marked increase in correspondence relating to Palestine with requests for the intervention of this Government in behalf of the Zionist aims in Palestine. I think we may expect to find exerted on the Department and the White House pressure hardly less than that exerted by the Zionists and their sympathizers last October in the event the London Conference fails to result in an agreement.

It appears probable that the greatest pressure is likely to be exerted on the President rather than the Department. In that connection it may be recalled that after the issuance of the Department's public statement of October 14, 1938, the *New Palestine* gave implicit recognition of the strength of the legal arguments of the Department with respect to the position of this Government toward Palestine as defined in the statement of October 14th and expressed the opinion that

emphasis should be placed on the "moral and humanitarian" aspects of the Palestine problem. It is believed that Jewish pressure, accordingly, will be based more and more on those considerations.

WALLACE MURRAY

867N.01/1482

Memorandum by Mr. J. Rives Childs of the Division of Near Eastern Affairs

[WASHINGTON,] March 8, 1939.

In a despatch, no. 780 of November 25, 1938,⁴⁵ from the American Consul General in Jerusalem there was transmitted the minutes of a conference of American Jews in Palestine held to consider, among other questions, the protection of the rights and interests of such citizens in Palestine under the mandate and the American-British Mandate Convention.

In a resolution adopted by the conference it was observed in part that:

"Pursuant to and encouraged by the American-British Mandate Convention of December 3, 1924, which Convention, after reciting that the principal Allied Powers had agreed to entrust the Mandate of Palestine to His Britannic Majesty, incorporating the terms of the said Mandate, the American Jews contributed and invested sums estimated at over 80,000,000 Dollars; and furthermore thousands of American Jewish citizens on the strength of their faith in the terms of the said Convention of December 3, 1924, have established their domiciles and have invested all or large shares of their resources in Palestine . . ."

On the occasion of the conference Mr. Nathan B. Kaplan, President of the American-Jewish Association in Palestine, is reported to have declared:

"that most of the American citizens in Palestine came to the country and made their investments in their respective enterprises on the strength of the Balfour Declaration and the Mandate; and moreover, relying on Great Britain's agreement with the U. S. A., in which Great Britain's undertaking to facilitate the creation of a Jewish National Home in Palestine is incorporated. The Americans in Palestine have a right to expect that the undertaking be honored in full and that the American Government take the appropriate steps in this direction."

As these are arguments which are likely to be increasingly stressed by our Jewish citizens and are likely to be invoked by them, in particular, in the endeavor to induce this Government to withhold its assent to any change in the mandate which may impair the obligations

⁴⁵ Not printed, but see unnumbered telegram, October 25, 1938, 6 p. m., from the Consul General at Jerusalem, *Foreign Relations*, 1938, vol. II, p. 967.

assumed by Great Britain under the Balfour Declaration, it has appeared pertinent to examine these arguments very carefully in consultation with the Legal Adviser's office.

Our rights, of course, in respect of changes in the Palestine Mandate differ according to whether the mandate is modified or terminated. If the mandate is modified the consent of the United States is not required unless its specific rights as set forth in the American-British Mandate Convention are affected. On the other hand, if the mandate is terminated we have the right to be consulted "with respect to the conditions under which the territory is subsequently to be administered" (see *Press Releases* of August 14, 1937, pages 116 to 118).

It is possible that any changes which may be made in the mandate may involve a modification of the mandate, in part, and a termination of another part of it. This would involve obtaining our assent to such modifications as may affect the rights set forth in the American-British Mandate Convention, as well as our assent to the disposition of those parts of the mandate which may be terminated.

So far as concerns the particular subject matter of the resolution which has been cited, it may be mentioned that our Consul General in Jerusalem has estimated that there are some 9,000 American citizens in Palestine, of whom the preponderant proportion are Jews. It has been estimated that these 9,000 include 2,250 native citizens and 6,750 naturalized citizens, the last category including 4,750 against whom the presumption of expatriation has arisen. It is of interest to note, in this connection, that the resolution, which has been quoted, refers to American citizens who have "established their domicile in Palestine". Naturalized American citizens are presumed to have expatriated themselves upon the establishment by them of a permanent residence prolonged for two years in the country of their origin and of five years in any other foreign country. Our mandate convention may hardly be interpreted as intended to offer encouragement to American citizens to settle in Palestine.

With regard to the property interests of Jewish-American citizens in Palestine and the extent to which those interests may be impaired by the abrogation in whole or in part of the mandate, it is likely that particular emphasis will be given by such property holders to Articles 3 and 7 of our Mandate Convention with Great Britain.

So far as article 3 is concerned, which states that "vested American property rights in the mandated territory shall be respected and in no way impaired", it is suggested that this was intended to insure that established American property rights should not be impaired, or, in other words, that they should not be usurped. This article could hardly imply either the guarantee in perpetuity of the political *status quo* in Palestine or that the value of property rights were assured of their maintenance intact by this Government.

So far as the terminability of the Palestine Mandate is concerned, it may be observed that the termination of the mandate is specifically envisaged in the terms of the mandate itself (*vide* articles 8, 27 and 28).

So far as the Balfour Declaration is concerned, we have never been committed to its fulfillment and we successfully objected to any reference to it, as proposed by the British Government, in the Preamble to our Mandate Convention, on the ground that it was not explanatory of the purpose for which that convention was concluded. Instead, the United States agreed to include, with the text of the mandate forming part of the preamble, the preamble to the mandate as defined by the League of Nations, containing a reference to the Balfour Declaration. The preamble to the mandate was omitted from the Syrian Convention although the terms of the mandate proper were included in the preamble of both instruments. However, in as much as Article 2 of the Palestine Mandate, which had in any case to be recited in the Preamble to the Palestine Convention, contained an explicit reference to the preamble to the mandate, this Government agreed to the insertion of the whole mandate, including the preamble, in the preamble to the convention. The reference to the Balfour Declaration in the preamble to the mandate (both forming part of the preamble to our convention) entails no more of an obligation on our part for its fulfillment than that of the fulfillment of the terms of the mandate, which is contained likewise in the preamble.

The British Government, having enunciated the Balfour Declaration, is presumably the sole judge of whether or when it has been fulfilled. That declaration obligated the British Government to facilitate the achievement of the establishment in Palestine of a National Home for the Jewish people. The British Government may now deem that that objective has been achieved. Moreover, that declaration provided that, in the attainment of the Jewish National Home, "nothing shall be done which may prejudice the civil and religious rights of existing non-Jewish communities in Palestine". The British Government may well hold that those rights have been and are prejudiced.

From a careful study which has been made of this Government's relation to the Balfour Declaration, it has been concluded that:

"this Government has never been committed either before or after the issuance of the Balfour Declaration to its support, that so far as regards the statements of President Wilson they were made without any thought of imposing a Jewish political State upon the inhabitants of Palestine irrespective of the will of the inhabitants of that country—a notion repudiated even by Dr. Weizmann himself in answer to the inquiry of Secretary Lansing—and that the Joint Resolution of Congress of 1922⁴⁶ not only contained no reference to the Balfour Declaration but its author specifically maintained that there

⁴⁶ 42 Stat. 1012.

'is no indication or implication of pledging our support (of the establishment of a Jewish National Home in Palestine) in this resolution'."

The argument may be advanced that the expressions of sympathy in the establishment in Palestine of a Jewish National Home on the part of President Wilson and of Congress engaged the support of this Government for the furtherance of that objective. This argument is believed to have no more validity than if it were contended that the espousal of the principle of self-determination by Mr. Wilson committed this Government to the application of that principle.

The foregoing was submitted informally to Mr. Ward, Assistant Legal Adviser, who, in stating that he was "in full accord with the observations and conclusions" set forth above, added the following:

"I think that the resolution and the views expressed in its support must be regarded as merely a reiteration in different form of the claim heretofore frequently made that because of the inclusion of the Palestine mandate in the convention of 1924 the United States became a party to the mandate and assumed responsibility for its administration. That contention has been thoroughly examined and found wholly untenable and your memorandum emphasizes the correctness of its repudiation by the Department and correctly appraises the limited purpose and effect of the mandate convention. It hardly seems necessary to add anything to your memorandum and to the numerous preceding memoranda on the general subject of the obligation of the Government of the United States under the mandate convention, but I submit for your consideration the following brief observations.

"The first numbered paragraph of the resolution declares that large financial contributions and investments were made by American Jews in Palestine and that thousands of American Jews established domiciles in that country 'pursuant to and encouraged by the American-British mandate convention of December 3, 1924'. The necessary interpretation of the quoted language is that it was the definite purpose of the mandate convention to induce American citizens to

- (1) contribute funds for the development of a Jewish home in Palestine,
- (2) invest their money in enterprises established in Palestine,
- (3) establish domiciles in Palestine.

"It would seem to be difficult to suggest a more complete misunderstanding of the purpose of this Government in concluding any treaty and particularly of its purpose in concluding the Palestine mandate convention. As has been repeatedly explained, that convention was concluded solely for the protection of existing and future American rights in Palestine. It was not intended to provide any greater protection for American interests in Palestine than was provided for in any of the other mandate conventions concluded by this Government in which the respective mandates were also included in the mandate conventions and it is of course wholly inadmissible to contend, as the declaration of the resolution in effect does, that the Government of the United States, in providing by treaty for appropriate

recognition of American rights in Palestine, had the intention of inducing or encouraging American citizens to contribute funds in Palestine; to invest funds in that country; or to establish domiciles therein.

"Such a contention is irreconcilable not only with the provisions of the Palestine mandate convention but with the purpose and function of governments generally in concluding treaties for the protection of their nationals' interests. It requires little discussion to establish that it is not a proper or sensible function of a government to enter into treaties for the purpose of encouraging its nationals to deplete the national wealth by contribution of funds or investment of funds in foreign countries and it is incredible that anyone could seriously believe that the Government of the United States had adopted by treaty or otherwise the policy of encouraging its nationals to establish domiciles in foreign countries with consequent risk—in the case of naturalized citizens—of becoming subject to the presumption of expatriation and denial of American protection.

"As you correctly point out, the Palestine mandate contains within itself provision for its revision and eventual termination and neither the mandate nor the mandate convention could reasonably be interpreted as providing for any particular character of personal or property protection for American citizens in Palestine in perpetuity. All that the convention was intended to accomplish and all that any such convention could accomplish was to insure a proper recognition and treatment of legitimate rights of American citizens and the avoidance of unfair discrimination against American interests.

"The consideration of the resolution and the statements of Mr. Kaplan and others made in its support, confirms the impression heretofore mentioned, that the resolution and the statements are based on the theory that the United States has assumed responsibility for the establishment of the Jewish home in Palestine and responsibility for seeing that the mandate is administered by the British Government in accordance with its terms.

"Since this contention has been definitely repudiated by this Government and since neither the resolution under examination nor any of the statements in its support afford any basis for any change in this Government's position respecting the Palestine mandate, there would appear to be no proper ground on which this Government could take any action other than that already taken or proposed in consonance with the public declaration of the official interpretation of this Government's rights under the Palestine mandate convention."

867N.01/1487

The Chargé in the United Kingdom (Johnson) to the Secretary of State

No. 2243

LONDON, March 9, 1939.

[Received March 21.]

SIR: Referring to my despatch No. 2191 of March 1, 1939 reporting that the Palestine discussions had reached a critical state because of the action of the Jewish delegation in taking the position that the

preliminary British suggestions did not in its view constitute a basis for further discussion, I have the honor to report that, notwithstanding that action, the Jewish delegates have continued to participate in "informal" discussions and the Arabs in "formal" ones, but that no progress has been made in arriving at a meeting of minds.

There have been almost daily discussions between the Jewish and the British delegates on the one hand and between the Arab and British delegates on the other. Moreover on March 7 a tripartite meeting was held in which the various interested groups, with the exception of the Palestine Arabs, took part. At that meeting Lord Halifax and Mr. Malcolm MacDonald made a further effort to reconcile the opposing viewpoints of Arabs and Jews, but without success.

The Jewish delegates have maintained their fundamental objections, as outlined in their statement of February 27 last, and though urged by the British delegates to put forward an alternative plan of their own, have thus far declined to do so.

The Arab delegates gave their considered reaction to the British suggestions at a meeting held on March 1. They took the position that the British suggestions were unsatisfactory and advanced a series of counter suggestions. These looked toward shortening the suggested transition period before independence, abandonment of the idea of a Round Table Conference, prompt steps for creating an Independent Palestine and immediate cessation of land sales to Jews and Jewish immigration! In commenting on these suggestions, *The Times* observed that although the Jews had certainly been unyielding, the latest Arab claims recalled Disraeli's definition of an Arab as a "Jew on horseback."

The general situation was discussed yesterday afternoon with Mr. C. W. Baxter, Chief of the Eastern Department of the Foreign Office, who confirmed that no progress toward an agreed solution had been made. The British delegation, he said, was now framing positive proposals which would be submitted to the Arab and Jewish delegations in three or four days and which would be the British delegation's final effort to bring about an agreed solution. They would be susceptible of change in details but not in principle. If they proved unacceptable, he said, the British Government would then announce a plan of its own.

Mr. Baxter stated that the Arabs had thus far showed no sign of a willingness to compromise on their three fundamental demands, namely, the creation of a National Arab State, the complete cessation of Jewish immigration, and the discontinuance of land sales to Jews. The Jews had also maintained their position that the Jewish National Home must be maintained and that they would not accept a permanent minority status.

Apropos of the Jewish delegation's refusal thus far to suggest a plan for discussion, Mr. Baxter said that the British delegation had recently taxed them with this and Dr. Weizmann had replied that they were willing to discuss a plan based on (a) permanent retention of the Mandate, (b) partition or (c) parity.

Mr. Baxter went on to say that if the discussions had not contributed to any apparent approach of the Arab and Jewish viewpoints, they had at least been helpful to the British in determining the impracticability of a number of ideas that they had originally considered. He was unable at this time, he said, to give an outline of the impending British proposals but would let the Embassy have them when they were more precisely formulated. He thought that the coming week would see definite developments.

Respectfully yours,

HERSCHEL V. JOHNSON

867N.01/1472 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, March 10, 1939—5 p. m.

[Received March 10—2:25 p. m.]

453. Personal for the President. Chaim Weizmann, leader of the Zionists, came to Paris from London this afternoon and asked to see me urgently. He said to me that the zero hour for the Jews of Palestine had now arrived. The British Government desired to set up next week an independent state in which the majority would be Arab, and to withdraw from the Mandate. He had used every argument he could in London without avail and had come to see me because he felt that nothing could save the Jews of Palestine or keep open the door for Jewish refugees except a quiet word from you to the British authorities.

He did not ask that you should make any suggestions as to settlement; but that you might suggest to the British Government that the following line of thought seemed true:

The British were arguing that they must give up the Palestine Mandate and do everything possible to placate the Arabs because war might break out this spring and an Italian attack against Egypt and the Suez Canal might be supported by the Arabs. At the same time Ayers and Halifax were assuring their intimates that they believed Italian demands would be moderate and that there was small danger of war. The British Government therefore was about to impose a long-term settlement filled with tragic consequences for the Jews because of a temporary emergency which might and probably would have disappeared within a few weeks. Under the circumstances fair

play demanded that no definite decision of a long-term nature should be made at the present moment.

Weizmann said that he asked for nothing but delay and stated that Chamberlain had said to him recently that within 6 months the world situation might have changed to such an extent that the whole problem could be reconsidered. He himself believed, however, that the settlement now proposed by the British would never be reconsidered once it had been announced.

BULLITT

867N.01/1594

Memorandum of Conversation, by the Chief of the Division of Near Eastern Affairs (Murray)

[WASHINGTON,] March 17, 1939.

Mr. Victor Mallet, Counselor of the British Embassy, called today and handed me the attached *aide-mémoire*⁴ and statement respecting British policy in Palestine. Reading from instructions which he had in hand Mr. Mallet explained that the plan for Palestine, as outlined in the attached papers, was the "final" plan which would not be modified except perhaps in minor detail. He went on to say that the plan had been handed to the non-Palestinian Arab representatives on March 14 and to the Palestine Arab representatives and the Jewish representatives on March 15. If the proposed plan did not prove acceptable to the Arabs and the Jews it was Mr. Mallet's understanding that the same plan, except for slight modification in detail, would be imposed upon the two peoples by the British Government in accordance with its previous announcement.

It was the British purpose to publish the plan in the form of a "white paper" to be laid before Parliament. Although the substance of the "white paper" would be practically the same as in the attached, the actual form would be somewhat different. Mr. Mallet stated that once the "white paper" had been laid before Parliament, that body would, of course, have an opportunity to debate upon the policy proposed.

WALLACE MURRAY

867N.01/1593

The British Embassy to the Department of State

AIDE-MÉMOIRE

His Majesty's Embassy are instructed to communicate, for the confidential information of the State Department, the accompanying

⁴ *Infra.*

document giving the substance of the final British proposals regarding Palestine.

In doing so His Majesty's Embassy are to explain in confidence that the constitutional changes proposed by His Majesty's Government are designed to give effect to that part of Article 2 of the Palestine Mandate which refers to the necessity of securing the development of self-governing institutions. Hitherto, through no fault of His Majesty's Government but solely on account of non-cooperation on the part of Arabs or Jews, it has not proved possible to make much progress in this direction.

The Palestinian Arabs, during the present conference, have demanded the establishment of an independent Arab state in Palestine. His Majesty's Government have, of course, not been able to accept this demand nor have His Majesty's Government finally committed themselves as regards the nature of the future independent Palestinian state. They have, however, maintained that a transitional period of indeterminate length will be necessary before Palestine can achieve her independence, and that full independence cannot be granted until there is a sufficient measure of cooperation between Arabs and Jews in Palestine to make good government possible. This means that the Arabs will not be able to obtain their share of independence until they have succeeded in winning the confidence and cooperation of the Jews and should give the Jews every opportunity of safeguarding their own interests.

As regards immigration the time has obviously now come for His Majesty's Government to put an end to the state of uncertainty which has been the main cause of the present disturbed conditions in Palestine. His Majesty's Government have already facilitated the arrival in Palestine of approximately 400,000 Jews in pursuance of their obligations as laid down in the Mandate to secure the establishment of a Jewish national home. It will be remembered that the Arabs were never consulted regarding the Mandate and have refused to agree to or recognise either the Mandate or the Balfour Declaration. The Arabs have hitherto had no assurance where this process of admitting Jews to Palestine without their consent will end; they are insisting that all further Jewish immigration should at once be stopped. His Majesty's Government have not agreed to this but they have decided that it is reasonable that, after a period of five years during which immigration will on the average slightly exceed its present level, the Jews should have to obtain Arab consent to any further Jewish immigration.

If the Jews are required to obtain Arab consent to what they regard as the vital question of further immigration and the Arabs have to obtain Jewish consent before they can secure an independent Palestine, it would seem that the elements of a compromise are present.

His Majesty's Government feel that the most important consideration regarding Palestine is that Arabs and Jews should learn to work together and they think the present scheme offers the best prospect of favouring the growth of such cooperation.

It is unlikely that the present proposals, though they involve a change of policy, would require an amendment of the Mandate.

WASHINGTON, March 17, 1939.

[Enclosure]

Substance of Final British Proposals Regarding Palestine

A. Constitution.

(1) His Majesty's Government's ultimate objective is the termination of the mandate and the establishment of an independent Palestinian state, possibly of a federal nature, in such treaty relations with Great Britain as would provide satisfactorily for her commercial and strategic interests.

(2) His Majesty's Government have no intention that Palestine should become a Jewish state or an Arab state; nor do they regard their pledges to either Jews or Arabs as requiring them to promote either of these alternatives. It should be a state in which the Arabs and the Jews share in the government in such a way as to ensure that the essential interests of each are safeguarded.

(3) The constitution of the independent state would be drafted in due course by a national assembly of the people of Palestine, either elected or nominated as may be agreed. His Majesty's Government would be represented on the assembly and would have to be satisfied as to the provisions of the constitution, and in particular as regards (a) the security of and access to the Holy Places; (b) the protection of the different communities in Palestine in accordance with the obligations of His Majesty's Government to both Arabs and Jews, and as regards securing the special position in Palestine of the Jewish national home.

His Majesty's Government would also require to be satisfied that the interests of certain foreign countries in Palestine, for the preservation of which His Majesty's Government are at present responsible, were adequately safeguarded.

(4) The establishment of the independent state would be preceded by a transitional period throughout which His Majesty's Government, as mandatory power, would retain responsibility for the government of the country.

(5) As soon as peace and order are sufficiently restored, the first steps are to be taken towards giving the people of Palestine, during

the transitional period, an increasing part in the government of the country. (a) The first stage of this process would be as follows; in the *legislative* sphere—the addition of a certain number of Palestinians (Arabs and Jews) by nomination, to the Advisory Council; the numbers of Arab and Jewish representatives being fixed approximately in proportion to population and so as to give a majority of Palestinian members.

In the *executive* sphere—the selection of Palestinian members of the Advisory Council to sit on Executive Council; the numbers of Arab and Jewish representatives being fixed approximately in proportion to the population and so that half of the members of the Council would be Palestinians.

(b) The next stage would be—in the *legislative* sphere—the conversion of the Advisory Council into a legislative council with an elected Palestinian element. Certain powers would be reserved to the High Commissioner.

In the *executive* sphere—certain departments would be placed in charge of Palestinian members of the Executive Council.

(c) Further advances towards self-government in the transitional period might be in the direction of increasing the powers of the Legislative Council and placing more departments under the charge of Palestinian members of Executive Council.

(6) His Majesty's Government would be prepared, if conditions in Palestine permit, to hold elections for a Legislative Council (the composition and powers of which would be a matter for consultation between the original parties) within two years. Beyond this no timetable can be fixed now for the advance from stage to stage of constitutional development in the transitional period; nor can a date be fixed for the end of the transitional period and establishment of an independent state. His Majesty's Government would hope that the whole process could be completed in ten years, but this must depend upon the situation in Palestine and upon the success of the various constitutional changes during the transitional period and upon the likelihood of effective cooperation in government by the people of Palestine. His Majesty's Government could not contemplate relinquishing all responsibility for the government of Palestine unless there were assurance that the measure of agreement between the communities in Palestine was such as to make good government possible.

B. Immigration.

(1) Immigration during the next five years would be at a rate which, if economic absorptive capacity permits, would bring the Jewish population up to approximately one third of the population. This would mean an addition of 115,000 to the present official figures of the Jewish population. From this must be deducted a figure of

40,000 representing the estimated number of illegal immigrants now in Palestine. Immigration over the next five years would therefore attain, if economic absorptive capacity permits, a figure of 75,000 to be admitted as follows—10,000 per year plus 25,000 Jewish refugees, special consideration being given to children and dependents, the refugees to be admitted as soon as the High Commissioner is satisfied that adequate provision is secured for them.

(2) The existing machinery for ascertaining the economic absorptive capacity of Palestine would be retained and the High Commissioner would have ultimate responsibility for deciding what the economic capacity allowed. Before a decision was reached appropriate Jewish and Arab representatives would be consulted.

(3) After the period of five years no further Jewish immigration would be permitted without the acquiescence of all parties, to be obtained through the medium of the appropriate constitutional organs functioning during the transitional period, or by means of a conference representative of Arabs, Jews and His Majesty's Government.

(4) His Majesty's Government are determined to check illegal immigration and further preventive measures are being adopted and will be firmly enforced. The numbers of any Jewish illegal immigrants who despite these measures succeed in coming into the country and cannot be deported would be deducted from yearly quotas.

C. Land.

The High Commissioner would be given general powers to prohibit and regulate transfers of land. The High Commissioner would be instructed to fix areas in which transfer was to be permitted freely, regulated, or prohibited, in the light of the findings of the Peel and Woodhead reports. He would retain this power throughout the transitional period.

867N.01/1556

*Memorandum by the Chief of the Division of Near Eastern Affairs
(Murray) to the Secretary of State*

[WASHINGTON,] March 17, 1939.

The attached *aide-mémoire*,⁴⁸ containing the British proposals regarding Palestine, was left with me this noon by the Counselor of the British Embassy. I shall hope to send you an analysis of the plan tomorrow. Meanwhile I would call particular attention to the final sentence of the *aide-mémoire* reading as follows:

"It is unlikely that the present proposals, though they involve a change in policy, would require an amendment of the Mandate."

⁴⁸ *Supra*.

From a preliminary reading of the plan I am inclined to agree with that point of view. In the circumstances it seems improbable that we shall be called upon to express an opinion one way or the other regarding the plan which, during the proposed transitional period, would be carried out under the terms of the present Mandate. I might add that there appears to be nothing in the proposals in so far as the transitional period is concerned which would affect existing American treaty rights in Palestine.

WALLACE MURRAY

867N.01/1481 : Telegram

The Ambassador in the United Kingdom (Kennedy) to the Secretary of State

LONDON, March 18, 1939—11 a. m.
[Received March 18—7:25 a. m.]

355. The Palestine Conference ended yesterday when both the Jewish and Palestine Arab delegations rejected the British proposals of March 15 as a basis for agreement.

The British Government's announcement of the policy which it will pursue in Palestine is to be made within a few days.

KENNEDY

867N.01/1483a : Telegram

The Acting Secretary of State to the Ambassador in the United Kingdom (Kennedy)

WASHINGTON, March 19, 1939—7 p. m.

198. Personal for Kennedy from Welles. The President has asked me to let you know that according to reports which have been reaching us the British are considering making public early this week their plan regarding Palestine. Please take an early occasion informally to offer the suggestion in the right quarter that in view of the international crisis which seems to be shaping up, a short delay in the timing of publication might be of advantage.

WELLES

867N.01/1485 : Telegram

The Ambassador in the United Kingdom (Kennedy) to the Secretary of State

LONDON, March 20, 1939—4 p. m.
[Received March 20—1:25 p. m.]

368. Personal for the President. Department's No. 198, March 19, 7 p. m. I saw MacDonald and Halifax about the Palestine matter.

It will be held up in accordance with your suggestion and you will be notified before they put anything into effect.

MacDonald told me their difficulty is with the territory contiguous to Palestine. The Germans and Italians are making inroads into that territory and the British are disturbed. The unsettled conditions in Palestine require some kind of immediate statement from the British and if world conditions remain unsettled, the British may find it necessary to put into effect a temporary arrangement pending final determination.

At any rate, the matter is being held up until they see how things turn out within the next week.

KENNEDY

867N.01/1596

Memorandum of Conversation, by the Chief of the Division of Near Eastern Affairs (Murray)

[WASHINGTON,] March 23, 1939.

Mr. Victor Mallet, Counselor of the British Embassy, called today and handed me the attached papers,⁴⁹ which are extracts from the draft of the White Paper regarding Palestine which the British Government hopes to publish within the next few days. Mr. Mallet said that if and when the White Paper was published it was the intention of the British Government to make public at the same time the British "Declaration to the Seven",⁵⁰ a copy of the statement made by Mr. Hogarth to King Hussein in 1920 [1918],⁵¹ and a report of the Arab-British Committee⁵² which had been working on an interpretation of the McMahon-Hussein correspondence in 1915 and 1916.

Mr. Mallet went on to read from a telegraphic instruction received by the Embassy. He stated that although the Embassy had not been authorized to communicate this to the Department the Ambassador had decided to give us the information contained therein on a confidential basis. This instruction started out by stating that, although it was hoped to publish the White Paper on Palestine within the next few days and although it was expected that this White Paper would be substantially as indicated in the text which he had handed me, it was possible, in view of the existing situation, that the White Paper would be published in a different form, that it would be altered

⁴⁹ Not printed.

⁵⁰ British Cmd. 5964, Miscellaneous No. 4 (1939): *Statements made on behalf of His Majesty's Government during the year 1918 in regard to the Future Status of certain parts of the Ottoman Empire*, p. 5.

⁵¹ *Ibid.*, p. 3.

⁵² British Cmd. 5974: *Report of a Committee set up to consider Certain Correspondence Between Sir Henry McMahon [His Majesty's High Commissioner in Egypt] and the Sharif of Mecca in 1915 and 1916*, March 16, 1939.

perhaps to a considerable extent or indeed that it might not be published at all. Here Mr. Mallet interpolated to say that he understood the foregoing to be a reference to the present European situation, which might prevent his Government from coming to a clear-cut decision on Palestine in the near future.

According to the above-mentioned instruction, the Arabs had objected to the final British proposals on the ground that no definite date was set for the establishment of an independent state in Palestine. It was pointed out that obviously no British Government could give a pledge as to a definite date on which such a state could be established, particularly in view of present world conditions and the impossibility of knowing what such conditions might be in the future. The Arabs also observed that under the British proposal no independent state could be set up without the consent of the Jews and that the Jews, by refusing to participate in the Government during the intermediate period, could effectively postpone and eventually prevent any state from being established. The British had assured the Arabs that if the Jews showed an inclination to decline to participate in the Government during the intervening period before independence, steps would be taken to induce them to take part in the Government.

The Arabs also had objected to the proposal for the admission of 75,000 immigrants into Palestine during the next five years. However the British Government did not consider this objection valid since such an increase would, at the end of the five-year period, bring the Jews up to only one-third of the population and there would still be in Palestine two Arabs for every Jew. The amount of 75,000 as the maximum number of Jewish immigrants into Palestine during the next five years, subject of course to the economic absorptive capacity of the country, had been suggested by Fuad Bey Hamza, the Saudi Arabian delegate. This number was somewhat smaller than the British had originally proposed but it was considered fair and just to all concerned. It was originally proposed, moreover, to limit immigration to the present number of approximately 1,000 a month but on the suggestion of the Arabs this had been reduced to the figure of 10,000 per year but, at the same time, a block of 25,000 immigrants, in addition, were to be admitted as Palestine's contribution to the refugee problem.

The Embassy's instructions went on to point out that most amicable relations had been established with the non-Palestinian Arabs, although it was disappointing that those Arabs had made a formal statement disapproving of the British Government's final plan. There was reason to believe, however, that the non-Palestinian Arabs were not altogether dissatisfied with the arrangements which had been made.

WALLACE MURRAY

867N.55/163a : Telegram

*The Secretary of State to the Consul General at Jerusalem
(Wadsworth)*

WASHINGTON, April 6, 1939—11 a. m.

Please report by telegraph any information you may be able to obtain discreetly concerning the status of immigration consequent upon the expiration on March 31, 1939, of the prescriptive powers granted the High Commissioner under Section 5A of the Immigration Ordinance.

HULL

867N.55/164 : Telegram

*The Consul General at Jerusalem (Wadsworth) to the Secretary
of State*

JERUSALEM, April 7, 1939—3 p. m.

[Received April 7—12: 40 p. m.]

Department's April 6, 11 a. m. The High Commissioner's right of prescription was extended indefinitely by an amendment to the Immigration Ordinance published in the *Official Gazette* yesterday authorizing him to prescribe the maximum number of immigration certificates which may be granted in any specified period both in the aggregate and for all prescribed categories of immigrants. He has not however as yet exercised this right and no immigration schedule for the period begun April 1st has been promulgated. The Assistant Director of Migration informs me his Department does not know when the schedule will be announced or what the maximum numbers will be. They will, he believes, depend on the forthcoming British statement of policy on Palestine.

WADSWORTH

867N.01/1515a : Telegram

The Secretary of State to the Minister in Egypt (Fish)

WASHINGTON, April 11, 1939—5 p. m.

19. Please comment by telegraph on a press report that Dr. Weizmann, President of the World Zionist Organization, has arrived in Cairo at the invitation of the Egyptian Government, that the Egyptian Ambassador has brought from London new British proposals for Palestine and that a new conference might be held looking to a settlement of Jewish-Arab differences. The presence in Cairo is also reported of the Emir Feisal⁵³ and Iraq and Palestine delegates.

HULL

⁵³ Eldest son of Ibn Saud ; Foreign Minister for Saudi Arabia.

867N.01/1516 : Telegram

The Minister in Egypt (Fish) to the Secretary of State

CAIRO, April 13, 1939—1 p. m.

[Received 1:53 p. m.]

35. Department's No. 19, April 11, 5 p. m. Dr. Weizmann arrived in Cairo April 11 and on the same day interviewed the Prime Minister, then met with Aly Maher, Iraq and Palestine Arab delegates and left for Palestine early April 12. I have been informed that Dr. Weizmann came to Cairo only for informal discussions and not upon the invitation of the Egyptian Government. Without attending April 12 meetings Dr. Weizmann flew to Palestine and is expected to spend a short time in Egypt en route to the United States next month.

The Egyptian Ambassador at London arrived here April 11 but London sources deny that he brought additional British proposals. It is believed that he has with him certain minor suggestions of the British Government relating to the transition period which he has submitted to the delegates.

Last night's London denial that Nashát Pasha was bringing new British proposals is supported by the apparent indifference of the British Ambassador who is not expected to be back in Cairo from Mount Sinai vacation until April 14. The Ambassador told me recently that he had declined to take part in these conferences.

Iraq's delegate Nuri el Said, whose presence is now required in Baghdad, is represented here by Tewfik Bey Suwadi, ex-Foreign Minister of Iraq. Emirs Faisal and Khalid and Shiek Hafiz Wahba are in Cairo en route to Saudi Arabia. They conferred with the Prime Minister on April 12. The few Palestine delegates here did not attend as their viewpoints were presented to the Prime Minister last week.

Dr. Weizmann urged the Prime Minister to permit no change in the *status quo* suggesting that discussions could be resumed here in about 3 weeks if the international situation becomes clarified.

Although it is believed that other Arab delegates might accept the new British suggestions it is seriously doubted whether the Grand Mufti of Palestine would assent. He apparently believes that, because of the international situation, the present is the time to force Great Britain to yield.

FISH

867N.55/166 : Telegram

The Consul General at Jerusalem (Wadsworth) to the Secretary of State

JERUSALEM, April 15, 1939—noon.
[Received April 15—10:18 a. m.]

My telegram April 7, 3 p. m. By an order made under the right of prescription granted him in section 5 (a) of the Immigration Ordinance as amended April 6, the High Commissioner on April 11 promulgated for the current month an immigration schedule which provides for the issuance of immigration certificates in approximately the same number as during the last semester.

A supplementary notice by the Department of Migration fixes at 780 the number of certificates to be issued to Jewish immigrants in the restricted categories (among which students are now included). Only the category of wives and minor children remains unrestricted and the number of certificates to be issued therein during the month is expected to bring the total Jewish to 1000.

An explanatory notice published in the *Official Gazette* of April 12 concludes "it is further notified that His Majesty's Government will take into account the immigration permitted on immigration [certificates] granted during April in their consideration of future policy for immigration in the light of the recent London conferences".

WADSWORTH

867N.01/1519 : Telegram

The Minister in Egypt (Fish) to the Secretary of State

CAIRO, April 15, 1939—3 p. m.
[Received 3:35 p. m.]

37. Referring to my telegram No. 35, the Arab delegates except those from Palestine have submitted counterproposals to the British suggestions principally with regard to the transition period brought here by the Egyptian Ambassador at London. The Arab delegates expect Great Britain will either speedily agree or publish Great Britain's own plan without further discussions with the Jews. It is reported here that while Malcolm MacDonald is anxious to satisfy at once the Arabs in view of the international situation the British Foreign Office does not wish to ignore altogether the Jews primarily because of the latter's influence in the United States. If the British accept the counterproposals the Arab delegates hope to quickly win over the Grand Mufti of Palestine.

FISH

867N.01/1522 : Telegram

The Minister in Egypt (Fish) to the Secretary of State

CAIRO, April 24, 1939—11 a. m.
[Received April 24—9:08 a. m.]

42. Referring to my telegram No. 37, April 15, 3 p. m., yesterday the British Ambassador handed to the Egyptian Prime Minister the reply of his Government to the proposals of the Palestine-Arab delegates. I am informed from a usually reliable source that the proposals requested, among other things, a definite guarantee of a predominant Arab state after the 10-year transitional period and that the British reply might prove to be satisfactory to the Prime Minister and some of the delegates who held a meeting last evening.

Further discussions are to be held this week.

FISH

867N.01/1527 : Telegram

The Minister in Egypt (Fish) to the Secretary of State

CAIRO, April 29, 1939—noon.
[Received April 29—8:34 a. m.]

48. My telegram No. 42, April 24, 11 a. m. The Egyptian and Arab delegations which attended the London Conference on Palestine are in session here today. The followers of the Mufti now seem to be more amenable and it is not unlikely that the British proposals will be accepted.

FISH

867N.01/1533 : Telegram

The Minister in Egypt (Fish) to the Secretary of State

CAIRO, May 1, 1939—5 p. m.
[Received 5:05 p. m.]

49. My telegram No. 48, April 29, noon. I am informed from a usually reliable source that late Saturday night at their final meeting the delegations agreed to the following:

(1st) The formation of a national government to be administered by Palestine officials. British advisers may be appointed.

(2d) The limitation of Jewish immigration for a period of 5 years not to exceed 15,000 in each year including those who enter the country illegally and on condition that the total number of Jews never exceeds one-third of the Arabs.

(3d) Restrictions upon the sale of land throughout the country without exception of any district as has heretofore been suggested.

(4th) The formation of a national assembly after 3 years the representation therein to be in the same proportion as set forth in paragraph 2. The national assembly to draft a constitution.

The above proposals have been given to the British Government with the request that they be included in the unilateral statement to be issued by Great Britain imposing its solution of the Palestine situation.

On their part the delegations will issue an appeal to the Palestine Arabs that all terrorism cease and the Arabs will announce their cooperation in setting up the form of government outlined above.

The Saudi Arabian delegates departed for their homes yesterday.

It is expected that the British Cabinet will announce its future policy in Palestine on May 10 sending its final decision to the interested governments for their information before making official announcement.

FISH

840.48 Refugees/1615

The Consul General at Jerusalem (Wadsworth) to the Secretary of State

[Extract]

No. 926

JERUSALEM, May 3, 1939.

[Received May 16.]

SIR: The promulgation on April 17, 1939, of an amendment to the Palestine Immigration Ordinance prescribing drastically heavier penalties for offences involving the aiding and abetting of illegal immigration into this country, I have the honor to report, marks the end of a chapter in the history of this complicated problem. Its general background was reviewed in the Consulate General's despatch No. 672 of August 6, last.⁵⁴

Under the new amendment, British Navy vessels are to be used as patrols. Owners of vessels engaging in the traffic are made liable to fines up to £10,000 and imprisonment up to five years. The offending vessels, if under 1000 tons, may be confiscated. And for other persons aiding illegal entries fines up to £1,000 and imprisonment up to two years are provided. Details are given at the end of this despatch.

The striking increase in this traffic during recent months, an estimated monthly average of 1,000 Jewish refugees being admitted even in local Jewish circles, was held by British officials to constitute ample reason for drastic repressive action. Further and of more immediate importance, the problem was complicating Anglo-Arab negotiations for political appeasement in Palestine.

⁵⁴ Not printed.

As indicated in the despatch under reference, illegal immigration of Jews into Palestine at the rate of a few (probably not more than three) thousand a year had become so accepted a condition that the British authorities, prompted by humanitarian considerations, did almost nothing to apprehend and deport offenders. Local estimates put their total at between 25,000 and 50,000. It is now commonly known in well-informed local circles that at the recent London Conference on Palestine the British Colonial Secretary, Mr. Malcolm MacDonald, put the figure officially at approximately 40,000.

In Parliament on April 25 and 26 ⁵⁵ Mr. MacDonald described current developments. At question time on the first of these days he announced that during the two months ended April 15, 1220 illegal Jewish immigrants had been prevented from entering the country. On March 21, he said, the SS. *Sandu* was apprehended with 269 illegal immigrants on board and forced to return to Constanza; on April 2, the SS. *Astir*, with 698 on board, was prevented from landing; and on April 4 the SS. *Assimi*, with 250 on board, was arrested and required to set out to sea again. On April 15 the Greek schooner *Panagiya Correstrio* was apprehended and brought to Haifa after endeavoring to land its 182 illegal immigrants.

