



# LIBRARIES

UNIVERSITY OF WISCONSIN-MADISON

## **Foreign relations of the United States diplomatic papers, 1932. The British Commonwealth, Europe, Near East and Africa. Volume II 1932**

United States Department of State

Washington, D.C.: U.S. Government Printing Office, 1932

<https://digital.library.wisc.edu/1711.dl/G5OAT7XT7HRHX84>

As a work of the United States government, this material is in the public domain.

For information on re-use see:

<http://digital.library.wisc.edu/1711.dl/Copyright>

The libraries provide public access to a wide range of material, including online exhibits, digitized collections, archival finding aids, our catalog, online articles, and a growing range of materials in many media.

When possible, we provide rights information in catalog records, finding aids, and other metadata that accompanies collections or items. However, it is always the user's obligation to evaluate copyright and rights issues in light of their own use.

Foreign  
Relations  
of the  
United  
States



1932

Volume II

FRISBIE  
OF FOREIGN AFFAIRS  
AND  
STATE

JX  
233  
.A3

DOC

Department of State  
Washington

The University of Chicago  
Library



Gift





U.S. Dept. of State.  
/ Papers relating to the

# Foreign Relations/ of the United States

Diplomatic Papers

1932

(In Five Volumes)

Volume II

The British Commonwealth  
Europe, Near East and Africa



United States  
Government Printing Office  
Washington : 1947

JX 233

.A 3

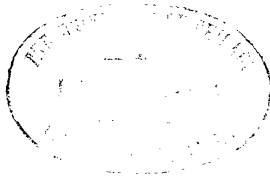
REC

**DEPARTMENT OF STATE**

**PUBLICATION 3011**

---

For sale by the  
Superintendent of Documents, U. S. Government Printing Office  
Washington 25, D. C. - Price \$3.00 (Buckram)



**U.S. GOVERNMENT PRINTING OFFICE**

## CONTENTS

	Page
LIST OF PERSONS .....	IX
LIST OF PAPERS .....	XIX
THE BRITISH COMMONWEALTH OF NATIONS:	
GREAT BRITAIN:	
Efforts by the United States in support of American interests seeking an oil concession from the Sheikh of Kuwait (Koweit) .....	1
Representations to the British Government against proposal to grant a preference to Palestinian produce imported into the United Kingdom .....	29
Representations by the British Government against the reconditioning by private owners for commercial purposes of four American destroyers .....	38
Efforts to obtain information from authorities in the Bahamas regard- ing vessels suspected of smuggling liquor into the United States..	45
Agreement between the United States and Great Britain to submit to an American Commission claims arising from use of British inventions .....	52
Cooperation between British North Borneo and the Philippine Islands in the protection of turtle fisheries .....	59
CANADA:	
Unperfected Treaty between the United States and Canada relating to the Great Lakes-St. Lawrence Deep Waterway, signed July 18, 1932 .....	63
Representations by the Canadian Government against the seizure of the Canadian vessel <i>Josephine K.</i> by United States Coast Guard	78
Arrangement between the United States and Canada respecting radio broadcasting, effected by exchange of notes, signed May 5, 1932..	92
Arrangement between the United States and Canada respecting re- ciprocal blanket permission for flights of military aircraft, ef- fected by exchange of notes, signed September 16, 1932 .....	98
Representations by the Canadian Government in behalf of doctors desiring to enter the United States to serve as internes .....	102
Representations regarding treatment of American tug boats in Cana- dian waters .....	105
EUROPE:	
ALBANIA:	
Naturalization treaty between the United States and Albania, signed April 5, 1932 .....	115



## EUROPE—Continued.

	Page
<b>AUSTRIA :</b>	
Opposition in Austria to the showing of the motion picture "All Quiet on the Western Front" .....	118
Representations by the United States against mistreatment of American Jews enrolled in the University of Vienna .....	120
<b>BELGIUM :</b>	
Arrangement between the United States and Belgium regarding reciprocal recognition of load line certificates, effected by exchange of notes, signed October 7, 1931, February 4, 1932, and April 19, 1932 .....	134
Arrangement between the United States and Belgium regarding reciprocal recognition of certificates of airworthiness for imported aircraft, effected by exchange of notes, signed October 22, 1932..	138
<b>BULGARIA :</b>	
Provisional agreement between the United States and Bulgaria with respect to commercial relations, effected by exchange of notes, signed August 18, 1932 .....	141
<b>CZECHOSLOVAKIA :</b>	
Representations to the Czechoslovak Government regarding restrictions on the importation of American tractors .....	146
<b>DENMARK :</b>	
Representations against discriminations in respect to American commerce on the part of the Danish Exchange Control Board .....	153
Arrangement between the United States and Denmark regarding reciprocal recognition of load line certificates, effected by an exchange of notes, signed January 16, 1932 .....	173
<b>ESTONIA :</b>	
Representations against discriminations in respect to American commerce through Estonian import license system .....	176
<b>FINLAND :</b>	
Representations by the Finnish Government in support of claims against the United States arising from the detention of Finnish ships in American harbors .....	186
<b>FRANCE :</b>	
Representations against French quotas and other regulations adversely affecting American trade, and efforts to negotiate a permanent commercial treaty .....	195
Convention and protocol between the United States and France on double taxation, signed April 27, 1932 .....	262
Exemption of employees of the American Embassy in France from French income tax, upon a basis of reciprocity .....	273

CONTENTS

V

EUROPE—Continued.

	Page
<b>GERMANY :</b>	
Political developments in Germany .....	276
Postponement of German payments under the German-American debt agreement of June 23, 1930 .....	323
Withholding of acquiescence in German tariff arrangements with Rumania and Hungary in conflict with the German-American commercial treaty of December 8, 1923 .....	338
Arrangement between the United States and Germany regarding reciprocal recognition of certificates of airworthiness for imported aircraft, effected by exchange of notes, signed May 27, 30, and 31, 1932 .....	349
Arrangement between the United States and Germany regarding air navigation, effected by exchange of notes, signed May 27, 30, and 31, 1932 .....	352
Representations against proposed German import quotas on agricultural products .....	358
Representations against certain regulations with regard to the importation and exhibition of foreign motion-picture films in Germany .....	367
German representations against a provision of the Workmen's Compensation Act of the State of Illinois with respect to alien beneficiaries .....	374
Representations against a German decree reducing interest rates on certain obligations held by American nationals .....	376
<b>GREECE :</b>	
Protests of the United States against Greek default in payment on the Refugee Loan of 1924 .....	384
Insistence of the United States upon equality of treatment for the American loan of May 10, 1929, to Greece .....	396
Representations against a Greek decree forcibly converting foreign currency into drachmas .....	430
Status with respect to military service of American citizens of Greek origin visiting Greece .....	437
Assistance by the Department of State to the Monks-Ulen and Company, opposing the efforts of the Greek Government to modify the contract of October 20, 1928 .....	442
Representations against the registration of Basil and Theodore Petrides, American citizens, as Greek subjects .....	443
<b>ICELAND :</b>	
Arrangement between the United States and Iceland regarding reciprocal recognition of load line certificates, effected by an exchange of notes, signed January 16, 1932 .....	449
<b>ITALY :</b>	
Protests by the Italian Government against unofficial charges of pro-Fascist activities of Italian consuls in New York .....	452

EUROPE—Continued.	Page
<b>ITALY—Continued.</b>	
Right of American citizens when arrested to communicate with American consular officers .....	458
Arrangement between the United States and Italy regarding reciprocal recognition of load line certificates, effected by exchange of notes, signed September 8, 1931, and June 1, 1932 .....	463
<b>LITHUANIA:</b>	
Conflicting interests of Lithuania and Germany in Memel Territory..	466
<b>NETHERLANDS:</b>	
Arrangement between the United States and the Netherlands regarding reciprocal recognition of load line certificates, effected by exchange of notes .....	487
Proposal for the establishment of a reciprocal air navigation arrangement between the United States and the Netherlands .....	492
<b>NORWAY:</b>	
Arrangement between the United States and Norway regarding customs treatment of importations for consular offices and officers, effected by exchange of notes, signed January 20, 1932 .....	499
<b>RUMANIA:</b>	
Attitude of the Department of State relative to matters concerning the status of Bessarabia .....	503
Representations to the Rumanian Government with respect to discrimination against an American company in awarding a contract .....	508
<b>RUSSIA:</b>	
Citizenship status of American nationals exercising political rights in Russia .....	521
<b>SPAIN:</b>	
Efforts of the Governments of the United States and Spain to eliminate mutual trade grievances .....	527
Representations against bills introduced in the Spanish Cortes to annul the contract of the International Telephone and Telegraph Company .....	560
<b>SWEDEN:</b>	
Refusal of the Swedish State Railways to pay Dexter and Carpenter, Inc., judgment granted by a United States Court .....	582
Arrangement between the United States and Sweden regarding reciprocal recognition of load line certificates, effected by an exchange of notes, signed January 27 and June 1, 1932 .....	603
<b>YUGOSLAVIA:</b>	
Representations in support of the Standard Oil Company of Yugoslavia in respect to Yugoslav customs duties .....	606

CONTENTS

VII

EUROPE—Continued.

Page

YUGOSLAVIA—Continued.

Representations as to citizenship and liability for military service in Yugoslavia of former Hungarian subject naturalized in the United States .....	617
---	-----

THE NEAR EAST AND AFRICA:

EGYPT:

Equality of representation as among the principal capitulatory powers on the Mixed Courts of Egypt .....	621
Appointment of an American representative on the International Quarantine Board at Alexandria .....	629
Representations against Egyptian decrees restricting automotive traffic and increasing taxes on motor vehicles .....	640
Representations against high dues and charges at the port of Alexandria .....	655

ETHIOPIA:

Cooperation by the United States in efforts to effect a reform of the Special Court at Addis Ababa .....	659
--	-----

IRAQ:

Insistence of the United States on its right to be consulted regarding the conditions of Iraq's administration upon the termination of the mandatory relationship .....	672
---	-----

LIBERIA:

Proposed international committee of control in Liberia and continued nonrecognition of the Barclay Administration .....	686
---	-----

PERSIA:

Representations for concessions equivalent to those granted by Persia to the Soviet Union by the convention of October 27, 1931 .....	793
---	-----

INDEX .....	815
-------------	-----



## LIST OF PERSONS

(Identification of a person in this list is limited to circumstances under reference in volume II. Names of persons which appear only in document headings or signatures are not included.)

- ABEL, Dr. Othenio, Rector, University of Vienna.
- ALLING, Paul H., Division of Near Eastern Affairs, Department of State.
- ALLPORT, Fayette W., Commercial Attaché of Embassy in France.
- ALUNAN, Rafael, Secretary, Department of Agriculture and Natural Resources, Government of the Philippine Islands.
- AMADORI, Giovanni, Italian Minister to Lithuania.
- AENA, Salvatore, Member of Italian Fascist group in United States.
- ATHERTON, Ray, Counselor of Embassy in Great Britain.
- AUBERSON, Jacques, Swiss Adviser to Ethiopian Ministry of Justice.
- AZAÑA, Manuel, President, Spanish Council of Ministers.
- BARCLAY, Edwin, President of Liberia.
- BARNE, Henry Hume, British Judge, Alexandria and Cairo (Egypt) Mixed Courts of First Instance.
- BECK, Joh. Ph., Representative of U. S. Gypsum Company in Denmark.
- BEHN, Sosthenes, Chairman, Board of Directors, International Telephone and Telegraph Company.
- BELIN, Ferdinand Lamot, First Secretary of Embassy in Great Britain, to July 8, 1930.
- BENEŠ, Eduard, Czechoslovak Minister for Foreign Affairs.
- BENNETT, Richard Bedford, Canadian Prime Minister and Secretary of State for External Affairs.
- BERTENSHAW, Eric Strickland, Assistant Secretary, British Customs and Excise Office.
- BIRKETT, Commander, U. S. Coast Guard Cutter *Sebago*.
- BLAKE-REED, John S., British Judge, Mixed Court of Appeals, Egypt.
- BLOOM, Sol, U. S. Congressman (Democrat), 19th District, New York; Director, The United States George Washington Bicentennial Commission.
- BOAL, Pierre de Lagarde, Chief, Division of Western European Affairs, Department of State.
- BOETTCHER, Dr. Otto, President, Memel Executive Council.
- BOGAEBDE, Count Othon de, Liberian Minister to France.
- BORAH, William Edgar, U. S. Senator (Republican), Idaho; Chairman, Senate Committee on Foreign Relations.
- BOBDUGE, Marcel, Director General of Taxation, French Ministry of Finance; Member, Fiscal Committee, League of Nations.
- BRANDL, Dr. Franz, President, Austrian Police, from November 1932.
- BRAUN, Magnus von, German Minister of Food and Agriculture, Schleicher Cabinet, December 2.
- BRIGGS, Ellis O., Division of Western European Affairs, Department of State.
- BRENTON, Jasper Yeates, U. S. Judge, Mixed Court of Appeals, Egypt.
- BRODERICK, Sir John Joyce, Commercial Counselor of British Embassy in United States, 1920-31.

- BRUENING, Heinrich**, German Chancellor to May 30; Minister for Foreign Affairs.
- BRUNOT, Henri**, French Administrative Expert for League of Nations Committee on Liberia.
- BUCKNELL, Howard, Jr.**, Second Secretary of Legation in Yugoslavia.
- BÜLOW, Bernhard Wilhelm von**, Secretary of State, German Foreign Office.
- BUNDY, Harvey H.**, Assistant Secretary of State; Member, Commission for Adjustment of British Claims.
- BURESCH, Dr. Karl**, Austrian Federal Chancellor; Minister for Foreign Affairs.
- CACLAMANOS, Demetrius**, Greek Minister to Great Britain.
- CALDERON Y MARTIN, Luis**, Chief, Commercial Division, Spanish Ministry for Foreign Affairs.
- CAMPBELL, Gerald**, British Consul General at New York.
- CANTY, George Romuald**, Trade Commissioner, Embassy in Germany.
- CÁRDENAS, Juan Francisco de**, Spanish Ambassador to United States.
- CARODOSSI, Giuseppe Umberto**, Italian Vice Consul at New York.
- CARBOLL, Mitchell Benedict**, Survey Director (national tax systems), League of Nations Fiscal Committee.
- CASTELLANO, Augusto**, Italian Vice Consul at New York.
- CASTLE, William R., Jr.**, Under Secretary of State; Acting Secretary of State, April 8–May 14.
- CATOR, Sir Ralph P. B.**, British Judge (President, 1931–32), Mixed Court of Appeals, Egypt.
- CECIL, Viscount Robert**, Chairman, League of Nations Committee on Liberia.
- CHAMBERLAIN, Austen**, Chairman, League of Nations Loan Committee.
- CLAUDEL, Paul**, French Ambassador to United States.
- CLUETT, Captain William P.**, master of Canadian schooner *Josephine K.*, seized as rum runner.
- COLBY, Bainbridge**, Secretary of State, 1920–21.
- COLEMAN, J. F. B.**, Member, special commission to investigate alleged Kru Coast outrages; editor of *Weekly Mirror* (Monrovia).
- COULONDRE, Robert**, Assistant Director of Political and Commercial Affairs, French Foreign Office.
- CROSBY, Oscar T.**, Treasury Department Representative signing Greek debt settlement agreement, February 10, 1918.
- CZERMAK, Emmerich**, Austrian Minister of Education.
- DAUDET, Léon**, Leader of French Royalist Party; Director of *l'Action Française*.
- DAUGHERTY, Harry Micajah**, U. S. Attorney General, 1921–24.
- DAVILA, Charles A.**, Rumanian Minister to United States.
- DAVIS, Major Harry**, London Representative, Gulf Oil Company.
- DAVIS, Colonel T. Elwood**, Liberian Frontier Force; Special Commissioner to Kru Coast.
- DAWES, Charles G.**, Ambassador to Great Britain, 1929–32.
- DAWSON, Claude I.**, Consul General at Barcelona.
- DEMETROVICH, Yuraj**, Yugoslav Minister of Agriculture.
- DENNIS, Gabriel L.**, Liberian Secretary of the Treasury.
- DIECKHOFF, Hans Heinrich**, Chief, Anglo-American and Near East Department, German Foreign Office.
- DODD, Charles Edward Shuter**, Acting Counselor of British Embassy in Persia.

- DOLLFUSS, Engelbert, Austrian Chancellor, Minister for Foreign Affairs, and Agriculture.
- DOSSE PASHA, Tewfik, Acting Egyptian Minister for Foreign Affairs; Minister of Communications.
- DREYFUSS, Louis G., Jr., Consul General at Copenhagen.
- DUESTERBERG, Lieutenant Colonel Theodor, Nationalist Candidate for German Presidency.
- DUMBA, Dr. Constantin Theodor, President, Austrian Section, League of Nations Union.
- DUNBAR, J. F., Acting Secretary of the Treasury, Liberia.
- DURAND, Julien, French Minister of Commerce.
- ECHEGARAY Y ROMEA, Miguel, Agricultural Attaché, Spanish Embassy.
- ELLIOT, Sir Henry George, British Ambassador to Turkey, 1867-77.
- EPP, Franz Xavier von, organizer of German National Storm Troops.
- EVANGHELI, Pandeli J., Albanian Prime Minister.
- FEDER, Gottfried, Head of Economic Bureau, National Socialist German Workers' Party.
- FEIS, Herbert, Economic Adviser, Department of State.
- FERGUSON, Colonel Harley Bascom, U. S. Member, International Joint Board of Engineers on St. Lawrence Waterway Project.
- FEY, Major Emil, Austrian Secretary of State for Public Safety; Chief, Vienna Heimwehr.
- FIRESTONE, Harvey Samuel, Sr., President, Firestone Tire and Rubber Company, and Firestone Plantations Company (Liberia).
- FIRESTONE, Harvey Samuel, Jr., Vice President, Firestone Tire and Rubber Company; Vice President and Director, Firestone Plantations Company (Liberia).
- FISH, Hamilton, Jr., U. S. Congressman (Republican), 26th District, New York.
- FLOURNOY, Richard W., Jr., Office of the Legal Adviser.
- FOTICH, Konstantin, Yugoslav Vice Minister for Foreign Affairs.
- FOUCHÉ, Sproull, Commercial Attaché of Legation in Rumania.
- FRANÇOIS-PONCET, André, French Ambassador to Germany.
- FRICK, Wilhelm, Head of National Socialist German Workers' Party bloc in German Reichstag.
- FUSZEK, Dr. R. G., Head of Sanitary Survey, Monrovia, Liberia.
- GAFENCU, Grigore, Rumanian Under Secretary for Foreign Affairs.
- GALVANAUŠKAS, E., Lithuanian Prime Minister, 1922-23.
- GARAY DIAZ, J. Narciso, Panamanian Member, League of Nations Committee on Liberia.
- GARREAU-DOMBASLE, Maurice, French Commercial Attaché in United States.
- GEORGE, William P., Chargé in Yugoslavia.
- GHICA, Prince Dimitri, Rumanian Minister for Foreign Affairs, from April 27.
- GILMOUR, Major, President, International Quarantine Board, Alexandria, Egypt.
- GLIDEWELL, President, American Chamber of Commerce for Spain.
- GOEBBELS, Joseph Paul, editor of *Der Angriff*, organ of National Socialist German Workers' Party.
- GOERING, Hermann, Member, National Socialist German Workers' Party; President of Reichstag.
- GOMEZ Y OCEBIN, J., Spanish Secretary of State for Foreign Affairs.



- GOBDON, George A., Counselor of Embassy in Germany.**  
**GRAHAM, British Judge, Mixed Court of First Instance, Cairo, Egypt.**  
**GRAHAM, Constantin, British Consul General at Monrovia.**  
**GRAZZI, Emanuele, Italian Consul General at New York.**  
**GREEN, Captain Thomas H., Secretary, Commission for Adjustment of British Claims.**  
**GRIMES, Louis A., Liberian Secretary of State; Member, League of Nations Committee on Liberia.**  
**GROENER, General Wilhelm, German Minister for Reichswehr, to May 30.**  
**GUBBA, James, Leader, German Farmers' Party in Memel Diet.**  
**HACKWORTH, Green H., Solicitor, Department of State, August 10, 1925-June 30, 1931; Legal Adviser, July 1, 1931.**  
**HADLEY, Lindley Hoag, U. S. Congressman (Republican), Washington.**  
**HAMILTON, Baron Carl Fredrik Hugo, Secretary General, Swedish Foreign Office.**  
**HAND, Learned, Judge, U. S. Circuit Court, 2d Circuit.**  
**HANFSTÄNGEL, Ernst Franz, Chief, Foreign Press Department, National Socialist German Workers' Party; personal adjutant to Adolf Hitler.**  
**HARRIS, Ernest L., Consul General at Vienna.**  
**HAYS, Will, President, Motion Picture Producers and Distributors of America, Inc.**  
**HENDERSON, Arthur, British Secretary of State for Foreign Affairs, 1929-31.**  
**HENDERSON, Sir James Blacklock, British inventor, naval firing gear.**  
**HENKE, Dr., film expert, German Foreign Office.**  
**HEROUX, Bellaten Guétò, Ethiopian Minister for Foreign Affairs.**  
**HERRIDGE, William Duncan, Canadian Minister to United States.**  
**HERRIOT, Edouard, President, French Council of Ministers (June 7-December 14); Minister for Foreign Affairs.**  
**HERRON, Major Frederick L., Motion Picture Producers and Distributors of America.**  
**HIBBARD, Frederick P., Second Secretary of Legation in Czechoslovakia.**  
**HILL, Major George P., Assistant Legal Adviser, Commission for Adjustment of British Claims.**  
**HINDENBURG, Paul von, President of Germany; candidate for reelection.**  
**HINES, William D., Acting Manager, Firestone Plantations Company (Liberia); Representative before League of Nations Committee on Liberia.**  
**HITLEB, Adolf, Chairman, National Socialist German Workers' Party.**  
**HOARE, Sir Reginald Hervey, British Minister to Persia.**  
**HORNELL, James, Director of Fisheries, Government of Madras.**  
**HOWARD, Lord Esme William, British Ambassador to United States, 1924-30.**  
**HOWE, Robert George, Treaty Department, British Foreign Office.**  
**HOWE, Walter Bruce, Representative of Finance Corporation of America before League of Nations Committee on Liberia.**  
**HOWELL, Williamson S., Jr., First Secretary of Embassy in France.**  
**HOWELLS, Dr. W., Senior Health Officer, Gold Coast West African Medical Service; Head of emergency sanitation mission to Liberia.**  
**HUGENBERG, Dr. Alfred, Chairman, German National Peoples' Party; Presidential candidate.**  
**HUGHES, Charles Evans, Secretary of State, 1921-25.**  
**HUBLEY, Patrick Jay, Assistant Secretary of War, March 15-December 9, 1929.**

- IANCULESCU, Rumanian Representative, General Railway Signal Company.
- IBUJO, Luis M. de, Counselor of Spanish Embassy in United States.
- JACOBSSON, Per, Swedish Financial Expert, League of Nations mission to Memel Territory.
- JARDINE, William M., Minister to Egypt.
- JOHNSON, Secretary to Edwin Barclay, President of Liberia.
- JONES, J. Edmund, Liberian Assistant Secretary of State.
- JONES, Wesley Livsey, U. S. Senator (Republican), Washington.
- JUNIAN, Grigoire, Rumanian Minister of Justice, 1928-30.
- JUNKAR, Dr. E., Chief, Political Bureau, Austrian Foreign Office, to November 1, 1932.
- KADGYNIS, K., Member, Lithuanian Directorate for Memel Territory.
- KAFANDARIS, George, Greek Minister of Finance, 1926.
- KARSKY, Michael, Soviet Minister to Lithuania.
- KASTL, Dr. Ludwig, Director, Federation of German Industries.
- KENNAN, George Frost, Consul at Riga.
- KLIEFOTH, Alfred W., Second Secretary of Embassy in Germany.
- KNATCHBULL-HUGESSEN, Hughe Montgomery, British Minister to Estonia, Latvia, and Lithuania.
- KNOX, John Clark, Judge, U. S. District Court, Southern District of New York.
- KODDING, John Trojan, Second Secretary of Legation in Bulgaria, 1929-30.
- KRAMER, Albert, Yugoslav Minister without Portfolio.
- KUMANUDI, Kosta, President, Yugoslav Chamber of Deputies; Acting Minister for Foreign Affairs, August.
- LA BOULAYE, André Lefebvre de, Deputy Director, Department of Political and Commercial Affairs, French Foreign Office.
- LAMBROS, Achille C., Private Secretary to Greek Prime Minister.
- LAMONT, Robert Patterson, Secretary of Commerce.
- LAVAL, Pierre, President, French Council of Ministers and Minister for Foreign Affairs, to February 16; Minister of Labor, February-May.
- LAVENDER, Lieutenant Commander Robert A., Member, Commission for Adjustment of British Claims.
- LEFEBVRE, Olivier, Canadian Member, International Joint Board of Engineers on St. Lawrence Waterway Project.
- LEITNER, Rudolf, Counselor of German Embassy in United States.
- LEVERRE, Gaston, French Railway Expert; Technical Adviser, Rumanian State Railways.
- LEWIS, Colonel George T., Adviser, Liberian Frontier Force.
- LICHTHART, Th., Dutch Financial Expert for League of Nations Committee on Liberia.
- LINDSAY, Sir Ronald Charles, British Ambassador to United States.
- LINGEMAN, Eric Ralph, Commercial Secretary, British Legation in Persia.
- LITVINOV, Maxim, Soviet Commissar for Foreign Affairs.
- LOEB, Charles G., President, American Chamber of Commerce in France.
- LORAINE, Sir Percy Lyham, British High Commissioner for Egypt and the Sudan.
- LÖWENTHAL, J., Director, Presidential Cabinet, Austria.
- LYLE, L. T., Vice President, Finance Corporation of America, (subsidiary of Firestone Tire and Rubber Company, holding corporation for bonds of Republic of Liberia).

- MCBARNETT, Alexander Cockburn, British Judge, Mixed Court of Appeals, Egypt.
- MCCASKEY, Charles L., Acting Financial Adviser to Republic of Liberia.
- MCCORMACK, J. L., District Manager, Export Steamship Corporation.
- MCDERMOTT, Michael James, Chief, Division of Current Information, Department of State.
- MACKENZIE, Dr. Melville D., Special Commissioner of League of Nations to Kru Coast, Liberia.
- McLACHLAN, D. W., Canadian Member, International Joint Board of Engineers on St. Lawrence Waterway Project.
- McMULLEN, Lieutenant Colonel Joseph I., Chairman, Commission for Adjustment of British Claims.
- MADARIAGA, Salvador de, Spanish Member, League of Nations Committee on Liberia.
- MALMAR, Knut Karl Folke, Chief, Legal Section, Swedish Foreign Office.
- MARICH, Milan, Official, Anglo-Yugoslav Petrol Company (Shell).
- MARINKOVICH, Vojislav, President, Yugoslav Council of Ministers, to July 3; Minister for Foreign Affairs.
- MARKHAM, Colonel Edward Murphy, Divisional Engineer in charge of Great Lakes Division, River and Harbor Improvements, Corps of Engineers, War Department.
- MARLATT, C. L., Chairman, Federal Horticultural Board; Associate Chief, Bureau of Entomology, Department of Agriculture.
- MAYER, Ferdinand Lothrop, Counselor of Embassy in Belgium.
- MEISSNER, Otto L. E., Chief, Reich President's Office.
- MERKYS, Anton, Governor of Memel Territory.
- MERRIAM, Gordon P., Third Secretary of Legation in Egypt.
- MEYER, Richard, in charge of Eastern European and Scandinavian Affairs, German Foreign Office.
- MICHALAKOPOULOS, Andreas, Greek Minister for Foreign Affairs.
- MILLS, Odgen Livingston, Secretary of the Treasury.
- MIBTO, Edouard, Rumanian Minister of Public Works and Communications.
- MISTLER, Jean, French Under Secretary of State for Fine Arts.
- MITCHELL, Charles Edward, Minister to Liberia.
- MITCHELL, General Charles Hamilton, Canadian Member, International Joint Board of Engineers on St. Lawrence Waterway Project.
- MOHORICH, Ivan, Yugoslav Minister of Commerce and Industry.
- MOHR, Otto Carl, Chief, Political Economy Section, Danish Foreign Office.
- MØLLER-Nielsen, C., Member, Danish Exchange Control Board.
- MORAHT, Dr. Hans, German Minister to Lithuania.
- MORE, Colonel, British Political Agent in Koweit.
- MORET, Clement, Governor, Banque de France.
- MOUCHANOFF, Nicolaus, Bulgarian Prime Minister; Minister for Foreign Affairs.
- MUSSOLINI, Benito, Italian Prime Minister (Il Duce), 1922-44.
- NEWTON, Lieutenant Colonel Henry, British Inventor, mortar and grenade devices.
- NUBAR PASHA, Egyptian Prime Minister, 1878-79; 1884-88; 1894-95.
- OLIPHANT, Sir Lancelot, British Assistant Under Secretary of State for Foreign Affairs.
- OLIVÁN, Julio Lopez, Political Director, Spanish Foreign Office.

- OSBORNE, Francis D'Arcy Godolphin, Counselor of British Embassy in United States.
- PAGE, Frank Copeland, Vice President, International Telephone and Telegraph Company.
- PAPEN, FRANZ von, German Chancellor, June 2–November 17.
- PERETZEANO, Jean, Rumanian Minister of Public Works and Communications.
- PEROUTKAS, František, Chief, Department of Foreign Trade, Czech Ministry of Commerce and Industry.
- PHENIX, Spencer, Assistant to Under Secretary of State, 1927.
- PHILLIPS, William, Minister to Canada, 1927–29.
- PIÉTRI, François, French Minister of the Budget.
- PRATT, Admiral William Veazie, Chief of Naval Operations, U. S. Navy.
- PRESTON, A. S., British Judge, Mixed Court of First Instance, Cairo, Egypt.
- PRESTON, Thomas Hildebrand, British Chargé in Lithuania.
- PRETO Y TUEBO, Indalecio, Spanish Minister of Public Works.
- PRETTWITZ UND GAFFRON, Friedrich W. von, German Ambassador to United States.
- PUAUX, Gabriel, French Minister to Rumania.
- RANKIN, Karl Lott, Commercial Attaché in Czechoslovakia.
- RAPPAPOET, Representative of Universal Pictures in Austria.
- REAGAN, Daniel J., Assistant Commercial Attaché in France.
- REBER, Samuel, Jr., U. S. Representative, League of Nations Committee on Liberia.
- REZGYS, Martynas, Member of All-Lithuanian Directorate for Memel Territory; Leader, Memel Territory Party.
- RENTHE-FINK, Cecil von, Member of League of Nations Political Section in charge of Liberian Affairs.
- REYBOLD, Major Eugene, U. S. Representative, Niagara River Control Board.
- RHALLYS, Jean, Greek Minister for Foreign Affairs.
- RICHARDSON, Gardner, Commercial Attaché in Austria and Yugoslavia.
- RILEY, Commander, British Inventor, mine and depth charge devices.
- RINTELEN, Dr. Anton, Austrian Minister of Public Instruction.
- RISTELHUEBER, René, French Minister to Lithuania.
- RITTER, Karl, Chief, Economic Section, German Foreign Office.
- ROCK, Captain Logan Norman, Madrid Representative, International Telephone and Telegraph Company.
- ROLLIN, Louis, French Minister of Commerce.
- ROOSEVELT, Franklin Delano, President-elect of the United States; Governor, State of New York.
- ROSSO, Augusto, Italian Member, League of Nations Committee on Liberia.
- RUGG, Charles B., Assistant Attorney General; Legal Adviser and Member, Commission for Adjustment of British Claims.
- RUSSELL, F. A. K., Member, special commission to investigate alleged Kru Coast outrages.
- RYDINGS, Douglas Gerald, British Consul General at Monrovia.
- SACKETT, Frederic Mosley, Ambassador to Germany.
- SAINT-QUENTIN, Count René Daynel, Chief, African and Levant Department, French Foreign Office; Member, League of Nations Committee on Liberia.
- SASSCEB, E. R., Department of Agriculture Representative, Spanish trade hearings.

- SCHLEICHER, General Kurt von, German Minister for Reichswehr, June 1; Chancellor, December 2, 1932–January 28, 1933.
- SCHMIDT, Boatswain Karl, Commanding Officer, U. S. Coast Guard Patrol CG-145.
- SCHMIDT, Rudolph, Danish Importer, American radio sets.
- SCHOBER, Johann, Austrian Minister for Foreign Affairs.
- SCHWERIN VON KROSIGK, Count Ludwig, Chief, Budget Department, German Ministry of Finance; Minister of Finance, June 2.
- SEVERING, Wilhelm Karl, Prussian Minister of Interior.
- SHANTZ, Harold, Second Secretary of Legation in Liberia.
- SHEPPERD, Thomas S., Representative of Ulen and Company, in Greece.
- SHERMAN, Commander, British Inventor, mine and depth charge devices.
- SHVRLYUGA, Stanko, Yugoslav Minister of Finance.
- SIDKY PASHA, Ismail, Egyptian Prime Minister.
- SIMAITIS, Edward, President, All-Lithuanian Directorate for Memel Territory.
- SIMON, Sir John, British Secretary of State for Foreign Affairs.
- SIMOPOULOS, Charalambos, Greek Minister to United States.
- SKINNER, Robert P., Minister to Estonia, Latvia, and Lithuania.
- SLOAN, Alexander K., Chargé in Iraq.
- SOTTILE, Dr. Antoine, Liberian Member, League of Nations Committee on Liberia.
- SBSEKICH, Milan, President, Yugoslav Council of Ministers.
- STAFFORD, Maurice L., Consul and First Secretary of Legation in Lithuania.
- STIMSON, Henry L., Secretary of State.
- STOWELL, Ellery Cory, appointed U. S. Judge, Mixed Court of Appeals, Egypt, 1921.
- STRASSER, Gregor, Member, National Socialist German Workers' Party.
- STRATOS, G., Greek Minister of Communications.
- STRAWN, Silas Hardy, Lawyer; Chairman, American Committee, and Vice President, International Chamber of Commerce.
- SUGIMURA, Yodaro, Under Secretary General, League of Nations.
- SUSSDOFF, Louis, Jr., Counselor of Legation in Rumania.
- SWAN, Thomas Walter, Judge, U. S. Circuit Court, 2d Circuit.
- SWIFT, Merritt, First Secretary of Legation in Austria.
- TANDLER, Julius, Professor of Anatomy, University of Vienna; Anatomical Institute.
- TARDIEU, André, President, French Council of Ministers, February–June; Minister for Foreign Affairs.
- THÄLMANN, Ernst, Communist candidate, German Presidential election.
- THAW, Benjamin, Jr., First Secretary of Embassy in Great Britain.
- THOMPSON, Geoffrey Harington, American and African Department, British Foreign Office, 1930.
- TÖNNISSON, Jaan, Estonian Minister for Foreign Affairs.
- TOEPKE, Dr. Otto G. A., German Consul General in Memel.
- TOLISZUS, J., Member, All-Lithuanian Directorate for Memel Territory.
- TRAVELL, Winthrop A., Chairman of special commission to investigate alleged Kru Coast outrages.
- TROCHON, M., French Director General of Taxation.
- TROMBETTA, Domenico, President, Lichtor Federation, official Fascist organization in United States.

- TSALDARIS, Panagis, Greek Prime Minister, November 1932-January 1933.
- TUBELIS, Juozas, Lithuanian Prime Minister.
- TUCK, Somerville P., U. S. Judge, Mixed Court of Appeals, Egypt, 1908-20.
- UNDÉN, Bo Östen, Legal Adviser on International Law, Swedish Foreign Office.
- USBORNE, Vice Admiral Cecil Vivian, Director of British Naval Intelligence, 1930-32; Inventor, marine mine protection device.
- VAIDA-VOEVOD, Alexandru, Rumanian Prime Minister, 1919-20.
- VALCOVICI, Victor, Rumanian Minister of Public Works and Communications.
- VALLANCE, William Roy, Assistant to the Solicitor, Department of State.
- VANSITTART, Sir Robert Gilbert, British Permanent Under Secretary of State for Foreign Affairs.
- VAIVAESSOS, Kyriakos, Greek Minister of Finance.
- VAUX, Richard A., British Judge, Mixed Court of Appeals, Egypt; President, November 1.
- VENIZELOS, Eleutherios, Greek Prime Minister, to November.
- WADSTED, Otto, Danish Minister to United States.
- WALKER, A. V., President, Standard Oil Company of Yugoslavia.
- WALLACE, Dr. Benjamin B., Chief, Division of International Relations, United States Tariff Commission.
- WATCHOFF, Constantin, Chief, Consular Section, Bulgarian Ministry for Foreign Affairs.
- WEIZSÄCKER, Baron Ernst von, German Member, League of Nations Committee on Liberia.
- WENDEL, Guy de, French Politician and Industrialist.
- WIDDING, Erik, League of Nations Member, Memel Harbor Board.
- WIEHL, E., Commercial Section, German Foreign Office.
- WILEY, John Cooper, Counselor of Embassy in Germany, to May 26; in Spain, June 1.
- WINSHIP, North, Counselor of Legation in Denmark.
- WBONG, Hume H., Counselor of Canadian Legation in United States.
- YEFTICH, Bogolyub, Yugoslav Foreign Minister.
- YEHIA PASHA, Abdel Fattah, Egyptian Minister for Foreign Affairs.
- YENCKEN, Arthur Ferdinand, First Secretary of British Embassy in Germany.
- YOUNGQUIST, Gustaf Aaron, Assistant Attorney General.
- ZALESKI, Auguste, Polish Minister for Foreign Affairs; *rapporteur*, League of Nations Committee on Liberia.
- ZAUNIUS, Davos, Lithuanian Minister for Foreign Affairs.
- ZULUETA Y ESCOLANO, Luis de, Spanish Minister for Foreign Affairs.



## LIST OF PAPERS

(Unless otherwise specified, the correspondence is *from* or *to* officials in the Department of State.)

### THE BRITISH COMMONWEALTH OF NATIONS

#### GREAT BRITAIN

#### EFFORTS OF THE UNITED STATES IN SUPPORT OF AMERICAN INTERESTS SEEKING AN OIL CONCESSION FROM THE SHEIKH OF KUWAIT (KOWEIT)

Date and number	Subject	Page
1931 Dec. 3 (336)	<i>To the Chargé in Great Britain (tel.)</i> Instructions to express to appropriate authorities Department's hope that the Colonial Office will make a favorable reply to the American company seeking an oil concession in Kuwait; that Colonial Office will not insist on inclusion of so-called "British nationality clause" in contract, which would bar American interests from equal opportunity with British to participate in development of petroleum resources in Kuwait.	1
Dec. 29 (2482)	<i>From the Ambassador in Great Britain</i> Informal note to British Foreign Office, December 22 (text printed), quoting U. S. Mining Lease Act, which grants British subjects equal rights with American citizens; further representations, with expression of hope that no facilities are being sought by any British oil company during discussion of Kuwait concession.	3
1932 Feb. 2 (50)	<i>To the Chargé in Great Britain (tel.)</i> Instructions to take up again with Foreign Office matter of Kuwait oil concession.	6
Feb. 3 (45)	<i>From the Chargé in Great Britain (tel.)</i> Report that Foreign Office has matter under consideration.	6
Feb. 24 (84)	<i>From the Chargé in Great Britain (tel.)</i> Reference in informal conversation with Foreign Office official to report of exploration work being carried on in Kuwait by Anglo-Persian Oil Co.	6
Feb. 25 (73)	<i>To the Chargé in Great Britain (tel.)</i> Department's approval of views expressed regarding extension of facilities to British oil companies in Kuwait, and instructions to urge suspension of Anglo-Persian Oil Co.'s activities pending reply to American representations.	7
Feb. 26 (89)	<i>From the Chargé in Great Britain (tel.)</i> Foreign Office expectation of early reply from Colonial Office.	7



## GREAT BRITAIN

## EFFORTS OF THE UNITED STATES IN SUPPORT OF AMERICAN INTERESTS SEEKING AN OIL CONCESSION FROM THE SHEIKH OF KUWAIT (KOWEIT)—Continued

Date and number	Subject	Page
1932		
Mar. 7 (82)	<i>To the Chargé in Great Britain (tel.)</i> Report from Chargé in Baghdad that the Sheikh has secretly granted an oil concession to the Anglo-Persian Oil Co.	8
Mar. 11 (102)	<i>From the Chargé in Great Britain (tel.)</i> Further conversations regarding Kuwait oil concession and expression of anxiety over effect of Anglo-Persian activities on American interests.	8
Mar. 22 (2686)	<i>From the Chargé in Great Britain</i> Foreign Office note, March 14 (text printed), explaining reported activities of Anglo-Persian Oil Co.	8
Mar. 22 (95)	<i>To the Chargé in Great Britain (tel.)</i> Request for telegraphic summary of proposed reply to Foreign Office note of March 14.	10
Mar. 23 (116)	<i>From the Chargé in Great Britain (tel.)</i> Summary of proposed reply to Foreign Office, setting forth efforts of American interests to obtain Kuwait concession and pointing out that permission for Anglo-Persian explorations must have been granted with knowledge and assent of British authorities at a time when application of American interests was under consideration.	10
Mar. 26 (100)	<i>To the Chargé in Great Britain (tel.)</i> Substance of note to be presented to the Foreign Office in the matter of the Kuwait oil concessions.	11
Mar. 30 (123)	<i>From the Chargé in Great Britain (tel.)</i> Delivery of note and expectation of early reply.	13
Apr. 11 (2)	<i>From the Ambassador in Great Britain</i> Foreign Office reply, April 9 (text printed), indicating British willingness to omit nationality clause from any oil concession which Sheikh of Kuwait may be prepared to grant; also explaining activities of Anglo-Persian Oil Co.	13
Sept. 2 (231)	<i>To the Chargé in Great Britain (tel.)</i> Instructions to discuss with Foreign Office, either formally or informally, question of steps necessary to place American interests in as favorable a position as Anglo-Persian Oil Co. in having its application considered by the Sheikh.	16
Sept. 17 (365)	<i>From the Chargé in Great Britain</i> Foreign Office note, September 16 (text printed), explaining that a thorough comparison of the terms of draft concessions submitted by both American and British interests must be made by British Government before drafts are transmitted to the Sheikh; that both are receiving equal consideration.	17
Oct. 4 (258)	<i>To the Chargé in Great Britain (tel.)</i> Instructions to emphasize to appropriate authorities Department's desire to obtain, not preferential treatment, but only equality of opportunity for American interests in Kuwait; and a hope for such action as may be necessary to enable Sheikh to reach an early decision.	19

## LIST OF PAPERS

XXI

## GREAT BRITAIN

## EFFORTS OF THE UNITED STATES IN SUPPORT OF AMERICAN INTERESTS SEEKING AN OIL CONCESSION FROM THE SHEIKH OF KUWAIT (KOWEIT)—Continued

Date and number	Subject	Page
1932 Oct. 18 (298)	<i>From the Ambassador in Great Britain (tel.)</i> Report that Department's views have been presented.	20
Nov. 2 (465)	<i>From the Ambassador in Great Britain</i> Memorandum of conversation at Foreign Office, November 1 (text printed), supplementing representations of October 18.	20
Nov. 12 (483)	<i>From the Ambassador in Great Britain</i> Foreign Office letter, November 11 (text printed), advising that results of comparative examination of draft oil concessions are now en route to British authorities in Persian Gulf to be communicated to Sheikh of Kuwait.	23
Nov. 26 (516)	<i>From the Ambassador in Great Britain</i> Foreign Office note, November 23 (text printed), replying to points raised in Embassy's representations of November 1 (reported in despatch No. 465, November 2).	24
Dec. 15 (558)	<i>From the Ambassador in Great Britain</i> Memorandum of conversation at Foreign Office, December 13 (text printed), concerning delay in transmission of document embodying results of comparative examination of draft oil concessions.	26
Dec. 28 (582)	<i>From the Chargé in Great Britain</i> Foreign Office note of December 23 (text printed), explaining delay in communication of document to the Sheikh.	27
1933 Jan. 7 (7)	<i>To the Chargé in Great Britain (tel.)</i> Instructions to express Department's disappointment at further delay in reaching decision and hope for definite and final action soon. (Footnote: Information that British Government's comments on the two draft concessions were submitted to the Sheikh on January 9, but neither was accepted.)	29

## REPRESENTATIONS TO THE BRITISH GOVERNMENT AGAINST PROPOSAL TO GRANT A PREFERENCE TO PALESTINIAN PRODUCE IMPORTED INTO THE UNITED KINGDOM

1932 July 15 (232)	<i>From the British Ambassador</i> Proposal to grant imperial preference to Palestinian produce imported into the United Kingdom; comment that proposed preference is same as that granted to certain other mandated territories, and inquiry as to U. S. attitude toward this proposal.	29
July 30 (205)	<i>To the Chargé in Great Britain (tel.)</i> Request for suggestions as to reply to British proposal; inquiry whether other governments have been approached.	30
Aug. 3 (233)	<i>From the Chargé in Great Britain (tel.)</i> Report that France, Spain, Italy, and Brazil have been approached.	31

## GREAT BRITAIN

REPRESENTATIONS TO THE BRITISH GOVERNMENT AGAINST PROPOSAL TO GRANT A PREFERENCE TO PALESTINIAN PRODUCE IMPORTED INTO THE UNITED KINGDOM—  
Continued

Date and number	Subject	Page
1932 Aug. 6 (245) (C.84)	<i>From the British Chargé</i> Information as to preference already granted to mandated territories, and explanation that these territories enjoy the same treatment as British colonies regarding imports.	31
Aug. 27	<i>To the British Chargé</i> U. S. attitude that Palestine is a "foreign country" and not entitled to preferential treatment, and that this position applies to other British mandated territories.	32
Aug. 31 (251)	<i>From the Chargé in Great Britain (tel.)</i> Information that Italian Government does not concur in British views.	33
Aug. 31 (326)	<i>From the Chargé in Great Britain</i> Italian Ambassador's desire to be informed of U. S. action in the matter.	33
Sept. 10 (1323)	<i>To the Ambassador in France</i> Transmittal of correspondence regarding British proposal, with instructions to advise appropriate French officials informally of U. S. attitude and to ascertain French attitude. (Footnote: The same, <i>mutatis mutandis</i> , to the Ambassadors in Brazil, Italy, and Spain.)	34
Sept. 23 (2942)	<i>From the Chargé in France</i> Information that French Government has no objection to the British proposal.	34
Sept. 30 (3956)	<i>From the Ambassador in Brazil</i> Information concerning Brazilian attitude toward British proposal.	35
Oct. 22 (1646)	<i>From the Chargé in Italy</i> Report on views of the Italian Government, which seem to coincide with those of the United States.	35
Oct. 28 (905)	<i>From the Ambassador in Spain</i> Information concerning views of Spanish Government, which are similar to the U. S. views.	36
	(Note: Information that, following representations made by foreign missions in London on this question, the Foreign Office apparently did not proceed with its proposal.)	37