In answering a further question on April 26, Mr. MacDonald indicated that illegal immigration into Palestine was continuing at the rate of about 1,000 a month, and that, while the British Government had great sympathy for Jewish refugees, he took a serious view of illegal immigration and was forced to take special measures to stop it. To this end, the coast guard service was being strengthened, marine police were being organized, and an amendment to the Immigration Ordinance to strengthen the government's hands would be enacted. He added the further pertinent information that the High Commissioner was being authorized to deduct from future quotas the number of illegal immigrants apprehended in the country.

Public interest in Palestine, fully aroused by this time, was fanned by the partisan press and by the occurrence of a number of incidents. The fourth ship mentioned by Mr. MacDonald, the *Panagiya Correstrio*, provided a crowning *cause célèbre*. Jewish reaction was one of disillusionment and bitterness against the British Government, that of the Arabs one of irritation and apprehension. The former apathy of the British authorities was transformed into a determination to enforce the law, a resolve made more difficult by their natural pity for the plight of the refugees.

The *Panagiya Correstrio* was a small Greek schooner with literally no proper accommodations for its 182 Jewish refugees from Europe.

⁵⁵ All of Mr. MacDonald's statements under reference were made on April 26. See *Parliamentary Debates*, House of Commons, 5th ser. vol. 346, pp. 1123 ff.

Although at first insisting that the ship put out to sea after being provisioned, the authorities finally permitted it to land its human cargo on April 24 but instituted proceedings against the ship and its passengers. Their decision was clearly prompted by the obvious unseaworthiness of the ship, its lack of provisions, the pitiful plight of the passengers and the extremely bitter feeling in Jewish circles.

In addition to these cases, the Jewish press played up the case of two women and three children who were apprehended on April 17 at Rosh Pinah after a trek of four months from Bokhara. These persons were alleged to have been set free and told to cross into Syria but, having got lost, they returned again to the police post. They are understood then to have been sentenced to one month imprisonment.

To aggravate the situation further, 218 Jewish refugees were found on the beach near Ashkelon on April 23, having been left there by an unknown ship after thirty-six days at sea. They were interned, suffering from hunger and exhaustion, at the military camp at Sarafand. Together with those from the *Panagiya Correstrio* they will, it is understood, be interned in a special camp near Mt. Tabor.

[Here follows editorial reaction of the Jewish and the Arab press.]

Thus, we find the stage set for the special measures promised by Mr. MacDonald. These took the form of the amendment to the Immigration Ordinance referred to in my opening paragraph. This enactment, published in Supplement No. 1 to Gazette Extraordinary No. 884 of April 27, 1939, strengthened the hands of the authorities by:

(a) Increasing maximum penalties for aiding and abetting persons in contravening immigration laws from £P. 200 and/or up to one year in prison, to £P. 1,000 and up to two years in prison;

(b) Extending the existing provisions relating to the forfeiture of ships engaged in the transport of illegal immigrants to include vessels up to 1,000 tons, the previous law having put such figure at 250 tons;

(c) Increasing the maximum fine on ship-owners from £P. 1,000 fine to £P. 10,000 fine and/or imprisonment up to five years.

(d) Permitting the stopping and bringing into port and detention on suspicion of vessels suspected of harboring illegal immigrants; and

(e) Permitting the use of force against vessels which do not stop when signalled. Such vessels may be fired at after the firing of a warning shot.

It is not unlikely that the energy, speed and determination of the Government in taking measures to stop illegal immigration will act as a greater deterrent than the enactment itself. It is understood, too, that more care is being used in the granting of temporary visitors' visas for Palestine to prevent refugees finding permanent haven here in the guise of visitors. I am aware that this latter practice has been

prevalent, for this office has received several hundreds of applications for immigration visas for the United States by such persons whose names will not be reached on the quota waiting list for many years.

The measures adopted will probably result in curtailment of illegal immigration. Without such action, local British official circles believe, the solution of the Palestine problem will be difficult, if not impossible. They welcome particularly the attitude adopted in this regard at the London Conference. There, I am reliably informed, Mr. MacDonald stated categorically to the Arab delegates that he realized the Arabs were above all anxious to be rid of uncertainty with regard to immigration and fear of domination by the Jews but that he was persuaded a five-year period ending in a definite maximum for Jewish population would afford the desired assurance.

Respectfully yours,

GEORGE WADSWORTH

867N.01/1542

The Secretary of State to Senator William H. King

WASHINGTON, May 8, 1939.

MY DEAR SENATOR KING: I have received your letter of May 4, 1939 ⁵⁶ enclosing copies of two telegrams signed respectively by certain members of the Senate and of the House of Representatives with reference to the Palestine question with the request that they be brought to the attention of the British Government.

We have kept constantly before the British Government the interest which our people have in Palestine and I have every reason to believe that that Government is fully cognizant of public opinion on the matter in this country.

As you are aware, the British Government held a conference on Palestine recently in London in which Arab and Jewish delegations participated with a view to reaching an agreement regarding future policy in Palestine. That conference, as you know, ended on March 17, 1939 without such a mutual agreement having been reached.

Mr. Malcolm MacDonald, the British Colonial Secretary, is understood to have stated in the House of Commons on May 3 that the policy of the British Government regarding Palestine will be considered in the light of the world situation and will take full account of British obligations toward both Arabs and Jews. Moreover, we have been given official assurances on a number of occasions by the British authorities that this Government would be kept fully informed of any proposals which may be put forward to the Council of the League of Nations for the modification of the Palestine Mandate and that, if any question should arise regarding the treaty rights of the

⁵⁶ Not printed.

United States, the British Government would enter into discussions with us immediately. Our treaty rights in this regard were very explicitly set forth, as you may recall, in a statement regarding Palestine issued by the Department on October 14, 1938, a copy of which is enclosed for convenience of reference.⁵⁷

You may be sure that we shall continue to give full and appropriate consideration to all the diverse factors involved in the Palestine question.

Sincerely yours,

CORDELL HULL

840.48 Refugees/1608: Telegram

The Ambassador in the United Kingdom (Kennedy) to the Secretary of State

LONDON, May 9, 1939—8 p. m.

[Received May 9—4:30 p. m.]

648. Saw MacDonald this evening. The Government tomorrow will accept the experts' report on British Guiana⁵⁸ for settlement of the Jews in a preliminary statement and will indicate their willingness to proceed to help on the colonization.

MacDonald is sending to Lindsay⁵⁹ tomorrow the White Paper on Palestine which he proposes to make public next Monday⁶⁰ in Parliament. Lindsay has instructions to show it to you immediately on arrival. I judge from what he told me in a general way that the Jews will not be pleased with it, but the Government feels that it cannot delay the matter any longer and that it has made the only fair decision.

KENNEDY

867N.01/1542b

Memorandum by President Roosevelt to the Secretary of State and the Under Secretary of State (Welles)

WASHINGTON, May 10, 1939.

I still believe that any announcement about Palestine at this time by the British Government is a mistake, and I think we should tell them that.

What can I say to Justice Brandeis?

F[RANKLIN] D. R[OSEVELT]

⁵⁷ Department of State, *Press Releases*, October 15, 1938, p. 260.

⁵⁸ British Cmd. 6014: *Report of the British Guiana Refugee Commission to the Advisory Committee on Political Refugees appointed by the President of the United States of America*, May 1939; and British Cmd. 6029: *Appendices to the Report* . . .

⁵⁹ Sir Ronald Lindsay, British Ambassador in the United States.

⁶⁰ May 15.

[Enclosure]

Mr. Louis D. Brandeis to President Roosevelt

WASHINGTON, May 9, 1939.

DEAR MR. PRESIDENT: Herewith I enclose Dr. Weizmann's cable to you of the 8th.

Cordially,

LOUIS BRANDEIS

[Subenclosure—Telegram]

*The President of the Jewish Agency for Palestine (Weizmann) to
Mr. Louis D. Brandeis*

NEW YORK, May 8, 1939.

Would request Brandeis transmit following message from myself to President "Understand British Government will next Monday publish statement policy embodying liquidation policy Jewish national home inaugurated by Balfour Declaration issued by British Government during late war with active support of President Wilson. Jews of Palestine hold this breach of international trust deprives Government every basis legality and reduces it to purely coercive agency which type bound resist with every resource at their disposal. In the interest of the peace of Holy Land and the Salvation of a homeless people reduced by anti-semitic persecution to desperate plight appeal to you as successor of President jointly responsible with Lord Balfour adoption of national home policy to use your good offices with British Government to abstain from breach of solemn trust which bound produce catastrophe Palestine and completely undermine all confidence in international pledges given small nations. Chaim Weizmann President Jewish Agency for Palestine.[""]

867N.01/1542b

The Under Secretary of State (Welles) to President Roosevelt

WASHINGTON, May 11, 1939.

MY DEAR MR. PRESIDENT: With reference to your memorandum of May 10 and the letter sent to you by Justice Brandeis under date of May 9, enclosed therewith, we have received this morning a telegram from Ambassador Kennedy^a which contains this statement: "Halifax says they are now contemplating delaying the Palestine statement scheduled for Monday and I will see MacDonald on this later tonight."

^a No. 658, May 10, 7 p. m., not printed.

In view of the information conveyed to us by Ambassador Kennedy, I would suggest that you merely let Justice Brandeis know that we have had this information and assure him that our point of view is placed before the British on every possible occasion by Ambassador Kennedy in accordance with the standing instructions you have given him.

Believe me

Faithfully yours,

SUMNER WELLES

867N.01/1544 : Telegram

The Ambassador in the United Kingdom (Kennedy) to the Secretary of State

LONDON, May 11, 1939—5 p. m.
[Received May 11—11:45 a. m.]

663. Talked to MacDonald this morning. For parliamentary purposes it would be advisable to postpone Palestine statement until Wednesday instead of Monday. They are sending to Lindsay the complete text of the White Paper and not just the outline, with instructions to show you the whole thing.

KENNEDY

867N.01/1599½

*The British Embassy to the Department of State*⁶²

AIDE-MÉMOIRE

His Majesty's Embassy has been instructed to inform the State Department in the strictest confidence of the final decisions of His Majesty's Government in the United Kingdom regarding their Palestine policy as explained in the accompanying extensive extracts from the White Paper⁶³ which, according to present arrangements, it is intended to issue in London on the evening of May 17th.

His Majesty's Government trust that the United States authorities will appreciate the peculiar difficulties with which they have to contend in Palestine and that it will be understood that the policy upon which His Majesty's Government have decided—which it is feared will unfortunately be disappointing to both Jews and Arabs—represents a sincere effort to fulfil the obligations which His Majesty's Government have undertaken to the two people and to act justly between their interests.

⁶² Photostatic copy obtained from the Franklin D. Roosevelt Library, Hyde Park, N. Y.

⁶³ British Cmd. 6019: *Palestine, Statement of Policy*.

The Constitutional provisions in the policy envisaged by His Majesty's Government do not preclude an ultimate settlement of the Palestine problem on the lines most favoured by the Jewish leaders—i. e. a Federal basis. This possibility will not be specifically mentioned in the White Paper but the Secretary of State for the Colonies will make it clear during the Parliamentary discussion of the matter that such a solution is not excluded and will be for consideration in due course. Whilst it is still too early to envisage what may be the ultimate Constitutional evolution in Palestine His Majesty's Government believe that a Federal solution, if it be practicable, may well be best.

With regard to immigration His Majesty's Government have resisted very strong pressure from many quarters in favour of the immediate and complete stoppage of Jewish immigration.

It is understood that the President has frequently shown an interest in the possibility of some development and settlement either of Arabs from Palestine or else of Jews in Trans-Jordan. His Majesty's Government share the President's desire for such a development though expert investigations have indicated that the possibilities are somewhat limited. While the situation in Palestine has been tense and the Arab fear of domination by a Jewish minority continued, it was politically impossible for the Trans-Jordan authorities however willing they might be, to consent to any such Jewish settlement. His Majesty's Government hope that their policy in Palestine will enable peace and confidence to be restored there in the near future and that in due course therefore it will be possible, if the Jews handle the matter tactfully, for them to induce the Arabs to agree to a development in Trans-Jordan on the lines which the President has advocated.

As regards the regulation of land sales the High Commissioner will do his utmost to follow as closely as possible the recommendations of the recent Commissions of Enquiry.

WASHINGTON, May 15, 1939.

867N.01/1599

*Memorandum by the Chief of the Division of Near Eastern Affairs
(Murray) to the Secretary of State*

[WASHINGTON,] May 15, 1939.

We have received today, in strict confidence, the final decisions of the British Government regarding its Palestine policy, which are expected to be published in the form of a White Paper in London on Wednesday, May 17.

The principal points of difference between the present decisions and the final proposals as made by the British to the London Conference on Palestine held in February and March are as follows:

(1) The term of the transitional period pending the establishment of an independent Palestine state is definitely fixed as "within ten years." However, if at the end of that time circumstances require the postponement of the establishment of the independent state the British Government will consult representatives of the people of Palestine, the Council of the League and neighboring Arab States before deciding on such a postponement. If the British Government concludes that postponement is unavoidable it will invite the cooperation of these parties in framing a plan for the future with a view to achieving the desired objective at the earliest possible moment.

(2) Under the former proposals the regulation of Jewish immigration after five years would be subject to Arab consent and the establishment of an independent Palestine upon Jewish consent. The present final decisions make the continuance of Jewish immigration after five years subject to Arab consent but a Jewish veto upon the setting up of an independent Palestine is not stipulated. Instead the final decisions provide that:

"At the end of five years from the restoration of peace and order an appropriate body of representatives of the people of Palestine and of His Majesty's Government will be set up to review the working of the constitutional arrangements during the transitional period and to consider and make recommendations regarding the constitution of the independent Palestinian State."

(3) While the final decisions do not expressly contemplate settlement of the Palestine problem on a federal basis, as envisaged in the final proposals and as stated to be "most favored by the Jewish leaders", the British Government has informed us, in the *aide-mémoire* accompanying pertinent extracts from the decisions, that in the Parliamentary discussion of Palestine the Colonial Secretary will make it clear "that such a solution is not excluded and will be for consideration in due course". It is presumed that by federal basis is meant a solution along lines of cantonal administration which would give the Jews full local autonomy in Jewish areas.

(4) The final proposals made no provision for the establishment of an elective legislature during the transitional period but instead foresaw the possibility of holding elections within two years for a Legislative Council to take the place of the present Advisory Council. The final decisions, however, envisage the possibility of an elective legislature and differ besides from the final proposals in that the process of permitting both sections of the population to participate in the machinery of government "will be carried on whether or not both avail themselves of it". This intention is obviously framed in order to avoid possible efforts by the Jews or Arabs to block the introduction of self-governing institutions by a refusal to participate in them.

In brief, the final British decisions provide for "the establishment within ten years of an independent Palestinian state in such treaty

relations with the United Kingdom as will provide satisfactorily for the commercial and strategic requirements of both countries in the future". "As soon as peace and order have been sufficiently restored in Palestine", Arab and Jewish representatives will be invited to serve as heads of departments, with the assistance of British advisers, approximately in proportion to their respective populations (the present proportions are: Arabs 71 percent, Jews 28 percent, others 1 percent). The number of Palestinians in charge of departments will be increased "as circumstances permit" until all heads of departments are Palestinians and, in the meanwhile, such Palestinian heads of departments will sit on the Executive Council, which advises the High Commissioner. Eventually the Executive Council may be converted into a Council of Ministers. The British Government will require to be satisfied that, in the treaty and constitution contemplated, adequate provision has been made (1) in respect of the Holy Places and (2) for the protection of the different communities in Palestine in accordance with British obligations to both Arabs and Jews and "for the special position in Palestine of the Jewish National Home".

Concerning immigration, the final British decisions envisage, as did the final British proposals, the entry during the next five years, subject to the economic absorptive capacity of Palestine, of sufficient Jews to bring the proportion of the Jewish population of Palestine from its present ratio of twenty-eight percent to thirty-three and one-third percent. This would involve, according to British calculations, an addition of some 75,000 to the present population, which would be distributed at the rate of 10,000 per annum, plus 25,000 Jewish refugees, who will be admitted as soon as the High Commissioner is satisfied that adequate provision for their maintenance is insured, special consideration being given to refugee children and dependents. After five years, no further Jewish immigration will be permitted "unless the Arabs of Palestine are prepared to acquiesce in it". Immigration at this rate during the next five years would represent a slight increase over the present rate.

Concerning land transfers, the High Commission will be given, as was envisaged in the final British proposals, general powers to prohibit and regulate transfers of land. In the *aide-mémoire* accompanying the communication of the final British decisions, it is stated that in respect of such regulation of land transfers the High Commissioner will do his utmost to follow as closely as possible the recommendations of the recent Peel and Woodhead Commissions (Palestine Royal Commission and Palestine Partition Commission). It may be expected, therefore, that in the light of those reports the acquisition of land by Jews will be unrestricted in the predominantly Jewish areas, prohibited in predominantly Arab areas and restricted in such mixed

areas as Galilee in northern Palestine and the Negev in southern Palestine.

In explanation of its decisions, the British Government contends that the framers of the Palestine Mandate "could not have intended that Palestine should be converted into a Jewish state against the will of the Arab population of the country". Reference is made in that connection to the statement of the British Government made in a White Paper of 1922⁶⁴ that "His Majesty's Government regard any such expectation as impracticable and have no such aim in view". In order to remove any possible ambiguity attaching to the position of the British Government in the matter, the statement is now made that His Majesty's Government: "would indeed regard it as contrary to their obligations to the Arabs under the Mandate, hence to the assurances which have been given to the Arab people in the past that the Arab population of Palestine should be made subjects of a Jewish state against their will".

The proposed British White Paper refers also to the statement in the White Paper of 1922 that for Jewish free development and to provide: "a full opportunity for the Jewish people to display its capacities, it is essential that it should know that it is in Palestine as of right and not on sufferance. That is the reason why it is necessary that the existence of a Jewish National Home in Palestine should be internationally guaranteed, and that it should be formally recognized to rest upon ancient historic connection". It is added that "His Majesty's Government adhere to this interpretation of the Declaration of 1917".

Concerning the McMahon correspondence,⁶⁵ it is remarked that the British Government cannot agree that such correspondence "forms a just basis for the claim that Palestine should be converted into an Arab state".

The proposed White Paper continues by pointing out that the British Government is charged as a mandatory power "to secure the development of self-governing institutions" in Palestine and it is added that that Government would regard it "as contrary to the whole spirit of the Mandate System that the population of Palestine should remain forever under mandatory tutelage". Although the British Government is unable at present to foresee the exact constitutional forms which government in Palestine will eventually take, the desire is expressed to see established ultimately an independent Palestine, in which the "two peoples in Palestine, Arabs and Jews, share authority in governing in such a way that the essential interests of each are secured".

⁶⁴ British Cmd. 1700: *Correspondence With the Palestine Arab Delegation and the Zionist Organization*, June 1922.

⁶⁵ British Cmd. 5957, Miscellaneous No. 3 (1939).

As has been pointed out in previous memoranda of this Division, the crux of British difficulties in Palestine hitherto have been their inability to reconcile the dual obligations imposed under the Mandate to secure the establishment of a Jewish National Home and to develop, at the same time, self-governing institutions. This dual obligation is found in Article 2 of the Mandate, which reads as follows:

"The Mandatory shall be responsible for placing the country under such political, administrative and economic conditions as will secure the establishment of the Jewish National Home, as laid down in the Preamble, and the development of self-governing institutions, and also for safeguarding the civil and religious rights of all the inhabitants of Palestine, irrespective of race and religion."

The securing of the establishment of a Jewish National Home has made impossible, so long as the Arabs were in the majority, the granting to Palestine of self-governing institutions as such institutions would have enabled the Arabs to nullify the establishment of such a home. The one obligation, accordingly, has made impossible the fulfillment of the other.

Concerning this, in connection particularly with the problem of immigration, the proposed British White Paper remarks:

"In the view of the Royal Commission the association of the policy of the Balfour Declaration with the Mandate System implied a belief that Arab hostility to the former would sooner or later be overcome. It has been the hope of British Governments ever since the Balfour Declaration was issued that in time the Arab population, recognizing the advantages to be derived from Jewish settlement and development in Palestine, would become reconciled to the further growth of the Jewish National Home. This hope has not been fulfilled. The alternatives before His Majesty's Government are either (1) to seek to expand the Jewish National Home indefinitely by immigration against the strongly expressed will of the Arab people of the country or (2) to promote the further expansion of the Jewish National Home by immigration only if the Arabs are prepared to acquiesce in it. The former policy means rule by force. Apart from other considerations, such a policy seems to His Majesty's Government to be contrary to the whole spirit of Article 22 of the Covenant of the League of Nations, as well as to their specific obligations to the Arabs in the Palestine Mandate."*

In the *aide-mémoire*⁶⁶ accompanying the British final decisions, it is remarked that "His Majesty's Government trusts that the United

*Article 22 of the Covenant of the League reads in part as follows: "Certain communities formerly belonging to the Turkish Empire have reached a stage of development where their existence as independent nations can be provisionally recognized subject to the lending [rendering] of administrative advice and assistance by a mandatory until such time as they are able to stand alone." The Preamble to the Palestine Mandate recites that "The Principal Allied Powers have agreed for the purpose of giving effect to the provisions of Article 22 of the Covenant of the League of Nations, to entrust to a mandatory selected by the said Powers the administration of the territory of Palestine, which formerly belonged to the Turkish Empire." [Footnote in the original.]

⁶⁶ *Supra*.

States authorities will appreciate the peculiar difficulties with which they have to contend in Palestine". An allusion to these "peculiar difficulties" is made in the text of the proposed British White Paper, in which it is stated that if immigration is continued in Palestine regardless of all other considerations "a fatal enmity between the two peoples (Arabs and Jews) will be perpetuated and the situation in Palestine may become a permanent source of friction among all the peoples of the Near and Middle East". The importance to Great Britain of avoiding such friction among the Arab people populating one of the lifelines of the British Empire—that passing through the eastern Mediterranean, Red Sea, Indian Ocean and Persian Gulf—needs no elaboration.

The *aide-mémoire* also notes that:

"It is understood that the President has frequently shown an interest in the possibility of some development and settlement either of Arabs from Palestine or else of Jews in Trans-Jordan. His Majesty's Government share the President's desire for such a development though expert investigations have indicated that the possibilities are somewhat limited. While the situation in Palestine has been tense and the Arab fear of domination by a Jewish minority continued, it was politically impossible for the Trans-Jordan authorities, however willing they might be, to consent to any such Jewish settlement. His Majesty's Government hope that their policy in Palestine will enable peace and confidence to be restored there in the near future and that in due course, therefore, it will be possible, if the Jews handle the matter tactfully, for them to induce the Arabs to agree to a development in Trans-Jordan on the lines which the President has advocated."

It may be finally remarked that the proposed British White Paper provides that before the establishment of an independent Palestine state: "His Majesty's Government will also require to be satisfied that the interests of certain foreign countries in Palestine for the preservation of which they are at present responsible are adequately safeguarded." This obviously refers to the United States and to the responsibility assumed by Great Britain in the American-British Palestine Mandate Convention of December 3, 1924, in respect of American rights in Palestine.

Taking all things into consideration and, having in view particularly, British strategic interests in the eastern Mediterranean and the necessity for Great Britain in the present uncertain state of international affairs of cementing its position in the Near East, it is our opinion that the final British decisions represent perhaps as reasonable a compromise between Jewish and Arab aspirations as it is practicable to attempt to effect at this time.

No present action on the part of this Government is called for by the final British decisions as they do not affect our Mandate Con-

vention of December 3, 1924 with the British Government concerning Palestine and will not affect that convention until the possible termination of the Mandate which is now envisaged as a contingency some ten years hence.

WALLACE MURRAY

867N.01/1556½

Memorandum by President Roosevelt to the Secretary of State

WASHINGTON, May 17, 1939.

I have read with interest and a good deal of dismay the decisions of the British Government regarding its Palestine policy.

I wish you would let me have a copy of the original Palestine Mandate. Frankly, I do not believe that the British are wholly correct in saying that the framers of the Palestine Mandate "could not have intended that Palestine should be converted into a Jewish state against the will of the Arab population of the country".

My recollection is that this way of putting it is deceptive for the reason that while the Palestine Mandate undoubtedly did not intend to take away the right of citizenship and of taking part in the Government on the part of the Arab population, it nevertheless did intend to convert Palestine into a Jewish Home which might very possibly become preponderantly Jewish within a comparatively short time. Certainly that was the impression that was given to the whole world at the time of the Mandate.

The statement on your Page #6, paragraph #2,⁸⁷ quoting the White Paper of 1933 [1922], bears out my contention.

This new White Paper admits that the British Mandate is "to secure the development of self-governing institutions". Frankly, I do not see how the British Government reads into the original Mandate or into the White Paper of 1922 any policy that would limit Jewish immigration.

My offhand thought is that while there are some good ideas in regard to actual administration of government in this new White Paper, it is something that we cannot give approval to by the United States.

My snap judgment is that the British plan for administration can well be the basis of an administration to be set up and to carry on during the next five years; that during the next five years the 75,000 additional Jews should be allowed to go into Palestine and settle; and at the end of five years the whole problem could be resurveyed and at that time either continued on a temporary basis for another five years or permanently settled if that is then possible. I believe that the Arabs could be brought to accept this because it seems clear that

⁸⁷ See memorandum *supra*, paragraph beginning, "The proposed British White Paper . . .", p. 754.

75,000 additional immigrants can be successfully settled on the land and because also the Arab immigration into Palestine since 1921 has vastly exceeded the total Jewish immigration during this whole period.

Before we do anything formal about this please talk with me.

F[RANKLIN] D. R[OOSEVELT]

867N.01/1587

The Ambassador in the United Kingdom (Kennedy) to the Secretary of State

No. 2688

LONDON, May 18, 1939.

[Received May 31.]

SIR: Referring to my despatch No. 2679 of May 18, 1939⁶⁸ transmitting the British Government's Statement of Policy on Palestine as made public on May 17, 1939, I have the honor to report that in the House of Commons yesterday Mr. Malcolm MacDonald, the Colonial Secretary, stated that the British Government would continue the ban on the return of the Mufti of Jerusalem to Palestine.

Mr. MacDonald's statement was in reply to a question by Mr. D. R. Grenfell (Labor) who asked whether it is the intention of His Majesty's Government, in connection with their new statement of policy, to allow the Mufti to return to Palestine. Mr. MacDonald replied as follows:

"No, Sir. His Majesty's Government cannot lose sight of the facts, not only that the present Mufti of Jerusalem was the head of an organization which they held responsible for the campaign of terrorism and assassination against British and Jews, but also that he is the head of a faction which has for many months past pursued persistently a similar campaign against large numbers of Arabs. They have decided, therefore, to exclude him indefinitely from Palestine."⁶⁹

Respectfully yours,

For the Ambassador:
HERSCHEL V. JOHNSON
Counselor of Embassy

867N.65/175

The Ambassador in the United Kingdom (Kennedy) to the Secretary of State

No. 2696

LONDON, May 19, 1939.

[Received May 31.]

SIR: I have the honor to quote below a statement made yesterday in the House of Commons by Mr. Malcolm MacDonald, the Colonial Sec-

⁶⁸ Not printed.

⁶⁹ *Parliamentary Debates*, House of Commons, 5th ser., vol. 347, p. 1436.

retary, in reply to a Parliamentary question, indicating the British Government's unwillingness to accede to a request of the Jewish Agency that a decision of the Hague Court be obtained on the legality of the British Government's immigration policy in Palestine.

"Mr. Mander (Opposition Liberal) asked the Secretary of State for the Colonies what reply has been sent to the request of the Jewish Agency that a decision of the Permanent Court of International Justice should be obtained as to the legality of the British Government's decision to restrict immigration into Palestine on grounds other than the economic absorptive capacity of that country?

"Mr. M. MacDonald: The reply sent to the Jewish Agency was to the effect that the grounds on which His Majesty's Government consider the present restrictions on Jewish immigration, which are temporary pending the promulgation of policy, to be justified, have been publicly explained on various occasions and that His Majesty's Government have nothing to add to their previous statements; that the arguments recently put forward by the Jewish Agency do not lead His Majesty's Government to alter their views, and that they do not feel able to adopt the suggestion that the Council of the League of Nations should be asked to obtain an advisory opinion from the Hague Court."

(Hansard, Cols. 1655-1656.)⁷⁰

Respectfully yours,

For the Ambassador:
HERSCHEL V. JOHNSON
Counselor of Embassy

867N.01/1557 : Telegram

The Minister in Egypt (Fish) to the Secretary of State

CAIRO, May 20, 1939—10 a. m.
[Received May 20—7: 33 a. m.]

58. The British White Paper on Palestine is strongly criticized in the Arabic press and has aroused considerable disappointment. On May 18th the Prime Minister made a declaration to the press substantially as follows:

"Seeing that the British Government have not accepted the demands made by the Governments of the Arab countries . . .⁷¹ these Governments are unable to recommend to the people of Palestine to collaborate with the British authorities on the basis of the British Government's plan. We are continuing to collaborate as between the Governments of the Arab powers but as the British have now defined their policy we consider that the negotiations are ended".

Wafdist circles seize upon the White Paper to attack both the British and the Egyptian Governments, derogate last month's Arab

⁷⁰ *Parliamentary Debates*, House of Commons, 5th ser., vol. 347, p. 1647.

⁷¹ Omission indicated in the original telegram.

conversations in Cairo and charge that England has placed hands on Palestine forever. Deputy Abdul Hamid Said, President of the Young Men's Moslem Association, cabled a protest on May 18th to Chamberlain to the effect that British policy as now stated is designed to Judaize Palestine.

FISH

867N.01/1558 : Telegram

The Consul at Geneva (Bucknell) to the Secretary of State

GENEVA, May 22, 1939—10 p. m.

[Received May 22—8:47 p. m.]

143. In a statement on Palestine in the Council this afternoon⁷² the British representative stated that the recent White Paper would be circulated to members of the Council and that he would not go into details of British plan until opportunity had been had to examine document in detail. A full opportunity for discussion would be given at a later session of the Council after the measure had been debated by the British Parliament.

BUCKNELL

867N.01/1578

Memorandum of Conversation, by the Chief of the Division of Near Eastern Affairs (Murray)⁷³

[WASHINGTON,] May 22, 1939.

Mr. Sol Bloom, Congressman from New York, who is a close personal friend of mine, called me by telephone shortly after one o'clock this afternoon to express and to have conveyed to you the following views regarding the delegation headed by Rabbi Wise which is to call upon the Secretary this afternoon. Mr. Bloom said that he had had a long conversation with the delegation in his office this morning when he had made a vigorous but unsuccessful effort to persuade [*dissuade?*] Rabbi Wise and other members of the delegation from the purposes of their visit upon the Secretary today. Mr. Bloom said he emphasized that nothing was to be accomplished by high-pressured tactics upon the Department to take action of dubious propriety with the British Government in the present Palestine matter. He said he had assured Rabbi Wise that at any time a matter affecting American Jewry might arise in which consultation with the Department might appear necessary he would be only too glad to accompany Rabbi Wise

⁷² League of Nations, *Official Journal*, May-June 1939, p. 256.

⁷³ Addressed to the Secretary of State, the Under Secretary, and the Counselor of the Department.

or any other American Jew to the Department of State to confer in a friendly and reasonable manner with any of its officials. If, after such consultation and after due consideration by the Department, the action which he or those accompanying him might request were disapproved, he was, at all times, prepared to place full confidence in the better judgment of the responsible officials of this Department.

Mr. Bloom went on to say that he was convinced that the demands which Rabbi Wise proposes to make today are essentially unwarranted and would, in any case, serve no useful purpose whatsoever. He felt that far more assistance could be rendered the Jews by quiet and reasonable discussion with the Department of all problems that might arise, rather than to resort to high-pressure publicity tactics which he regretted to note were being employed in the present instance.

Mr. Bloom concluded his remarks by expressing the hope that the Department, in discussing the present matter with any Jews from his District or State, would refer to the fact that he had been in touch with the Secretary and other appropriate officials of the Department and that the Department had always found him willing to cooperate in every reasonable way.

WALLACE MURRAY

867N.01/1601

Rabbi Stephen S. Wise to the Secretary of State

[WASHINGTON,] May 22, 1939.

DEAR MR. SECRETARY: We have come from every part of the United States for the express purpose of asking your active aid on behalf of the lives of tens of thousands of human beings and of the hopes of millions of others. We feel that we are impelled by the traditional American spirit, which has always cherished freedom for itself and has also sympathized with the efforts of others to keep and attain freedom.

Because legal rights and agreements are being flouted by ruthless force, it is incumbent upon the United States, in the name of democracy and just dealing, to reaffirm American adherence to the fundamental principles of justice and fair play and to act in firm resolve to uphold the sanctity of treaties in order that we may do our part to maintain rights guaranteed by international law.

We are, therefore, constrained to voice our sorrow and to express our indignation that Great Britain, one of the bulwarks of the world which we still regard as civilized, has further added to unrest and suffering by publishing last week a White Paper on Palestine which renounces solemn obligations assumed for the establishment of the Jewish National Home.

The fate of great masses of people, made homeless and helpless solely because they are Jews, impels us as Americans to protest against an action which adds cruelly to their already tragic burdens. As Americans we have a direct and practical interest in the Palestine Mandate, under whose provisions alone Great Britain administers Palestine. From the days in which the Balfour Declaration was issued to our own time, successive administrations of the United States have extended sympathy and cooperation to the rebuilding of the Jewish homeland in Palestine.

America's concern with Palestine, whose award to Great Britain under the Mandate was assented to by the United States, is officially expressed alike in the Joint Resolution of Congress of June 30 [*September 21*], 1922,⁷⁴ and in the American-British Mandate Convention of December 3, 1924. That Convention incorporates the language of the Mandate which specifically provides for the establishment of the Jewish National Home in Palestine. That Convention carries the undertaking of Great Britain not to make any changes in the Mandate without securing the assent of the United States Government.

In the years that have intervened, American public funds and private investments sent to Palestine have exceeded \$100,000,000. The institutions thus founded and the philanthropies thus created are imperilled by the New British White Paper on Palestine, which repudiates the letter and spirit of the Mandate. Thus, as American citizens, we are given ground for urging action by the United States Government.

We, therefore, respectfully request that the United States Government, not alone because of compassion for refugees expressed in a multiplicity of activities such as the initiation of the Intergovernment Refugee Committee, but also on the ground of American rights jeopardized, make representations to the British Government:

(a) That no action be taken for the implementation of the New White Paper on Palestine until this Government shall have had an opportunity to examine its terms and to pass judgment on its bearing on American rights; and

(b) That the United States Government, on the basis of its convention with Great Britain, cannot recognize action taken under the New White Paper in view of the jeopardy created for American interests.

We earnestly believe that through such representations the United States Government will save a power with whom we are on friendliest terms from the strain created by violation of patent human needs and of the sanctity of international treaty; and will also contribute to safeguarding the survival of great numbers of men, women and

⁷⁴ 42 Stat. 1012.

children whose intolerable plight must arouse the sympathy of every American who believes in the inalienable right of every human being to life, liberty and the pursuit of happiness.

Respectfully yours,

STEPHEN S. WISE
New York

867N.01/1574

*Memorandum by Mr. John F. Stone of the Office of the
Secretary of State*

[WASHINGTON,] May 22, 1939.

The following Senators and Congressmen telephoned the Secretary's office today to express their interest in American intervention in connection with the British "white paper" concerning Palestine.⁷⁵ The general purport of their calls, excepting the gentlemen under whose names on the following list additional comment is furnished, was for their interest to be expressed to the Secretary. They desired primarily that a message be transmitted to the British Government, through various expressed channels, of American disapproval of the "white paper" as it was issued, and a request that the British Parliament disavow it. Certain of the gentlemen were referred to other offices of the Department, as indicated on the following list, but in every case each was assured that his message would be transmitted to the Secretary.

Senator Danaher—Republican, Connecticut.
 Senator Barbour's office—Republican, New Jersey.
 Senator Brown's office—Democrat, Michigan.
 Senator Taft—Republican, Ohio.
 Senator Tydings—Democrat, Maryland.
 Senator Smather's office—Democrat, New Jersey.
 Senator Radcliffe—Democrat, Maryland.
 Senator White—Republican, Maine—was referred to and talked with Judge Moore.⁷⁶
 Senator Tobey—Republican, New Hampshire.
 Senator Downey's office—Democrat, California.
 Senator Davis—Republican, Pennsylvania—spoke personally with the Secretary.
 Senator Lee—Democrat, Oklahoma—spoke personally with the Secretary.
 Representative D'Alesandro—Democrat, Maryland—spoke personally with the Secretary.

⁷⁵ A memorandum by Mr. Stone, on May 23, added the names of the following, who had telephoned that day: Senator Bilbo, Democrat, Mississippi; Representative Bruce Barton, Republican, New York; Representative Jacobsen's office, Democrat, Iowa (867N.01/1573).

⁷⁶ R. Walton Moore, Counselor of the Department of State.

- Representative Thill—Republican, Wisconsin—spoke personally with the Secretary.
- Representative Martin—Republican, Massachusetts—spoke personally with the Secretary.
- Representative Alexander—Republican, Minnesota—spoke personally with the Secretary.
- Representative Bloom—Democrat, New York—spoke personally with the Secretary.
- Representative McCormack—Democrat, Massachusetts—spoke personally with the Secretary.
- Representative Marshall—Republican, Ohio.
- Representative Tenerowicz—Democrat, Michigan.
- Representative Bulwinkle—Democrat, North Carolina.
- Representative Smith—Democrat, Connecticut.
- Representative Ramspeck—Democrat, Georgia.
- Representative Tinkham—Republican, Massachusetts.
- Representative Risk—Republican, Rhode Island.
- Representative Casey—Democrat, Massachusetts.
- Representative Flannery—Democrat, Pennsylvania—was transferred to and spoke with Judge Moore.
- Representative Van Zandt—Republican, Pennsylvania.
- Representative Kerr—Democrat, North Carolina—expressed his interest through Mr. Messersmith,⁷⁷ who informed the Secretary's office.
- Representative Hunter—Democrat, Ohio.
- Representative Sasscer—Democrat, Maryland.
- Representative Boland—Democrat, Pennsylvania.
- Representative Byron—Democrat, Maryland.
- Representative Jenks—Republican, New Hampshire—was transferred to and spoke with Mr. Berle.⁷⁸
- Representative Flaherty—Democrat, Massachusetts—was transferred to and spoke with Mr. Berle.
- Representative Kramer—Democrat, California—spoke with Judge Moore.
- Representative Hook—Democrat, Michigan.
- Representative McArdle—Democrat, Pennsylvania.
- Representative McLeod—Republican, Michigan.
- Representative Elston—Republican, Ohio—bespoke a special courtesy for Mr. Benjamin F. Berman, a member of the Jewish delegation from Ohio, with whom I spoke.
- Representative Eberharter—Democrat, Pennsylvania.
- Representative Sandager—Republican, Rhode Island.
- Representative Ford—Democrat, Mississippi.
- Representative Treadway—Republican, Massachusetts.
- Representative Clason—Republican, Massachusetts.
- Representative O'Day—Democrat, New York.
- Representative Luther Johnson—Democrat, Texas.
- Representative Edith Rogers—Republican, Massachusetts.
- Representative Martin Kennedy—Democrat, New York.
- Representative O'Brien—Republican, New York—spoke with Judge Moore.

⁷⁷ George S. Messersmith, Assistant Secretary of State.

⁷⁸ Adolf A. Berle, Jr., Assistant Secretary of State.

Representative Tibbott—Republican, Pennsylvania.
Representative Kunkel—Republican, Pennsylvania.
Representative Darden—Democrat, Virginia.
Representative Barry—Democrat, New York.
Representative Hart—Democrat, New Jersey.
Representative Ball—Republican, Connecticut.
Representative Eaton—Republican, New Jersey—also spoke with
Judge Moore.

867N.01/1572a : Telegram

*The Secretary of State to the Ambassador in the United Kingdom
(Kennedy)*

WASHINGTON, May 23, 1939—11 a. m.

381. Personal for the Ambassador. Please express orally to Lord Halifax my appreciation for the advance information regarding the Palestine White Paper which was furnished by the British Embassy here. Unless you perceive some objection I should also like to have you mention, orally and informally, that you believe he would wish to know that there is rather widespread disappointment, particularly in Zionist circles here, at some of the provisions of the White Paper, particularly those which envisage eventually a marked reduction in Jewish immigration into Palestine.

HULL

867N.01/1579a : Telegram

*The Secretary of State to the Ambassador in the United Kingdom
(Kennedy)*

WASHINGTON, May 24, 1939—noon.

387. Please telegraph the full text of all references to the United States made by spokesmen of the British Government in the debates in the House of Commons on May 22 and 23 concerning Palestine.

HULL

867N.01/1563 : Telegram

*The Ambassador in the United Kingdom (Kennedy) to the Secretary
of State*

LONDON, May 25, 1939—noon.

[Received May 25—9:08 a. m.]

736. Your 387, May 24, noon. The following references to the United States were made by spokesmen of the British Government in the Palestine debate in the House of Commons of May 22 and 23.

Mr. MacDonald, Colonial Secretary, in his opening speech of the debate of May 22 stated in connection with his analysis of British commitment to the Arabs and to the Jews:

"Let us look at these two sets of promises, the purpose of which was afterwards enshrined in the Mandate. First, there was the promise to the Jewish people. In November 1917 Mr. Balfour who was then Secretary of State for Foreign Affairs, addressed to the Zionist organization in the name of the British Government, a historic Declaration. The Declaration had already been approved by President Wilson on behalf of the United States of America⁷⁹ and it was afterwards supported by others of the Allied and Associated powers. It promised that His Majesty's Government would use their utmost endeavors to see established a national home for the Jewish people in Palestine."⁸⁰

Mr. MacDonald made the following further reference to the United States.

"Then there is another set of interests which we have to protect; there are certain common [*foreign*] interests in Palestine. In a motion which appears on the Order Paper in the names of some of my right honorable and honorable friends mention is made particularly of the Anglo-American Convention of 1924. We are of course anxious that the interests of America referred to in that convention shall be properly assured at all times in the future. This statement on policy does not propose any alteration at all regarding the protection of those interests during the period while we retain mandatory control. The same is true of other foreign interests. Therefore, this question does not arise at all on the present White Paper. It is true that when Palestine becomes an independent state some new security for those interests will have to be given, but we state specifically in this Paper that before we can agree to the constitution and the treaty with the state, we shall have to be satisfied that the interest of foreign countries in Palestine for which we are at present responsible are being adequately safeguarded."⁸¹

No further references to the United States were made by spokesmen of the Government during the remainder of the debate. However, in addition to the foregoing references, the following questions were asked and answers given at question time in the House of Commons on May 22.

"Mr. Hammersley asked the Prime Minister whether, in accordance with the Convention between the United Kingdom and the United States of America respecting the rights of the two countries and their respective nationals in Palestine, 1924, the United States of America have approved of the modifications in the terms of the Mandate proposed in Command Paper 6019?

⁷⁹ See David Lloyd George, *Memoirs of the Peace Conference*, vol. II, p. 734.

⁸⁰ *Parliamentary Debates*, House of Commons, 5th ser., vol. 347, pp. 1938-1939.

⁸¹ *Ibid.*, p. 1953.

Mr. Butler (Parliamentary Under Secretary of State for Foreign Affairs): No immediate modifications in the terms of the Mandate are proposed in Command Paper 6019. His Majesty's Government have kept the United States Government fully informed of their proposals regarding the future status of Palestine, and will certainly inform them of any proposals it may eventually be intended to put before the Council of the League of Nations for the termination of the Mandate.

Mr. Hammersley: Is it not the fact that substantial amounts of American Jewish money are invested in Palestine, and will their interests be vitally prejudiced by the proposed new policy?

Mr. Butler: No sir. I cannot accept that. There is a provision in the White Paper which draws attention to the need for the consideration of foreign interests in Palestine."⁸²

KENNEDY

867N.01/1602

*The Ambassador in the United Kingdom (Kennedy) to the
Secretary of State*

No. 2745

LONDON, May 25, 1939.

[Received June 5.]

SIR: Referring to my despatch No. 2679 of May 18, 1939⁸³ transmitting the text of the British Statement of Policy on Palestine as published in a White Paper on May 17, 1939, I have the honor to report that both Houses of Parliament, following a two-day debate on May 22 and May 23 which revealed a great deal of dissatisfaction with the Government's proposals, nevertheless adopted a motion approving the Government's new policy for Palestine as set forth in that document.

While the motion of approval was adopted in the House of Lords without a division, the vote in its favor in the House of Commons produced the relatively unsubstantial majority of 89 votes (268 votes to 179). Twenty members of the Government parties voted with the Opposition and there was an even greater number of abstentionists.

The full text of the debate, as published in Hansard of May 22 and May 23, is enclosed.⁸⁴

Respectfully yours,

For the Ambassador:
HERSCHEL V. JOHNSON
Counselor of Embassy

⁸² *Parliamentary Debates*, House of Commons, 5th ser., vol. 347, p. 1895.

⁸³ Not printed.

⁸⁴ *Parliamentary Debates*, House of Commons, 5th ser., vol. 347, pp. 1937-2056, 2179-2198.

867N.01/16024

*Memorandum by the Assistant Secretary of State (Berle) to
President Roosevelt*

[WASHINGTON,] May 25, 1939.

Attached is the statement ⁸⁵ the Department would like to get out regarding the Palestine mandate.

We are in a cleft stick. The active Zionists are high-pressuring the Congressmen, asking us to make representations to Great Britain.

Meanwhile, there is considerable and growing anti-Americanism in Arabia, based on our assumed championship of Jewish political domination of Palestine, and anything we say will be used against us.

The present statement is purely factual and follows closely along the lines of the statement of October 14th, 1938.

We have no legal rights in the situation as against Great Britain.

A. A. BERLE, JR.

867N.01/1714

*Statement by the Department of State Regarding American Rights
Under the Convention of 1924 as to Modification of the Mandate for
Palestine*

[WASHINGTON,] May 26, 1939.

The position of the United States with regard to the Jewish National Home was fully set forth in a statement issued by the Department of State on October 14th, 1938. The history of the Palestine Mandate, and the legal position of the United States with respect to it, is as follows.

The present mandate for Palestine was allotted to Great Britain by the principal Allied Powers and the terms of the mandate were confirmed by the Council of the League of Nations on July 24, 1922.

On September 21, 1922, a joint resolution of Congress set forth that the United States favored establishment in Palestine of a National Home for the Jewish People, without prejudice to the civil and religious rights of the Christian and all other non-Jewish communities in Palestine. In reporting the resolution, the House Committee and its sponsor insisted that the resolution did not imply "pledging our support", or getting us into an entangling alliance or into a foreign obligation.

On December 23 [3], 1924, the United States concluded a treaty with Great Britain which, after reciting the mandate, provided:

⁸⁵ *Infra.*

1. That, subject to the provisions of the American-British Mandate Convention, the United States consented to the administration of Palestine by Great Britain pursuant to the mandate.

2. That the United States and its nationals should have the same benefits under the mandate as were enjoyed by the members of the League of Nations and their nationals.

3. Vested American property rights in the mandated territory were to be respected.

4. Copies of the Annual Reports made by the mandatory power were to be furnished to the United States.

5. Subject to local law, nationals of the United States were to be permitted to maintain educational, philanthropic and religious institutions.

6. Extradition treaties in force between the United States and Great Britain were to apply to Palestine.

7. No rights conferred by this treaty were to be affected by any change in the mandate, unless such change had been assented to by the United States.

The United States obtained no power to prevent change in the terms of the mandate; but under article VII stipulated only that no such change should affect the foregoing rights of American nationals unless the United States assented.

The United States has no greater rights with respect to Palestine than with respect to any of the other mandates confirmed by the League of Nations (in respect of which we have similar treaties). This Government has, however, continuously manifested its sympathy for the conception of the Jewish National Home.

867N.01/1609

The Consul General at Jerusalem (Wadsworth) to the Secretary of State

[Extract]

No. 949

JERUSALEM, May 29, 1939.

[Received June 13.]

SIR: The fortnight since publication of the British Government's White Paper of May 17, 1939, on its future policy in this country, I have the honor to report, has seen a crystallization of the various and sometimes complex reactions foreshadowed in my despatch No. 934 of May 16⁸⁸ and immediately preceding political despatches. As observed respectively among Palestinian Jews and Arabs and British Government officials they may be summarized as follows:

Among the Jews there is an intense country-wide bitterness at the repudiation (*sic*) of the promises of the Balfour Declaration and Palestine Mandate and at the resulting denial of their national aspira-

⁸⁸ Not printed.

tions, a bitterness which has given rise to and is today closely combined with a sullen determination to continue in the face of all opposition the building of their National Home and to prevent effective application of the new policy through unremitting campaigns of protest both here and abroad and of non-cooperation in Palestine;

Among the Arabs the major reaction—while modified by a considerable measure of continuing distrust in British *bona fides* and keen resentment against the declared British intention indefinitely to prohibit the return of their paramount leader, the Mufti of Jerusalem—is one of very obvious relief that the White Paper actually contains the long-heralded provisions curtailing Jewish immigration and land purchases, definitely limiting to one-third the permissible maximum Jewish proportion of the total population and opening the way to a reestablishment of peace and orderly government in town and countryside;

Among British officials, also, while on another score, I find a dominant feeling of relief—though tinged by some scepticism as to the future—that a policy, at least moderately clear in objective and in definition of what is meant by a Jewish National Home, has at long last been set before them as a basic guide for future civil administration of the country.

To all, the two outstanding provisions of the White Paper—copies of which have been forwarded to the Department by the Embassy in London—are:

First, the definite statement that “His Majesty’s Government are satisfied that, when the immigration over the five years which is now contemplated has taken place (i. e. a maximum of 75,000) they will not be justified in facilitating, nor will they be under any obligation to facilitate, the further development of the Jewish National Home by immigration regardless of the wishes of the Arab population”; and

Second, the equally definite declaration that “it is not their policy that Palestine should become a Jewish State”, but, rather, “a State in which the two peoples in Palestine, Arabs and Jews, share authority in government in such a way that the essential interests of each are secured.” The Arab contention that “the McMahon correspondence forms a just basis for the claim that Palestine should be converted into an Arab State” was, at the same time, specifically rejected.

The latter of these major provisions (first in order of presentation in the White Paper) is clearly designed—and in the opinion of objective observers here—should, while dashing Zionist hopes of political sovereignty in Palestine, remove Jewish fear of Arab domination. Together with the first and its corollary that the Jewish proportion of the population shall not exceed one-third, it removes the fundamental Arab fear of continuing Jewish penetration and eventual domination.

The declared "objective" of the new policy arising out of these major considerations—i. e. "the establishment within ten years of an independent Palestine State in such treaty relations with the United Kingdom as will provide satisfactorily for the commercial and strategic requirements of both countries in the future"—is, therefore, generally acceptable to the Arabs but flatly repugnant to Zionist aspirations.

Consequently, Jewish opposition to the new policy is based on a fundamental denial of its premises, whereas that of the Arabs—in addition to the factors, already mentioned, of distrust of British good faith and resentment against exclusion of the Mufti—centers primarily on the details of the transitional regime which the White Paper outlines as necessarily precedent to establishment of an independent state. . . .

Respectfully yours,

GEORGE WADSWORTH

867N.55/176 : Telegram

The Consul General at Jerusalem (Wadsworth) to the Secretary of State

JERUSALEM, June 3, 1939—4 p. m.

[Received June 3—1:50 p. m.]

Reference my May 31, 2 p. m.,⁸⁷ 906 more illegal immigrants were apprehended on June 1st aboard Greek-owned and operated steamship *Liesel* (formerly *Myconos*, see Lloyds Register) flying Panaman flag under certificate of registry issued May 3rd last by the Panaman Consul in London.

Of the more than 800 referred to in my telegram under reference 401 were apprehended May 29 aboard the Panaman-owned, Greek-operated salvage steam tug *Atrato* (formerly *Irini* and *Vernicos*) also flying Panaman flag but under certificate of registry issued January 10th last by the Port Inspector of Panama.

The British naval officer who made this last mentioned capture informed me he learned from the vessel's officers that it had already made two successful immigrant-running trips, thus adding confirmation to widely credited reports that many more illegal immigrants are entering the country clandestinely than are apprehended.

The only other officially reported instance of a Panaman vessel engaged in this traffic was the Greek-operated steamship *Assimi* (formerly *New Pioneer*) mentioned in my despatch No. 926 of May 3

⁸⁷ Not printed.

last. Several others, however, are cited by the Consulate General at Athens in its despatch of May 3 last.⁸⁸

I have mentioned informally to the concerned British officials here that as the Consulate General is charged with the representation of Panaman interests I should appreciate being kept informed of developments relevant to the current captures but that I perceived no concern for its concerning itself officially therewith.

WADSWORTH

867N.55/179

Memorandum by Mr. J. Rives Childs of the Division of Near Eastern Affairs

[WASHINGTON,] June 3, 1939.

Statistics of Arab immigration into Palestine are only available since 1935 as it was only in that year that the three categories of "Jews, Arabs and others" were substituted for "Jews, Christians and Moslems." If the categories "Christians" and "Moslems" as they appeared before 1935 are lumped together they will at least afford a picture of the maximum limits of Arab immigration.

The following table accordingly shows the recorded immigration of Jews and non-Jews from 1921 to 1934, inclusive:

Year	Recorded Immigration	
	<i>Jews</i>	<i>Non-Jews</i>
1921 (September-October)	9, 149	190
1922 " "	7, 844	284
1923 " "	7, 421	570
1924 " "	12, 856	697
1925 " "	33, 801	840
1926 " "	13, 081	829
1927 " "	2, 713	882
1928 " "	2, 178	908
1929 " "	5, 249	1, 317
1930 " "	4, 944	1, 489
1931 " "	4, 075	1, 458
1932 " "	9, 553	1, 736
1933 " "	30, 327	1, 650
1934 " "	42, 359	1, 784

The following shows the recorded immigration of Jews and Arabs from 1935 to 1937, inclusive:

	<i>Jews</i>	<i>Arabs</i>
1935	61, 854	903
1936	29, 727	675
1937	10, 536	743

⁸⁸ Not found in Department files.

In a report from the Consul General in Jerusalem dated January 10, 1939,⁸⁰ it was observed that since 1920 the Jewish population of Palestine has increased sixfold, almost entirely through immigration, and that the Arab population has increased by some 57 percent, almost entirely through natural increase. The report notes also that, in the case of the Arabs, immigration and emigration have roughly balanced since the War, but the natural increase of the Arab population has been one of the highest, if not the highest, in the world.

867N.55/177a

The Secretary of State to the Minister in Rumania (Gunther)

WASHINGTON, June 6, 1939—2 p. m.

61. United Press despatch of May 22 states that over 700 Vienna Jews sailed from Constanza for an unknown destination on the S. S. *Alexander* or *Alexandria*. Please ascertain, if possible, destination of this boat.

HULL

867N.55/178 : Telegram

The Minister in Rumania (Gunther) to the Secretary of State

BUCHAREST, June 8, 1939—10 a. m.

[Received 12:22 p. m.]

115. Department's No. 61, June 6, 2 p. m. The name of ship *Alexander* has been changed to *Liesel*. It is Rumanian owned but flies flag of Panama. It reached Palestine about June 1 where it is being held by the British authorities as the passengers are without permission to land.

The British Minister informs me that his Government has been negotiating with the Rumanian Government with a view to stopping this illegal immigration of Jews through Rumania but that many technical legal difficulties have been encountered due to the international status of the Danube. The Jews are brought down the river from central European points in German boats to the Danube delta. They remain aboard until they can be clandestinely transferred to other vessels sailing for Palestine or South American ports. This particular group left Vienna, April 13. They are the members with families of a Jewish sport club called Macabeus.

GUNTHER

⁸⁰ Not printed.

867N.4016/88

The Consul General at Jerusalem (Wadsworth) to the Secretary of State

No. 961

JERUSALEM, June 12, 1939.

[Received June 27.]

SIR: Those who had hoped that the publication of the British White Paper, with its announcement of a new British policy, might have an immediately favorable effect on the status of public security in Palestine have been, I have the honor to report, greatly disappointed by developments of the fortnight under review. Not only have the Jewish threats of violence, which were reported in my last despatch on this subject,⁹⁰ been translated into action; but there are no indications that the Arabs have been sufficiently appeased to consider abandoning their campaign of terrorism.

There have been during the fortnight four engagements worthy of mention between security forces and Arab bands. On May 23 the 2nd Battalion of the Queen's Royal Regiment made contact near Tul Karm with an armed band believed to have been headed by Abu Bakr, the successor of the noted rebel leader Abdul Rahim El Haj Mohamed, who was killed on March 27 (See despatch No. 899 of April 12, 1939⁹¹). Eleven of the band were killed and two were captured; of the troops a major and an Arab interpreter were killed, and an officer and three men wounded. A smaller group, believed to be of the same band, was engaged on May 27th; three were killed and one was captured, the military forces suffering no casualties.

In Galilee on May 30th the third of these actions took place, in the course of which five Arabs were killed, one wounded, and five captured. The fourth occurred on June 3rd when the security forces suffered the most serious loss of recent months. A patrol consisting of four British soldiers and three Jewish police was ambushed west of Tul Karm by an Arab band, and all seven were killed. Punitive action directed against this band was successful, an item to be reported in detail in my next fortnightly review.

Individual acts of Arab terrorism, on the other hand, have been relatively few, only some twenty instances of sniping and sabotage having been reported during the fortnight.

In addition to the engagements mentioned above, the security forces have continued their unspectacular but useful searches for arms. A rough compilation of press reports, which are evidently incomplete, shows that seizures during the fortnight include not less than 75 rifles, 20 pistols, 8 shotguns, and several thousand rounds of ammunition.

⁹⁰ Despatch No. 949, May 29, p. 769.

⁹¹ Not printed.

So far as Arab terrorism is concerned, the net results of the fortnight, as recapitulated above, might not from the British viewpoint, be considered discouraging. The reverse must be said of what appears to be a beginning of a Jewish campaign of violence.

On May 25th three Jews, traveling in a motor car stolen from the brother of Dr. Chaim Weizmann, fired some forty shots at a group of Arabs in a Haifa thoroughfare, wounding five persons, one fatally. On May 29th eight or more men, described in the official report as "dressed in European clothes and talking Hebrew", entered the Arab village of Biyar Adas in the Plain of Sharon, where they killed four women and one man, wounding three other men.

More serious were two bombings in Jerusalem. On the evening of May 29th two bombs, exploding almost simultaneously in an Arab cinema theater, wounded three British constables, three Palestinian constables, ten Arabs and two Jews. A third bomb, found in a lady's handbag, failed to explode. The second bombing, which occurred at about 9:00 a. m. on the morning of June 2nd in the Arab melon market near the Jaffa Gate, killed six Arabs and wounded eighteen. On the same day three bombs placed in manholes in various quarters of the city put out of action nearly one-half of the telephones in Jerusalem.

Except for the first of the four crimes mentioned in the two preceding paragraphs, it is not definitely proved that the perpetrators were Jews; and the Jewish press stresses this slight element of doubt, without, however, denying the possibility that extremist elements of the Jewish community may be responsible.

British officials and the general public, however, have no doubt that these acts of violence have been committed by Jews, and certain punitive measures against the Jewish community have been taken, including the closing of all Jewish cinemas and suspension of certain Jewish bus services. The Jerusalem District Commissioner, with whom an officer of the Consulate General discussed the situation yesterday at considerable length, does not accept the view that only irresponsible or extremist elements, such as Revisionist organizations, are to blame, but places the burden of responsibility squarely upon the Jewish leaders. When, he says, the Chief Rabbi, religious head of the community, publicly tears up the British statement of policy and proclaims resistance to it, and leaders of the Jewish Agency, officially organized to cooperate with the Government, publicly applaud this action; when these same Jewish leaders make numerous declarations of intention to oppose the new policy by all available means, couched in language which can be described only as incitement to resistance: then these leaders must accept the responsibility of the crimes which are the inevitable result of their public attitude. The only leaders whom he absolves from all blame are the

members of the Jewish Community Council. Members of this body, he believes, are definitely opposed to terrorist tactics, and are sincerely endeavoring to discourage such a policy.

Jewish leaders have publicly denounced the use of violence, and, in cases where the crimes have been admittedly perpetrated by Jews, ascribe them to "no recognized body, but to irresponsible persons from whom the Jewish community dissociates itself." Yet, while deploring and denouncing the resort to terrorism, which is at variance with traditional Jewish policy, they admit, to quote the *Palestine Review*, that "there are bound to be some who, not condoning nor excusing for a moment those acts, will consider them understandable".

Partly as a result of this attitude of the leaders, there is a widespread feeling of deep and bitter resentment throughout the Jewish community. This feeling, responsible British officials fear, may result in a rapid increase in Jewish violence. At the same time the Arab population, especially in Jerusalem, is becoming extremely nervous, and a strong reaction is among the immediate possibilities. Said the District Commissioner, an official of twenty years' experience in this country, and one in close touch with both Arab and Jewish opinion: "I take a very grave view of the situation. The new policy, which is a just one, might have been successful ten years ago. At that time the Jews were much less numerous, and might have submitted. Now they are a large community, well organized, and in a position to resist strongly. Also, ten years ago racial hatred was not so extreme, and cooperation between Arab and Jew was still a possibility; now, feeling has become so intense that I do not anticipate the possibility of peaceful cooperation in my time or in yours." I find this view generally held among responsible British officials and neutral observers.

There is enclosed the usual recapitulation,²² from official reports, of acts of violence during the past fortnight, to which is added a record of military court trials.

Respectfully yours,

GEORGE WADSWORTH

867N.55/185 : Telegram

The Consul General at Jerusalem (Wadsworth) to the Secretary of State

JERUSALEM, June 16, 1939—4 p. m.

[Received June 16—11:40 a. m.]

Immigration schedule (which is now officially designated as quota in keeping with new British policy) was promulgated yesterday to

²² Not printed.

cover 6 months April 1st to September 30th. A total of 10,950 certificates are made available for issuance during this period of which 10,350 are for Jews.

Of the latter total 5,000 represent one-half of the annual quota of 10,000 and the remainder refugees to be admitted in accordance with the new policy. From this total, however, there are deducted 1200 certificates issued in April (see my telegram of April 15, noon and 1300 illegal immigrants apprehended from April 1st to May 24th date of drafting order. The balance of 7850 is the number of additional certificates which may now be issued to Jews prior to October 1 and is allocated as follows: 3,645 to ordinary quota and 4,205 to refugee quota.

WADSWORTH

867N.01/1618a : Telegram

The Secretary of State to the Consul at Geneva (Everett)

WASHINGTON, June 20, 1939—11 a. m.

77. Please telegraph any information which you can discreetly obtain in regard to the reactions of the Permanent Mandates Commission to proposed British policy in Palestine.

HULL

867N.01/1614 : Telegram

The Consul at Geneva (Everett) to the Secretary of State

GENEVA, June 22, 1939—5 p. m.

[Received June 22—1:46 p. m.]

181. Department's telegram No. 77, June 20, 11 a. m. The meetings of the Mandates Commission are strictly private and exceedingly so during the present session. I learn however from one of the members of the Commission that the following is at present the status of the discussions on the proposed future British policy in Palestine.

The members of the Commission individually are divided in their reactions both as to the juridical and as to the political aspects of the question. From a juridical standpoint the question before the Commission is whether the proposed policy is in accordance with the terms of the mandate. The discussions thus far reveal that probably a majority of the Commission are of the opinion that this policy is not entirely in harmony with those terms. Considerations relating to world political conditions may influence the formulation of the official opinion of the Commission to be embodied in their formal observations which will be submitted in their report to the Council. I

understand that attempts are being made to influence the members of the Commission to abstain from observations or criticisms which would embarrass the British Government and complicate the already troubled political situation. The Commission's official observations will not be formulated until the close of the discussions. As regards the political aspects of the problem the Commission will probably consider that it does not lie within its competence to express a definite opinion.

Will follow up.

EVERETT

867N.4016/89

*The Consul General at Jerusalem (Wadsworth) to the Secretary
of State*

No. 983

JERUSALEM, June 28, 1939.

[Received July 17.]

SIR: The feature of chief interest during the past fortnight, I have the honor to report, has been the further development of the Jewish campaign of violence, whose beginning was reported in my despatch No. 961 of June 12, 1939. Jewish direct action has taken chiefly the form of bombing rather than the use of firearms, and has during the period under consideration appeared to be directed more toward sabotage of public utilities than against persons. To this factor, and to the fortunate discovery before its explosion of a bomb which otherwise would undoubtedly have caused the greatest disaster of recent weeks, may be ascribed the fact that casualties have been less numerous than during the preceding two weeks.

There is given below a brief summary of the outstanding acts of violence attributed to Jews during the fortnight.

In the early morning of June 7th four large bombs exploded almost simultaneously in Tel Aviv, putting about 1,100 telephone connections out of order, and doing some damage to the railway. There were no casualties.

On the evening of June 8th fourteen bombs placed in various substations of the electric lighting system, and exploding in rapid succession, plunged nearly half of Jerusalem into darkness. Again there were no casualties, but the material damage done was estimated at £3,000.

The next object of attack was the General Post Office at Jerusalem, where two bombs exploded inside the wall letter box on the evening of June 10th, doing damage estimated at £1,000, and slightly injuring five persons. A third bomb found among the wreckage the following

morning exploded and killed a British Armoury Sergeant who was endeavoring to dismantle it.

In early morning of June 13th the Post Office at Tel Aviv was the scene of three bomb explosions which demolished the main hall and did damage to the extent of some £300. Other bombs destroyed six telephone booths in various parts of the city.

What would have been the most serious incident of recent weeks was narrowly averted on June 8th, when a small boy called attention of the police to the fact that a woman in Arab dress, who had joined a group of more than 100 women and children awaiting entrance to the Central Prison on visiting day, had a basket in which were loaves of Jewish bread. Investigation disclosed that the basket concealed a bomb containing six pounds of gelignite and twelve pounds of iron bolts. Its explosion in the crowd at the prison gate would undoubtedly have caused scores of casualties. The woman, a Yemenite Jewess, refused to make any statement as to the source of the bomb. She was tried on June 12th and sentenced to life imprisonment.

Although one or two minor shooting affairs were attributed to Jews during the period, the only serious case involving the use of firearms was on June 12th, when five Arab men were abducted from the small village of Balad esh Sheikh, near Haifa, and were on the following morning found dead. The abductors were described as "dressed in mechanic's overalls", and are assumed to have been Jews.

Jewish circles and the Jewish press continue to point to the lack of evidence, in most of these cases, that the perpetrators of the outrages are Jews. The authorities express no doubt on this point, and punishments in the form of curfews and collective fines have in each case been imposed upon Jewish cities or quarters.

Arab terrorist activity during the period showed a definite decrease, but the security forces have continued their patrols and searches with good results. The most important single action was that resulting from operations of troops, with the cooperation of aircraft, south of Tull Karm. Here a band of rebels, believed to be that which killed four soldiers and three constables on June 2nd (see despatch No. 961 of June 12, 1939) was located, and dispersed. Fourteen dead bodies were found after the action, and it is believed that further casualties were inflicted. No losses were suffered by the Government forces.

An encouraging incident, as evidence of the reaction of terrorism in certain Arab villages, occurred south of Nablus on June 6th. There villagers captured a certain Mahfuz Ali Abdul Majid and 10 of his followers, whom they had found asleep. These brigands, who had terrorized the vicinity for many months, were handed over to the authorities.

A second encouraging indication lies in the fact that an increasing proportion of arms located by the security forces are being surrendered voluntarily. During the past two weeks, for instance, 42 rifles and one revolver are reported to have been thus delivered. Other seizures during the period included 20 rifles, 20 pistols, and 4 shotguns.

There is enclosed the usual recapitulation,⁹⁴ from official reports, of acts of violence during the past fortnight, to which is added a record of military court trials.

Since the foregoing paragraphs were written, there has occurred in Haifa on June 19, the day following the period covered by this report, the most serious incident in the recent Jewish campaign of terrorism. A powerful time bomb exploded in the vegetable market at 6 a. m., killing 18 Arabs and wounding 31 others, two of whom have since died. The killed were 11 men, seven women, and two girls, while six women were among the injured. The explosion occurred at almost the exact spot where 53 Arabs were killed and 52 others wounded by the bomb explosion of July 25, 1938, which remains the most outstanding single outrage from the point of view of casualties during the past three years of strife in this country.

On the subject of Jewish responsibility for recent outrages, it is pertinent to mention that current news items, bearing the hall-mark of official approval, report that the Jewish secret society Irgun Zvai Leumi (National Military Organization of Palestine) has broadcasted statements on its secret radio transmitter boasting of its successes in the killing in Jerusalem on May 29 of a Jewish detective police corporal (despatch No. 949 of May 30 [29], page 7) and in the attack on May 28 on the Arab village Biyar Adas, near Jaffa, when four Arab women and one man were murdered and three men and one girl wounded. The perpetrators of this last mentioned terrorist outrage (despatch No. 961 of June 12) left behind the Zionist flag.

Activities of the Irgun Zvai Leumi were referred to in my despatch No. 866 dated March 7, 1939,⁹⁴ which enclosed copies of seditious circulars, published and distributed secretly by the society. I am informed by police officials that the press which was printing these circulars was discovered about two months ago and that further circulars have not since appeared. Efforts to apprehend persons concerned with the operation of the press have not as yet been successful. The wireless transmitting station used by the organization has not been located.

Respectfully yours,

GEORGE WADSWORTH

⁹⁴ Not printed.

867N.01/1627

The Consul General at Jerusalem (Wadsworth) to the Secretary of State

No. 986

JERUSALEM, June 29, 1939.

[Received July 17.]

SIR: Since the submission of my last political despatch, No. 967 of June 13,⁹⁵ reporting a hardening of initial Jewish and Arab reactions to the new British Palestine policy, the most significant political developments in this country, I have the honor to report, have centered on what appears to be a clear determination on the part of the British Government to put that policy promptly into effect insofar as may be possible in the light of the still troubled state of the country and of the unwillingness of either Jewish or Arab (except Nashashibi) leaders to cooperate therewith. Two items were outstanding, namely:

1) The promulgation by the High Commissioner (in the *Palestine Gazette* of June 15) of immigration quotas for the semester ending September 30, next—thus, in line with the new policy, fixing the “regular” Jewish half-yearly quota at 5,000 and permitting the early immigration of a slightly larger number of Jews to be charged against the special “refugee” quota of 25,000 to be admitted during the next five years; and

2) The promulgation (in London under date of May 25 but made public only today by publication in the official *Palestine Gazette*) of a “Palestine (Amendment) Order in Council, 1939” authorizing *inter alia* the making by the High Commissioner of “regulations prohibiting, restricting or regulating transfers of land in Palestine”—thus permitting, also in line with the new policy, the prohibition of further Jewish purchases of Arab land.

A full discussion of the new immigration quotas is given in my current despatch No. 978 of June 26⁹⁶ which, I venture to note with special commendation, was prepared in large measure by Consul H. B. Minor who is in direct charge of the immigration and citizenship work of this office.

As to the second item: First indication of the British Government's early intentions in this matter of the control of land transfers was given in a brief officially-inspired news bulletin carried on June 10 by the British Broadcasting Company and the Palestine Broadcasting Service. As reproduced in the local press of the following day it referred to the issuance of the Order in Council in question as one of the “steps being taken to put into force the new British policy for Palestine in those particulars in respect of which immediate action is possible.” Six days later the Palestine Attorney General had

⁹⁵ Not printed.

published in the local press a "Warning" addressed to "intending purchasers or vendors of land and any other persons concerned in any dispositions of land" advising them to refrain from carrying out such transactions since it might be found that they would be prohibited retroactively to May 18 under contemplated regulations. In informal conversation, the Attorney General added that such regulations had already been drafted by him and forwarded to London for approval. Further details as to their nature are indicated in the Order in Council published today which declares that they may:

- 1) Be made applicable only to transfers of land from Arabs to Jews or to other persons not being Arabs; or from Jews to Arabs or to other persons not being Jews; or from Arabs or Jews to any bodies of persons corporate or incorporate; and
- 2) Invalidate, or otherwise determine the effect of, any transfers made in contravention of the provisions of the regulations.

Further confirmation of British intentions in this matter of the enforcement of the new policy is to be had from press reports of the proceedings of the current June session of the Permanent Mandates Commission. Although necessarily brief and unofficial in character, these reports emphasize the strong stand taken by the British Colonial Secretary, Mr. Malcolm MacDonald, in insisting that the new policy was consistent with the obligations assumed by Great Britain as Mandatory. He appeared before the Commission on June 15-17 and 20, following presentation by other British officials of the Mandatory's "Annual Report on the Administration of Palestine and Trans-Jordan for the Year 1938."

The Mandatory Government, Mr. MacDonald was reported as saying, was "entitled to receive from others who supported the objects of the Mandate, but risked no responsibility, a ready understanding of the practical difficulties which had arisen in the execution of the peculiarly difficult task." His exposition followed the lines of that given in the British Parliamentary debate of May 22-23.⁹⁷ The Jewish National Home was "established" and, "given reasonable and peaceful conditions, was secure and would grow"; but its "extension into a Jewish national state" would be resented "most bitterly" by the Arabs.

The recent hostilities in Palestine, he added with much force, "threatened to become the cause of permanent unrest throughout the Near and Middle East." The new policy envisaged the eventual establishment of an independent state, perhaps "on a unitary basis" or "it might be a federal state" or—and here Mr. MacDonald spoke in full accord with the burden of local British official opinion—"maybe the best arrangement would be to establish a predominantly Arab

⁹⁷ See telegram No. 736, May 25, noon, from the Ambassador in the United Kingdom, p. 765.

province or provinces and a predominantly Jewish province or provinces and to give each of these political units a large measure of local autonomy under a central government dealing with matters of common concern."

Reaction to these various developments in Arab circles, I am reliably informed, has been "generally favorable." A cross-section of that reaction, I believe, may be expressed as follows:

Political discussion of, and opposition to, the new policy has diminished. The popular view is, generally, that the next move, or moves, is up to the Government. Britain must show its *bona fides*, reestablish confidence.

The new immigration quotas are reassuring only in principle. It is in September only, when we shall hear announcement of those for the year's second semester, that we shall know whether the Administration really intends to penalize the Yishuv (Palestine Jewry) on account of the extensive current illegal immigration. More than 2,000 "illegals" are already known to have entered the country since the current quotas were fixed on May 24. Their total number is probably twice as large. By September their number will probably equal, if not exceed, that entering under the legal quotas. If the Administration does not deduct these illegal immigrants from the new quotas, we shall be disillusioned, and rightly so, on this score.

As to land sales, we are assured that satisfactory regulations have been drafted. But we want to see them and how they are applied. Again, while we would like to believe in British good faith, we have been so often disillusioned in the past that we feel it is only reasonable we should, before committing ourselves, be permitted first to observe whether Jewish pressure in London brings about any modification.

Generally speaking, we see that Mr. MacDonald has taken a firm stand at Geneva. But, certainly, there is nothing in the recently announced Alexandretta "arrangement" with Turkey to reassure us as to either French or British *bona fides*. What, notably, will the British do to put into effect the so-called constitutional provisions of the new policy if the Jews remain adamant, as they apparently will, in their opposition?

Further, we see no let-up in the despicable campaign of Jewish terrorism. The last fortnight was ushered in by the ghastly bomb outrage in Haifa which killed a score of innocent Arabs and wounded as many more. And this morning, after a fortnight of lesser incidents, we hear of six separate synchronized murderous attacks in and near Tel Aviv resulting in 13 Arab deaths and three serious woundings. What are the British authorities going to do to stop this?

Finally, it cannot be before September that the British Government will obtain, as it presumably will obtain, though one cannot be certain, the approval of its new policy by the League Council. Therefore, we want, in short, to "wait and see" before committing ourselves to anything.

This symposium of Arab views which I had obtained during the last few days was confirmed to me this evening at a small dinner at Govern-

ment House by the two British officials closest to responsible local Arab circles, i. e. Mr. Justice Greene and Mr. A. L. Kirkbride who, since the flight of the Mufti in October 1937, have directed the affairs of the Moslem Awkaf (Pious Foundations) Administration. It gives one to hope, as the High Commissioner suggested more than a fortnight earlier, that, with the passage of time, a substantial portion of the Arab population and their leaders may be brought to cooperate with the Administration under the new policy.

On this latter point, I have reported in current Press Reviews the persistent anti-Mufti campaign of the National Defence (Nashashibi) party. And there now appears to be some ground for believing that other factions represented on the Arab Higher Committee may be considering the possibility of joining the "opposition", notably Auni Bey Abdul Hadi, leader of the Istiqlalist (Independence) Party, and Dr. Hussein Khalidi, former Mayor of Jerusalem and leader of a second important "family" faction. Their defection, however, if it come to that, while materially weakening the Mufti's claim to paramount leadership, would, to quote Mr. Kirkbride, be but a first step towards reestablishing a state of political normalcy. There can be but little hope, then, that the coming summer will witness more than the beginning of Anglo-Arab *rapprochement*.

Meanwhile, in local Jewish circles, the new policy—which the Jewish-Agency-controlled *Palestine Post* of June 26 described as "threatening their interests, indeed their existence, while paying lip-service to the Mandate"—continues to meet with unabated opposition. And press cables, notably those reporting the current annual convention in New York City of the Zionist Organization of America, indicate the existence of wholehearted support throughout the Diaspora. There is no withdrawal from the basic position that the new policy is flatly inconsistent with the Mandate, a position argued with elaborate detail in the Jewish Agency memoranda enclosed with my despatches Nos. 967 and 984 of June 13 and 28.⁹⁹

Specifically, the threatened Jewish campaign of "non-cooperation" shows signs rather of stiffening than of abandonment, in spite of some official British comment to the effect that "it is only a question of time before the Jews will have to fall in line." Notably, the projected Buy-Palestine-Products campaign has been well launched; as witness my telegram of June 22 [23],¹ reporting *inter alia* the pressure brought to bear on the leading Jewish importer of (chiefly American) apples and pears to curtail his foreign purchases. Under Jewish Agency aegis, also, a United Front of Jewish Youth organizations has been founded (at Tel Aviv on June 25) reputedly "to conduct joint action for the purpose of defending immigration, colonization,

⁹⁹ Neither printed.

¹ Not printed.

the maintenance of Jewish rights, Jewish labor, the Hebrew language and national discipline and to place the youth at the service of the National institutions."

To Consul Scott, who is in charge of the Consulate's economic reporting work, Mr. David Ben-Zvi, Chairman of the Vaad Leumi (National Council of Palestine Jews) and a leader of the dominant Jewish Labor Party, said early this week that the Buy-Palestine-Products campaign would be carried through to success in spite of any opposition from business interests dealing in imported "luxury" articles. "If this means the bankruptcy of shop-keepers and others," he insisted, "it will be all for the best in the broader economy of the Yishuv. We shall be able to place the failures in the agricultural colonies. We want, as a matter of fact, to raise our percentage of Jews who live off the soil from the present 25 per cent to at least one-third."

On the subject of the current Jewish terrorist campaign, I find general acceptance of the view that the actual acts of sabotage and murderous violence are the work of a small group of extremist youth, presumably of or affiliated with the Irgun Zvai Leumi (National Military Organization) under Revisionist inspiration. Responsible leaders are strongly opposed to this form of "direct" action, realizing that it is seriously prejudicial to their plea for foreign (notably British and American) support.