REPRESENTATIONS BY THE BRITISH GOVERNMENT AGAINST THE RECONDITIONING BY PRIVATE OWNERS FOR COMMERCIAL PURPOSES OF FOUR AMERICAN DESTROYERS

1932 June 6	<i>From the British Embassy</i> <i>Aide-mémoire</i> questioning the sale of certain U. S. destroyers to be converted into fruit carriers flying foreign flags as affecting the interpretation of existing treaties regarding disposal of war vessels.	38
----------------	--	----

## GREAT BRITAIN

REPRESENTATIONS BY THE BRITISH GOVERNMENT AGAINST THE RECONDITIONING BY  
PRIVATE OWNERS FOR COMMERCIAL PURPOSES OF FOUR AMERICAN DESTROYERS—  
Continued

Date and number	Subject	Page
1932 July 15	<p><i>To the British Ambassador</i> Reply to British <i>aide-mémoire</i>, giving facts of case and U. S. commitments to assure full compliance with spirit of Washington and London treaties. (Instructions to U. S. Ambassadors in France, Italy, and Japan to convey substance of this <i>aide-mémoire</i> to Governments to which they are accredited.)</p>	40
Sept. 21 (289)	<p><i>From the British Chargé</i> Information that British Government considers that the matter has been dealt with satisfactorily.</p>	44

EFFORTS TO OBTAIN INFORMATION FROM AUTHORITIES IN THE BAHAMAS REGARD-  
ING VESSELS SUSPECTED OF SMUGGLING LIQUOR INTO THE UNITED STATES

1931 Nov. 27 (1010)	<p><i>To the Ambassador in Great Britain</i> Despatch of October 30 from Consul at Nassau transmitting note of October 20 to Acting Colonial Secretary of Bahamas, and reply of October 28 (texts printed), informing Department of refusal of Acting Colonial Secretary to furnish information requested under 1926 agreement for prevention of smuggling, regarding arrivals and departures of vessels from ports of that Colony, for use by the U. S. Department of Justice; instructions to inquire of appropriate British authorities as to whether understanding of Acting Colonial Secretary, apparently based on instructions issued prior to agreement, is correct.</p>	45
1932 June 20 (168)	<p><i>From the Ambassador in Great Britain</i> Embassy's informal communication to Foreign Office, December 11, 1931, and reply, June 18, 1932 (texts printed), explaining reasons for Acting Colonial Secretary's action and advising that U. S. Consul has been informed that Bahamas Government is anxious to cooperate under 1926 agreement.</p>	48

AGREEMENT BETWEEN THE UNITED STATES AND GREAT BRITAIN TO SUBMIT TO AN  
AMERICAN COMMISSION CLAIMS ARISING FROM USE OF BRITISH INVENTIONS

1929 Jan. 8 (3825)	<p><i>From the Ambassador in Great Britain</i> Letter of December 31, 1928, from Foreign Office (text printed) containing data regarding claims of British inventors against U. S. Government.</p>	52
Aug. 14	<p><i>From the Assistant Secretary of State to the Under Secretary of State</i> Conference with War Department officials as to possibility of settlement of patent claims for the use by the American Army and Navy of certain British inventions.</p>	54

## GREAT BRITAIN

AGREEMENT BETWEEN THE UNITED STATES AND GREAT BRITAIN TO SUBMIT TO AN  
 AMERICAN COMMISSION CLAIMS ARISING FROM USE OF BRITISH INVENTIONS—  
 Continued

Date and number	Subject	Page
1929 Sept. 4	<i>To the Ambassador in Great Britain</i> Department's desire for certain assurances by British Government in event of a tribunal to settle claims question.	55
1930 Feb. 10	<i>From the British Secretary of State for Foreign Affairs to the American Ambassador in Great Britain</i> Further information regarding claims of British inventors and assurances as requested.	56
July 7	<i>Major William W. Dick of the Office of the Adjutant General to Lieutenant Colonel Joseph I. McMullen of the Office of the Judge Advocate General</i> Establishment, duties, and personnel of War Department Commission to hear and determine patent claims of certain British nationals.	57
	(Note: Results of hearings by the Commission.)	59

COOPERATION BETWEEN BRITISH NORTH BORNEO AND THE PHILIPPINE ISLANDS IN  
 THE PROTECTION OF TURTLE FISHERIES

1931 Mar. 4 (61)	<i>From the British Ambassador</i> Enquiry as to willingness of U. S. authorities in the Philippines to cooperate with the Governor of British North Borneo in certain measures to preserve the hawksbill turtle fisheries.	59
Aug. 5	<i>To the British Chargé</i> Willingness of Philippine authorities to cooperate in the matter, and request for copies of laws and regulations in force to aid in drafting suitable regulations.	60
1932 June 24 (212)	<i>From the British Ambassador</i> Suggestion by British North Borneo Co. that 1933 and every alternate year thereafter be observed as a closed season by the Philippines and North Borneo. Information on further measures of protection being put into effect in North Borneo.	60
Nov. 22	<i>To the British Ambassador</i> Letter of October 4 from the Secretary of the Philippine Department of Agricultural and Natural Resources to the Governor General of the Philippine Islands (text printed), indicating Philippine inability to issue the necessary regulations until certain pending legislation is passed. (Footnote: Information that the legislation was approved December 5.)	61

## CANADA

## UNPERFECTED TREATY BETWEEN THE UNITED STATES AND CANADA RELATING TO THE GREAT LAKES-ST. LAWRENCE DEEP WATERWAY, SIGNED JULY 18, 1932

Date and number	Subject	Page
1932 April 9	<i>Report of Joint Board of Engineers (Reconvened) on Improvement of the International Section of the St. Lawrence River</i> Recommendations and estimate of costs.	63
July 18	<i>Unperfected Treaty Between the United States of America and Canada Relating to the Great Lakes-St. Lawrence Deep Waterway</i> Text of treaty signed at Washington.	69

## REPRESENTATIONS BY THE CANADIAN GOVERNMENT AGAINST THE SEIZURE OF THE CANADIAN VESSEL "JOSEPHINE K." BY UNITED STATES COAST GUARD

1931 Jan. 31	<i>From the Assistant Secretary of the Treasury</i> Report concerning arrest by U. S. Coast Guard of Canadian vessel <i>Josephine K.</i> , seizure of crew and cargo of contraband liquor, wounding and subsequent death of master of vessel during pursuit; information that judicial proceedings will be conducted in the U. S. District Court for Southern District of New York.	78
Jan. 31	<i>To the Canadian Chargé</i> Transmittal of Treasury report and of the record of proceedings of the Coast Guard Board of Investigation in reply to Canadian oral request for information regarding arrest of the <i>Josephine K.</i>	81
Mar. 16 (46)	<i>From the Canadian Chargé</i> Canadian Government's position, based on evidence submitted, that vessel was outside distance prescribed under Convention of 1924 and that action of Coast Guard should be disavowed, vessel, cargo and crew released, and reparation made to widow and children of the master of the <i>Josephine K.</i>	81
Aug. 1	<i>To the Canadian Chargé</i> Contention of U. S. Government that vessel was legally seized; inability to comment on issues raised by the Canadian Chargé until a decision has been rendered in the libel suit now pending in U. S. District Court of New York.	86
Aug. 25 (148)	<i>From the Canadian Chargé</i> Willingness of Canadian Government to defer consideration of issues until decision is rendered by U. S. District Court in libel case, on the understanding that Canada is not assenting to the view that this Court is the appropriate tribunal to determine question of jurisdiction under the convention.	86

## CANADA

## REPRESENTATIONS BY THE CANADIAN GOVERNMENT AGAINST THE SEIZURE OF THE CANADIAN VESSEL "JOSEPHINE K." BY UNITED STATES COAST GUARD—Continued

Date and number	Subject	Page
1932 June 8 (110)	<i>From the Canadian Minister</i> Restatement of Canadian Government's views; desire for settlement of matter.	87
Oct. 25	<i>To the Canadian Minister</i> U. S. views as to legality of seizure of vessel.	88

## ARRANGEMENT BETWEEN THE UNITED STATES AND CANADA RESPECTING RADIO BROADCASTING, EFFECTED BY EXCHANGE OF NOTES, SIGNED MAY 5, 1932

1932 May 5 (81)	<i>From the Canadian Minister</i> Advice regarding a technical plan now under consideration by Canadian Government to provide Canada with satisfactory radio broadcasting coverage, and inquiry as to willingness of U. S. authorities to make necessary readjustments to render certain channels available for use in Canada.	92
May 5	<i>To the Canadian Minister</i> U. S. consent to make the necessary readjustments.	94
May 6 (645)	<i>To the Ambassador in Mexico</i> Explanation regarding exchange of notes with Canada on subject of radio broadcasting, and desire that it should not be construed by Mexican Government as effort to effect an understanding between the United States and Canada without reference to broadcasting needs of Mexico.	95

## ARRANGEMENT BETWEEN THE UNITED STATES AND CANADA RESPECTING RECIPROCAL BLANKET PERMISSION FOR FLIGHTS OF MILITARY AIRCRAFT, EFFECTED BY EXCHANGE OF NOTES, SIGNED SEPTEMBER 16, 1932

1932 May 18 (552)	<i>To the Minister in Canada</i> Instructions to inquire whether the Canadian Government would be willing to grant blanket permission for certain flights over Canadian territory by U. S. Army aircraft.	98
June 18 (868)	<i>From the Minister in Canada</i> Canadian note of June 16 (text printed), granting requested permission provided similar privileges are extended for Canadian military aircraft to pass over U. S. territory, conditioned upon the observance of certain specified stipulations.	99
Aug. 17 (671)	<i>To the Minister in Canada</i> Authorization to make arrangement effective through immediate exchange of notes, subject to amendment of one paragraph of Canadian note. (Footnote: Exchange of notes at Ottawa, on September 16, 1932.)	100

## LIST OF PAPERS

XXVII

## CANADA

## REPRESENTATIONS BY THE CANADIAN GOVERNMENT IN BEHALF OF DOCTORS DESIRING TO ENTER THE UNITED STATES TO SERVE AS INTERNES

Date and number	Subject	Page
1932 June 27	<i>From the Second Secretary of the Canadian Legation</i> Copy of letter from the Canadian Legation to the American Commissioner General of Immigration dated June 28 (text printed), concerning the difficulties experienced by Canadian doctors in coming to the United States to serve as internes in U. S. hospitals and institutions; request for suggestions and comments.	102
July 11	<i>To the Canadian Minister</i> Decision that medical internes are classifiable as immigrants under 1924 Immigration Act and may accordingly apply to American consular officer in district of residence for appropriate immigration visa.	104

## REPRESENTATIONS REGARDING TREATMENT OF AMERICAN TUG BOATS IN CANADIAN WATERS

1930 Sept. 4 (321)	<i>From the Consul at Vancouver</i> Observations concerning the application of comparable coastwise shipping regulations of Canada and the United States which would appear to warrant an adjustment of Canadian laws in favor of American transportation interests.	105
1931 Mar. 4 (157)	<i>To the Minister in Canada</i> Instructions to take up matter with Canadian authorities in effort to obtain reciprocal treatment for American vessels.	111
1932 June 2 (845)	<i>From the Minister in Canada</i> Reply from Canadian Government dated May 31 (text printed), refusing to depart in any way from existing Canadian practice.	112

## EUROPE

## ALBANIA

## NATURALIZATION TREATY BETWEEN THE UNITED STATES AND ALBANIA, SIGNED APRIL 5, 1932

1932 Apr. 5 (3)	<i>From the Minister in Albania (tel.)</i> Information that naturalization treaty has been signed.	115
Apr. 5	<i>Treaty of Naturalization Between the United States of America and Albania</i> Text of treaty signed at Tirana.	115



## AUSTRIA

## OPPOSITION IN AUSTRIA TO THE SHOWING OF THE MOTION PICTURE "ALL QUIET ON THE WESTERN FRONT"

Date and number	Subject	Page
1932 Jan. 27 (11)	<i>From the Minister in Austria (tel.)</i> Refusal of Austrian Government to remove ban on film "All Quiet on the Western Front" because of political conditions.	118
Nov. 3 (669)	<i>From the Minister in Austria</i> Foreign Office <i>note verbale</i> , dated October 24 (text printed), expressing regret of Austrian Government at inability to release film at this time.	118

## REPRESENTATIONS BY THE UNITED STATES AGAINST MISTREATMENT OF AMERICAN JEWS ENROLLED IN THE UNIVERSITY OF VIENNA

1932 Mar. 2 (499)	<i>From the Minister in Austria</i> Account of anti-Jewish and anti-Social Democratic disturbances at the University of Vienna and injury of an American student; question of protection of American Jewish students of university.	120
Oct. 20 (75)	<i>From the Minister in Austria (tel.)</i> Report that an American student, Jakob Benjamin Glenn, was injured in disturbance at university; intention, upon completion of investigation of case, to protest to Foreign Minister.	124
Oct. 22 (662)	<i>From the Minister in Austria</i> Details of attack on Glenn and protest to Foreign Minister, who promised to do everything possible to prevent recurrence of such incidents.	124
Oct. 27 (76)	<i>From the Minister in Austria (tel.)</i> Report of attack on three American students in outbreak at university on October 26; protest to university authorities, expressions of regret by chancellor and rector, and closing of university for indefinite period.	126
Oct. 29 (666)	<i>From the Minister in Austria</i> Detailed account of events reported in telegram No. 76, October 27; summary of comments in Vienna press.	126
Nov. 4 (670)	<i>From the Minister in Austria</i> Reopening of university on November 3 without disturbance; opinion that the incident is closed.	131

## BELGIUM

## ARRANGEMENT BETWEEN THE UNITED STATES AND BELGIUM REGARDING RECIPROCAL RECOGNITION OF LOAD LINE CERTIFICATES, EFFECTED BY EXCHANGE OF NOTES, SIGNED OCTOBER 7, 1931, FEBRUARY 4, 1932, AND APRIL 19, 1932

Date and number	Subject	Page
1931 Oct. 7 (708)	<i>From the American Ambassador in Belgium to the Belgian Minister for Foreign Affairs</i> Willingness of U. S. Government to conclude reciprocal load line agreement with Belgian Government subject to an understanding regarding rules and tables employed by Belgian Government, and pending the coming into force of the 1930 International Load Line Convention in the United States and Belgium.	134
1932 Feb. 4 (C.24/ 354)	<i>From the Belgian Minister for Foreign Affairs to the American Chargé in Belgium</i> Acceptance of arrangement proposed, provided U. S. Government will recognize provisions of new Belgian ruling regarding load lines.	136
Apr. 19 (804)	<i>From the American Chargé in Belgium to the Belgian Minister for Foreign Affairs</i> Understanding that arrangement has now been completed by the exchange of notes and is effective from this date.	138

## ARRANGEMENT BETWEEN THE UNITED STATES AND BELGIUM REGARDING RECIPROCAL RECOGNITION OF CERTIFICATES OF AIRWORTHINESS FOR IMPORTED AIRCRAFT, EFFECTED BY EXCHANGE OF NOTES, SIGNED OCTOBER 22, 1932

1932 Nov. 9 (1161)	<i>From the Ambassador in Belgium</i> Exchange of notes between the American Ambassador and the Belgian Foreign Minister, dated October 22 (texts printed), giving effect to a reciprocal agreement between the United States and Belgium for the acceptance of certificates of airworthiness for imported aircraft.	138
--------------------------	---	-----

## BULGARIA

## PROVISIONAL AGREEMENT BETWEEN THE UNITED STATES AND BULGARIA WITH RESPECT TO COMMERCIAL RELATIONS, EFFECTED BY EXCHANGE OF NOTES, SIGNED AUGUST 18, 1932

1932 June 29 (452)	<i>From the Minister in Bulgaria</i> Desirability of establishing formal commercial relations with Bulgaria in view of recent Bulgaro-German commercial treaty, and willingness of Bulgarian Government to conclude arrangement either by treaty or by exchange of notes.	141
--------------------------	--	-----

## BULGARIA

## PROVISIONAL AGREEMENT BETWEEN THE UNITED STATES AND BULGARIA WITH RESPECT TO COMMERCIAL RELATIONS, EFFECTED BY EXCHANGE OF NOTES, SIGNED AUGUST 18, 1932—Continued

Date and number	Subject	Page
1932 Aug. 20 (495)	<p data-bbox="283 388 607 413"><i>From the Minister in Bulgaria</i></p> <p data-bbox="283 413 923 543">Exchange of notes between American Minister and Bulgarian Foreign Minister dated August 18 (texts printed), providing for reciprocal unconditional most-favored-nation treatment. Willingness of Bulgarian Government to negotiate commercial and consular treaties with United States; request for drafts of such treaties and appropriate instructions.</p>	143

## CZECHOSLOVAKIA

## REPRESENTATIONS TO THE CZECHOSLOVAK GOVERNMENT REGARDING RESTRICTIONS ON THE IMPORTATION OF AMERICAN TRACTORS

1931 Jan. 15 (192)	<p data-bbox="283 725 668 749"><i>From the Minister in Czechoslovakia</i></p> <p data-bbox="283 749 923 835">Difficulties experienced in importation of American tractors into Czechoslovakia under import license system; request for Department's comments on proposed note by Commercial Attaché for transmittal to the Foreign Office.</p>	146
Mar. 12 (5)	<p data-bbox="283 852 710 876"><i>To the Minister in Czechoslovakia (tel.)</i></p> <p data-bbox="283 876 923 939">Suggestion to take up question informally in conversation and leave memorandum embodying substance of proposed note.</p>	148
Dec. 15 (595)	<p data-bbox="283 951 660 975"><i>From the Chargé in Czechoslovakia</i></p> <p data-bbox="283 975 923 1107"><i>Aide-mémoire</i> of March 20 (text printed) left with Foreign Minister in accordance with Department's instruction of March 12; also formal note of December 15 (text printed) requesting that exclusion of tractors already purchased be reconsidered and urging decision as to a definite number of tractors to be admitted over a given period of time.</p>	149
1932 Mar. 16 (684)	<p data-bbox="283 1124 657 1149"><i>From the Chargé in Czechoslovakia</i></p> <p data-bbox="283 1149 923 1234">Note from Foreign Ministry, March 9 (text printed), in reply to Chargé's representations; opinion that American imports are receiving favorable attention and that American industries must be satisfied with this result for the present.</p>	151

## DENMARK

## REPRESENTATIONS AGAINST DISCRIMINATIONS IN RESPECT TO AMERICAN COMMERCE ON THE PART OF THE DANISH EXCHANGE CONTROL BOARD

1932 Apr. 9 (43)	<p data-bbox="283 1414 610 1439"><i>From the Minister in Denmark</i></p> <p data-bbox="283 1439 923 1569"><i>Aide-mémoire</i>, April 8 (text printed), left at the Foreign Office, citing two instances of apparent discrimination against U. S. products in violation of commercial treaty of 1826; account of discriminatory action of Exchange Control Board, and comment that Legation has no knowledge of regulations under which Board operates.</p>	153
------------------------	--	-----

## DENMARK

REPRESENTATIONS AGAINST DISCRIMINATIONS IN RESPECT TO AMERICAN COMMERCE  
ON THE PART OF THE DANISH EXCHANGE CONTROL BOARD—Continued

Date and number	Subject	Page
1932 Apr. 23 (17)	<i>To the Minister in Denmark (tel.)</i> Approval of action taken, and authorization to make further oral protest.	155
Apr. 26 (55)	<i>From the Minister in Denmark</i> Conference with Foreign Office officials to protest against discriminations in respect to American commerce; comment that conference was unsatisfactory.	156
Apr. 30	<i>Memorandum by Mr. Ellis O. Briggs of the Division of Western European Affairs</i> Conversation with Danish Minister, who explained function of Control Board as effort to establish a mutual trade balance and referred to American tariff as being responsible for small Danish exports to the United States.	158
July 6 (103)	<i>From the Minister in Denmark</i> Danish <i>note verbale</i> , June 28 (text printed), replying to Legation's <i>aide-mémoire</i> of April 8, explaining economic conditions in Denmark and necessity for limitation of imports by issuance of exchange certificates.	160
Aug. 18 (130)	<i>From the Minister in Denmark</i> Legation's <i>aide-mémoire</i> , August 17 (text printed), protesting another case of discrimination against American products by Exchange Control Board; suggestion that some action, other than unheeded protests, should be taken.	162
Sept. 17 (146)	<i>From the Minister in Denmark</i> Memorandum by the Counselor of Legation, September 12, of the presentation of an <i>aide-mémoire</i> , dated September 12 (texts printed), citing another instance of discrimination and requesting that Foreign Minister ascertain and inform Legation as to whether Exchange Control Board intends to continue its present policy.	165
Oct. 20 (32)	<i>To the Minister in Denmark (tel.)</i> Instructions to investigate report of discrimination against American goods in favor of British goods during British exhibition.	167
Oct. 21 (166)	<i>From the Minister in Denmark</i> Note for Foreign Minister, October 21 (text printed), requesting reply to previous <i>aide-mémoire</i> and referring to discriminatory provisions of new tariff law, which provide for exemption of British goods from new tariff rates. Belief that some action should be taken to maintain both principle and prestige.	168
Oct. 24 (167)	<i>From the Minister in Denmark</i> <i>Note verbale</i> from Danish Foreign Ministry, October 21 (text printed), explaining principles governing the distribution of exchange certificates.	170
Nov. 2	<i>Memorandum by the Chief of the Division of Western European Affairs</i> Exchange of views with Danish Minister regarding commercial policy of Denmark.	172

## DENMARK

## ARRANGEMENT BETWEEN THE UNITED STATES AND DENMARK REGARDING RECIPROCAL RECOGNITION OF LOAD LINE CERTIFICATES, EFFECTED BY AN EXCHANGE OF NOTES, SIGNED JANUARY 16, 1932

Date and number	Subject	Page
1932 Jan. 16 (4)	<i>From the Danish Minister</i> Proposal for reciprocal load line agreement by U. S. and Danish Governments subject to U. S. recognition of Danish Government's Provisional Notification of July 8, 1931, and pending the coming into force of the 1930 International Load Line Convention in the United States and Denmark.	173
Jan. 16	<i>To the Danish Minister</i> Concurrence in terms of arrangement and understanding that agreement has been completed by exchange of notes, effective from this date.	175

## ESTONIA

## REPRESENTATIONS AGAINST DISCRIMINATIONS IN RESPECT TO AMERICAN COMMERCE THROUGH ESTONIAN IMPORT LICENSE SYSTEM

1932 Feb. 18 (212 Diplo.)	<i>From the Chargé in Estonia</i> Conversation with Minister for Economic Affairs regarding new Estonian foreign trade policy based on exchange of goods and probable adverse effect on American commerce.	176
Mar. 8	<i>To the Consul at Tallinn</i> Suggestion of fair method of imposing import restrictions, based on average annual imports from each country for a series of years.	179
Apr. 7 (8 Diplo.)	<i>From the Minister in Estonia</i> <i>Aide-mémoire</i> of April 6 (text printed), presenting to the Foreign Ministry Department's suggestion for establishing an annual average based on import averages for past three years; friendliness of Estonian attitude toward United States.	181
May 16 (16)	<i>To the Minister in Estonia (tel.)</i> Instructions to withdraw <i>aide-mémoire</i> and resubmit after changing to avoid mentioning a specific period of time in computing averages.	184
June 2 (413)	<i>From the Minister in Estonia</i> Information that instructions have been complied with; note from Estonian Foreign Minister dated May 28 (excerpt printed), advising of new system based on higher import duties, which seems to be favorable to U. S. imports.	184

## FINLAND

## REPRESENTATIONS BY THE FINNISH GOVERNMENT IN SUPPORT OF CLAIMS AGAINST THE UNITED STATES ARISING FROM THE DETENTION OF FINNISH SHIPS IN AMERICAN HARBORS

Date and number	Subject	Page
1928 Jan. 27	<i>From the Finnish Minister</i> Representations in behalf of Finnish ship owners who have presented claims against the U. S. Government for the retention of vessels in the ports of the United States in 1918.	186
1932 Feb. 18	<i>To the Finnish Minister</i> Department's view that as there was no violation of U. S. municipal law or principle of international law in retention of Finnish vessels, the U. S. Government is not financially responsible for any damages.	187
May 3	<i>From the Finnish Minister</i> Facts regarding retention of Finnish vessels, and request for submission of evidence to Congress with recommendation that Finnish owners may be permitted to have claims heard by U. S. Court of Claims.	188
Undated	<i>Memorandum by the Assistant Secretary of State of a Conversation With the Finnish Minister, May 20, 1932</i> Minister's urgent desire that Finnish claims be referred to U. S. Court of Claims; Department's promise that matter will be given consideration at an early date.	192
June 30	<i>Memorandum by the Assistant Secretary of State</i> Advice to Finnish Minister of Department's disinclination to recommend a court hearing in view of difficulty of determining facts after many years' delay.	193
July 14	<i>Memorandum by the Under Secretary of State</i> Conversation with Finnish Minister and reiteration of opposition to a court hearing because of lapse of time.	193

## FRANCE

## REPRESENTATIONS AGAINST FRENCH QUOTAS AND OTHER REGULATIONS ADVERSELY AFFECTING AMERICAN TRADE, AND EFFORTS TO NEGOTIATE A PERMANENT COMMERCIAL TREATY

1932 Jan. 19 (47)	<i>From the Ambassador in France (tel.)</i> Request for authorization to make formal protest against new quotas for radios, as discriminatory against U. S. products.	195
Jan. 23 (39)	<i>To the Ambassador in France (tel.)</i> Department's non-adoption of definite policy regarding French quota system but view that United States should receive equitable share of quota allotment.	197

## FRANCE

## REPRESENTATIONS AGAINST FRENCH QUOTAS AND OTHER REGULATIONS ADVERSELY AFFECTING AMERICAN TRADE, AND EFFORTS TO NEGOTIATE A PERMANENT COMMERCIAL TREATY—Continued

Date and number	Subject	Page
1932 Jan. 28 (70)	<i>From the Ambassador in France (tel.)</i> Note of January 26 to Foreign Office (excerpt printed) protesting unfairness to United States of radio quotas; efforts also to obtain more equitable proportions in patent leather quota and in other quotas yet to be established.	198
Jan. 29 (76)	<i>From the Ambassador in France (tel.)</i> Opinion that as result of conference with French Minister of Commerce American trade interests will be consulted in the future and American trade be granted a larger proportionate share than in the past.	199
Feb. 8 (92)	<i>From the Chargé in France (tel.)</i> Information that as a result of protests, French authorities have increased U. S. radio quota.	200
Feb. 19 (114)	<i>From the Chargé in France (tel.)</i> Publication of patent leather quota showing increased American allotment; belief that favorable action was taken due to U. S. representations on general question of quotas.	201
Mar. 10 (2357)	<i>From the Ambassador in France</i> Informal communication to Minister of Commerce (text printed) regarding desire of American industries, particularly American machine tool industry, to participate in consultations prior to determination of import quotas. Indication in a conversation with the Minister of Commerce of U. S. willingness to negotiate a commercial treaty on most-favored-nation basis.	201
Mar. 17 (2381)	<i>From the Ambassador in France</i> Reply from Minister of Commerce, March 15 (text printed), advising of willingness to promote exchange of views between American and French producers in the future but impossibility of postponing machine tool quota to permit such an exchange.	204
Mar. 17 (2382)	<i>From the Ambassador in France</i> Informal communication for Foreign Minister (text printed), presenting résumé of outstanding difficulties in U. S.-French economic and commercial relations.	206
Mar. 17 (2383)	<i>From the Ambassador in France</i> Regret that efforts to obtain hearing for American machine tool manufacturers were unsuccessful, owing to delay in reply by Minister of Commerce until promulgation of quota decree.	209
Apr. 2 (202)	<i>From the Ambassador in France (tel.)</i> Resolution by American Chamber of Commerce in France of March 30 (text printed), petitioning the Ambassador for aid to U. S. commerce in the present unfavorable situation in France.	211

## FRANCE

## REPRESENTATIONS AGAINST FRENCH QUOTAS AND OTHER REGULATIONS ADVERSELY AFFECTING AMERICAN TRADE, AND EFFORTS TO NEGOTIATE A PERMANENT COMMERCIAL TREATY—Continued

Date and number	Subject	Page
1932 Apr. 18	<i>Memorandum by the Chief of the Division of Western European Affairs of a Conversation With the French Commercial Attaché</i> Exchange of views regarding commercial policies of the two countries.	212
Apr. 20 (241)	<i>From the Ambassador in France (tel.)</i> Foreign Minister's concern over possible reprisals by U. S. Government, and his suggestion for conferences between representatives of the Embassy and the French Government to discuss quota allotments.	214
Apr. 20 (242)	<i>From the Ambassador in France (tel.)</i> Letter from Foreign Minister of April 19 (text printed), defending French quota policy against American charges of discrimination.	215
Apr. 21 (156)	<i>To the Ambassador in France (tel.)</i> Instructions to discuss with Foreign Minister six points embodying changes desired in French quota system.	216
Apr. 22 (248)	<i>From the Ambassador in France (tel.)</i> Assumption that Department's suggestions will be referred for study to a committee of representatives of the Embassy and the French Government, such as suggested by the Foreign Minister.	219
Apr. 23 (159)	<i>To the Ambassador in France (tel.)</i> Conclusion that French Government is playing for time and could accede to quota requests if willing; possibility that article 338 of tariff law may be invoked against French imports.	220
Apr. 26 (253)	<i>From the Ambassador in France (tel.)</i> Opinion that article 338 should not be invoked unless after reasonable effort, satisfactory understanding is not obtainable.	220
Apr. 27 (260)	<i>From the Ambassador in France (tel.)</i> Discussion at Foreign Ministry of Department's six points set forth in telegram No. 156, April 21, and French counter-proposals, which will apply to all French quotas except agricultural products and fish.	222
Apr. 27 (164)	<i>To the Ambassador in France (tel.)</i> Preference for a uniform principle for all quotas rather than a number of principles changing according to products.	226
Apr. 30	<i>Memorandum by the Under Secretary of State</i> Advice to French Ambassador and Commercial Attaché that quota negotiations would not be settled until French Government was willing to fix a definite standard and method of assessing the quota.	226



## FRANCE

## REPRESENTATIONS AGAINST FRENCH QUOTAS AND OTHER REGULATIONS ADVERSELY AFFECTING AMERICAN TRADE, AND EFFORTS TO NEGOTIATE A PERMANENT COMMERCIAL TREATY—Continued

Date and number	Subject	Page
1932 May 6	<i>Memorandum by the Under Secretary of State</i> Conversation with French Ambassador, who expressed desire to discuss a treaty covering all matters of tariffs and trade.	227
May 9 (299)	<i>From the Ambassador in France (tel.)</i> Suggestion for postponement of further quota negotiations pending establishment of newly-elected government.	228
May 11 (189)	<i>To the Ambassador in France (tel.)</i> Advice that proposal for suspending negotiations is being considered; request for suggestions as to additional demands which might be made in quota matter.	229
May 17	<i>Memorandum by the Economic Adviser</i> Discussion with French Commercial Attaché of status of quota negotiations, and advice that U. S. concern over discriminations might make it necessary to approach French Government for most-favored-nation treatment.	229
May 27 (208)	<i>To the Ambassador in France (tel.)</i> Instructions to seek immediate agreement on points acceptable to both countries, leaving broader questions for future development; also to sound out the French regarding commercial treaty, keeping in mind necessity for reasonable mutual understanding regarding divergent views of each government.	230
May 31 (342)	<i>From the Ambassador in France (tel.)</i> Note from Foreign Minister (text printed), outlining as a temporary measure rules to be observed by French Government in the fixing of quotas upon U. S. products.	232
May 31 (343)	<i>From the Ambassador in France (tel.)</i> Acceptance of Foreign Minister's proposal of May 31 as a temporary measure; comments on various points of agreement.	233
June 20 (1174)	<i>To the Chargé in France</i> Instructions to take up with French authorities protest by American motion picture interests against certain provisions of new film quota.	234
June 25 (2705)	<i>From the Chargé in France</i> Request for instructions as to possible representations in connection with recent Franco-Belgian double taxation agreement.	235
June 29 (236)	<i>To the Chargé in France (tel.)</i> Instructions to endeavor to obtain opportunity for American motion picture industry to participate in negotiations now in progress for establishment of motion picture quota.	237

## FRANCE

## REPRESENTATIONS AGAINST FRENCH QUOTAS AND OTHER REGULATIONS ADVERSELY AFFECTING AMERICAN TRADE, AND EFFORTS TO NEGOTIATE A PERMANENT COMMERCIAL TREATY—Continued

Date and number	Subject	Page
1932 June 30 (403)	<i>From the Chargé in France (tel.)</i> Advice that vigorous informal protests have been made in film quota matter.	237
July 15 (1219)	<i>To the Chargé in France</i> Instructions to take no action at present regarding Franco-Belgian taxation agreement.	237
July 27 (265)	<i>To the Ambassador in France (tel.)</i> Instructions to take up with Foreign Office protest by American copper interests against discriminations resulting from recent Franco-Belgian agreement; request to be advised of action taken by other countries.	238
July 28 (450)	<i>From the Ambassador in France (tel.)</i> Information that after informal discussion of Franco-Belgian agreement and discriminations in regard to copper, Prime Minister requested memorandum on situation; information that Switzerland has put retaliatory measures into effect.	238
July 28 (451)	<i>From the Ambassador in France (tel.)</i> Discussion of commercial problems with Prime Minister, who requested a memorandum on various points with a view to their possible adjustment.	239
July 29 (453)	<i>From the Ambassador in France (tel.)</i> Request that Department expedite transmission of proposed model treaty.	240
Aug. 4 (461)	<i>From the Ambassador in France (tel.)</i> Submission to Prime Minister of memoranda on three chief commercial issues: (1) treaty negotiations; (2) French quotas; (3) discriminations of Franco-Belgian tax agreement.	241
Aug. 5 (463)	<i>From the Ambassador in France (tel.)</i> Discussion with Minister of Commerce concerning commercial situation, and agreement to begin treaty negotiations about August 20.	241
Aug. 10 (471)	<i>From the Ambassador in France (tel.)</i> Favorable attitude of Minister of Commerce toward suggestion of reclassification of copper as a raw material to avoid tax discrimination.	243
Aug. 22 (490)	<i>From the Ambassador in France (tel.)</i> Summary of Prime Minister's reply to memoranda referred to in telegram No. 461, August 4, and request for Department's comments on points raised.	243
Aug. 23 (491)	<i>From the Ambassador in France (tel.)</i> Notification that treaty negotiations were begun on August 22.	244

## FRANCE

## REPRESENTATIONS AGAINST FRENCH QUOTAS AND OTHER REGULATIONS ADVERSELY AFFECTING AMERICAN TRADE, AND EFFORTS TO NEGOTIATE A PERMANENT COMMERCIAL TREATY—Continued

Date and number	Subject	Page
1932 Aug. 29 (501)	<i>From the Ambassador in France (tel.)</i> Opinion that there is little prospect of obtaining a general most-favored-nation treaty without substantial concessions, and request for instructions regarding certain proposed concessions.	244
Aug. 31 (309)	<i>To the Ambassador in France (tel.)</i> Department's attitude regarding proposed concessions and treaty negotiations in general.	246
Sept. 2 (514)	<i>From the Ambassador in France (tel.)</i> French Government's unwillingness to conclude a general most-favored-nation treaty, but suggestion of an agreement which approximates <i>de facto</i> most-favored-nation treatment.	248
Sept. 15 (324)	<i>To the Ambassador in France (tel.)</i> Instructions to return to Washington for discussion of Franco-American matters; information that Department is preparing full powers to sign commercial treaty, to be transmitted immediately after approval of text.	249
Sept. 16 (536)	<i>From the Ambassador in France (tel.)</i> Opinion that French counterproposals should be accepted because of apparent impossibility of obtaining <i>de jure</i> most-favored-nation treatment under present French policies.	249
Sept. 17 (327)	<i>To the Ambassador in France (tel.)</i> Request for report on progress in copper question.	250
Sept. 19 (541)	<i>From the Ambassador in France (tel.)</i> Information that decree reclassifying copper will be issued upon conclusion of commercial treaty negotiations.	250
Sept. 30 (564)	<i>From the Chargé in France (tel.)</i> For Ambassador Edge (temporarily in United States): French newspaper reports of Ambassador's opinion that commercial agreement will not be reached prior to U. S. Presidential election; inquiry as to accuracy of these reports.	250
Sept. 30 (345)	<i>To the Chargé in France (tel.)</i> From Ambassador Edge: Information that there is no justification for newspaper reports.	251
Oct. 1 (567)	<i>From the Chargé in France (tel.)</i> Request for information regarding possibility of certain concessions by United States to facilitate treaty negotiations.	251
Oct. 7	<i>From the Ambassador to France, Temporarily in the United States, to the President of the French Council of Ministers</i> Hope for decision by French Government so that treaty negotiations may be concluded soon, and appeal for personal intervention of Prime Minister.	252

## FRANCE

## REPRESENTATIONS AGAINST FRENCH QUOTAS AND OTHER REGULATIONS ADVERSELY AFFECTING AMERICAN TRADE, AND EFFORTS TO NEGOTIATE A PERMANENT COMMERCIAL TREATY—Continued

Date and number	Subject	Page
1932 Oct. 11 (593)	<i>From the Chargé in France (tel.)</i> Effect of campaign statements regarding tariff during U. S. Presidential elections on French attitude in treaty negotiations.	252
Oct. 16 (601)	<i>From the Chargé in France (tel.)</i> Indications that the French wish to prolong treaty negotiations until after election.	253
Oct. 31 (388)	<i>To the Chargé in France (tel.)</i> Instructions to make representations regarding unsatisfactory list of products to be accorded minimum tariff, and question of issuance of decree reclassifying copper.	253
Nov. 8 (640)	<i>From the Chargé in France (tel.)</i> Information that French authorities have agreed to issue copper decree provided U. S. Treasury regulation regarding free admission of dress samples is issued on same day.	255
Nov. 18 (659)	<i>From the Chargé in France (tel.)</i> Delay in receipt of communication regarding copper reclassification.	256
Nov. 26 (672)	<i>From the Chargé in France (tel.)</i> Information that the French are awaiting formal reply to text of a treaty and list of desired commodities forwarded to U. S. authorities.	256
Nov. 28 (420)	<i>To the Chargé in France (tel.)</i> Instructions to endeavor to facilitate issuance of copper decree in accordance with understanding as to simultaneous issuance of copper decree and dress sample decree.	256
Nov. 30 (681)	<i>From the Chargé in France (tel.)</i> Information that efforts are being made to obtain issuance of copper decree on December 8.	257
Dec. 9 (429)	<i>To the Chargé in France (tel.)</i> Instructions to again seek early issuance of copper decree.	257
Dec. 10 (705)	<i>From the Ambassador in France (tel.)</i> Observations as to relationship between commercial treaty negotiations and French decision on debt payment to United States.	258
Dec. 10 (432)	<i>To the Ambassador in France (tel.)</i> Willingness to recommend full powers to conclude commercial treaty provided negotiations can be kept independent of debt settlement question.	259
Dec. 12 (3163)	<i>From the Ambassador in France</i> Advice that conference between American and French representatives to obtain concessions for American film industry was unsatisfactory.	260

## FRANCE

## REPRESENTATIONS AGAINST FRENCH QUOTAS AND OTHER REGULATIONS ADVERSELY AFFECTING AMERICAN TRADE, AND EFFORTS TO NEGOTIATE A PERMANENT COMMERCIAL TREATY—Continued

Date and number	Subject	Page
1932 Dec. 12 (710)	<i>From the Ambassador in France (tel.)</i> Efforts to hasten action on copper reclassification and hope that promulgation of dress sample decree can be withheld a little longer.	260
Dec. 15 (722)	<i>From the Ambassador in France (tel.)</i> Information that in view of French political situation, treaty negotiations must remain <i>in statu quo</i> .	261
Dec. 23 (451)	<i>To the Ambassador in France (tel.)</i> Announcement at press conference that treaty negotiations are now being held in abeyance.	261

## CONVENTION AND PROTOCOL BETWEEN THE UNITED STATES AND FRANCE ON DOUBLE TAXATION, SIGNED APRIL 27, 1932

1931 Aug. 6 (1712)	<i>From the Ambassador in France</i> Opinion that now is appropriate time to endeavor to reach double taxation agreement proposed by French and American experts in 1930, either with article X eliminated, or with American draft of article X; request for approval by State and Treasury Departments.	262
Oct. 9 (485)	<i>To the Ambassador in France (tel.)</i> Treasury Department's desire for elimination of article X, and for further consultation if elimination is impossible.	265
Dec. 28 (2112)	<i>From the Ambassador in France</i> Information that matter is being kept actively but informally before French authorities; account of developments.	265
1932 Apr. 24 (250)	<i>From the Ambassador in France (tel.)</i> Note from Premier Tardieu indicating readiness to sign treaty without inclusion of article X.	267
Apr. 27	<i>Convention and Protocol Between the United States of America and France</i> Text of double taxation treaty and protocol signed at Paris.	268

## EXEMPTION OF EMPLOYEES OF THE AMERICAN EMBASSY IN FRANCE FROM FRENCH INCOME TAX, UPON A BASIS OF RECIPROCITY

1930 Nov. 3 (351)	<i>From the Chargé in France (tel.)</i> Advice that American Embassy clerks are subject to French income tax, and request to be informed whether French Embassy clerks are immune from American income tax as a matter of principle.	273
-------------------------	---	-----

## LIST OF PAPERS

XLI

## FRANCE

## EXEMPTION OF EMPLOYEES OF THE AMERICAN EMBASSY IN FRANCE FROM FRENCH INCOME TAX, UPON A BASIS OF RECIPROCITY—Continued

Date and number	Subject	Page
1930 Nov. 10 (290)	<i>To the Chargé in France (tel.)</i> Advice that French Embassy clerks not American citizens are immune from income tax; concurrence in proposal to renew efforts to secure exemptions for American Embassy clerks.	274
1932 May 19 (2587)	<i>From the Ambassador in France</i> Note from French Foreign Ministry, May 12 (text printed), advising that exemption from income tax is being granted American Embassy employees, provided reciprocal treatment is accorded employees of French Mission in Washington.	274

## GERMANY

## POLITICAL DEVELOPMENTS IN GERMANY

1931 Dec. 10	<i>To the Ambassador in Germany</i> Memorandum prepared in the Department, December 8 (text printed), containing observations on German political situation and analyzing characteristics of Hitler movement; request for comments.	276
1932 Jan. 12	<i>From the Ambassador in Germany</i> Memorandum of January 5 (text printed), presenting Embassy's views regarding Hitler's political future, extent to which Hitler's program resembles that of Fascist Italy, and reaction of the French to the Nazis.	277
Feb. 17	<i>From the Counselor of Embassy in Germany</i> Account of aims and program of Nazi Party, based on conversation with various party leaders.	281
Feb. 18	<i>Memorandum by the Under Secretary of State</i> Conversation with German Ambassador who expressed confidence that Hindenburg would be elected President of Germany.	286
Mar. 16 (1571)	<i>From the Ambassador in Germany</i> Results of Presidential elections of March 13, in which Social-Democratic Party was victorious; probability that Hindenburg will be reelected in second ballot on April 10.	287
Apr. 7 (1627)	<i>From the Ambassador in Germany</i> Report of Prussian police raids on Nazi Party offices and homes of leaders, revealing evidence of illegal and treasonable activities.	288
Apr. 13	<i>Memorandum by the Under Secretary of State</i> Conversation with German Ambassador regarding recent German elections and attitude of French press.	290

## GERMANY

## POLITICAL DEVELOPMENTS IN GERMANY—Continued

Date and number	Subject	Page
1932 Apr. 14 (75)	<i>From the Ambassador in Germany (tel.)</i> Information that President has disbanded all military Nazi organizations by an emergency decree.	291
Apr. 14 (76)	<i>From the Ambassador in Germany (tel.)</i> Foreign Office denial of Hitler's allegation, in press interview, that disbandment of his military organizations was result of pressure from French Prime Minister Tardieu.	291
Apr. 19 (1661)	<i>From the Ambassador in Germany</i> Comments on carrying out of Executive decree dissolving Nazi military organizations.	292
June 1 (117)	<i>From the Ambassador in Germany (tel.)</i> Formation of new Cabinet under Von Papen; request for instructions, in view of Von Papen's past record in America.	293
June 1 (60)	<i>To the Ambassador in Germany (tel.)</i> Information on pending matters concerning Von Papen.	294
June 2 (64)	<i>To the Ambassador in Germany (tel.)</i> Advice that indictment against Von Papen in Welland Canal case was dropped on March 8.	295
June 4	<i>From the Chief of the Division of Western European Affairs to the Secretary of State</i> Reasons for belief in possibility of Germany's return to monarchy within the next year.	295
June 4 (124)	<i>From the Ambassador in Germany (tel.)</i> Conversation with Foreign Office Secretary of State von Bülow, who expressed belief that new government is not transitory but intended to be long-lived, and who implied that there would be no material change in German foreign policy.	296
June 6	<i>Memorandum by the Secretary of State</i> Conversation with German Ambassador regarding new German government; Ambassador's advice that he had no special instructions except a general one that foreign policy would be unchanged.	298
June 6	<i>Memorandum by the Under Secretary of State</i> Conversation with German Ambassador, who presented arguments to disprove idea that new German government was a step toward a return to monarchical form of government.	298
June 8 (1777)	<i>From the Ambassador in Germany</i> Report of events leading to fall of Brüning government, opposition of landowners, industrialists, and militarists to Brüning.	300
Aug. 1 (153)	<i>From the Ambassador in Germany (tel.)</i> Results of Reichstag elections; comments on strength of Nazi Party.	302

## GERMANY

## POLITICAL DEVELOPMENTS IN GERMANY—Continued

Date and number	Subject	Page
1932 Aug. 2 (1854)	<i>From the Ambassador in Germany</i> Comments on Chancellor Von Papen's radio address to the American public on July 29.	303
Aug. 9 (1863)	<i>From the Ambassador in Germany</i> Report of acts of violence by Nazi Party members since Reichstag elections of July 31; later report August 11, of issuance of three decrees to restore public security and check political excesses.	306
Aug. 15 (95)	<i>To the Ambassador in Germany (tel.)</i> Request for more frequent telegraphic reports on political situation.	309
Aug. 17 (161)	<i>From the Ambassador in Germany (tel.)</i> Report of refusal by President von Hindenburg of Hitler's demand to be appointed Chancellor with full powers to form a Nazi government; conjectures as to developments.	309
Aug. 17 (1874)	<i>From the Ambassador in Germany</i> Analysis of political situation, keynote of which appears to be Hitler's firm intention to rule alone; comments on successful Nazi propaganda.	312
Sept. 19 (1929)	<i>From the Ambassador in Germany</i> Convening and immediate dissolution of Reichstag on September 12, resulting in taking over of government by military directorate; events leading to present situation.	313
Oct. 18	<i>Memorandum by the Under Secretary of State</i> Optimism of German Ambassador in conversation regarding political situation in Germany.	316
Nov. 10	<i>Memorandum by the Under Secretary of State</i> Conversation with German Ambassador concerning probability of important political changes in Germany in near future.	317
Dec. 1 (223)	<i>From the Ambassador in Germany (tel.)</i> Probability that President will appoint new Cabinet headed by Von Schleicher.	318
Dec. 5 (2063)	<i>From the Ambassador in Germany</i> Information that General Von Schleicher was commissioned on December 2 to form a Cabinet; opinion that Hindenburg would have preferred to reappoint Von Papen.	319
Dec. 12 (2071)	<i>From the Ambassador in Germany</i> Account of recent split in Nazi Party; satisfactory progress of Von Schleicher government.	320
Dec. 14 (2070)	<i>From the Ambassador in Germany</i> Break between Hitler and party leader, Gregor Strasser, who favored Nazi participation in coalition government, as against Hitler's "all or nothing" policy; opinion that Nazi movement is on the decline.	321



## GERMANY

## POSTPONEMENT OF GERMAN PAYMENTS UNDER THE GERMAN-AMERICAN DEBT AGREEMENT OF JUNE 23, 1930

Date and number	Subject	Page
1932 Sept. 10 (104)	<i>To the Ambassador in Germany (tel.)</i> Note for transmission to German Government from Treasury Department (text printed) reviewing history of postponements of German payments under Debt Agreement of June 23, 1930, and advising that in view of reference in notice of postponement, submitted on September 8 and subsequently withdrawn, to letter to State Department of May 26, containing reservation regarding Germany's intention to fulfill its obligations, the U. S. Government should have a statement from the German Government as to its intentions.	323
Sept. 13 (178)	<i>From the Ambassador in Germany (tel.)</i> Delivery of Treasury note to German official.	327
Sept. 16 (183)	<i>From the Ambassador in Germany (tel.)</i> Substance of a draft note from the German Government and conference with German official as to Germany's understanding in regard to reservation of May 26.	327
Sept. 21 (114)	<i>To the Ambassador in Germany (tel.)</i> Communication from Treasury Department for German Government (text printed), declaring willingness to waive 90-day notice of postponement of debt payment upon certain conditions.	330
Sept. 27 (St.D.- A.13)	<i>From the German Chargé</i> Notification of postponement of September 30 debt payment and assurance that note of May 26 is understood to be a unilateral declaration by the German Government.	330
Sept. 27 (St.D.- A.14)	<i>From the German Chargé</i> Request for transmittal to Treasury Department of two letters regarding Germany's intention to postpone September 30 installment due for mixed claims payments and Army of Occupation costs.	332
Sept. 30	<i>To the German Chargé</i> Advice that Treasury Department has taken due notice of action of German Government and consents to waive 90-day notice requirement.	333
Oct. 21	<i>To the German Ambassador</i> Acknowledgment of German Embassy's note of September 27, No. St. D. A. 13.	333
Nov. 28	<i>Memorandum by the Under Secretary of State</i> Conversation with German Ambassador, who expressed his government's alarm over the information that the President of United States might include in his message to Congress a recommendation changing priority of German claims payments, which might injure German credit.	334
Nov. 29	<i>Memorandum by the Secretary of State</i> Discussion with German Ambassador regarding proposed change in priority of German claims payments.	335

## GERMANY

## POSTPONEMENT OF GERMAN PAYMENTS UNDER THE GERMAN-AMERICAN DEBT AGREEMENT OF JUNE 23, 1930—Continued

Date and number	Subject	Page
1932 Dec. 10 (790)	<i>To the Ambassador in Germany</i> Information that Treasury Department has agreed to withhold recommendation for legislation revising priority of payments of German claims provided German Government makes declaration of intention of ultimately paying proposed annuities.	336
Dec. 30	<i>From the German Ambassador</i> Request for transmittal to Treasury Department of two communications regarding Germany's intention to postpone installment due March 31, 1933, for mixed claims payments and Army of Occupation costs.	337
WITHHOLDING OF ACQUIESCENCE IN GERMAN TARIFF ARRANGEMENTS WITH RUMANIA AND HUNGARY IN CONFLICT WITH THE GERMAN-AMERICAN COMMERCIAL TREATY OF DECEMBER 8, 1923		
1932 Mar. 8 (51)	<i>From the Ambassador in Germany (tel.)</i> Information that negotiations are being completed for putting into force the German preferential customs agreement with Rumania, Hungary and Austria, and that American attitude is accepted as acquiescent, the American Government having been notified of German intention and no objection having been made.	338
Mar. 18 (26)	<i>To the Ambassador in Germany (tel.)</i> Explanation of American attitude regarding proposed arrangement; intention to advise German Ambassador accordingly and suggestion that Foreign Office might be advised informally of their misapprehension regarding American attitude.	339
Mar. 21	<i>Memorandum by the Assistant Secretary of State</i> Conversation with official of German Embassy, who was advised of U. S. Government's position that its formal consent should be required before preference arrangements were put into effect, in view of mutual treaty obligations, and that failure to protest should not be taken as approval.	340
Mar. 27 (858)	<i>From the Minister in Rumania</i> Rumanian attitude toward proposal to put into effect preferential clauses of German-Rumanian commercial convention.	342
May 21 (54)	<i>To the Ambassador in Germany (tel.)</i> Request for information regarding action taken on Department's telegram No. 26, March 18, and German reaction.	343
May 23 (99)	<i>From the Ambassador in Germany (tel.)</i> Conversation with Foreign Office official regarding U. S. position, German views, and present status of negotiations with Hungary and Rumania.	344

## GERMANY

## WITHHOLDING OF ACQUIESCENCE IN GERMAN TARIFF ARRANGEMENTS WITH RUMANIA AND HUNGARY IN CONFLICT WITH THE GERMAN-AMERICAN COMMERCIAL TREATY OF DECEMBER 8, 1923—Continued

Date and number	Subject	Page
1932 May 26	<i>Memorandum by the Under Secretary of State</i> German Ambassador's hope that U. S. Government will not make definite protest against proposed arrangements, because of their importance to economic reconstruction of Central Europe.	345
May 27 (57)	<i>To the Ambassador in Germany (tel.)</i> Note for formal presentation to German Government (text printed), advising that U. S. Government cannot acquiesce in proposal to grant customs preferences to Hungary and Rumania which would be in derogation of U. S. treaty rights.	346
May 28 (107)	<i>From the Ambassador in Germany (tel.)</i> Presentation of note to German official, who expressed disappointment.	347
Oct. 27	<i>To the Minister in Rumania</i> Department's position on preferential tariffs.	347

## ARRANGEMENT BETWEEN THE UNITED STATES AND GERMANY REGARDING RECIPROCAL RECOGNITION OF CERTIFICATES OF AIRWORTHINESS FOR IMPORTED AIRCRAFT, EFFECTED BY EXCHANGE OF NOTES, SIGNED MAY 27, 30, AND 31, 1932

1932 May 27 (798)	<i>From the American Ambassador in Germany to the German Minister for Foreign Affairs</i> Arrangement between the United States and Germany (text printed), providing for the acceptance by the one country of certificates of airworthiness of the other.	349
May 27 (II F 1049)	<i>From the German Under Secretary of State for Foreign Affairs to the American Ambassador in Germany</i> Text of arrangement.	350
May 30 (II F 1269, I)	<i>From the German Under Secretary of State for Foreign Affairs to the American Ambassador in Germany</i> Agreement that arrangement shall go into effect on June 1.	351
May 31 (800)	<i>From the American Ambassador in Germany to the German Minister for Foreign Affairs</i> Understanding that arrangement will come into force on June 1.	351

## ARRANGEMENT BETWEEN THE UNITED STATES AND GERMANY REGARDING AIR NAVIGATION, EFFECTED BY EXCHANGE OF NOTES, SIGNED MAY 27, 30, AND 31, 1932

1932 May 27 (797)	<i>From the American Ambassador in Germany to the German Minister for Foreign Affairs</i> Arrangement between the United States and Germany (text printed), regarding air navigation.	352
-------------------------	--	-----

## LIST OF PAPERS

XLVII

## GERMANY

ARRANGEMENT BETWEEN THE UNITED STATES AND GERMANY REGARDING AIR NAVIGATION, EFFECTED BY EXCHANGE OF NOTES, SIGNED MAY 27, 30, AND 31, 1932—Continued

Date and number	Subject	Page
1932 May 27 (II F 1049)	<i>From the German Under Secretary of State for Foreign Affairs to the American Ambassador in Germany</i> Text of arrangement.	357
May 30 (II F 1269, I)	<i>From the German Under Secretary of State for Foreign Affairs to the American Ambassador in Germany</i> Agreement that arrangement shall go into effect on June 1.	357
May 31 (800)	<i>From the American Ambassador in Germany to the German Minister for Foreign Affairs</i> Understanding that arrangement will come into force on June 1.	358

REPRESENTATIONS AGAINST PROPOSED GERMAN IMPORT QUOTAS ON AGRICULTURAL PRODUCTS

1932 Sept. 19 (111)	<i>To the Ambassador in Germany (tel.)</i> Instructions to make oral representations against German intention to impose import quotas.	358
Sept. 21 (189)	<i>From the Ambassador in Germany (tel.)</i> Opinion that oral representations have been of use.	359
Sept. 21 (1939)	<i>From the Ambassador in Germany</i> Presentation to Foreign Office officials of Department's views, and emphasis on point that if quotas are imposed, an equitable period of past importation be used as basis of quota percentage.	359
Sept. 28 (117)	<i>To the Ambassador in Germany (tel.)</i> Inquiry as to whether decision to impose quotas has been made, and instructions to continue to obtain as favorable treatment as possible for American interests.	361
Oct. 1 (1962)	<i>From the Chargé in Germany</i> Information that German Government has constituted a commission to negotiate with those countries whose consent is necessary under commercial treaties or agreements with Germany for the imposition of quota system, which does not, however, include the United States.	362
Oct. 11 (205)	<i>From the Chargé in Germany (tel.)</i> Success of representations to obtain further discussion of quota matter, and probable intention of German Government to approach Department through Embassy in Washington.	364
Oct. 11 (1977)	<i>From the Chargé in Germany</i> Opinion that further discussions should be held in Washington; report that negotiations between German commission and other interested governments have not been successful and probable action will be a short-term intermediary agreement.	364

## GERMANY

## REPRESENTATIONS AGAINST PROPOSED GERMAN IMPORT QUOTAS ON AGRICULTURAL PRODUCTS—Continued

Date and number	Subject	Page
1932 Oct. 21 (124)	<i>To the Chargé in Germany (tel.)</i> Discussion with German Ambassador regarding agricultural quotas which will probably be imposed as of November 1; Department's desire for 3-year period as quota basis.	365
Oct. 22 (209)	<i>From the Chargé in Germany (tel.)</i> Probability that quota imposition may be postponed until after election.	366
Oct. 28 (126)	<i>To the Chargé in Germany (tel.)</i> German Ambassador's opinion that quota system, if imposed, will be temporary, and based on global, rather than national, system. Instructions to continue representations in favor of the 3-year period as quota basis.	366
Oct. 29 (211)	<i>From the Chargé in Germany (tel.)</i> Information that German Government has again been advised of U. S. position regarding 3-year average as basis.  (Note: Information that Department files appear to contain no continuation of correspondence on this subject.)	367

## REPRESENTATIONS AGAINST CERTAIN REGULATIONS WITH REGARD TO THE IMPORTATION AND EXHIBITION OF FOREIGN MOTION-PICTURE FILMS IN GERMANY

1932 Apr. 14 (1653)	<i>From the Ambassador in Germany</i> Memorandum of conversation, April 11 (text printed), between American Trade Commissioner and Foreign Office official regarding German and international film situation.	367
Sept. 17 (708)	<i>To the Ambassador in Germany</i> Instructions to endeavor to take action regarding complaint by American film interests against certain provisions of German regulations regarding importation and exhibition of foreign films in Germany.	370
Dec. 22	<i>From the Ambassador in Germany</i> Note from Foreign Office, November 28 (text printed), in reply to Embassy's representations in behalf of American film interests, expressing German policy; comment that note appears evasive and unsatisfactory.	371

## GERMAN REPRESENTATIONS AGAINST A PROVISION OF THE WORKMEN'S COMPENSATION ACT OF THE STATE OF ILLINOIS WITH RESPECT TO ALIEN BENEFICIARIES

1932 Aug. 24 (V 7820)	<i>From the German Chargé</i> Request that efforts be made to change a provision of the Workmen's Compensation Act of Illinois so that it will not conflict with provision of German-American treaty of Amity, Commerce and Consular Rights of 1925.	374
--------------------------------	---	-----

## GERMANY

GERMAN REPRESENTATIONS AGAINST A PROVISION OF THE WORKMEN'S COMPENSATION ACT OF THE STATE OF ILLINOIS WITH RESPECT TO ALIEN BENEFICIARIES—  
Continued

Date and number	Subject	Page
1932 Nov. 9	<i>To the German Ambassador</i> Information received from Governor of Illinois regarding action being taken on German Embassy's request.	376

## REPRESENTATIONS AGAINST A GERMAN DECREE REDUCING INTEREST RATES ON CERTAIN OBLIGATIONS HELD BY AMERICAN NATIONALS

1931 Dec. 24 (211)	<i>To the Ambassador in Germany (tel.)</i> Request for report of effect on German securities owned by American citizens of new German decree reducing interest rates.	376
1932 Feb. 10 (1475)	<i>From the Ambassador in Germany</i> Note from Foreign Office, February 9 (text printed), advising of an unfavorable decision in response to Embassy's representations on behalf of the American Founders Corporation for exemption from application of Emergency Decree of December 8, 1931.	377
Mar. 31 (564)	<i>To the Ambassador in Germany</i> Instructions to address note to Foreign Office presenting Department's viewpoint regarding arguments advanced by the Foreign Office and expressing hope that German Government will find some procedure whereby Decree will not be applied to American holders of German securities payable in reichsmarks. (Footnote: Information that apparently no reply was received from German Government.)	381

## GREECE

## PROTESTS OF THE UNITED STATES AGAINST GREEK DEFAULT IN PAYMENT ON THE REFUGEE LOAN OF 1924

1932 Apr. 28 (16)	<i>To the Chargé in Greece (tel.)</i> Instructions to join in protests of diplomatic colleagues and International Financial Commission against intention of Greek Government to suspend transfer of payment on its external indebtedness, and to point out effect of such action on payment due U. S. Government under 1929 agreement, in event Greece does not sign Hoover moratorium agreement.	384
May 1	<i>From the Chargé in Greece (tel.)</i> Representations made in accordance with Department's instructions.	386

## GREECE

PROTESTS OF THE UNITED STATES AGAINST GREEK DEFAULT IN PAYMENT ON THE  
REFUGEE LOAN OF 1924—Continued

Date and number	Subject	Page
1932 May 5 (17)	<i>To the Chargé in Greece (tel.)</i> Instructions to convey Department's attitude fully to Greek authorities and to continue cooperation with colleagues and International Financial Commission.	387
May 9 (37)	<i>From the Chargé in Greece (tel.)</i> Report on representations made, and opinion that suspension of debt service will continue indefinitely unless retaliatory measures are taken.	388
May 12 (39)	<i>From the Chargé in Greece (tel.)</i> Information that the British will make protest to Greek Government May 14 on four specific points; request for authorization to make formal and simultaneous representations on two of the points included.	389
May 13 (21)	<i>To the Chargé in Greece (tel.)</i> Authorization to make suggested representations.	390
May 16 (2146)	<i>From the Chargé in Greece</i> Formal protest made May 14 (text printed); advice that Italian and French Ministers did not join in protest.	390
May 24 (2156)	<i>From the Chargé in Greece</i> Foreign Office reply, May 19 (text printed), to Embassy's representations of May 7 (text printed) and of May 14, explaining Greek Government's conviction of necessity for action taken; information that similar reply was made to British protest of May 14 and to identical protests made by French and Italian Ministers on May 19.	392

INSISTENCE OF THE UNITED STATES UPON EQUALITY OF TREATMENT FOR THE AMERICAN  
LOAN OF MAY 10, 1929, TO GREECE

1932 Sept. 28 (42)	<i>To the Chargé in Greece (tel.)</i> Instructions to advise Greek Government of Treasury position that it has no legal authority to waive payment or agree to delay in payment of November 10 installment due under 1929 debt agreement, as requested by Greek Minister.	396
Sept. 30 (253)	<i>To the Ambassador in Great Britain (tel.)</i> Observations on results of London conversations between representatives of bondholders and of Greek Government regarding service of Greek External Debt and proposed instructions to be issued to International Financial Commission at Athens by the Governments represented on the Commission; instructions to inquire of British Government whether its instructions to its representative on the International Financial Commission make adequate provisions to safeguard rights of U. S. Government under 1929 agreement. (Footnote: The same, <i>mutatis mutandis</i> , to the Ambassadors in France and Italy.)	397

## LIST OF PAPERS

LI

## GREECE

## INSISTENCE OF THE UNITED STATES UPON EQUALITY OF TREATMENT FOR THE AMERICAN LOAN OF MAY 10, 1929, TO GREECE—Continued

Date and number	Subject	Page
1932 Oct. 3 (281)	<i>From the Chargé in Great Britain (tel.)</i> Foreign Office intention merely to pass on to its representative the final agreement resulting from the London conversations, without reference to Greek-American loan, which it considers a matter between U. S. and Greek Governments.	398
Oct. 5 (575)	<i>From the Chargé in France (tel.)</i> French Government's intention to consult with British Government before instructing its representative on the International Financial Committee.	399
Oct. 6 (105)	<i>From the Chargé in Greece (tel.)</i> Representations made to Greek Government, October 1; expectation of early reply.	399
Oct. 17	<i>Memorandum by the Assistant Secretary of State</i> Conversation with Greek Minister, who was advised that question of postponement of Greek payment due November 10 would have to be taken up directly with the Secretary of the Treasury.	400
Oct. 19 (2266)	<i>From the Chargé in Greece</i> Memorandum of October 8 (text printed) from the Greek Prime Minister regarding entire question of debt settlement; comments on Prime Minister's desire that second part of 1929 debt settlement be regarded as a war debt.	401
Oct. 20 (608)	<i>From the Chargé in France (tel.)</i> Information that French Government's instructions to its representative on the International Financial Commission will embody principle of equality of treatment for all bondholders; report from British sources that U. S. Government does not intend to call for Greek payment for the present.	407
Oct. 21 (379)	<i>To the Ambassador in France (tel.)</i> Request that French authorities be advised that Treasury Department has not agreed to any negotiations for postponement of November 10 Greek debt payment.	409
Oct. 21 (57)	<i>To the Chargé in Greece (tel.)</i> Advice that Greek Minister has again requested Treasury Department for postponement of November 10 payment; instructions to advise Prime Minister that Treasury has no legal authority to grant postponement of debt payment, this being solely within jurisdiction of Congress.	409
Oct. 21 (275)	<i>To the Ambassador in Great Britain (tel.)</i> Instructions to advise British officials of Treasury Department's position as to British responsibility, in instructions issued to its representative on the International Financial Commission, to safeguard U. S. rights under the 1929 agreement.	410
Oct. 23 (96)	<i>From the Chargé in Italy (tel.)</i> <i>Aide-mémoire</i> of October 22 (text printed) from Italian Foreign Ministry indicating that instructions to Italian representative on the International Financial Commission are in accord with U. S. desire in connection with 1929 agreement.	411



## GREECE

## INSISTENCE OF THE UNITED STATES UPON EQUALITY OF TREATMENT FOR THE AMERICAN LOAN OF MAY 10, 1929, TO GREECE—Continued

Date and number	Subject	Page
1932 Oct. 29	<i>Memorandum by Mr. Paul H. Alling of the Division of Near Eastern Affairs</i> Statement by Greek Minister (text printed) for notification to Treasury Department, of proposed action by Greek Government regarding debt payment.	412
Nov. 8 (320)	<i>From the Ambassador in Great Britain (tel.)</i> Substance of British Government's proposed instructions to the International Financial Commission and request for Department's views.	413
Nov. 11 (281)	<i>To the Ambassador in Great Britain (tel.)</i> Treasury Department's opinion that British Government's proposed instructions to International Financial Commission do not provide for the safeguards required by the spirit of the loan agreement or the duties of the Commission. U. S. desire for equitable treatment.	415
Nov. 11	<i>Memorandum by the Chief of the Division of Near Eastern Affairs</i> Conversation with Greek Minister regarding apparent intention of Greek Government to discriminate against U. S. Government in favor of private bondholders in respect to November 10 payment.	417
Nov. 12 (401)	<i>To the Ambassador in France (tel.)</i> Instructions to make representations to Foreign Office in the sense of Department's telegram No. 281, November 11, to Great Britain.	418
Nov. 13 (63)	<i>To the Chargé in Greece (tel.)</i> U. S. inability to accept Greek contention that 1929 loan is a war loan; instructions to advise Greek Government that U. S. Government expects to receive equality of treatment in respect to November 10 payment.	418
Nov. 15 (131)	<i>From the Chargé in Greece (tel.)</i> Information that verbal representations have been made to Prime Minister.	419
Nov. 15 (328)	<i>From the Ambassador in Great Britain (tel.)</i> Text of note from Foreign Office advising that British representative on International Financial Commission is being notified that draft instructions, as quoted in Embassy's telegram No. 320, November 8, are substantive and effective.	420
Nov. 16 (657)	<i>From the Chargé in France (tel.)</i> French Government's repeated assurances that its instructions to its representative on the International Financial Commission are to assure equality of treatment for United States in respect to payment and transfer arrangements.	421
Nov. 16 (283)	<i>To the Ambassador in Great Britain (tel.)</i> Failure to understand British nonaccession to representations made in accordance with Department's No. 281, November 11.	421

## GREECE

## INSISTENCE OF THE UNITED STATES UPON EQUALITY OF TREATMENT FOR THE AMERICAN LOAN OF MAY 10, 1929, TO GREECE—Continued

Date and number	Subject	Page
1932 Nov. 17 (132)	<i>From the Chargé in Greece (tel.)</i> British instructions to International Financial Commission for inclusion of American debt in transfer of 30 percent interest payment to be requested of Greek Government.	422
Nov. 17 (329)	<i>From the Ambassador in Great Britain (tel.)</i> Substance of note from British Government advising that as instructions to International Financial Commission contemplate equality of treatment for U. S. loan of 1929, U. S. wishes have been met, but observation that instructions will be without practical effect until Greek Government provides foreign currencies needed.	422
Nov. 18 (134)	<i>From the Chargé in Greece (tel.)</i> Failure of Greek Cabinet to reach decision on question of 30 percent interest payment and inclusion of American debt according to London agreement.	423
Nov. 22 (135)	<i>From the Chargé in Greece (tel.)</i> Unsatisfactory and indecisive interview with Prime Minister; belief that he will use U. S. demand for equality as a pretext for repudiating London agreement.	423
Nov. 28 (140)	<i>From the Chargé in Greece (tel.)</i> Delivery by International Financial Commission of note to Greek Government November 26, and expectation of Greek reply November 29.	424
Dec. 20	<i>Memorandum by the Chief of the Division of Near Eastern Affairs</i> Conversation with Greek Minister, who advised of his Government's decision to deposit in a blocked account 30 percent of interest due since November 10 pending solution of question whether second part of 1929 loan is a war loan.	424
Dec. 20 (152)	<i>From the Chargé in Greece (tel.)</i> Information that 30 percent of November 10 interest payment has been deposited at the Bank of Greece, which action is limit of concession to be obtained from Greek Government.	426
Dec. 22	<i>Memorandum by the Chief of the Division of Near Eastern Affairs</i> Discussion with Greek Minister concerning action of Greek Government in connection with November 10 payment.	426
Dec. 22	<i>Memorandum by the Secretary of State</i> Conversation with Greek Minister, who requested sympathetic attitude in regard to Greek debt.	428
Dec. 24 (154)	<i>From the Chargé in Greece (tel.)</i> Information that British Minister had pointed out to Greek Foreign Minister the necessity for the International Financial Commission to respect its obligation to accord equality of treatment to the American debt.	429
Dec. 31 (158)	<i>From the Chargé in Greece (tel.)</i> Advice from Foreign Minister that Greek Government will pay 30 percent through International Financial Commission on 1929 loan.	429

## GREECE

## REPRESENTATIONS AGAINST A GREEK DECREE FORCIBLY CONVERTING FOREIGN CURRENCY INTO DRACHMAS

Date and number	Subject	Page
1932 July 30 (73)	<i>From the Chargé in Greece (tel.)</i> Report on new legislative decree fixing arbitrary conversion rate on internal debts and bank deposits in foreign currency.	430
Aug. 1 (75)	<i>From the Chargé in Greece (tel.)</i> Principal provisions of decree; informal representations for less rigid interpretation of provision affecting foreigners habitually resident in Greece, including native-born Americans.	430
Aug. 3 (83)	<i>To the Chargé in Greece (tel.)</i> Authorization to present formal note making full reservations of rights of the United States and its nationals, and request for information on certain points.	431
Aug. 5 (270)	<i>From the American Chargé in Greece to the Greek Acting Minister for Foreign Affairs</i> Reservation of rights of U. S. Government and its nationals, and inquiry as to precise meaning of provision of decree relating to deposits in foreign currency or exchange of foreign citizens.	432
Aug. 7 (78)	<i>From the Chargé in Greece (tel.)</i> Transmittal of information requested in Department's telegram No. 33 of August 3.	432
Aug. 10 (79)	<i>From the Chargé in Greece (tel.)</i> Report on representations made by British, French, and Italian Legations; information that Italian Minister is requesting interview with Prime Minister Venizelos, and request for authorization to do likewise.	434
Aug. 11 (34)	<i>To the Chargé in Greece (tel.)</i> Nonobjection to proposed interview and suggestions for discussion.	434
Sept. 2 (38)	<i>To the Chargé in Greece (tel.)</i> Instructions to obtain early interview with Venizelos to inform him that U. S. Government cannot agree to application to American nationals of confiscatory features of decree of July 29 and to request exemption therefrom for American nationals.	434
Sept. 12 (89)	<i>From the Chargé in Greece (tel.)</i> Results of interview with Venizelos; opinion that favorable modification of law may be obtained after elections on September 25.	435
1933 Jan. 3 (2337)	<i>From the Chargé in Greece</i> Report that Government is considering amendment of decree so as to grant refund to depositors of foreign exchange.	436

## LIST OF PAPERS

LV

## GREECE

## STATUS WITH RESPECT TO MILITARY SERVICE OF AMERICAN CITIZENS OF GREEK ORIGIN VISITING GREECE

Date and number	Subject	Page
1932 July 26 (937)	<i>To the Chargé in Greece</i> Request for information regarding status and military obligations in Greece of American citizens of Greek origin, particularly with regard to the conditions under which they may visit Greece without molestation.	437
Dec. 19 (2329)	<i>From the Chargé in Greece</i> Inability to obtain satisfactory answer to Department's request, because of unstable state of Greek governmental affairs, but intention to continue the endeavor.	441

## ASSISTANCE BY THE DEPARTMENT OF STATE TO THE MONKS-ULEN AND COMPANY, OPPOSING THE EFFORTS OF THE GREEK GOVERNMENT TO MODIFY THE CONTRACT OF OCTOBER 20, 1928

1932 Dec. 7 (70)	<i>To the Chargé in Greece (tel.)</i> Instructions to render assistance to Ulen Company representative in connection with Greek Government's demand for modification of company's contract.	442
Dec. 31 (2336)	<i>From the Chargé in Greece</i> Successful intervention with Greek Government in behalf of Monks-Ulen and Company.	442

## REPRESENTATIONS AGAINST THE REGISTRATION OF BASIL AND THEODORE PETRIDES, AMERICAN CITIZENS, AS GREEK SUBJECTS

1931 Nov. 30 (676)	<i>To the Minister in Greece</i> Instructions to make representations concerning the action of Greek authorities in requiring the registration as Greek subjects of the two American-born sons of Dr. Petrides, naturalized American citizen, during their recent visit to Greece, and to request removal of their names from Greek records.	443
1932 July 12 (26904- ½)	<i>From the Greek Ministry of Foreign Affairs to the American Legation in Greece</i> Assertion that Mrs. Petrides was permanently residing in Greece when registration of her sons was ordered.	444
Oct. 17 (1046)	<i>To the Chargé in Greece</i> Instructions to again take up Petrides case with Greek authorities on grounds of Mrs. Petrides' declaration that she was not permanently residing in Greece.	445

## GREECE

REPRESENTATIONS AGAINST THE REGISTRATION OF BASIL AND THEODORE PETRIDES,  
AMERICAN CITIZENS, AS GREEK SUBJECTS—Continued

Date and number	Subject	Page
1932 Nov. 28 (2307)	<i>From the Chargé in Greece</i> Information that note has been sent to Foreign Ministry in accordance with Department's instructions of October 17 but that authorities have already refused U. S. request; comment that conflict of opinion regarding nationality will continue until Greece consents to enter a naturalization convention.	446
1933 Feb. 10 (3999- ½)	<i>From the Greek Ministry of Foreign Affairs to the American Legation in Greece</i> Regret at inability to accede to U. S. Government's request for removal of Petrides children from register of Greek citizens.	447

## ICELAND

ARRANGEMENT BETWEEN THE UNITED STATES AND ICELAND REGARDING RECIPROCAL  
RECOGNITION OF LOAD LINE CERTIFICATES, EFFECTED BY AN EXCHANGE OF NOTES,  
SIGNED JANUARY 16, 1932

1932 Jan. 16 (5)	<i>From the Danish Minister</i> Provisions of proposed agreement between the United States and Iceland for the mutual recognition of load line certificates for merchant ships, pending the coming into force of the 1930 International Load Line Convention in the United States and Iceland.	449
Jan. 16	<i>To the Danish Minister</i> Concurrence in terms of agreement.	450

## ITALY

PROTESTS BY THE ITALIAN GOVERNMENT AGAINST UNOFFICIAL CHARGES OF PRO-  
FASCIST ACTIVITIES OF ITALIAN CONSULS IN NEW YORK

1932 July 29	<i>Memorandum by the Assistant Secretary of State of a Conversation With the Italian Ambassador</i> Discussion regarding proposal of certain organizations to hold joint celebration in honor of Washington and Garibaldi, and attitude of anti-Fascist group.	452
Aug. 1	<i>From Representatives of Organizations of American Citizens of Italian Origin</i> Request for investigation of two Italian Vice Consuls in connection with July 4th riot in New York between Fascist and anti-Fascist groups following Garibaldi memorial meeting, during which Salvatore Arena was killed.	453

## ITALY

## PROTESTS BY THE ITALIAN GOVERNMENT AGAINST UNOFFICIAL CHARGES OF PRO-FASCIST ACTIVITIES OF ITALIAN CONSULS IN NEW YORK—Continued

Date and number	Subject	Page
1932 Aug. 4	<i>Memorandum From the Italian Embassy</i> Observations regarding the charges made by the anti-Fascist Italo-American groups in connection with the July 4 riot and killing of Arena.	455
Aug. 18	<i>From the Italian Embassy</i> Denial of alleged implication of the two Italian Vice Consuls in murder of Salvatore Arena.	456
Sept. 26	<i>Memorandum by the Assistant Secretary of State of a Conversation With the Italian Ambassador</i> Ambassador's inquiry as to whether reply had been received from State of New York in regard to charges against the Italian Vice Consuls.	456
Nov. 10	<i>Memorandum by the Under Secretary of State</i> Conversation with Italian Ambassador, who said that Mussolini had agreed to the dissolution of Fascist organizations in New York.	457
Dec. 6	<i>Memorandum by Mr. Joseph C. Green, of the Division of Western European Affairs, of a Conversation With the Italian Chargé</i> Advice to the Chargé that Department's investigation has resulted in clearing of the Italian Vice Consuls of implication in the July 4 riot and murder; and query as to desire of Italian Embassy for press release in the matter; Italian preference that incident be considered closed.	457

## RIGHT OF AMERICAN CITIZENS WHEN ARRESTED TO COMMUNICATE WITH AMERICAN CONSULAR OFFICERS

1932 Mar. 15 (1319)	<i>From the Ambassador in Italy</i> Foreign Office informal memorandum (text printed) concerning procedure followed by Italian authorities in connection with the arrest and imprisonment of American citizens in Italy; request by Ambassador for similar information regarding U. S. procedure.	458
Apr. 28 (623)	<i>To the Ambassador in Italy</i> Information requested regarding U. S. practices, and instructions to communicate to Italian Foreign Office in informal memorandum.	459
May 5 (631)	<i>To the Ambassador in Italy</i> Instructions to inquire as to right of a diplomatic or consular officer to visit any imprisoned national during <i>incomunicado</i> period and to ascertain Italian position regarding right of an Italian officer to visit imprisoned national in foreign countries.	461

## ITALY

## RIGHT OF AMERICAN CITIZENS WHEN ARRESTED TO COMMUNICATE WITH AMERICAN CONSULAR OFFICERS—Continued

Date and number	Subject	Page
1932 July 15 (1492)	<p data-bbox="272 357 596 383"><i>From the Ambassador in Italy</i></p> <p data-bbox="272 383 921 493">Foreign Office memorandum of July 9 (text printed) in regard to points raised in Department's instruction of April 28; advice that no reply has been received to note based on Department's instruction of May 5, but several of the points raised are referred to in this memorandum.</p>	461

## ARRANGEMENT BETWEEN THE UNITED STATES AND ITALY REGARDING RECIPROCAL RECOGNITION OF LOAD LINE CERTIFICATES, EFFECTED BY EXCHANGE OF NOTES, SIGNED SEPTEMBER 8, 1931, AND JUNE 1, 1932

1931 Sept. 8 (F. O. No. 693)	<p data-bbox="272 656 921 704"><i>From the American Chargé in Italy to the Italian Minister for Foreign Affairs</i></p> <p data-bbox="272 704 921 770">Provisions of proposed agreement between the Governments of the United States and Italy for the mutual recognition of load line certificates for merchant ships.</p>	463
1932 June 1	<p data-bbox="272 788 921 836"><i>From the Italian Ministry for Foreign Affairs to the American Embassy in Italy</i></p> <p data-bbox="272 836 815 862">Agreement with terms of proposed arrangement.</p>	464

## LITHUANIA

## CONFLICTING INTERESTS OF LITHUANIA AND GERMANY IN MEMEL TERRITORY

1931 Aug. 3 (Diplo. No. 280)	<p data-bbox="272 1019 596 1045"><i>From the Chargé in Lithuania</i></p> <p data-bbox="272 1045 921 1088">Report on conditions of unrest in Memel territory, because of conflict of German and Lithuanian elements.</p>	466
1932 Jan. 13 (Diplo. No. 379)	<p data-bbox="272 1117 596 1144"><i>From the Chargé in Lithuania</i></p> <p data-bbox="272 1144 921 1187">Crisis arising from trip to Berlin of President of Memel Directorate and two associates.</p>	468
Feb. 2 (Diplo. No. 394)	<p data-bbox="272 1199 596 1225"><i>From the Chargé in Lithuania</i></p> <p data-bbox="272 1225 921 1269">Comments on Lithuanian and German policies in Memel territory.</p>	471
Feb. 23 (40)	<p data-bbox="272 1281 708 1307"><i>From the Ambassador in Germany (tel.)</i></p> <p data-bbox="272 1307 889 1329">Anxiety of German Foreign Office over Memel situation.</p>	472
Feb. 24 (1512)	<p data-bbox="272 1341 644 1367"><i>From the Ambassador in Germany</i></p> <p data-bbox="272 1367 921 1390">German attitude toward Memel situation, and fear of seizure of power by Lithuanian elements.</p>	472
Feb. 24 (6)	<p data-bbox="272 1402 607 1428"><i>To the Minister in Latvia (tel.)</i></p> <p data-bbox="272 1428 921 1472">Instructions to strive for moderating influence on the Lithuanian Government in any comments made on the Memel situation.</p>	475

## LITHUANIA

CONFLICTING INTERESTS OF LITHUANIA AND GERMANY IN MEMEL TERRITORY—  
Continued

Date and number	Subject	Page
1932 Feb. 25 (30)	<i>From the Minister in Latvia (tel.)</i> Resignation of President of Directorate; probability of new elections for Diet and appointment of new Directorate.	475
Feb. 27 (96)	<i>From the Minister in Latvia</i> Observations on present situation and recent developments in Memel; unlikelihood of extraordinary measures by Lithuanians.	476
Mar. 3 (Diplo. No. 13)	<i>From the Chargé in Lithuania</i> Interviews with Lithuanian Foreign Minister and representatives of foreign governments regarding Memel situation.	477
Mar. 14 (Diplo. No. 20)	<i>From the Chargé in Lithuania</i> Report of formation of new and purely Lithuanian Directorate.	480
Apr. 12 (1644)	<i>From the Ambassador in Germany</i> Editorial comment by Nazi organ on the Memel situation; increased tension in Germany over Lithuanian action.	481
Apr. 14 (263)	<i>From the Minister in Latvia</i> Requests for instructions, if any, as to possible action to assist in composing differences involved in Memel controversy.	482
June 6 (65)	<i>To the Minister in Latvia</i> Instructions to take no steps toward initiating discussions with Lithuanian or other authorities in Memel situation.	484
July 15 (561)	<i>From the Minister in Latvia</i> Interview with Lithuanian Foreign Minister, who advised that relations between Lithuania and Germany over Memel have become more tranquil.	484

## NETHERLANDS

ARRANGEMENT BETWEEN THE UNITED STATES AND THE NETHERLANDS REGARDING  
RECIPROCAL RECOGNITION OF LOAD LINE CERTIFICATES, EFFECTED BY EXCHANGE  
OF NOTES

1931 Aug. 26	<i>To the Netherlands Chargé</i> Terms of agreement between United States and the Netherlands for mutual recognition of load line certificates for merchant vessels, pending the coming into force of the 1930 International Load Line Convention in the two countries.	487
Nov. 16 (3956)	<i>From the Netherlands Minister</i> Information concerning new Government decree recognizing U. S. regulations pertaining to load lines; list of agencies recognized by the Netherlands as private investigation bureaus.	488



## NETHERLANDS

ARRANGEMENT BETWEEN THE UNITED STATES AND THE NETHERLANDS REGARDING  
RECIPROCAL RECOGNITION OF LOAD LINE CERTIFICATES, EFFECTED BY EXCHANGE  
OF NOTES—Continued

Date and number	Subject	Page
1932 Mar. 18 (935)	<i>From the Netherlands Minister</i> New Netherlands decree, dated January 29, regarding load line marks.	489
Apr. 22	<i>To the Netherlands Minister</i> U. S. willingness to recognize certificates issued under decree of January 29 and those issued by authorized agencies; view that agreement may now be regarded as complete.	489
June 29 (2168)	<i>From the Netherlands Minister</i> Information that the authorized classification bureaus act in advisory capacity, certificates being issued by the Netherlands Government.	490
Sept. 30 (3031)	<i>From the Netherlands Minister</i> Concurrence in view that agreement may now be regarded as complete.	491

## PROPOSAL FOR THE ESTABLISHMENT OF A RECIPROCAL AIR NAVIGATION ARRANGEMENT BETWEEN THE UNITED STATES AND THE NETHERLANDS

1932 Nov. 16	<i>To the Netherlands Chargé</i> Text of reciprocal air navigation arrangement as agreed upon in negotiations between the United States and the Netherlands, which is to become effective 30 days from the receipt by the U. S. Government of notice of ratification by the Netherlands Government.	492
Nov. 16	<i>From the Netherlands Chargé</i> Concurrence in text of arrangement and in understanding as to date it will become operative. (Footnote: Information that ratification notice was never received by the United States.)	497
Dec. 29	<i>To the Minister in the Netherlands</i> Information regarding arrangements for simultaneous publication of text of the air navigation arrangement in the United States and the Netherlands on December 17.	497

## NORWAY

ARRANGEMENT BETWEEN THE UNITED STATES AND NORWAY REGARDING CUSTOMS  
TREATMENT OF IMPORTATIONS FOR CONSULAR OFFICES AND OFFICERS, EFFECTED  
BY EXCHANGE OF NOTES, SIGNED JANUARY 20, 1932

1932 Jan. 20	<i>To the Norwegian Minister</i> Understanding of agreement regarding customs treatment of importations for consular offices and officers, effective date to be February 1, 1932.	499
-----------------	--	-----

## LIST OF PAPERS

LXI

## NORWAY

ARRANGEMENT BETWEEN THE UNITED STATES AND NORWAY REGARDING CUSTOMS TREATMENT OF IMPORTATIONS FOR CONSULAR OFFICES AND OFFICERS, EFFECTED BY EXCHANGE OF NOTES, SIGNED JANUARY 20, 1932—Continued

Date and number	Subject	Page
1932 Jan. 20	<i>From the Norwegian Minister</i> Confirmation of understanding and of effective date.	500
Feb. 25	<i>From the Norwegian Minister</i> Inquiry as to applicability of customs arrangement to Norwegian Consuls in U. S. colonies and possessions.	500
May 20	<i>To the Norwegian Minister</i> Information requested regarding Norwegian Consuls if stationed in Alaska, Hawaii, Porto Rico, Virgin Islands, American Samoa, and Guam.	500
June 27	<i>To the Norwegian Minister</i> Information requested with regard to Norwegian Consuls in the Philippines.	502

## RUMANIA

ATTITUDE OF THE DEPARTMENT OF STATE RELATIVE TO MATTERS CONCERNING THE STATUS OF Bessarabia

1932 Feb. 4	<i>From the Chief of the Division of Near Eastern Affairs to the Secretary of State</i> Expectation that Rumanian Minister will request American approval of proposed boundary between Bessarabia and Soviet Russia (including Bessarabia in Rumania) in connection with pending Soviet-Rumanian nonaggression pact.	503
Feb. 4	<i>Memorandum by the Secretary of State</i> Unwillingness to express opinion to Rumanian Minister regarding Rumania's right to occupy Bessarabia.	505
Mar. 24	<i>Memorandum by the Under Secretary of State of a Conversation With the Rumanian Minister</i> Inability to give answer as to probable American action in event of hypothetical attack by Russia upon Rumania.	505
May 13	<i>From the Chief of the Division of Near Eastern Affairs to the Under Secretary of State</i> Opinion that Rumanian Minister may soon renew plea for U. S. recognition of Rumanian annexation of Bessarabia; favorable attitude toward possible settlement of question administratively by including Bessarabian immigration quota in Rumanian quota.	506

REPRESENTATIONS TO THE RUMANIAN GOVERNMENT WITH RESPECT TO DISCRIMINATION AGAINST AN AMERICAN COMPANY IN AWARDDING A CONTRACT

1932 July 13 (916)	<i>From the Minister in Rumania.</i> Information that representations have been made to Rumanian Government to secure equality of opportunity for an American firm in the awarding of a contract for railway signal installations.	508
--------------------------	---	-----

## RUMANIA

## REPRESENTATIONS TO THE RUMANIAN GOVERNMENT WITH RESPECT TO DISCRIMINATION AGAINST AN AMERICAN COMPANY IN AWARDING A CONTRACT—Continued

Date and number	Subject	Page
1932 Aug. 17 (932)	<i>From the Chargé in Rumania</i> Note of August 6 to the Rumanian Foreign Minister (text printed), protesting discrimination against American firm in the awarding of a contract and requesting formal indication of intentions of Rumanian Government.	510
Aug. 24 (259)	<i>To the Minister in Rumania</i> Approval of action taken in seeking equality of opportunity for American firms.	517
Oct. 14 (964)	<i>From the Minister in Rumania</i> Interviews with Foreign Office officials, who acknowledged justice of U. S. complaints of discrimination, expressed regret, and suggested that compensation might be made by awarding another contract to the American firm.	518

## RUSSIA

## CITIZENSHIP STATUS OF AMERICAN NATIONALS EXERCISING POLITICAL RIGHTS IN RUSSIA

1931 Apr. 28 (254)	<i>From the Consul General at Berlin</i> Report of increasing demand upon the Consulate General at Berlin for citizenship and protection services for Americans residing in Soviet Russia.	521
1932 Apr. 12	<i>To the Consul General at Berlin</i> Department's views and instructions for determining citizenship status and rights of Americans residing in Soviet Russia.	523

## SPAIN

## EFFORTS OF THE GOVERNMENTS OF THE UNITED STATES AND SPAIN TO ELIMINATE MUTUAL TRADE GRIEVANCES

1932 Jan. 18 (3)	<i>From the Ambassador in Spain (tel.)</i> Presentation to Foreign Minister of Departmental memorandum regarding Spanish trade grievances.	527
Jan. 28 (8)	<i>From the Ambassador in Spain (tel.)</i> Advice that Spanish Chargé in Washington has been authorized to begin negotiations shortly on basis of Department's memorandum.	527
Jan. 30 (6)	<i>To the Ambassador in Spain (tel.)</i> Request for opinion as to desirability of advising Foreign Office that United States expects Spain to grant immediate reciprocal most-favored-nation treatment, and if not granted, formal protest will have to be submitted.	528

## LIST OF PAPERS

LXIII

## SPAIN

EFFORTS OF THE GOVERNMENTS OF THE UNITED STATES AND SPAIN TO ELIMINATE  
MUTUAL TRADE GRIEVANCES—Continued

Date and number	Subject	Page
1932 Feb. 2 (9)	<i>From the Ambassador in Spain (tel.)</i> Concurrence in Department's suggestion, and request for instructions.	528
Feb. 4 (10)	<i>To the Ambassador in Spain (tel.)</i> Instructions to take action outlined in Department's telegram No. 6, of January 30.	529
Feb. 7 (12)	<i>From the Ambassador in Spain (tel.)</i> Report of representations made, and of Foreign Office request for delay in extending most-favored-nation treatment until Washington conversations have begun. Recommendation that formal protest be postponed.	529
Feb. 8 (11)	<i>To the Ambassador in Spain (tel.)</i> Approval of recommendation to postpone formal protest.	530
Mar. 10	<i>Memorandum by Mr. Ellis O. Briggs, of the Division of Western European Affairs, of a Conversation Between the Chief of the Division of Western European Affairs and the Spanish Ambassador</i> Preparations for conversations between experts of Agriculture and Treasury Departments, Tariff Commission, and representatives of Spanish Embassy regarding Spanish trade grievances.	530
Mar. 16	<i>Memorandum by the Chief of the Division of Western European Affairs</i> Conversation with Spanish Ambassador, who expressed readiness to proceed with conversations and who was advised of U. S. expectation that most-favored-nation treatment would now be granted by Spanish Government.	531
Mar. 28	<i>Memorandum by the Chief of the Division of Western European Affairs</i> Advice to Spanish Ambassador of impossibility for United States to agree to suggestion for a settlement on a bargaining basis, and reiteration of U. S. desire for most-favored-nation treatment.	532
Mar. 29 (19)	<i>To the Ambassador in Spain (tel.)</i> Authorization, on certain conditions, to recall to Foreign Office its promise to urge granting of most-favored-nation treatment upon beginning of Washington conversations.	533
Mar. 30 (24)	<i>From the Ambassador in Spain (tel.)</i> Spanish proposal to grant most-favored-nation treatment on a definite list of products.	534
Mar. 31 (20)	<i>To the Ambassador in Spain (tel.)</i> Instructions to inform Foreign Office that complete most-favored-nation treatment is the only kind U. S. Government grants or could recognize.	535
Apr. 4	<i>Memorandum by the Under Secretary of State</i> Suggestion by Spanish Ambassador that United States might submit a list of everything exported to Spain, which would then be given most-favored-nation treatment.	536