But, as recently phrased by a leading Jewish-American professor of the Hebrew University and confirmed by my well-informed Hebrew interpreter and others, "while individually very few Jews could be brought to perpetrate or would condone such acts, there are many who understand and cannot but sympathize with the feelings of those who are led to commit them." These more objective observers view the future with misgiving, fearing that the responsible leaders will be unable to restrain the extremists and that the cause of Zionism will progressively lose that measure of foreign sympathy without which the effectiveness of its campaign against the new policy will be materially weakened.

A simple instance to point this generality, taken from yesterday's official press releases: An Arab villager entering the city by way of an outlying Jewish quarter was shot in the leg by a Jew. He "grappled with the Jew and took the pistol from him." Other Jews "attracted by the shots" came to the scene but "instead of assisting in the capture of the would-be murderer they assisted him to escape and returned his pistol to him. As a punishment for this flagrant case of aiding and abetting terrorism the Military Commander ordered that all Jewish shops in the area be closed for 48 hours."

Among British officials it is accepted as axiomatic that no Jew can be brought to lay information against a co-religionist. So long as

this is true and Jewish public opinion or leadership is unable to restrain the extremists, they hold, there can be no peace in Palestine. Thus, I close this despatch on a generally pessimistic note. To quote one more optimistic: "Appeasement, if possible of realization, will be, at best, a long and difficult business."

Respectfully yours,

GEORGE WADSWORTH

867N.01/1619: Telegram

The Consul at Geneva (Everett) to the Secretary of State

GENEVA, June 30, 1939—6 p. m.

[Received June 30—2:14 p. m.]

186. Consulate's telegram No. 181, June 22, 5 p. m. The Mandates Commission has terminated its session. I have obtained from a reliable source the following summary of the Commission's position relative to Palestine.

During the discussions Rappard, Orts, Van Asbeck and Dannevig expressed opposition to the policy laid down in the British White Paper, considering it as being incompatible from several standpoints with the terms of the Mandate.

Lord Hankey defended the British position and Giraud while not taking an active part appeared to lend his support. Palacios though present at Geneva did not attend the meetings due to the attitude of the present Spanish Government towards the League.

An endeavor was made to draw up formal observations, Penha Garcia attempting to find a compromise between these two opposing views. Being unsuccessful in reaching unanimity and preferring not to submit a majority and a minority opinion the Commission decided that the report to the Council should merely refer the latter to the minutes of the session² from which the Council could draw its own conclusions.

EVERETT

867N.4016/90

The Consul General at Jerusalem (Wadsworth) to the Secretary of State

No. 995

JERUSALEM, July 6, 1939.

[Received July 26.]

SIR: I have the honor to report that the outstanding feature of the past fortnight, as far as the matter of public security in Palestine

² Permanent Mandate Commission, *Minutes of Thirty-Sixth Session*, June 8-29, 1939.

is concerned, has been a tendency of Jewish terrorism, which for a time appeared to concentrate chiefly on sabotage of public utilities (see despatch No. 983 of June 28, 1939), to direct itself against the Arab population. The result has been the greatest number of casualties reported in any similar period in the past three months.

My last despatch on this subject included a report of the bomb explosion in the Arab market at Haifa on June 19th, the first day of the period now under consideration, which killed 18 Arabs and wounded 31 others, four of whom have since died. Several other minor bombings, including one on June 30 in the Mamillah Road in Jerusalem, some 400 yards from the Consulate General, inflicted numerous casualties.

Whereas bombs have until recently been the chief Jewish weapon, firearms have been more widely used during the past two weeks than heretofore. There have been two cases in Jerusalem of murders of Arabs by Jews in broad daylight. And on June 29th six separate attacks with firearms occurred in the course of one hour in and near Tel Aviv, resulting in the death of 13 Arabs and the serious wounding of three others.

Total casualties from terrorist activities during the fortnight amounted to 104, including 53 Arabs and 1 Jew killed, and 48 Arabs, 1 Jew, and 1 British Constable wounded. While about a dozen of these casualties are officially reported to have been inflicted by Arabs, the great majority may be ascribed to Jews. A number of Jewish (chiefly Revisionist) suspects have been arrested, but as yet the authorities appear to have failed to uncover the central source of the campaign.

Responsible Jewish leaders and the Jewish press, which, albeit with reluctance, have come to admit that Jews are responsible for the latest wave of terroristic acts, are unanimous in their public declarations of disapprobation. Several representative bodies and groups have publicly denounced terrorism as a political method; and there appears to be no doubt that the majority of Jewish opinion strongly condemns the policy of violence adopted by the extremist minority—if only because of the unfortunate effects on public opinion abroad which are anticipated. It appears equally certain, however, that the influence of the more moderate Jewish elements has definitely declined since the publication of the White Paper, with a consequently increased difficulty in maintaining that moral discipline of which Palestine Jewry has been proud.

Combined with the public denunciations of terrorism have been expressions of resentment in the Jewish press against the measures of collective punishment, such as fines and curfews, imposed upon Jewish communities. "Collective punishment", proclaims the *Pales-*

tine Post, "can be justified only when the circumstances warrant the expectation that it may either have a deterrent effect or lead to the apprehension of the culprit", or "only if there were conclusive evidence that the Jewish community as a whole supported, encouraged, or even connived at the work of the terrorists." Non-Jewish comment on such utterances points to the fact that the Jewish press consistently supported and encouraged such collective punishment when it was imposed on Arab communities.

Methodical searches of suspected Arab areas by the security forces have continued, and on June 19 one long-known Arab band was apparently all but wiped out in the Jericho district, eight of its members being killed and one captured. During the fortnight official communiqués report seizures totalling 111 rifles, of which 18 were voluntarily surrendered, 33 pistols, 4 shotguns, and considerable quantities of ammunition.

Voluntary surrenders, I should add, appear to have resulted in large measure from increasingly insistent demands made by the search parties on village communities or individuals, i. e. through threats to hold arrested heads of families or other suspected rebel sympathizers unless their village or relatives produced and surrendered a given number of rifles. One tale which I have from a high British civilian official throws a ray of humor on this practice. A village from which the military demanded 10 rifles had none but sent an emissary to Trans-Jordan where he bought the required number for £P.5 each. These when turned over to the exigent military authorities were paid for at £P.8 each. Net profit to the village £P.30 (\$150).

A recapitulation of casualties, as reported in this and preceding despatches for the first six months of 1939, presents the following picture:

	<i>Killed</i>	<i>Wounded</i>
Arabs	253	259
Jews	69	146
British	25	45
Other	3	7
Arab "terrorists"	240	13
	<hr/> 590	<hr/> 470

Arab "terrorists" captured: 91

A summary published in the *Palestine Post* of July 3, a copy of which is enclosed,³ places the casualties at a considerably higher figure. The difference may no doubt be ascribed in part to the fact that the *Post* includes in its recapitulation many very slight injuries, which

³ Not printed.

are not recorded in the figures compiled by the Consulate General. As one instance, it may be mentioned that in the figures given above no account is taken of some 125 persons who were slightly injured on May 17th and 18th (during the Jewish rioting following announcement of the new Palestine policy) but who did not require hospital treatment. The differences in the number of deaths reported is probably due to the fact that the Consulate General's figures, prepared each fortnight, do not include persons who died subsequently from wounds received during the period.

From either recapitulation, however, appears the significant, and somewhat alarming, fact that Arab deaths from Jewish violence during the six weeks since the publication of the White Paper are approximately equal to the number of Jews killed by Arabs during the past six months.

There is enclosed the usual recapitulation ⁴ of acts of violence during the past fortnight, to which is added a record of military court trials.

Respectfully yours,

GEORGE WADSWORTH

867N.01/1625 : Telegram

The Consul at Geneva (Everett) to the Secretary of State

GENEVA, July 10, 1939—6 p. m.

[Received July 10—1:45 p. m.]

190. Consulate's 186, June 30, 6 p. m. From another source I have obtained a somewhat fuller statement of the position in the Mandates Commission. The Commission approached the problem from two points of view.

1. Is the policy laid down in the British White Paper compatible with the Mandate as interpreted in the past by the British Government or the League Council or the Mandates Commission? On this point all members of the Commission except Lord Hankey agreed that the question must be answered in the negative, and this was so recorded in the Commission's report.

2. Would the Commission now, in view of the changed circumstances surrounding the Mandate, be justified in considering the announced British policy as compatible with the Mandate? The position on this point and the action taken were as described in my telegram under reference.

EVERETT

⁴Not printed.

840.48Refugees/1821

The Consul General at Jerusalem (Wadsworth) to the Secretary of State

No. 1018

JERUSALEM, July 21, 1939.

[Received August 25.]

SIR: The announcement of the British Colonial Secretary in the House of Commons on July 12⁵ that all Jewish immigration into Palestine will be suspended during the next quota period from October 1, 1939, to March 31, 1940, and perhaps longer, I have the honor to report, marks the beginning of a new chapter in Palestine's complicated immigration problem. In addition to discussing in this despatch the significance of the statement and indicating Jewish reaction thereto, I shall bring up to date the chronology of events in the field of illegal immigration begun in my despatch No. 672 of August 6, last,⁶ and continued in despatches Nos. 926 and 978 of May 3 and June 26, 1939.⁷

A new chapter is begun in that out of the immigration muddle of recent months has appeared at long last a clear cut issue. Two contending forces are drawn up—the British Government, determined to enforce Palestine's immigration laws and prevent illegal traffic in immigrants, and the Jews, inexorable in their determination to nullify the immigration and other phases of the new British policy. The Arabs, heretofore one of the participants in a three cornered contest in which immigration was the vital issue, become interested spectators as the struggle takes on an essentially British-Jewish aspect.

The Colonial Secretary's statement was made in answer to a question in the House of Commons as to whether the Government was aware of illegal immigration and as to what action it intended to take in the matter. Mr. MacDonald replied that the Government was aware of the existence of illegal immigration. The Government, he said, was anxious to facilitate the admission of 75,000 Jewish immigrants during the next five years and was making special provision for the admission of refugees from Central Europe. Their efforts to help refugees had been threatened in recent months by an organized attempt to defeat the proper regulation of immigration, as many of the immigrants were from Poland and Rumania. This traffic was perpetuating bitterness in Palestine and His Majesty's Government were determined to prevent the defeat of the law of Palestine. He then stated that the number of illegal immigrants had of late been so great that he had authorized the High Commissioner to announce that no immigration quota would be issued for the next quota period from

⁵ *Parliamentary Debates*, House of Commons, 5th ser., vol. 349, p. 2275.

⁶ Not printed.

⁷ No. 978, June 26, not printed.

October 1, 1939 to March 31, 1940. He added that the resumption of immigration quotas after March 31, 1940, would depend upon circumstances then prevailing regarding illegal immigration.

Jewish reaction to the statement was unanimous, swift, and clear. The Jews, already intransigent and bitter over the White Paper, were truly profoundly amazed and shocked at this turn of events. Formal protests by Jewish organizations and by the press used such strong language as "great betrayal", "breach of faith", "illegal action", "perverted logic" and "labored sophistry". The most important protest, in that it reflected official Jewish reaction, was made by the Jewish Agency on the same day the Colonial Secretary's statement was published. I am quoting almost all of this statement since it expresses the Jewish viewpoint faithfully and rather eloquently.

The statement that these refugees emanate from Poland and Rumania is misleading. In fact it is common knowledge that the greater part of them came from Germany, Austria, Czecho-Slovakia and Danzig.

The Jewish people as a whole is by this decision to be penalised because these refugees sought an escape from persecution by fleeing to their National Home. The penalty amounts to nothing less than the closing to the Jewish people of their homeland and the denial of the only salvation open to Jews who are doomed to extermination in the anti-semitic inferno of Central Europe.

For three years Palestine was a prey to the terrorism of Arab bands and the Government failed to enforce law and order. Now that the Mandatory Government has surrendered to Arab terrorism and violated its obligations to the Jewish people, it makes a display of firmness in enforcing the new immigration restrictions.

The Jewish people regards the new policy which, under the pressure of terrorism, has placed a strangle-hold on Jewish immigration, as devoid of any moral justification and based only on the use of force.

The Jewish people has not acquiesced, nor will it acquiesce, in this rule of force proclaimed in the White Paper. Its right to its homeland cannot be invalidated by the White Paper. Its right to its homeland cannot be invalidated by the breach of faith perpetrated by the Mandatory Government. The right of the Jews to return to their country is their natural and historic right.

It is not the Jewish refugees returning to their homeland who are violating the law but those who are endeavoring to deprive them of the supreme right of every human being—the right to live.

Other protests and newspaper editorials were in the same vein, following the pattern of the Jewish Agency statement, and there is no need to offer further quotations.

The Jewish Agency calls the Colonial Secretary to time for his statement that many of the illegal immigrants come from Poland and Rumania, which aggravates the settlement of the refugee problem. It would appear that Mr. MacDonald's statement, while technically true, is somewhat misleading for it is, as the Jewish Agency states,

common knowledge that the greater part of the illegal immigrants come from Germany. The Jewish Agency, however, misquotes the Colonial Secretary when it accuses him of saying that "these refugees emanate from Poland and Rumania."

In speaking of the extreme bitterness of Jewish feeling at present, I venture to call attention to the prediction made on page 6 of my despatch of June 26 to the effect that the speed-up in immigration (caused by concurrent legal and illegal immigration) would lead to disappointment and resentment on the part of the Jews when future quotas were curtailed or eliminated. This prediction has come true more quickly and more violently than I had expected. The end is not yet, however, and success in this immigration contest will depend upon the ability of the Government to prevent the entry of illegal immigrants.

Illegal immigration, to take up again my recital of events in this field, has continued unabated, although there has been a lull during the past two weeks. The subject continues to preoccupy the Government, which has taken further measures to strengthen the coastal patrol system. Three new ships, which will form the nucleus of the new coastal patrol service, have been delivered within the past month, the *Sea Lion*, a 60 foot cutter, the *Shark*, a 40 foot cutter, and the *Sinbad II*, a 70 ton patrol boat. It remains to be seen whether these new ships, together with British naval vessels now being used, can prevent the landing of ships bearing illegal immigrants. It is indeed a difficult task, for the vessels engaging in this traffic must be prevented from entering territorial waters. Ships do not fear arrest but rather invite it, the idea being to land the immigrants even at the expense of confiscation of the ship and arrest of the crew. One ship boldly sailed into Haifa harbor, voluntarily surrendered to the authorities, and was permitted to land its passengers.

Some 2,000 illegal immigrants have entered the country since my despatch of June 26, principally as follows:

(a) 742 on the Greek schooner *Marsis* captured near Gaza on June 29. The schooner was beached as it was unseaworthy and was found to be sinking.

(b) 370 on the Greek operated S. S. *Los Perlos* under Panamanian registry, captured near Nathanya on July 2.

(c) 697 on the Greek schooner *St. Nicola* which sailed into Haifa harbor on July 3 and voluntarily surrendered to the authorities.

(d) 74 persons apprehended as a result of searches in the Rehovoth area. Others who entered individually and temporary visitors who stayed illegally will bring the total for this period to at least 2,000.

Thus, since April 1, the beginning of the present quota period, some 4,800 Jews have entered Palestine illegally. Of this number, 1,300 who entered from April 1 to May 24 (the date the quota ordinance

was drafted) were deducted from the current quotas, leaving approximately 3,500 to be deducted from future quotas.

The arrival of further immigrant ships in the near future is not unlikely, as it is reported that at least four ships with some 2,500 refugees on board are now cruising about the Eastern Mediterranean looking for haven for their unhappy passengers. The plight of these unfortunate refugees has deeply perturbed the Jews of Palestine. The Jewish press played up particularly the story of the Panamanian S. S. *Rim* which burned off Rhodes on July 6, its 400 Jewish refugees having been rescued by the Italian ship *Fiume* and taken to Rhodes. Now receiving considerable attention is the case of the 650 refugees who were permitted to land at Beirut on July 14 as a result of an outbreak of plague on their ship, the Italian S. S. *Preslo*. They have been interned and, it is understood, will be required to leave the country. Conditions on these refugee ships are known to be extremely bad. The very fact of the existence of such ships loaded with what the local press terms "human derelicts" floating about for weeks looking for haven presents something of an international scandal. The *Palestine Post* of July 19 drew an analogy between this situation and the slave trade of last century.

Therefore, as I have already remarked, it is not unlikely that many of these refugees will find their way into Palestine in the near future, particularly considering their desperate plight and the disposition of the Jewish people to help them enter at all costs.

Respectfully yours,

GEORGE WADSWORTH

867N.01/1633

The Chargé in the United Kingdom (Johnson) to the Secretary of State

No. 3090

LONDON, July 25, 1939.

[Received August 1.]

SIR: Referring to the Embassy's despatch No. 2745 of May 25, 1939 reporting that Parliament had approved on May 23 the Government's new policy for Palestine as embodied in a White Paper of May 17, 1939, I have the honor to report that, in a further debate on this question held on July 20, Opposition Leaders attacked the Government's policy and took exception to the recent decision to suspend controlled immigration into Palestine for the next six months' quota period and objected to the procedure which the Government is following in putting the policy into effect.

In voicing the Labor Party's opposition to the Colonial Secretary's pronouncement of July 15, suspending immigration, reported in despatch No. 3037 of July 15, 1939,* Mr. Williams said:

* Not printed.

"As I see it, the simple explanation of the Minister's action is that Government in Palestine has completely broken down. If there was moral or legal right for it, it has broken down, and the Minister himself is the first to acknowledge that by his latest decree . . ."⁹

"I want to say clearly so that I shall not be misunderstood that we all recognise that Palestine cannot be a home for all the 20,000,000 Jews in the world. We recognise that Palestine cannot be a home perhaps for all would-be refugees in Europe. We do recognise, however, that Palestine is the one country capable of absorbing a considerable number of those who would like to emigrate, and yet apparently all recent events, which have been so important in the lives of the people in this as well as other countries, seem to have been ignored by His Majesty's Government and by the Minister in particular when they have been thinking of their Palestine Policy."

In reply to Mr. Williams and to other Opposition speakers on this point, Mr. MacDonald claimed that the suspension of immigration into Palestine was not a breach nor a breakdown of the Government's policy. On the contrary, he stated, in view of the volume of illegal immigration it would have been a breach of that policy if the decision to suspend immigration had not been taken. He rejected the allegation which had been voiced that the Government was indifferent to the fate of Jewish refugees. He pointed out that some 8,000 illegal immigrants were either in or about to enter Palestine and that this figure was an approximate balance to the quota of illegal [*legal?*] immigrants contemplated for the next six months' quota period.

Mr. MacDonald argued that the illegal traffic, which was represented as a spontaneous and altruistic desire to help refugees, had other motives behind it; that it was an organized movement to break the immigration law for the sake of breaking it and to circumvent the White Paper policy, thus causing grave consequences to political stability in Palestine. In this way, suspicion was being created among Arabs that the British Government was a party to a trick to rid itself of the White Paper policy with the result that distrust in British good faith was once more arising.

The second issue subject to Opposition attack involved the procedure being followed by the Government in putting the White Paper policy into effect, as reported in despatch No. 3038 of July 15, 1938,¹⁰ and involved particularly the availability to Parliament of the Report thereon of the Permanent Mandates Commission of the League of Nations. The Opposition Leaders expressed suspicion as to the Colonial Secretary's reasons for refusal to disclose the Report, attributing his withholding it from examination by the House of Commons to some hidden motive. Mr. Williams, in fact, asserted that

⁹ Omission indicated in the original despatch.

¹⁰ Not printed.

the Government had cooperated with the extreme Arab elements and that the more moderate elements in Palestine had been ignored with disastrous results to both Jew and Arab. Finally, he claimed that the House of Commons had the right to discuss every aspect of the Palestine question with the report of the Mandates Commission before it and that the League Council should postpone consideration of the White Paper until such debate had taken place.

In reply to criticism on this issue, Mr. MacDonald stated that the Mandates Commission was now completing its report and had asked for the comments of the British Government. He pointed out that the report could not be completed until those comments had been included and that it must remain a confidential document until published. In dealing with the apprehension of the House on this score, Mr. MacDonald stated:

"I give the House the assurance straight away that if the Council of the League were to reach a decision which would, in our view, involve the necessity of altering the Mandate, then we shall not take steps to bring about that alteration until this House has had another opportunity of considering the situation. I think that is quite proper, and I hope that statement will remove, at any rate, some of the misapprehensions and fears which are lodged in hon. Member's minds."

In concluding his argument in the debate, the Colonial Secretary ended with a plea for Jewish cooperation in reducing illegal immigration, emphasizing that Britain was and always had been the best friend of the Jews. The Government's policy, he declared, was a fair fulfillment of promises to Jew and Arab and "the only honorable policy for this Government and this House to pursue is a policy which goes on, despite all the difficulties, trying to keep our faith with the people of that country".

Copies of the entire debate as reproduced in Hansard on July 20, 1939, are enclosed herewith.¹¹

Respectfully yours,

HERSCHEL V. JOHNSON

867N.55/191

The Chargé in the United Kingdom (Johnson) to the Secretary of State

No. 3171

LONDON, August 5, 1939.

[Received August 15.]

SIR: I have the honor to report, in continuation of my despatch No. 3037 of July 15, 1939¹² on the suspension of immigration into

¹¹ *Parliamentary Debates*, House of Commons, 5th ser., vol. 350, pp. 761 ff.

¹² Not printed.

Palestine, that the Colonial Secretary (Mr. Malcolm MacDonald) stated in the House of Commons on August 2 that the Government could not reconsider its previously announced decision in this matter and that the prohibition on immigration into Palestine for the six months' period beginning October 1, 1939 would extend to refugee children and dependent parents.

An excerpt from Hansard giving the full text of Mr. MacDonald's statements, together with the questions to which they were a reply, is enclosed.¹³

Respectfully yours,

HERSCHEL V. JOHNSON

867N.55/190: Telegram

The Consul at Jerusalem (Steger) to the Secretary of State

JERUSALEM, August 10, 1939—noon.

[Received August 10—9:45 a. m.]

With reference to Consulate's telegram June 3, 4 p. m., and despatch No. 978, June 26,¹⁴ I have been requested by Greek owners of SS *Liesel*, which is of Panamanian registry, to discharge the master who is now in prison and to appoint new master named by owners. Vessel is now sequestered as security for fine of 100,000 pounds, and pending appeal to be lodged tomorrow by Palestine Government demanding forfeiture of vessel. Crown counsel informs me he has every expectation of winning appeal. I am therefore, unless Department perceives objection thereto, deferring compliance with owners' request pending issue of appeal.

STEGER

867N.55/194

The Consul at Jerusalem (Steger) to the Secretary of State

No. 1042

JERUSALEM, August 16, 1939.

[Received August 30.]

SIR: I have the honor to refer to my telegram of August 10, 12 noon, of which a confirmation copy is enclosed.

On August 10th, I received from Mr. A. G. Embiricos, owner of the S/S *Liesel*, a letter, duly authenticated by the Consulate General at Athens, requesting that I discharge Captain Basil Vucashinowitz, and appoint Mr. John Mamais as Master of the vessel.

It was known to me that the vessel in question was held at Haifa as security for a fine of LP1000 imposed by the District Court at Jaffa

¹³ *Parliamentary Debates*, House of Commons, 5th ser., vol. 350, pp. 2393 ff.

¹⁴ Despatch not printed.

upon the Master; and upon inquiry I learned that the Palestine Government was ready to lodge an appeal from the judgment of the District Court, demanding confiscation of the vessel. For this reason I informed the owner of the vessel that I would take no action until the status of the vessel was clarified.

I now have the honor to inform the Department that in the hearing held yesterday, August 14, the Court of Appeals ordered the confiscation of the S/S *Liesel*. There is no appeal from the judgment, except to the Privy Council in London.

Under the circumstances I am informing the former owner of the vessel that no action is being taken on his request.

Respectfully yours,

CHRISTIAN T. STEGER

867N.01/1660

The Consul General at Geneva (Tittmann) to the Secretary of State

No. 4 Political

GENEVA, August 31, 1939.

[Received September 19.]

SIR: I have the honor to submit a report, as a matter of record, on the Twenty-first Zionist Congress which opened in Geneva on August 16 and, although originally the date set for closing was August 28, closed on August 24 due to the threatening international situation. The Congress, attended by over five hundred delegates, was opened by Dr. Chaim Weizmann, president of the World Zionist Organization and of the Jewish Agency for Palestine.

The principal topic of discussion in the plenary sessions of the Congress was the British White Paper in regard to the Palestine mandate. Although there were various shades of opinion with regard to methods to oppose the policy laid down in the White Paper, the delegates were unanimous in their opposition to the Paper.

The Political Commission of the Congress reached certain broad decisions with regard to the attitude to be adopted by the Zionists of the Congress and the Jewish Agency for Palestine to meet the policy suggested in the White Paper. With respect to immigration the general conclusion was reached that various controls and quotas now operative and contemplated within the White Paper should be so far as possible ignored and that "illegal" immigration should not be discouraged. With respect to the acquisition of land it was decided to continue endeavors to settle Jews on the land irrespective of White Paper restrictions, in the expectation that, as in the past, the authorities would acquiesce in such settlement. With respect to the constitutional solution (future independence for Palestine), as suggested in the White Paper, the attitude was one of firm opposition. It will

be recalled that the three foregoing issues (immigration, land, and the eventual formation of an independent state) were the principal subjects of discussion in the White Paper. The attitude outlined above appears to have met with some opposition on the part of a small group of moderates, including several American Zionist leaders, as being too radical, but the large majority of the delegates favored a "militant" policy.

The Jewish Agency for Palestine was authorized by the Congress to exert all of its energy toward preventing approval at the forthcoming session of the League Council of the British White Paper. Dr. N. Goldman, representative at the League of Nations of the Jewish Agency, has informed a member of my staff that the Agency has been authorized to propose and to support a plan for a federal state in Palestine as preferable to the solution suggested in the White Paper. It is understood that such a state would be composed of Jewish and Arab provinces having a large degree of autonomy with regard to immigration and international affairs, and would have a federal government in which the Jews and Arabs would have equal representation. It is envisaged that a modified form of mandate would continue for the purpose of mediation when Jewish and Arab views were irreconcilable or that a neutral commissioner or commissioners would be selected to perform that function.

There were supporters in the Congress of a scheme for the partition of Palestine into separate Jewish and Arab states, but such a scheme was not popular on grounds that partition would result in the formation of small states unsound economically and would place irrevocable limits upon Jewish expansion in Palestine. According to Dr. Goldman the plan for a federal state would leave open an opportunity for greater Jewish expansion in Palestine and for working out some form of cooperation with the Arabs.

If the international situation permits of consideration by the League Council of the British White Paper, Dr. Goldman expects that the British Government will be prepared to modify the position set forth in the Paper. If the Government is not inclined to do so, it is anticipated that the Council will find some means of avoiding meeting the issue inasmuch as it will wish neither to take action which flies in the face of the majority opinion of the Mandates Commission nor to take a position which will antagonize the British Government.

At the closing session of the Congress, Dr. Weizmann declared that, although they had many claims against England, he would advise them to remember that they and Great Britain had common interests and that Britain's struggle was also the struggle of the Zionists.

Dr. Weizmann was reelected President of the Jewish Agency. The budget for the coming year was fixed at 720,000 pounds sterling, of which 100,000 pounds is allocated for the settlement of refugees and 80,000 pounds for the Jewish security service (defense).

Respectfully yours,

HAROLD H. TITTMANN

867N.01/1662

The Consul at Jerusalem (Steger) to the Secretary of State

[Extracts]

No. 1068

JERUSALEM, September 4, 1939.

[Received October 3.]

SIR: I have the honor to report that, due to the increasingly threatening aspect of the European political situation, the two recent developments of greatest local political interest,—i. e. the Zionist Congress and the "observations" of the Permanent Mandates Commission on the British White Paper of May, 1939—have produced comparatively little reaction, and have, indeed, evoked very little comment of any kind. The general attitude, common to the British, Jews, and Arabs, has been that local issues pale into insignificance in comparison with the threat of war. Discussion, and even thought, of ordinary Palestinian problems, is therefore postponed until the larger problem is settled. Such reaction as could be observed, before the war cloud loomed so large as to obscure it, is summarized briefly below, as a matter of record.

With regard to the report of the Permanent Mandates Commission, gratification is generally expressed in Jewish quarters. The *Palestine Post* finds that "the verdict is much more definite than the anticipations made immediately after the session of the Mandates Commission . . . had led one to expect." *Haggeh*, Labor organ issued temporarily as a substitute for the suspended *Davar*, finds that "the report contributes legal and moral support to the Jewish struggle"; and *Haaretz*, General Zionist daily, considers it a "moral victory". While there appears in Jewish circles to be little hope that the Council of the League will condemn the White Paper, it is generally felt that the Jewish case is much strengthened, and those who still hope for a modification of the new policy are correspondingly encouraged.

Arab comment on the report was on the whole restrained. The generally unfavorable attitude of the Mandates Commission toward the White Paper had been evident from formerly published newspaper stories, and thus had been largely discounted. It was generally felt that Great Britain would be able with little difficulty to secure the approval of the Council; and even should this body refuse to accept the

new policy, a revision of the Mandate would be demanded, which would have the same effect.

British officials, so far as they were interested, also considered that the attitude of the Mandates Commission was of little importance. The Council, they felt, would accept the White Paper. If not, it would cause some annoyance pending a revision of the Mandate; but in any event the Government was this time determined to follow the policy outlined.

The Twenty-first Zionist Congress, meeting at an extremely critical time in Jewish history, might under normal circumstances have been an important occasion. That it would condemn the British White Paper policy was in any event a foregone conclusion. In addition, there seemed reason to believe that definite measures for implementing the previously expressed opposition might be decided upon. Some even envisaged the possibility that extremist counsels might prevail, at least to the extent of modifying seriously the previous moderate attitude, and effecting a corresponding change in the personnel of the Executive.

The threat of war changed the situation almost overnight. After a few days of reports, some internal bickering regarding election procedure, and appeals from more moderate sources for a united front, the international situation became so threatening that all controversial questions were postponed by common consent. Early adjournment was decided upon, hurriedly prepared resolutions were approved, and the leadership was left unchanged.

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Palestine Jewish comment on the Congress is in general approving in tone. Even the less moderate elements feel that the present is not the time for changes in policy, or for extremist tendencies. While the Yishuv as a whole stand resolute against the White Paper, they are in general in accord with Ben-Gurion's statement to the Congress that "the breach with Great Britain is not absolute, since it concerns only Palestine," and that "the Jewish people will always remain on the side of Great Britain." And as for the possibility of changes in leadership, the same feeling applies. As Mr. Isaac Ben-Zvi, Chairman of the National Council of Palestine Jews remarked, (with particular reference to Dr. Weizmann), in the course of a conversation I had with him shortly after his return: "Whom else could we elect; what other leaders have we?"

Arab and British reaction to the Congress may be said to be non-existent. The Arab press confined itself almost entirely to sarcastic remarks regarding the stubbornness of the Jews in not accepting as final the British decision to put an end to immigration. British officials to whom I have mentioned the Congress have no remarks to

make; frankly, they are not interested, having more urgent affairs to occupy their attention.

Which brings us to the past week, the climax of the "war of nerves." Up to the last minute, when news came, on September 2, of actual hostilities between Poland and Germany, the majority of the local population maintained a feeling of optimism that this crisis, like others, might pass. This did not of course prevent the authorities from taking the necessary steps for the control of banking, food, and essential commodities (See p. 1 of Press Review for Fortnight Ended August 27, 1939¹⁶). These emergency measures were carried out with a smoothness and coordination which bespoke much careful planning. Business appears to have experienced the minimum of dislocation, and—so far at least—the price structure has not been greatly disturbed. Despite some hoarding of food last week, there appears to be no scarcity; officials of the Government and of the Jewish Agency have made repeated announcements to the effect that adequate food supplies are assured; and there has been no panic.

British residents, although disappointed that their former optimism has proved unfounded, have accepted the fact of war calmly—even, since it appears that Italy will not participate, with calm satisfaction. Confidence is general that Germany can and will be defeated, thus ending the period of uncertainty which has prevailed during the past few years. The belief that Italy will remain neutral brings locally an especial feeling of relief, as this neutrality, if a fact, will remove any danger of actual hostilities in this area.

The Jewish community regards the beginning of another armed conflict with mixed feelings. Naturally, following the lead of the Zionist Congress, loyalty to Britain is automatic—not only on account of her past friendship to the Jews and the hope of benefits to come, but because the opponent is Germany, the arch-enemy of the Jewish race. As indicated in my current press review,¹⁶ responsible organizations have publicly affirmed the loyalty of the Yishuv and have offered their services. A copy of an official statement issued yesterday by the Executive of the Jewish Agency is enclosed.¹⁶

Mixed with horror at the catastrophe of a general European war, and especially with anxiety over the future of Central European Jewry, is a certain amount of satisfaction in the hope that loyal support in still another conflict may modify somewhat British policy toward the National Home—especially if the Arabs should show themselves lacking in loyalty. Mr. I. Ben Zvi, in a recent conversation, to which reference was made above, considers this a "silver lining" to the dark cloud of war. He also has a more immediate hope that,

¹⁶ Not printed.

even if the White Paper policy is not finally modified, its application may be indefinitely postponed.

Another silver lining to the clouded future is the belief that the conflict will end with a victory for the democracies, and the downfall of Nazi Germany, which has in recent years been responsible for so much suffering on the part of the Jewish race.

Arab feeling, so far as I am able to judge, has not yet crystallized. So far as public utterance is concerned, the idea that loyalty to Britain is the best policy appears to be uppermost. Some British officials, however, consider it definitely possible that Arab nationalists may endeavor to fish in troubled waters, believing that a recrudescence of terrorist activity at this time would have more effect than under otherwise normal conditions. One usually well-informed Arab, Dr. Khalil Totah of the American Friends School at Ramallah, thinks that this attitude is fairly wide-spread, but that it presents comparatively little danger, because the Arab rebels have been fairly well dispersed and disarmed. The leaders of the National Defence (Nashashibi) Party have called on the High Commissioner to assure him of their loyalty and support; but the Arab Higher Committee have not yet made any pronouncement.

Respectfully yours,

CHRISTIAN T. STEGER

867N.55/196

The Consul at Jerusalem (Steger) to the Secretary of State

No. 1096

JERUSALEM, September 21, 1939.

[Received October 19.]

SIR: Illegal immigration into Palestine, I have the honor to inform the Department, continues in spite of war conditions. The purpose of this despatch is to point out briefly the changed aspects of the problem as a result of the war and at the same time to bring up to date the Consulate General's chronology of events in this field, the last chapters of which were given in despatches Nos. 978 of June 26,¹⁷ 1018 of July 21, and 1031 of August 7, 1939.¹⁸ I shall further take advantage of this opportunity to include, as of probable interest to the Department since the Consulate General represents the interests of Panama, a list of Panamanian ships which are known to have engaged or are suspected by the Palestine authorities of being involved at present in this traffic.

¹⁷ Not printed.

¹⁸ No. 1031 not printed.

Before proceeding with a discussion of illegal immigration, it will perhaps be helpful to review very briefly, for background, the current regulations governing the legal entry of immigrants. Legal immigration for the period April 1 to September 30, 1939, is governed by an immigration ordinance dated June 15, 1939, the details of which were reported in the Consulate General's telegram of June 16 and despatch of June 26, 1939. This ordinance provides for the issuance, during the semester of 10,950 immigration certificates, of which 10,350 are for Jews. Of this total of 10,350 for Jews, 5,000 represents one-half the annual Jewish quota of 10,000, the remainder being for refugees as part of the 25,000 to be admitted in accordance with the provisions of the White Paper. The 1,300 Jews known to have entered the country illegally between April 1 and May 24, date of the drafting of the ordinance, were deducted from the total of certificates for Jews, making 9,050 certificates available for them for the semester in question. As a result of the increasing rate at which Jews were entering the country illegally, the Colonial Secretary announced in the House of Commons on July 12, that all Jewish immigration into Palestine will be suspended during the next quota period October 1, 1939, to March 31, 1940, and perhaps even longer. The Consulate General's despatches of July 21 and August 7, 1939, reported the extreme bitterness and disillusionment caused in Jewish circles by this announcement and endeavored to give a picture of the two contending, Jewish and British, forces drawn up to do battle over immigration.

This, then, was the situation in Palestine's perennial problem when war was declared on September 3rd. How will war conditions affect it?

As to legal immigration, there is no indication at the moment that the *status quo* will be altered by war. It is considered very unlikely that the Government's determination to suspend Jewish immigration during the next quota period will be changed. With regard to illegal traffic, however, the situation is quite different and a number of possibilities must be considered. Some such uncertain elements are: whether the German government will permit, or even assist, Jewish women and children and aged to leave via Italy or the Danube; whether the Rumanian government will permit Polish Jews to cross Rumania for departure via the Danube; whether the German and Russian occupation of Poland will force Polish Jews to leave the country to find refuge where they can; whether other governments will seize this opportunity to deport Jews; and whether Rumanian and Hungarian Jews, in view of the sad fate of Jewry in Czechoslovakia and Poland, will flee before the menace.

Whatever the answers to these questions, it would appear from weighing all of the factors and possibilities that there is little likelihood of diminution in the traffic in the near future. As the officer of the Criminal Investigation Department in charge of illegal immigration work expressed it "I do not see that the war has put an end to our illegal immigration problem". This viewpoint is confirmed by the fact that three shiploads of illegal immigrants have entered Palestine since the outbreak of hostilities and that others are known to be cruising in the Eastern Mediterranean seeking refuge. It is probable that the principal ports of embarkation for illegal immigrants will now be Black Sea ports of Bulgaria and Rumania.

War conditions may bring about a change in the type of immigrants entering the country, both legally and illegally. Immigrants will probably come increasingly from Hungary and Rumania whereas they formerly came predominately from Germany and Poland. The entry of immigrants specially trained for life in Palestine and of others selected for political reasons by the Jewish Agency and the Revisionists will be made more difficult, if not impossible. Indeed, the Colonial Secretary had already, before the outbreak of war, called the attention of the Jews to the fact that illegal immigration was making the entry of selected immigrants difficult. It is also expected that the percentage of men among illegal entrants will decrease due to restrictions imposed in belligerent countries. Finally, practically all of the immigrants who arrive under these conditions will be utterly destitute, placing an even greater financial burden on Palestine and American Jewry. The conditions cannot be ascribed to the war, however, for most of the immigrants who have arrived since the beginning of mass illegal immigration have been destitute.

As to the long range effect of the war on Jewish immigration and the National Home, no prediction can, of course, be made. The Jews generally seem to be adopting an opportunistic attitude and, while still being adamant in refusing to accept the provisions of the White Paper, appear to take the line that cooperation with Great Britain in the present crisis offers the best chance of obtaining their ultimate objective. Arabs, on the other hand, show increasing apprehension that Great Britain will, as some of them put it, "sell out" to the Jews because of the importance of international Jewry in the prosecution of the war.

Illegal immigration, to take up again the recital of events left off in the Consulate General's despatch of July 21, has increased in intensity. Some 5,000 more illegal immigrants have entered Palestine on the following seven ships:

The SS Colorado, 519 tons, flying the Panamanian flag, arrested and taken into Haifa with its 378 immigrants on July 29.

An unknown ship placed its 297 illegal immigrants in small boats outside territorial waters and sent them to shore on August 10.

The SS Aghios Nicolaus, Greek owned, transferred 840 immigrants at sea to a motor vessel, a sailing ship and a schooner and sent them to shore on August 19.

The SS Parita, 800 tons, flying the Panamanian flag, was deliberately beached at Tel-Aviv on August 23 with 700 immigrants on board. It was beached by the passengers, the captain and crew having fled in a small boat.

The SS Tiger Hill, flying the Panamanian flag, was beached at Tel-Aviv on September 2 with 1,205 immigrants on board. The ship was fired on by the authorities as a result of which two passengers were killed.