## SPAIN

EFFORTS OF THE GOVERNMENTS OF THE UNITED STATES AND SPAIN TO ELIMINATE  
MUTUAL TRADE GRIEVANCES—Continued

Date and number	Subject	Page
1932 Apr. 11 (671)	<i>From the Chargé in Spain</i> Note of April 5 from the Spanish Minister of State (text printed), explaining Spain's legal difficulty in granting general most-favored-nation treatment and proposing to concede it in practice on basis of list of all articles of interest to the United States.	537
Apr. 21 (27)	<i>To the Chargé in Spain (tel.)</i> Note for Spanish Minister of State (text printed), accepting Spanish proposal; instructions for presenting note and list of products.	539
Apr. 23 (33)	<i>From the Chargé in Spain (tel.)</i> Presentation of note and list to Spanish Government, with inquiry as to how and when agreement is to become effective.	540
Apr. 26	<i>Memorandum by the Chief of the Division of Western European Affairs</i> Complaint by Spanish Ambassador about newspaper publicity on commercial negotiations.	540
May 6 (36)	<i>From the Chargé in Spain (tel.)</i> Receipt of official note from Spanish Ministry of State requesting amplification of list of articles in order to avoid additional lists from time to time.	541
May 7 (29)	<i>To the Chargé in Spain (tel.)</i> U. S. opinion conveyed to the Spanish Ambassador that in view of the considerable progress made in the Washington negotiations, Spanish Government should now make effective the most-favored-nation arrangement. Disinclination to submit amplified list requested.	542
May 9 (37)	<i>From the Chargé in Spain (tel.)</i> Indication of Spanish Government's reasons for desiring amplified list, and suggestion that request be complied with, if possible.	544
May 10 (695)	<i>From the Chargé in Spain</i> Note of April 22 to the Spanish Minister of State and reply of May 5 (texts printed) regarding arrangement for granting of most-favored-nation treatment to American products.	544
May 20 (39)	<i>From the Chargé in Spain (tel.)</i> Objections of Spanish Ministry of Agriculture to granting of most-favored-nation treatment to United States with no definite concessions in return; informal memorandum from Spanish Government (text printed) regarding admission of Almerian grapes to United States.	546
May 21	<i>Memorandum by the Under Secretary of State</i> Spanish Ambassador's advice that it is impossible for his Government to grant general most-favored-nation treatment without reversal of U. S. policy of non-admission of Almerian grapes.	547

## SPAIN

EFFORTS OF THE GOVERNMENTS OF THE UNITED STATES AND SPAIN TO ELIMINATE  
MUTUAL TRADE GRIEVANCES—Continued

Date and number	Subject	Page
1932 May 25 (35)	<i>To the Chargé in Spain (tel.)</i> Instructions not to discuss grape question but to refer inquiries to Washington.	549
June 2	<i>Memorandum by Mr. Ellis O. Briggs of the Division of Western European Affairs</i> Meeting of Spanish representatives with members of Departments of State and Agriculture regarding embargo on Almerian grapes and Spanish proposal for their admission to United States.	550
June 18	<i>Memorandum by the Under Secretary of State</i> Discussion with Spanish Ambassador regarding Spanish grapes and suggestion that Agriculture Department representative be sent to Spain to examine situation.	553
June 27 (57)	<i>From the Chargé in Spain (tel.)</i> Report from a group of American businessmen that according to Spanish Ministry of State, only the nonreceipt of a reply to Spanish request for amplified list was delaying granting of most-favored-nation treatment.	553
June 28 (46)	<i>To the Chargé in Spain (tel.)</i> Instructions to obtain interview with Minister of State regarding information reported in telegram of June 27.	554
June 30 (58)	<i>From the Chargé in Spain (tel.)</i> Interview with Minister of State, who asserted that nonreceipt of list was not an obstacle.	554
Aug. 10 (328)	<i>To the Ambassador in Spain</i> Summary of situation regarding Spanish trade complaints.	555
Oct. 10 (92)	<i>To the Ambassador in Spain (tel.)</i> Request for opinion as to effect of application of section 338 of Tariff Act.	556
Oct. 15 (81)	<i>From the Ambassador in Spain (tel.)</i> Opinion that invocation of section 338 would have adverse effect on American interests; proposal for meeting between Counselor of Embassy and Spanish official from Commerce Department.	557
Oct. 21 (96)	<i>To the Ambassador in Spain (tel.)</i> Approval of proposed meeting of Embassy and Spanish officials, and suggested points for discussion.	558
Nov. 3 (85)	<i>From the Ambassador in Spain (tel.)</i> Report of discussions; opinion that the Spanish are endeavoring to prolong negotiations in hope of winning further concessions.	559

## SPAIN

## REPRESENTATIONS AGAINST BILLS INTRODUCED IN THE SPANISH CORTES TO ANNUL THE CONTRACT OF THE INTERNATIONAL TELEPHONE AND TELEGRAPH COMPANY

Date and number	Subject	Page
1931 Dec. 10 (68)	<i>To the Chargé in Spain (tel.)</i> Instructions to inform Spanish Government of U. S. interest in protection of rights of American company in view of report that a bill has been introduced into the Spanish Cortes declaring National Telephone Company contract illegal and confiscating company's equipment.	560
Dec. 12 (70)	<i>To the Chargé in Spain (tel.)</i> Instructions to make representations against reintroduction of telephone company expropriation bill.	560
Dec. 14	<i>Memorandum by the Under Secretary of State</i> Advice to Spanish Chargé of U. S. Government's intention, in the event of the enactment of expropriation bill, to protest and to demand indemnity for American company.	561
Dec. 14 (108)	<i>From the Chargé in Spain (tel.)</i> Interview with the President, who said that he would present the telephone company case to the new government when formed.	562
Dec. 23 (226)	<i>To the Ambassador in Spain</i> Telephone company's expression of appreciation for assistance by Department and Embassy.	563
1932 Nov. 18 (86)	<i>From the Ambassador in Spain (tel.)</i> Revival of telephone company expropriation bill; advice that company has been requested to appear before Communications Committee of Cortes.	563
Nov. 19 (99)	<i>To the Ambassador in Spain (tel.)</i> Instructions to obtain interview with Prime Minister Azaña and advise him of U. S. opposition to unilateral action against company and to request assurance that he will oppose measure.	563
Nov. 21 (100)	<i>To the Ambassador in Spain (tel.)</i> Nonobjection of telephone company to investigations by the Spanish Government.	564
Nov. 22 (87)	<i>From the Ambassador in Spain (tel.)</i> Further representations to the Prime Minister; fear that nullification of contract is inevitable.	564
Nov. 22 (88)	<i>From the Ambassador in Spain (tel.)</i> Inquiry as to advisability of presenting formal note to Foreign Office regarding Department's position.	565
Nov. 22 (101)	<i>To the Ambassador in Spain (tel.)</i> Approval of presentation of formal note of protest.	565
Nov. 23 (90)	<i>From the Ambassador in Spain (tel.)</i> Text of note of protest to Foreign Minister.	566

## LIST OF PAPERS

LXVII

## SPAIN

REPRESENTATIONS AGAINST BILLS INTRODUCED IN THE SPANISH CORTES TO ANNUL  
THE CONTRACT OF THE INTERNATIONAL TELEPHONE AND TELEGRAPH COMPANY--  
Continued

Date and number	Subject	Page
1932 Nov. 24 (102)	<i>To the Ambassador in Spain (tel.)</i> Approval of representations, and request for recommendations as to publicity.	567
Nov. 25 (91)	<i>From the Ambassador in Spain (tel.)</i> Account of interview with Prime Minister; comment that Government appears to be divided on question.	568
Nov. 26 (92)	<i>From the Ambassador in Spain (tel.)</i> Opinion that publication of note of November 23 should be deferred, but request for authorization to notify Foreign Office of intention to publish it.	568
Nov. 28 (103)	<i>To the Ambassador in Spain (tel.)</i> Granting of authorization requested in telegram No. 92, November 26.	569
Nov. 28 (94)	<i>From the Ambassador in Spain (tel.)</i> Opinion that Embassy should not request prolongation of period granted telephone company for filing case with parliamentary subcommittee.	569
Nov. 28	<i>Memorandum by the Counselor of Embassy in Spain</i> Interview with Sub-Secretary of State, who observed that nothing new had arisen in connection with nullification bill introduced in December 1931 and there was no cause for alarm; expression of contrary view of U. S. Government.	570
Nov. 29 (95)	<i>From the Ambassador in Spain (tel.)</i> Intimation to Sub-Secretary of State of Department's intention to publish note of November 23.	571
Dec. 3 (99)	<i>From the Ambassador in Spain (tel.)</i> Interview with Foreign Minister, who was advised that Department could not approve any proposal based on nullification or denunciation of contract.	571
Dec. 3 (101)	<i>From the Ambassador in Spain (tel.)</i> Suggestion from source close to the Government that Spanish attitude might be influenced if a rumor were started in the American press as to withdrawal of American Ambassador.	572
Dec. 3 (107)	<i>To the Ambassador in Spain (tel.)</i> Approval of views expressed to Foreign Minister; intention to give oral summary of situation to correspondents in press interview.	572
Dec. 3 (102)	<i>From the Ambassador in Spain (tel.)</i> Text of Foreign Ministry's reply to note of November 23, advising that Spanish Government considers question a domestic one.	573



## SPAIN

REPRESENTATIONS AGAINST BILLS INTRODUCED IN THE SPANISH CORTES TO ANNUL  
THE CONTRACT OF THE INTERNATIONAL TELEPHONE AND TELEGRAPH COMPANY—  
Continued

Date and number	Subject	Page
1932 Dec. 4 (108)	<i>To the Ambassador in Spain (tel.)</i> Dissatisfaction with Spanish reply, and instructions for submission of further note if considered advisable.	574
Dec. 5 (105)	<i>From the Ambassador in Spain (tel.)</i> Text of note to Spanish Government advising that communication of December 3 does not alter in any way Department's position as defined in note of November 23.	575
Dec. 5 (109)	<i>To the Ambassador in Spain (tel.)</i> Interview with Spanish Ambassador regarding Spanish note of December 3, and reiteration of American view. Information concerning press conference.	575
Dec. 5 (106)	<i>From the Ambassador in Spain (tel.)</i> Conversation with Foreign Minister, who affirmed that neither nullification or denunciation would occur.	577
Dec. 6	<i>Memorandum by Mr. Ellis O. Briggs of the Division of Western European Affairs</i> Receipt of information that Spanish Government has abandoned position of illegality of contract and will prevent nullification bill from coming to a vote, and that commission representing telephone interests and Government will be appointed to study revision of contract.	577
Dec. 7 (107)	<i>From the Ambassador in Spain (tel.)</i> Approval by Cortes of Government's request for suspension of action regarding telephone question.	578
Dec. 8	<i>Memorandum by the Under Secretary of State</i> Assurance to Spanish Ambassador that no press statement will be made regarding Spanish action.	579
Dec. 8 (108)	<i>From the Ambassador in Spain (tel.)</i> Text of note dated December 7 from Foreign Office advising that criterion contained in Embassy's notes of December 3 and 5 is being put into effect; substance of note to Foreign Minister advising that criterion mentioned is understood to be that of joint examination.	579
Dec. 9 (113)	<i>To the Ambassador in Spain (tel.)</i> Approval of action taken; request for comments as to possible future developments.	580

## SWEDEN

REFUSAL OF THE SWEDISH STATE RAILWAYS TO PAY DEXTER AND CARPENTER, INC.,  
JUDGMENT GRANTED BY A UNITED STATES COURT

Date and number	Subject	Page
1932 Feb. 23 (96)	<i>To the Minister in Sweden</i> Instructions to communicate to Swedish Foreign Office expectation that, after further consideration of the facts of the case (as outlined), the Swedish Government will decide that judgment granted American firm as result of suit by Swedish State Railways in American courts, should be paid.	582
Mar. 29 (16)	<i>From the Minister in Sweden (tel.)</i> Information that note based on Department's instructions was delivered to Foreign Office on March 12 and that Foreign Minister advised orally that matter had been referred to Ministry of Communications.	599
Apr. 12 (15)	<i>To the Minister in Sweden (tel.)</i> Instructions to communicate informally to Foreign Office Department's view that any superficial consideration of case in the light of municipal law will not satisfy international obligations of the Swedish Government; that a basic and fundamental consideration by the Foreign Office is necessary.	599
Apr. 14 (471)	<i>From the Chargé in Sweden</i> Representations to Foreign Office official, who advised that Foreign Office would give the consideration asked.	600
Nov. 16 (614)	<i>From the Chargé in Sweden</i> Information obtained from Foreign Office that change in Government had retarded consideration of case, but that a reply to U. S. representations would be made within a reasonable time.	602

ARRANGEMENT BETWEEN THE UNITED STATES AND SWEDEN REGARDING RECIPROCAL  
RECOGNITION OF LOAD LINE CERTIFICATES, EFFECTED BY AN EXCHANGE OF NOTES,  
SIGNED JANUARY 27 AND JUNE 1, 1932

1932 Jan. 27 (140)	<i>From the American Minister in Sweden to the Swedish Minister for Foreign Affairs</i> Arrangement for a reciprocal load line agreement between the United States and Sweden, pending the coming into force between the two countries of the International Load Line Convention of 1930.	603
June 1	<i>From the Swedish Minister for Foreign Affairs to the American Chargé in Sweden</i> Concurrence in load line agreement.	604

## YUGOSLAVIA

REPRESENTATIONS IN SUPPORT OF THE STANDARD OIL COMPANY OF YUGOSLAVIA IN  
RESPECT TO YUGOSLAV CUSTOMS DUTIES

Date and number	Subject	Page
1932 Aug. 8 (1419)	<i>From the Minister in Yugoslavia</i> Review of tariff case of Standard Oil Co. of Yugoslavia and representations to Yugoslav Government in behalf of the company, including texts of notes of June 7 and 22.	606
1933 Feb. 7 (1558)	<i>From the Minister in Yugoslavia</i> Note of February 3 to Foreign Office (text printed), requesting reply to notes of June 7 and 22. (Footnote: Information that apparently no reply was received from Yugoslav Government.)	616

REPRESENTATIONS AS TO CITIZENSHIP AND LIABILITY FOR MILITARY SERVICE IN  
YUGOSLAVIA OF FORMER HUNGARIAN SUBJECT NATURALIZED IN THE UNITED STATES

1932 Jan. 26 (331)	<i>To the Minister in Yugoslavia</i> Instructions to take up with Yugoslav Government the case of John Belan, a naturalized American citizen, and to present Department's view that he is not a Yugoslav subject and that, therefore, the military taxes levied against his father on his account should be remitted.	617
Sept. 6 (1445)	<i>From the Minister in Yugoslavia</i> Note of August 25 from Foreign Office (text printed) advising that name of John Belan has been removed from civil and military registers.	619

## THE NEAR EAST AND AFRICA

## EGYPT

EQUALITY OF REPRESENTATION AS AMONG THE PRINCIPAL CAPITULATORY POWERS  
ON THE MIXED COURTS OF EGYPT

1932 Jan. 12 (10)	<i>From the Chargé in Great Britain (tel.)</i> Foreign Office views regarding use of British influence on Egyptian Government in appointment of judgeships to Mixed Courts of Egypt.	621
Jan. 19 (1046)	<i>To the Chargé in Great Britain</i> Information concerning the part taken in the past by the British Government in connection with the appointment of judges of American nationality.	622
Feb. 24 (414)	<i>From the Minister in Egypt</i> Advice by the Assistant Judicial Adviser that there would be no difficulty from the Egyptian authorities concerning the appointment of an additional American judge.	623

## EGYPT

EQUALITY OF REPRESENTATION AS AMONG THE PRINCIPAL CAPITULATORY POWERS  
ON THE MIXED COURTS OF EGYPT—Continued

Date and number	Subject	Page
1932 June 16 (514)	<i>From the Minister in Egypt</i> Request for Department's views on situation created by preponderance of British representation on Mixed Courts.	624
Sept. 10 (168)	<i>To the Minister in Egypt</i> Note for Foreign Minister (text printed) reserving U. S. position with respect to the principle of equality of representation on the Mixed Courts and making formal request for appointment of an additional American judge at the earliest opportunity; instructions to inform British High Commissioner of action taken. (Footnote: Information that the note, dated December 2, was acknowledged on December 11.)	626
Nov. 7 (27)	<i>To the Minister in Egypt (tel.)</i> Views requested by Legation's telegram No. 514 of June 16.	628

## APPOINTMENT OF AN AMERICAN REPRESENTATIVE ON THE INTERNATIONAL QUARANTINE BOARD AT ALEXANDRIA

1931 Nov. 24 (354)	<i>From the Minister in Egypt</i> Conversation with Foreign Minister on subject of American representation on the International Quarantine Board; Egyptian Government's view that the question is a domestic matter and that Board should be converted from an international to a purely Egyptian institution.	629
1932 Feb. 9 (400)	<i>From the Minister in Egypt</i> Foreign Office note of February 4 (text printed) expressing hope for American adherence to Egyptian Government's desire for eventual transformation of the Board from an international to an Egyptian institution.	631
1933 Feb. 21 (204)	<i>To the Minister in Egypt</i> Note for Foreign Minister (text printed) making complete reservation of U. S. Government's position with respect to American representation on International Quarantine Board.	637
	(Note: Information that Quarantine Board was abolished and its functions transferred to the Egyptian Ministry of Public Health by Royal Decree effective November 1, 1939.)	639

## EGYPT

REPRESENTATIONS AGAINST EGYPTIAN DECREES RESTRICTING AUTOMOTIVE TRAFFIC  
AND INCREASING TAXES ON MOTOR VEHICLES

Date and number	Subject	Page
1932 Apr. 1 (437)	<i>From the Minister in Egypt</i> Note of March 31 to the Foreign Office (text printed) protesting administrative acts restricting automotive traffic which are apparently in conflict with existing legislation and are harmful to American interests.	640
June 2	<i>Memorandum by the Minister in Egypt</i> Conversation with Prime Minister, who gave no assurances that Egyptian policy toward automotive traffic and vehicles would be altered in the near future.	643
June 17 (518)	<i>From the Minister in Egypt</i> Note to the Foreign Ministry, June 13 (text printed), protesting against application of certain decrees to American nationals, and memorandum of conversation (text printed) at time of presentation of note.	644
July 2	<i>Memorandum by the Minister in Egypt</i> Advice to Foreign Minister of willingness to submit to U. S. Government the Egyptian proposal for new automobile taxes, but warning that question would probably be considered in connection with still unsettled problem of traffic restriction.	647
July 6	<i>From the Egyptian Ministry for Foreign Affairs to the American Legation in Egypt</i> Explanation and clarification of decree of February 29 regarding restrictions on operation of commercial vehicles.	648
Oct. 22	<i>From the American Legation in Egypt to the Egyptian Ministry for Foreign Affairs</i> <i>Aide-mémoire</i> advising that while the U. S. Government is willing to consider sympathetically question of application of proposed new motor taxes to American nationals, it cannot do so until illegal restrictions and taxes on commercial vehicles have been satisfactorily settled.	654
Dec. 6 (192)	<i>To the Minister in Egypt</i> Approval of action taken in submitting <i>aide-mémoire</i> of October 22 to Egyptian Government.	655

## REPRESENTATIONS AGAINST HIGH DUES AND CHARGES AT THE PORT OF ALEXANDRIA

1932 Sept. 15 (568)	<i>From the Minister in Egypt</i> Note to Foreign Office, September 13 (text printed), expressing desire that the high port dues and charges at Alexandria be brought to the attention of the Ministry of Finance; advice that action was requested by an official of an American steamship line, and that Greek, French, German, and Italian colleagues have sent similar notes.	655
---------------------------	--	-----

## EGYPT

REPRESENTATIONS AGAINST HIGH DUES AND CHARGES AT THE PORT OF ALEXANDRIA  
—Continued

Date and number	Subject	Page
1932 Nov. 8 (186)	<p data-bbox="218 364 485 390"><i>To the Minister in Egypt</i></p> <p data-bbox="218 390 879 477">Approval of note on basis of joint action with colleagues, but desire that additional information be submitted to Department and instructions requested before further representations are made.</p>	657

## ETHIOPIA

COOPERATION BY THE UNITED STATES IN EFFORTS TO EFFECT A REFORM OF THE  
SPECIAL COURT AT ADDIS ABABA

1932 Feb. 16 (899)	<p data-bbox="218 651 540 677"><i>From the Minister in Ethiopia</i></p> <p data-bbox="218 677 879 746">Refusal to participate in joint action by diplomatic body to force reform in procedure and administration of Ethiopian Special Court, on grounds of lack of specific complaint.</p>	659
Mar. 8 (230)	<p data-bbox="218 755 507 781"><i>To the Minister in Ethiopia</i></p> <p data-bbox="218 781 879 850">Instructions to seek audience with the Emperor and express U. S. Government's concern over unsatisfactory functioning of the Special Court.</p>	660
May 4 (952)	<p data-bbox="218 859 540 885"><i>From the Minister in Ethiopia</i></p> <p data-bbox="218 885 879 954">Representations to the Emperor and Foreign Minister, and advice by the latter that steps toward reform of Special Court are being actively considered.</p>	661
Aug. 15 (1023)	<p data-bbox="218 963 540 989"><i>From the Minister in Ethiopia</i></p> <p data-bbox="218 989 879 1076">Draft note from the diplomatic body to the Ethiopian Government (text printed) containing recommendations for reform of Special Court; Legation's tentative adherence to the note, and request for instructions.</p>	662
Sept. 17 (19)	<p data-bbox="218 1085 573 1111"><i>To the Minister in Ethiopia (tel.)</i></p> <p data-bbox="218 1111 879 1154">Authorization for definite adherence to the note of the diplomatic body.</p>	670
Nov. 26	<p data-bbox="218 1163 868 1215"><i>From the Diplomatic Corps in Ethiopia to the Ethiopian Ministry for Foreign Affairs</i></p> <p data-bbox="218 1215 879 1258">Agreement with certain proposals of the Ethiopian Government for the improvement of the Mixed Court.</p>	670

## IRAQ

## INSISTENCE OF THE UNITED STATES ON ITS RIGHT TO BE CONSULTED REGARDING THE CONDITIONS OF IRAQ'S ADMINISTRATION UPON THE TERMINATION OF THE MANDATORY RELATIONSHIP

Date and number	Subject	Page
1932 Feb. 26 (75)	<i>To the Ambassador in Great Britain (tel.)</i> Instructions to inquire of Foreign Office as to whether U. S. Government is correct in its assumption that it will be consulted by the British Government with respect to conditions under which Iraq is to be administered upon termination of its mandatory relationship with Great Britain.	672
Apr. 5 (2716)	<i>From the Chargé in Great Britain</i> Note of March 1 to Foreign Office in accordance with Department's instructions, and reply of April 1 (texts printed) agreeing to communicate to U. S. Government copies of Iraq's assurances to League of Nations; comment that this appears to constitute notification after action rather than acknowledgement of a right to prior consultation.	673
June 17 (84)	<i>To the Ambassador in Great Britain</i> Substance of note for Foreign Office making full reservation of U. S. position in the matter.	677
July 22 (244)	<i>From the Chargé in Great Britain</i> Foreign Office note of July 22 (text printed) transmitting copy of Iraq Government's declaration to the League of Nations of June 27 and copy of report by League committee appointed to assist in preparation of declaration.	679
Sept. 20 (251)	<i>From the American Chargé in Great Britain to the British Secretary of State for Foreign Affairs</i> Inquiry as to whether British Government intends to lay before the appropriate body of the League of Nations the exchange of correspondence regarding U. S. Government's right of consultation with respect to Iraq; U. S. intention to do so if Great Britain does not.	683
Sept. 24 (E 4804/ 9/93)	<i>From the British Secretary of State for Foreign Affairs to the American Chargé in Great Britain</i> Willingness to communicate the correspondence to the League after U. S. confirmation of documents to be included. (Footnote: Information that agreed-upon documents were sent to the Secretary General of the League on October 11 for transmittal to the Permanent Mandates Commission.)	684

## LIBERIA

## PROPOSED INTERNATIONAL COMMITTEE OF CONTROL IN LIBERIA AND CONTINUED NON-RECOGNITION OF THE BARCLAY ADMINISTRATION

Date and number	Subject	Page
1932 Jan. 8 (5)	<i>To the Consul at Geneva (tel.)</i> For Reber (U. S. representative on Liberian Committee): Advice that Department has unofficially notified Finance Corporation of America of meeting of the Liberian Committee (appointed by Council of the League of Nations in 1931) to consider the experts' report, in which their interests in Liberia are mentioned; instructions to ascertain discreetly whether League Secretariat will send official notification.	686
Jan. 11 (9)	<i>From the Consul at Geneva (tel.)</i> From Reber: Postponement of Committee meeting to January 25.	687
Jan. 13 (9)	<i>To the Consul at Geneva (tel.)</i> For Reber: Summary of draft agreement submitted by Finance Corporation, under which they would advance further funds to Liberia; Department's comments regarding paragraphs 2, 9, and 10, relating to U. S. Government's participation.	687
Jan. 14	<i>Memorandum by the Chief of the Division of Western European Affairs</i> Advice to British Embassy official that Mr. Reber will be present at Committee meeting.	690
Jan. 18 (16)	<i>From the Consul at Geneva (tel.)</i> From Reber: Request for further instructions regarding Finance Corporation's draft, particularly the proposal for appointment of an American as Commissioner General.	691
Jan. 18 (19)	<i>From the Consul at Geneva (tel.)</i> From Reber: Request by League official that information be obtained as to Finance Corporation's attitude toward a readjustment of the terms of the 1926 loan agreement.	692
Jan. 20 (17)	<i>To the Consul at Geneva (tel.)</i> For Reber: Comments on Finance Corporation's draft proposal; instructions in reply to telegram No. 19, January 18, that matter is for decision between the Committee and the Finance Corporation, and that latter will have a representative in Geneva shortly.	692
Jan. 22 (22)	<i>To the Consul at Geneva (tel.)</i> For Reber: Summary of observations made by President Barclay (transmitted to Department by the Minister in Liberia) in presenting experts' report to the Liberian Legislature.	694
Jan. 25 (23)	<i>To the Consul at Geneva (tel.)</i> For Reber: Advisability of holding in abeyance decision on the three disputed paragraphs of Finance Corporation draft so that agreement can be reached on general principles of plan for Liberian rehabilitation.	695



## LIBERIA

## PROPOSED INTERNATIONAL COMMITTEE OF CONTROL IN LIBERIA AND CONTINUED NON-RECOGNITION OF THE BARCLAY ADMINISTRATION—Continued

Date and number	Subject	Page
1932 Jan. 25 (31)	<i>From the Consul at Geneva (tel.)</i> From Reber: Substance of Finance Corporation's attitude with respect to the advance of further funds, as expressed by their representative to League official.	696
Jan. 26 (37)	<i>From the Consul at Geneva (tel.)</i> [From Reber:] Consideration of experts' report by League Committee. British Government's intention to submit report on unrest in Kru country of Liberia; request for authorization to submit similar report.	696
Jan. 27 (27)	<i>To the Consul at Geneva (tel.)</i> For Reber: Authorization to make suggested report concerning unrest in the Kru country.	698
Jan. 28 (31)	<i>To the Consul at Geneva (tel.)</i> For Reber: Text of telegram of January 27 from the Minister in Liberia reporting continued depredations on the Kru coast.	698
Feb. 1 (66)	<i>From the Consul at Geneva (tel.)</i> From Reber: Comment on second progress report completed at Committee meeting this date, which is unsatisfactory and indefinite in nature. Inquiry as to advisability of giving publicity to memorandum regarding Kru coast situation.	698
Feb. 3 (36)	<i>To the Consul at Geneva (tel.)</i> Nonobjection to proposed publicity on memorandum concerning Kru coast situation.	700
Feb. 6 (75)	<i>From the Consul at Geneva (tel.)</i> From Reber: Adoption by League Council of the Liberian Committee's report.	700
Feb. 8	<i>From the American Representative on the International Committee on Liberia</i> Summary of the meetings and discussions of the Liberian Committee; information that no recommendation to accept the experts' report was contained in the Committee's report, nor is it believed that Liberia will feel any compulsion to do so. Transmittal of American memorandum on disturbances on the Kru coast (text printed).	701
Feb. 19	<i>From the British Embassy</i> Suggestion that joint representations be made by British, French, and American representatives in Liberia against reported renewal of oppression of Kru peoples by Liberian Frontier Force.	707
Mar. 2	<i>To the British Ambassador</i> Request for confirmation of understanding that proposed joint action will be in conjunction with work of International Committee.	708

## LIBERIA

## PROPOSED INTERNATIONAL COMMITTEE OF CONTROL IN LIBERIA AND CONTINUED NON-RECOGNITION OF THE BARCLAY ADMINISTRATION—Continued

Date and number	Subject	Page
1932 Mar. 4 (21)	<i>To the Minister in Liberia (tel.)</i> Instructions to make joint representations with British and French colleagues to President Barclay regarding proceedings against Kru population by Liberian Frontier Force, but making clear that this action has no connection with question of U. S. recognition of Liberian régime.	710
Mar. 7 (29)	<i>From the Minister in Liberia (tel.)</i> Representations in accordance with Department's telegram No. 21 of March 4.	711
Mar. 9 (30)	<i>From the Minister in Liberia (tel.)</i> Liberian memorandum (text printed) replying to representations of March 7.	711
Mar. 11 (34)	<i>From the Minister in Liberia (tel.)</i> Receipt of invitation to share in expenses of a British consular officer being sent to the Kru country to investigate and report on conditions. (Footnote: Information that authorization was given on April 25 to cover American share of expenses.)	712
Mar. 21 (39)	<i>From the Minister in Liberia (tel.)</i> President Barclay's intention to send a commission, consisting of one American and two Liberian members, to Kru coast to investigate situation; his promise to withdraw troops if their presence appears to be unwarranted.	713
Apr. 20 (49)	<i>From the Minister in Liberia (tel.)</i> Summary of report by American member of Barclay investigation commission.	713
Apr. 30 (54)	<i>From the Minister in Liberia (tel.)</i> Information regarding British investigator's report on Kru situation.	715
May 2 (166)	<i>From the Consul at Geneva (tel.)</i> From Reber: Substance of a memorandum submitted to the Committee by the Liberian Government commenting on the experts' report and indicating modifications desired by the Liberian Government in the experts' plan of assistance.	716
May 4 (72)	<i>To the Consul at Geneva (tel.)</i> For Reber: Instructions to bring before the Committee Department's attitude regarding the Firestone enterprise in Liberia in case of further criticism of that institution by Committee members.	717
May 5 (172)	<i>From the Consul at Geneva (tel.)</i> From Reber: Information that Liberian Government desires to negotiate directly with the Finance Corporation; advice to Liberian representative that matter should be handled through the Committee.	718

## LIBERIA

## PROPOSED INTERNATIONAL COMMITTEE OF CONTROL IN LIBERIA AND CONTINUED NON-RECOGNITION OF THE BARCLAY ADMINISTRATION—Continued

Date and number	Subject	Page
1932 May 6 (76)	<i>To the Consul at Geneva (tel.)</i> [For Reber:] Approval of views expressed in telegram No. 172 of May 5.	720
Undated (175)	<i>From the Consul at Geneva (tel.)</i> From Reber: Efforts of Committee to reconcile views set forth in experts' report with those of Liberian memorandum, in order to gain acceptance of reform plan.	720
May 7 (177)	<i>From the Consul at Geneva (tel.)</i> From Reber: Request for views of Department and Finance Corporation on new draft program proposed by the experts for Liberian assistance.	722
May 8 (77)	<i>To the Consul at Geneva (tel.)</i> [For Reber:] Necessity for settlement of the principle of authority to be delegated by Liberian Government in order to secure Department's support of any compromise plan.	723
May 8 (78)	<i>To the Consul at Geneva (tel.)</i> For Reber: Agreement by Harvey Firestone, Jr., with Department's views.	724
May 10 (184)	<i>From the Consul at Geneva (tel.)</i> From Reber: Request for approval of plan to submit to the Committee a joint memorandum from United States, Great Britain, France, and Germany, summarizing the findings of the British investigation on conditions on the Kru coast.	725
May 11 (81)	<i>To the Consul at Geneva (tel.)</i> Authorization to use any appropriate method in bringing report of British findings before the Committee.	725
May 14 (190)	<i>From the Consul at Geneva (tel.)</i> From Reber: Information that Department's views as set forth in telegram No. 77 of May 8, were presented to the Committee.	726
May 17	<i>Memorandum by Mr. Ellis O. Briggs of the Division of Western European Affairs</i> Telephone conversation with Mr. Reber, who advised of adoption by the Committee of a plan which he considered unworkable, and to which he felt United States must make formal reservation; information that telegraphic instruction for such reservation was sent May 17, 9 p. m.	726
May 19 (198)	<i>From the Consul at Geneva (tel.)</i> From Reber: Comments on report and reservations as finally adopted by the Committee for submission to the League Council.	727
May 20 (199)	<i>From the Consul at Geneva (tel.)</i> Council's acceptance of Liberian Committee's report and approval of suggestion for immediate despatch of special representative to try to handle Kru situation.	729

## LIBERIA

## PROPOSED INTERNATIONAL COMMITTEE OF CONTROL IN LIBERIA AND CONTINUED NON-RECOGNITION OF THE BARCLAY ADMINISTRATION—Continued

Date and number	Subject	Page
1932		
May 21 (200)	<i>From the Consul at Geneva (tel.)</i> From Reber: Text of American reservation as included in Committee's report.	731
May 26 (59)	<i>From the Minister in Liberia (tel.)</i> Liberian Government's declaration of intentions regarding League plan, and request for U. S. support.	732
May 27 (36)	<i>To the Minister in Liberia (tel.)</i> Opinion that it is unnecessary at present to reply to Liberian proposal.	732
May 28 (96)	<i>To the Consul at Geneva (tel.)</i> For Reber: Instructions for replying to League's proposal with respect to financing a special investigator to the Kru coast.	733
June 11 (58)	<i>To the Minister in Liberia</i> Copy of letter from Finance Corporation to the Liberian Secretary of the Treasury and the Financial Adviser, June 3 (text printed), protesting Liberian default on loan payments.	734
June 14 (61)	<i>From the Minister in Liberia (tel.)</i> Information concerning proposed arrangements for sending Dr. Mackenzie (British sanitary expert in Liberia) to Kru coast as League Special Commissioner.	736
June 16	<i>Memorandum by the Chief of the Division of Western European Affairs</i> Conversation with British Ambassador regarding Department's nonapproval of League plan for Liberia.	737
June 18 (39)	<i>To the Minister in Liberia (tel.)</i> Suggestion for informal and unofficial conversation with President Barclay, proposing possible action by Liberian Government to meet present state of emergency.	738
June 18	<i>Memorandum by Mr. Ellis O. Briggs of the Division of Western European Affairs</i> Resignation of Colonel George W. Lewis, Adviser to the Liberian Frontier Force, as of July 15, on grounds that he was not given sufficient authority to accomplish anything.	740
June 21	<i>Memorandum by Mr. Ellis O. Briggs of the Division of Western European Affairs</i> Conversation with Counselor of the German Embassy, who expressed his Government's interest in health conditions in Liberia.	741
June 21 (40)	<i>To the Minister in Liberia (tel.)</i> Instructions to inform Financial Adviser informally of resignation of Colonel Lewis as military adviser of Liberian Frontier Force.	742

## LIBERIA

## PROPOSED INTERNATIONAL COMMITTEE OF CONTROL IN LIBERIA AND CONTINUED NON-RECOGNITION OF THE BARCLAY ADMINISTRATION—Continued

Date and number	Subject	Page
1932 June 24 (66)	<i>From the Minister in Liberia (tel.)</i> Report on informal, confidential talk with President Barclay, who intends to submit to the Legislature a plan accepting in principle the League plan provided the chief adviser is an American citizen.	742
June 28	<i>Memorandum by the Under Secretary of State</i> Conversation with the British Ambassador regarding President Barclay's proposal; Ambassador's feeling that his Government would approve the appointment of an American adviser.	743
June 30 (213)	<i>From the Consul at Geneva (tel.)</i> From Reber: Liberian Government's acceptance of Dr. Mackenzie as special investigator to the Kru coast provided he is accompanied by an official of the Liberian Government.	744
July 19 (46)	<i>To the Minister in Liberia (tel.)</i> Advice that Barclay plan should provide for adequate delegation of authority in order to secure U. S. Government's approval; nonobjection to provision for appointment of an American adviser.	744
Aug. 3 (35)	<i>To the Minister in Belgium (tel.)</i> For Reber: Summary of developments at Monrovia during the past month.	745
Aug. 4 (234)	<i>From the Chargé in Great Britain</i> From Reber: Receipt of two letters from League Secretariat, one setting September 19 as date of next Committee meeting, and the other concerning British representative's desire for presence of Finance Corporation and Firestone representatives at next meeting of Liberian Committee.	746
Aug. 10 (215)	<i>To the Chargé in Great Britain (tel.)</i> For Reber: Instructions for acknowledging the two letters from the Secretariat.	746
Aug. 19 (85)	<i>From the Chargé in Liberia (tel.)</i> Summary of joint resolution passed at second extraordinary session of Liberian Legislature regarding plan of assistance to be adopted.	747
Aug. 27	<i>From the Under Secretary of State to the British Chargé</i> U. S. memorandum of August 25 (text printed), advising of inability of U. S. Government to approve either the League plan of assistance or Liberian joint resolution based thereon, or to transmit these proposals to Finance Corporation and Firestone Company; information that same memorandum has been transmitted to Italian, French, and German representatives. (Footnote: Copies of memorandum to Edwin Barclay and Secretary General of the League.)	748

## LIBERIA

## PROPOSED INTERNATIONAL COMMITTEE OF CONTROL IN LIBERIA AND CONTINUED NON-RECOGNITION OF THE BARCLAY ADMINISTRATION—Continued

Date and number	Subject	Page
1932 Aug. 30	<i>From the British Chargé to the Under Secretary of State</i> Understanding that the League is inviting Firestone Company to send representative with widest possible powers to forthcoming session of the Liberian Committee; expression of hope for U. S. support of invitation.	750
Aug. 31	<i>To the British Chargé</i> Reiteration of U. S. viewpoint that any discussion of a plan of assistance will be futile unless and until adequate authority is delegated by Liberia.	750
Sept. 2	<i>From the President of the Finance Corporation of America</i> Copies of League invitation of August 24 to send representative to Geneva, and company's reply of September 2, declining the invitation (texts printed).	751
Sept. 2	<i>From the Firestone Plantations Company</i> Information that no reply was made to League invitation of August 24, similar to that received by Finance Corporation.	752
Sept. 20 (250)	<i>From the Consul at Geneva (tel.)</i> From Reber: Willingness of majority of Committee to support extension of authority for Chief Adviser provided a "neutral" is appointed to that position.	752
Sept. 21 (132)	<i>To the Consul at Geneva (tel.)</i> For Reber: Instructions to advise Committee, if unable to reserve question, that U. S. Government would energetically support the appointment of an American citizen as Chief Adviser.	753
Sept. 21 (133)	<i>To the Consul at Geneva (tel.)</i> For Reber: Request for comments on advisability of initiating discussions with British Government on American attitude.	754
Sept. 22 (262)	<i>From the Consul at Geneva (tel.)</i> From Reber: Committee's opposition to appointment of a national of any country having African possessions or specific interests in Liberia; opinion that direct discussions with the British would not be likely to cause a change in British policy.	755
Sept. 22 (1)	<i>From the Minister in Switzerland (tel.)</i> Messages from Lord Robert Cecil, British representative on Liberian Committee, and Sir John Simon, British Secretary of State for Foreign Affairs, regarding question of nationality of the Chief Adviser.	756
Sept. 25 (3)	<i>To the Acting Chairman of the American Delegation at the General Disarmament Conference</i> For Wilson: Reply to messages from Sir John Simon and Lord Cecil that U. S. Government will not insist on appointment of a Chief Adviser of any given nationality.	758

## LIBERIA

## PROPOSED INTERNATIONAL COMMITTEE OF CONTROL IN LIBERIA AND CONTINUED NON-RECOGNITION OF THE BARCLAY ADMINISTRATION—Continued

Date and number	Subject	Page
1932 Sept. 29	<i>From the American Representative on the International Committee on Liberia</i> Report on work of Committee during September session, and comments on Plan of Assistance finally adopted; letter of September 27 from Lord Robert Cecil to the American Minister in Switzerland (text printed) in reply to the Secretary of State's message of September 25.	759
Sept. 29 (274)	<i>From the Consul at Geneva (tel.)</i> From Reber: Request to be informed as to how soon Firestone interests will be prepared to negotiate financial clauses of the Plan of Assistance.	766
Sept. 30 (144)	<i>To the Consul at Geneva (tel.)</i> For Reber: Advice that Firestone will not begin negotiations until acceptance of plan by Liberia and transmission of text officially to Finance Corporation.	766
Oct. 3	<i>Memorandum by the Chief of the Division of Western European Affairs of a Conversation With the British Chargé</i> U. S. unwillingness to transmit League plan to the Firestone interests until assurance has been received that Liberian Government has agreed to delegation of adequate authority.	766
Oct. 4 (282)	<i>From the Consul at Geneva (tel.)</i> From Reber: Understanding that Liberian Government has accepted the Plan of Assistance.	767
Oct. 7 (288)	<i>From the Consul at Geneva (tel.)</i> From Reber: Request for instructions as to attitude to be adopted at Committee meeting of October 12, in regard to probable resentment by Committee over delay in commencing financial negotiations.	767
Oct. 7 (150)	<i>To the Consul at Geneva (tel.)</i> For Reber: Advice that text of plan was transmitted to Finance Corporation on October 5.	768
Oct. 8	<i>From the President of the Finance Corporation of America</i> Unwillingness to enter into financial negotiations unless certain changes are made in League plan, including appointment of an American as Chief Adviser.	769
Oct. 10	<i>To the Chairman of the Firestone Tire &amp; Rubber Company</i> U. S. Government's unwillingness to assume exclusive responsibility for Liberia; hope that the Firestone interests will send a representative to Geneva.	771
Oct. 11 (157)	<i>To the Consul at Geneva (tel.)</i> For Reber: Text of telegram from Finance Corporation advising that it will send a representative to Geneva; probability that representative will not arrive before mid-November.	773

## LIBERIA

## PROPOSED INTERNATIONAL COMMITTEE OF CONTROL IN LIBERIA AND CONTINUED NON-RECOGNITION OF THE BARCLAY ADMINISTRATION—Continued

Date and number	Subject	Page
1932 Oct. 12 (297)	<i>From the Consul at Geneva (tel.)</i> From Reber: Committee's desire that financial negotiations be concluded in time to submit final plan to special session of the Council, which begins November 14.	773
Oct. 13 (160)	<i>To the Consul at Geneva (tel.)</i> For Reber: Information that earliest date on which financial representative could sail would be November 1; comment that Committee's censure of company for delay would only create difficulty.	774
Oct. 14 (298)	<i>From the Consul at Geneva (tel.)</i> From Reber: Council's adoption of the Liberian Committee's reports relating to the Plan of Assistance and approving the work of Dr. Mackenzie.	775
Oct. 26	<i>From the President of the Finance Corporation of America</i> Information that company is sending an investigator to Liberia before entering into negotiations at Geneva. (Footnote: Department's instructions to Mr. Reber to inform the interested parties.)	776
Nov. 10	<i>Memorandum by the Chief of the Division of Western European Affairs</i> Conversation with British Ambassador regarding possibility of accelerating Liberian financial negotiations.	776
Nov. 11 (321)	<i>From the Consul at Geneva (tel.)</i> From Reber: Comments as to adverse effects on Liberian situation which will result from Finance Corporation's action.	777
Nov. 13 (175)	<i>To the Consul at Geneva (tel.)</i> For Reber: Communication from Finance Corporation advising of necessity for investigation of conditions in Liberia and mentioning Liberian Government's submission on October 18 of a proposal for financial readjustments.	779
Nov. 17 (325)	<i>From the Consul at Geneva (tel.)</i> From Reber: League official's opinion that next scheduled meeting of Committee need not be held provided assurances are received from Finance Corporation on three points regarding financial negotiations.	780
Nov. 18 (326)	<i>From the Consul at Geneva (tel.)</i> From Reber: Liberian assurances, in connection with proposals of October 18, that these related to budget problems only, and that it does not intend to settle financial provisions except in cooperation with the League.	781
Nov. 22 (181)	<i>To the Consul at Geneva (tel.)</i> For Reber: Text of letter of November 21 from Finance Corporation containing assurances requested in telegram No. 325 of November 17.	781



## LIBERIA

## PROPOSED INTERNATIONAL COMMITTEE OF CONTROL IN LIBERIA AND CONTINUED NON-RECOGNITION OF THE BARCLAY ADMINISTRATION—Continued

Date and number	Subject	Page
1932 Nov. 23	<i>To the American Representative on the International Committee on Liberia, at Geneva</i> Comment on difficulty in securing cooperation of Finance Corporation with Liberian Committee's plan.	782
Nov. 23	<i>To the American Representative on the International Committee on Liberia, at Geneva</i> Copy of the undated communication from the Liberian Government to the Finance Corporation (text printed), delivered by Acting Financial Adviser on October 18, requesting certain modifications in the terms of the 1926 loan agreement in order to balance the new 1933 budget.	782
Nov. 24 (335)	<i>From the Consul at Geneva (tel.)</i> From Reber: Information that Liberian Committee's progress report was submitted to the Council, November 23, expressing regret at the further delay in negotiations.	784
Dec. 5	<i>From the Under Secretary General of the League of Nations to the American Representative on the International Committee on Liberia</i> Request for information as to when Finance Corporation will be ready to begin negotiations in Geneva so that plans can be made for work of Committee.	785
Dec. 16 (109)	<i>From the Minister in Liberia (tel.)</i> Assurances of cooperation by President Barclay to Finance Corporation representative; passage by Liberian Legislature of a bill containing provisions in contravention of the loan agreement.	786
Dec. 19 (76)	<i>To the Minister in Liberia (tel.)</i> Instructions to make strong representations to President Barclay regarding adverse effects of enactment of the bill contravening loan agreement.	786
Dec. 21 (110)	<i>From the Minister in Liberia (tel.)</i> Oral representations, in accordance with Department's instructions of December 19, to President Barclay, who requested that information be submitted in an <i>aide-mémoire</i> .	787
Dec. 22 (77)	<i>To the Minister in Liberia (tel.)</i> Instructions not to deliver any written communication; request for report on status of legislative bill.	787
Dec. 23 (78)	<i>To the Minister in Liberia (tel.)</i> Authorization to inform diplomatic colleagues of U. S. Government's attitude toward Liberia's attempts to repudiate loan agreement by unilateral action.	788
Dec. 23 (79)	<i>To the Minister in Liberia (tel.)</i> Text of letter to be delivered to President Barclay embodying oral representations of December 21.	788

## LIST OF PAPERS

LXXXV

## LIBERIA

## PROPOSED INTERNATIONAL COMMITTEE OF CONTROL IN LIBERIA AND CONTINUED NON-RECOGNITION OF THE BARCLAY ADMINISTRATION—Continued

Date and number	Subject	Page
1932 Dec. 24 (115)	<i>From the Minister in Liberia (tel.)</i> Advice that Department's instructions of December 23, telegrams 78 and 79, have been carried out.	789
Dec. 24 (116)	<i>From the Minister in Liberia (tel.)</i> Report of efforts of Liberian Government to discredit Financial Adviser and all officials connected with Finance Corporation.	789
Dec. 29 (302)	<i>To the Chargé in Great Britain (tel.)</i> For Reber: Instructions to inform Lord Cecil of Department's views on Liberian "law," emphasizing certain points.	790
Dec. 30 (118)	<i>From the Minister in Liberia (tel.)</i> Substance of note from Executive Mansion, offensive in tone and signed by one of Barclay's secretaries, replying to letter sent President Barclay.	791
Dec. 31 (349)	<i>From the Chargé in Great Britain (tel.)</i> From Reber: Representations, in accordance with Department's instructions, to Lord Cecil, who expressed disapproval of Liberian action; intention, unless otherwise instructed, to make similar representations to League Secretariat upon return to Geneva on January 2.	792
1933 Jan. 3 (1)	<i>To the Consul at Geneva (tel.)</i> For Reber: Authorization to use own discretion in discussing situation with League and Committee officials; information that Minister in Liberia has been instructed to decline to accept the letter from the Executive Mansion (reported in Minister's telegram No. 118 of December 30, 1932.)	792

## PERSIA

## REPRESENTATIONS FOR CONCESSIONS EQUIVALENT TO THOSE GRANTED BY PERSIA TO THE SOVIET UNION BY THE CONVENTION OF OCTOBER 27, 1931

1931 Nov. 16 (936)	<i>From the Minister in Persia</i> Information regarding British <i>aide-mémoire</i> to Persian Foreign Minister regarding trade discriminations which will result from entry into force of Perso-Soviet commercial convention; opinion that similar representations by American Legation are unnecessary at present.	793
1932 Feb. 17 (1)	<i>To the Minister in Persia (tel.)</i> Instructions to make representations substantially in accord with British <i>aide-mémoire</i> .	796
[Feb. 29]	<i>From the American Legation in Persia to the Persian Ministry for Foreign Affairs</i> <i>Aide-mémoire</i> expressing U. S. Government's desire for trade privileges equivalent to those accorded to Soviet Union under Perso-Soviet convention; indication of substantial accord with recent British representations.	793

## PERSIA

## REPRESENTATIONS FOR CONCESSIONS EQUIVALENT TO THOSE GRANTED BY PERSIA TO THE SOVIET UNION BY THE CONVENTION OF OCTOBER 27, 1931—Continued

Date and number	Subject	Page
1932 Apr. 6 (7)	<i>To the Minister in Persia (tel.)</i> Instructions to withdraw <i>aide-mémoire</i> and to substitute a modified memorandum, omitting reference to British representations.	799
Apr. 8 (10)	<i>From the Chargé in Persia (tel.)</i> Request for approval of suggested modifications in memorandum.	800
Apr. 11 (9)	<i>To the Minister in Persia (tel.)</i> Approval of proposed modifications subject to certain changes.	801
[Apr. 14]	<i>From the American Legation in Persia to the Persian Ministry for Foreign Affairs</i> Memorandum submitted in substitution of <i>aide-mémoire</i> presented February 29.	802
May 5 (159)	<i>To the Minister in Persia</i> Instructions to make clear to Persian authorities U. S. Government's objection to proposal requiring importers to furnish bank guarantee in lieu of export certificate hitherto required.	803
Aug. 2 (174)	<i>To the Minister in Persia</i> Instructions for submission of second note, in event that no action is taken to meet Department's views, just prior to exchange of ratifications of Perso-Soviet convention.	806
Aug. 5 (18)	<i>To the Minister in Persia (tel.)</i> Surprise at learning of exchange of ratifications of Perso-Soviet convention on June 22, and request to be informed as to what representations, if any, were made to Persian authorities, and as to present attitude of Persian Government.	807
Aug. 11 (20)	<i>From the Minister in Persia (tel.)</i> Advice that no further representations have been made and that Persian Government has ignored past representations.	808
Nov. 14 (198)	<i>To the Minister in Persia</i> Instructions for presenting formal note protesting against violation of most-favored-nation rights by new Persian trade monopoly law and against trade discriminations reported by National Automobile Chamber of Commerce.	808
1933 Jan. 12 (1323)	<i>From the Minister in Persia</i> Note to Foreign Office, January 5 (text printed), protesting violation of most-favored-nation rights; explanation of non-inclusion of complaint by representatives of American automobile interests.	809

# THE BRITISH COMMONWEALTH OF NATIONS

## GREAT BRITAIN

### EFFORTS BY THE UNITED STATES IN SUPPORT OF AMERICAN INTERESTS SEEKING AN OIL CONCESSION FROM THE SHEIKH OF KUWAIT (KOWEIT)

890b.6363 Gulf Oil Corporation/5 : Telegram

*The Secretary of State to the Chargé in Great Britain (Atherton)*

WASHINGTON, December 3, 1931—5 p. m.

336. Please refer to the Department's 61, March 28, 6 p. m., 1929,<sup>1</sup> regarding a petroleum concession in the Bahrein Islands. The Department is informed that at the time the Gulf Oil Corporation obtained the option on the Bahrein concession it also obtained from the Eastern and General Syndicate an option on a concession for which the Syndicate was negotiating in Kuwait. The Syndicate has continued its negotiations with the Shaikh of Kuwait who seems to be willing to grant a concession contract on terms acceptable to the American company, but the Colonial Office appears to have intervened and to have insisted upon the inclusion in the concession contract of the so-called "British nationality clause." As in the case of Bahrein, the insertion of this clause would effectively exclude a company controlled directly or indirectly by American interests from holding or operating the proposed concession in Kuwait. Unless the Colonial Office is willing to substitute for the "nationality clause" a clause similar to that which was finally agreed upon in connection with the Bahrein concession, the Gulf Oil Corporation will be barred from proceeding with the Kuwait development.

From evidence furnished by the Gulf Corporation it appears that it, as well as the Eastern and General Syndicate, has made sincere efforts during the past 2 years to adjust this matter, but it has met with one delay after another. Finally, on August 4, 1931, the Syndicate addressed a letter to the Colonial Office inquiring whether it would now be prepared, in view of the favorable attitude which had been shown by the Shaikh, to notify the Political Resident in the Persian Gulf that the British Government had no objection to the Shaikh granting a concession from which the British nationality

<sup>1</sup> *Foreign Relations*, 1929, vol. III, p. 80.

clause was omitted. No definite answer has been received to this inquiry, but on November 25, 1931, the Colonial Office informed the Syndicate that it would reply "as soon as practicable."

In view of the delays which have already occurred in this matter it is desired that you seek an informal interview with the appropriate authorities and express the Department's hope that it will soon be possible for the Colonial Office to give a favorable reply to the American company through the Eastern and General Syndicate. In this connection you may state that the Department assumes that the Colonial Office has no desire to exclude American interests from participating in the development of any petroleum resources which may exist in Kuwait and that it is hoped there will be no difficulty in omitting from the proposed Kuwait concession the British nationality clause.

You will understand that the principle which the Department wishes to establish in this case is the right of American interests to participate in the development of the petroleum resources of Kuwait upon an equal basis with British interests. The Department does not wish to insist that any particular concession be granted to any particular American company, but it does wish to open the door in Kuwait so that American interests may have an equal opportunity to compete. In this general connection it may be mentioned that the Department is informed that several draft concessions have been submitted to the Shaikh by the Eastern and General Syndicate. Some of these drafts provide for the grant of certain areas for exploitation, such areas to be selected by the Syndicate or its assignees; other drafts provide for an exclusive exploitation concession for the whole of Kuwait. The Department has made it clear to the Gulf Oil Corporation that this Government would not be prepared to ask for any exclusive rights for American interests in Kuwait and that corporation has expressed its willingness to confine its exploitation rights to a reasonable area. In the event that this aspect of the question is raised by the British authorities you may inform them of the attitude of this Government and of the Gulf Oil Corporation.

It is understood that the Ambassador has been informed of the background of this whole situation. In the event that further or more detailed information is needed it is suggested that you consult Major Harry Davis, the London representative of the Gulf Oil Corporation, who is understood to be thoroughly informed in the matter.

Please inform the Department by telegraph of the results of your informal representations.

STIMSON

890b.6363 Gulf Oil Corporation/16

*The Ambassador in Great Britain (Dawes) to the Secretary of State*

No. 2482

LONDON, December 29, 1931.

[Received January 6, 1932.]

SIR: I have the honor to refer to the Department's telegraphic instruction No. 336, December 3, 5 p. m., regarding the Koweit oil concession, and, as of record for the Department in its discussions with any interested American company, to state, as set forth in the Embassy's telegram No. 453, December 4, 5 p. m.,<sup>2</sup> that on that date this matter was discussed by the Chargé d'Affaires with the Assistant Secretary of State. On December 14, upon his return from Paris, the Ambassador discussed this matter with Sir John Simon, and supplemented this conversation by an informal note, dated December 22, to the Foreign Secretary, a copy of which is enclosed.

Shortly after the Ambassador's interview with Sir John Simon, the Counselor of the Embassy had occasion to see Sir Lancelot Oliphant and again referred to the matter, and on December 22 received a note of reply to his representations, which stated:

"In the course of our conversation on the 4th December, you raised the question of the application of the Eastern and General Syndicate to be granted a concession in respect of exploration for oil in Koweit.

"I find on enquiry that some doubt exists as to the correctness of the interpretation placed by the Syndicate upon the letter addressed to their representative, Major Holmes, by the Sheikh of Koweit on the 2nd July, regarding the inclusion in such a concession, if it were granted, of a clause stipulating that the concession should not be transferred to a non-British company.

"In these circumstances it has been necessary to obtain a report from the Political Resident in the Persian Gulf and the Political Agent at Koweit before any further communication can be made to the Syndicate. This report has only just been received, and a further communication will be sent to you as soon as it has been considered by the various Departments concerned."

This was followed shortly by an acknowledgment from Sir Lancelot Oliphant, in the absence of Sir John Simon, to the Ambassador's personal letter of December 22, referred to above.

On December 28, in the course of a conversation with Sir John Simon, the Ambassador took occasion again to raise the question, and left with him a memorandum which had been prepared by Major Harry G. Davis, the London representative of the American company, setting forth certain facts for consideration. A copy of this memorandum is attached hereto.<sup>2</sup>

<sup>2</sup> Not printed.

On December 29 Mr. Atherton saw Sir Lancelot Oliphant again and in the course of conversation said that he hoped the Foreign Office would satisfy itself that while this matter of the Koweit concession was under discussion between the Embassy and the Foreign Office no facilities for survey and exploration were being sought through the good offices of British officials for any other British oil company. Sir Lancelot Oliphant promised to raise this point at once with the Colonial Office and to indicate his feeling of the correctness of this attitude. He stated further that the text of a note of the Sheikh of Koweit regarding the non-nationality clause which had been referred to in his note quoted in this despatch was under consideration at the moment by the Colonial Office and that he would again inquire as to the likelihood of an early and fuller reply.

The texts of all notes to and from the Foreign Office in this connection have been shown to Major Davis, the London representative of the American company, and reports of conversations with the Foreign Office have been discussed with him, so that he has been kept fully informed of the Embassy's action in every detail, and he has, according to his reports here, fully informed his company in New York from day to day of the progress of the negotiations.

Respectfully yours,

(For the Ambassador)  
 RAY ATHERTON  
*Counselor of Embassy*

[Enclosure]

*The American Ambassador (Dawes) to the British Secretary of State for Foreign Affairs (Simon)*

LONDON, December 22, 1931.

MY DEAR SIR JOHN: In furtherance of my remarks to you the other day regarding the Koweit oil concession, I venture to set forth below the pertinent section of the United States Mining Lease Act of February 25, 1920, under which you will notice that British subjects receive the same treatment as American citizens:

“(Public-No. 146-66th Congress)

“(S. 2775)

“An Act To promote the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain.

“Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That deposits of coal, phosphate, sodium, oil, oil shale, or gas, and lands containing such deposits owned by the United States, including those in national

forests, but excluding lands acquired under the Act known as the Appalachian Forest Act, approved March 1, 1911 (Thirty-sixth Statutes, page 961), and those in national parks, and in lands withdrawn or reserved for military or naval uses or purposes, except as hereinafter provided, shall be subject to disposition in the form and manner provided by this Act to citizens of the United States, or to any association of such persons, or to any corporation organized under the laws of the United States, or of any State or Territory thereof, and in the case of coal, oil, oil shale, or gas, to municipalities: Provided, That the United States reserves the right to extract helium from all gas produced from lands permitted, leased, or otherwise granted under the provisions of this Act, under such rules and regulations as shall be prescribed by the Secretary of the Interior: Provided further, That in the extraction of helium from gas produced from such lands, it shall be so extracted as to cause no substantial delay in the delivery of gas produced from the well to the purchaser thereof: And provided further, That citizens of another country, the laws, customs, or regulations of which, deny similar or like privileges to citizens or corporations of this country, shall not by stock ownership, stock holding, or stock control, own any interest in any lease acquired under the provisions of this Act."

In discussing this with the representative of the interested company here, he informed me that the syndicate concerned has already advised the Colonial Office that the same nationality conditions as incorporated by the Colonial Office in the case of the Bahrein oil concession, which the Embassy discussed with the Foreign Office in 1929 (reference: Foreign Office note No. E 2521/281/91 of May 29, 1929<sup>4</sup>) are acceptable in the case of the Koweit concession. I understand the Bahrein concession was assigned to the Bahrein Petroleum Company, the Canadian subsidiary of the Standard Oil Company of California. In this connection a statement to me by the Syndicate representative may be of interest to you:

"The agreement entered into between the Eastern and General Syndicate, Limited, with the Eastern Gulf Oil Company stipulates that the nominee of the Eastern Gulf Oil Company will be a Canadian or English Corporation, at the election of the Eastern Gulf Oil Company. A copy of this agreement has been in the possession of the Colonial Office (in its consideration of the Koweit oil concession) since December 28th, 1928, the same having been furnished to the Colonial Office by the Eastern and General Syndicate, Limited."

As stated to you the other day, the discussions have been so long delayed that I should be most appreciative of an early word of reply.

Yours sincerely,

CHARLES G. DAWES

---

<sup>4</sup> See telegram No. 135, May 30, 1929, from the Chargé in Great Britain, *Foreign Relations*, 1929, vol. III, p. 81.



890b.6363 Gulf Oil Corporation/20 : Telegram

*The Secretary of State to the Chargé in Great Britain (Atherton)*

WASHINGTON, February 2, 1932—1 p. m.

50. Your despatch 2482, December 29, 1931. If you have not received the reply promised by Oliphant please take up the matter again informally with the Foreign Office. Explain that the Department does not wish to be unduly insistent in this matter, but since the whole question has been under consideration by the interested departments of the British Government for some time it is hoped that a reply may soon be received.

STIMSON

---

890b.6363 Gulf Oil Corporation/21 : Telegram

*The Chargé in Great Britain (Atherton) to the Secretary of State*

LONDON, February 3, 1932—11 a. m.

[Received February 3—8:40 a. m.]

45. Department's 50, February 2, 1 p. m. On January 27 Oliphant telephoned me Foreign Office were pushing matter to their utmost ability, and on February 1 by appointment I called on Oliphant at the Foreign Office who informed me Foreign Office had called conference on January 29 of interested departments concerned.

I understand confidentially Colonial Office deliberations are completed but Indian Government have not yet decided their position, and urgent telegram has been sent pointing out the undue delay.

I have kept Major Davis, Gulf Company representative here, fully informed from day to day.

ATHERTON

---

890b.6363 Gulf Oil Corporation/26 : Telegram

*The Chargé in Great Britain (Atherton) to the Secretary of State*

LONDON, February 24, 1932—4 p. m.

[Received February 24—1:10 p. m.]

84. Department's 50, February 2, 2 [1] p. m. In informal conversation yesterday with Foreign Office I took occasion to refer to representations made by me as reported on top of page 3 of Embassy's despatch 2482, December 29,<sup>5</sup> and to point out that according to reports reaching me Anglo-Persian Oil Company geologists had

---

<sup>5</sup> *Ante*, p. 4, paragraph beginning, "On December 29 Mr. Atherton saw Sir Lancelot Oliphant . . ."

recently arrived in Koweit having brought drilling machinery, et cetera, to carry on exploration work.

Despatch by pouch.<sup>6</sup>

ATHERTON

---

890b.6363 Gulf Oil Corporation/28 : Telegram

*The Secretary of State to the Chargé in Great Britain (Atherton)*

WASHINGTON, February 25, 1932—4 p. m.

73. Your 84, February 24, 4 p. m. The Department received yesterday from the Gulf Oil Corporation a communication on the same subject which suggests the possibility that the delay in replying to your representations may be intentional in order to afford more time in which to bring pressure upon the Shaikh of Kuwait to alter his attitude with consequent advantage to the Anglo-Persian Oil Company.

The Department considers that the views which you expressed in this matter to Oliphant on December 29 were eminently proper. In view of the reappearance of Anglo-Persian geologists in Kuwait it is desired that you again emphasize the correctness of these views and urge that the activities of the company in Kuwait be suspended pending the receipt of a reply to your previous representations. At the same time stress the desirability of obtaining such a reply without further undue delay.

STIMSON

---

890b.6363 Gulf Oil Corporation/29 : Telegram

*The Chargé in Great Britain (Atherton) to the Secretary of State*

LONDON, February 26, 1932—4 p. m.  
[Received February 26—1:23 p. m.]

89. I made emphatic representations to the Foreign Office today in line with the Department's instruction No. 73, February 25, 4 p. m. The Under Secretary of State for Foreign Affairs said he hoped he was not making too optimistic a statement but that from the most recent inquiries he had made he felt a reply might be expected before too distant a date. Possibly it may be desired that the substance of this information reach the Gulf Oil Corporation via the Department rather than through its London agent who has an appointment with me tomorrow morning.

ATHERTON

---

<sup>6</sup> Not printed.

890b.6363 Gulf Oil Corporation/35: Telegram

*The Secretary of State to the Chargé in Great Britain (Atherton)*

WASHINGTON, March 7, 1932—6 p. m.

82. Your 89, February 26, 4 p. m. For your information. Chargé d'Affaires at Baghdad<sup>7</sup> reports he has learned from a confidential source in Kuwait that the Shaikh has secretly signed a document granting Anglo-Persian Oil Company an oil concession covering the Shaikdom.

STIMSON

---

890b.6363 Gulf Oil Corporation/37: Telegram

*The Chargé in Great Britain (Atherton) to the Secretary of State*

LONDON, March 11, 1932—5 p. m.

[Received March 11—2:20 p. m.]

102. In the course of a conversation today on his own initiative Vansittart brought up the question of the Koweit oil concession and said he regretted that it had not been possible to give the Embassy an answer to date. This gave me an opportunity to review the discussions which had gone on since December 4 between the Embassy and the Foreign Office and also to express to him "personally and informally" the anxiety of the American interests concerned lest, while the matter was under discussion between the Embassy and the Foreign Office, the present activities of the Anglo-Persian Oil Company in the Sheikdom might result in the granting of an oil concession, thereby entirely excluding or, at any rate, very much limiting the field of American exploration in Koweit.

In conclusion Vansittart said he hoped to give me an early answer.

ATHERTON

---

890b.6363 Gulf Oil Corporation/48

*The Chargé in Great Britain (Atherton) to the Secretary of State*

No. 2686

LONDON, March 22, 1932.

[Received March 31.]

SIR: I have the honor to refer to my telegram No. 112, March 18, 5 p. m.,<sup>8</sup> regarding the Koweit Oil Concession, and to transmit herewith a complete copy of Sir Lancelot Oliphant's note, a portion of

<sup>7</sup> Alexander K. Sloan.

<sup>8</sup> Not printed.

which was telegraphed to the Department in my telegram No. 110, March 15, 1 p. m.<sup>9</sup>

There is also attached for the Department's consideration a copy of a proposed informal reply from me.<sup>10</sup> The London agent of the Gulf Company is most anxious that this note should be discussed by the State Department with the New York office and further gives his opinion that early action is important in view of the activities of the Anglo-Persian Oil Company in Koweit. If, as I understand, Sir John Simon will consider this case some time during the week of April 4th, I should be grateful if the Department would advise me by cable at as early a date as may be possible whether the text of the proposed note herewith appended is approved of.

Respectfully yours,

RAY ATHERTON

[Enclosure]

*The British Assistant Under Secretary of State for Foreign Affairs  
(Oliphant) to the American Chargé (Atherton)*

[LONDON,] 14 March, 1932.

MY DEAR RAY: I have now looked into the question of the activities of the Anglo-Persian Oil Company at the present time in Koweit, about which you made representations in the memorandum, which you were good enough to leave with me on the 26th February, and in our conversation on the 23rd of the same month.

As the Eastern and General Syndicate are already aware, the Anglo-Persian Oil Company are also considering the question of applying at an early date for a concession from the Sheikh of Koweit. I may say that this Company manifested an interest in Koweit oil, and indeed made a formal application for a concession before the Eastern and General Syndicate had even appeared on the scene. At that time the negotiations were not brought to a conclusion, chiefly because the terms suggested were not satisfactory. The Company have, however, not lost interest in Koweit and are at the present time, with the sanction of the Sheikh, carrying out merely a geological exploration of the territory. I find that they made their request to be allowed to carry out this survey several months before you made any representations in the matter.

As regards the general question, let me explain that, since the return of our Secretary of State, I have found it necessary to put the whole matter before him, as the views of the various Government Offices have been so divergent.

<sup>9</sup> Not printed.

<sup>10</sup> For summary, see telegram No. 116, March 23, 1 p. m., from the Chargé in Great Britain, p. 10.

Sir John wishes me now to add these few lines to say that he will be considering the whole matter in the near future and that yet some further delay must be inevitable. We are so sorry.

Yours v. sincerely,

LANCELOT OLIPHANT

890b.6363 Gulf Oil Corporation/42 : Telegram

*The Secretary of State to the Chargé in Great Britain (Atherton)*

WASHINGTON, March 22, 1932—6 p. m.

95. Your 112, March 18, 5 p. m.<sup>12</sup> Please telegraph summary of note which you propose to send to Oliphant.

STIMSON

890b.6363 Gulf Oil Corporation/44 : Telegram

*The Chargé in Great Britain (Atherton) to the Secretary of State*

LONDON, March 23, 1932—1 p. m.

[Received 1:25 p. m.]

116. Department's 95, March 22, 6 p. m. My note acknowledges Oliphant's, et cetera (my 110, March 15, 1 p. m.<sup>12</sup>), and sets forth:

1. Representative of American oil interests concerned informs me Eastern and General Syndicate deny they were aware Anglo-Persian considering applying for concession but in any case I am informed that this situation will not militate against position of Eastern and General Syndicate.

2. I refer to advices that Colonial Office gave full and unqualified consent to initiation of negotiations with Sheikh by the Eastern and General Syndicate and that it was not until November 29, 1928 (one year after American interests had associated themselves with the Eastern and General Syndicate), that Colonel More (representative of the Colonial Office as political agent in Koweit) wrote a letter as to the necessity for the inclusion of a British nationality clause in any oil agreement concluded.

3. I transmitted copy of a Colonial Office letter to the Eastern and General Syndicate dated January 31, 1931, stating the nationality clause was being insisted upon by the Sheikh.

4. I refer to a letter of the Sheikh of Koweit dated July 2, 1931, expressing the Sheikh's willingness on his part to omit the nationality clause provided His Majesty's Government would allow the omis-

<sup>12</sup> Not printed.

sion. I also pointed out that in transmitting copy of Sheikh's letter to the Colonial Office the Eastern and General Syndicate stated they were prepared to include in the Koweit concession similar conditions to those incorporated by the Colonial Office in the assignment of the Bahrein concession.

The final paragraph of my proposed note concludes:

"All of the above evidence would seem to indicate that the American interest associated in the Koweit concession project with the Eastern and General Syndicate has been awaiting for some time the decision of His Majesty's Government, not yet received.

"Since, as according to your note, the Anglo-Persian Oil Company geologists are in Koweit with the approval of the Sheikh, I understand that such approval could only have been obtained with the prior knowledge and assent of the Colonial Office and through the intermediation of the Political Resident in the Persian Gulf; in other words, at a time when His Majesty's Government had under consideration the merits of the claim of the Eastern and General Syndicate, in which there was an American interest, to proceed to the consummation of the Koweit oil concession without the inclusion therein of the so-called 'British nationality clause'".

ATHERTON

---

890b.6363 Gulf Oil Corporation/46 : Telegram

*The Secretary of State to the Chargé in Great Britain (Atherton)*

WASHINGTON, March 26, 1932—4 p. m.

100. Your 116, March 23, 1 p. m. After mature consideration, the Department has arrived at the conclusion that no useful purpose would be served by continuing further with the Foreign Office your informal representations regarding the question of American rights in Kuwait.

In view of the undue delay that has already intervened in this matter and the evident necessity of receiving as soon as possible an expression of the British Government's intentions with respect thereto, it is desired that you seek an early interview with the Foreign Secretary and present to him at the same time a communication embodying in appropriate terms the following considerations:

1. This Government recalls the inquiry which it made through the Embassy in 1929 as to the policy of His Majesty's Government in the matter of the holding and operation of petroleum concessions by American nationals in British-protected Arab territories such as Bahrein.<sup>13</sup> His Majesty's Government is aware of the solution sub-

<sup>13</sup> See telegram No. 61, March 28, 1929, to the Chargé in Great Britain, *Foreign Relations, 1929*, vol. III, p. 80.

sequently arrived at in the specific case of the Eastern and General Syndicate which on behalf of the Eastern Gulf Oil Company was at that time seeking a modification of the Nationality clause, the inclusion of which in any oil concessions granted by the Sheikh of Bahrein was being insisted upon by the Colonial Office. The arrangement then agreed upon had appeared to this Government only just in view of the extremely liberal treatment accorded in the United States and in its possessions in regard to the operation of petroleum concessions by British controlled companies. This Government had therefore supposed that the policy of His Majesty's Government would be no less liberal in the matter of according open-door rights to American nationals in Kuwait than it had shown itself to be in the almost identical case of Bahrein. This Government sincerely trusts that it has been correct in this assumption and would appreciate an early indication that such is the case.

2. This Government understands that it is the policy of His Majesty's Government to require of companies seeking concessions in Arab States such as Kuwait, that such companies obtain the prior consent of the rulers of such States to the entry and operations of such companies in the territories in question. This Government is informed that contrary to the impression that seems to have prevailed in the Colonial Office the Sheikh of Kuwait is understood to be quite agreeable to the specific entry of the Eastern Gulf Oil Company and to the granting on behalf of that company of an oil concession without the inclusion of the "Nationality clause". This Government trusts that in view of the apparent willingness of the Sheikh in this matter, the British Government will see its way clear to taking up in the case of the Kuwait concession no less liberal an attitude than was assumed in the case of the Bahrein concession.

3. This Government understands that despite the fact that the Colonial Office as early as 1925 gave its full and unqualified consent to the negotiation by the Eastern and Central Syndicate of an oil concession with the Sheikh of Kuwait that office later qualified its consent by insisting upon the inclusion of the Nationality clause in any agreement arrived at with the Sheikh for the apparently specific purpose of preventing the entry into that territory of the Eastern Gulf Oil Company which had meanwhile arrived at an understanding with the Syndicate as to the transfer of any concessions that it might obtain from the Sheikh. The continued insistence of the Colonial Office on this point and its apparent unwillingness to accord to that Syndicate the same treatment as was accorded in the case of Bahrein has seriously handicapped the Syndicate in bringing to a conclusion with the Sheikh the negotiations which that concern was authorized by the Colonial Office to undertake.

The above situation is further complicated by the fact that at the very moment while His Majesty's Government had under consideration the petition of the Syndicate for the elimination or modification of the Nationality clause, permission was granted the Anglo-Persian Oil Company, a rival concern, to send a small party of geologists to Kuwait for the purpose of studying the surface geology of the ground. It will be recalled that the Embassy on repeated occasions requested of the Foreign Office that the Company in question not be permitted to proceed with its operations pending a decision by His Majesty's Government on the question then before it regarding open-door rights for American nationals in Kuwait. Now, this Government has been informed, this study of the surface geology has been followed by a second expedition equipped with drilling machinery and plant. This Government greatly regrets that no effect has been given to the Embassy's request in this matter but would appreciate being assured by His Majesty's Government that this fact will not be allowed to militate against the position of the Syndicate and its affiliate, the Eastern Gulf Oil Company, in the eventual granting of an oil concession in Kuwait.

STIMSON

---

890b.6363 Gulf Oil Corporation/47 : Telegram

*The Chargé in Great Britain (Atherton) to the Secretary of State*

LONDON, March 30, 1932—noon.

[Received March 30—7:54 a. m.]

123. I delivered note (Department's telegram 100, March 26, 4 p. m.) to Sir John Simon this morning who asked me to assure you the matter was receiving his attention and memoranda for a draft reply had already been compiled. The British position will be discussed at the next Cabinet meeting which takes place on April 6th and Sir John stated he hoped immediately thereafter to forward me a note of reply.

ATHERTON

---

890b.6363 Gulf Oil Corporation/56

*The Ambassador in Great Britain (Mellon) to the Acting Secretary of State*

No. 2

LONDON, April 11, 1932.

[Received April 20.]

SIR: I have the honor to refer to the Embassy's telegram No. 140, April 11, 12 noon,<sup>14</sup> relating to the Koweit oil concession, and to

---

<sup>14</sup> Not printed.



forward herewith a copy of the Foreign Office note, addressed to Mr. Atherton, Chargé d'Affaires, referred to therein.

Respectfully yours,

(For the Ambassador)

RAY ATHERTON

*Counselor of Embassy*

[Enclosure]

*The British Secretary of State for Foreign Affairs (Simon) to the American Chargé (Atherton)*

No. E 1733/121/91

[LONDON,] 9 April, 1932.

SIR: With reference to your Note No. 1696 of the 29th March regarding the application of the Eastern and General Syndicate for an oil concession in Koweit, which they propose, if granted, to transfer to United States interests, I have the honour to inform you that His Majesty's Government have given careful consideration to the representations made by General Dawes and yourself on this subject and I am now in a position to return you a reply.

2. Your Government will appreciate in the first place that the Sheikh of Koweit, though an independent ruler, is in special treaty relations with His Majesty's Government and enjoys their protection. These special relations lead him to seek their advice on important matters of policy, and place His Majesty's Government under an obligation to watch over his interests. Many years ago the predecessor of the present Sheikh gave an undertaking that he would not grant an oil concession in his territories without their consent.

3. In paragraph 2 of your note of the 29th March you mention that your Government are informed that the Sheikh is agreeable to the "entry of the Eastern Gulf Oil Company and to the granting on behalf of that Company of an oil concession without the inclusion of the 'nationality Clause'". As was explained to you in a semi-official letter of the 22nd December last from my Department<sup>15</sup> His Majesty's Government on learning this, felt some doubt as to the correctness of this interpretation of the Sheikh's attitude, since the Sheikh had consistently expressed himself emphatically to the local British authority as desirous of confining any oil concession to entirely British interests. In your letter of the 30th December you were good enough to transmit for my information a copy and translation of a letter from the Sheikh to Major Holmes, the representative of the Eastern and General Syndicate, on which the American interests apparently based the information on this point given to your

<sup>15</sup> See despatch No. 2482, December 29, 1931, from the Ambassador in Great Britain, p. 3.

Government. His Majesty's Government have caused enquiry to be made of the Sheikh, who replied that he was still averse from receiving in his principality a company other than an entirely British one and that he did not consider himself as in any way committed by his letter to Major Holmes to grant the Eastern and General Syndicate the concession which they seek. It will be observed from a reference to the Sheikh's letter that its final sentence only expresses a readiness to discuss the matter further with Major Holmes after agreement has been reached between the Syndicate and His Majesty's Government.

4. When examining the necessity for the continued insistence on the inclusion in any oil concession in respect of Koweit of a clause confining it to British interests, His Majesty's Government have been concerned not only with their own interests in the matter, but also with their duty to secure the best terms possible for the Sheikh of Koweit, and in particular, have had regard to the possibility that it would be less difficult for the local British authorities to control the activities of a purely British concern and to reconcile them with the Sheikh's interests. On a balance of all the conflicting considerations, His Majesty's Government are, however, now prepared, for their part, not to insist in this case that any concession must contain a clause confining it to British interests, if the Sheikh for his part is willing to grant a concession without such a clause.

5. I wish, however, to make it clear that this decision does not imply agreement in the immediate grant of the proposed concession to the Eastern and General Syndicate, to which the Sheikh, as stated above, considers himself in no way committed. His Majesty's Government indeed do not consider that they could properly advise the Sheikh to give prior or preferential treatment to the Eastern and General Syndicate, but hold it to be necessary that any application for a concession which may be forthcoming from any quarter be examined with a view to decide which, if any, will best serve the interests of the Sheikh and his principality. I should add that the draft concession submitted to the Colonial Office by the Syndicate would in any case need revision both in respect of the provisos designed to safeguard the interests of His Majesty's Government (Clause 8) and on many points affecting the interests of the Sheikh.

6. In paragraphs 4 and 5 of your Note of the 29th March you have referred to the operations now being carried out by the Anglo-Persian Oil Company in Koweit and reminded me of the requests made to my Department that this company should not be permitted to proceed with its operations pending a decision by His Majesty's Government as to the exclusion of all but British interests. I would

explain that the Anglo-Persian Oil Company manifested an interest in Koweit oil, and indeed made a formal application for a concession before the Eastern and General Syndicate had even appeared on the scene, though the negotiations were at that time not brought to a conclusion, chiefly because the terms suggested were not satisfactory. Several months before any representations were made by General Dawes or yourself in the matter, the Anglo-Persian Oil Company made a request for permission to carry out a geological survey in Koweit with a view to decide whether to submit an application for an oil concession. In order to ensure that any oil concession which the Sheikh may grant shall embody the best available terms, it is in the view of His Majesty's Government desirable and proper that any interested companies be given every opportunity in advance of satisfying themselves whether or not they wish to submit an offer. His Majesty's Government therefore raised no objection to the grant by the Sheikh of the application of the Anglo-Persian Oil Company. I understand that their present activities in Koweit are confined to such a geological survey.

7. The position therefore is that His Majesty's Government for their part are prepared to agree to the omission from any oil concession, which the Sheikh may be prepared to grant, of a clause confining it to British interests. If therefore the Eastern and General Syndicate desire to renew their application to the Sheikh for a concession, which they would subsequently transfer to the Eastern Gulf Oil Company, His Majesty's Government will raise no objection to the application being taken into consideration together with any other applications for oil concessions which may be forthcoming from other quarters.

I have [etc.]

JOHN SIMON

---

890b.6363 Gulf Oil Corporation/132: Telegram

*The Acting Secretary of State to the Chargé in Great Britain  
(Atherton)*

WASHINGTON, September 2, 1932—6 p. m.

231. Your despatch No. 2, April 11, 1932, regarding Kuwait. The Department is informed by the Gulf Oil Company that the Eastern and General Syndicate has been unable to obtain from the Colonial Office a definitive reply to its letter of June 10, 1932, requesting information as to whether Clause 8 of a proposed draft concession with the Shaikh of Kuwait was satisfactory from the point of view of safeguarding the interests of the British Government, and, if not, requesting an indication of wherein it failed to do so.

It is represented to the Department that the failure of the Colonial Office to give a definite indication of its views in this matter prevents the Shaikh from taking a decision on the draft concession which the Syndicate submitted on May 26, 1932, since he is barred from taking action before knowing what safeguards the British Government requires in a concession which is eventually to be assigned to a British incorporated company controlled by American interests. Meanwhile, it is stated, the Anglo-Persian Oil Company has submitted a draft concession which the Shaikh is being urged to grant immediately. Inasmuch as the question of safeguards does not arise in the case of the latter concession, the Shaikh is presumably free to make a decision on it at any time. Thus the Syndicate is placed in a disadvantageous position since it is unable to obtain consideration from the Shaikh for its draft concession because of the failure of the Colonial Office promptly to furnish information requested nearly 3 months ago. Consequently effect is not being given to the assurance contained in the Foreign Office note of April 9, 1932, in which the British Government agreed that it would raise no objection to the Shaikh taking under consideration any application which the Syndicate might wish to make for a concession.

Please take up this question immediately with the Foreign Office and urge that appropriate steps be taken in order that the American interest involved may be placed in as favorable a position as the Anglo-Persian Oil Company in having its application considered by the Shaikh. The Department leaves to your discretion the determination as to whether this question should be taken up formally or informally.

Please telegraph the results of your representations.

CASTLE

---

890b.6363 Gulf Oil Corporation/150

*The Chargé in Great Britain (Atherton) to the Secretary of State*

No. 365

LONDON, September 17, 1932.

[Received September 30.]

SIR: I have the honor to refer to my telegram No. 272, September 17, 1932,<sup>16</sup> regarding the applications of the Eastern and General Syndicate and the Anglo-Persian Oil Company for an oil concession in Koweit, and to forward herewith a copy of the Foreign Office note received in reply to my note of September 6, 1932.

Respectfully yours,

RAY ATHERTON

---

<sup>16</sup> Not printed.

[Enclosure]

*The British Secretary of State for Foreign Affairs (Simon) to the American Chargé (Atherton)*

No. E 4582/121/91

[LONDON,] 16 September, 1932.

SIR: I have the honour to inform you that your note No. 231 of the 6th September regarding the applications of the Eastern and General Syndicate and the Anglo-Persian Oil Company for an oil concession in Koweit has been considered by the Departments of His Majesty's Government in the United Kingdom concerned.

2. It appears from that note that the United States company interested in the application made by the Eastern and General Syndicate have represented the situation as being as follows. They state that the Eastern and General Syndicate have not yet learnt from the Colonial Office what alterations would be required in the draft concession submitted to the Sheikh by them, in order to render it satisfactory from the point of view of safeguarding the interests of His Majesty's Government. They contend that this fact precludes the Sheikh of Koweit from giving consideration to the Syndicate's application, but that there is nothing to prevent the Sheikh from taking a decision upon the application for a concession submitted by the Anglo-Persian Oil Company. They complain that the Syndicate are thus placed at a disadvantage in their efforts to obtain the desired concession. These contentions appear to be based upon a misunderstanding of the present position in the matter.

3. As you are aware from my note No. E 1733/121/91 of the 9th April, His Majesty's Government decided that they could not advise the Sheikh to give preferential treatment to the Syndicate, and that any applications which might be forthcoming for a concession, should be compared in order to see which appeared to be to the best interests of the Sheikh and his principality. The Anglo-Persian Oil Company submitted to the Sheikh last month a draft of a concession; but a copy of this draft concession has only very recently been received by His Majesty's Government and some time must elapse before a thorough comparison of its terms with those of the draft concession submitted by the Eastern and General Syndicate can be completed. The results of that examination will then be communicated to the Sheikh in order that he may reach a conclusion as to the respective merits of the two offers from the point of view of his own interests and those of his Sheikhdom. In the meanwhile, no expression of the views of the Sheikh on either proposal has yet been received by His Majesty's Government, and he is not in a posi-

tion, as suggested in your note under reply, to take a decision in favour of the application of the Anglo-Persian Oil Company, since, as was stated in my note referred to above, he is bound by an undertaking given by his predecessor to grant no oil concession in his territories without the consent of His Majesty's Government.

4. It will thus be seen that the application of the Eastern and General Syndicate is receiving consideration equally and *pari passu* with that of the Anglo-Persian Oil Company and that the question of the provisions designed to safeguard the interests of His Majesty's Government, which would be required in any concession not confined to a British company, does not arise until the Sheikh has compared the two draft concessions in the light of the comments of His Majesty's Government. The American interests concerned suffer no prejudice therefore from their ignorance of the precise nature of these provisions, and His Majesty's Government for their part consider it preferable not to communicate further with either the Anglo-Persian Oil Company or the Syndicate regarding the terms of their respective draft concessions, until their own consideration of the draft concessions and consultation with the Sheikh is complete.

I have [etc.]

(For the Secretary of State)  
G. W. RENDEL

---

890b.6363 Gulf Oil Corporation/155 : Telegram

*The Secretary of State to the Chargé in Great Britain (Atherton)*

WASHINGTON, October 4, 1932—6 p. m.

258. Your despatch 365, September 17. Unless you perceive some objection the Department desires you to seek an interview with the appropriate authorities and to emphasize that this Government has requested no preferential treatment for the American interests seeking the concession in Kuwait but only an opportunity for it to compete on equal terms with other interests. You should add that inasmuch as the American interest concerned has been endeavoring to obtain a decision regarding this matter for approximately 4 years, during which time it has been put to considerable expense, this Government trusts that the appropriate authorities will now find it possible to expedite such action in the case as may be necessary to permit the Shaikh of Kuwait to come to a decision at the earliest possible date.

STIMSON

890b.6363 Gulf Oil Corporation/159 : Telegram

*The Ambassador in Great Britain (Mellon) to the Secretary of State*

LONDON, October 18, 1932—11 a. m.

[Received October 18—6:51 a. m.]

298. I presented views outlined in your 258, October 4, 6 p. m., yesterday to Vansittart and urged early action.

MELLON

890b.6363 Gulf Oil Corporation/160

*The Ambassador in Great Britain (Mellon) to the Secretary of State*

No. 465

LONDON, November 2, 1932.

[Received November 11.]

SIR: I have the honor to state that on November 1 I supplemented my representations made to the Foreign Office as reported in my telegram No. 298, October 18, 11 a. m., 1932, and pointed out to Sir Robert Vansittart that the delay in reaching a settlement in the matter of the Koweit oil concession was becoming "exasperating". A memorandum of the conversation which I intended to have with Sir Robert Vansittart had been previously prepared and a copy was left with the Under Secretary of State for Foreign Affairs at the conclusion of my visit. The line of conversation followed very closely this memorandum, copies of which are enclosed herewith.

On leaving, I asked Sir Robert Vansittart to give the matter his personal attention in the hope that a speedy settlement might be worked out, to which he gave me his full assurance.

Respectfully yours,

(For the Ambassador)

RAY ATHERTON

*Counselor of Embassy*

[Enclosure]

*The American Embassy to the British Foreign Office*

MEMORANDUM OF CONVERSATION

In a note from the British Foreign Secretary, dated April 9, 1932 (No. E 1733/121/91), regarding an application of the Eastern and General Syndicate, Limited, for an oil concession in Koweit, reference is made to the extended period of time that oil companies have been interested in oil lands in Koweit.

The Eastern and General Syndicate initiated and carried on negotiations with the Sheikh of Koweit for an oil concession in his Principality with the knowledge and approval of the British Gov-

ernment but it was not until after American interests became associated in the venture with the Syndicate in 1927 that the British Government required (in 1928) the inclusion in the concession agreement of a "nationality clause", which clause would have the effect of excluding any but purely British interests from exploiting such a concession.

Thus the Syndicate for years prior to 1927 and in agreement with American interests since 1927 has continuously endeavored to obtain a concession in Koweit very similar in principle to a concession which, with the knowledge of the British Foreign Office, had been granted to the Syndicate in the Bahrein Islands.

Last December American interest in the Koweit concession formed the basis of representations by the American Ambassador to the British Secretary of State for Foreign Affairs. In referring to these representations, the Foreign Office note of April 9, mentioned above, stated that "His Majesty's Government for their part are prepared to agree to the omission from any oil concession, which the Sheikh may be prepared to grant, of a clause confining it to British interests. . . ."

On September 6, 1932, however, the American Embassy, in a note to the Foreign Office urged that early appropriate steps might be taken, that this statement become effective, and that the American interests involved might be placed in as favorable a position as a British oil company in having its application considered by the Sheikh of Koweit. In acknowledging this note of September 6, a Foreign Office note in reply stated: "His Majesty's Government decided they could not advise the Sheikh to give preferential treatment to the Eastern and General Syndicate". In the opinion of the Department of State, some misunderstanding may exist in the mind of the British Government in this connection, since no preferential treatment has been asked for American interests, nor has any been granted.

It may be recalled that the American Ambassador, in discussing the Koweit oil concession with Sir John Simon last December, pointed out that the Eastern and General Syndicate had initiated and carried on its negotiations with the Sheikh with the knowledge and approval of the British Government; that the Syndicate had offered the Anglo-Persian Oil Company the opportunity, over six years ago, to interest itself in the Koweit oil concession which opportunity that company declined; that according to his information it was only after efforts to interest the Anglo-Persian Oil Company and other British groups in the said concession that the Syndicate sought to interest and, in November 1927, succeeded in interesting the American company since then associated with it in the venture; that it was after these Ameri-



can interests became associated with the Syndicate in 1927 that the British Government in 1928 insisted upon the inclusion of a "nationality clause" which for a period of several years from that date had prevented the Syndicate from consummating with the Sheikh the concession it sought. Since the withdrawal of the Anglo-Persian Oil Company in 1926, it is only, I understand, during this last year (1931-1932) of the Eastern and General Syndicate's negotiations that the Anglo-Persian Oil Company (in October 1931) manifested further interest in Koweit. On the contrary, the Syndicate has been conducting its negotiations with unceasing activity for many years. It may also be recalled that it was not until April of this year that the British Government reached any decision to the urgent representations initiated by the American Ambassador in the latter part of last year.

In a most recent Foreign Office note it was stated that the Anglo-Persian Oil Company submitted a draft concession for consideration in August last, and study of this Anglo-Persian draft will necessitate further and considerable delay in His Majesty's Government's reaching any conclusion regarding the draft concession which subsequent to receipt of the Foreign Office note of April 9, 1932, the Eastern and General Syndicate submitted to the Sheikh on May 26, thus renewing its application for the Koweit oil concession which, as above indicated, it has been negotiating in association with American interests unremittingly for many years.