The SS Rudnitchan, 160 tons, of Bulgarian registry, transferred 364 immigrants outside territorial waters into five lifeboats and sent them to shore on September 16.

The SS Noemi Julia, 1,300 tons, flying the Panamanian flag, cast anchor at Haifa on September 19, 1939, with more than 1,200 illegal immigrants on board.

Thus, since the Consulate General's despatch of July 21st, some 5,000 persons are known to have entered Palestine illegally, making a total since April 1, the beginning of the quota period, of more than 9,700. Actually this number will be larger for it does not include persons who evaded frontier control individually or those who entered as temporary visitors and stayed illegally. Of the more than 9,700 known to date to have entered illegally, 1,300 were deducted from the current quota leaving some 8,400 to be deducted from future quotas. Hence, as predicted on page 6 of the Consulate General's despatch of June 26, about 20,000 Jews will enter Palestine legally and illegally during the present quota period, or more than one-fourth of the five year quota established by the White Paper.

Prevention of the entry of illegal immigrants is becoming increasingly difficult in the face of new tactics adopted by transporting ships. Those new tactics consist of either transferring the immigrants at sea to small boats or of permitting the passengers to beach the ships themselves, after they have been abandoned by the crew. In neither case is there anyone to arrest, other than the immigrants who can seldom be deported and are usually released soon after arrest, nor is there any vessel worth confiscating as the beached ships and small boats are almost worthless.

There follows a list of Panamanian ships already apprehended or believed by the authorities still to be operating. These ships are said to have been transferred from the Greek to the Panamanian flag because of a recent Greek law prohibiting the use of Greek ships in traffic in illegal immigrants. This list was furnished the Consulate General confidentially by the officer of the Palestine Government in

charge of illegal immigration work in the Criminal Investigation Department.

1) *SS Fossoula*, formerly *Kilbane*, formerly *Leman*, believed to be carrying illegal immigrants but whereabouts unknown.

2) *SS Dora*, formerly *Tsaldur*, whereabouts unknown, said to have several hundred on board.

3) *SS Noemi Julia*, 1300 tons, flying the Panamanian flag, cast anchor off Haifa on September 19, 1939, with more than 1200 on board, is being detained by the authorities.

4) *SS Varko*, formerly *Nelson*, whereabouts unknown, believed to be carrying immigrants.

5) *SS Parita*, beached at Tel-Aviv and confiscated as indicated earlier in this despatch.

6) *SS Tiger Hill*, formerly *Kypros*, beached at Tel-Aviv and confiscated as mentioned earlier in this despatch.

7) *SS Rim*, burned off Rhodes on July 6, its passengers having eventually entered Palestine on the *Aghios Nicolaus* on August 19.

8) *SS Colorado*, detained pending hearings after having been arrested and taken into Haifa on July 29 with 378 immigrants on board.

9) *SS Las Perlas*, captured near Nathanya on July 2 with 378 on board, confiscated by the Palestine Government.

10) *SS Liesel*, formerly *Myconos*, apprehended on June 1 with 906 on board, confiscated by the Palestine Government (reported in the Consulate General's telegram of June 3 and despatch of June 26).

11) *SS Attrato*, formerly *Irini*, formerly *Vernicon*, apprehended May 29, with 401 on board, being detained pending hearings (also reported in telegram of June 3 and despatch of June 26).

Respectfully yours,

CHRISTIAN T. STEGER

867N.4016/97

The Consul at Jerusalem (Steger) to the Secretary of State

No. 1121

JERUSALEM, October 16, 1939.

[Received November 16.]

SIR: I have the honor to report that, in the opinion of both the civil and military authorities, the Arab "revolt", or, as it is more often called, "the disturbances" of 1937-39, may be considered to be at an end.

There are still a few scattered armed gangs in existence. One of them, in fact, was very recently, and possibly still is, within a few miles of Jerusalem; and this gang on October 1 murdered in broad daylight, on the road to the Mount of Olives, the English Superintendent of the Animal Hospital and his Arab assistant.

It is considered, however, that such gangs as still exist are rather "bandits" than "rebels"—in other words, that the organization of the armed rebellion against British authority has for all practical

purposes ceased to exist. Those remaining are for the most part persons who prefer a life of banditry to one of hard work, or who are unable to return to their normal occupations through fear either of arrest by the authorities or of personal revenge for crimes committed by armed bands of which they were members.

The Public Information Officer, with whom I discussed the situation yesterday, informed me that he had just been making a rather interesting comparison of crime statistics. In the course of this he has found that crimes of violence in recent weeks have been at about the same level as during the corresponding period of 1931. There is always in normal times a certain amount of violence in this country; and although the number of such crimes recently has been "rather high for peace time, it is very low if we compare it with the period of the disturbances." Under the circumstances he has ceased the issuance of the regular bulletins regarding non-civil crime, from which the statistics given in this series of reports have up to this time been compiled.

The figures given in the appended tabulation¹⁹ covering the past fortnight have, therefore, been compiled from the local press. The Public Information Officer informs me, however, that all such crimes are being reported in the newspapers, and that a compilation from that source may be accepted as accurate.

That the military authorities consider the situation to have definitely improved is shown by the progressive relaxation of restrictions on road travel. A recent announcement states that the military requirement for travel passes has been canceled, effective October 14, with respect to practically all areas in Palestine except the portion which lies east of a line running from north to south through Nazareth, Jenin, Nablus, Jerusalem, Hebron, and Beersheba.

In view of this general opinion that the present series of "disturbances" is coming to an end, and in view of the discontinuance of official communiqués on the subject, it appears that the present series of special fortnightly reports on the public security situation may also properly be discontinued at this time. Unless, therefore, there should be a marked recrudescence of disorder, no further separate despatches on this subject will be submitted; and any information of interest in this connection will be incorporated in the fortnightly Press Review of the Consulate General.

Respectfully yours,

CHRISTIAN T. STEGER

¹⁹ Not printed.

867N.01/1867

*The Minister Resident in Iraq (Knabenshue) to the Secretary
of State*

No. 1414

BAGHDAD, October 17, 1939.

[Received November 17.]

SIR: I have the honor to report that the Mufti of Jerusalem arrived unexpectedly in Baghdad yesterday, thus joining a number of the Palestine Arab leaders who have been filtering into this city recently and who are reported to be as follows:

Fauzi al-Qaogchi
Commander-in-Chief of the Rebellion three years ago;
Araif Abdul Razzak
Present Commander-in-Chief of the Rebellion;
Shaikh Hassan Salama
Commanding Officer of the Southern Area of the Rebellion;
Amin al Tamimi
Member of the Higher Arab Committee and Member of the
Palestine Delegation at the Round Table Conference at
London;
Abdullah al Umari
Secretary of the Higher Arab Committee;
Jamal al Husseini
President of the Palestine Mission to London
Jalil al Shaikh Hassan Abu Su'ood
Active proponent of the Arab cause in Palestine;
Ishaaq Darwish
Active proponent of the Arab cause in Palestine;
Musa al Alim
Prominent Palestine lawyer;
Khalid al Farah;
Wasif Kamal;
Hanna Khalaf.

The significance of the presence of these persons in Baghdad is not yet definitely apparent, nor is it known whether it is their intention to remain here indefinitely or until the settlement of the European conflict. In taking various factors into consideration one might reasonably believe it possible or even probable that these Palestinians intend to make Baghdad a base for the development of their future plans and projects. In any event they are in sympathetic surroundings and will no doubt receive sympathetic encouragement. I cannot believe that the British would view their presence with any degree of satisfaction, but whether they are willing or able to do anything about it remains to be seen. However, I will keep in touch with this important situation and keep the Department as fully informed as possible.

Respectfully yours,

P. KNABENSHUE

840.48 Refugees/1929: Telegram

The Consul at Jerusalem (Steger) to the Secretary of State

JERUSALEM, October 23, 1939—1 p. m.
[Received October 23—11:29 a. m.]

12. Immigration schedule for the period October 1, 1939 to March 31, 1940 published in *Official Gazette* on October 19, provides for issuance during that time of 300 certificates for non-Jews plus certificates as may be required for their dependents. As reported in Consulate General's despatch 1018 of July 21, Jewish immigration for the period was suspended and no certificates for Jews were authorized.

STEGER

867N.01/1666: Telegram

The Minister Resident in Iraq (Knabenshue) to the Secretary of State

BAGHDAD, October 26, 1939—noon.
[Received October 26—10:04 a. m.]

66. As reported in radio broadcasts the Mufti of Jerusalem escaped from virtual imprisonment in the Lebanon and came to Baghdad last week. He was feted by the Regent, Prime Minister and others. He will probably remain here for the duration of the war. The Prime Minister told me confidentially that he was glad to have the Mufti here for it made it possible for him to immobilize the Mufti and prevent his doing anything to prejudice or embarrass the Iraqi Government in its relations with the British. He added that he would use the Mufti against the Germans by having him issue statements and broadcasts and otherwise refute the propaganda of the Germans who have been using the Palestine situation as the basis of their propaganda campaign in the Arab countries.

KNABENSHUE

867N.01/1669: Telegram

The Minister in Egypt (Fish) to the Secretary of State

CAIRO, November 21, 1939—11 a. m.
[Received 4:17 p. m.]

163. The Iraqi Prime Minister has been visiting in Egypt for the past week ostensibly for personal reasons but actually, I learn confidentially from a usually reliable source, to discuss with the Egyptian Government the subjects of an amnesty in Palestine, including the return of the Grand Mufti, and a proposed treaty of alliance between

Egypt and Iraq, which idea is said to have the support of Turkey and Great Britain.

The Egyptian Government is said to have favorably received the amnesty plan but to have expressed doubts regarding the return to Palestine of the Grand Mufti. Upon the matter being presented by the Iraqi and Egyptian Prime Ministers to the British Government through the Embassy here it is understood that a negative reply was received.

As regards the proposed treaty the Egyptian Government is reported to have courteously rejected the proposal on the ground that no sufficiently important Egyptian interests would be served by the conclusion of such a pact at the present time.

Code text sent by air mail to Jerusalem and Baghdad.

FISH

887N.01/1675

Memorandum by the Assistant Secretary of State (Messersmith)

[WASHINGTON,] November 29, 1939.

After talking with Dr. Lazaron ²⁰ yesterday, who came over from Baltimore to see me about the proposed visit to this country of Dr. Weizmann, I saw Mr. Welles. Dr. Lazaron indicated that invitations had already been issued by a Jewish group to a meeting in Washington early in January to meet Dr. Weizmann. Dr. Lazaron said that he had seen Mr. Paul Baerwald ²¹ and they were of the opinion that it was very difficult for them to do anything to interfere with the proposed visit. It might lead to difficulties rather than smoothing them out. He suggested that the British Ambassador might be able to intervene and stop the visit to this country and also that the President might be able to take some action vis-à-vis Justice Brandeis and others.

Mr. Welles agreed with me that the British Ambassador would not be able to do anything. It was quite obvious that the British Government did not view such a visit with favor but there was nothing that the British Ambassador could do. Mr. Welles and I were also in agreement that the President would not find it desirable to take up this matter with any Jewish leaders. It was a matter for settlement within Jewry. The visit was highly undesirable as Dr. Weizmann undoubtedly was coming here to try to bring pressure on England with respect to Palestine from American public opinion. How undesirable it was to raise this question at this time should be obvious to everyone.

I am informing Dr. Lazaron by telephone that there is no action which we see can be taken at this time by this Government directly or indirectly.

G. S. MESSERSMITH

²⁰ Dr. Morris Samuel Lazaron, Rabbi, Baltimore Hebrew Congregation.

²¹ Prominent New York banker.

REPRESENTATIONS REGARDING RESTRICTIVE TRADE MEASURES
ADOPTED BY BRITISH AUTHORITIES IN PALESTINE IN VIOLATION
OF AMERICAN TREATY RIGHTS

667N.116/54

*The Chief of the Division of Near Eastern Affairs (Murray) to the
Consul at Jerusalem (Steger)*

[WASHINGTON,] November 7, 1939.

DEAR STEGER: We have been very interested in your despatches nos. 1093 and 1095 of September 20 and 21, 1939²² and particularly in the frank admissions reported on the part of the Palestine Economic Adviser and the Palestine Treasurer, respectively, that it is the intention of the Palestine authorities to administer the war emergency measures in such a manner as to restrict imports as far as possible to those from countries within the British Empire or from countries participating in the sterling exchange control.

Such frank admissions on the part of the Palestine authorities make it all the more necessary that the Consulate General should be on its guard in scrutinizing with the greatest care all laws and regulations issued under the present exceptional circumstances in Palestine. It is believed to be doubtful if the Palestine Government is likely to issue laws and regulations containing expressly discriminatory provisions against non-British, including American, interests. It seems more likely that such discrimination as may be introduced will be exercised administratively and in a manner most difficult to establish. It will, accordingly, be necessary for the Consulate General to examine with the utmost attention not only the laws and regulations which may be introduced but to follow with equal care the practical application of those laws and regulations in order to guard as far as possible against their discriminatory administration, particularly in connection with the issuance of import licenses.

Any effort, of course, on the part of the Palestine authorities to reduce American imports into Palestine with a view to reducing the demand for foreign exchange or for exchange from countries outside the sterling exchange control area would be in violation of our treaty rights in Palestine and particularly those embodied in Article 2 of the American-British Mandate Convention of December 3, 1924²³ and the related Article 18 of the Mandate assuring American trade with Palestine equality of treatment with that of the Mandatory Power or of any foreign state.

While this Government is not disposed to raise any question regarding the adoption of measures in Palestine which are reasonably neces-

²² Neither printed.

²³ *Foreign Relations*, 1924, vol. II, p. 212.

sary and consistent with the status of Palestine and the obligations of the British Government as mandatory for that territory, it cannot overlook illegal and unwarranted interferences with American treaty rights and in this connection it is unable to recognize either the necessity or justification for any refusal by the Palestine authorities to make available sufficient dollar exchange for legitimate American imports into Palestine.

I suggest that this whole matter be discussed by you with Mr. Wadsworth²⁴ upon his return and that consideration be given to the desirability of the Consulate General making its viewpoint on a question of such importance to our trade interests informally known to the Palestine Economic Adviser and the Palestine Treasurer.

Sincerely yours,

WALLACE MURRAY

667N.116/56 : Telegram

The Consul General at Jerusalem (Wadsworth) to the Secretary of State

JERUSALEM, December 13, 1939—5 p. m.

[Received December 13—2:37 p. m.]

23. With reference to Murray's letter of November 7 last, the Palestine Government has established an import license system, effective from December 11, 1939, applicable to 422 of the total of 760 items of merchandise in the Palestine customs classification list including all principal articles imported from the United States except apples which were inadvertently omitted. Goods shipped or despatched prior to December 11 are exempt. Director of Customs is given power to refuse to issue any license "without assigning any reason for such refusal." A copy of Palestine *Gazette* Number 968 of December 11 containing ordinance and orders relating to import licenses is being forwarded today by despatch to reach the Department mid-January.

Economic Adviser in interview yesterday with Consul Scott said he was unable to give assurances that American trade will not be subject to restrictions placing it on less favorable footing than British trade with Palestine explaining that present policy in administering exchange control and import license system is to give preference to imports from British Empire sources. He justifies policy on the ground that Great Britain cannot cut Palestine adrift during the war and must afford its currency and economic interests protection of emergency measures as applied throughout the Empire. He added that any representations the Consulate General may wish to make

²⁴ George Wadsworth, Consul General at Jerusalem.

on the subject will have to be referred to London as local authorities are acting under instructions from the British Government.

I am calling tomorrow to discuss the question informally with Chief Secretary and Attorney General and will further report by telegraph. No instances of refusal to grant foreign exchange permits for imports of American goods have as yet been brought to the attention of the Consulate.

WADSWORTH

667N.116/57 : Telegram

The Consul General at Jerusalem (Wadsworth) to the Secretary of State

JERUSALEM, December 15, 1939—5 p. m.
[Received December 16—1 p. m.]

24. Reference is made to last paragraph my telegram No. 23, December 13, 5 p. m. Both officials discussed the matter frankly, their chief points being that the High Commissioner's order is: first, based on and substantially identical with the British Board of Trade order of September 3 last²⁵ which they believe has been considered carefully by the American Government and accepted without protest and, second, not discriminatory as such in that it applies equally to the trade of all countries including Great Britain. Both admitted however that as in the case of the British order its major intent is to conserve, in Palestine as throughout the Empire, dollar and other free exchange notably for the purchase of war supplies in the United States and that consequently in its administrative application it will insofar as possible, due consideration being had for the needs of Palestine economy, limit imports to those obtainable from sources within Palestine and other countries participating in exchange control or from sources such as Rumania in which for reasons of war policy it is desirable to make extensive purchases. The exposition and justification has also been elaborated for me by the British Commercial Agent in an informal memorandum concluding as follows: ["Thus the existence of a state of war obliges the mandatory to modify the terms of article 18 in order to satisfy the obligations arising out of the general terms of the Mandate, namely to ensure the integrity and well being of the country in general". I was particularly struck in this connection by a passing comment of the Attorney General when he said in substance "There has been considerable discussion of the point but I myself am convinced Palestine is at war; there can be on

²⁵ See telegram No. 1411, September 3, 1939, 9 p. m., from the Ambassador in the United Kingdom, printed in vol. II, section entitled "Representations to the British Government on Effects of Import Controls . . .", under United Kingdom.

this point no question of divided sovereignty". Does the Department wish me to pursue this particular subject? In general, and if the Department, while insisting on American treaty rights, is prepared to consider the practical desirability of waiving at least partially and temporarily the exercise thereof, it may be that it would wish me to consider with the local authorities the possibility of obtaining undertakings that in the administrative application of the new control-import licensing system a fair measure of trade in commodities formerly imported from the United States and necessary to Palestine economy will be assured to American exporters. There can be no doubt that Palestine importers will wish to continue to import such commodities, and viewing the matter practically there is reason to believe that with other sources of supply stopped or curtailed a considerable import trade from the United States will continue. On this point the British Commercial Agent argues that in practice United States exporters will continue to obtain as large a share of the country's total imports trade as in previous years.

WADSWORTH

667N.116/56: Telegram

*The Secretary of State to the Consul General at Jerusalem
(Wadsworth)*

WASHINGTON, December 19, 1939—6 p. m.

Your 23, December 13, 5 p. m. American Embassy at London has been instructed ²⁶ to inform British Foreign Office that this Government cannot recognize either the necessity or justification for the administration of any exchange control or import license system in Palestine which would give preferential treatment to imports from British Empire sources with a resultant discrimination against imports from the United States. The Embassy has also been instructed to state that the Government of the United States confidently expects that the British Government, in accordance with its obligation under the American-British Palestine Convention of December 3, 1924, will continue to recognize that American products must be admitted to Palestine on the basis of full equality in all respects with British and all other products.

You should so inform the Palestine authorities and state that this Government cannot recognize the validity of any action by the Palestine authorities, whether taken on their own initiative or by direction of the British Government, which would effect the violation of Amer-

²⁶ See *infra*.

ican treaty rights envisaged in the statement of policy communicated to the Consulate General by the Economic Adviser.

Please telegraph a full report of any actual case of discrimination against American importations.

Your 24, December 15, 5 p. m., was received subsequent to the drafting of the above. However, none of the considerations presented in your telegram are such as to alter the position of this Government as set forth in this present telegram. You will be informed subsequently of the Department's observations in reply to your 24, December 15, 5 p. m.

HULL

667N.116/56 : Telegram

*The Secretary of State to the Ambassador in the United Kingdom
(Kennedy)*

WASHINGTON, December 19, 1939—7 p. m.

1638. The Department has been informed in a telegram, no. 23, dated December 13, 1939, 5 p. m., from the American Consul General in Jerusalem, that the Palestine Government has established an import license system effective December 11, 1939, applicable to some 422 of the total of 760 items of merchandise in the Palestine customs classification list, including almost all articles imported from the United States.

The Department is also informed that in an interview on December 12, 1939 between a representative of the Consulate General and the Economic Adviser of the Palestine Government, the latter stated that he was unable to give assurances that American trade will not be subject to restrictions placing it on a less favorable footing than British trade with Palestine. The Economic Adviser is stated to have explained that the policy of the Palestine Government, in accordance with instructions from the British Government, is to accord preference to imports from British Empire sources, such a policy having been justified by the Economic Adviser on the ground that the British Government cannot cut Palestine adrift during the war but must afford its currency and economic interests the protection of emergency measures applied throughout the British Empire.

Any effort, of course, on the part of the Palestine authorities to discriminate against American imports into Palestine with a view to reducing the demand for foreign exchange or for exchange from countries outside the sterling exchange control area would be in violation of American treaty rights in Palestine and particularly those embodied in Article 2 of the American-British Mandate Convention of December 3, 1924 and the related Article 18 of the Mandate assuring Ameri-

can trade with Palestine equality of treatment with that of the Mandatory Power or of any foreign state.

While this Government is not disposed to raise any question regarding the adoption of measures in Palestine which may be reasonably necessary and consistent with the status of Palestine and the obligations of the British Government as mandatory for that territory, it cannot overlook illegal and unwarranted interferences with American treaty rights and it is unable to recognize either the necessity or justification for the administration of the exchange control and import license system in Palestine in a manner to give preference to imports from British Empire sources, with a resultant discrimination against imports from the United States.

The foregoing observations are deemed equally applicable, *mutatis mutandis*, to British mandated territories in Africa²⁷ where an exchange control and import license system is understood to have been introduced similar to that in Palestine.

You are requested to address a note to the Foreign Office in the sense of the above and to inform the Foreign Office that this Government confidently expects that the British Government, in accordance with the obligations under its mandate conventions with the United States, will continue to recognize that American products must be admitted to Palestine and British mandated territories in Africa on a basis of full equality in all respects with British and all other products.

A written instruction is being addressed to you²⁸ concerning the objections of this Government to similar restrictions which have been introduced in British territories within the Conventional Basin of the Congo.

HULL

**ASSURANCES BY THE GOVERNMENT OF PALESTINE REGARDING
EXEMPTION OF AMERICAN CITIZENS RESIDENT IN PALESTINE
FROM THE PROVISIONS OF THE DEFENCE (FINANCE) REGULA-
TIONS REQUIRING DECLARATION OF SECURITIES**

867N.5151/8 : Telegram

The Consul at Jerusalem (Steger) to the Secretary of State

JERUSALEM, October 18, 1939—11 a. m.

[Received 12:15 p. m.]

9. Referring to my despatch No. 1095, September 21,²⁹ Treasurer of Palestine Government informs me that Defense "Finance" Regulations 1939 will be applied as follows.

²⁷ See vol. II, section entitled "Representations Regarding British Import and Exchange Restrictions . . .", under United Kingdom.

²⁸ Instruction No. 1134, December 26.

²⁹ Not printed.

American citizens temporarily or permanently residing in Palestine are required to offer for sale at once all foreign exchange in the specified currencies including bank balances in United States. This will be strictly enforced and prosecutions will shortly be initiated in cases of noncompliance.

An order of the High Commissioner under regulation 7 of these regulations, published October 10, provides for similar control over securities. Copies being forwarded by airmail.

I have expressed the opinion that the assumption by Palestine Government of jurisdiction over American property located in the United States of America lacks legal validity. Treasurer states identical legislation is being enforced in Great Britain and is considered valid.

If Department has made representations regarding such legislation in Great Britain I should appreciate being kept informed and instructed whether to take action here. In the meantime should I advise Americans here to comply with the above provisions? Up to the present I have advised postponement as respects foreign bank balances and securities.

STEGEER

867N.5151/8: Telegram

The Secretary of State to the Consul at Jerusalem (Steger)

WASHINGTON, October 21, 1939—2 p. m.

Your 9, Oct. 18, 11 a. m. The Department has not made representations based on grounds of international law concerning the British defense (finance) regulations. The American Embassy has discussed practical aspects of the matter with the British Treasury, and the British Government has granted very comprehensive exemptions in favor of American nationals from the requirements of the regulations, and has authorized the American Embassy to inform American citizens, without publication, of these exemptions.

Please inform the Palestine Treasurer of this and suggest that he delay action enforcing the regulations with respect to American nationals until he shall have communicated with the British authorities on the matter.

The Department is informing the American Embassy at London and asking it to discuss the matter with the British authorities and to endeavor to have the latter send instructions to Palestine relieving American citizens, so far as possible, from the onerous requirements of the regulations.

HULL

867N.5151/8 : Telegram

*The Secretary of State to the Ambassador in the United Kingdom
(Kennedy)*

WASHINGTON, October 21, 1939—2 p. m.

1269. Your 2014, October 12.³¹ The American Consul at Jerusalem reports that the Treasurer of the Palestine Government has stated that he will strictly enforce requirement that American citizens temporarily or permanently resident in Palestine must offer for sale at once all foreign exchange in specified currencies, including bank balances in the United States, and that prosecutions will shortly be initiated in cases of non-compliance.

The Department is informing the Consul that the British Government has granted American citizens broad exemptions from similar provisions in the British regulations, and is instructing him to inform the Treasurer and ask that he delay action until he shall have communicated with the British authorities.

An attempt to enforce regulations in the matter indicated by the Palestine Treasurer would produce great unsettlement and protest on the part of the 9,000 American citizens resident in Palestine. Please endeavor to get the British Government to have the Palestine authorities waive the requirements in so far as concerns American citizens, as has been done in the United Kingdom and in British colonial possessions. The Department is informing Jerusalem of this request.

HULL

867N.5151/11 : Telegram

The Consul at Jerusalem (Steger) to the Secretary of State

JERUSALEM, November 16, 1939—1 p. m.

[Received November 16—11:25 a. m.]

16. Referring to the Consulate General's telegram No. 9 of October 18, noon [11 a. m.], and Department's telegram dated October 21, 2 p. m., Palestine Treasurer having received supplementary instructions from London now informs me:

(1) American citizens resident in Palestine must declare balances in specified foreign currencies whether held in Palestine or abroad but will in practice not be required to offer for sale balances held prior to September 8, 1939, and will be allowed to dispose freely of such balances. Balances acquired after that date in Palestine or abroad must be offered for sale.

³¹ Not printed.

(2) American-owned securities payable in specified foreign currencies acquired before September 7 must be declared and may not be disposed of without permission.

(3) Incomes derived before or after September 8 from exempted securities need not be offered for sale.

Thus while Palestine Government still asserts its jurisdiction over bank balances and securities, whether in Palestine or in the United States, owned by American residents of this country, in practice it will exercise this right only in respect to such balances and securities acquired after September 7, 1939. Does the Department consider the exemptions satisfactory and shall I advise Americans to comply with the requirements of the law?

STEGER

867N.5151/12 : Telegram

The Consul at Jerusalem (Steger) to the Secretary of State

JERUSALEM, November 17, 1939—11 a. m.

[Received November 17—7:57 a. m.]

18. Paragraph 2 of my telegram 16, November 16, 1 p. m., should be corrected to read as follows:

(2) American owned securities payable in specified foreign currencies acquired before September 8 need not be declared but application from exemption from obligation to declare must be made; such exemptions will in practice be granted. Securities acquired after September 7 must be declared and may not be disposed of without permission.

STEGER

867N.5151/12 : Telegram

The Secretary of State to the Chargé in the United Kingdom (Johnson)

WASHINGTON, December 8, 1939—6 p. m.

1568. Your telegrams nos. 2112 of October 21, 2126 of October 23, 2196 of October 28 and your despatch 3743 of November 3, 1939 and telegram No. 2554, December 6th.²² The following should be forwarded to Jerusalem if you concur in the Department's understanding as contained in paragraph 2:

"Your 16, November 16, 1 p. m. and 18, November 17, 11 a. m.

(1). The exemptions granted American nationals resident in Palestine as described in your no. 16 and no. 18 appear to differ in certain substantial particulars from exemptions granted American nationals resident in the United Kingdom who do not also possess British nationality.

²² None printed.

(2). It is the Department's understanding that such American nationals are exempt from declaring their securities whether acquired before or after the date when the regulations went into effect except securities acquired subsequent to that date from a person subject to the regulations. American nationals are also not to be called upon to surrender foreign currency balances acquired before the date when the regulations went into effect nor balances acquired after that date provided (a) that the acquisition of these balances has not been in contravention of other sections of the Defense (Finance) Regulations, and in particular has not resulted from the sale of sterling balances for which permission must be obtained, and (b) that the foreign currency balances have not been acquired in the course of current trade and similar transactions.

(3). The Department is making full reservation of its rights in connection with the application of exchange control regulations improperly affecting the rights of American nationals. You should refer to the Department the inquiries of any American citizens who may be in doubt as to whether their rights would be infringed by compliance with those regulations."

You are requested to make suitable inquiries as to whether the further concessions to foreign nationals in respect of exemptions from the Defense (Finance) Regulations as described in your 2196 and enclosures nos. 2 and 3 of your despatch have been communicated to the colonial empire and administrations of the mandates, including that of Palestine.

If they have been communicated please ascertain the date on which this was done and also inform Jerusalem. If they have not been communicated, you should urge that such action be taken at once.

In making these inquiries you should state that they are not to be interpreted as prejudicing this Government's position regarding the application of exchange control regulations improperly affecting the rights of American nationals, concerning which this Government desires to make full reservations.³³

HULL

867N.5151/19

The Consul General at Jerusalem (Wadsworth) to the Secretary of State

No. 1200

JERUSALEM, January 22, 1940.

[Received February 20.]

SIR: With further regard to the subject noted above³⁴ (and with particular reference to the Consulate General's despatch No. 1095 of

³³ See pp. 811 ff.

³⁴ I. e., Palestine Defence (Finance) Regulations, 1939; Exemptions Accorded American Citizens.

September 21, 1939,³⁵ transmitting copies of the Palestine "Defence (Finance) Regulations, 1939", and to the Department's telegram No. 1568 of December 8, 6 p. m., 1939, to the American Embassy in London and relayed to me under date of December 15, 3 p. m., 1939, setting forth the Department's understanding of the exemptions to such regulations authorized by the British Treasury in favor of American citizens living in Palestine) I have the honor to transmit herewith, as a matter of record:

1) Copy of a note dated January 2, 1940, addressed to the Treasurer of Palestine in which I informed him, as the competent official of the Palestine Government, of the substance of the Department's telegram under particular reference; and

2) Copy of a note dated January 18, 1940, received from the Chief Secretary of the Palestine Government informing me, under instructions from the High Commissioner and at the request of the British Secretary of State for the Colonies, "regarding the treatment accorded to American citizens under the provisions" of the Regulations in question.

While, as was to be expected, the wording of the Chief Secretary's note is not identical with that of the Department's telegram under reference, I find, upon close comparison of the two, that they differ in no substantial respect in setting forth the nature of the exemptions to be accorded to American citizens "who are resident in Palestine and who do not possess British or Palestinian nationality."

It may be noted that, in the similar assurances given the British Embassy in London regarding the treatment to be accorded American citizens resident in the United Kingdom, the phrase "American nationals not possessing British nationality" is used, whereas in the note addressed to me the exception is extended to cover those not possessing British or Palestinian nationality. The reason for this extension, I infer from a comment made to me by the Treasurer of Palestine, is that the Regulations in question are applied without distinction to Palestinian citizens and to British subjects resident in Palestine.

Respectfully yours,

G. WADSWORTH

[Enclosure 1]

*The American Consul General at Jerusalem (Wadsworth) to the
Treasurer of the Palestine Government (Johnson)*

[Extract]

[JERUSALEM,] January 2, 1940.

SIR: Pursuant to my oral undertaking of December 30, 1939, I have the honor to confirm to you that I am in receipt of a telegraphic com-

³⁵ Not printed.

munication from my Government describing, substantially in the following terms, the special treatment accorded to American citizens, residents of Great Britain, under the British Exchange Control Regulations:

[Here follows the substance of the telegraphic instructions to Jerusalem included in the Department's telegram No. 1568, December 8, 1939, 6 p. m., to the Chargé in the United Kingdom, printed on page 819.]

I shall appreciate highly receiving from you an assurance that, in the application of the Palestine Defence (Finance) Regulations, 1939, this same special treatment will be accorded to American citizens residing in Palestine.

Respectfully yours,

GEORGE WADSWORTH

[Enclosure 2]

*The Chief Secretary of the Palestine Government (Macpherson) to
the American Consul General at Jerusalem (Wadsworth)*

SF/894/39

JERUSALEM, 18 January, 1940.

SIR: I am directed by the High Commissioner to refer to certain enquiries which have been addressed to His Majesty's Government in the United Kingdom by the Embassy of the United States of America, regarding the treatment accorded to American citizens under the provisions of the Defence (Finance) Regulations, 1939, and to inform you that His Majesty's Principal Secretary of State for the Colonies has requested that you may be acquainted in the following sense.

2. American citizens who are resident in Palestine and who do not possess British or Palestinian nationality will be exempted from declaring securities whether acquired before or after the date of the coming into force of the Regulations, except securities acquired subsequent to that date from a person subject to the Regulations or acquired out of or in lieu of a balance not exempted from surrender as explained below, save that in the case of securities acquired from residents: exemption may be granted provided the full consideration paid is in foreign currency and is surrendered to the Controller of Foreign Exchange by the resident seller.

If such an American citizen desires to export securities from Palestine, permission for export would have to be obtained in the usual way, and in dealing with applications for such permission the Controller of Foreign Exchange would require to be satisfied that the application had been exempted under the arrangements allowing American citizens to retain their securities.

3. American citizens will not be called upon to surrender foreign currency balances acquired before the date when the Regulations came into force nor balances acquired after that date provided :—

(a) that the acquisition of these balances has not been in contravention of other sections of the Regulations, and in particular has not resulted from sales of sterling or local currency balances for which permission must be obtained; and

(b) that balances have not been acquired in the course of current trade or similar transactions.

4. I am to say that in accordance with the request made in your letter to the Treasurer of the 2nd January, the Controller of Foreign Exchange has been instructed to proceed in this matter on the lines described in paragraphs 2 and 3 above.

5. I am to request that the information contained in this letter may be regarded as confidential except in so far as it may be necessary for you to inform American citizens, who may apply to you, of such portions of it as may seem to apply in each particular case.

I am [etc.]

J. V. W. SHAW
for Chief Secretary

SAUDI ARABIA

ESTABLISHMENT BY THE UNITED STATES OF DIPLOMATIC REPRESENTATION IN SAUDI ARABIA¹

124.90F/9

The Secretary of State to the Minister in Egypt (Fish)

No. 396

WASHINGTON, May 24, 1939.

SIR: As you are no doubt aware, the Department has had under consideration for some time the question of the possible establishment of diplomatic or consular representation in Saudi Arabia.

Following the obtainment of a concession by the Standard Oil Company of California for oil exploration and development in Saudi Arabia² that company urged upon the Department the desirability of establishing such relations. In 1936 Mr. Leland Morris, the then American Consul General at Alexandria, was instructed to proceed to Jedda to investigate conditions there and to furnish the Department with his recommendations as to whether it would be advisable under the circumstances to establish official representation at Jedda.

Mr. Morris' report was submitted in a despatch dated March 23, 1937, of which a copy is enclosed for your information.³ It will be observed that Mr. Morris' conclusion was "that the development of American interests does not warrant the establishment of any sort of official representation at Jedda at the present time".

Since that time American interests in Saudi Arabia have appreciably increased. In that connection it has been noted from the report entitled "Survey of American Interests in Saudi Arabia", dated April 1, 1939, submitted by the American Consulate at Cairo,³ that there are now some 273 American citizens residing in Saudi Arabia, of whom 263 are stated to be employed by the California-Arabian Standard Oil Company (Standard Oil Company of California) and some 10 by the Saudi Arabian Mining Syndicate.

It has been noted from your despatch no. 1588 of March 27, 1939,³ that the Japanese Minister in Cairo has recently proceeded to Saudi-Arabia on an official mission from which it would appear that it may be the intention of the Japanese Government to accredit its Minister

¹ For previous correspondence, see *Foreign Relations*, 1933, vol. II, pp. 986 ff.

² May 29, 1933.

³ Not printed.

at Cairo to Saudi Arabia as well as to Egypt. The American Legation in Baghdad has recently reported that the German Minister there, while continuing to maintain his residence in Iraq, has been accredited to Saudi Arabia.

The Department continues to share the opinion expressed by Mr. Morris, following the careful investigations made by him in Jedda, that there is no present necessity of the opening by this Government of permanent diplomatic and consular representation in Saudi Arabia. However, in view of the increasing importance of American interests in that country and the increasing number of American citizens resident there, the Department is of the opinion that careful consideration deserves to be given to the possible desirability of accrediting the chief of mission and his staff in Cairo, as well as the staff of the Consulate in Cairo, to the Saudi Arabian Government. Under these circumstances the chief of mission would be authorized to visit Jedda for the purpose of presenting his credentials and arrangements would be made to enable him to pay periodic visits to Saudi Arabia as occasion arose. The way would thus be open for the chief of mission or for one of his subordinates to visit Jedda in order to make representations on any matters affecting American interests which might urgently arise at any time.

You are requested to examine the question on the basis of the information at your disposal in Cairo and to make available to the Department as soon as possible your considered opinion concerning the practicability and possible advantages of the foregoing suggestion. While it is true that the operations of the California-Arabian Standard Oil Company are centered in El Hasa, which is more accessible to Baghdad than to Cairo, it is thought that the greater accessibility to Cairo of Jedda, where matters touching official relations of the United States with Saudi Arabia would necessarily be centered, would make it preferable for the mission at Cairo to be accredited to Saudi Arabia rather than the mission at Baghdad. However, any views on the subject which you may consider pertinent will be welcomed.

Very truly yours,

For the Secretary of State:
G. S. MESSERSMITH

124.90F/9

The Secretary of State to the Minister Resident in Iraq (Knabenshue)

No. 370

WASHINGTON, May 24, 1939.

The Secretary of State transmits for the information of and appropriate comment by the American Minister Resident and Consul Gen-

eral a copy of an instruction,⁶ with enclosure, addressed to the American Minister in Cairo concerning the possible establishment of diplomatic or consular representation in Saudi Arabia.

124.90F/9 : Telegram

The Secretary of State to the Minister in Egypt (Fish)

WASHINGTON, June 13, 1939—noon.

36. Upon receipt of Department's mail instruction 396 of May 24 regarding representation in Saudi Arabia, please submit your views briefly by telegraph and fully by mail.

Please repeat to American Legation at Baghdad referring to Department's instruction 370 of May 24.

HULL

124.90F/11 : Telegram

The Minister in Egypt (Fish) to the Secretary of State

ALEXANDRIA, June 21, 1939—9 a. m.

[Received 1 p. m.]

69. The Department's telegram No. 36, June 13, noon. It is my considered opinion that the American Minister to Egypt should also be accredited to Saudi Arabia;

1. American financial interests in Saudi Arabia have recently materially increased.

2. The number of Americans actively connected with American interests in Saudi Arabia now exceeds 325;

3. Other important countries are giving increased attention to Saudi Arabia.

4. In a personal and confidential conversation yesterday morning with Mr. Lenahan⁷ of Jedda, who is in Alexandria for a short time, I learned that on May 31 his company obtained an exclusive concession for a period of 60 years covering practically all of Saudi Arabia. An initial cash payment in gold of \$1,200,000 will be made to the King within 3 or 4 weeks and an annual rental of \$170,000 is to be paid until oil is discovered in commercial quantities. The King told Mr. Lenahan that the Japanese (who Mr. Lenahan believes are working jointly with the Italians and the Germans) and the Petroleum Development, Limited (aided by the British Minister) had each offered much larger sums for smaller concessions. The King however

⁶ *Supra.*

⁷ William Lenahan, representative of the California-Arabian Standard Oil Company.

says he has faith in the United States and is satisfied with and trusts the California Company.

5. The King believes that the Japanese, Italians and Germans, have in mind additional territory as well as oil concessions.

6. The King feels that to grant the Petroleum Development, Limited, another concession would be to give the British a further grip on his country.

7. Mr. Lenahan believes it to be of the utmost importance to the California Company that a Legation be established so that the interests of the company may be safeguarded.

FISH

124.90F/10 : Telegram

The Minister Resident in Iraq (Knabenshue) to the Secretary of State

BAGHDAD, June 21, 1939—11 a. m.

[Received June 21—9:40 a. m.]

33. The Department's instruction number 370 of May 24. The now proven importance of our oil interests in Saudi Arabia and the generally improved economic conditions which will result therefrom make it desirable in my opinion that we now enter into formal diplomatic relations with that state. To do so would please the King and the American interests concerned and enhance our prestige in the Near East. Another important factor is of course the recent interest displayed in that country by Germany and Japan. The most practical course would be to accredit the Minister in Cairo and his staff for brief occasional visits to Jedda.

KNABENSHUE

124.90F/13

The Secretary of State to President Roosevelt

WASHINGTON, June 30, 1939.

MY DEAR MR. PRESIDENT: In May 1931 this Government extended recognition to the Kingdom of Saudi Arabia.⁸ Since that time we have been urged on several occasions by various American interests to establish permanent diplomatic or consular representation at Jedda. In 1936 our Consul General at Alexandria, an officer thoroughly experienced in Near Eastern matters, was sent to Jedda to report upon the necessity or desirability of establishing such representation. The Consul General concluded "that the development of American interests does not warrant the establishment of any sort of official representation at Jedda at the present time".

⁸ See *Foreign Relations*, 1931, vol. II, pp. 547 ff.

Since 1936 we have continued to receive requests from American interests for the establishment of American representation in Saudi Arabia and, with a view to reexamining the situation, our Legations at Cairo and Baghdad were recently instructed to submit their views as to the desirability of accrediting the American Minister at Cairo and his staff to the Government of King Ibn Saud. Both the Minister at Cairo and the Minister Resident at Baghdad strongly recommend that this course be followed. If this recommendation is adopted it is contemplated that the Minister at Cairo would visit Jedda for the purpose of presenting his credentials and further arrangements would be made for him to revisit the country as occasion arose. The way would thus be open for the chief of mission at Cairo, or one of his subordinates, to proceed to Jedda at any subsequent time to make representations on any matters affecting American interests which might urgently arise.

In this general connection it may be observed that the German Minister at Baghdad and the Japanese Minister at Cairo have recently paid visits to Saudi Arabia, the former to present his credentials and establish diplomatic relations; the latter, so far as can be determined, in order to endeavor to obtain concessions for the development of petroleum resources. The Japanese Minister appears to have been unsuccessful in his efforts, for our Minister at Cairo reports that an American company has within the past few weeks obtained a petroleum concession for a period of sixty years covering practically all of Saudi Arabia. Our Minister at Cairo also reports that King Ibn Saud informed the American company concerned that he had been offered much larger sums for smaller concessions both by Japanese interests and by a British petroleum company, but that he had faith in the United States and trusted the American company.

In view of our growing interests in Saudi Arabia and in as much as our Minister at Cairo reports that there are now more than 325 American citizens in the country, actively connected with American interests, I concur in the proposals made by our representatives at Cairo and Baghdad, and I recommend that our Minister to Egypt and his staff be also accredited to King Ibn Saud and that diplomatic relations be established with his Government. This recommendation, if adopted, would involve no additional expense beyond the nominal amount required to cover the travel expenses of the Minister and his suite in proceeding from Cairo to Jedda and return.

I should be appreciative if you would indicate whether you approve of this proposal.⁹

Faithfully yours,

CORDELL HULL

⁹ Marginal note: "Excellent idea—OK FDR".

123 Fish, Bert/165 : Telegram

The Secretary of State to the Minister in Egypt (Fish)

WASHINGTON, July 12, 1939—4 p. m.

40. Personal for the Minister. Your 69, June 21, 9 a. m. The President has decided to appoint you as Envoy Extraordinary and Minister Plenipotentiary near the Government of Saudi Arabia in addition to your present duties at Cairo and the *agrément* of the Saudi Arabian Government to this appointment is being sought through the American Embassy and the Saudi Arabian Legation in London. Assuming that your appointment is agreeable to the Saudi Arabian Government it is desired that you make plans to proceed to Jedda to present your credentials as soon as practicable, which would presumably be soon after Hare's ¹⁰ arrival about October 2. Please telegraph your views as to the proposed procedure and furnish an estimate of the expenses to be incurred, including the cost of your travel, of one secretary and of such other suite as you consider indispensable.

HULL

123 Fish, Bert/168 : Telegram

The Minister in Egypt (Fish) to the Secretary of State

ALEXANDRIA, July 14, 1939—11 a. m.

[Received 2:24 p. m.]

76. Your 40, July 12, 4 p. m. The Legation is informed by [apparent omission] Legation that the King is now in Riad and that he receives Ministers Plenipotentiary for the purpose of presenting letters of credence only in Jedda. The King does not ordinarily go to Jedda until the pilgrimage month begins, remaining through it and for a short time thereafter to receive Moslem and other notables. The next pilgrimage month is from January 11 to February 8, 1940. It would seem therefore that an appropriate time to present credentials would be about the end of the pilgrimage month. The weather is least burdensome during January, February and March (see Morris' report ¹¹). Even if it were possible to arrange for presentation to the King prior to February, unless the Department perceives some objection, I would suggest that serious consideration be given to the Minister making plans to proceed to Jedda in February.

I suggest the Department may wish to give consideration to the designation of Farrell ¹² as Secretary to accompany the Minister.

An estimate of expenses will be forwarded later.

FISH

¹⁰ Raymond A. Hare, appointed Second Secretary of Legation in Egypt.

¹¹ March 23, 1937, not printed.

¹² William S. Farrell, on temporary duty at the Legation in Egypt as Third Secretary and Consul.

123 Fish, Bert/170 : Telegram

The Secretary of State to the Minister in Egypt (Fish)

WASHINGTON, July 21, 1939—4 p. m.

42. Your 76, July 14, 11 a. m. The Embassy at London has now reported the receipt of a note from the Saudi Arabian Minister there stating that his Government is agreeable to your appointment. Your name will be sent to the Senate in the near future for confirmation of the new appointment.

Meanwhile the Department approves of your proposal to proceed to Jedda in February and you may make plans accordingly as soon as your appointment has been confirmed by the Senate. An estimate of expenses may be submitted by mail.

HULL

123 Fish, Bert/174 : Telegram

The Acting Secretary of State to the Minister in Egypt (Fish)

WASHINGTON, August 10, 1939—6 p. m.

45. Department's 42, July 21, 4 p. m. Your nomination as Minister to Saudi Arabia confirmed August 3. Commission, bearing date August 7, will go forward in near future. You may take oath at any time after receipt this telegram. Instructions and credentials will follow.

WELLES

123 Fish, Bert/192 : Telegram

The Secretary of State to the Minister in Egypt (Fish)

WASHINGTON, November 30, 1939—5 p. m.

77. Department's 45, August 10, 6 p. m. Instruction with commission and letter of credence will go forward by pouch on December 8.

You should communicate to the appropriate official of the Saudi Arabian Government the fact of your appointment requesting designation of the time and place for presentation of your letter of credence.

In view of the fact that only one secretary is at present assigned to the Legation the Department considers that it might be desirable to designate Farrell to proceed with you. Please telegraph the Department whether you may have some alternative suggestion to offer and whether, in the event Farrell is designated, you may also have need of the services of an interpreter. The Department presumes you will wish in any event to be accompanied by a kavass.

HULL

123 Fish, Bert/217 : Telegram

The Minister to Saudi Arabia (Fish) to the Secretary of State

DJEDDA, undated.

[Received February 5, 1940—10:10 a. m.]

Presented credentials to King here yesterday and had informal audience today.

FISH

SYRIA AND LEBANON

CESSION OF THE HATAY (THE SANJAK OF ALEXANDRETTA) BY FRANCE TO TURKEY; PROTECTION OF AMERICAN RIGHTS AND INTERESTS¹

890D.927/88 : Telegram

*The Acting Secretary of State to the Consul General at Beirut
(Palmer)*

WASHINGTON, January 5, 1939—7 p. m.

Committee for the Excavation of Antioch has received information from Musées Nationaux in Paris and from another source that the local Government in the Hatay² does not intend to honor the Committee's excavation contract but will enforce the Turkish antiquities law, which forbids any exportation whatsoever of archaeological finds. This would cause the Committee to discontinue its work. McEwan³ is said to have already been refused a division concerning two stelae.

Article 14 of the Mandate⁴ seems clearly to oblige the Mandatory to divide finds with the excavator unless division is impossible for scientific reasons. Furthermore, the contract entered into between the Committee for Excavation and the High Commissioner on January 1, 1937, valid for 6 years, is said to contain specific provision for such division and for exportation. Please discuss the matter with the High Commission and state that your Government assumes that the Hatay authorities will scrupulously honor their obligations under the terms of the Mandate and contract. If these representations should not be sufficient, please telegraph your recommendations regarding the advisability of an approach by you direct to the Hatay Government and of representations by our Embassies in Paris and possibly Ankara. Immediate reply desired.

WELLES

890D.927/89 : Telegram

The Consul General at Beirut (Palmer) to the Secretary of State

BEIRUT, January 7, 1939—1 p. m.

[Received January 7—11:58 a. m.]

Department's telegram January 5, 7 p. m. I have discussed with Acting High Commissioner Meyrier attitude of Hatay Government

¹For previous correspondence on this subject, see *Foreign Relations*, 1938, vol. II, pp. 1031 ff.

²Formerly the Sanjak of Alexandretta.

³Dr. Calvin W. McEwan, Director of Oriental Institute Expedition at Antioch.

⁴Quoted in convention between the United States and France, signed at Paris, April 4, 1924, *Foreign Relations*, 1924, vol. I, pp. 741, 744.

toward archaeological expeditions in general and specifically in respect of Princeton Expedition contract and I have made representations in the sense of the Department's telegram. He confirms Department's understanding of general situation and is taking up specific question with High Commission delegate Collet at Antioch but he appears to feel that notwithstanding High Commission responsibility its intervention with Hatay authorities is unlikely to be effective at this time. He informs me that Collet is to join French Ambassador at Ankara within the next 10 days for discussion of all outstanding Hatay questions with the Turkish Government and assures me that Collet will be instructed to keep Princeton Expedition in mind for discussion at the appropriate time but he seems to fear that this question may be considered of secondary importance even though I again emphasized the existence of an extraordinary contract in addition to general rights under the Mandate. In the light of my conversation with Meyrier I consider it inadvisable to approach Hatay authorities directly but I believe that in anticipation of imminent negotiations at Ankara it might be helpful if our Paris Embassy were to make representations to the French Government and if the Turkish Government were informally to be made aware of our interest in this question.

PALMER

890D.927/89 : Telegram

The Acting Secretary of State to the Chargé in France (Wilson)

WASHINGTON, January 9, 1939—8 p. m.

22. Committee for the Excavation of Antioch, of which Morey of Princeton is chairman and in which the Musées Nationaux of Paris participates, have a contract for excavation work in the Hatay, signed with the High Commissioner in Beirut in 1937 and valid until 1942. The contract is said to provide for a division of archaeological finds. The local authorities in the Hatay are now reported to contemplate abrogation of the contract and enforcement of the Turkish antiquities law, which forbids any exportation of archaeological finds.

The Committee's difficulties have been discussed by our Consul General in Beirut with the Acting High Commissioner, who appears to feel that notwithstanding his responsibility, his intervention with the Hatay authorities is unlikely to be effective at this time. He has agreed to instruct his delegate at Antioch, who will join the French Ambassador at Ankara within the next 10 days to discuss with the Turkish authorities all outstanding Hatay questions, to keep the Princeton expedition in mind during these discussions. He appears to feel, however, that this question may be considered of secondary importance at Ankara.

Please discuss the matter with the appropriate French authorities, pointing out that the American Government assumes that the Hatay authorities will scrupulously honor their obligations under the terms of Article 14 of the Mandate and under the contract, and that the American Government of course looks to the French Government for the preservation of American rights and interests in the Hatay.

If the French Government is not in a position to give you the assurances desired, please submit your confidential recommendations regarding the advisability of our approaching the Turkish authorities at Ankara.

WELLES

890D.927/90 : Telegram

The Chargé in France (Wilson) to the Secretary of State

PARIS, January 10, 1939—8 p. m.

[Received January 10—5:35 p. m.]

55. Department's 22, January 9, 8 p. m. Lagarde⁵ has promised to send appropriate telegraphic instructions at once to both Ankara and Beirut. He acknowledged full French responsibility for seeing that the contract is fulfilled and said that everything possible "within the limits of amicable negotiation" would be done. He expressed the opinion that juridically the Turks could possibly make a case on the grounds that the Franco-Turkish agreement of 1937^{6a} does not make "internal agreements" binding for the new order in the Hatay but added that he did not believe that they would make an issue of the point in this particular instance. He was definitely of the opinion that the matter should be left entirely in the hands of the French authorities, except as circumstances may require some direct contract between the Committee's representative and the Hatay authorities.

WILSON

890D.927/90

The Secretary of State to the Chargé in Turkey (Kelley)⁶

No. 342

WASHINGTON, January 18, 1939.

The Secretary of State transmits herewith copies of telegrams^{6a} exchanged between the Department and the American Consul General at Beirut, and between the Department and the American Embassy at

⁵ Ernest Lagarde, Chief of the Africa-Levant Section of the French Foreign Office.

^{6a} Signed at Geneva, May 29, 1937, League of Nations, *Official Journal*, November 1937, p. 838.

⁶ Ambassador MacMurray resumed charge of the Embassy on this date.

^{6a} The four telegrams printed *supra*.

Paris, regarding certain apprehensions felt by the Committee for the Excavation of Antioch and its Vicinity lest its contract for excavation work in that area be abrogated by the local authorities in the Hatay.

While the Department does not desire the Embassy to undertake any discussions at the present time with the Turkish authorities regarding American interests in the Hatay, it requests the Embassy to submit observations regarding the appropriateness and probable effectiveness of representations which might be made direct to the Turkish Government regarding matters relating to the Hatay.

890D.927/92 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, February 8, 1939—5 p. m.
[Received February 8—2:30 p. m.]

240. Embassy's telegram 55, January 10, 8 p. m. The Foreign Office has just advised us informally of the receipt of a telegram from the French Embassy at Ankara reporting that the Turkish Government has raised no objection to the continuing of the excavation contract and that the Turkish Government has sent appropriate instructions to the authorities at Antioch.

BULLITT

890D.927/94 : Telegram

The Ambassador in Turkey (MacMurray) to the Secretary of State

ANKARA, February 16, 1939—4 p. m.
[Received February 16—1:45 p. m.]

8. Department's instruction No. 342, January 18, 1939. French Embassy has been informed in writing by Turkish Foreign Office that Ministry for Foreign Affairs will use its good offices with Hatay Government with a view to assuring the continuation of the contract concluded with Princeton University and the necessary instructions have been transmitted to appropriate persons.

MACMURRAY

751.67/247 : Telegram

The Secretary of State to the Ambassador in Turkey (MacMurray)

WASHINGTON, April 7, 1939—6 p. m.

23. On April 6 an official of the Foreign Office informed the Embassy at Paris that, although rumors had been current that Turkey

might attempt to annex the Hatay, he did not believe that it would do so. He stated that as a precautionary measure the French garrison in the Hatay had been increased recently but this was because it had been allowed to fall below normal strength. He admitted, however, that the French were in negotiation with the Turks but stated that it was impossible for him to believe that there was any danger of being faced by a *fait accompli* on the part of Turkey. During the conversation he referred to the importance of Great Britain and France being afforded freedom of passage through the Straits if the situation should so develop that it became necessary for them to assist Russia and Rumania.

Please keep the Department currently informed regarding developments in connection with the Hatay.

HULL

751.67/248 : Telegram

The Ambassador in Turkey (MacMurray) to the Secretary of State

ISTANBUL, April 11, 1939—10 a. m.

[Received April 11—8:16 a. m.]

14. Department's 23, April 7, 6 p. m. Conversations with French colleagues, the Turkish Minister for Foreign Affairs and his collaborators, indicate that annexation of the Hatay by Turkey was some time ago agreed to in principle by France, the exact date remaining to be settled. The French are endeavoring to avoid the appearance of unseemly haste in acceding to Turkish demands and the Turks appear willing to cooperate within reason in this respect.

MACMURRAY

751.67/249 : Telegram

The Ambassador in Turkey (MacMurray) to the Secretary of State

ANKARA, April 19, 1939—4 p. m.

[Received April 19—3:41 p. m.]

48. Supplementing my telegram No. 14, April 11, 10 a. m. from Istanbul. Although I am still unable to obtain confirmation, I have reason to believe that Turkey has decided to hold in abeyance the question of annexation of the Hatay, primarily in order to avoid the appearance of aggressiveness at this juncture.

MACMURRAY

667.003/304 : Telegram

The Ambassador in Turkey (MacMurray) to the Secretary of State

ANKARA, April 25, 1939—noon.

[Received 12:46 p. m.]

61. I learn that as from April 20 the Turkish tariff was made applicable to the Hatay. This involves payment on imports into that area not only of Turkish duties but also of Turkish consumption and transaction taxes and other incidental taxes and minor charges.

Inform Commerce.

Repeated to Paris, Beirut.

MACMURRAY

751.67/254 : Telegram

The Ambassador in Turkey (MacMurray) to the Secretary of State

ANKARA, April 26, 1939—4 p. m.

[Received 5:05 p. m.]

63. In spite of the indications reported in my telegram No. 48, April 19, 4 p. m., the Embassy is now informed by a source in the Foreign Office that the discussions with the French concerning the annexation of the Hatay have reached a point at which only the "modalities" have still to be arranged and that the matter is expected to be concluded in the very near future perhaps within the week.

Repeated to Paris, Beirut.

MACMURRAY

751.67/253 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, April 26, 1939—7 p. m.

[Received April 26—5:30 p. m.]

831. We discussed with Lagarde this afternoon the substance of Ankara's telegram No. 61, April 25, noon. Lagarde confirmed the application of the Turkish tariff to the Hatay but explained that the action had been taken by the Hatay authorities on their own responsibility. Such action, he said, had been made possible by the *de facto* independence in customs matters which the Hatay had gained as a result of the position taken by the Damascus authorities last September that they did not wish to have their customs problem complicated by having to take into consideration the special views of the Hatay.

Lagarde explained that it is only a matter of time until the Hatay becomes part of Turkey. He said that last October the Turks had requested the cession of the Hatay and had offered certain compensation which included general cooperation with French policy in the Near East.

The question of such cooperation is quite naturally now being considered in connection with the Franco-British negotiations with Turkey which look to some form of assistance. Lagarde added that Massigli⁷ will probably be authorized within the next 3 or 4 days to commence separate negotiations with Turkey on the subject of the Hatay. This would seem to imply that Lagarde expects that the mutual assistance negotiations with Turkey will be successfully concluded very shortly.

Lagarde also informed us that the main outlines of a new French proposal for a settlement of the Syrian problem were adopted by the Foreign Office this morning. He said that the proposal would follow the lines of the 1936 treaty⁸ except in so far as the status of the "peripheral" states, the French military establishments in Syria and the minorities in Syria are concerned. He added that as the third point covers the relationship between the Moslem and Christian communities it is obvious that the negotiations will be difficult.

Copies to Ankara, Beirut.

BULLITT

751.67/256 : Telegram

The Ambassador in Turkey (MacMurray) to the Secretary of State

ANKARA, May 15, 1939—7 p. m.

[Received May 15—5 p. m.]

75. My No. 63, April 26, 4 p. m. Embassy has been informed by French Embassy that negotiations regarding the settlement of the details [in] connection with the annexation of Hatay by Turkey are proceeding very slowly because of the very legalistic attitude assumed by the Turkish Government and that unless there is a considerable change in the attitude of Turkey negotiations will not be concluded for many weeks. Among the questions to be settled are railways, rights of minorities, right of option, right of optants to take property out of the Hatay, question of foreign interests (in connection with which Turks have raised no objection to undertaking to respect American

⁷ René Massigli, French Ambassador in Turkey.

⁸ Franco-Syrian Treaty of Friendship and Alliance, signed at Damascus, December 22, 1936, but not ratified by France. For text, see France, Ministère des Affaires Étrangères, *Rapport à la Société des Nations sur la situation de la Syrie et du Liban (Année 1936)*, p. 201.

archaeological interests). It was stated that there was no question at the present time of ceding to Turkey any territory outside of Hatay area.

Repeated to Paris, Beirut.

MACMURRAY

751.67/260 : Telegram

The Ambassador in Turkey (MacMurray) to the Secretary of State

ANKARA, May 25, 1939—6 p. m.

[Received May 25—4 p. m.]

78. My telegram No. 75, May 15, 7 p. m. From informal conversations with members of both the French Embassy and the Foreign Office it appears that the settlement of the Hatay question still awaits agreement upon a number of incidental matters of detail which may require some weeks more.

The French particularly seem anxious to forestall complications incidental to the change of sovereignty and have hinted that it would now be opportune for us to broach to them any definite points concerning which we wish clarification or assurances. Although it seems that the general question of foreign rights and interests is receiving particular consideration and that American archaeological interests are being borne in mind by both parties, I suggest that I be authorized to take up formally with the French Embassy the questions raised in the enclosure to the Department's instruction No. 362, March 21,⁹ with special reference to the provisions of article XIV of the Mandate.

Repeated to Paris, Beirut.

MACMURRAY

751.67/260 : Telegram

The Acting Secretary of State to the Consul General at Beirut
(Palmer)

WASHINGTON, May 29, 1939—4 p. m.

Ankara's 78, May 25, 6 p. m. Please suggest points on which you consider assurances should be obtained to protect American interests in the event of the transfer of the Hatay to Turkey.

WELLES

⁹ Not printed.

751.67/261 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, May 30, 1939—10 p. m.
[Received May 30—6:15 p. m.]

1031. Bonnet¹⁰ said to me today that the negotiations between France and Turkey had now reached the final phase and he was confident that the treaty with regard to the Hatay would be signed before the end of this week. At the same time the French and Turkish Governments would make a declaration similar to the Anglo-Turkish declaration of May 12th.¹¹ This declaration would have the binding effect of a formal oral alliance. The British and French Governments would then negotiate with Turkey formal written alliances.

Rochat¹² said to Wilson¹³ this afternoon in strict confidence that cession of the Hatay probably would become effective on July 15th.

BULLITT

751.67/262 : Telegram

The Consul General at Beirut (Palmer) to the Secretary of State

BEIRUT, May 31, 1939—6 p. m.
[Received May 31—5:10 p. m.]

Department's telegram of May 29, 4 p. m. I have just returned from Hatay. Princeton expedition director reports attitude of Hatay authorities friendly and helpful and hopes for but is not confident of satisfactory division of finds which he plans to request about June 15. He has been assured by Hatay Prime Minister that the concession will be respected and carried out in accordance with antiquities law heretofore applicable under the Mandate, but he anticipates that the present Hatay Government will be more strict in the application of provisions regarding division of finds than the French High Commission authorities have been and he fears that the transfer of Hatay to Turkey may make division even more difficult. Assurances that the present 6-year concession with 3 years yet to run will be respected as regards not only operations but also division of finds and exportation of the expedition's share should be obtained. Further assurance

¹⁰ Georges Bonnet, French Minister for Foreign Affairs.

¹¹ The declaration is contained in statement given by the British Prime Minister, Neville Chamberlain, in the House of Commons, May 12, 1939, *Parliamentary Debates*, House of Commons, 5th ser., vol. 347, p. 952.

¹² Charles Rochat, Deputy Director of the Department of Political and Commercial Affairs of the French Ministry for Foreign Affairs.

¹³ Edwin C. Wilson, Counselor of Embassy in France.

as to possibility of successive renewals of concession, to permit completion of long range program, would also be highly desirable.

Although other American interests are now and expect to be further handicapped by Turkish foreign exchange restrictions and taxes, they have no suggestions to offer and appear generally reconciled to operation under such conditions or withdrawal from Hatay if necessary.

Socony Vacuum finds present situation complicated in that its Hatay organization now operates under Stamboul although not in Turkish territory. Beirut manager informs me that the present Turkish foreign exchange restrictions would cause appreciable loss if capital assets were liquidated but he doubts whether company's organization in Turkey would consider representations advisable.

American Export Lines representative declares former Alexandretta trade largely transit may be diverted to Latakia or Tripoli, possibly with encouragement on the part of French High Commission and Syrian and Lebanese authorities; and he has already made preparations for such a change while still maintaining his Alexandretta organization for continued activity there if conditions permit.

Alexandretta representative of MacAndrews and [Forbes?] states that his firm is prepared to undertake to do business under Turkish regime but that he will recommend firm's retirement from Hatay and establishment at Latakia or Tripoli if Turkish foreign exchange restrictions and taxes make continued operation at Alexandretta unprofitable.

Repeated to Ankara.

PALMER

751.67/261 : Telegram

The Secretary of State to the Ambassador in France (Bullitt)

WASHINGTON, June 5, 1939—6 p. m.

401. Your No. 1031, May 30, 10 p. m.

1. Please inform the appropriate French authorities that the proposed cession of the Hatay to Turkey raises certain questions regarding the rights of the United States and its nationals under Article 4 of the Syrian Mandate and Articles 1 and 6 of the American-French Convention of April 4, 1924. (In this connection see Department's instruction No. 1280 of August 18, 1932.¹⁴) While the American Government is not disposed to be obstructive, there are American rights and interests in the Hatay on which we should desire assurances, and

¹⁴ See *Foreign Relations*, 1933, vol. II, p. 1004, footnote 6.

we of course look to the French Government to make reservations to protect these rights and interests, in any agreement entered into between France and Turkey.

2. Definite assurances are desired that the present archaeological contracts entered into between two American groups and the French authorities in the Levant covering excavation and a division and exportation of finds in the Hatay will be continued to be honored by Turkey. Further assurances as to possibility of successive renewals of concessions, to permit completion of long range program, would also be highly desirable.

3. Although archaeological interests in the Hatay appear to be our most immediate concern, there may be other American rights with respect to which we may subsequently wish to obtain assurances. In the circumstances, in taking up this question with the French authorities please leave with them a written statement reserving in full all rights of this Government and its nationals under the terms of the Mandate and the French-American Convention as referred to in paragraph numbered 1 above.

4. Please repeat to Ankara and Beirut and furnish Ankara with a copy of the Department's instruction of August 18, 1932.

HULL

751.67/264 : Telegram

The Chargé in France (Wilson) to the Secretary of State

PARIS, June 7, 1939—7 p. m.

[Received June 7—6: 14 p. m.]

1088. I handed Lagarde today an *aide-mémoire* making full reservation of all rights as set out in your 401, June 5, 6 p. m.

Lagarde said that in the negotiations with Turkey the French Government had tried to safeguard in general the rights which foreigners enjoy in the Hatay under the Mandate. A special provision had been incorporated regarding archaeological missions providing that contracts in existence would be respected. Lagarde gave me in confidence a copy of article 4 of the draft agreement concerning the Hatay which relates to the rights of foreigners and which reads in translation as follows:

“Individuals at the present time established or having possessions in the territory and who will not be of Turkish nationality after the coming into force of the present arrangement shall enjoy continued protection for their persons, their property and their vested rights. These individuals shall have during a period of 2 years beginning with the said entry into force (of the arrangement), the right to transfer freely outside the territory in whatever money they may choose and

notwithstanding any regulation to the contrary the proceeds of the eventual liquidation at an equitable price of the said property and vested rights.

The same guarantees are assured in the territory to archaeological missions, to foreign welfare and educational institutions, as well as to foreign companies established therein at the present time. In case of repurchase by Turkey, the conditions of repurchase shall be determined by the agreement or failing this, by an arbitrator designated by common accord, or, that failing, by the President of the Permanent Court of International Justice.

Contracts in force shall be respected."

Lagarde said that the foregoing was the most which would be obtained from the Turks who would not agree to the incorporation of any of the phraseology employed in the terms of the Mandate. He said that in any case the French Government looked upon the cession of the Hatay as being merely a "frontier rectification" similar to others which had taken place in this area in the past. (It is of course to be assumed that the treaty rights which American nationals now enjoy in Turkey will extend to the Hatay upon the transfer of this territory.)

Lagarde stated in confidence that the various agreements under negotiation with Turkey comprise the following: (1) A Franco-Turkish declaration similar to the Anglo-Turkish declaration of May 11 [12]; (2) an agreement covering the cession of the Hatay and the settlement of major questions in connection therewith such as the rights of foreigners; (3) a protocol concerning other questions arising out of the cession; and (4) a unilateral declaration by the French Government referring to the settlement of territorial questions with Turkey and stating that the French Government has no intention of abandoning to a third power its rights or historical mission as regards Syria and the Lebanon.

Lagarde said that just one point was still holding up the conclusion of these agreements namely the determination of the southern frontier of the Hatay. France desired to retain within the Syrian frontiers a small fringe of territory inhabited mainly by Armenians. The negotiations were difficult and every centimeter was being contested but Lagarde believes that final agreement will be reached within a few days.

Lagarde went on to say that announcement of the cession of the Hatay would not be received with enthusiasm by French public opinion which was opposed to territorial concessions: the agreement certainly was not a "glorious victory" from the French point of view. The French Government had agreed to the concession however in order to remove what it hoped would prove to have been the final obstacle to the establishment of permanently peaceful conditions in this area. Whether the desired objective would be attained by this

cession or whether Turkey after obtaining the Hatay would raise further territorial claims remains to be seen. Lagarde himself did not seem very optimistic on this score.

WILSON

751.67/266 : Telegram

The Ambassador in Turkey (MacMurray) to the Secretary of State

ANKARA, June 14, 1939—7 p. m.

[Received June 14—3 p. m.]

86. My telegram No. 78, May 25, 6 p. m. The Secretary General of the Foreign Office, in reiterating the hope that an understanding with the French will shortly be reached as there are outstanding only a few petty questions of detail concerning the Hatay, took occasion to state that the Turkish Government would fully carry out the terms of the existing Princeton archaeological concession.

Repeated to Paris, Beirut.

MACMURRAY

751.67/270 : Telegram

The Chargé in Turkey (Kelley) to the Secretary of State

ANKARA, June 23, 1939—7 p. m.

[Received June 27—2:27 p. m.]

92. Treaty between France and Turkey relative to the cession of the Hatay to Turkey¹⁶ was signed at the Foreign Office this morning and a Franco-Turkish declaration¹⁷ identical with the Anglo-Turkish declaration of May 12 was read in the Grand National Assembly by the Prime Minister at 5:30 this afternoon.

French officials appear to be quite pleased with the terms of the treaty relative to the Hatay, the following features of the treaty have been pointed out to me as being particularly satisfactory: (1) comprehensive scope of the treaty—a settlement was reached with regard to all questions involved in the transfer of the Hatay to Turkey; (2) the retention within the Syrian frontiers of the Armenian villages which had been in dispute; (3) the payment by Turkey of a lump sum (the greater part immediately in French francs and the remainder through the Franco-Turkish clearing) to the French Government which is to distribute the money among the persons entitled to financial indemnification. This method of settlement precludes the friction which

¹⁶ For text, see League of Nations, *Official Journal*, July–August 1939, p. 356.

¹⁷ Text printed in the *New York Times*, June 24, 1939, p. 4.

would undoubtedly have arisen between the two countries if claims had been left to be settled directly by the Turkish Government.

The assurances desired by the Department with regard to the observance by the Turkish Government of the two American archaeological contracts are contained in a note addressed to the French Ambassador by the Turkish Government in which it is stated that "the Government of the Republic recognizes the validity of the contracts enumerated below, entered into by the High Commissioner of the French Republic in the name of the Administration of the Sanjak . . .¹⁸ one, contract with the University of Princeton and the National Museums of the French Republic (date of contract April 8, 1937; duration of contract 6 years from the first of January 1937) . . .¹⁸ three, contract with the mission of the Oriental Institute of Chicago, under the direction of Dr. Calvin MacEwan; (date of contract September 20, 1935; duration of contract 6 years)".¹⁹

French Ambassador has informed me that it was not possible to obtain any assurances from the Turkish Government with regard to the possibility of renewals of the contracts upon expiration. Repeated to Paris and Beirut.

KELLEY

751.67/273 : Telegram

The Chargé in Germany (Kirk) to the Secretary of State

BERLIN, June 24, 1939—4 p. m.

[Received June 24—11:30 a. m.]

554. My 378, May 16, 7 p. m.²⁰ Editorial comment accompanying the announcement this morning of the French-Turkish treaty signed at Ankara yesterday reveals again the irritation evoked here by Turkey's enrollment in the ranks of Germany's "encirclers" first given pointed expression by the press upon the conclusion of the Anglo-Turkish agreement. The return to Turkey by France of the Sanjak is interpreted as being in reality a deal engineered by London in order to add Turkey to the encirclement front for which Great Britain induced its French partner to stand the costs thus providing an interesting nuance in the traditional British policy of persuading other powers to pull England's chestnuts out of the fire. France's submission to this maneuver which can only be explained by the perversion of French political mentality today is said to have dealt a heavy blow to French prestige throughout the Arab world. The papers accord

¹⁸ Omission indicated in the original telegram.

¹⁹ For full text, see League of Nations, *Official Journal*, July-August 1939, p. 360.

²⁰ Not printed.

wholehearted support to the charges which the Italian press is reported to be making to the effect that the cession of the Sanjak by France constitutes a breach of the obligations undertaken by France as a mandatory power and that in instigating the return of this territory to Turkey Great Britain has clearly violated the 1938 Anglo-Italian agreement ²¹ in accordance with which the contracting parties agreed to take no action changing the *status quo* in the Mediterranean and Red Sea.

KIRK

751.67/281

The Italian Ambassador (Colonna) to the Secretary of State

The Italian Ambassador presents his compliments to the Honorable Secretary of State and, under instructions of his Government, has the honor to bring to the knowledge of the State Department that the Italian Ambassador in Paris has addressed to the French Foreign Minister a note of which copy will be found herewith.

WASHINGTON, July 11, 1939—XVII.

No. 6252

[Enclosure]

The Italian Ambassador in France (Guariglia) to the French Foreign Minister (Bonnet)

[PARIS, July 10, 1939.]

NOTE VERBALE

Under instructions of my Government, I have the honor to make to Your Excellency the following statement:

"The Italian Government has learned through the press of the agreement signed on June 23, 1939 between the French and Turkish Governments concerning the cession to Turkey of the Sanjak of Alexandretta.

Italy, being one of the Powers that granted the mandate (re: decision reached at San Remo, April 25, 1920,²² by the Supreme Council of the Principal Allied and Associated Powers), has the honor to make the fullest reservations regarding the contents of said agreement, negotiated and signed without her knowledge and consent and which appears to be in evident contrast with the aims of the mandate and with the desires of the interested populations.

²¹ Signed at Rome, April 16, 1938, and brought into force by an exchange of notes, November 16, 1938; see League of Nations Treaty Series, vol. cxcv, pp. 77 ff.

²² For an account of the decisions reached at San Remo, see *Foreign Relations, The Paris Peace Conference, 1919*, vol. XIII, p. 94.

Since the press has published also some declarations both verbal and written, made on that occasion by the French Government and the French Minister of Foreign Affairs, the Italian Government makes similar reservations in regard to said declarations”.

**REPRESENTATIONS BY THE UNITED STATES AGAINST EXPULSION
OF AMERICAN NATIONALS FROM SYRIA AND LEBANON WITHOUT
FURNISHING EVIDENCE TO JUSTIFY ACTION**

890D.1124 Bitzer, John Andre/5 : Telegram

The Secretary of State to the Ambassador in France (Bullitt)

WASHINGTON, October 26, 1939—6 p. m.

1313. On October 5 the Consul General at Beirut reported that John Andre Bitzer, a naturalized American citizen of German extraction, having substantial property interests in Syria, had been ordered deported because of suspected relations with Germany. Bitzer's wife is a native-born American. The Consul General succeeded in obtaining a delay of one month to permit settlement of Bitzer's affairs but the French authorities declined to disclose grounds for expulsion.

The Consul General was instructed to state that while this Government recognized the right of a state to expel aliens considered dangerous to its security and would not intervene in such a case, we were confident that the French authorities would recognize our right to be informed of the grounds and evidence on which expulsion was based. It was added that if Bitzer was engaged in subversive activities it was desirable that adequate information on those activities be in our possession.

The Consul General now reports that in response to representations in accordance with foregoing, the High Commissioner has informed him that the military authorities insist on expulsion and that the High Commission feels it cannot intervene. The High Commissioner has informed the Consul General confidentially that Bitzer had been seen with the former Chancellor of the German Consulate General, who was under surveillance as a Nazi agent, but he has admitted that such association might be innocent and that expulsion might not take place under similar circumstances in France. Association with the German consular official is the only charge against Bitzer of which we have been informed.

Please take this matter up with the Foreign Office along the lines of the second paragraph of this telegram and request that instructions be sent to Beirut to reconsider Bitzer's case with a view to either furnishing us in confidence with more convincing evidence of his improper activities or withdrawing the expulsion order if his guilt is not established.

HULL

390D.1124 Bitzer, John Andre/6 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, November 8, 1939—5 p. m.

[Received 5:24 p. m.]

2690. Your 1313, October 26, 6 p. m. Foreign Office upon Embassy's request has taken up the John Andre Bitzer case with the authorities at Beirut and is awaiting a reply.

BULLITT

390D.1124 Bitzer, John Andre/7 : Telegram

The Ambassador in France (Bullitt) to the Secretary of State

PARIS, December 18, 1939—4 p. m.

[Received December 18—2:38 p. m.]

2991. Your 1313, October 26, 6 p. m., and my 2690, November 8, 5 p. m. Foreign Office advises that reasons for detention of John Andre Bitzer have been communicated to Consul at Beirut.²³

BULLITT

²³ There is no indication in Department files that any supporting evidence for the expulsion of Mr. Bitzer was ever given; the Bitzers were forced to leave Syria, December 7, 1939.

TURKEY

PROPOSED AGREEMENT BETWEEN THE UNITED STATES AND TURKEY REGARDING THE STATUS OF CERTAIN NATURALIZED AMERICAN CITIZENS NATIVES OF TERRITORY DETACHED FROM TURKEY BY THE TREATY OF LAUSANNE¹

390D.11/169 : Telegram

The Ambassador in Turkey (MacMurray) to the Secretary of State

ANKARA, April 1, 1939—5 p. m.

[Received 5:38 p. m.]

28. My telegram No. 16, March 13, 6 p. m.² To my great disappointment Numan Bey³ today informed me in the presence of the Minister for Foreign Affairs of the final decision that Turkish legislation does not permit of dealing with such citizenship cases by categories but requires decision by the Council of Ministers in each individual case. While assuring me that cases presented by us would as a matter of fact be favorably acted on, he insisted upon the necessity of a list (preferably comprehensive) for that purpose.

MACMURRAY

390D.11/171

Memorandum of Conversation, by Mr. George V. Allen of the Division of Near Eastern Affairs

[WASHINGTON,] May 12, 1939.

Participants: Turkish Ambassador⁴
Mr. Murray⁵
Mr. Alling⁶
Mr. Allen

While the Turkish Ambassador was in the Division today, he was informed of the contents of Ankara's telegram no. 28, April 1, 5 p. m., regarding the nationality agreement. The Ambassador stated that

¹ Continued from *Foreign Relations*, 1938, vol. II, pp. 1101-1121.

² Not printed.

³ Numan Menemencioğlu, Secretary General of the Turkish Ministry for Foreign Affairs.

⁴ Mehmet Münir Ertegün.

⁵ Wallace Murray, Chief of the Division of Near Eastern Affairs.

⁶ Paul H. Alling, Assistant Chief of the Division of Near Eastern Affairs.

he considered the reply of the Turkish authorities favorable as far as it went, for it indicated that the Turkish Government was disposed to act favorably upon individual requests for release from Turkish nationality, upon the presentation of those requests to the Turkish authorities through the Department of State.