With reference to representations made by the American Ambassador to the Foreign Secretary in December, it may be well to draw attention to General Dawes' letter to Sir John Simon of December 22, pointing out the Mining Lease Act of February 25, 1920, regarding lands under which British subjects are given the same treatment as American citizens. The text of this letter reads as follows:

[Here follows text printed on page 4.]

In conclusion, it may be realized from the above facts that for more than four years American interests, in agreement with the Syndicate, have been seeking to obtain an oil concession in Koweit, and for approximately the last year of that time representations have been made by the American Embassy, seeking for its nationals in this matter such opportunities as British subjects receive in the United States. In this connection, the American Embassy pointed out only recently that opportunity to American interests seems to be obstructed by the arbitrary decision of His Majesty's Government, as set forth in the Foreign Office note to this Embassy of September 16, containing a refusal to inform the Eastern and General Syndicate at this time whether that portion of the draft concession submitted by it (namely

Clause 8) was satisfactory from the point of view of safeguarding the interests of His Majesty's Government, and, if not, to state wherein the said conditions failed to satisfy in safeguarding the interests of His Majesty's Government.

The Department of State has therefore instructed the American Embassy to review the facts with the Foreign Office and to request that this matter, which has been delayed for over a period of four years, may be expedited by the British authorities to the end that such action may be taken as will permit the Sheikh now to come to a decision.

LONDON, November 1, 1932.

---

890b.6363 Gulf Oil Corporation/161

*The Ambassador in Great Britain (Mellon) to the Secretary of State*

No. 483

LONDON, November 12, 1932.

[Received November 23.]

SIR: I have the honor to refer to my despatch No. 465 of November 2, 1932, and to report that on November 11, having heard nothing from the Foreign Office since my call there on November 1, informal inquiry was made as to whether there had been any progress.

I receive now from the Permanent Under Secretary of State for Foreign Affairs a letter dated November 11, copy of which is enclosed, with regard to the present status of the matter.

Respectfully yours,

(For the Ambassador)

BENJAMIN THAW, JR.

*First Secretary of Embassy*

[Enclosure]

*The British Under Secretary of State for Foreign Affairs  
(Vansittart) to the American Ambassador (Mellon)*

[LONDON,] 11 November, 1932.

MY DEAR AMBASSADOR: I am glad to be able to let you know that the Departments concerned have now completed the comparative examination of the draft concessions for oil exploitation in Koweit, submitted to the Sheikh by the Eastern and General Syndicate and by the Anglo-Persian Oil Company respectively, and that the document embodying the result of this examination is already on its way to the British authorities in the Persian Gulf.

On its receipt by them it will be communicated to the Sheikh of Koweit for his consideration.

Meanwhile I am arranging to have a detailed reply prepared to the various other points raised in the memorandum which you left with me on November 2nd.

Yours very sincerely,

ROBERT VANSITTART

890b.6363 Gulf Oil Corporation/163

*The Ambassador in Great Britain (Mellon) to the Secretary of State*

No. 516

LONDON, November 26, 1932.

[Received December 7.]

SIR: I have the honor to refer to the Embassy's despatch No. 483 of November 12, 1932, with reference to the Koweit oil concession, and to enclose a copy of a Foreign Office note, dated November 23, 1932, on this subject.

The text of this note has been discussed with the representative of the American company in London, who surmises that the terms of the American draft proposals for a concession are more favorable than those of the Anglo-Persian Oil Company.

I shall take occasion when I visit the Foreign Office at a not distant date to make inquiry as to the status of this matter.

Respectfully yours,

(For the Ambassador)

RAY ATHERTON

*Counselor of Embassy*

[Enclosure]

*The British Under Secretary of State for Foreign Affairs  
(Vansittart) to the American Ambassador (Mellon)*

[LONDON,] 23 November, 1932.

MY DEAR AMBASSADOR: Since I wrote you on November 11th about Koweit oil, I have been considering the question, on which, as you know, I was not in possession of full details at the time of our interview. I have, therefore, come to it with a fresh mind, and one or two points have at once struck me.

2. The memorandum which you left with me on November 2nd might be interpreted as implying that His Majesty's Government have been purposely procrastinating in regard to the participation of American interests in the development of Koweit oil for over four years. But, apart from the fact that the Anglo-Persian Oil Company were in the field in Koweit long before the British concern which is now acting for the United States interests, I wish to make it clear that the decision of His Majesty's Government (which was

communicated to the Eastern and General Syndicate in November 1928) that any oil concession which might be granted must contain a clause which would confine it to British interests, was taken on grounds of general policy and before we had heard anything of American participation in the matter. The decision was in fact taken in pursuance of the then existing general policy of His Majesty's Government which had been in force for many years, and also because the Sheikh of Koweit, whose interests they are, of course, under an obligation to protect, expressed himself as unwilling to grant a concession to any company not under British control. It was not until December 19, 1928, that the Syndicate informed the Colonial Office of their agreement with the Eastern Gulf Oil Company, by which the concession, if obtained, was to be transferred to United States interests. His Majesty's Government did not however feel able to change their decision until, in December 1931, your Embassy first made representations in the matter. Then His Majesty's Government, in their desire to go as far as they could to meet the United States Government, reconsidered the question and decided after much deliberation that, while they could not commit the Sheikh of Koweit, they would, for their part, not insist in this case that any concession granted must contain a clause confining it to British interests, if the Sheikh for his part was willing to grant a concession without such a clause, and we so informed your Embassy in April.

3. Your memorandum also reverts to the representations made in Atherton's official note No. 231 of the 6th September, to the effect that the American interests concerned are labouring under a disadvantage as compared with the Anglo-Persian Oil Company owing to their ignorance of the provisos which His Majesty's Government would require to see embodied in the concessions granted, in order to safeguard their own interests. But surely these representations were satisfactorily answered in Sir John Simon's reply, No. E 4582/121/91 of the 16th September. As I understand it, the "safeguards" are a matter for discussion after the Sheikh of Koweit has made his decision from the point of view of what is to the best advantage of his own State. (I am advised that though no final decision has been taken on the point it is not unlikely that at least some of them would equally have to be embodied in any concession which might be granted to a purely British Oil Company wishing itself to operate in Koweit). As these safeguards are not primarily the concern of the Sheikh, and will not affect the comparison of the two draft concessions on their merits, they do not in our view affect the matter at the present stage.

4. As you know, that stage is that the latest draft concession submitted by the Eastern and General Syndicate and the draft sub-

mitted by the Anglo-Persian Oil Company have been compared in London by the department concerned on the technical side in order that the Sheikh, who is naturally not well versed in such technical matters, may understand what in fact will be the effect of the main provisions of each offer (e.g. the financial side, conditions of working the oil, etc., etc.). The resulting document is now on its way to the Persian Gulf and we must await the result of the Sheikh's examination.

5. The two offers made for the concession are thus being treated concurrently, and that, I feel sure you will appreciate, was the only correct course for His Majesty's Government to take in order to secure the most acceptable terms for the Sheikh. If only in his interest, His Majesty's Government were naturally bound, as Sir John Simon informed Atherton in his note No. E 1733/121/91 of the 9th April, to allow any interested company to consider whether they wanted to apply for a concession, and if so to give them time to do so. The Anglo-Persian Oil Company formally renewed their efforts to obtain a concession in Koweit in August, 1931 (not October as mentioned in your memorandum).

6. I regret that there has been delay in the whole matter; I cannot of course at this stage say exactly when the Sheikh will decide to grant a concession; I do hope, however, that in the light of the preliminary information I have now given, you will be able to assure your Government that there has been no desire on our part to cause them embarrassment by any avoidable delay.

Believe me [etc.]

ROBERT VANSITTART

890b.6363 Gulf Oil Corporation/167

*The Ambassador in Great Britain (Mellon) to the Secretary of State*

No. 558

LONDON, December 15, 1932.

[Received December 23.]

SIR: I have the honor to refer to my despatch No. 483 of November 12, 1932, and subsequent correspondence, with regard to the matter of American interests seeking an oil concession in Koweit, and to state that on December 13 I called upon the Foreign Office and orally presented the considerations set forth in the enclosed memorandum of conversation, based on Sir Robert Vansittart's note of November 11, which went forward to the Department with the despatch above referred to. Sir Robert expressed some surprise at this delay and promised to look into the matter and inform the Embassy as soon as he is able to get the data from the Colonial Office. I told Sir Robert that it was my intention to sail for America very shortly

and asked him to communicate with Mr. Atherton in my absence, who would cable me the Foreign Office reply, since I desired to discuss the matter with the Department during my short visit to Washington.

On leaving, I reminded Sir Robert that if Mr. Atherton did not hear from him within the next week or so he would, under my instructions, again be reminding Sir Robert of my desire for an early reply to his promise to expedite the matter.

Respectfully yours,

(For the Ambassador)

RAY ATHERTON

*Counselor of Embassy*

[Enclosure]

*Memorandum by the Embassy in Great Britain*

On November 11 of this year Sir Robert Vansittart wrote the Ambassador that the comparative examination of the draft concessions for oil exploitation in Koweit submitted to the Sheikh by the Eastern and General Syndicate and the Anglo-Persian Oil Company, respectively, had been completed and that the document embodying the result of this examination was already on its way to the British authority in the Persian Gulf. The Ambassador informed the American interests concerned of the receipt of this information from the British Government. However, he has been informed by the American interests concerned on December 10 that the British Political Resident in the Persian Gulf had stated that week that he had no knowledge of the receipt of this document, and that consequently it had not presumably been presented to the Sheikh.

In view of Sir Robert Vansittart's note of November 11 and the fact that the November bi-weekly air mail only took some six days from London to the Persian Gulf, the Ambassador hesitated to regard this information as accurate, and would be grateful if Sir Robert would inform him as to whether in fact the document had been received by the British authority in the Persian Gulf and had been delivered to the Sheikh.

LONDON, December 13, 1932.

---

890b.6363 Gulf Oil Corporation/170

*The Chargé in Great Britain (Atherton) to the Secretary of State*

No. 582

LONDON, December 28, 1932.

[Received January 7, 1933.]

SIR: I have the honor to refer to my telegram No. 345 of December 28, 12 noon,<sup>17</sup> and to report that on December 22 I called by

<sup>17</sup> Not printed.

appointment on Sir Robert Vansittart and invited his attention to the fact that the Embassy had yet received no reply to the representations made by the Ambassador in the matter of the Koweit oil concession, reported in the Embassy's despatch No. 558 of December 15, 1932. Sir Robert stated his regret at the delay and promised an immediate reply.

On the evening of December 23 I received a Foreign Office note signed by the Assistant Secretary of State, Sir Lancelot Oliphant. A copy of this is attached hereto. The contents of this note have been orally transmitted to the London representative of the American interests concerned.

Respectfully yours,

RAY ATHERTON

[Enclosure]

*The British Assistant Under Secretary of State for Foreign Affairs  
(Oliphant) to the American Chargé (Atherton)*

[LONDON,] 23 December, 1932.

MY DEAR ATHERTON: We have made enquiries about the point which you mentioned to Vansittart yesterday morning in connexion with the question of the proposed Koweit Oil Concession.

As you know, it concerns a number of different Departments of His Majesty's Government and at every stage complicated inter-departmental discussions have been necessary. As Vansittart told your Ambassador in his letter of the 11th November, the document embodying the result of the examination of the two draft Concessions submitted by the Eastern and General Syndicate and by the Anglo-Persian Oil Company respectively had, at that date, been already despatched to the British Authorities in the Persian Gulf. But I fear that the suggestion in Vansittart's letter of the 11th November that this document would within a very short time of its receipt by them be communicated to the Sheikh for his consideration was somewhat over optimistic. Further inter-departmental discussions have had to take place in the interval, and have thus caused some further delay in the communication of the document to the Sheikh.

I have now done all I can to speed matters up, and the local British Authorities should now be in a position to proceed in the matter with the Sheikh in the very near future.

I am so sorry for this recent and quite unexpected additional delay which has arisen but which has now been terminated.

Yours sincerely,

LANCELOT OLIPHANT

890b.6363 Gulf Oil Corporation/171: Telegram

*The Acting Secretary of State to the Chargé in Great Britain  
(Atherton)*

WASHINGTON, January 7, 1933—1 p. m.

7. Your 345, December 28, noon.<sup>18</sup> Unless you perceive some objection, please express to the Foreign Office the disappointment with which the Department has learned of the further delay which has taken place in permitting the Shaikh of Kuwait to come to a decision in this case. At the same time state that, since on December 28th it was expected that the appropriate local authorities would be able to proceed in the matter in the "very near future" the Department assumes that definite and final action is now imminent.<sup>19</sup>

CASTLE

---

**REPRESENTATIONS TO THE BRITISH GOVERNMENT AGAINST PRO-  
POSAL TO GRANT A PREFERENCE TO PALESTINIAN PRODUCE  
IMPORTED INTO THE UNITED KINGDOM**

641.67n3/2

*The British Ambassador (Lindsay) to the Secretary of State*

No. 232

WASHINGTON, 15 July, 1932.

SIR: I have the honour under instructions from His Majesty's Principal Secretary of State for Foreign Affairs,<sup>20</sup> to inform you that the question of extending Imperial preference to Palestine under Clause 5 (2) of the Import Duties Act of 1932<sup>21</sup> has recently been under consideration by His Majesty's Government in the United Kingdom, and that His Majesty's Government propose to grant a preference to Palestinian produce imported into the United Kingdom.

2. His Majesty's Government desire to enquire whether the United States Government feel any objection to this proposal, though they do not consider that the United States Government would be entitled under the most-favoured nation provisions of the Convention of Commerce between the United Kingdom and the United States signed on July 3rd, 1815<sup>22</sup> to claim that Imperial preference should also be extended to goods the produce or manufacture of the United

<sup>18</sup> Not printed.

<sup>19</sup> The British Government's comments upon the two draft concessions were presented to the Sheikh of Kuwait on January 9, 1933, but neither draft concession was accepted.

<sup>20</sup> Sir John Simon.

<sup>21</sup> 22 & 23 Geo. V, 27.

<sup>22</sup> Hunter Miller (ed.), *Treaties and Other International Acts of the United States of America*, vol. 2, p. 595.



States. At the same time it is of course not proposed that the Government of Palestine should grant a preference to British produce imported into Palestine.

3. I am to add that as regards the degree of preference to be accorded to Palestine it is proposed to grant the preference which is accorded to goods consigned from and grown, produced or manufactured, in certain other mandated territories administered by His Majesty's Government in the United Kingdom.

4. I am requested to add that His Majesty's Government would be grateful for a very early reply to this communication.

I have [etc.]

R. C. LINDSAY

641.67n3/2: Telegram

*The Acting Secretary of State to the Chargé in Great Britain  
(Atherton)*

WASHINGTON, July 30, 1932—2 p. m.

205. I have received recently a note from the British Ambassador, to which a "very early" reply was requested, informing me of the intention of the British Government to grant a unilateral preference to Palestinian produce imported into the United Kingdom, the degree of the preference to be the same as that accorded to goods "consigned from and grown, produced or manufactured in other mandated territories administered by" the British Government. The following is the actual text with certain omissions of the second paragraph of the note:

"His Majesty's Government desire to enquire whether the United States Government feel any objection to this proposal, though they do not consider that the United States Government would be entitled under the most-favoured nation provisions of the Convention of Commerce between the United Kingdom and the United States signed on July 3rd 1815 to claim that Imperial preference should also be extended to goods the produce or manufacture of the United States."

My preliminary reply was a bare acknowledgment of the note with the request to be informed of the preferences apparently already granted to other mandated territories.

We have not yet decided as to the scope of our final reply. Particularly it has not been decided as to whether to take note of the general observation in the quoted paragraph on the general subject of Imperial preference; and if note is to be taken, what the form and substance of it shall be.

Have you any suggestions as to what may best be replied at the present time as regards (1) the specific question of preference to Palestine; (2) the veiled declaration on Imperial preference.

Can you ascertain also whether other governments have been queried on the Palestine matter and if so, whether accompanied by the same declaration?

WHITE

641.67n3/4: Telegram

*The Chargé in Great Britain (Atherton) to the Secretary of State*

LONDON, August 3, 1932—4 p. m.

[Received August 3—12:05 p. m.]

233. Department's 205, July 30, 2 p. m. I learn the query in question has been addressed to Paris, Madrid, Rome and Rio de Janeiro as the Governments most concerned. None of their respective embassies in London have any knowledge of the matter at all except the Italian Chargé d'Affaires, who states his Foreign Office has advised him that this question of Palestine preference was raised by the British Embassy on July 11th and has been referred to the Economic Division of the Italian Government for study. I have been assured by the majority of my colleagues now that when any information is received here they will let me know.

Well informed sources advise me this preference is extended to Palestine because of its Jaffa orange shipments which form 90 per cent of the Palestine exports to this country; furthermore that the reference to Imperial preference is merely inserted to indicate that this fruit shipment from Palestine will receive the same consideration as fruit shipments from parts of the Empire proper.

ATHERTON

641.67n3/5

*The British Chargé (Osborne) to the Secretary of State*

No. 245 (C. 84)

WASHINGTON, August 6, 1932.

SIR: I have the honour to acknowledge receipt of your note of July 20th<sup>23</sup> in reply to Sir Ronald Lindsay's note No. 232 dated July 15th, 1932, with regard to the proposal of His Majesty's Government in the United Kingdom to extend to Palestine under the provisions of Clause 5 (2) of the Import Duties Act, 1932, the degree of preference accorded to goods consigned from and grown, produced or manufactured in certain other British mandated territories, and

<sup>23</sup> Not printed.

in reply to the enquiry contained in its final paragraph, to inform you that the provisions in question apply to Tanganyika territory, the Cameroons under British mandate and Togoland under British mandate.

2. These territories enjoy the same treatment as British colonies, and in addition to exemption from duties, imposed by the Import Duties Act, 1932, they receive under previous Orders varying rates of preference on most goods which were dutiable in the United Kingdom prior to the Import Duties Act of 1932.

I have [etc.]

D. G. OSBORNE

---

641.67n3/11

*The Secretary of State to the British Chargé (Osborne)*

WASHINGTON, August 27, 1932.

SIR: I have the honor to refer to Sir Ronald Lindsay's note No. 232 of July 15, 1932, (supplemented by your note No. 245 (C. 84) of August 6, 1932,) outlining a proposal of the British Government to grant a preference to Palestinian products imported into the United Kingdom, and inquiring whether the Government of the United States feels any objection to this proposal.

In reply, I regret to state that this Government is unable to concur in the feeling of the British Government respecting the right of the United States under the most-favored-nation provisions of the Convention of Commerce between the two countries signed on July 3, 1815, to claim such preference. The Government of the United States considers that Palestine is a "foreign country" within the meaning of the term as used in Article 2 of the Convention, and therefore holds that any tariff privileges accorded to Palestine should also accrue to the United States.

In regard to preferential treatment of goods originating in or consigned from those other British mandated territories named in your note of August 6, 1932, I wish to inform you that the Government of the United States has been unable to perceive any ground upon which Tanganyika, the Cameroons under British mandate, and Togoland under British mandate should, in matters of trade preference, be treated as if they were possessions of the mandatory power. I feel therefore called upon to state that the position of the Government of the United States with respect to these territories is the same as is its position with regard to Palestine.

Accept [etc.]

For the Secretary of State:  
JAMES GRAFTON ROGERS

641.67n3/9 : Telegram

*The Chargé in Great Britain (Atherton) to the Secretary of State*LONDON, August 31, 1932—2 p. m.  
[Received August 31—10:35 a. m.]

251. My 233, August 3, 4 p. m. Embassy informs me Italian note of reply has been forwarded Foreign Office taking position that inasmuch as Palestine although under British mandate is not a part of British Empire it is to be regarded as foreign country and consequently the Italian Government does not feel that it could renounce in favor of imports from Palestine to Great Britain the most-favored-nation treatment to which Italian goods are entitled by treaty.

ATHERTON

641.67n3/10

*The Chargé in Great Britain (Atherton) to the Secretary of State*

No. 326

LONDON, August 31, 1932.  
[Received September 9.]

SIR: I have the honor to refer to my telegram No. 251, August 31, 2 p. m., in which I set forth the substance of what my Italian colleague advised me relative to the action of his Government in the question of unilateral preference to imports from Palestine. In advising me of the above, my Italian colleague added that in so far as the British Import Duty Act of 1932 was concerned he felt that it was merely an internal law which consequently could not operate to change the accepted principles of international law contained in the Treaty of 1883 between Great Britain and Italy,<sup>24</sup> granting the most-favored-nation treatment.

In conclusion, my Italian colleague asked if I would inquire what action my Government had taken in this matter and advise him as a courtesy, in view of the information he had given me. I accordingly venture to request that the necessary information be furnished me.

Respectfully yours,

RAY ATHERTON

---

<sup>24</sup>Treaty of Commerce and Navigation, June 15, 1883, *British and Foreign State Papers*, vol. LXXIV, p. 63.

641.67n3/11

*The Secretary of State to the Ambassador in France (Edge)*<sup>25</sup>

No. 1323

WASHINGTON, September 10, 1932.

SIR: I enclose copies, as listed below,<sup>26</sup> of correspondence between the Department and the British Embassy at Washington, relative to a proposal of the British Government to grant a preference to Palestinian products. I enclose also paraphrases of an exchange of telegrams with the American Chargé d'Affaires ad interim at London, from whose reply, dated August 3, 1932, it will be apparent that the Government to which you are accredited has also been consulted in this matter.

If you perceive no objection thereto, you may bring the contents of my note of August 27, 1932, informally to the attention of appropriate French officials, at the same time endeavoring to obtain information on the attitude of the French Government toward the British proposal.

Very truly yours,

For the Secretary of State:  
W. R. CASTLE, JR.

641.67n3/14

*The Chargé in France (Marriner) to the Secretary of State*

No. 2942

PARIS, September 23, 1932.

[Received October 5.]

SIR: I have the honor to acknowledge the receipt of the Department's instruction No. 1323 of September 10, 1932, and the enclosures thereto with regard to the proposal of the British Government to grant a preference to Palestinian products. The Department's response of August 27th, addressed to the British Chargé d'Affaires, was shown to a member of the Commercial Section at the Ministry for Foreign Affairs. He thanked the Embassy for the information but stated that the French Government had taken a contrary stand.

The Embassy was shown a copy of the French response wherein it was briefly stated that the French Government had no objection to the proposed preferential treatment for Palestine.

The competent officer of the Ministry explained that the French

<sup>25</sup> The same, *mutatis mutandis*, on the same date to the Ambassadors in Brazil (No. 1777), Italy (No. 729), and Spain (No. 346).

<sup>26</sup> British Embassy note No. 232, July 15; note to British Ambassador, July 20 (not printed); British Embassy note No. 245 (C. 84), August 6; note to the British Chargé, August 27; telegram No. 205, July 30, to the Ambassador in Great Britain, and telegram No. 233, August 3, from the Chargé in Great Britain. Copies of these enclosures were also sent on the same day to the Consul General at Jerusalem, and all but the last two to the Chargé in Great Britain.

point of view is logical in that while the Government has not yet accorded any special customs privileges to Syria, it may at some future date desire to do so. In fact, he added, the French authorities had insisted upon the insertion of a provision in the commercial treaty now under negotiation between the United States and France<sup>27</sup> whereby the special privileges accorded to United States products would not extend to Syria. In conclusion, the officer volunteered the personal remark that the American response did not seem altogether consistent, since the United States has granted to Cuba preferences not greatly different from those objected to in the instance of Palestine.

Respectfully yours,

THEODORE MARRINER

---

641.67n3/16

*The Ambassador in Brazil (Morgan) to the Secretary of State*

No. 3956

RIO DE JANEIRO, September 30, 1932.

[Received October 8.]

SIR: I have the honor to acknowledge the receipt of the Department's instruction No. 1777, of September 10 last,<sup>28</sup> with which was enclosed correspondence between the Department and the British Government, through the British Embassy at Washington, and the American Embassy in London regarding a proposal of that Government to grant a preference to Palestinian products, and to state that before the receipt of the said instruction the Brazilian Foreign Office had answered the British Government's inquiry in the sense that it was not interested in the principle involved as much as in obtaining a preference for the entry of Brazilian fruit into Palestine. This reply was prepared by the commercial and not by the diplomatic section of the Foreign Office and would have been somewhat different in substance if the said office had been aware of the American viewpoint thereon.

Respectfully yours,

EDWIN V. MORGAN

---

641.67n3/17

*The Chargé in Italy (Kirk) to the Secretary of State*

No. 1646

ROME, October 22, 1932.

[Received November 9.]

SIR: With reference to the Department's instruction No. 729 of September 10, 1932,<sup>28</sup> regarding a proposal of the British Govern-

<sup>27</sup> See pp. 195 ff.

<sup>28</sup> See footnote 25, p. 34.

ment to grant a preference to Palestinian products, I have the honor to inform the Department that the substance of the Department's communication to the British Chargé d'Affaires ad interim at Washington was brought to the attention of the appropriate official of the Italian Ministry of Foreign Affairs, and that the official in question has communicated to me the following observations on the matter:

Several months ago the British Embassy in Rome addressed to the Italian Ministry of Foreign Affairs representations analogous to those made by the British Embassy at Washington to the Department of State, but the representations made by the British Embassy here were limited to questions affecting Palestine only. The Italian Government replied to these representations to the effect that Palestine as a mandate territory should be considered as a foreign State even in so far as Great Britain was concerned, and that, consequently, all customs facilities granted by Great Britain to Palestinian products should be automatically extended to products of the States, such as Italy, with which England is bound by the most-favored-nation clause. No communication has been received by the Italian Ministry of Foreign Affairs from the British Embassy in Rome as regards other territories under British mandate, but it would seem to the Ministry, however, that the position of the latter territories should not be regarded as different from that of Palestine.

Respectfully yours,

ALEXANDER C. KIRK

641.67n3/18

*The Ambassador in Spain (Laughlin) to the Secretary of State*

No. 905

MADRID, October 28, 1932.

[Received November 11.]

SIR: In reply to the Department's instruction No. 346 of September 10th, 1932,<sup>30</sup> relative to a proposal of the British Government to grant tariff preferences to Palestinian products, I have the honor to report that following an interview between a member of the Embassy and Señor Ocerín, the Under Secretary of State, the Embassy has been furnished with a copy of a Note addressed by the Spanish Government to the British Ambassador under date of September 8, 1932. This communication, which is enclosed in copy and translation,<sup>31</sup> refers to three Notes addressed to the Spanish Foreign Office by the British Embassy, and declared, with reference to the provisions con-

<sup>30</sup> See footnote 25, p. 34.

<sup>31</sup> Not printed.

tained in Art. 22 of the Covenant of the League of Nations<sup>32</sup> and the provisions of Art. 18 of the mandate granted to the British Government over Palestine,<sup>33</sup> that the territory in question could in no way be considered as imperial territory, but solely as a foreign country depending from [*sic*] the League of Nations. From this point of view, it was in a situation with regard to the mandatory power analogous to other sovereign states. Full proof of this was found in the fact that Palestine was not permitted to grant any different treatment whatsoever in favor of British products, which were placed on the same footing as those originating in any other state likewise a member of the League of Nations. In continuation the Note invokes Art. 6 of the Treaty of Commerce between Spain and Great Britain<sup>34</sup> and declares that any privileges granted by Great Britain to Palestine, whatever they might be, would thereby be extended automatically and without distinction to similar products of Spanish origin.

In the interview referred to above, the contents of the Department's Note of August 27, 1932, to Mr. Osborne, the British Chargé d'Affaires, were brought to the attention of Señor Ocerin for the information of his Government.

Respectfully yours,

IRWIN LAUGHLIN

---

[In despatch No. 433, January 15, 1934, the Chargé in Great Britain reported as follows: "I have the honor to refer to the Department's telegram No. 205 of July 30, 1932, 2 p. m., as well as to the subsequent correspondence respecting a British proposal to grant a preference to Palestinian products imported into the United Kingdom. A member of the Embassy staff inquired informally of the appropriate Foreign Office official what was the present situation in regard to this question, and, after the subject had been looked up in the Foreign Office files, was informed that 'nothing more had been done in the matter.' Although the Embassy Officer endeavored to obtain an expansion of this laconic Foreign Office reply, he did not succeed in doing so. The inference is, therefore, that following the representations made by foreign missions in London on this question the Foreign Office did not proceed with its proposal." (641.67n3/20)]

<sup>32</sup> *Treaties, Conventions, etc. Between the United States of America and Other Powers, 1910-1923*, (Washington, Government Printing Office, 1923), vol. III, p. 3336.

<sup>33</sup> Great Britain, Cmd. 1500: *Final Drafts of the Mandates for Mesopotamia and Palestine*, 1921.

<sup>34</sup> Treaty of October 31, 1922, League of Nations Treaty Series, vol. XXVIII, p. 340.



REPRESENTATIONS BY THE BRITISH GOVERNMENT AGAINST THE  
RECONDITIONING BY PRIVATE OWNERS FOR COMMERCIAL PUR-  
POSES OF FOUR AMERICAN DESTROYERS

811.34/487

*The British Embassy to the Department of State*

AIDE-MÉMOIRE

The United States Destroyers *Worden*, *Putnam*, *Osborne* and *Dale* have been recently converted into banana carriers. It is understood that these vessels were removed from the United States Navy List on October 28th, 1930 and on the 10th January 1931 sold by the Navy Department to the Boston Iron and Metal Company, Baltimore. The *Worden* and *Putnam* were reduced by this company to hulks and, after inspection by officials of the Navy Department, were towed to New Orleans, reconditioned, and finally sold to the Standard Fruit and Steamship Company of New Orleans, an American Company registered in Honduras [*Nicaragua?*] whose ships fly the Honduranian [*Nicaraguan?*] flag. They were fitted with Diesel engines and this experiment in reconditioning has apparently been successful since it is understood that the *Osborne* and *Dale* are now similarly in process of conversion.

If the facts are accurately set out above, two questions arise, one of fact and the other concerning the interpretation of existing treaties.

As regards the first question the rules for the disposal of vessels of war applicable to these destroyers would be those contained in the London Naval Treaty, Annex II<sup>85</sup> which lays down that war vessels to be disposed of must be dealt with in one of the following ways:—scrapped, converted to a hulk, converted for target use exclusively or retained exclusively for training or experimental purposes. It is presumed that in the United States view the *Worden*, *Putnam*, *Osborne* and *Dale* should be regarded as having been “disposed of” in accordance with the treaty by having been “converted to hulks”. The rules for conversion to a hulk are contained in Section II of Annex II to the Treaty. These rules provide not only for the removal of all armaments, flying decks, ammunition lifts, etc., but also for the mutilation beyond repair of all propeller shafts, thrust blocks, turbine gearing or main propelling motors, and turbines, or cylinders of main engines, and for the removal of propeller brackets. Sir Ronald Lindsay is advised that if all these provisions had been thoroughly carried out in the case of the *Worden*, *Putnam*, *Osborne* and *Dale* and especially if this had been done in the spirit rather than the letter of the London Treaty, it is questionable whether

<sup>85</sup> *Foreign Relations*, 1930, vol. I, pp. 107, 116.

the subsequent conversion of these boats to banana carriers could have been an economic proposition.

Assuming, however, that these United States destroyers have been converted into hulks in accordance with the provisions of the London Treaty referred to above, a further question regarding the interpretation of this treaty arises, namely, whether the subsequent reconversion of these vessels into merchant ships is compatible with the intention of the treaty. In the opinion of His Majesty's Government it is not so compatible, for it is implied throughout that treaty that the rules for disposal mean final disposal and there is no provision permitting reconversion. This is confirmed by paragraph 1 of Section 2 of Annex II, where it is stated that "a vessel to be disposed of by conversion to a hulk shall be considered *finally* disposed of when . . ."

It is interesting to note in this connection that Admiral Pratt, while giving evidence before the House of Representatives Committee on Naval Affairs on 5th [12th] January, 1932, answered a question by the Chairman, as follows:

(page 608 of the Report)<sup>36</sup>

"The rules for scrapping are very strict. We have had from time to time calls by commercial companies to turn over some of our old ships to them for use, and we would be very glad to do it, but the terms for scrapping are so stringent that frequently they cannot use them. They can use them as hulks and that is about the only use to which they can put them."

This is precisely the view of the Admiralty.

If, however, this view is not upheld and, it should now be accepted as both legally and economically possible to reconvert hulks (and it should not perhaps be overlooked that, in the case of countries whose mercantile shipping companies are subsidised by their governments, the term economically possible might prove very elastic), the value of the London Treaty might be seriously impaired, for in the event of its being possible for destroyers to be reconverted into merchant ships, there seems no valid reason why larger vessels could not also be reconverted.

Moreover, apart from the question of an infringement of the London Naval Treaty, it is arguable that if, as is understood, these destroyers fly the Honduran flag, Article 18 of the Washington Treaty<sup>37</sup> has been violated. That article forbids the

<sup>36</sup> *Sundry Legislation Affecting the Naval Establishment 1931-32: Hearings before the Committee on Naval Affairs of the House of Representatives, 72nd Cong., 1st sess. (Washington, Government Printing Office, 1932).*

<sup>37</sup> *Foreign Relations, 1922, vol. 1, p. 247.*

transfer of any vessel of war "in such a manner that such a vessel may become a vessel of war in the navy of any foreign Power", and since vessels originally constructed as warships, if subsequently put to mercantile use, might be easily readapted for use as warships, the only effective method of ensuring that they do not "become a vessel of war in the navy of any foreign Power", would seem to be to make it a condition of sale that they should not be placed under any foreign mercantile flag. This is the British Admiralty's own practice, and if, as reported, the United States Government did not make this condition in the present case they have, in the Admiralty's view, "disposed of" the vessels in a manner inconsistent with Article 18.

Sir John Simon is of the opinion that possibly the questions raised in this *aide-mémoire* may eventually have to be settled by friendly exchanges of opinion between all the treaty Powers but has moved Sir Ronald Lindsay to discuss them first confidentially and unofficially with the Secretary of State, for he foresees a danger that if departures from the intent of the treaty are to be condoned in small cases the gap might be steadily widened until at length irreparable damage might be found to have been done to the principle on which the treaty rests.

WASHINGTON, 6 June, 1932.

---

811.34/487

*The Secretary of State to the British Ambassador (Lindsay)*<sup>28</sup>

1. The Secretary of State has given careful study to an *aide-mémoire* dated June 6, 1932, which the British Ambassador left with him, relating to the present status of four former United States destroyers which have recently been converted into banana carriers, and two of which are flying a foreign flag. In connection with these ships Sir Ronald Lindsay raised one question of fact and two questions concerning the interpretation of existing treaties.

2. Before discussing either of these questions, Mr. Stimson desires to review the circumstances surrounding the conversion of these destroyers into merchant vessels.

3. The four destroyers in question, the *Worden*, *Putnam*, *Osborne* and *Dale* were stricken from the Navy list on October 22, 1930, and after being stripped of their ordnance and other equipment were sold to the Boston Iron and Metal Company, Inc., of 313 Hanover Street, Baltimore, for purposes of scrapping, under an agreement dated

---

<sup>28</sup> Handed to the British Ambassador by the Secretary of State July 21, 1932.

January 14, 1931. Pertinent provisions of the catalogue under which the vessels were advertised for sale (No. 365-B of January 10, 1931) and of the specific agreement of sale are to be found in an annex to this *aide-mémoire*.<sup>39</sup>

4. Subsequently, on February 5, 1931, the Boston Iron and Metal Company requested the sanction of the Navy Department to reduce the *Worden* and *Putnam* to the condition of hulks and to sell them to the Standard Fruit and Steamship Company of New Orleans for service as fruit boats. The plans submitted contemplated carrying out completely the pertinent provisions of the London Treaty as given in Section II, Annex II, and thereafter reengining the vessels with Diesel engines. This request for a change in contract was acceded to by officers in the Navy Department and a supplementary agreement was signed modifying the original contract.

5. The pertinent provisions of this new contract, dated February 6, 1931, follow:

“(2) That in lieu of scrapping Destroyers Nos. 287 and 288, the U.S.S. *Worden* and the U.S.S. *Putnam*, the purchaser is authorized to convert said two vessels to hulks. Said conversion shall, in accordance with the requirements of the London Treaty, consist of removing and landing or else destroying in the ships

- (1) all guns and essential parts of guns, fire control tops and revolving parts of all barbettes and turrets;
- (2) all hydraulic or electric machinery for operating turrets;
- (3) all fire control instruments and range finders;
- (4) all ammunition, explosives, mines and mine rails;
- (5) all torpedoes, war heads, torpedo tubes and training racks

and by effecting the following:

- (1) mutilation beyond repair of all propeller shafts, thrust blocks, turbine gearing or main propelling motors, and turbines or cylinders of main engines;
- (2) removal of propeller brackets
- (3) removal and breaking up of all aircraft lifts, and removal of all aircraft cranes, derricks and launching apparatus.

“(3) The purchaser will notify the Government when the work of converting the U.S.S. *Worden* and the U.S.S. *Putnam* to hulks has been finally accomplished and said vessels shall not be turned over to the Standard Fruit and Steamship Company or to any other party until the work of conversion has been inspected by the Government and the Government is satisfied that the work has been completed to conform in every respect with the treaty requirements. Any expense necessary to complete said work to conform to such requirements shall be borne by the purchaser.

<sup>39</sup> Not printed.

"(4) The work of converting these vessels to hulks shall be completed not later than December 31, 1936. If notice shall not have been received by July 1, 1936, of the completion of such work, the Government may investigate the progress made thereon, and if in the opinion of the Secretary of the Navy sufficient work has not been performed to insure complete conversion as aforesaid prior to December 31, 1936, then the Government shall have the right at any time after July 1, 1936, to again take possession or assume control of the vessels and any work thereon and to proceed in such manner as it may deem expedient to complete the work of conversion as above set forth.

"(6) Except as specifically provided herein, all the provisions of the contract aforesaid shall be and remain in full force and effect. Nothing contained in this agreement or done or required under its terms shall operate to annul, release, or otherwise affect the validity of any bond given in connection with agreement dated January 14, 1931, and said bonds shall remain in full force and effect in the same manner and with like effect as if the modifications provided for herein had been made a part of the original contract at the time of its execution, and the sureties under said bonds shall, and by signing hereby do, consent to this agreement for the purpose of extending their obligation to the modifications aforesaid."

6. In response to a further request from the purchaser, a similar agreement was signed on May 6, 1931, with respect to the *Dale* and *Osborne*.

7. The vessels were thereupon reduced to hulks, the *Worden* and the *Putnam* prior to April 2, 1931, the *Dale* and the *Osborne* prior to July 29, 1931. In this connection Sir Ronald Lindsay raised the question as to whether all of the rules for conversion as found in the London Treaty, embracing as they do, not only the removal of armaments, flying decks, ammunition lifts, etc., but also the mutilation beyond repair of certain parts of the engines, were thoroughly carried out.

8. The Secretary of State has made careful inquiry on this point. He is informed by the Navy Department that all of these vessels were inspected after the work of reduction was completed and were found to have been reduced to hulks in strict accordance with the terms of the Treaty. The Secretary of State is thus able to assure the British Ambassador, in answer to the question of fact which he has raised, that the requirements of the Treaty of London governing reduction of vessels to hulks were fully complied with.

9. In addition to this question of fact, Sir Ronald Lindsay raised two questions concerning the interpretation of existing Treaties.

10. One of these questions was whether the transfer of two of these vessels to foreign registry is in violation of Article 18 of the Washington Treaty, which forbids the transfer of any vessel of

war "in such a manner that such a vessel may become a vessel of war in the navy of any foreign power." Sir Ronald Lindsay holds that, according to the terms of this article, the parties to the Washington Treaty should make it a condition upon selling any vessel of war that it would not subsequently be placed under a foreign mercantile flag. In this contention, the American Government concurs. The transfer to foreign registry of the two ex-destroyers which are now flying the Nicaraguan flag was not only unauthorized, but was in fact a violation of the requirement that "such vessel will be documented promptly under the laws of the United States if it is to be operated as a vessel subsequent to sale", found under Article 24 of the catalogue of January 10, 1931, quoted in the annex. The Navy Department has given no sanction for other action.

11. Steps have already been initiated to require the purchasers of these two destroyers promptly to retransfer the vessels to American registry. Pending the completion of the necessary formalities, it should be borne in mind that the vessels are still under American ownership and that their present condition and characteristics are such as to render them valueless for combatant purposes.

12. The second question concerning treaty interpretation raised by Sir Ronald Lindsay relates to the interpretation of the Treaty of London with respect to the subsequent reconversion into merchant ships of vessels which have been reduced to hulks. The Secretary of State is glad to inform the British Ambassador that the American Government's interpretation of the Treaty in this respect is precisely the same as that of the British Government, namely that the Treaty as it stands does not contemplate the reengining or reconditioning of such hulks, and that the governments concerned will not countenance such action. It was only due to a misconception of this interpretation of the Treaty on the part of the officials charged with the sale of the destroyers that their reconditioning was agreed to. This misconception has been corrected and will not occur again.

13. Although the American Government does not seem to possess the power at the present time to secure any alteration in the present physical condition of these four vessels, inasmuch as the terms of sale contained no provision to prevent their being reengined by the purchaser, nevertheless the American Government hereby gives the assurance (1) that the ex-destroyers, *Worden*, *Putnam*, *Osborne* and *Dale* will never be used for naval purposes by this Government, and (2) that it will in the future assure itself that American naval vessels disposed of by conversion to a hulk under the provisions of the London Treaty shall be finally disposed of, and that provision

shall be made with any purchaser of a hulk to prevent its being subsequently reconditioned.

14. With the two safeguards indicated above, namely, the transfer back to American registry of the two destroyers now flying a foreign flag, and the assurance that the four destroyers will never be used for naval purposes in this country, the Secretary of State believes that the purpose of the pertinent portions of the naval treaties, namely, to prevent the reconversion into warships of naval vessels which had been disposed of, has been fully assured.

15. In the circumstances, the Secretary of State plans to lay the facts of this case before all the other parties to the Washington and London Treaties and to repeat the commitments given above.<sup>40</sup>

WASHINGTON, July 15, 1932.

---

811.34/498

*The British Chargé (Osborne) to the Secretary of State*

No. 289

His Majesty's Minister presents his compliments to the Secretary of State and, with reference to the *aide-mémoire* of July 15th communicated by Mr. Stimson to Sir Ronald Lindsay on July 21st last, regarding the present status of four former United States Destroyers which were recently converted into fruit ships, has the honour to inform him, under instructions from His Majesty's Principal Secretary of State for Foreign Affairs, that His Majesty's Government will regard the contents of this *aide-mémoire* as a satisfactory disposition of the matter.

Mr. Osborne has also been instructed by Sir John Simon to inform Mr. Stimson that His Majesty's Government much appreciate the frank and helpful nature of his reply.

WASHINGTON, September 21, 1932.

---

<sup>40</sup> In despatches dated August 31, 1932, the Secretary of State instructed the American Ambassadors in France, Italy, and Japan to convey to the respective Governments to which they were accredited the substance of the above *aide-mémoire*.

**EFFORTS TO OBTAIN INFORMATION FROM AUTHORITIES IN THE  
BAHAMAS REGARDING VESSELS SUSPECTED OF SMUGGLING  
LIQUOR INTO THE UNITED STATES**

811.114 Fisher Lassie/9

*The Secretary of State to the Ambassador in Great Britain (Dawes)*

No. 1010

WASHINGTON, November 27, 1931.

SIR: There is enclosed a copy of an instruction addressed to the American Consul at Nassau, Bahamas, under date of October 10, 1931,<sup>41</sup> requesting him to endeavor to obtain from the appropriate Bahaman authorities certified copies of the entrance and clearance papers of certain vessels suspected of being engaged in the smuggling of liquor into the United States, as well as information regarding the cargo carried, names of shippers and names of masters. This information was requested by Assistant Attorney General Youngquist on behalf of the Director of the Bureau of Prohibition for use in connection with proceedings which are contemplated against the vessels. A copy of Mr. Youngquist's letter, with its enclosures, is likewise transmitted herewith.<sup>41</sup>

The Consul stated in his reply that he had been informed by the Acting Colonial Secretary of the Bahamas that the furnishing of such information was, upon instruction from the Secretary of State for the Colonies, forbidden. A copy of the Consul's reply, transmitting copies of correspondence exchanged with the Acting Colonial Secretary on the subject, is also enclosed. The latter bases his refusal apparently on instructions received prior to the agreement reached at the conference held in London in July, 1926,<sup>42</sup> between representatives of Great Britain and the United States, as the result of which certain methods of cooperation were formulated. Section 4 of this agreement entitled "Prosecutions" provides that proceedings shall be instituted for infringement of British or United States law, and the last sentence reads, "In this connection, an attempt should at once be made to secure, if possible, the necessary evidence to enable proceedings to be instituted in the case of vessels known to be engaged in the traffic."

You are requested to take up this matter with the appropriate British authorities and to inquire whether the understanding of the Acting Colonial Secretary is correct.

Very truly yours,

For the Secretary of State:  
W. R. CASTLE, JR.

<sup>41</sup> Not printed.

<sup>42</sup> See *Foreign Relations*, 1926, vol. II, pp. 336 ff., especially pp. 350-354.



[Enclosure]

*The Consul at Nassau (Fisher) to the Secretary of State*<sup>44</sup>

No. 536

NASSAU, October 30, 1931.

[Received November 5.]

SIR: I have the honor to acknowledge receipt of the Department's memorandum instruction of October 10, 1931 (file No. 811.114 Fisher Lassie/3 [//4]),<sup>45</sup> directing that I endeavor to obtain and forward to it, for the use of the Department of Justice in an investigation it is making into alleged smuggling activities in the Gulf of Mexico, certified copies of the entrance and clearance papers, cargo carried, names of shippers, and names of masters of vessels named in the instruction, on their several arrivals at and departure from Nassau and Salt Cay, during the period from January 1, 1930, to date.

In reply, I have to report that immediately upon receipt of the instruction the certified copies of the papers and the information called for were requested in a letter dated October 20, 1931, addressed to the Acting Colonial Secretary of the Bahamas, a copy of which is herewith enclosed.

On October 17, 1931, the question of furnishing the information desired by the Department of Justice was discussed at an interview had with the Acting Colonial Secretary, on which occasion he informed me that the furnishing of such information to this Consulate was, upon instruction from the Secretary of State for the Colonies, forbidden, and that this Consulate had been so informed in a letter from his Office dated September 18, 1925.<sup>45</sup> The confirmation of the Acting Colonial Secretary's statement at that interview is contained in his letter dated October 28, 1931, a copy of which is also enclosed. In this connection the Department is respectfully referred to this Consulate's despatch No. 62, of September 22, 1925,<sup>45</sup> and subsequent correspondence on this subject.

It is not believed that the information concerning the movements of liquor vessels in Bahamian waters now being supplied this Consulate by the local authorities is of any material value to the United States authorities in their efforts to suppress the smuggling of liquor from the Bahamas into the United States. The weekly reports of departures of vessels from Bimini and West End are not received by this Consulate until several days after the close of the week concerned, and practically no departures of vessels with "interesting cargoes" from Nassau are officially reported to this office.

<sup>44</sup> Filed separately under 811.114 Fisher Lassie/6.

<sup>45</sup> Not printed.

The only information that has been obtained by this Consulate relative to the movements of liquor-running vessels in the Bahamas since July 1, 1930, has been secured from private sources, and with the exception of a short period,—November, 1930, to March, 1931,—has been paid for from private means. From these sources it has been learned that the vessels *Leon Juin*, *Rosita* and *Paddy Hafferty*, mentioned in the Department's instruction under acknowledgment, have left Bahamas waters with cargoes of liquor supposedly for points along the United States coast on several occasions since July 1, 1930, on each of which the information was telegraphed to the Commander, Florida East Coast Patrol Area, at Fort Lauderdale, Florida.

Yours respectfully,

FRED D. FISHER

[Subenclosure 1]

*The American Consul at Nassau (Fisher) to the Acting Colonial Secretary of the Bahamas (Bethel)*

No. 624.4—FDF

NASSAU, October 20, 1931.

SIR: I have the honor to inform you that I have been directed by the Department of State, Washington, to request from the appropriate authorities of the Bahamas Government, certified copies of the entrance and clearance papers, as well as information showing the dates of entry and clearance, cargoes carried, names of shippers, and names of masters, of each of the following vessels on their several arrivals at and departures from Nassau, Salt Cay and other places in the Bahamas Group, during the period from January 1, 1930, to date:

Fisher Lassie	Lady Antoinette
Miss Carmen Blancaneaux	R. A. Glen
Concord	Rosita
Corozal	Pasajero
Admiral Sturdee	Olivia M.
C. M. Lawrence	Ouitchouan
General Tosta	Montagua (Motagua?)
La Plata	Maya Prince
Marshal Frank	Halcon
Mavis Barbara	Hattie Halferty (Paddy
Leon Juin	Hafferty)

I would be very appreciative if you will kindly furnish me with the necessary information to enable me to reply to the instruction of the Department of State in this matter.

I have [etc.]

FRED D. FISHER

[Subenclosure 2]

*The Acting Colonial Secretary of the Bahamas (Bethel) to the American Consul at Nassau (Fisher)*

No. 4638A

BAHAMAS, 28 October, 1931.

SIR: With reference to your letter No. 624.4.FDF. of the 20th October applying for certified documents relating to the arrivals at and departures of certain vessels from ports in this Colony, I am directed to point out that had any of these vessels cleared foreign with cargoes of liquor from one of the ports of Nassau, Bimini or West End, the information would appear in the list of such vessels which are regularly supplied to your office. I am to add that, under instructions received from the Secretary of State for the Colonies, of which your office has been previously informed, this Government is required to supply you with information in general terms only respecting vessels clearing from ports of this Colony with substantial cargoes of liquor destined for ports outside the Colony on or adjacent to the East Coast of America between Panama and the St. Lawrence. In this connection I am to refer you to letters from this office of 18th September, 1925, and 28th January, 1926, copies of which are enclosed for convenience of reference.<sup>48</sup>

2. There has hitherto been no departure from this rule excepting where further information has been required for adjudication on seizure of vessels by United States Authorities and having regard to the fact that the present practice is the outcome of negotiation between the Governments of the United States of America and Great Britain this Government will not take upon itself to alter the existing rule.

I have [etc.]

CHAS. P. BETHEL

811.114 Fisher Lassie/25

*The Ambassador in Great Britain (Mellon) to the Secretary of State*

No. 168

LONDON, June 20, 1932.

[Received June 30.]

SIR: I have the honor to refer to the Department's instruction No. 1010 of November 27, 1931, File No. 811.114 Fisher Lassie/9, and to transmit herewith a copy of the Embassy's informal communication of December 11 to the Foreign Office and a copy of the reply of June 18, with enclosures, which has just been received.

Respectfully yours,

For the Ambassador:  
RAY ATHERTON  
*Counselor of Embassy*

<sup>48</sup> Not printed.

[Enclosure 1]

*The First Secretary of the American Embassy (Thaw) to  
Mr. R. G. Howe of the Treaty Department, British  
Foreign Office*

LONDON, December 11, 1931.

MY DEAR HOWE: May I have recourse to your assistance in the following matter?

It appears from instructions which the Embassy has just received from the Department of State that under date of October 10 last the American Consul at Nassau, Bahamas, was directed to try to obtain from the appropriate authorities there certified copies of the entrance and clearance papers of certain vessels suspected of being engaged in the smuggling of liquor into the United States, as well as information regarding the cargo carried, names of shippers and names of masters, during the period from January 1, 1930, to date. This information was requested on behalf of the Bureau of Prohibition for use in connection with proceedings which are contemplated against the vessels.

The Consul replied to the Department that he had been informed by the Acting Colonial Secretary of the Bahamas that the furnishing of such information was forbidden under instructions from the Secretary of State for the Colonies. Specifically the Consul was informed by the Acting Colonial Secretary that “. . . this Government is required to supply you with information in general terms only respecting vessels clearing from ports of this Colony with substantial cargoes of liquor destined for ports outside the Colony on or adjacent to the East Coast of America between Panama and the St. Lawrence.” The Acting Colonial Secretary referred to certain correspondence from his office on September 18, 1925, and January 28, 1926, and went on to say that there had hitherto been no departure from the existing rule excepting where further information had been required for adjudication on seizure of vessels by United States Authorities and that having regard to the fact that the present practice is the outcome of negotiation between the Government of the United States of America and Great Britain his Government would not take upon itself to alter the rule.

The Department of State now points out to the Embassy that the Acting Colonial Secretary at Nassau bases his refusal apparently on instructions received prior to the agreement reached at the conference held in London in July, 1926, between representatives of Great Britain and the United States, as the result of which certain methods of cooperation were formulated, and that Section 4 of this agreement entitled “Prosecutions” provides that proceedings shall be

instituted for infringement of British or United States law, the last sentence reading, "In this connection, an attempt should at once be made to secure, if possible, the necessary evidence to enable proceedings to be instituted in the case of vessels known to be engaged in the traffic."

I should be greatly obliged if you can let me know whether the understanding of the Acting Colonial Secretary at Nassau is correct.

Sincerely yours,

BENJAMIN THAW, JR.

[Enclosure 2]

*The Head of the American Department, British Foreign Office (Craigie), to the First Secretary of the American Embassy (Thaw)*

No. A 3274/130/45

[LONDON,] 18 June, 1932.

MY DEAR THAW: I am very sorry that we have been so long in giving you a considered reply to your letter of 11th December to Howe enquiring whether the action taken by the Acting Colonial Secretary at Nassau in the circumstances described in your letter was, in our opinion, correct. As you will no doubt have realized, we had to refer this matter to the Bahamas Government, a procedure which was bound to take time. I hope however that you will agree that the present letter, which is based on a very full report received from the Governor, clears up this question satisfactorily.

In the first place I enclose full copies of letters from the United States Consul to the Acting Colonial Secretary and the latter's reply,<sup>49</sup> parts of which you quoted in your letter under reference. From the United States Consul's letter you will see that, while he asks for extensive information about twenty one vessels over a period of ten months, he does not suggest that this information was wanted in connexion with proceedings which were contemplated against the vessels. Moreover, you will see that amongst the particulars with which the United States Consul asked to be supplied were details regarding the cargoes carried and the names of shippers. While in the light of the 1926 Agreement, the authorities of His Majesty's Government would of course arrange for the production of such records or certified copies thereof as might be considered necessary for the purpose of instituting criminal proceedings, it was explained to the United States authorities at the Conference in 1926 and has been brought to their notice on several occasions since that the British authorities would not be prepared to give the United States authorities copies of papers which show the names of individual consignors

<sup>49</sup> *Ante*, pp. 47 and 48.

or consignees or gave detailed particulars of individual consignments. As a case in point I enclose a copy of a letter of the 27th November, 1929<sup>50</sup> from Mr. Bertenshaw of the Customs Office to the United States Consul General in London about certain shipments of liquor to St. Pierre and Montreal. Moreover, our reluctance to supply particulars of individual consignments was responsible, as you will no doubt recollect, for the arrangement about "interesting cargoes",<sup>51</sup> and from the Acting Colonial Secretary's reply you will observe that if any of the vessels about which particulars were requested had cleared foreign with cargoes of liquor from one of the ports of Nassau, the usual information regarding the date of clearing of vessels carrying "interesting cargoes" would have already been supplied to the United States Consulate. Although we agree that the reference in the Acting Colonial Secretary's letter to instructions issued prior to the 1926 Agreement was misleading, it would nevertheless appear that he was substantially correct in the line which he took. If finally the United States Consul had returned to the charge as he was practically invited to do in the last paragraph of the Acting Colonial Secretary's letter with an explanation that the information was for the purpose of instituting criminal proceedings, the Bahamas Government would of course have co-operated with a view to affording the United States authorities all relevant evidence that could properly be supplied.

The Governor of the Bahamas adds that he has taken an opportunity of having a friendly conversation with the United States Consul, during which the question of co-operation between the Bahamas Government and the United States Consulate in regard to the liquor traffic was frankly discussed. The Governor then explained to the United States Consul the reasons, as set forth above, which had prompted the Acting Colonial Secretary's letter, and at the same time assured him that the Bahamas Government was anxious fully to live up to the spirit of the 1926 report. In so doing he also expressed the wish that on any future occasion the United States Consul should come to see him personally and informally in the first instance if he had any reason to believe that he was not being supplied

---

<sup>50</sup> Not printed.

<sup>51</sup> The "interesting cargoes" arrangement, effected through an exchange of notes between the United States and Great Britain and put into effect on June 6, 1930, was intended as an aid in detecting shipments of liquor destined for smuggling into the United States. By the terms of the arrangement the British Collector of Customs at Leith, Scotland, was to inform the American Consulate at Edinburgh of the departure of vessels with cargoes of not less than 500 gallons or cases. This information, strictly confidential in nature, was to consist of the name of the vessel, its destination and date of clearance, and the disclosure that it carried an "interesting cargo."

with information he was entitled to receive. We understand, therefore, that this matter is now satisfactorily settled.

Yours ever,

R. L. CRAIGIE

AGREEMENT BETWEEN THE UNITED STATES AND GREAT BRITAIN  
TO SUBMIT TO AN AMERICAN COMMISSION CLAIMS ARISING  
FROM USE OF BRITISH INVENTIONS <sup>52</sup>

811.54241/86

*The Ambassador in Great Britain (Dawes) to the Secretary of State*

No. 3285

LONDON, January 8, 1929.

[Received January 18.]

SIR: I have the honor to refer to the Department's instructions No. 1293 of February 15, 1928, and No. 1323 of March 2, 1928,<sup>53</sup> in connection with the claims of British inventors against the United States Government, and to state that on January 4th the Counselor of this Embassy was asked to call at the Foreign Office and a note with enclosure, copies of which are transmitted herewith, were handed to him. The hope was expressed that the information contained therein supplied all the data desired by the American authorities.

In the conversation regarding these claims with several officers of the Foreign Office, reference was made to the friendly spirit of the negotiations between Sir John Broderick of the British Embassy and Mr. Phenix of the State Department, and these officers expressed their opinion that the State Department's note, dated July 23, 1928,<sup>54</sup> in reply to Sir John Broderick's Memorandum of January 5, 1928,<sup>55</sup> deviated from this spirit in its phraseology and the purely legal points of view set forth therein, more especially in view of the last paragraph of the exchange of notes of May 19, 1927.<sup>56</sup>

I have [etc.]

For the Ambassador:

RAY ATHERTON

*Counselor of Embassy*

<sup>52</sup> For previous correspondence on this subject, see *Foreign Relations*, 1928, vol. II, pp. 997 ff.

<sup>53</sup> Neither printed.

<sup>54</sup> *Foreign Relations*, 1928, vol. II, p. 1000.

<sup>55</sup> *Ibid.*, p. 997.

<sup>56</sup> *Ibid.*, 1927, vol. II, p. 750.

[Enclosure]

*The Head of the American Department, British Foreign Office  
(Craigie), to the American Chargé (Atherton)*

No. A 8366/416/45

[LONDON,] 31 December, 1928.

MY DEAR ATHERTON: You will remember that on February 27th and March 12th last you wrote to me in connexion with the claims of British inventors against the United States Government, seeking certain information in regard to the application of patent law in this country. I now have pleasure in enclosing a memorandum<sup>57</sup> replying to the queries contained in your letters, together with one copy each of the First and Second Reports of the Royal Commission on Awards to Inventors,<sup>58</sup> which I think you will find of interest, particularly paragraphs 13, 14 and 33-38 of the First Report, and 12-14 of the Second Report.

I much regret that there should have been so long a delay in replying to your letters. This was due in part to the technicalities of the issues raised, but I should have been in a position to answer you some months ago had it not been for the State Department note of July 23rd last to Sir Esme Howard in which the Ambassador was informed in categorical terms that the United States Government were unable to consider our suggestion that some body akin to the Royal Commission on Awards to Inventors should be set up to deal both with patented and unpatented claims of British inventors. While I have no intention of troubling you with this aspect of the question, I may say that we agree with the Department of State that British claimants in respect of patented inventions enjoy facilities for prosecuting their claims in the United States. As regards unpatented inventions, however, we feel that British subjects are under grave disabilities as matters stand at present, and in this connexion we are supplying Sir Esme Howard with some new facts upon which to base further conversations with the authorities in Washington. I feel confident that when the State Department have had the opportunity to reconsider the matter in the light of this further information, we will experience no difficulty in disposing of these outstanding claims in a manner satisfactory to both Governments.

Yours very sincerely,

R. L. CRAIGIE

---

<sup>57</sup> Not printed.

<sup>58</sup> Great Britain, Cmd. 1112 (1921), Cmd. 1782 (1922).



811.54241/104

*The Assistant Secretary of State (Castle) to the Under  
Secretary of State (Cotton)*

[WASHINGTON,] August 14, 1929.

MR. COTTON: Mr. Hurley, Assistant Secretary of War, had a conference with me Monday on the matter of certain British patent claims. He brought with him Colonel McMullen, who has been handling claims in the War Department and I called in Mr. Vallance who has handled them for us under Hackworth. Most of the British claims have been settled, as you probably know, under the Dent law.<sup>59</sup> The Judge Advocate General of the Army holds, however, that these so-called patent claims are not covered by the law. Mr. Daugherty, when he was Attorney General, also ruled that they were not so covered. There are 16 of these claims for the use by the American Army and Navy of certain British inventions patented in England but not in this country. According to the statute of limitation I suppose we are not bound any longer to pay any of the claims, but I feel strongly that they should be paid as a matter of grace if we can arrive at proper amounts. Mr. Vallance says that he has no sympathy with them because we did not pay our own Army people for inventions made by them which were used by the United States. I told him that I did not agree with this since it seemed to me that an invention made by an American Army Officer, for example, which might help in winning the War was owed by such an officer to the Government without compensation, but that, on the other hand, a British officer did not equally owe his invention to the American Government. I pointed out also that American inventions used by the British have been paid for. Colonel McMullen said that he felt we could get out of the whole business at not over \$250,000. In all cases arrangements for the use of these inventions were made with the British Government as General Pershing refused to deal with individuals. In most cases, also, the British are unable to claim any specific amounts because they do not know to what extent the invention was used. In one case at least there was a definite contract that we would pay 6 d. for every British made Brodie helmet used. How we have got out of paying that I do not know except that we have just not done it. The decision of the Conference was that I should find out from the British Ambassador whether the British would be willing, for the sake of getting the matter cleaned up, to give a definite understanding that findings made in the individual cases by the American

---

<sup>59</sup> 40 Stat. 1273.

Government would be final. This same arrangement<sup>60</sup> was made in the so-called Bowling claims and there was not any trouble. If the British will make this agreement, the War Department will get authority from the President for Colonel McMullen, possibly with one or two assistants, to secure from the various Departments the papers necessary to make a real estimate of the claims. After the amount has been made up, it will be referred by the Secretary of War, and presumably by the Secretary of the Navy, to the President for reference to Congress. Of course, we cannot promise that Congress will be willing to appropriate the money, but judging by the past I think Congress would act favorably. It is certainly a strong argument that similar claims on the part of America have already been paid by the British.

W[ILLIAM] R. C[ASTLE], JR.

---

811.54241/99

*The Secretary of State to the Ambassador in Great Britain (Dawes)*

WASHINGTON, September 4, 1929.

SIR: The Department has received your No. 148, of August 12, 1929, with enclosure,<sup>61</sup> in further relation to claims of the British Government against the United States for inventions alleged to have been delivered by the British Government to American officers during the World War.

Copies of your despatch and its enclosures have been sent to the War and Navy Departments and the Departments of Justice and Commerce, with requests for expressions of the views of the Department of Justice and the Navy Department.

The Department desires to receive definite assurances that no claims are outstanding in addition to the claims of record in notes exchanged by the respective governments. The Department also desires to know whether the British Government will agree in advance to accept the findings of a tribunal organized by the United States as a final adjudication of the amounts, if any, due from the United States, and with the understanding that the awards would be submitted to Congress for action, without guarantee that they would be paid.

I am [etc.]

For the Secretary of State:  
WILLIAM R. CASTLE, JR.

---

<sup>60</sup> See article I of the agreement effected by an exchange of notes on May 19, 1927, between the Secretary of State and the British Ambassador, *Foreign Relations*, 1927, vol. II, p. 750.

<sup>61</sup> Neither printed.

811.54241/106

*The British Secretary of State for Foreign Affairs (Henderson) to the American Ambassador in Great Britain (Dawes)*<sup>62</sup>

No. A 925/135/45

[LONDON,] 10 February, 1930.

YOUR EXCELLENCY: I have the honour to refer to Mr. Belin's letter of the 14th September last<sup>63</sup> to Mr. Thompson regarding the claims of certain British inventors against the United States Government, and in reply to state that I am now in possession of the views of the competent departments of His Majesty's Government on the questions raised in the above communication.

2. In the first place, besides the claims of Commander Gwynne, Mr. Sturgeon, Mr. H. J. Taylor, Captain Osborne, R. N., Lieutenant Kilroy, Lieutenant Colonel Newton and Mr. J. L. Brodie which have already been recorded in notes exchanged between His Majesty's Embassy in Washington and the State Department,<sup>64</sup> His Majesty's Government have knowledge of six other possible claims of the same character: a claim of Mr. T. Graham and Sir E. H. Tennyson d'Eyncourt in respect of a design for fabricated ships sent to the Emergency Fleet Corporation in Washington in 1918, a claim of Sir James Henderson in respect of Firing Gear invented by him, a claim of Messrs. Thornycroft and Company, Limited, in respect of Depth Charge Throwers, a claim of Mr. P. L. H. Davis in respect of navigational tables, and a claim of Lieutenant Davidson, R.N.V.R., in respect of a system of cyphering invented by him. Finally, with regard to the claim of Commanders Riley, Sherman and Mock in respect of Mines and Depth Charges invented by them, it is understood that while thirty thousand dollars have been paid to these officers by the United States Government, dispute exists as to whether this payment covered both war-time and post-war use or only the latter.

3. His Majesty's Government are prepared to accept the findings of a tribunal organised by the United States Government to examine these claims for final adjudication and, while they cannot bind the individual claimants to accept the awards, they undertake not to re-open through the diplomatic channel any claims so adjudicated and, in cases where an award is made, paid. His Majesty's Government further understand that the awards of the tribunal would be submitted to Congress for action without guarantee that they would

---

<sup>62</sup> Copy transmitted to the Department by the Ambassador under covering despatch No. 653 of February 11, 1930; received February 26.

<sup>63</sup> Not found in Department files.

<sup>64</sup> Not printed.

be paid; nevertheless His Majesty's Government would not consider themselves debarred from further diplomatic representations should Congress fail to give effect to the awards of the tribunal. His Majesty's Government feel confident, however, that this is an unlikely contingency, as they assume that in the event of awards being submitted to the legislature for payment, the United States Government would use their best endeavours to obtain the necessary appropriations.

4. Though they cannot affect the liberty of the individual claimants to make claims, His Majesty's Government are prepared to give an assurance that they will not press any claims diplomatically other than those mentioned in the second paragraph of this note, with the exception of claims (if any) which have, without the cognizance of His Majesty's Government, already been presented to the United States Government direct.

I have [etc.]

(For the Secretary of State)

T. M. SNOW

811.54241/119

*Major William W. Dick of the Office of the Adjutant General to  
Lieutenant Colonel Joseph I. McMullen of the Office of the  
Judge Advocate General*<sup>65</sup>

WASHINGTON, July 7, 1932.

Subject: Establishment in the War Department of a commission to hear and determine Patent Claims of certain British Nationals.

1. Under authority of Section 3 of the Act of Congress, approved March 2, 1919 (40 Stat. 1273), there is hereby constituted in the War Department, a commission to be known as "The Commission for Adjustment of British Claims", composed and charged with duties and invested with powers as hereinafter described.

2. The following personnel is designated to constitute the commission:

Lieutenant Colonel Joseph I. McMullen, J.A.G.D., chairman.

Honorable Charles B. Rugg, Assistant Attorney General, Member and Legal Adviser.

Honorable Harvey H. Bundy, Assistant Secretary of State, Member.

Lieutenant Commander Robert A. Lavender, U. S. Navy, Member.

Major George P. Hill, J.A.G.D., Assistant Legal Adviser.

Captain Thomas H. Green, J.A.G.D., Secretary.

<sup>65</sup> Copy transmitted to the Department of State by the Adjutant General's office, July 7, 1932; received July 8.

3. The officers of the Army detailed on this commission will perform the duties required of them in addition to their other duties.

4. The assignment of Mr. Rugg, Mr. Bundy, and Lieutenant Commander Lavender has been concurred in by The Attorney General, The Secretary of State and The Secretary of the Navy, respectively.

5. It shall be the duty of the commission to hear and determine claims of British Nationals arising out of the acceptance and/or use by the United States of their patents, inventions, or designs during the World War; the claims in question being limited to those claims which have been agreed upon in the correspondence between the British Government and the Department of State.

6. The commission shall have all powers necessary and incident to the proper performance of its duties and shall adopt its own methods of procedure and rules and regulations for its conduct. The office of the commission shall be in the City of Washington, but hearings may also be had in such other places as may be expedient and necessary for the proper performance of its duties.<sup>66</sup>

7. All members of the commission, and the Assistant Legal Adviser and the Secretary thereof, shall have authority to administer oaths to witnesses, testifying or deposing in the course of any investigation, proceeding or hearing, in accordance with Section 183, Revised Statutes of the United States as amended.

8. The commission shall fix the time and place for hearings and shall serve notice thereof upon all parties thereto, or their representatives, who shall be entitled to be heard and present evidence. The act of a majority of the members of the commission, when in session as a commission, shall be deemed to be the act of the commission; but, in the course of any investigation undertaken by the commission, any member or members shall have power to examine witnesses and to receive evidence and to report the same to the commission.

9. The findings and decisions of the commission shall be final and conclusive, subject only to review by the Secretary of War.

10. A full and complete record shall be kept of all proceedings, hearings and testimony, and all testimony shall be recorded by a reporter. Copies of all findings, including the findings on questions of fact, and the commission's decision, duly certified, shall be served upon the parties or their attorneys and a copy shall be transmitted to the Secretary of War. Upon termination of its duties the commission shall render to the Secretary of War a report containing a full and complete account of its transactions and proceedings.

11. Request for employment or detail of the necessary clerical assistance will be made to the Secretary of War. Stationery and office

---

<sup>66</sup> The hearings of the commission were held in London, August 3-12, 1932.

supplies will be furnished by the Supply Division of the War Department.

12. The necessary expenses of the Commission will be paid from an appropriation provided in the Second Deficiency Act, Seventy-Second Congress, First Session, under the head "Office of The Judge Advocate General".<sup>67</sup>

By order of the Secretary of War:  
WM. W. DICK

---

[This Commission, which completed its hearings August 12, 1932, awarded claims to the British inventors totaling \$255,500 (811.54241/135½). At the request of President Hoover, an appropriation covering this amount was made a part of the Second Deficiency Act of March 4, 1933 (House Document No. 557, 72d Cong., 2d sess., 47 Stat. 1614).]

---

#### COOPERATION BETWEEN BRITISH NORTH BORNEO AND THE PHILIPPINE ISLANDS IN THE PROTECTION OF TURTLE FISHERIES

811b.628/6

*The British Ambassador (Lindsay) to the Secretary of State*

No. 61

WASHINGTON, March 4, 1931.

SIR: I have the honour to inform you that the Governor of British North Borneo, at the instance of the British North Borneo Chartered Company, has been taking steps to preserve the hawksbill turtle fisheries under his jurisdiction. A *Gazette* Notification of 1927 prohibited the sale or purchase of immature turtle shell and further *Gazette* Notifications of the following year prohibited the use of line and sinker for the capture of turtles and the capture or destruction of hawksbill turtles for a period of twelve months as from January 1st, 1929, it being the intention of the Government of North Borneo when the close season for 1929 was declared to declare a close season each alternate year for the next six years.

In order to carry out with a greater measure of success the steps thus taken to preserve the hawksbill turtle fisheries, the North Borneo Chartered Company would be glad to learn whether there is a possibility of the United States authorities in the Philippines being willing to cooperate in this matter by declaring in their southern waters a close season at the same time as in North Borneo and by prohibiting in their waters the use of line and sinker and the sale or purchase of immature turtle shell.

<sup>67</sup> 47 Stat. 540.

A copy of a report by Mr. James Hornell, F.L.S., F.R.A.I., late Director of Fisheries to the Government of Madras, on the turtle fisheries of the Seychelles Islands is enclosed herewith<sup>68</sup> for the information of the United States Government.

I have [etc.]

R. C. LINDSAY

811b.628/10

*The Acting Secretary of State to the British Chargé (Osborne)*

WASHINGTON, August 5, 1931.

SIR: With reference to previous correspondence regarding the question of the cooperation of the United States authorities in the Philippines in the steps taken by the Governor of British North Borneo to preserve the hawksbill turtle fisheries, I desire to inform you that a communication has been received from the Office of the Governor General of the Philippine Islands indicating the willingness of the Philippine authorities to cooperate with the Governor of British North Borneo in this matter and requesting copies of laws and regulations in force in British North Borneo for use in drafting suitable regulations by the Government of the Philippine Islands.

The copy of "The Turtle Fisheries of the Seychelles Islands" by James Hornell is returned herewith.

Accept [etc.]

For the Acting Secretary of State:  
HARVEY H. BUNDY

811b.628/13

*The British Ambassador (Lindsay) to the Secretary of State*

No. 212

WASHINGTON, June 24, 1932.

SIR: With reference to Mr. Osborne's note to the Acting Secretary of State, No. 296 of the 2nd September last,<sup>69</sup> regarding the desire of the British North Borneo Company to secure the co-operation of the United States authorities in the Philippine Islands to preserve the hawksbill turtle fisheries, I have the honour to inform you that the British North Borneo Company have suggested that 1933 should be observed by the Government of the Philippine Islands and the Government of North Borneo as a close season and thereafter every alternate year unless and until it is agreed by both Governments to vary this procedure. I am to enquire whether this proposal is agree-

<sup>68</sup> Not found in Department files.

<sup>69</sup> Not printed.

able to the United States Government and whether the authorities in the Philippine Islands will co-operate in putting it into effect.

I should also be grateful if the competent authorities in the Philippine Islands might be informed of the following further measures of protection that are being brought into force in North Borneo as from the date of their publication in the May issue of the *Official Gazette*:—

- (a) Prohibition on the killing or capture of female hawksbill turtles going up to lay.
- (b) Prohibition on the killing of hawksbill turtles under 24 inches long.

A copy of the *Gazette* notification is enclosed.<sup>70</sup>

I have [etc.]

R. C. LINDSAY

811b.628/19

*The Secretary of State to the British Ambassador (Lindsay)*

WASHINGTON, November 22, 1932.

EXCELLENCY: I have the honor to refer to your note No. 61, dated March 4, 1931, and to subsequent correspondence relative to the preservation of the hawksbill turtle fisheries in the waters adjacent to British North Borneo and the Philippine Islands, and to transmit herewith material, as listed below, indicative of the present position of the Government of the Philippine Islands:

1. Copy of transmitting letter, dated November 15, 1932, from the Secretary of War;<sup>70</sup>
2. Copy of letter, dated October 4, 1932, from the Secretary of the Philippine Department of Agriculture and Natural Resources;
3. Explanatory note to and text of Bill No. 1694, Ninth Philippine Legislature, Second Session.<sup>71</sup>

It will be noted that Article VIII of the draft bill constitutes the amendments referred to in Mr. Alunan's letter of October 4, 1932, which are designed to create authority for his Department to issue rules and regulations for the protection of hawksbill turtle fisheries.

Accept [etc.]

For the Secretary of State:

W. R. CASTLE, JR.

<sup>70</sup> Not printed.

<sup>71</sup> Neither document found in Department files.



[Enclosure]

*The Secretary of the Philippine Department of Agriculture and Natural Resources (Alunan) to the Governor General of the Philippine Islands (Roosevelt)*

MANILA, October 4, 1932.

SIR: Referring to the request of the British Embassy at Washington, D. C., coursed thru the United States Departments of State and War, that the Government of the Philippine Islands cooperate with the Government of British North Borneo to preserve the hawksbill turtle fisheries, the papers regarding which request were forwarded to this Department by your second indorsements dated October 19, 1931, and August 25, 1932, I have the honor to state that this Office can not at present give the desired cooperation effectively, in view of a recent opinion of the Attorney-General to the effect that there is no law authorizing this Department to issue rules and regulations for the protection of hawksbill turtles. In view of this situation, this Department has prepared suitable provisions regarding the hawksbill turtle fisheries to be inserted as amendments to House Bill No. 1694 entitled "An Act to amend and compile the laws relating to fish and other aquatic resources of the Philippine Islands, and for other purposes", now pending action in the Legislature. As soon as the said bill is enacted into law, this Department intends to issue the necessary rules and regulations for the purpose of an effective protection of the hawksbill turtle fisheries, in cooperation with the government authorities of British North Borneo.

A copy of House Bill No. 1694 embodying the amendments suggested by this Office is herewith enclosed.<sup>72</sup>

Very respectfully,

RAF. R. ALUNAN

<sup>72</sup> Not found in Department files. Act No. 4003 of the Philippine Legislature entitled "An Act to amend and compile the laws relating to fish and other aquatic resources of the Philippine Islands, and for other purposes" was approved December 5, 1932. (811b.628/26)

## CANADA

### UNPERFECTED TREATY BETWEEN THE UNITED STATES AND CANADA RELATING TO THE GREAT LAKES-ST. LAWRENCE DEEP WATERWAY, SIGNED JULY 18, 1932<sup>1</sup>

#### *Report of Joint Board of Engineers (Reconvened) on Improvement of the International Section of the St. Lawrence River*<sup>2</sup>

1. A joint board of engineers, consisting of 6 members, 3 representing the United States and 3 representing Canada, was set up by order of the United States War Department, dated April 2, 1924, and by order-in-council of the Canadian Government, dated May 7, 1924.<sup>3</sup> This joint board was asked to review a previous report on the St. Lawrence Deep Waterway made by Col. W. P. Wooten, representing the United States, and the late W. A. Bowden, representing Canada.<sup>4</sup> This board was also asked to extend its inquiries to certain additional matters relevant to proposals made by the international joint commission in a report dated December 19, 1921,<sup>5</sup> under instructions from both Governments.

2. That joint board, under date of November 16, 1926, presented a comprehensive report on the matters referred to it. The report was later accompanied by appendixes A to G, inclusive, and was printed in both countries.<sup>6</sup>

3. The membership of the United States section at that time consisted of the late Lieut. Gen. Edgar Jadwin, then Chief of Engineers, Col. William Kelly, Corps of Engineers, and Brig. Gen. G. B. Pillsbury, then colonel, Corps of Engineers.

4. The membership of the Canadian section consisted of Duncan W. McLachlan, of the Department of Railways and Canals, Dr.

---

<sup>1</sup> For previous correspondence concerning the St. Lawrence waterway, see *Foreign Relations*, 1931, vol. I, pp. 892 ff.

<sup>2</sup> The report was forwarded to the Department of State by General G. B. Pillsbury on July 14, 1932 (711.42157SA29/908) and on January 19, 1933, was submitted to the Senate by President Hoover as an enclosure to the treaty signed July 18, 1932, printed *infra*. Original report not in Department files; the following text is reprinted from Senate publication Executive C, 72d Cong., 2d sess., pp. 10-14. For appendix I to the report, see *ibid.*, pp. 15-25.

<sup>3</sup> See note from the Secretary of State to the British Ambassador, April 28, 1924, *Foreign Relations*, 1924, vol. I, p. 347.

<sup>4</sup> Senate Document No. 179, 67th Cong., 2d sess.

<sup>5</sup> S. Doc. 114, 67th Cong., 2d sess.

<sup>6</sup> S. Doc. 183, 69th Cong., 2d sess., and *Report of Joint Board of Engineers on St. Lawrence Waterway Project* (Ottawa: F. A. Acland, printer to the King's Most Excellent Majesty, 1927).

Olivier O. Lefebvre, chief engineer of the Quebec Streams Commission, and Brig. Gen. Charles H. Mitchell, C. B., C. M. G., dean of the faculty of applied science, University of Toronto.

5. On January 23, 1930, the United States section of the joint board was reconstituted with Col. Harley B. Ferguson, Corps of Engineers, as chairman, and Col. E. M. Markham, and Col. G. B. Pillsbury, as members. On June 26, 1930, Maj. Eugene Reybold was detailed to replace Colonel Pillsbury.

The personnel of the Canadian section has not changed since appointment in 1924.

6. In December, 1931, the present joint board was instructed to meet and report a mutually satisfactory plan for the improvement of the international rapids section and to consider any other matters requiring attention. Since receipt of these instructions, six meetings have been held, and the questions to be dealt with have been given much consideration.

7. In March, 1932, the board was instructed to reach an agreement on a plan for early execution that would provide effectively for navigation and power requirements and at the same time recognize the special national interests in the lower St. Lawrence River to which attention has been called in previous discussions.

#### INTERNATIONAL RAPIDS SECTION

8. The board has studied the international rapids section, utilizing the great mass of data accumulated by previous boards and other agencies. Since the report of the joint board in 1926 much additional data regarding rock surfaces in the international rapids section have been obtained.

9. The Department of Railways and Canals of Canada secured a total of about 100 borings, between 1928 and 1932, at Galop Rapids, at Ogden Island, at Chrysler Island, and generally over the area between the head of Barnhart Island and the foot of Cornwall Island. In 1930 an engineering board appointed by the State of New York made 12 borings to rock near Massena Point. The records of over 1,000 borings in the international rapids section are now available. These records and investigations have enabled progress to be made which would otherwise not be possible.

10. In the present report it is deemed best to adopt the standards and unit prices set up in the joint board report of 1926 rather than introduce new unit prices for present-day construction costs. In this way schemes herein discussed may be compared with others which have been described in the 1926 report.

11. A review of governmental and other reports for the improvement of the international rapids section shows that the improvement desired can be secured in a variety of ways.

12. If improvement for navigation alone were desired, it could best be secured by a side canal between the head of Galop Rapids and the foot of Ogden Island, a pool between Ogden Island and a dam at the Long Sault Rapids, and a side canal from this pool to the river below Massena Point. This form of development would be economical as regards navigation, but would have no valuable power possibilities.

13. If a dam with short side canal and lock at Ogden Island, together with channel enlargement above, be substituted for the side canal between Galop Rapids and the foot of Ogden Island, then there is produced a double pool, or stage, project which conserves great power values. However, the area of high rock surface at Ogden Island is restricted, the river is narrow, and the character of channels below makes it impossible to concentrate at this point a usable winter head of more than about 12 feet. This head is lower than desirable on a river of the size of the St. Lawrence. The head concentration at an upper dam in such a project can be increased, however, by locating the structures at Chrysler Island (about 7 miles downstream from Ogden Island) where rock surface elevations are favorable.

If desired, the head at the upper dam could be reduced to small dimensions and the head at Barnhart Island increased to approximately the total fall of the section. Under such a plan, however, difficulty arises with regard to the elevation to be adopted for the lower pool and the head to be left at the upper or control dam. If this head be substantial, the loss of power would be considerable; if this head be small, the control of flow becomes problematical and flooding below becomes extensive.

#### PROJECT FOR A 2-STAGE DEVELOPMENT

14. A 2-stage plan with upper dam at Chrysler Island is mentioned in the report of Col. W. P. Wooten, and the late W. A. Bowden to the international joint commission in 1921.<sup>7</sup> A similar project is described in the 1926 report of the Joint Board of Engineers. Such a project was recommended in 1929 in the report of the conference of the Canadian section of this board and engineers representing the Province of Ontario.<sup>8</sup>

15. *Description.*—The Chrysler Island 2-stage plan is designed to

<sup>7</sup> S. Doc. 179, 67th Cong., 2d sess.

<sup>8</sup> *Report of Conference of Canadian Engineers on the International Rapids Section of the St. Lawrence River* (with appendix), dated December 30, 1929 (Ottawa: F. A. Acland, printer to the King's Most Excellent Majesty, 1930).

provide adequately for power and a depth of 27 feet for navigation. Its main features are as follows:

(a) A dam at Crysler Island with two power houses, one on either side of the international boundary.

(b) A dam at Barnhart Island. Two power houses, one on either side of the international boundary.

(c) A short side canal with lock on the Canadian side at Crysler Island, and a side canal with two locks on the United States side opposite Barnhart Island. These works are designed to carry deep-water navigation past the proposed power houses and dams.

(d) A free open channel south of Galop Island for navigation, together with a diversion channel through Galop Island capable of discharge control in the interest of both navigation and power.

(e) Channel enlargement between Lotus Island and Ogden Island, designed to provide at least 95,000 square feet of river section at ordinary operating levels.

(f) Various works designed to protect the interests of the towns and villages affected by the proposed improvement.

(g) A lock for passing 14-foot navigation through the dam at Crysler Island, and a similar structure near Barnhart Island to give access to the present Cornwall Canal.

(h) Provision for an additional deep water side canal and lock on the United States side at Crysler Island and for an additional deep water side canal with two locks on the Canadian side opposite Barnhart Island, should the construction of alternative navigation facilities become desirable at a future date.

16. Under this project the proposed dam and power houses at Crysler Island would be located on a solid rock sill which stands at elevations ranging from 157 to 170 feet. At this locality the river is wide enough to permit power houses, sluice gates, and a 14-foot lock to be introduced between its banks. The international boundary is in such position that the Canadian and United States power houses can be placed wholly within their respective territories. Although the plan shows the side canal and lock for deep navigation on the Canadian side of the boundary, these works could be located on the United States side without any material difference in estimated costs.

17. In the case of the lower development, the main dam, 3,800 feet long, would extend from the head of Barnhart Island to the foot of Long Sault Island, thence across the South Sault Channel to the United States mainland. The power house of each country would be located on its side of the international boundary at the foot of Barnhart Island. A connection would be provided with the Canadian mainland near Mille Roches, thus making Bergen Lake part of the headrace. The plan proposes the side canal and two locks for deep navigation on the United States side of the boundary. This side canal with locks could be located on the Canadian side at an estimated additional cost of \$4,500,000.

18. The average head ultimately available at Crysler Island, with the upper pool at elevation 241-245 and the lower pool at elevation 217 at Barnhart Island, is estimated to be 24.2 feet in summer and 19.6 feet in winter. The installed capacity for purposes of estimate is taken at 592,960 horsepower.

The average head available at Barnhart Island from pool elevation 217 is 60.4 feet in summer and 56.4 feet in winter. The installed capacity for purposes of estimate is taken at 1,607,000 horsepower.

19. The installed capacities adopted are in excess of the 24-hour power that can be produced at low-water flow and are not to be construed as indicating continuous power possibilities.

20. *Rehabilitation work.*—The construction of the work proposed at Crysler Island will raise water levels opposite the village of Iroquois and the town of Morrisburg, to elevations varying from 241 to 245. This will inundate the easterly part of Morrisburg and almost all of Iroquois. Adequate provision has been made for the rehabilitation of these communities in the estimates appended.

21. No unusual or extensive rehabilitation is required on the United States side of the river.

22. *Feasibility and estimated cost of the project.*—The joint board is of the unanimous opinion that the 2-stage plan above defined is practicable and feasible from an engineering point of view; that there is no question as to the safety of the works proposed; and that navigation requirements and power recovery are provided for adequately.

23. The estimated cost of the project is \$274,742,000. Its main features are shown on Plates 1 to 6; detail estimates are given in Appendix 1. The project will be referred to as project C-217.

Estimates are based on prices of 1926. On the basis of present-day prices, they would be substantially reduced. Actual costs will depend largely upon conditions at the time of construction.

#### GENERAL

24. In proceeding with the improvement of the international rapids section it should be recognized that, subject to mutual agreement, considerable latitude should be allowed the authority responsible for the construction of the works as regards the location of the structures and such other modifications of layout as may be advantageous. Similarly, latitude should also be allowed in fixing the level of the pool above the lower dam.

25. Any increase in the supply of water to the Great Lakes, or any decrease in diversions therefrom, must be taken into account in channel enlargement and in rules for regulation.

The control of the flow of water out of Lake Ontario into the St. Lawrence River and the regulation of the flow of water through the international section of the St. Lawrence River should be such as not injuriously to interfere with or lessen the navigable depths of water for shipping in the harbor of Montreal and throughout the navigable channel of the St. Lawrence River below Montreal, as such depths now exist or may hereafter be increased by dredging or other harbor or channel improvements.

#### THOUSAND ISLAND SECTION

26. The report of 1926 proposed a series of excavations for the improvement of the Thousand Island section at a number of separated shoals between Clayton and Brockville. These excavations were designed to provide a through channel not less than 450 feet wide between Lake Ontario and Chimney Point.

27. All work proposed east of Oak Point was in Canadian territory and practically all work west of that point in United States territory.

28. Reports of advisory committees subsequent to the publication of the joint board report, in both the United States and Canada, recommended a depth of 27 feet for this section of the St. Lawrence project.

29. In 1929 the Canadian Government undertook the excavation of channels east of Oak Point and also the removal of Haskell Shoal. In 1930 the United States Government undertook the excavation of channels west of Oak Point.

30. The work undertaken by Canada is designed to give a through channel, not less than 500 feet wide and 27 feet deep, and follows in almost all respects the alignment recommended in the 1926 joint board report. Its estimated cost is \$471,000. The work undertaken by the United States is designed to give a channel not less than 450 feet wide and 27 feet deep at an estimated cost of \$550,000. These works will provide an adequate deep waterway throughout the section.

The works described in the Thousand Island section, between Prescott and Clayton, are shown on plate 7. This is in general accordance with the works shown on plates 10 to 16, inclusive, in Appendix C of the report of November 16, 1926.

#### CONSTRUCTION PROGRAM

31. Construction work in connection with project C-217 on the international rapids section, requires the placing of 4,074,000 cubic

yards of concrete and the excavation of about 5,000,000 cubic yards of solid rock and 90,000,000 cubic yards of earth and other material. There is much preparatory and related work to be done in the construction of dams, locks, power houses and in the unwatering of sites.

32. Seven years is considered a reasonable construction period. Unforeseen conditions might require a longer period. Latitude in the matter of preparing a program should be vested in the authority in charge of construction.

United States section:	H. B. FERGUSON <i>Colonel, Corps of Engineers</i>
	EDWARD M. MARKHAM <i>Colonel, Corps of Engineers</i>
	EUGENE REYBOLD <i>Major, Corps of Engineers</i>
Canadian section:	D. W. McLACHLAN O. LEFEBVRE C. H. MITCHELL

MONTREAL, April 9, 1932.

---

*Unperfected Treaty Between the United States of America and Canada Relating to the Great Lakes—St. Lawrence Deep Waterway, Signed at Washington, July 18, 1932*<sup>9</sup>

The President of the United States of America and His Majesty the King of Great Britain, Ireland and the British dominions beyond the Seas, Emperor of India, in respect of the Dominion of Canada,

Recognizing that the construction of a deep waterway, not less than twenty-seven feet in depth, for navigation from the interior of the Continent of North America through the Great Lakes and the St. Lawrence River to the sea, with the development of the water-power incidental thereto, would result in marked and enduring benefits to the agricultural, manufacturing and commercial interests of both countries, and

Considering further that the project has been studied and found feasible by the International Joint Commission, the Joint Board of Engineers, and by national advisory boards, and

Recognizing the desirability of effecting a permanent settlement of the questions raised by the diversion of waters from or into the Great Lakes System, and

---

<sup>9</sup> Submitted to the Senate by President Hoover on January 19, 1933. On a formal vote, taken March 14, 1934, the treaty failed to receive the necessary two-thirds majority, the vote being 46 in favor of and 42 opposed to its acceptance (*Congressional Record*, vol. 78, pt. 4, pp. 4474-4475). Withdrawn from the Senate by President Truman on April 8, 1947 (S. Ex. M, 80th Cong., 1st sess.).



Considering that important sections of the waterway have already been constructed, and

Taking note of the declaration of the Government of Canada of its intention to provide, not later than the date of the completion of the deep waterway in the international section of the St. Lawrence River, for the completion of the New Welland Ship Canal, and of canals in the Soulanges and Lachine areas of the Canadian section of the St. Lawrence River which will provide essential links in the deep waterway to the sea, and

Taking note of the declaration of the Government of the United States of its intention to provide, not later than the date of the completion of the deep waterway in the international section of the St. Lawrence River, for the completion of the works in the Great Lakes System above Lake Erie which will provide essential links in the deep waterway to the sea,

Have decided to conclude a Treaty for the purpose of ensuring the completion of the St. Lawrence Waterway project, and for the other purposes aforesaid, and to that end have named as their respective plenipotentiaries:

The President of the United States of America:

Henry L. Stimson, Secretary of State of the United States of America;

His Majesty the King of Great Britain, Ireland and the British dominions beyond the Seas, Emperor of India, for the Dominion of Canada:

The Honorable William Duncan Herridge, P. C., D. S. O., M. C., His Envoy Extraordinary and Minister Plenipotentiary for Canada in the United States of America;

Who, after having communicated to each other their full powers, found in good and due form, have agreed upon the following Articles:

#### PRELIMINARY ARTICLE

In the present Treaty, unless otherwise expressly provided, the expression:

(a) "International Joint Commission" means the commission established pursuant to the provisions of the Boundary Waters Treaty of 1909;<sup>10</sup>

(b) "Joint Board of Engineers" means the board appointed pursuant to an agreement between the Governments following the recommendation of the International Joint Commission, dated the 19th December, 1921, and the "final report of the Joint Board of Engineers" means the report dated the 9th April, 1932;

<sup>10</sup> *Foreign Relations*, 1910, p. 532.