Mr. Murray pointed out the difficulty of presenting a large number of individual cases through the Department, and wondered whether the Turkish Government had given any consideration to the possibility of changing its citizenship laws in this particular instance, to allow blanket action to be taken releasing from Turkish nationality all of the persons within the category in which we are interested.

The Ambassador said that he would undertake to correspond personally with the Turkish Minister of the Interior and with the Turkish Minister for Foreign Affairs, to find out whether such legislation might be possible. If not, he was hopeful of being able to find some solution that would render it easy for the persons concerned to obtain a release from their Turkish nationality by individual application.

Mr. Murray said that if the Turkish Government should insist upon action in individual cases, he hoped a method could be worked out which would not require the applications to be forwarded through the Department of State.

The Ambassador said he would do his best by private correspondence, and would keep us informed of any developments. He suggested that the Department might desire to defer further instructions to the American Embassy at Ankara until he had had an opportunity to explore the situation himself.

Mr. Murray expressed appreciation for the Ambassador's interest in the question, and stated that we would take no further action until we had heard from him.

390D.11/171

Memorandum of Conversation, by Mr. George V. Allen of the Division of Near Eastern Affairs

[WASHINGTON,] May 17, 1939.

Participants: The Turkish Ambassador
Mr. Murray
Mr. Allen

During the Ambassador's visit to the Division today, he referred again to the nationality agreement question, and said that he was not entirely clear as to the reply given our Embassy at Ankara by the Turkish Foreign Office. He was shown a copy of Ankara's telegram No. 28, of April 1, 5 p. m.

The Ambassador said that after re-reading the telegram he was more than ever impressed with the favorable nature of his Government's reply. He said that as he saw the situation, there were three possible means of relieving the persons involved of their Turkish nationality:

(1) By blanket action by the Turkish Government. Under this method, the Turkish Government would enact a decree releasing from Turkish nationality all persons who fulfilled certain conditions (i. e. who were natives of former parts of the Ottoman Empire detached by the Treaty of Lausanne,⁷ who were not residing in their country of origin on October 4, 1924, and who were American citizens). The Turkish Government would not know the names of the individual persons affected by the decree. To take such action, the Ambassador felt sure that the present Turkish nationality law would have to be altered by the Turkish Grand National Assembly, for under the present law Turkish nationality may be lost only in individual cases, upon decision of the Turkish Council of Ministers in each case.

(2) By action taken in a large number of cases at one time, based on lists of individual names. The Ambassador had first thought that this method had been definitely refused by the Turkish Government, since Mr. MacMurray's telegram had stated that action could not be taken "by categories but requires decision by the Council of Ministers in each individual case," and the Ambassador had understood the word "categories" to mean lists of names (apparently confusing it with the word "cadre"). However, the last sentence of the telegram specified that lists (preferably comprehensive) should be submitted to the Turkish Government. The Ambassador was pleased that his Government had found it possible to take action on the basis of comprehensive lists.

(3) By decision of the Turkish Council of Ministers in individual cases, considered by the Council one at a time. The Ambassador said that this method was already possible under existing law, and would require no special agreement between the Turkish and American governments, but he could appreciate the inadequacy of the method in the present instance.

The Ambassador said that since his Government appears already to have agreed to action by the second method, i. e. on the basis of comprehensive lists, he thought a considerable step forward had been taken. He said that nevertheless he would explore by personal correspondence the possibility of a change in the Turkish law, as envisaged by the first method, which he understood to be what the Department would like if possible.

Mr. Murray expressed appreciation for the Ambassador's interest. He said that if the Turkish Government found it impracticable to introduce new legislation, he wondered whether it would be possible for the comprehensive lists to be drawn up by the Syrian Associations

⁷ Signed July 24, 1923, League of Nations Treaty Series, vol. xxviii, p. 11.

in the United States, and for us merely to transmit the lists to the Turkish Government without investigation on our part, and with the clear understanding that we did not vouch for the individuals' assertions either that they were American citizens or that they fulfilled the other necessary requirements.

The Ambassador thought that this might be possible, since the Turkish Government had no interest in the persons involved, and he personally would be very relieved to have their Turkish citizenship cancelled. The lists could be construed as requests by the individuals named that they be released from their Turkish allegiance, and the Turkish Government might conceivably not care whether their assertions as to their individual status had been carefully checked or not. He could appreciate, however, that it would not be desirable to take action which might result in persons being "heimatlos", and he could not be sure that the Turkish Government would be willing to act on lists which had not been checked by the American Government. However, he would do the best he could to find a satisfactory solution.

290D.11/175 : Telegram

The Chargé in Turkey (Kelley) to the Secretary of State

ANKARA, June 17, 1939—2 p. m.

[Received 2:40 p. m.]

88. The Department's instruction No. 376, of May 26, 1939.⁸ The solution now under consideration in the Foreign Office does not contemplate the active participation of the Department except for its co-operation in notifying the appropriate Syrian Associations that the persons affected should present themselves at the Turkish Consulate General to give the details of identification required by Turkish law. On the basis of such appearances lists will be prepared by the Turkish Consulate General and forwarded to Ankara for "automatic action by the Ministry of the Interior."

The Foreign Office is also endeavoring to arrive at a formula acceptable to the Ministry of the Interior which will include not only the persons referred to in the exchange of notes under consideration but also the wives and minor children of such persons.

The Foreign Office officials concerned will meet the Minister of the Interior shortly for what they hope will prove to be the final conference.

KELLEY

⁸ Not printed; it transmitted to the Ambassador in Turkey the memoranda dated May 12 and May 17, *supra*.

390D.11/175 : Telegram

The Secretary of State to the Ambassador in Turkey (MacMurray)

WASHINGTON, July 25, 1939—1 p. m.

28. Your 88, June 17, 2 p. m. The Department hopes that the notes to be exchanged will be designed to make the process of obtaining release from Turkish nationality of the American citizens involved as simple as possible. The Turkish Ambassador here still has some hope that blanket action may be taken by the Turkish Government, but if this is impossible to obtain and lists of names are required, it should be pointed out to the Turkish authorities that personal appearance at Turkish consular offices in this country by the persons concerned will hardly be feasible. It is understood that under the French-Turkish option agreement of May 29, 1937,⁹ French consular officers in this country did not require personal appearance and left to Syrian organizations in this country the obtaining of signatures to necessary forms. Since the Turkish Government apparently has little interest in retaining its technical claim to the allegiance of the American citizens involved, whose status differs in no material manner from that of the persons covered by the Franco-Turkish option agreement, the Department hopes that the Turkish authorities will accord to the American citizens concerned corresponding facilities, which will enable them to obtain release from Turkish allegiance by means of signatures collected by their responsible organizations here.

Please report present status of negotiations.

HULL

390D.11/181 : Telegram

The Ambassador in Turkey (MacMurray) to the Secretary of State

ISTANBUL, August 4, 1939—3 p. m.

[Received August 4—1 : 50 p. m.]

39. Your 28, July 25, 3 [1] p. m. The competent officials in the Foreign Office reiterate that blanket action by categories as originally proposed by the Department is not possible under Turkish law. They state however that a plan has been evolved which has received the oral approval of the Minister of Interior and which will make possible the cancellation of the Turkish citizenship of all persons together with their wives and minor children named in lists received from the Turkish Consul General—such action to take place automatically as the lists are received by the Ministry of the Interior. They consider

⁹ See despatch No. 278, September 13, 1937, from the Consul General at Beirut, *Foreign Relations*, 1937, vol. II, p. 926.

that with the formulation of this plan the major obstacle has been passed and anticipate no difficulties in agreeing upon a simple and expeditious procedure which would be acceptable to the Department for the establishment of the lists. The first reaction of the Foreign Office was favorable to the proposal to dispense with personal appearance. As this matter is related to other questions which have come up for immediate decision in connection with the annexation of the Hatay¹⁰ it is now to be hoped that a concrete proposal may soon be made.

MACMURRAY

390D.11/182

The Ambassador in Turkey (MacMurray) to the Secretary of State

No. 1173

ISTANBUL, August 8, 1939.

[Received August 22.]

SIR: I have the honor to refer to the Department's telegram No. 28 of July 25, 1:00 p. m., and to the Embassy's telegram No. 39 of August 4, 3:00 p. m., in reply thereto, with regard to the release from Turkish allegiance of certain American citizens who are natives of former parts of the Ottoman Empire, and to enclose, for the Department's information, a copy of a Memorandum of Conversation on this subject which took place on August 2, 1939, between the competent officials of the Ministry for Foreign Affairs and an officer of the Embassy.

Respectfully yours,

J. V. A. MACMURRAY

[Enclosure]

Memorandum of Conversation, by the Second Secretary of Embassy in Turkey (Brent)

ISTANBUL, August 3, 1939.

Subject: Regularization of the Status of Naturalized American Citizens, former Ottoman subjects of Syrian Origin who failed to Opt under the Provisions of the Treaty of Lausanne.

Participants: Bay Cevat Açikalin, Chief of First Department, Ministry for Foreign Affairs;
Bay Nedim Veysel, Chief of Syrian Section of First Department, Ministry for Foreign Affairs; and
Joseph L. Brent, Second Secretary of Embassy.

I called on the Messrs. Açikalin and Veysel at the Ministry for Foreign Affairs yesterday and, in separate conversations, informed

¹⁰ See pp. 832 ff.

them that the Department had expressed the hope that the notes to be exchanged would provide for the simplest possible process of obtaining the release from Turkish nationality of the American citizens involved. I remarked in this respect that the Turkish Ambassador in Washington had recently informed the Department that he still had some hope that blanket action might be taken by the Turkish Government.

Cevat Bey replied that he did not believe that Münir Bey¹¹ was completely *au courant* with regard to the complexities of the Turkish laws involved since no full instructions on the matter had been sent him for some time. He added, however, that it was also the wish of the Turkish Government to formulate a plan which would be not only as simple as possible but also as expeditious as possible in attaining the desired end. He said that during his absence in the Hatay the matter had been handled by Veysel Bey under Zeki Bey's supervision, and that it was his understanding that sufficient progress had been made to permit of an informal proposal being sent us within the next few days. He would lose no time in studying the matter.

Veysel Bey, in an earlier conversation, said that his Section and the Office of the Legal Adviser had finally worked out a plan which had received the oral approval of the Minister of the Interior, and that when Cevat Bey had had an opportunity of studying and approving it, this plan would be communicated in writing to the Minister of Interior with a view to obtaining his formal approval. This step would, however, he thought, be merely a matter of routine and should not cause any further delays such as have been occasioned by the absence of Cevat Bey in the Hatay, of the Minister of the Interior on inspection tours, and of the Foreign Minister on official business. Cevat Bey later confirmed this remark and said that the matter was one of considerable urgency to the Turkish Government since it was closely related to similar nationality questions arising from the cession of the Hatay to Turkey, and would be pushed as hard as he could push it.

As summarized by Veysel Bey, the Turks will propose an agreement along the following lines: an article of a general nature conforming as closely as possible to our proposal providing for the release from Turkish nationality of the American citizens involved; a second article of a more specific and definitive nature covering the pertinent points of Turkish law; a third article providing that the status of wives and minor children of the persons affected shall follow that of the persons themselves; and a fourth article referring in general terms to such procedure as is to be followed in the United States. He said that this procedure might be specifically defined in an exchange of notes to be annexed to the agreement and could be decided upon, in detail, in conversations to take place after the draft proposal had been

¹¹ Turkish Ambassador in the United States.

transmitted to us. He emphasized that no reasonable proposal would be refused consideration. He added that the most difficult phase of the matter had already been disposed of by working out with the Ministry of the Interior a plan whereby the citizenship of whole lists of persons could automatically be cancelled by the Ministry of the Interior, rather than by the Council of Ministers, upon the proposal of the Minister of the Interior, in individual cases. He did not anticipate that the formulation of the lists themselves would involve any greater difficulties, and seemed disposed to believe that the system followed in the United States under the Franco-Turkish Option Agreement of May, 1937, might prove as acceptable as any other procedure.

J[OSEPH] L. B[RENT]

390D.11/182

*The Chief of the Division of Near Eastern Affairs (Murray) to the
Ambassador in Turkey (MacMurray)*

WASHINGTON, September 12, 1939.

MY DEAR MR. AMBASSADOR: We have received your despatch No. 1173, of August 8, 1939, regarding the citizenship of certain American nationals who are natives of parts of the Ottoman Empire detached by the Treaty of Lausanne. We are glad the Embassy is pressing the matter and that the Turkish authorities appear inclined to agree to a plan which would provide for a very simple process of releasing from Turkish allegiance the persons involved.

One minor point might be brought to the Embassy's attention. The subject of the memorandum of conversation enclosed with your despatch No. 1173 refers to "former Ottoman subjects of Syrian origin who failed to opt under the provisions of the Treaty of Lausanne." We have endeavored, in our discussions with the Turkish Ambassador here and in the drafting of our communications on the subject, to include all persons in the specified category who are natives of *parts of the Ottoman Empire detached by the Treaty of Lausanne*—not merely former Ottoman subjects of Syrian origin. If we should make an agreement which referred only to natives of Syria (and the Lebanon), the Palestinians and Iraqis and others who are American citizens and who are similarly situated would be certain to object because we had not included them. We would like to make the agreement as broad as the Turks will allow. I have no doubt that you have the situation clearly in mind, but the heading of the memorandum of conversation called to our mind the desirability of mentioning the point to you.

In general, the persons we desire to be covered may be described as follows: American citizens who are natives of parts of the Ottoman Empire detached by the Treaty of Lausanne and who are still regarded by the Turkish Government (for whatever reason) as owing allegiance to Turkey.

The wording of the exchange of notes or the Turkish decision in the matter may be of some importance, as I indicated in the last two paragraphs of my letter to you of July 20, 1938.¹² Whatever the wording adopted may be, we should like to include all or as many as possible of the persons in the above category. It is presumed, of course, that you will send to the Department, before signature, the wording of any definitive exchange of notes which may be agreed upon.

The information in this letter may be entirely superfluous. We have felt the ideas worth mentioning, however, as of possible assistance.

Sincerely yours,

WALLACE MURRAY

390D.11/184 : Telegram

The Ambassador in Turkey (MacMurray) to the Secretary of State

ANKARA, November 21, 1939—5 p. m.

[Received 11:02 p. m.]

147. Your telegram No. 53, November 20, 6 p. m.¹³ The Foreign Office has informally submitted to us a counterproposal which however is quite at variance with our ideas in a number of points and requires considerable discussion before we can contemplate its taking a form that we could submit for your approval.

MACMURRAY

390D.11/185

The Ambassador in Turkey (MacMurray) to the Secretary of State

No. 1277

ANKARA, November 23, 1939.

[Received December 27.]

SIR: Supplementing my telegram No. 147 of November 21, 5 p. m., I have the honor to make the following report with regard to the progress thus far realized toward concluding with the Turkish Government an arrangement to regularize the status of certain naturalized American citizens who were Ottoman subjects and are natives of territories detached from the former Ottoman Empire.

¹² *Foreign Relations*, 1938, vol. II, p. 1113.

¹³ Not printed.

As the Department will recall (telegram No. 39 of August 4, 3 p. m., and despatch No. 1173 of August 8, 1939) the Embassy had been informed early in August that, with the obtaining of the Minister of Interior's oral approval of the plan evolved by the Foreign Office, the principal obstacle had been cleared, and there remained only the necessity of obtaining the formal approval of the Ministry of Interior, and thereafter of drafting a concrete proposal to submit to us. It was the Embassy's understanding that that proposal would take the form of an agreement along the lines of the exchange of notes and letters suggested by the Embassy, that it would be no less restricted in applicability than the suggested notes, and that although it would provide for a procedure requiring the formulation of lists, the lists would be prepared by the Turkish consular or diplomatic establishments in the United States after the Department had cooperated (by enlisting the services of the various organizations and associations interested, or by other means) in giving publicity to the fact that such lists had been opened.

During the several conversations which have occurred between August 2 and November 21, the Embassy learned nothing which suggested that the Turkish proposal would be changed. The written approval of the Ministry of Interior was obtained in due course, and a proposal was drafted for the approval of the Secretary General of the Foreign Office. Numan Bey's attention, however, was occupied by questions of more immediate importance to the Turkish Government, and there occurred meanwhile several changes in the personnel of the Ministry, which had the effect of depriving this particular matter of an interested sponsor and placing it under the jurisdiction of a new Chief of Department who had no first-hand knowledge of the questions involved and was furthermore absent from Ankara for nearly four weeks while accompanying the Foreign Minister to Moscow, and who now seems to have obtained the approval of the Secretary General (apparently given in haste, on the eve of his departure for Paris and London on a special mission concerning economic and financial matters) to a draft agreement which in several respects differs so widely from the expressed intentions of our Government that it can serve at best merely as a basis for further discussion. A copy of the draft, which was informally handed to a member of the Embassy on November 21, is enclosed simply for the Department's information. The Department will not fail to note how widely this draft differs from what the Embassy had theretofore had reason to expect.

The Embassy feels, however, that even though the draft is disappointing, it is nevertheless a step forward in that it constitutes a concrete basis for further conversations, which have thus far been conducted in a purely theoretical atmosphere.

Respectfully yours,

J. V. A. MACMURRAY

[Enclosure]

Draft Agreement

PREAMBLE

The Government of the Turkish Republic and the Government of the United States of America, being desirous of reaching an agreement with a view to regularizing the status of the Syrians, nationals of the former Ottoman Empire, who became American citizens by naturalization prior to the putting into force of the Treaty of Lausanne, as well as the persons of Syrian origin, who in virtue of Article 34 of the Treaty of Lausanne and Article 2 of the letter annexed to the Turco-French Agreement of May 29, 1937, have not availed themselves, within the period contemplated in the above mentioned article, of their right of option and who, therefore, remain Turkish nationals.

Have decided to conclude an arrangement settling these questions and to that end have designated their plenipotentiaries, to wit:

.....

Who after having exchanged their full powers found to be in good and due form, have agreed upon the following provisions:

ARTICLE 1

The Government of the Republic agrees to recognize, within six months from the transmission by the American Government of detailed lists to the competent Turkish authorities, American nationality to the persons of Syrian origin, nationals of the former Ottoman Empire, who, without obtaining the prior authorization of their Government, acquired the character of American citizens through naturalization prior to August 6, 1924.

Such lists shall be made out according to the model annexed to this arrangement.¹⁴

ARTICLE 2

The Government of the Turkish Republic agrees to grant, within six months following the transmission by the American Government of the detailed lists to the competent Turkish authorities, authorization to acquire American nationality to persons of Syrian origin, nationals of the former Ottoman Empire, who, in virtue of Article 34 of the Treaty of Lausanne and of Article 2 of the letter annexed to the Turco-French Agreement of May 29, 1937, have not availed themselves, within the period contemplated by the said agreements, of their right of option and who, therefore, remain Turkish nationals.

Such lists shall be made out according to the model annexed to this arrangement.¹⁴

¹⁴ Not printed.

ARTICLE 3

Married women shall follow the conditions of their husbands, and children under 18 years of age shall follow the conditions of their parents.

ARTICLE 4

It is understood that all formalities carried out by Turkish authorities up to the date of the notification by the Government of the Republic to the American Government of its acceptance of the detailed lists contemplated above, on the ground of the previous Turkish nationality of the persons whose nationality will be regularized in virtue of the provisions of the foregoing articles, and relating to questions of status and property, remain valid within the framework of the provisions of law in force in Turkey.

ARTICLE 5

The Government of the United States of America undertakes not to present any claim before the Government of the Turkish Republic in favor of the persons contemplated in the foregoing articles, for acts which occurred prior to the regularization provided for in this arrangement, nor to support any claims of theirs relating to the same period.

ARTICLE 6

The persons contemplated by this arrangement who shall have acquired American nationality in accordance with the foregoing articles shall lose definitely the right to reenter Turkey.

ARTICLE 7

This arrangement shall be ratified and shall enter into force from the date of the exchange of ratifications.

390D.11/186 : Telegram

The Ambassador in Turkey (MacMurray) to the Secretary of State

ISTANBUL, December 29, 1939—2 p. m.

[Received 7:48 p. m.]

75. My telegram No. 147, November 21, 5 p. m.

1. Turks desire that agreement be in the form of a treaty. The Minister of the Interior takes the position that this is necessary for administrative purposes. Has the Department any objection?

2. For the Department's information, while the Foreign Office is insisting that its counterproposals (inclosed in my despatch No. 1277,

November 23, 1939) be used as the basis of discussions, they appear disposed to make the changes necessary to bring it into substantive accord with the draft of exchange of notes worked out in Washington.¹⁵

MACMURRAY

RECIPROCAL TRADE AGREEMENT BETWEEN THE UNITED STATES
AND TURKEY, SIGNED APRIL 1, 1939¹⁶

611.6731/499a : Telegram

The Secretary of State to the Ambassador in Turkey (MacMurray)

WASHINGTON, January 19, 1939—7 p. m.

4. The initialed text of the trade agreement has been examined by the competent officials here and it has been found necessary to make certain changes.

1. With respect to the Balkan clause,¹⁷ you should express to the Turks the substance of the following. This clause was not definitively accepted by your Government because it is its established policy to avoid acceptance of new exceptions to the most-favored-nation clause and hence to include only such exceptions as relate to preferences already established and in operation. In this connection, the public announcement of supplemental trade-agreement negotiations with Cuba, issued November 30, 1938,¹⁸ states that "no increases in the guaranteed percentages of preference in tariff rates will be made." Furthermore it has been our aim to reduce existing preferences wherever possible, as was done in the case of the British agreement. Our acceptance of the Balkan clause in the unqualified form proposed by the Turks would cause serious embarrassment in connection with conversations preliminary to trade-agreement negotiations with certain countries which are anxious to secure our acceptance of similar exceptions to the most-favored-nation clause.

Nevertheless, since the Turks claim that they have a moral obligation to include the Balkan clause in their commercial agreements, we will not reject it outright, but will accept it subject to the following modifications:

¹⁵ See enclosures to instruction No. 279, July 21, 1938, to the Ambassador in Turkey, *Foreign Relations*, 1938, vol. II, p. 1116.

¹⁶ For previous correspondence, see *ibid.*, pp. 1052 ff.

¹⁷ See telegram No. 76, December 22, 1938, 3 p. m., from the Ambassador in Turkey, *ibid.*, p. 1101.

¹⁸ Department of State, *Press Releases*, December 3, 1938, p. 398.

A. In the phrase "or to the countries of the Balkan Entente" substitute "within" for "to", in order to make it clear that customs tariff advantages only are contemplated;

B. Insert in the note to be exchanged at time of signature, after numbered paragraph 4, the following:

"5. With respect to preferences in favor of the countries of the Balkan Entente, provided for in subparagraph (c) of Article 11 of the Trade Agreement signed this day, it is the intention of the Government of the Turkish Republic not to impair the effectiveness of this Trade Agreement, and hence to avoid injury to the commerce of the United States of America, in the creation of such preferences."

With the insertion of this paragraph, the paragraph now numbered 5 in the note would become numbered paragraph 6.

You may say to the Turks that this proposed insertion is motivated by considerations related to future negotiations with other countries, and that we anticipate no injury to American trade in the present instance.

Consideration has been given to the addition at the end of the Balkan clause of "so long as such advantages are not extended to any other than the aforementioned countries". It was decided not to make this addition because the meaning of these words is already contained in the agreement. You should, however, make sure that the Turks agree with this interpretation of the agreement.

2. You should explain to the Turks that the agreement, when proclaimed, will become a part of the law of our country and its interpretation may become a subject of litigation. Furthermore, any misinterpretation of the provisions of the agreement by political opponents or misunderstanding by interested traders may cause serious embarrassment. Hence our legal experts have found it necessary to make certain changes which do not alter the intended meaning but merely clarify it. The changes listed in this numbered paragraph are considered essential.

[Here follows a detailed list of changes in Schedules and phraseology.]

HULL

611.6731/529 : Telegram

The Ambassador in Turkey (MacMurray) to the Secretary of State

ANKARA, March 11, 1939—2 p. m.

[Received 2:30 p. m.]

14. Embassy's telegram No. 12, February 27, 6 p. m.¹⁹ Chief of Turkish delegation informed us today that Cabinet had approved

¹⁹ Not printed.

signature of trade agreement and that there would be no difficulty with regard to the changes desired by the Department. But he felt morally bound to bring to our attention that the Turkish Government, with a view to conserving purchasing power for essential commodities, contemplated in the very near future prohibiting or placing a prohibitive duty on the importation of a large number of what it considered to be non-essential articles. He said that among the articles under consideration were the following contained in our proposed schedule I: canned salmon, canned corn, dried prunes, canned pineapples, and prunes and pineapple and prune juice, canned sweet potatoes, canned asparagus, chewing gum and rubber toys. He pointed out that the total importation of these articles from the United States is very small and that the new tariff measure would affect other countries far more than the United States. He had no objection to leaving the above-mentioned articles in schedule I on the understanding that prohibitive tariff increases might be imposed on them in the very near future.

MACMURRAY

611.6731/529 : Telegram

*The Acting Secretary of State to the Ambassador in Turkey
(MacMurray)*

WASHINGTON, March 18, 1939—3 p. m.

14. Your 14, March 11, 2 p. m. You should inform the Chief of the Turkish Delegation that our approval of the inclusion of the 2 months' notice clause in Article I of the initialed agreement resulted from his assurance that he could guarantee that there would be no increase in the duties on Schedule I articles during the term of the agreement (your telegram no. 74, October 21, 3 p. m.,²⁰ Paragraph II B) and that the imposition of any increased duties on Schedule I articles after the agreement is signed would therefore be in contravention of the understanding reached between the two delegations during the course of the negotiations. Any such duty increases would give rise to serious criticism of the agreement in the United States because of the feeling of uncertainty it would create on the part of American exporters with respect to the future status of other Schedule I items, and the fact that the United States is obligated to maintain the duty concessions in Schedule II during the life of the agreement.

Rather than leave in Schedule I all of the articles mentioned in your telegram under reference with the understanding that the duties thereon might be increased in the relatively near future, we would

²⁰ *Foreign Relations*, 1938, vol. II, p. 1089.

prefer to omit from Schedule I all of them except dried prunes, canned prunes and canned prune juice, and canned asparagus. As you know, we attach considerable importance to the agricultural items in Schedule I, and for that reason do not wish to omit the prune items and canned asparagus. Therefore, if the Turkish Government should agree to leave these items in Schedule I, which would of course be subject to Numan's²¹ aforementioned assurance, we would be willing to drop the remaining articles listed in your telegram under reference, but as a compensatory modification we would remove from Schedule II the concession on unshelled filberts. The withdrawal of the concession on unshelled filberts involves no material change in the value of our concessions to Turkey; as you are aware, there have been no imports of unshelled filberts into the United States from Turkey since 1935.

WELLES

611.6731/531 : Telegram

The Ambassador in Turkey (MacMurray) to the Secretary of State

ANKARA, March 22, 1939—2 p. m.

[Received March 22—11:48 a. m.]

18. Department's telegram No. 14, March 18, 3 p. m. Chief of Turkish delegation has confirmed understanding that no increases will be made in duties on articles included in schedule I.

He agrees to retention of canned asparagus and prune items, but proposes a tariff quota of 5,000 pounds (Turkish) for prune items. He requests us to suggest the phraseology to be used in expressing quota. He has no objection to omission from schedule II of unshelled filberts.

Turkish statistics for first 9 months of 1938 show no imports from the United States of dried prunes; 1,073 pounds (Turkish) of all canned fruits and juices, unsugared and 10 pounds (Turkish) sugared (canned prunes and canned prune juice are not listed separately).

Does the Department desire us to insist on retention of prune items without quota?

For Ambassador

KELLEY

611.6731/531 : Telegram

The Secretary of State to the Ambassador in Turkey (MacMurray)

WASHINGTON, March 24, 1939—6 p. m.

15. Your 18, March 22, 2 p. m. We would greatly prefer not to have a tariff quota on the prune items. Although we do not anticipate

²¹ Numan Menemencioğlu, Chief of the Turkish Delegation and Secretary General of the Turkish Ministry for Foreign Affairs.

any large increase in trade in these items under the proposed reduced rates, we do not wish to have it appear that the trade cannot expand beyond a small figure such as 5,000 Turkish pounds.

You should therefore endeavor again to obtain the assent of the Turks to the retention in Schedule I of the prune items without a tariff quota. If this is not possible, you should endeavor to have the dried prunes item retained without a tariff quota. However, you are authorized, as a final concession in order to expedite the conclusion of the agreement, to drop all of the prune items from Schedule I.

HULL

611.6731/538 : Telegram

The Ambassador in Turkey (MacMurray) to the Secretary of State

ANKARA, March 28, 1939—noon.

[Received March 28—8:50 a. m.]

21. From Trade Agreement Delegation.

1. Department's 15, March 24, 6 p. m. Turks have agreed to retention of prune items without a tariff quota.

2. Department's 4, January 19, 7 p. m. Turks have agreed to omit Balkan clause.

Turks have agreed to all changes considered either necessary or desirable by the Department except that relating to radios.

With regard to latter we desire to point out that Turkish Government has for some years in its agreements with Germany granted larger tariff reductions on radio parts than on assembled sets. If we omit the radio parts item the conventional rate of duty on parts will still be less than rate on assembled sets. Principal Turkish distributors of American radios believe larger reduction on parts will not affect adversely imports of assembled sets.

[Here follows detailed list of schedule changes.]

MACMURRAY

611.6731/542 : Telegram

The Ambassador in Turkey (MacMurray) to the Secretary of State

ANKARA, April 1, 1939—4 p. m.

[Received April 1—12:40 p. m.]

27. Your No. 18, March 31, 6 p. m.²²

1. Trade agreement was signed at noon today. Publicity arrangements have been made in accordance with your third paragraph. Textual details are given in separate telegram.

²² Not printed.

2. I take occasion to record warmest appreciation of patience and ability of Kelley and Gillespie in bringing to a successful conclusion these negotiations extending over almost a year.

MACMURRAY

[For text of reciprocal trade agreement and supplementary notes, signed at Ankara, April 1, 1939, see Department of State Executive Agreement Series No. 163, or 54 Stat. 1870.]

INFORMAL REPRESENTATIONS BY THE UNITED STATES RESPECTING TURKISH EXCHANGE REGULATIONS AFFECTING AMERICAN-TURKISH TRADE

867.5151/130 : Telegram

The Secretary of State to the Ambassador in Turkey (MacMurray)

WASHINGTON, March 8, 1939—8 p. m.

12. Your No. 9, February 16, 5 p. m.²³ American exporters are pressing the Department to obtain an official statement of the Turkish Government's intentions concerning the liquidation of the balance of the funds which have become blocked in Turkey since last May. The Department considers that the exporters are justified in their demands for information in this respect, and wishes you to request a definite statement from the Turkish authorities as to their intentions regarding the blocked balance. Please reply by cable.

HULL

867.5151/133 : Telegram

The Ambassador in Turkey (MacMurray) to the Secretary of State

ANKARA, March 13, 1939—4 p. m.

[Received March 13—2:35 p. m.]

15. 1. I have made your telegram 12, March 8, 8 p. m., the occasion for a further and more vigorous communication (which I presented to the Minister for Foreign Affairs in person on Saturday) on the subject of exchange in payment for both arrears and current importations. The Minister quite frankly admitted that the Government's exchange situation is very unfavorable; assured me that an Inter-Ministerial conference the previous day had agreed that the Minister of Finance should do his utmost to satisfy the claims of American trade. He called up the Minister of Finance and insisted upon and

²³ Not found in Department files.

obtained his consent to allotting to the payment for importations from the United States pending the coming into force of the Trade Agreement of 80% of the dollars received from the United States (the calculated equivalent of the proportion provided by the proposed Trade Agreement ²⁴).

2. The information now available to us indicates that of the approximately \$4,300,000 of arrears of which claims were presented up to January 1st (with the exception of those of the oil companies, which continue to receive daily allotments of exchange) there remain unsatisfied approximately \$1,300,000. In the course of conversation with Kelley ²⁵ and Gillespie ²⁶ concerning the trade agreement, Numan Bey, ²⁷ although admitting that the approximately \$8,000,000 received from American tobacco purchases had been largely expended for other purposes, gave the definite assurance that this balance would be promptly paid off.

3. While awaiting a written reply to my note we are endeavoring to supplement these assurances by more concrete information as to the system of exchange payments to be adopted.

MACMURRAY

611.6731/542: Telegram

The Secretary of State to the Ambassador in Turkey (MacMurray)

WASHINGTON, April 7, 1939—2 p. m.

22. Your 27, April 1, 4 p. m. ²⁸

1. In order that the Department may be currently informed regarding (1) the trend of Turkey's foreign trade in so far as it affects the exchange provisions of the trade agreement and (2) the exchange allotments for imports of American origin under the terms of the agreement, you should if possible arrange with the Turkish authorities to obtain monthly reports showing (1) the total value of commercial imports into Turkey together with the deductions therefrom provided in the note relating to Article 9; (2) the total value of commercial imports of American origin; and (3) the exchange allotments for imports of American origin.

2. In view of the specific language of the text of Article 9 of the trade agreement, it would appear that the exchange provisions will apply to the full calendar year 1939 rather than to the period May 5

²⁴ Signed at Ankara, April 1, 1939, Department of State Executive Agreement Series No. 163, or 54 Stat. 1870. For correspondence, see *ante*, pp. 861 ff.

²⁵ Robert F. Kelley, First Secretary of Embassy in Turkey.

²⁶ Julian E. Gillespie, Commercial Attaché in Turkey.

²⁷ Numan Menemencioglu, Secretary General of the Turkish Ministry for Foreign Affairs.

²⁸ *Ante*, p. 865.

to December 31. Please telegraph your comments on this point. If the Turks should raise this question, however, you should refrain from taking a position until you have reported their views to the Department and received further instructions.

HULL

611.6731/593

The Ambassador in Turkey (MacMurray) to the Secretary of State

No. 1097

ANKARA, June 12, 1939.

[Received June 27.]

SIR: I have the honor to refer to my despatch No. 1050 of May 17, 1939,²⁹ with regard to the enforcement of the American-Turkish Trade Agreement, and to enclose translations of two decrees and an Announcement of the Ministry of Finance³⁰ relative to the allocation of free exchange for the payment of imports from countries with which trade is conducted on the basis of free exchange.

The first decree is understood to be the decree which was withheld from publication in consequence of the objections made by the American Trade Agreement Delegation in the meeting of May 9, 1938, in the trade agreement negotiations with Turkey (Enclosure No. 2 to despatch No. 650 of May 18, 1938²⁹). It was the purpose of this decree (which was to replace Article 1 of Decree No. 2/8273 of March 15, 1938) to place the allocation of exchange for imports from the United States, Syria, Malta and Cyprus on the basis established under Article 1 of the Decree of March 15, 1938 for the allocation of exchange for imports from Egypt and Palestine (the countries with which Turkey had in 1937 an import balance instead of the usual export balance). As the Department is aware, under this decree exchange was to be made available for the payment of imports from the countries with which trade was conducted on the basis of free exchange to the extent of 80 per cent of the exchange derived from exports to the country in question.

It will be observed from Enclosures 2 and 3 that this decree has now been amended so that its provisions apply only to Egypt, Palestine, Syria, Malta and Cyprus, i. e., to all the countries with which trade is conducted on the basis of free exchange, with the exception of the United States. Thus, under the Turkish exchange legislation as now revised, the 80 per cent provision constitutes the basis for the allocation of exchange for imports from these countries while the provisions of the American-Turkish Trade Agreement constitute the basis for the allocation of exchange for imports from the United States.

²⁹ Not printed.

³⁰ None printed.

It will be noted that Article 2 of Supplementary Decree No. 2/11041 provides that exchange resulting from the sale of goods to the United States shall be sold to the Central Bank and a separate account kept thereof. The Embassy has been given to understand that the purpose of this provision is to facilitate the Turkish Government's fulfillment of its obligation under the Trade Agreement in respect to the provision of free exchange for the payment of imports from the United States and to preclude the repetition of what took place last Fall when most of the unallocated exchange, including the dollar exchange resulting from the purchase of tobacco for export to the United States, was utilized by the authorities for military and other needs.

Referring to the penultimate paragraph of my despatch No. 1050 of May 17, 1939, I regret to have to report that the Ministry of Finance has not as yet commenced making exchange available currently for the payment of imports from the United States although the Embassy has continued to urge upon the Foreign Office the necessity of speedy action in this matter. Likewise, no further action has been taken with respect to the liquidation of the still outstanding arrears for 1938 imports, which amount to approximately \$350,000.00. It is understood, however, that the Controller of Exchange at Istanbul was summoned to Ankara two weeks ago and has been here since that time in consultation with officials in the Ministry of Finance. It is hoped that this consultation will result in steps being taken to liquidate the still outstanding arrears for 1938 imports and to make exchange available currently for the payment of imports from the United States.

Respectfully yours,

J. V. A. MACMURRAY

611.6731/607

The Ambassador in Turkey (MacMurray) to the Secretary of State

No. 1153

ISTANBUL, July 15, 1939.

[Received August 8.]

SIR: I have the honor to refer to my despatch No. 1125 of June 28, 1939,²¹ relative to the enforcement of the American-Turkish Trade Agreement, and to report, with regard to the third paragraph of that despatch, that the Director of the Istanbul Exchange Control Office has commenced the liquidation of the balance of the exchange arrears for 1938 imports, and that he informed the Embassy on July 11th that \$130,000 had already been paid out in settlement of these

²¹ Not printed.

arrears. The Exchange Control Director, on the basis of more complete data now available to him, estimates that the total amount of arrears which were outstanding for 1938 imports was \$420,000 instead of \$353,000, the figure given in my despatch. Consequently, the exchange arrears still outstanding for 1938 imports amount to \$290,000. Inasmuch as the exchange arrears for 1939 imports are estimated to amount to \$2,300,000 (my despatch No. 1125 of June 28, 1939), the total arrears now outstanding amount to approximately \$2,600,000.

It is the opinion of the Embassy that the Turkish Government will not be in a position to furnish any considerable amount of exchange for the payment of imports from the United States until dollar exchange becomes available during the last three months of the year from the purchase of tobacco by American firms, and the export of other commodities to the United States. It is doubtful whether during the next two and one-half months the Turkish Government will be able to do more than to liquidate the arrears for 1938 imports and the remaining amounts outstanding on applications filed between January 1st and February 15th, 1939.

The present situation with respect to exchange payments for imports from the United States is due to the fact that, since May 11, 1938, when the payment of foreign exchange for commercial imports was discontinued, the Turkish Government has made available for the payment of imports from the United States not much more than 50 per cent of the dollar exchange received since that date from the purchase of Turkish products by the United States. According to available data, the Turkish Government has made available since May 11, 1938, approximately \$6,900,000 for the payment of imports from the United States. The following table shows the amounts of exchange paid out at various times in liquidation of exchange arrears for imports from the United States:

1. Part payment on exchange requests received up to December 21, 1938	\$2, 700, 000
2. Part payment on exchange requests received from December 21 to 31, 1938	280, 000
3. Fifty per cent of remaining 1938 arrears	700, 000
4. Seventy-five per cent of exchange requests received between January 1 and February 15, 1939	380, 000
5. Fifty per cent of remaining 1938 arrears	350, 000
6. Payments on remaining 1938 arrears	130, 000
Estimated payments to petroleum companies, May 11, 1938, to June 20, 1939	2, 400, 000
Total	\$6, 940, 000

The Embassy estimates that during the same period Turkey received approximately \$13,500,000 of dollar exchange, of which about \$10,-

600,000 was obtained from tobacco purchases by American companies, about \$2,000,000 in 1938 subsequent to May 12th from the export of commodities, other than tobacco, to the United States, and about \$1,500,000 during the first six months of the present year from the export of commodities, other than tobacco, to the United States. It will be observed that while Turkey received about \$13,500,000 during the period in question, only \$6,900,000 has been made available for the payment of imports from the United States. If the Turkish Government had acted in accordance with the decision of the Council of Ministers of May 5, 1938,* and had allocated for the payment of imports from the United States 80 per cent of the dollar exchange received from exports to the United States, there would be not only no exchange arrears at the present time but a reserve of more than \$1,000,000 for future imports.

It is believed that the dollar exchange obtained by the Turkish Government from exports to the United States which has not been made available for the payment of imports from the United States has been already expended or allocated for other purposes. There is no question but that Turkey's foreign exchange availabilities at the present time are extremely low. Recently, for instance, according to information obtained from a reliable source, the Ministry of National Defense was unable to obtain foreign exchange in order to purchase spare parts badly needed for military planes. No authoritative information is available with regard to the disposition made of the balance of the dollar exchange. It is known, however, that \$300,000 was used for the purchase of aircraft equipment from the Curtiss-Wright Corporation, \$250,000 for the purchase of spare parts from the Aviation Manufacturing Corporation, approximately \$1,000,000 for Turkish participation in the World's Fair in New York, and \$200,000 for payments on Turkish indebtedness to the Government of the United States, and it is believed that \$1,700,000 has been allotted for the purchase of 50 training planes from the Curtiss-Wright Corporation, and probably \$375,000 for the purchase in the United States of 1,500 mules for the Turkish Army. Of the remaining dollar exchange it is thought that the greater part has been used for the purchase of military supplies although it is possible that an appreciable amount has been used in connection with payments falling due on credits extended to Turkey by Great Britain and the repayment of the loan which had been made to Turkey by the Bank for International Settlements.

As indicated in the fourth paragraph of my despatch No. 1097 of June 12, 1939, it was for the purpose of preventing the recurrence of the present situation with respect to exchange payments for imports

*Enclosure No. 1 to Embassy's despatch No. 1097 of June 12, 1939. [Footnote in the original.]

from the United States that such exchange payments have been placed under the control of the Central Bank and 80 per cent of the exchange received from exports to the United States earmarked for the payment of imports from the United States. While the official responsible for this arrangement—the Secretary General of the Foreign Office—realizes that the United States would prefer to have exchange payments for American imports made from the general exchange fund, he is convinced that such an arrangement would be most inadvisable under the present international situation in view of Turkey's tremendous need of foreign exchange, particularly for national defense purposes, and the consequent great pressure on the Turkish Government to utilize for such purposes the exchange available in the general exchange fund. He felt that the only way to preclude the repetition of what happened last Fall and to make certain that exchange would be currently available during the year for the payment of American imports was to earmark for this purpose specific exchange in the State Bank.

Respectfully yours,

J. V. A. MACMURRAY

611.6731/626

Memorandum by the Assistant Chief of the Division of Near Eastern Affairs (Alling) of a Conversation With the Turkish Ambassador (Ertegin)

[WASHINGTON,] July 29, 1939.

The Ambassador stated that he had received instructions from Ankara to take up with the Department the effect which the American-Turkish Trade Agreement had had upon trade between the two countries. The Ambassador said that his Government had observed with considerable concern that following the entrance into force of the agreement Turkish exports to the United States had practically ceased. The Ambassador added that this seemed to be due to several reasons. In the first place Germany was offering higher prices for Turkish raw products and increasing the internal price level up to such a point that American buyers were forced out of the market. Thus dollar exchange had become more and more difficult to obtain, and at the present time Turkey had practically no dollar exchange. Furthermore, the reductions which had been made in the Turkish duties on a long list of products had been generalized to other countries and German exporters were able to sell many more goods in Turkey because of these reduced duties. In addition, Turkish merchants who desired to purchase American goods found that they had to pay a premium of as much as forty percent above the official rate

in order to obtain dollar exchange. All of these factors were most disturbing to the Turkish Government which sincerely desired to increase not only its exports to the United States but its imports from this country. In the circumstances the Turkish Government had raised the question whether we would be agreeable to a system by which exports from Turkey to the United States, with the exception of tobacco, would be allotted amounts in Turkish lire per dollar above the official rate. The Ambassador stated that his Government felt that such an arrangement would give American merchants more Turkish lire per dollar and that these merchants would therefore be able to purchase Turkish goods, with the exception of tobacco, at a lower dollar price. The Ambassador concluded that this was all the information he had on the subject; that he was not particularly competent to discuss it, but that he would appreciate receiving a reply as soon as possible whether such an arrangement as was proposed would be agreeable to this Government.

I told the Ambassador that the proposal obviously raised many technical questions, but that I would pass it on to the competent persons in the Department and that we would endeavor to give him some informal views on the matter some time next week.

611.6731/626

*Memorandum of Conversation, by Mr. George V. Allen of the Division
of Near Eastern Affairs*

[WASHINGTON,] August 9, 1939.

Participants: Turkish Ambassador
Mr. Murray ³²
Mr. Allen

The Turkish Ambassador called to inquire whether any progress was being made in the consideration by the Department of the Turkish Government's suggestion that in order to increase the export of Turkish commodities to the United States Turkey might grant a more favorable exchange rate for dollars transferred to Turkey in payment for Turkish goods. He said that the matter was of some urgency to his Government, and hoped we might give him a reply shortly.

Mr. Murray said that the suggestion had been under serious consideration by the two Divisions of the Department directly concerned with such questions, and that he hoped the Department's reply would be ready within a few days.

³² Wallace Murray, Chief of the Division of Near Eastern Affairs.

During the ensuing discussion, Mr. Murray told the Ambassador that officials in the Department were inclined to believe that any favorable exchange rate which the Turkish Government might establish in connection with American purchases of Turkish commodities other than tobacco would probably cause the Treasury Department to consider that an export bounty or grant was in effect for those other commodities which would require the levying of a countervailing duty in the United States. Mr. Murray said that any favorable exchange rate allowed would probably have to apply to all Turkish exports to the United States, and possibly would have to apply to all Turkish exports to all free exchange countries.

It was difficult for the Turkish Ambassador to understand at first why we should insist upon the inclusion of tobacco, but he later appeared to understand thoroughly the necessity therefor.

The Ambassador stressed the fact that his Government's intention was not to indulge in anything in the nature of dumping, since the desire was merely to equalize for the United States the opportunities of purchasing Turkish goods. He said that the Germans were able to increase their bids on Turkish commodities above the market price because they were paying in blocked currency. A more favorable exchange rate for dollars would not be facilitating Turkish exports to the United States to the extent of granting any special favors for this trade, but would merely equalize the opportunities of Americans to bid against Germans for Turkish goods.

It was suggested to the Turkish Ambassador that in as much as former Turkish-German clearing agreements have included quotas on the exportation of Turkish commodities to Germany, the Turkish Government might desire to consider the re-institution of these quotas, with a proviso that any Turkish commodities purchased by Germany in excess of the quota limitations would have to be paid for in free exchange. (It is not certain that the Turkish Ambassador was familiar enough with Turkish-German trade relations to follow the discussions on this point.)

611.6731/626

*Memorandum by Mr. Vernon L. Phelps of the Division of Trade Agreements*³³

[WASHINGTON,] August 15, 1939.

The inquiry of the Turkish Government, communicated to the Department informally by the Turkish Ambassador in a conversation with Mr. Alling on July 29, 1939 (see memorandum of conversation

³³ Marginal note by Mr. George V. Allen of the Division of Near Eastern Affairs: "Contents communicated to Turkish Ambassador orally, Aug. 21, 1939. GVA."

attached ³⁴), as to whether we would be agreeable to a system whereby exports from Turkey to the United States, excepting tobacco, would be allotted amounts in Turkish lire per dollar above the official rate in an endeavor to encourage exports to this country, and thereby possibly curtail further expansion of Turkish exports to Germany under the Turkish-German clearing agreement, raises questions with respect to which a definitive answer can be given only by the Treasury Department, and any formal communication to the Turkish Ambassador would need to be cleared with that Department.

However, this matter has been discussed by the interested officers of NE, EA, and TA, ³⁵ and two memoranda (attached hereto) ³⁶ have been prepared in EA and TA, respectively, with reference thereto. Meanwhile, this matter has been the subject of a further conversation between the Turkish Ambassador and Mr. Murray on August 9, 1939 (see memorandum of conversation attached ³⁷).

On the basis of the aforementioned memoranda, it is suggested that the Turkish Ambassador be called in and the following informal observations relative to the Turkish proposal be given to him orally:

1. The Turkish proposal to allot amounts in Turkish lire per dollar above the official rate of exchange for Turkish exports to the United States raises questions the definitive answers to which fall within the jurisdiction of the Treasury Department.

2. With respect to dutiable imports into the United States, it seems almost certain that the Turkish proposal would be considered by the Treasury to constitute a bounty or grant within the meaning of Section 303 of the Tariff Act of 1930 ³⁸ and would therefore require the imposition of countervailing duties on dutiable imports from Turkey subject to the Turkish proposal. However, the payment by the Turkish exchange control authorities of a uniform exchange premium above the official rate for all dollars and other currencies offered for sale in Turkey might not be interpreted by the Treasury Department as constituting a bounty or grant within the meaning of Section 303. It is understood that a similar action taken by the Hungarian Government in December, 1935, whereby a uniform premium of 50 percent and surcharge of 53 percent were paid and charged, respectively, for all freely convertible foreign currencies, was considered by the Treasury Department as not constituting a bounty or grant under Section 303.

3. The payment of a higher rate for dollars arising out of Turkish exports which are on the American free list would not require action

³⁴ *Ante*, p. 872.

³⁵ Division of Near Eastern Affairs, Adviser on International Economic Affairs, and Division of Trade Agreements, respectively.

³⁶ Not printed.

³⁷ *Supra*.

³⁸ 46 Stat. 590, 687.

by the Treasury under the aforementioned Section 303 since that section does not apply to imports of articles on the free list; but there is the possibility that if the imports resulting from such action on the part of the Turkish Government proved injurious to American industry, action against them might be instituted under the Anti-Dumping Act of 1921.³⁹ In this connection it is suggested that the Ambassador's attention be invited to the fact that in recent years dutiable imports into the United States from Turkey other than tobacco have amounted to only a little over 5 percent of the value of total imports from that country. Therefore, it would appear that, since it desires to exclude tobacco, the Turkish Government might very largely accomplish its purpose by allotting amounts in Turkish lire per dollar above the official rate only on products exported to this country which are on the American free list.

4. While this Government concurs fully with the desire of the Turkish Government to promote the expansion of trade in both directions between Turkey and the United States, it nevertheless would seem that the present problem is primarily one for solution by the Turkish Government, since it arises very largely out of Turkey's trade relations with Germany. The suggestion made to the Turkish Ambassador in the aforementioned conversation of August 9, 1939 might therefore be repeated; namely that the Turkish Government may wish to consider having restored in the Turkish-German clearing agreement provisions similar to those contained in the Turkish-German clearing agreement concluded in August 1937 whereby German imports from Turkey of certain important raw materials were restricted to specified amounts, with possibly an additional proviso that any imports into Germany of these products in excess of the specified limits would be paid for by Germany in free exchange.

5. If the Turkish authorities are interested in exploring the matter further, the Department would be glad to arrange a conference between the Turkish Ambassador and the competent Treasury officials to discuss the matter.

641.6731/52 : Telegram

The Chargé in the United Kingdom (Johnson) to the Secretary of State

LONDON, August 18, 1939—7 p. m.
[Received August 18—2: 40 p. m.]

1190. Following informal communication received today from the British Treasury.

³⁹ 42 Stat. 11.

"Our Turkish clearing has been working extremely badly for some time, and we came to the conclusion not long ago that we would be better advised to put all our trade with them onto a compensation basis. Much the same ideas have been moving in the Turk's minds, and they have just now invited us to start negotiations to revise our clearing agreement in this sense; we agreed to do so, and are now waiting for them to start.

In the meantime we have just heard from Angora that the Turks propose to put all their trade with the United Kingdom, the United States and France on a compensation basis as from the 20th August, by unilateral action. This is impossible, so far as we are concerned, as they are bound by the existing clearing agreements, and we, from the point of view of our own law, are bound by Treasury orders which enforce these agreements. Obviously we cannot accept their regime—of the details of which we know nothing—unless we are satisfied that our interests are adequately protected, and a new agreement will be necessary. We have asked them to hold their hands for a few weeks and to start negotiations at once; we both have the same general intentions, and it should not take us long to fix things up.

Among other arguments for accepting the immediate application of the new regime, the Turks say that the United States Embassy in Turkey have expressed their agreement to the scheme subject to confirmation from Washington. Could you give me any details about this? The Turks seem to be trying to run all their free exchange trade on similar lines, and we would like to keep in touch, so far as may be, with what you have done in this respect.

As our negotiations may start at any moment, I would be grateful if you could let me have an answer as soon as you conveniently can."

JOHNSON

641.6731/52 : Telegram

*The Acting Secretary of State to the Ambassador in Turkey
(MacMurray)*

[WASHINGTON,] August 19, 1939—3 p. m.

39. London's No. 1190, August 18, 7 p. m. The only suggestion the Department has received from the Turkish Government has been a recent proposal, transmitted orally through the Turkish Ambassador in Washington, that Turkey grant a more favorable exchange rate for dollars brought into Turkey for the purchase of Turkish commodities other than tobacco. It is not clear that this proposal has any connection with the suggestions regarding compensating trade referred to in London's August 18, 7 p. m., to which you are said to have expressed agreement subject to confirmation from Washington.

The Department is studying the implications of the Turkish Ambassador's proposals regarding a more favorable exchange rate for dollars, and expects to reply orally to the Turkish Ambassador on Monday. You are requested to furnish the Department any information

you may be able discreetly to obtain regarding the Turkish proposals reported in London's telegram and the exchange proposals which the Turkish Ambassador here was instructed to make.

MOORE

641.6731/53 : Telegram

The Ambassador in Turkey (MacMurray) to the Secretary of State

ISTANBUL, August 21, 1939—5 p. m.

[Received August 22—1:10 a. m.]

45. Department's 39, August 19, 3 p. m. Minister for Foreign Affairs informed British Ambassador August 16 that the Turkish Government proposed to put all trade with Great Britain, France, and the United States on a compensation basis as from August 20. He said that the commercial treaty just signed with France⁴⁰ provided for putting trade with that country on a compensation basis; that the American Embassy in Turkey had indicated, subject to final approval from Washington, that such an arrangement would be acceptable to the American Government; and that the British Government itself had a short time previously advanced the idea of putting Anglo-Turkish trade on a compensation basis. British Ambassador on August 18th informed Minister of Foreign Affairs that, in view of existing agreements and regulations which it was not possible to terminate immediately, all Anglo-Turkish trade could not be placed immediately on a compensation basis. Turks agreed to refrain from taking contemplated action on August 20th. However, pending the conclusion of an agreement putting all trade on a compensation basis the British Government has expressed its willingness to increase (which can be done under existing agreements) the number of articles subject to compensation. Turks apprehend that they must take some action before the commencement of the Turkish export season.

There have been no discussions of any sort between the Embassy and Turkish authorities with regard either to the proposals made to Department by Turkish Ambassador on July 29 or to any Turkish desire to place American-Turkish trade on a compensation basis. With regard to the latter point it may be stated that Turkish Government fully understands that our trade agreement precludes the application of compensation requirements to imports from the United States and, as the Department is aware, the application of compensation system to trade with the United States was formally abolished on May 9th. While both British Ambassador and British Commercial Secretary

⁴⁰ Signed August 23, 1939, *Journal Officiel de la République Française*, August 31, 1939, p. 10896.

who was with him are certain that the Turkish Minister for Foreign Affairs referred to the American Embassy in Turkey, they both are of the opinion that it is quite possible that the Foreign Minister meant to refer to Turkish Embassy in Washington. British Commercial Secretary states that in a subsequent conversation with him Turkish Under Secretary for Commerce said that "the American Government" had expressed sympathy with difficulties confronting Turkey and had approved the proposed arrangement in principle.

It is clear from discussions with British Embassy that the proposal made to British Government is not the same as that made by Turkish Ambassador in Washington. However, inasmuch as the compensation system operates to reduce the cost of Turkish products to foreign purchasers it would appear that the two proposals have the same objective. It is possible for this reason that the Turkish Foreign Minister loosely used the term "compensation" to cover the system of exchange differentiation which Turkey proposes to apply with regard to the United States.

For some time the Turkish Government has been giving consideration to ways and means of increasing trade with free exchange countries which it considers desirable for both political and economic reasons and especially with a view to minimizing the possibilities of retaliatory action which Germany might take on political grounds. It would appear that the Turkish Government has now decided that the application of the compensation system is the best method of bringing about a reduction in the cost of Turkish goods to purchasers in free exchange countries which hitherto has been a serious obstacle to the expansion of Turkish exports to such countries.

MACMURRAY

641.6731/53 : Telegram

The Secretary of State to the Ambassador in Turkey (MacMurray)

WASHINGTON, August 26, 1939—1 p. m.

41. Department's 39, August 19, 3 p. m. Your 45, August 21, 5 p. m.

1. On the basis of informal discussions with the Treasury Department, the following statements were transmitted in an informal letter " to the Turkish Ambassador today: (a) It appears that the payment by Turkey of a premium on foreign exchange derived from the sale of particular Turkish products to the United States would be considered by the Treasury Department to constitute a bounty or grant within the meaning of Section 303 of the Tariff Act of 1930, and

" Not printed.

would therefore require the imposition of countervailing duties on dutiable imports from Turkey benefiting from such premiums; (b) apparently the only way in which the application of countervailing duties to dutiable goods could be avoided, if the proposed exchange premiums are applied to Turkish exports to the United States, would be to apply such premiums uniformly to all transactions in Turkey, whether connected with the sale of goods or otherwise, involving the purchase with Turkish currency of American dollars or other free foreign exchange.

2. In a preliminary discussion of this matter with the Ambassador on August 21 it was (a) pointed out that Section 303 does not apply to duty-free imports and that in recent years dutiable imports into the United States from Turkey other than tobacco have equaled only a little over 5 per cent of the value of total imports from Turkey; (b) suggested that the Turkish Government might wish to consider having restored in the Turkish-German clearing agreement provisions similar to those contained in the agreement of August 1937 whereby German imports from Turkey of certain important raw materials were restricted to specified amounts, with possibly an additional proviso that any German imports in excess of the specified limits would be paid for by Germany in free exchange, as a possible means of reducing Germany's share of Turkey's export trade and of increasing Turkey's trade with free-exchange countries. Since the Department is not certain that the Turkish Ambassador understood these statements clearly, they are transmitted for your use in any conversations you may have with the appropriate Turkish officials regarding the matter.

HULL

367.5151/158 : Telegram

The Ambassador in Turkey (MacMurray) to the Secretary of State

ANKARA, November 11, 1939—1 p. m.
[Received November 11—11:43 a. m.]

142. With reference to the exchange situation, arrears for imports from the United States in 1938 have been completely liquidated and 1939 applications for exchange transfer permits filed up to February 20 have been paid. Transfers will probably be slow but regular until tobacco purchases start in early December when large transfers are expected.

Inform Commerce.

MACMURRAY

867.5151/159 : Telegram

The Ambassador in Turkey (MacMurray) to the Secretary of State

ANKARA, November 25, 1939—2 p. m.

[Received 2:48 p. m.]

149. 1. Reference to my telegram No. 142, November 11, 1 p. m. Exchange transfers have now been made on all applications filed prior to March 1. Total payments made on applications filed during 1939 (not including payments made prior to June 22 to petroleum companies) amount to approximately \$700,000. Unpaid applications on file November 15 total approximately \$6,500,000.

2. With regard to the question of devaluation discussed in my despatch No. 1237, October 25 last,⁴² the Minister of Commerce stated to the Commercial Attaché today that the Turkish Government plans to devalue the Turkish pound by about 25% in relation to the dollar in connection with tobacco purchases early in December. In view of the apparent imminence of devaluation the Embassy would appreciate the Department's instructions in regard to the position it should take with respect to the right of holders of exchange arrears to transfer at the rate in force at the time of deposit of Turkish pounds.

MACMURRAY

867.5151/159 : Telegram

The Secretary of State to the Ambassador in Turkey (MacMurray)

WASHINGTON, December 1, 1939—5 p. m.

56. Your 149, November 25, 2 p. m. The Department assumes that the existing claims of American exporters are expressed in dollars and that these claims, in order to be satisfied, must be paid in full in dollars, irrespective of the value of the Turkish lira at the time the exchange is granted.

American commercial creditors will doubtless experience difficulty, however, in collecting from their debtors or otherwise realizing the full amount of their claims if no special provision is made at the time of devaluation with regard to funds which the Turkish debtors have previously deposited, pursuant to Turkish requirements, to pay their American obligations whenever exchange should be made available by the Turkish authorities. The simplest method of meeting the situation would appear to be for the Turkish Government to exempt such existing deposits from devaluation. You should endeavor to

⁴² Not printed.

obtain some arrangement which will result in the full payment in dollars of the American arrears.

Please furnish the Department promptly with a further telegraphic report regarding the situation, including the difficulties which may be expected to be encountered with regard to devaluation as affecting the arrears. Does any Turkish law or regulation existing or contemplated exempt the Turkish importer from any further obligation to his American creditor when he has deposited sufficient Turkish lira to meet his obligation at the rate of exchange existing at the time of the deposit? If so, have not the Turkish authorities, in accepting and holding the lira deposits, assumed responsibility for transferring to the American creditor, whenever exchange should become available, the amount of dollars represented by those lira at the time of deposit? The foregoing is on the assumption a general devaluation of the lira is contemplated. If the situation is otherwise, please report in full.

HULL

611.6731/641 : Telegram

The Ambassador in Turkey (MacMurray) to the Secretary of State

ANKARA, December 4, 1939—8 p. m.

[Received 8:17 p. m.]

150. 1. The Minister of Commerce in a radio address Saturday night set forth the measures which the Turkish Government proposed to take to develop trade with the United States. He stated that the clearing and compensation systems applied since 1933 in Turkey's foreign trade relations had brought about an increase in the domestic prices of Turkish products relative to world market prices and that the difference between the two price levels was constantly increasing. This price differentiation had had a considerable effect on Turkish exports to the United States. Whereas up to 1929 50 percent of Turkish exports to the United States consisted of products other than tobacco, in recent years the share of such products had fallen to 4 percent. On the other hand, Turkish imports from the United States had been increasing and because the present situation made it difficult to pay the counter value of imports from the United States there had accumulated a little amount of blocked arrears which totaled at the present time about \$6,500,000. The existence of these arrears made importation from the United States very difficult and had brought about an increase in the prices of American products; for example, the duty on automobiles had been reduced by 400 to 500 pounds but prices on the Turkish market instead of declining by this amount had increased by about 500 pounds which meant that there had been an actual

increase of from 800 to 1,000 Turkish pounds. A similar increase in price had taken place in the case of other American products, such as radios and frigidaires.

The Minister declared that the remedy for this situation was to do away with the difference between Turkish domestic prices and world market prices which would permit the increase of Turkish exports to the United States. "We shall apply the compensation system to American imports and exports in order to do away with the difference between prices on the American and Turkish markets and in order to adjust Turkish trade with America to trade with other countries. The American compensation premium will be approximately 25 percent, consequently every exported article will receive a premium in this proportion and every imported article will pay a premium in the same proportion. The application of this system will make possible the cash payment of the counter value of imported goods and thereby blocked funds will be avoided." The Minister estimated that the application of this system would bring about a reduction of from 25 to 50 percent in the present high prices of imported American goods.

2. This announcement was made without previous consultation with the Embassy and to its complete surprise. Neither the general plan nor the details of its application are understood and it has thus far proved impossible to get into touch with any responsible official of the Ministry of Commerce but an appointment has been made to see the Minister tomorrow.

MACMURRAY

611.6731/642 : Telegram

The Ambassador in Turkey (MacMurray) to the Secretary of State

ANKARA, December 5, 1939—6 p. m.

[Received 9:55 p. m.]

152. My No. 150, December 4, 8 p. m.

1. The Minister of Commerce stated to Kelley today that the action contemplated by the Turkish Government was in fact devaluation of the Turkish pound in relation to the dollar, although the Government was not able to resort to avowed devaluation, he had therefore been unable to present the proposed measures in that light to the Turkish public. He emphasized that the proposed measure was general in its application; 1.625 Turkish pounds would be paid for dollars brought into Turkey either for the purchase of Turkish products or for any other purpose, that figure consequently represented the actual buying rate for dollars in the future. The Minister said that the appearance

of a compensation transaction would be maintained by having the books of the Central Bank show 1.30 Turkish pounds of this amount as paid by the bank and .325 by the compensation society.

2. With regard to the purchase of dollars for the payment of imports from the United States the Minister said that dollars for the payment of future imports would be sold at a rate a few points above the buying rate and that dollars for the payment of past imports would be sold at the old rate which impliedly remains the official rate. (The exchange authorities in Istanbul assured the Assistant Commercial Attaché ⁴³ this morning that the existing arrears would be liquidated at the official dollar rate, i. e. 1.30, as rapidly as dollar exchange becomes available.) If this plan is carried out it would seem to obviate the situation as to which instructions were requested in my telegram No. 149, November 25, 2 p. m.

3. It would appear from the remarks of the Minister in discussing the blocked arrears that he is groping to find some means of reserving for the payment of current imports, the dollars receiving from the tobacco purchases which are just beginning. He discoursed at length upon the necessity of regaining the confidence of the American exporter by making exchange available immediately upon application which would also have a very beneficial effect in Turkey because it would bring about a reduction in the high prices of American products. He mentioned the possibility of his approaching us later with a view to obtaining financial assistance from the Export-Import Bank to pay off the existing arrears and the possibility of holders of exchange arrears waiving their right to immediate payment. The Minister understands fully, however, that under the trade agreement, exchange must be made available in chronological order of application as imports become available.

4. The representatives of the American tobacco companies ceased purchasing tobacco yesterday upon the Embassy's stating its inability to give them assurances that the proposed action of the Turkish Government would not entail the Treasury's application of countervailing duties to dutiable goods. Following the conversation with the Minister this morning Kelley advised a spokesman of the tobacco companies, in view of your telegram No. 41 of August 26, of the information obtained from the Minister and expressed the opinion that if the new measure was applied along the lines set forth by the Minister there would appear to be no question of the application of penalizing duties in the United States.

MACMURRAY

⁴³ Earle C. Taylor.

867.5151/160 : Telegram

The Ambassador in Turkey (MacMurray) to the Secretary of State

ANKARA, December 7, 1939—4 p. m.
[Received December 7—1:30 p. m.]

154. My telegram No. 149, November 25, 2 p. m. Exchange transfers have been effected on all applications filed prior to March 10. Unpaid applications on file on December 4 total \$6,300,000. Total payments made on applications filed in 1939 (not including payments to petroleum companies) amount to \$1,216,000.

MACMURRAY

611.6731/642 : Telegram

The Secretary of State to the Ambassador in Turkey (MacMurray)

WASHINGTON, December 8, 1939—6 p. m.

58. Your No. 150, December 4, 8 p. m., and No. 152, December 5, 6 p. m.

1. With reference to Kelley's advice to the tobacco companies regarding the application of countervailing duties, your attention is invited to the statement at the end of paragraph 1 in the Department's telegram No. 41 of August 26, 1 p. m. "or other free foreign exchange". Assurances regarding the application of countervailing duties should not be given until the Department has had an opportunity to consider the details of the new Turkish regulations and to discuss them with the Treasury Department.

2. Do the Turkish authorities intend to apply corresponding changes in its exchange rate to purchases of free currencies other than the dollar? What are the principal currencies which are considered by the Turkish authorities to be free currencies?

3. The Department takes note of the Turkish assurances that existing dollar arrears will be liquidated at their full value in dollars.

4. The Department is sympathetic with the Turkish Government's endeavors to improve its trade relations with the United States and will be glad to receive any proposals which that Government may desire to make. Any suggestions, however, which fail to safeguard the rights of American holders of exchange arrears would be contrary to the spirit of the Trade Agreement and a derogation of the assurances which American exporters have received.

5. Since only 3 weeks remain in the calendar year and \$6,300,000 of American funds remain blocked, it would be appropriate for you to inform the Turkish authorities at this time that we assume that Turkey

will comply fully with the provisions of Article 9 of the Trade Agreement with respect to the allocation of exchange during 1939.

HULL

611.6731/645 : Telegram

The Ambassador in Turkey (MacMurray) to the Secretary of State

ANKARA, December 12, 1939—4 p. m.

[Received 4:08 p. m.]

156. Your telegram No. 58, December 8, 6 p. m., third and fourth paragraphs.

1. The Minister of Commerce invited the Assistant Commercial Attaché to call on him yesterday for the purpose of discussing Turkish-American trade difficulties. From this conversation it would appear that in spite of previous assurances to the contrary the Turkish Government over the week-end had decided to liquidate the exchange arrears at the new rate (167½). When the Minister made known this intention, it was pointed out to him that the imposition of this rate for the liquidation of arrears would place an almost intolerable burden on Turkish importers many of whom would be unable to cover their dollar commitments at the new rate and that this would result in losses to American exporters. The Minister replied that such losses were the inevitable result of devaluation. He was informed that we considered that exchange arrears should be exempted from the effects of devaluation but he declined to accept this point of view.

2. The Minister stated that he desired to do away with blocked arrears and have exchange available for the current payment of new imports and with that end in view made the request that I submit to you a proposal that the Export-Import Bank grant the Turkish Government a loan of \$6,500,000 (repayable in equal annual installments over a 5-year period) to be applied to the liquidation of the outstanding arrears.

3. In the opinion of the Embassy the extension of such a loan would undoubtedly be of assistance to Turkish-American trade which is handicapped by the existence of blocked arrears which under present conditions will recur annually. Furthermore it would facilitate our obtaining provision for the liquidation of the arrears at the old rate, on the other hand it should be borne in mind that the present situation is due to a large extent to the utilization by the Turkish Government for non-commercial purposes of a considerable part of the exchange received from last year's American purchases of tobacco and other goods. Some assurance against the recurrence of such a situation would seem essential. The Department will also desire to take into con-

sideration the fact that notes of the Turkish Government held by the match company ⁴⁴ have been in default since July 1, last year.

4. I am seeking an appointment with the Minister for Foreign Affairs with a view to urging that provision be made for the exemption of the existing blocked arrears from devaluation.

MACMURRAY

611.6731/646 : Telegram

The Ambassador in Turkey (MacMurray) to the Secretary of State

ANKARA, December 13, 1939—4 p. m.

[Received 5 : 54 p. m.]

157. My telegram No. 156, December 12, 4 p. m.

1. When I pointed out to the Minister for Foreign Affairs this morning that the liquidation of arrears at the new rate would cause serious losses and disorganization of trade and that in the opinion of our Government it would be contrary to the spirit of the trade agreement he replied that the Turkish Government simply does not dispose of the exchange necessary to pay the arrears at the old rate and that the proposed loan would be the only means of enabling it to make a satisfactory settlement.

2. He incidentally stated that the Turkish Embassy in Washington has been approached by "a prominent lawyer" named Alley with a proposal to raise in the United States a loan for Turkey of from 5 to 15 million dollars.

3. He further told me in strict confidence that in the near future (as a result of the pending negotiations with Great Britain) the Turkish pound is to be formally devalued by basing it upon gold at a rate not yet fixed but representing its real value rather than its present artificial value.

MACMURRAY

611.6731/647 : Telegram

The Ambassador in Turkey (MacMurray) to the Secretary of State

ANKARA, December 13, 1939—5 p. m.

[Received 5 : 10 p. m.]

159. Department's 58, December 8, 6 p. m., paragraph 2. The principal currencies in addition to the dollar considered by the Turkish Central Bank to be free currencies are those of England, France,

⁴⁴ The International Match Realization Company.

Switzerland, the Netherlands and Sweden. The Embassy understands that regulations are now being worked out relative to the purchase of these currencies at new rates presumably corresponding to the new dollar rate inasmuch as trade with the countries in question does not involve in general the purchase in Turkey of the respective foreign currency. The purchase of these currencies is restricted principally to sale by tourists and other travelers.

The Turkish Government has now placed on a compensation basis trade with Egypt, Palestine, Syria, Cyprus, and Malta. These were the only countries in addition to the United States with which trade has been hitherto conducted on a free exchange basis.

MACMURRAY

867.5151/161 : Telegram

The Ambassador in Turkey (MacMurray) to the Secretary of State

ANKARA, December 13, 1939—6 p. m.

[Received December 13—6 p. m.]

160. Your No. 56, December 1, 5 p. m. Information desired by the Department was forwarded in the Embassy's despatch No. 1287, December 6,⁴⁵ but in view of the situation which has now arisen following brief telegraphic report is submitted.

1. Department's assumption in the first paragraph is correct.

2. American creditors will probably experience difficulty in collecting the full amount of their claims in view of the fact that, (1) Turkish firms operate on small capital; (2) dollar obligations cover merchandise which has in most cases already been sold so that the firms have no chance of immediately recovering additional outlay and; (3) local banks are pursuing an extremely conservative credit policy at the present time.

3. The answer to Department's first question in section 2 is in the negative. With regard to the second question there are no Turkish regulations which require the deposit of the counter value of dollar commitments. Although this is usually done it is a matter of trade and banking practice or a requirement of the American exporter, consequently the Turkish authorities have assumed no responsibility for transferring to the American creditors the amount of dollars represented by Turkish pounds at time of deposit.

MACMURRAY

⁴⁵ Not printed.

867.5151/161 : Telegram

The Secretary of State to the Ambassador in Turkey (MacMurray)

WASHINGTON, December 16, 1939—1 p. m.

60. Your 156, 157, 159, and 160. The American Government expects that Turkey will adhere to the principle that dollar exchange in Turkey be made available in the chronological order in which requests for exchange are made in accordance with the note attached to the Trade Agreement. The release of dollar exchange for new imports involving a departure from this chronological order would be contrary to this provision.

Our apprehension in this regard is strengthened by a report from a reliable American manufacturer that Turkish importers are now offering to open letters of credit in New York for new American shipments.

As regards the claims that the Turkish authorities do not have at their disposal sufficient exchange to liquidate arrears, you should insist that the exchange being transferred to Turkey during the present season in payment for various Turkish products, principally tobacco, be applied to such liquidation. The Department is naturally keeping in touch with the tobacco companies with regard to the amount of such exchange being transferred to Turkey, and requests you to follow the matter closely.

As regards the Turkish Government's endeavor to regain the confidence of the American exporter, the Department considers that this may best be done by liquidating the arrears at their full dollar value in chronological order, or some solution which would be entirely acceptable to the existing American creditors. Indications have already been received that failure to liquidate in chronological order, far from regaining confidence, would probably shatter the confidence of the American exporter in the Turkish Government's promises, for the Trade Agreement would be violated during the first year of operation.

Incidentally the Weirton Steel Company claims that it has some \$4,000 remaining blocked from 1938 transactions. The company's agent in Istanbul is Edward La Fontaine Sons.

For your confidential information, the matter of the loan is being referred to the Export-Import Bank. You should however avoid any discussion of this matter at the present time as any optimism regarding such a loan would be unwarranted.

HULL

867.5151/165 : Telegram

The Ambassador in Turkey (MacMurray) to the Secretary of State

ANKARA, December 19, 1939—5 p. m.

[Received 5:10 p. m.]

161. Department's 60, December 16, 1 p. m. (Section 1⁴⁶). The exchange authorities are continuing to issue exchange permits in the chronological order of requests for exchange as exchange becomes available. Holders of exchange permits issued up to December 15 were able to purchase dollars at the rate of approximately 160 piasters; holders of permits issued since that date are required to pay an exchange premium of $37\frac{1}{2}$ piasters per dollar to the compensation company before they may purchase dollars from a bank at the rate of approximately 160 piasters. An exchange permit now bears notation to the effect that it is valid for 15 days from date of issuance on condition that it is stamped by the compensation company. Insofar as the Embassy is aware no holder of such an exchange permit has as yet paid required premium.

The compensation company states that the Central Bank is preparing to open letters of credit with certain funds which it has available for the importation of construction materials from the United States but that an exchange transfer application will have to be made upon the arrival of the goods and the permit for the transfer of exchange to cover the Central Bank's letter of credit will be granted in chronological order. The compensation company assures the Embassy that the dollar exchange becoming available currently from American purchases of tobacco and other Turkish commodities will not be utilized for the opening of these letters of credit and that such exchange will be applied entirely to the liquidation of arrears.

The Embassy will continue to follow developments closely.

MACMURRAY

867.5151/166 : Telegram

The Ambassador in Turkey (MacMurray) to the Secretary of State

ISTANBUL, December 20, 1939—8 p. m.

[Received December 20—7:44 p. m.]

70. My telegrams 156, December 12, 4 p. m. and 161, December 19, 5 p. m. from Ankara.

1. With reference to the application to arrears of exchange premium on imports of $37\frac{1}{2}$ piaster[s] per dollar, importers currently

⁴⁶ See last paragraph of telegram No. 63, December 22, 6 p. m., to the Ambassador in Turkey, p. 891.

receiving exchange permits are refusing to pay the premium which will result in delaying the transfer of arrears indefinitely.

2. The Minister of Commerce has advised a representative group of Turkish importers that if the American Government raises no objection he will favorably consider a proposal of the importers for the liquidation of arrears at the old rate of approximately 130 piasters as rapidly as exchange becomes available and cover the difference by temporarily raising from $37\frac{1}{2}$ piasters to 45 or 50 piasters the premium to be collected on new imports from the United States. The exact increase and method of application would be worked out by the Turkish authorities and the importers.

3. Apart from any question of commercial policy which may be involved by reason of the collection of a compensation premium on American imports considerably in excess of the export premium granted on Turkish exports to the United States, this would appear to be the only practicable solution thus far in sight whereby American exporters will receive full dollar payment on arrears.

4. Although the higher premium undoubtedly represents an added burden on imports from the United States, it is lower than premiums applying on imports from other countries and importers stated that with the disappearance of European sources of supply and the continued heavy demand for imports their proposal, if accepted, would not weaken the position of American imports as prices are already very high.

5. As exchange permits now being issued are valid for only 15 days, an expression of the Department's opinion is urgently requested.

MACMURRAY

867.5151/165 : Telegram

The Secretary of State to the Ambassador in Turkey (MacMurray)

WASHINGTON, December 22, 1939—6 p. m.

63. Your no. 161, December 19, 5 p. m., and Istanbul's no. 70, December 20, 8 p. m. The Department is particularly desirous that arrears be liquidated in chronological order at the old rate of 130 piasters, and would not be disposed to object to the Turkish Government's working out an arrangement with the importers involving an additional premium being levied temporarily on new imports to provide the funds for this purpose. Of course if such arrangement should operate to prejudice American trade, this Government would reserve the right to reconsider the matter in accordance with the provisions of the Trade Agreement.

Incidentally, your no. 161 was marked "section 1", apparently in error since no other section has been received and the telegram appears conclusive.

HULL

867.5151/167 : Telegram

The Ambassador in Turkey (MacMurray) to the Secretary of State

ISTANBUL, December 29, 1939—6 p. m.

[Received 9:02 p. m.]

76. My telegrams 154, December 7, 4 p. m.; 161, December 19, 5 p. m. The exchange authorities are continuing to issue exchange permits in the chronological order of requests as exchange becomes available. Permits granted cover applications filed up to May 30, 1939, applications on file for which no permits had been issued totaled \$4,946,500 December 28. However, permits issued since December 15, totaling \$1,407,000 have not been utilized by holders who are awaiting cancellation of existing instructions applying an exchange premium of 37½ piasters per dollar to arrears and the issuance of new instructions to permit covering these arrears at the old rate.

Total payments actually made on applications filed in 1939 (not including payments to petroleum companies) amount to \$1,649,000. Inform Commerce.

MACMURRAY

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