(c) "Great Lakes System" means Lakes Superior, Michigan, Huron, Erie and Ontario, and the connecting waters, including Lake St. Clair;

(d) "St. Lawrence River" means the river known by that name and includes the river channels and the lakes forming parts of the river channels from the outlet of Lake Ontario to the sea;

(e) "international boundary" means the international boundary between the United States of America and Canada as established by existing treaties;

(f) "International Section" means that part of the St. Lawrence River through which the international boundary line runs and which extends from Tibbetts Point at the outlet of Lake Ontario to the village of St. Regis at the head of Lake St. Francis;

(g) "Canadian Section" means that part of the St. Lawrence River which lies wholly within Canada and which extends from the easterly limit of the international section to the Montreal Harbor;

(h) "Thousand Islands Section" means the westerly portion of the international section extending from Tibbetts Point to Chimney Point;

(i) "International Rapids Section" means the easterly portion of the international section extending from Chimney Point to the village of St. Regis;

(j) "Governments" means the Government of the United States of America and the Government of the Dominion of Canada;

(k) "countries" means the United States of America and Canada.

#### ARTICLE I

With respect to works in the International Section, Canada agrees, in accordance with the project described in the final report of the Joint Board of Engineers,

(a) to construct, operate and maintain the works in the Thousand Islands Section below Oak Point;

(b) to construct, operate and maintain a side canal with lock opposite Chrysler Island;

(c) to construct the works required for rehabilitation on the Canadian side of the international boundary.

#### ARTICLE II

With respect to works in the International Section, the United States agrees, in accordance with the project described in the final report of the Joint Board of Engineers,

- (a) to construct, operate and maintain the works in the Thousand Islands Section above Oak Point;
- (b) to construct, operate and maintain a side canal with locks opposite Barnhart Island;
- (c) to construct the works required for rehabilitation on the United States side of the International boundary.

### ARTICLE III

The High Contracting Parties agree to establish and maintain a temporary St. Lawrence International Rapids Section Commission, hereinafter referred to as the Commission, consisting of ten members, five to be appointed by each Government, and to empower it to construct the works in the International Rapids Section included in the project described in the final report of the Joint Board of Engineers (not included in the works provided for in Articles I and II hereof, and excluding the power house superstructures, machinery and equipment required for the development of power) with such modifications as may be agreed upon by the Governments, out of funds which the United States hereby undertakes to furnish as required by the progress of the works, and subject to the following provisions:

(a) that the Commission, in accordance with the provisions of Schedule A, attached to and made a part of this Treaty, shall be given the powers that are necessary to enable it to construct the assigned works;

(b) that, in so far as is possible in respect to the works to be constructed by the Commission, the parts thereof within Canadian territory, or an equivalent proportion of the total of the works, shall be executed by Canadian engineers and Canadian labor and with Canadian material; and, in so far as is possible, the remaining works shall be executed by United States engineers and United States labor and with United States material; and the duty of carrying out this division shall rest with the Commission;

(c) that the Parties may arrange for construction, in their respective territories, of such power house superstructures, machinery and equipment as may be desired for the development of water power;

(d) that, notwithstanding the provisions of Article IX, the Commission shall be responsible for any damage or injury to persons or property resulting from construction of the works by the Commission, or from maintenance or operation during the construction period;

(e) that, upon completion of the works provided for in this Article, the Parties shall maintain and operate the parts of the works situate in their respective territories.

## ARTICLE IV

The High Contracting Parties agree:

(a) that the quantity of water utilized during any daily period for the production of power on either side of the international boundary in the International Rapids Section shall not exceed one-half of the flow of water available for that purpose during such period;

(b) that, during the construction and upon the completion of the works provided for in Article III, the flow of water out of Lake Ontario into the St. Lawrence River shall be controlled and the flow of water through the International Section shall be regulated so that the navigable depths of water for shipping in the Harbor of Montreal and throughout the navigable channel of the St. Lawrence River below Montreal, as such depths now exist or may hereafter be increased by dredging or other harbor or channel improvements, shall not be lessened or otherwise injuriously affected.

## ARTICLE V

The High Contracting Parties agree that the construction of works under the present Treaty shall not confer upon either of the High Contracting Parties proprietary rights, or legislative, administrative or other jurisdiction in the territory of the other, and that the works constructed under the provisions of this Treaty shall constitute a part of the territory of the country in which they are situated.

## ARTICLE VI

The High Contracting Parties agree that they may, within their own respective territories, proceed at any time to construct alternative canal and channel facilities for navigation in the International Section or in waters connecting the Great Lakes, and that they shall have the right to utilize for this purpose such water as may be necessary for the operation thereof.

## ARTICLE VII

The High Contracting Parties agree that the rights of navigation accorded under the provisions of existing treaties between the United States of America and His Majesty shall be maintained, notwithstanding the provisions for termination contained in any of such treaties, and declare that these treaties confer upon the citizens or subjects and upon the ships, vessels and boats of each High Contracting Party, rights of navigation in the St. Lawrence River, and the Great Lakes System, including the canals now existing or which may hereafter be constructed.

## ARTICLE VIII

The High Contracting Parties, recognizing their common interest in the preservation of the levels of the Great Lakes System, agree:

(a) 1. that the diversion of water from the Great Lakes System, through the Chicago Drainage Canal, shall be reduced by December 31st, 1938, to the quantity permitted as of that date by the decree of the Supreme Court of the United States of April 21st, 1930;<sup>11</sup>

2. in the event of the Government of the United States proposing, in order to meet an emergency, an increase in the permitted diversion of water and in the event that the Government of Canada takes exception to the proposed increase, the matter shall be submitted, for final decision, to an arbitral tribunal which shall be empowered to authorize, for such time and to such extent as is necessary to meet such emergency, an increase in the diversion of water beyond the limits set forth in the preceding sub-paragraph and to stipulate such compensatory provisions as it may deem just and equitable; the arbitral tribunal shall consist of three members, one to be appointed by each of the Governments, and the third, who will be the Chairman, to be selected by the Governments;

(b) that no diversion of water, other than the diversion referred to in paragraph (a) of this Article, from the Great Lakes System or from the International Section to another watershed shall hereafter be made except by authorization of the International Joint Commission;

(c) that each Government in its own territory shall measure the quantities of water which may at any point be diverted from or added to the Great Lakes System, and shall place the said measurements on record with the other Government semi-annually;

(d) that, in the event of diversions being made into the Great Lakes System from watersheds lying wholly within the borders of either country, the exclusive rights to the use of waters equivalent in quantity to any waters so diverted shall, notwithstanding the provisions of Article IV (a), be vested in the country diverting such waters, and the quantity of water so diverted shall be at all times available to that country for use for power below the point of diversion, so long as it constitutes a part of boundary waters;

(e) that compensation works in the Niagara and St. Clair Rivers, designed to restore and maintain the lake levels to their natural range, shall be undertaken at the cost of the United States as regards compensation for the diversion through the Chicago Drainage Canal,

---

<sup>11</sup> *State of Wisconsin et al. v. State of Illinois and Sanitary District of Chicago et al.*, 281 U. S. 696. On the general matter of the Chicago diversion, see *Foreign Relations*, 1927, vol. 1, pp. 484 ff.

and at the cost of Canada as regards the diversion for power purposes, other than power used in the operation of the Welland Canals; the compensation works shall be subject to adjustment and alteration from time to time as may be necessary, and as may be mutually agreed upon by the Governments, to meet any changes effected in accordance with the provisions of this Article in the water supply of the Great Lakes System above the said works, and the cost of such adjustment and alteration shall be borne by the Party effecting such change in water supply.

#### ARTICLE IX

The High Contracting Parties agree:

(a) that each Party is hereby released from responsibility for any damage or injury to persons or property in the territory of the other, which may be caused by any action authorized or provided for by this Treaty;

(b) that they will severally assume responsibility and expense for the acquisition of any lands or interests in land in their respective territories which may be necessary to give effect to the provisions of this Treaty.

#### ARTICLE X

This Treaty shall be ratified in accordance with the constitutional methods of the High Contracting Parties. The ratifications shall be exchanged in Washington or in Ottawa as soon as practicable and the Treaty shall come into force on the day of the exchange of ratifications.

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

Done at the city of Washington the eighteenth day of July in the year of our Lord one thousand nine hundred and thirty-two.

[SEAL]	HENRY L. STIMSON
[SEAL]	W. D. HERRIDGE

#### SCHEDULE A

##### ST. LAWRENCE INTERNATIONAL RAPIDS SECTION COMMISSION

(a) The Commission, established under the provisions of Article III of this Treaty, shall function solely as an international commission established under, and controlled by, the terms of this Treaty. It shall not be subject, generally, to the legislative, to the executive or,

except as hereinafter provided, to the judicial authorities in either country, but it shall be subject to this and to any subsequent agreement.

(b) The modifications referred to in Article III of this Treaty shall be regarded as effective when confirmed by an exchange of notes by the Governments.

(c) The Commission shall have power to establish orders, rules or by-laws, and such orders, rules or by-laws, together with any amendments, modifications or repeals thereof, shall be effective on confirmation by an exchange of notes by the Governments.

(d) The Governments shall be entitled to inspect the plans, proposals or works under construction, and to inspect and audit the books and other records of the Commission.

(e) In order to enable the Commission effectively to perform the duties imposed upon it by this Treaty, it is agreed that the appropriate authorities in the countries will take such action as may be necessary to confer upon the Commission the following capacities, powers and liabilities:

1. all such specific capacities, powers and liabilities as are reasonably ancillary to the establishment of the Commission and the duties and functions imposed upon it by this Treaty; the subsequently enumerated capacities, powers and liabilities are not intended to restrict the generality of this clause;

2. the capacity to contract, to sue and be sued in the name of the Commission;

3. freedom from liability for the members of the Commission for the acts and liabilities of the Commission and, conversely, a general responsibility of the Commission for the acts of itself, its employees and agents, in the same manner as if the Commission were a body corporate, incorporated under the laws of either of the countries;

4. the power to obtain the services of engineers, lawyers, agents and employees generally;

5. the power to make the necessary arrangements for Workmen's Compensation either directly or with the appropriate authorities or agents in either country, so as to insure to workmen and their families rights of compensation equivalent to those which they would ordinarily receive in the Province of Ontario in respect to the parts of the works within Canadian territory, or the equivalent works as referred to in Article III(b) of this Treaty, or in the State of New York in respect to the remaining works.

(f) The Commission shall be subject to the jurisdiction of the Federal Courts of the two countries, respectively, that is to say, in respect to all questions arising out of the part of the works within Canadian territory or the equivalent works, as referred to in Article III(b) of this Treaty, the Commission shall be subject to the jurisdiction of the Exchequer Court of Canada, and, in respect to the

remaining works, to the jurisdiction of the Federal Courts of first instance in the United States; and there shall also be established rights of appeal, analogous to the appeals in similar matters from the respective courts to the appropriate tribunals in the respective countries: provided, however, that in respect of a claim made upon the Commission exceeding in amount the sum of fifty thousand dollars (\$50,000), either of the Governments, at any time after such claim has been tried and judgment entered in the appropriate court of first instance herein provided for, may cause the matter to be referred by way of appeal to an arbitral tribunal. Such reference shall be effected by notice from the Government invoking this proviso to the other Government and to the Court, given within ninety days of the entry of such judgment, and such notice shall give to the tribunal jurisdiction over the appeal, or cause any appeal already taken to be transferred to the tribunal. The tribunal shall consist of three members, all of whom must hold, or have held, high judicial office. One shall be appointed by each Government, and the third shall be selected by the two members so appointed; or, in the event of failure to agree, by the Governments jointly. The tribunal so established shall then have, in respect to such claim, exclusive final jurisdiction and its findings shall be binding upon the Commission.

(g) In view of the need for coordination of the work undertaken by the Commission and the development of power in the respective countries, the Commission shall have authority:

1. to make contracts with any agency in either country, which may be authorized to develop power in the International Section, for the engineering services necessary for the designing and construction of the power works;

2. to defer such parts of the power works as need to be constructed in conjunction with the installation of power house machinery and equipment, and to make contracts with any agency in either country, which may be authorized to develop power, for constructing such deferred parts of the power works.

(h) The remuneration, general expenses and all other expenses of the members of the Commission shall be regulated and paid by their respective Governments and all other expenses of the Commission shall be defrayed out of the funds provided under the terms of Article III of this Treaty.

(i) The Governments agree:

1. to permit the entry into their respective countries within the area immediately adjacent to the International Section, to be delimited by an exchange of notes by the Governments, of personnel employed by the Commission, and to exempt such personnel from their immigration laws and regulations within such area;



2. to exempt from customs duties, excise or sales taxes, or other imposts, all supplies and material purchased by the Commission in either country for its own use.

(j) The Commission shall continue until its duties under Article III of this Treaty have been completely performed. The Governments may, at any time, reduce its numbers, provided that there must remain an even number of members with the same number appointed by each Government. Upon completion, arrangements will be made for the termination of the Commission and the bringing to an end of its organization by agreement between the Governments.

---

**REPRESENTATIONS BY THE CANADIAN GOVERNMENT AGAINST  
THE SEIZURE OF THE CANADIAN VESSEL "JOSEPHINE K." BY  
UNITED STATES COAST GUARD**

811.114 *Josephine K.*/124

*The Assistant Secretary of the Treasury (Lowman) to the  
Secretary of State*

WASHINGTON, 31 January, 1931.

SIR: At approximately 8:15 p. m., 24 January, 1931, the Canadian oil screw *Josephine K.* of Digby, Nova Scotia, official number 152491, was seized by the United States Coast Guard patrol boat CG-145, attached to Section Base Two, Staten Island, New York, in Latitude 40° 24' 30" North, Longitude 73° 44' 18" West, 10.6 miles distant from the coast of Long Island, N. Y. The *Josephine K.*, with an unmanifested cargo of liquor, was discovered by the patrol boat CG-145 in Latitude 40° 25' 36" North, Longitude 73° 46' 74" West, 9.4 miles distant from the coast of New Jersey, in contact with and transshipping cargo to the American barge *Brooklyn* which was in tow of the American steam screw *Dauntless No. 6*. After a chase of approximately ten minutes during which the use of gunfire was made mandatory by the refusal of the *Josephine K.* to heed the Klaxon signals, blank charges and warning shots of the patrol boat, the Canadian vessel was brought to by a solid shot which registered a direct hit on the pilot house and the seizure was effected in the position first above mentioned. The registered speed of the *Josephine K.* as shown on the British register No. 152491 found on board is eleven knots.

At 8 p. m., 24 January, 1931, while the CG-145 was on patrol about 2½ miles southeast of Ambrose Channel Lightship, the commanding officer, Boatswain Karl Schmidt, sighted the American barge *Brook-*

lyn, about 200 yards distant, with a vessel of the rum-running type, without lights, on her starboard side, and a speed boat, also without lights, on the starboard quarter of the barge astern of the larger darkened boat. The searchlight revealed a number of men on the *Brooklyn* handling packages passed from the boat alongside. As soon as the presence of the patrol boat was made known by her searchlight, the small speed boat immediately got underway at high speed, heading to the northward toward Ambrose Lightship, and disappeared in the darkness. The CG-145 approached the vessel, remaining alongside the barge, with the intention of boarding her, but when within 150 feet of the boat she cast off from the barge and proceeded at full speed in a southeasterly direction toward the open sea. The running lights of the patrol boat were lighted, the Coast Guard ensign and pennant displayed at the masthead were illuminated, and the vessel was signalled to stop by Klaxon horn and shouting. Though there was no possible doubt that the rum-runner was fully aware that she had been called upon to stop by a recognized Coast Guard patrol boat, she refused to heed the signal and continued at full speed to seaward. The CG-145 then fired three blank charges from a one-pounder gun which warning signals were unheeded. Next, three one-pounder warning shots were fired across the vessel's bow but still she continued on, ignoring the warnings. It being apparent that force alone could make the vessel heave to and that unless the force were quickly applied the vessel might soon escape in the darkness, since either from superior speed or change of course the vessel was apparently drawing away from the patrol boat, two one-pounder shots were directed at the vessel to disable her.

About 8:15 p. m., the vessel stopped and as the patrol boat came alongside the vessel was identified as the *Josephine K.* of Digby, Nova Scotia. When the commanding officer boarded the *Josephine K.* he was told that a man had been injured by a shot which had struck and passed through the pilot house. Boatswain Schmidt immediately had the man, who proved to be the master, William P. Cluett, removed to the patrol boat and, leaving two of his crew aboard the *Josephine K.*, proceeded full speed for Section Base Two, Stapleton, Staten Island, the nearest source of medical aid, sending information of the injured man by radio to the Section Base with the urgent request that a doctor be despatched to meet the CG-145 and an ambulance be at the dock to convey the injured man to the hospital. At 10 p. m. the patrol boat CG-145 made contact with the patrol boat CG-100 which was speeding to the CG-145, with a medical officer of the U. S. Public Health Service and an assistant. The medical officers boarded the CG-145 and attended the injured man as the

patrol boat continued to Base Two where she arrived at 10:30 p. m. An ambulance was waiting at the dock and the wounded man was taken to the U. S. Marine Hospital at Stapleton, where a surgeon was waiting and an amputation of the right leg was performed. The patient failed to rally from the operation and died at 2:20 a. m., 25 January, 1931.

In the meantime the patrol boats CG-161 and CG-180, the patrol boat *Reliance* and the cutter *Sebago* were proceeding to the scene of seizure. The CG-180 put Boatswain Schmidt aboard the *Josephine K.*, and departed to seize the *Dauntless No. 6*. The CG-161 arrived at the *Josephine K.* at 9:50 p. m. 24 January, 1931, and anchored with the latter vessel made fast to her stern. At 1:15 a. m., 25 January, 1931, the patrol boat *Reliance* arrived at the position of the *Josephine K.*, and at 4:30 a. m., the *Sebago* arrived. Details of the seizure were completed and the position of the *Josephine K.* when seized definitely established and checked. The *Reliance* then took the *Josephine K.* in tow and proceeded to New York where the latter was subsequently delivered into the custody of the Collector of Customs and her crew held for a hearing before the United States Commissioner.

The Commander of the New York Division, U. S. Coast Guard, held an exhaustive inquiry into the circumstances of the seizure of the *Josephine K.* from January 26 to January 30. The investigation was held in open session and the British Consul General, Mr. Gerald Campbell, was present and was permitted to introduce and question witnesses. The Board of Investigation inquired into every phase of the seizure and found that there is no doubt as to the violation by the *Josephine K.* of the United States laws in force concerning the importation of alcoholic beverages; that the action of the commanding officer of the patrol boat CG-145 in boarding and seizing the *Josephine K.* was in all respects in accordance with the United States law, and the provisions of the Regulations of the U. S. Coast Guard governing the boarding of vessels and the prevention of smuggling by sea; that the death of the master of the *Josephine K.*, though extremely regrettable, was unavoidable under the circumstances and unintentional on the part of Boatswain Schmidt, being incidental to the stopping of the *Josephine K.*; that the wounded master of the *Josephine K.* was given every possible care and attention, medical aid being secured by every available means; and that the unfortunate accident in connection with the legitimate seizure of the *Josephine K.* cannot be attributed to any fault on the part of Coast Guard personnel. The record of the proceedings, findings and opinion of the Board of Investigation will be made available to the State Department at the earliest practicable moment.

Judicial proceedings ensuing from the seizures of the *Josephine K.*, her crew of ten men, and cargo of 226 sacks of contraband liquor, the American barge *Brooklyn*, her crew of three men and cargo of 1234 sacks of liquor, and the American tug *Dauntless No. 6* and crew of eight men, will be conducted by the United States Attorney for the Southern District of New York.

By direction of the Secretary,  
Respectfully,

SEYMOUR LOWMAN

811.114 *Josephine K./123*

*The Secretary of State to the Canadian Chargé (Wrong)*

WASHINGTON, January 31, 1931.

SIR: I wish to refer to your recent oral request for a report concerning the circumstances attending the arrest by the United States Coast Guard of the Canadian vessel *Josephine K.* and to enclose for your information and that of your Government, copies of a report received from the Treasury Department concerning this matter,<sup>12</sup> as well as a copy of the record of the proceedings of a Board of Investigation composed of officials of the United States Coast Guard to inquire into the facts and circumstances connected with the seizure of the *Josephine K.*<sup>13</sup>

Accept [etc.]

For the Secretary of State:  
W. R. CASTLE, JR.

811.114 *Josephine K./167*

*The Canadian Chargé (Wrong) to the Secretary of State*

No. 46

WASHINGTON, March 16, 1931.

SIR: I have the honour to refer to your note of January 31st, 1931, with which you transmitted, in response to my verbal request, a report from the United States Treasury Department concerning the circumstances attending the seizure by the United States Coast Guard of the Canadian vessel *Josephine K.* on January 24th, 1931, together with a copy of the record of the proceedings of a Board of Investigation into the same matter composed of officials of the United States Coast Guard.

I have been instructed by the Secretary of State for External Affairs of Canada to bring the following observations on this matter to the attention of the Government of the United States.

<sup>12</sup> *Supra.*

<sup>13</sup> Not printed.

It appears that the Captain of the United States Coast Guard vessel C. G. 145 opened fire with a one-pounder gun and that, as a result, the Master of the *Josephine K.* was fatally wounded. Mr. Bennett desires me to express his appreciation of the expressions of regret for the unfortunate result of this incident, which are contained in the Report of the Treasury Department and in the findings of the Board of Investigation, and also of the measures adopted by the Captain of the C. G. 145 to secure medical attention for the Master of the *Josephine K.* He regrets, however, that he cannot agree that the circumstances of the case warrant the view that the death of the Master of the *Josephine K.* was unavoidable, or with the view that the action of the Boatswain, Karl Schmidt, United States Coast Guard officer in charge of the Coast Guard Patrol Boat C. G. 145, in carrying out the orders indoctrinated by the Coast Guard, in seizing the *Josephine K.*, should be commended.

The primary question which arises is the location of the vessel. His Majesty's Government in Canada feel justified in assuming that the Government of the United States will agree that the use of force, resulting in killing a Canadian citizen on a Canadian ship on the high seas, could only be justified, if at all, by establishing circumstances that would authorize the boarding of the *Josephine K.* under the provisions of Article II of the Convention of January 23rd, 1924.<sup>14</sup> They also feel justified in assuming that the Government of the United States will agree that the burden of establishing the existence of such circumstances is upon the United States authorities, and that the existence of such circumstances must be proved beyond all reasonable doubt. The *Josephine K.*, admittedly, was on the high seas. In order to justify boarding, it must be established that the *Josephine K.* was within one hour's sailing distance from the coast of the United States. So far from establishing this distance beyond a reasonable doubt, the Report of the Treasury Department and the record of the Board of Investigation, it is submitted, establish conclusively that the *Josephine K.* was at all times more than one hour's sailing distance from the coast of the United States.

In the Report from the Treasury Department, dated January 31st, 1931, the first paragraph states:

"At approximately 8:15 p. m., 24 January, 1931, the Canadian oil screw *Josephine K.* of Digby, Nova Scotia, official number 152491, was seized by the United States Coast Guard patrol boat CG-145, attached to Section Base Two, Staten Island, New York, in Latitude 40°24'30" North, Longitude 73°44'18" West, 10.6 miles distant from the coast of Long Island, N. Y. The *Josephine K.*, with an unmani-

<sup>14</sup> *Foreign Relations*, 1924, vol. 1, p. 158.

fested cargo of liquor, was discovered by the patrol boat CG-145 in Latitude 40°25'36" North, Longitude 73°46'74" West, 9.4 miles distant from the coast of New Jersey, in contact with and trans-shipping cargo to the American barge *Brooklyn*, which was in tow of the American steam screw *Dauntless No. 6*. After a chase of approximately ten minutes, during which the use of gunfire was made mandatory by the refusal of the *Josephine K.* to heed the Klaxon signals, blank charges and warning shots of the patrol boat, the Canadian vessel was brought to by a solid shot which registered a direct hit on the pilot house and the seizure was effected in the position first above mentioned. The registered speed of the *Josephine K.* as shown on the British register No. 152491 found on board is eleven knots."

This Report apparently accepts the testimony of Boatswain Schmidt in respect to the location of the *Josephine K.* when first discovered and in respect to the location at the point of seizure. It assumes that the locations of the point of seizure and of the point of anchorage are identical, and accepts the finding of the Board of Investigation to the effect that drift is a negligible factor in this case. It rejects, completely, the testimony as to location given by Commander Birkett and Lieutenant Short of the United States Coast Guard vessel *Sebago*, who were sent to the point of anchorage for the express purpose of establishing its location. In view of the fact that these officers had instruments and other facilities for establishing location which were not available to Boatswain Schmidt, it is not easy to understand the rejection of their testimony, and particularly of the data which they have rendered available in their evidence for establishing the point of anchorage.

An examination of the evidence shows that no bearings or measurements whatsoever were taken at the point of discovery and that Boatswain Schmidt's testimony in locating it at the point in question is based entirely upon his inference that the *Josephine K.* travelled two miles in ten minutes, to the point of seizure. It is clear that when he gave his testimony he was under the impression that the *Josephine K.* was capable of making more than 12 knots per hour.

It is clearly established by the evidence that the *Josephine K.* travelled a much shorter distance than two miles between the point of original discovery and the point of seizure, for the following reasons:

First. The average speed of the *Josephine K.*, as established by speed tests conducted by the Board of Investigation on January 29th, 1931, was 9.535 knots per hour and her maximum speed 9.6 knots per hour. This would establish that the *Josephine K.* could not possibly have travelled more than 1.6 knots in the ten minutes, if she had started at full speed without change of direction to the point of seizure.

Second. Boatswain Schmidt, in the evidence at p. 24, admits that he would make less than two knots during the chase of ten minutes, in view of the fact that the course was against a flood tide.

Third. Boatswain Schmidt, in the evidence at p. 24, admits, as indeed would be common knowledge, that the Coast Guard vessel did not make full speed until about three or four minutes had elapsed. Again, at p. 26, he points out that at the beginning C. G. 145 was not making 1,200 revolutions. She was only making 600, then the speed was gradually increased to 900, then to 1,200 revolutions. It is a fair assumption that the *Josephine K.* must have had a corresponding experience and did not attain full speed until the expiration of at least three minutes. To begin with, the vessel apparently had to turn in her course in order to head in a direction south-easterly from Ambrose Light. Assuming that it took three minutes, which in any event is a minimum time to attain the maximum speed, the distance covered in the ten minutes would not be more than 1.36 miles. This is without making any allowance whatever for the fact that the chase was conducted against a flood tide.

It is not intended to concede that the Treasury Department is justified in rejecting the data established by the *Reliance* and *Sebago* and in accepting, instead, that of Boatswain Schmidt, which is the only evidence on record which is put forward as justifying the action. The records of observations made by the *Sebago*, as set forth in the evidence, have been examined by technical officers of the Government of Canada. They have reported that on plotting the visual and radio bearings it was found that both produced poor intersections, the former being the better, but that two visual bearings to Ambrose Light Ship and Navesink Light and the radio bearing from Sandy Hook gave an almost perfect intersection, which has been accepted as the anchored position of the *Josephine K.* This position is distant from the Long Island and New Jersey coasts 11.5 and 11.6 miles, respectively. Traced from this point the probable position of the *Josephine K.* when first discovered would be not more than 11.0 and not less than 10.7 miles from the Long Island coast, and not more than 10.9 and not less than 10.4 miles from the coast of New Jersey. It thus appears that the *Josephine K.* must have been, at all times, at a greater distance from the coast of the United States than the vessel could have traversed in an hour.

In view of these circumstances, it is established beyond all possible doubt on the basis of the testimony given at the Investigation, that the point of original discovery must necessarily have been more than an hour's sailing from the shore, and consequently that the whole of the action, including the signals to stop, the warning shots and the shots that struck the *Josephine K.*, was illegal and not justified in any way.

It is observed that the Report of the Board of Investigation to the Treasury Department proceeds upon the assumption that the jurisdiction exercised by the Coast Guard extended twelve nautical miles from the shore. Whatever may be the position with respect to United States ships and nationals, it is clear that as regards a Canadian vessel, jurisdiction beyond territorial waters, which is based on the Convention, extends to an hour's sail, whether that be more or less than twelve miles distance from shore.

In view of the conclusive evidence as to location, it does not appear to be necessary to consider the question whether force could have been used in the circumstances of this case, if the vessel had been seized within an hour's sailing distance of the coast of the United States. In refraining from making any observations on this matter, the Government of Canada do not desire to be regarded as acquiescing in the view that the Convention can be interpreted as justifying the use of the forcible measures employed in the special circumstances under consideration, or as involving an undertaking not to object to action which involved the opening of fire upon an escaping vessel, directed to the engine room, where men were known to be working, and actually hitting the pilot-house and so resulting in the loss of life.

The Government of Canada wish to emphasize their desire to continue the spirit of friendly cooperation which led to the signing of the Convention. They are of the opinion that the objects of the Convention can only be fulfilled by a strict adherence to its terms, and a recognition of the underlying principle in all matters of this kind that the assertion of a right so conferred must be established to have been exercised in accordance with the terms of the authority conferring it. They believe further that the right to board, search and seize for adjudication a vessel within an hour's sail from shore is not to be exercised by the application of force under circumstances which may reasonably be taken to involve loss of human life.

In view of the circumstances of this case, in which the actual evidence taken before the Board of Investigation establishes that at all stages the vessel in question was outside the distance prescribed by Article II of the Convention, His Majesty's Government in Canada feel justified in assuming that the United States Government will regard it as a case in which the action of the Coast Guard should be disavowed, in which the vessel, cargo and crew should be promptly released, and in which such reparation as is possible should be made to the widow and children of the late Master of the *Josephine K.*

I have [etc.]

H. H. WRONG



811.114 *Josephine K.*/199*The Acting Secretary of State to the Canadian Chargé (Mahoney)*

WASHINGTON, August 1, 1931.

SIR: Reference is made to Mr. Wrong's note No. 46, of March 16, 1931, and to my acknowledgment of March 17, 1931,<sup>15</sup> in regard to the seizure by the United States Coast Guard on January 24, 1931, of the Canadian vessel *Josephine K.*

It is the contention of the United States Government that the *Josephine K.* was legally seized. A libel has been filed in the United States District Court for the Southern District of New York, asking for the forfeiture of the *Josephine K.*, and in due course the case will come up for trial. In view of these pending court proceedings I am not in a position to comment on the issues raised in Mr. Wrong's note until the court has rendered a decision. In the meantime the claimant of the vessel has given a bond to the court and the vessel has been returned to his possession. I have asked the Attorney General to expedite in so far as possible the trial of this case.

Accept [etc.]

For the Acting Secretary of State:

WILBUR J. CARR

811.114 *Josephine K.*/204*The Canadian Chargé (Wrong) to the Secretary of State*

No. 148

WASHINGTON, August 25, 1931.

SIR: I have the honour to acknowledge the receipt of your note of August 1st, 1931, with regard to the seizure by the United States Coast Guard on January 24, 1931, of the Canadian vessel *Josephine K.* It is observed that you do not feel yourself to be in a position to comment on the issues raised in my note No. 46 of March 16, 1931, until a decision has been rendered by the United States District Court for the Southern District of New York in proceedings undertaken with a view to the forfeiture of the *Josephine K.*

I am instructed to state that your reluctance to comment upon the issues at the present stage is fully appreciated, and that His Majesty's Government in Canada is prepared to defer consideration of these issues until a decision has been rendered by the United States District Court in the proceedings. It is assumed that the Government of the United States will agree with the view that the jurisdiction of that court is dependent upon those issues, and that the question of jurisdiction is a matter to be finally determined, not

<sup>15</sup> Latter not printed.

by a tribunal of one of the high contracting parties, but in accordance with the provisions of Article IV of the Convention of January 23, 1924. It is understood, therefore, that in acquiescing in your proposal to defer consideration of these issues, the Government of Canada is not assenting to the view that the United States District Court is the appropriate tribunal to make a final determination on the question of jurisdiction under the Convention.

I have [etc.]

H. H. WRONG

811.114 Josephine K./243

*The Canadian Minister (Herridge) to the Secretary of State*

No. 110

WASHINGTON, June 8, 1932.

SIR: I have the honour to acknowledge receipt of your note of May 21st,<sup>16</sup> transmitting copies of decrees<sup>16</sup> entered by consent in favour of the United States in the United States District Court for the Southern District of New York against the Canadian vessel *Josephine K.* and its cargo of liquor.

I have been instructed in this connection to inform you that His Majesty's Government in Canada fail to apprehend the relevance of this settlement to the issues raised in Mr. Wrong's note No. 46 of March 16th, 1931. The contention then advanced was that the evidence taken during the investigation held by the Coast Guard clearly proved that the *Josephine K.* was at all times beyond an hour's sailing distance from the shore and that her seizure on the high seas was not in accordance with the terms of Article II of the Convention of January 23rd, 1924 and was therefore illegal. No reply to this contention has as yet been received from the Government of the United States. Its validity is not in any way affected by a settlement agreed to privately by the owners of the vessel and cargo. Mr. Wrong in his note No. 148 of August 25th, 1931 stated that the Government of Canada was prepared to defer to the wishes of the Department of State in postponing consideration of the issues until a decision had been rendered by the United States District Court, on the explicit understanding that this Court was not the appropriate tribunal to make a final determination on the question of jurisdiction under the Convention.

I am desired to urge that the matter should now be dealt with without further delay. The widow and children of Captain Cluett, who was killed during the encounter, are in urgent need; and His Majesty's Government in Canada are of the opinion that, in par-

<sup>16</sup> Not printed.

ticular, the question of suitable reparation for his death should be settled at the earliest possible moment.

I have [etc.]

W. D. HERRIDGE

---

811.114 Josephine K./257

*The Secretary of State to the Canadian Minister (Herridge)*

WASHINGTON, October 25, 1932.

SIR: I have the honor to acknowledge the receipt of your note No. 110, of June 8, 1932, concerning the seizure of the Canadian vessel *Josephine K.* and its cargo of liquor, in the course of which the master, William Cluett, was fatally injured.

It is observed from your note that the Canadian Government fails to apprehend the relevance of the decrees entered in favor of the United States against the vessel and its cargo, with the consent of the claimant, to the issues raised by Mr. Wrong in his note of March 16, 1931.

It is the opinion of this Government that by consenting to the entering of the decrees the claimant admitted the correctness of the contention of this Government that the *Josephine K.* was within the distance from the coast of the United States that it could traverse in one hour at the time of seizure and, also, that reasonable cause existed for the belief that the vessel was committing an offense against the laws of the United States prohibiting the importation of alcoholic beverages. It will be recalled that when the *Josephine K.* was first sighted it was in contact with and transshipping its cargo to an American barge, to which an American speed boat was also made fast, and that as soon as the presence of the patrol boat was made known by its searchlight, the speed boat made for the shore and the *Josephine K.* cast off from the barge and proceeded at full speed in a southeasterly direction toward the open sea.

The claimant's own admission in regard to these two points, as shown by his consent to the entry of judgment against him, is considered decisive as to the fundamental issues involved, namely, the position of the vessel and the legal justification for its seizure.

In his note Mr. Wrong states that, so far from establishing that the *Josephine K.* was within the distance from the coast of the United States that it could traverse in one hour, the report of the Treasury Department and the record of the Board of Investigation establish conclusively that the *Josephine K.* was at all times more than one hour's distance from shore. He also stated in the same note that the position of the *Josephine K.* when discovered, as determined

by the technical officers of the Government of Canada, was 10.4 miles from the coast of New Jersey. Since the vessel's registered speed is 11 knots, such a position would still be within the distance that could be traversed by the *Josephine K.* in one hour.

After carefully checking and rechecking the computations made by the several officers of this Government who determined the position of the *Josephine K.*, the appropriate authorities are convinced that the vessel when discovered was 9.4 miles from the nearest territory of the United States and was 10.6 miles from shore when seized.

Mr. Wrong apparently assumes the vessel's speed to be that which was established by the speed test conducted by the Board of Investigation on January 29, 1931. The result of a speed test, however, can be considered as little more than evidence that under the conditions prevailing at a given moment in connection with weather and sea, engines and operating personnel, a certain speed was attained. Such a test is not necessarily a reliable method for determining the right to board Canadian vessels. At the time of seizure the Coast Guard personnel were unable to start the engines of the *Josephine K.* until emergency repairs had been made as the ignition wires had been ripped out. Furthermore, at the time of the test the conditions of wind and sea were not the same as on the night of the seizure, and the engines were operated by Coast Guard personnel unfamiliar with the installation.

There is hardly any measurement of distance more indefinite and variable than the speed of a vessel. It varies with every condition of loading and trim, with every change of weather conditions, with every change of condition of engines and hull, with change of course, with change of operating personnel. It varies not only from day to day but from hour to hour. Article II of the Convention of January 23, 1924, is silent on the subject of the method of determination of the speed that shall govern. In the opinion of the appropriate authorities of this Government there are two methods of determining the speed of a vessel which establish beyond a reasonable doubt whether that vessel is within the distance from the coast of the United States that it could traverse in one hour, as contemplated by the Convention. First, in the case of a known smuggling vessel of several years' standing, such as the *Josephine K.*, by actually trailing the vessel at sea. The second method is to assume the accuracy of the statement concerning the speed of the vessel set forth in its official certificate of registry issued by the country whose flag the vessel flies. When the latter corroborates the former, it would appear that the evidence is conclusive. In the case of the *Josephine K.*, extracts from log books of Coast Guard vessels and special reports con-

cerning the speed of the *Josephine K.* show that the vessel, while actually engaged in smuggling operations, attained on a number of occasions a speed of 11 knots. This is also the speed given in the vessel's official register.

With reference to the amount of force which may be applied to compel obedience to a lawful command, I have noted the statement in Mr. Wrong's note that the right to board, search and seize for adjudication a vessel within the distance from the coast of the United States that it can traverse in one hour is not to be exercised by the application of force under circumstances which may reasonably be taken to involve loss of human life. In this connection, I would say that officers of this Government refrain from using force except as a last resort, in which case the greatest precautions are taken to avoid any loss of life. I would emphasize the fact that this Government regrets that forcible measures are ever necessary and would welcome any suggestions as to how, in the case of habitual offenders who will not voluntarily recognize the authority of the United States Government, the law is to be enforced. It could not have been the intention of the parties to the Convention of January 23, 1924, that it should be enforced only with the consent of the violator; that would be a new doctrine to which this Government could not possibly subscribe. On the contrary, it would seem to be the duty of the master of a ship to stop when ordered to do so by a vessel which has properly identified itself as a police vessel. If the ship fails to stop, then the use of force to compel obedience is authorized by Section 2765 of the Revised Statutes of the United States (14 U. S. C. 68), which reads as follows:

"Whenever any vessel liable to seizure or examination does not bring-to, on being required to do so, or on being chased by any cutter or boat which has displayed the pennant and ensign prescribed for vessels in the revenue service, the master of such cutter or boat may fire at or into such vessel which does not bring-to, after such pennant and ensign has been hoisted, and a gun has been fired by such cutter or boat as a signal; and such master, and all persons acting by or under his direction, shall be indemnified from any penalties or actions for damages for so doing. If any person is killed or wounded by such firing, and the master is prosecuted or arrested therefor, he shall be forthwith admitted to bail."

A similar provision is found in Section 7(2) Chapter 43, of the Revised Statutes of Canada, reading as follows:

"On any such ship, vessel or boat, failing to bring to when required, being chased by any such Government vessel or cruiser having such pennant and ensign hoisted, the captain, master or other person in

charge of such Government vessel or cruiser may, after first causing a gun to be fired as a signal, fire at or into such ship, vessel or boat.”

It is the understanding of this Government that Canadian Preventive vessels in pursuance of this authority have on occasion used force to compel obedience to lawful commands to stop, and, in one case, as the result of the application of such force a member of the crew of an escaping American vessel was killed.

The death of the master of the *Josephine K.* was regrettable. However, the small size of the vessel, the motion of the sea, and the fact that both ships were traveling at top speed would naturally render it extremely difficult to hit a spot that would disable the ship without at the same time incurring the risk of injuring someone on board. Had the master heeded the Klaxon signals, blank cartridges and warning shots of the patrol boat and stopped when ordered to do so, and allowed the question of the seizure to be adjudicated by the means provided for that purpose both by law and by the Convention of January 23, 1924, his unfortunate death would not have occurred.

In view of the fact, therefore, that the *Josephine K.* was legally seized in accordance with the provisions of the Convention, and that the death of the master arose out of a legitimate effort to compel the vessel to stop, no reason is perceived why this Government should make reparation to the widow and children of the late Captain Cluett. Everything possible was done in an effort to save his life when it was found that he had been injured, but the responsibility for his death must rest upon Captain Cluett himself, who could have avoided any danger either to his vessel or to himself and his crew by complying with the command of a police vessel which had properly identified itself.

I sincerely hope that the Canadian Government will realize that the authorities of this Government are anxious to avoid any use of force in carrying out its laws. But when those in charge of vessels which are engaged in a business having for its object the systematic violation of law refuse to heed any other lawful commands to stop, the use of force is made mandatory by their own action. In such cases those who ignore lawful commands must be accounted solely responsible for the consequences.

The *Josephine K.* was built in 1926 for use in the liquor traffic and has apparently engaged in no other business from the time it was launched. It has violated not only the laws of this Government prohibiting the importation of alcoholic beverages, but it has also violated the International Rules of the Road<sup>17</sup> by extinguishing its

<sup>17</sup> U.S.C., title 33, secs. 61-141.

lights at night and thereby becoming a menace to the navigation of other vessels. Its action in this latter regard was brought to the attention of the Canadian Government by the American Legation at Ottawa in a note dated January 24, 1932.<sup>18</sup>

Moreover, there appears to be great doubt as to whether the *Josephine K.* is entitled to the protection of the Canadian Government as a Canadian vessel. Reference is made in this connection to a note dated February 15, 1927,<sup>19</sup> which this Government addressed to the British Ambassador at this capital, stating that information had been received that the *Josephine K.* was controlled by interests in the United States and adding that it would be appreciated if steps were taken to cause an investigation to be made "with a view to determining whether this vessel is entitled to the protection of the British flag in its operations". No reply has been received to this note, nor to one addressed by this Government to the Minister of the Dominion of Canada, dated April 28, 1927,<sup>19</sup> referring to the previous note and inquiring as to the action taken in this case. Since that time further information has been obtained which confirms the belief that the *Josephine K.* is actually owned by citizens of the United States and that the Canadian flag is being used merely to cover and protect a venture which is directed at violating the laws of a friendly Government.

The *Josephine K.* was released on bond shortly after its seizure and almost immediately re-entered the liquor traffic. There are enclosed detailed records showing its operations both before and since its seizure.<sup>19</sup>

Accept [etc.]

For the Secretary of State:  
W. R. CASTLE, JR.

---

**ARRANGEMENT BETWEEN THE UNITED STATES AND CANADA  
RESPECTING RADIO BROADCASTING, EFFECTED BY EXCHANGE  
OF NOTES SIGNED MAY 5, 1932**

Executive Agreement Series No. 34  
811.7642/75

*The Canadian Minister (Herridge) to the Acting Secretary of State*

No. 81

WASHINGTON, May 5, 1932.

SIR: I have the honour to inform you that the Canadian House of Commons recently appointed a committee to enquire into the whole position of radio broadcasting in Canada. This committee has under

<sup>18</sup> Not found in Department files.

<sup>19</sup> Not printed.

consideration a technical scheme for broadcasting in Canada which it is considered will provide satisfactory coverage in the chief population areas throughout the Dominion and at the same time make provision for the community service that may be desired. This scheme is divided into two distinct parts:

(a) A chain of high-power stations, operating on clear channels, and located at suitable intervals across Canada;

(b) A number of low-power stations of very limited range, operating on shared channels, and located as required for community service.

If this scheme receives the approval of Parliament, it is proposed to use 50 K.W. stations, one in each of the Provinces of British Columbia, Manitoba, Ontario, Quebec, and eventually one in the Maritime Provinces. In Saskatchewan and Alberta it is proposed to use 5 K.W. stations at present, two being used in each Province, synchronized on a common channel. In Ontario there will be, in addition, two 10 K.W. stations, one in Western Ontario and one in Northern Ontario. Four smaller stations of one K.W. capacity each are provided for the Port Arthur-Fort William area, and for Ottawa, Montreal, and Quebec. In the Maritimes, three 500-watt stations are provided for the present, one in each Province. The scheme also includes a 500-watt station on the shared channels for the city of Toronto for local service.

In adopting this plan, Canada would reserve the right to increase the power of the stations in Alberta, Saskatchewan, Northern and Western Ontario to 50 K.W. each, should such increase become necessary.

The committee, in addition to considering the power required, propose the following channels as suitable for the main stations:

Prince Edward Island	630 K.C.
New Brunswick	1,030 K.C.
Nova Scotia	1,050 K.C.
Quebec	930 K.C.
Montreal area (1 K.W.)	600 K.C.
“ “ (50 K.W.)	730 K.C.
Ottawa	880 K.C.
Toronto area (500 Watt)	1,120 K.C.
“ “ (50 K.W.)	690 K.C.
Western Ontario	840 K.C.
Northern Ontario	960 K.C.
Port Arthur-Fort William area	780 K.C.
Manitoba	910 K.C.
Saskatchewan	540 K.C.
Alberta	1,030 K.C.
British Columbia	1,100 K.C.



In order to ensure satisfactory local broadcast service throughout Canada, it is proposed that stations, limited to a maximum power of 100 watts, be erected where necessary, and that they should be operated on shared channels. It is considered that one hundred or more such stations may eventually be required in Canada, and that twenty channels should be available for this type of service. In establishing such stations, it is proposed to maintain the same geographical separation between Canadian and United States stations as is maintained between United States stations of the same power.

Due notification would, of course, be given of the effective dates of any changes in the present operation to conform with the above plan.

In the event of the adoption of the above arrangement, it is understood that if, as the result of the Madrid Conference, any additional channels are made available for broadcasting, a further allocation will be made, as between the United States and Canada, on an equitable basis.

I shall be obliged if you will inform me at your early convenience whether the United States authorities can make the necessary readjustments so that these channels will be available for effective use in Canada.

I have [etc.]

W. D. HERRIDGE

---

Executive Agreement Series No. 34  
811.7642/75

*The Acting Secretary of State to the Canadian Minister (Herridge)*

WASHINGTON, May 5, 1932.

SIR: I am grateful for your courtesy in informing me by your note of May 5, 1932, of the technical plan which is being considered by the committee of the Canadian House of Commons as a means of providing Canada with satisfactory radio broadcasting coverage. You inquire whether the authorities of the United States can make the readjustment necessary to render certain channels available for effective use in Canada.

In reply, I am glad to inform you that as notice is given from time to time of the dates of changes to be made in the present operations of Canadian broadcasting stations to conform to the plan set out, this Government will be glad to make the necessary readjustments.

It is understood that, if as the result of the Madrid Conference, any additional channels are made available for broadcasting, a fur-

ther allocation will be made, as between the United States and Canada, on an equitable basis.

Accept [etc.]

W. R. CASTLE, JR.

---

811.7612/63

*The Acting Secretary of State to the Ambassador in Mexico (Clark)*

No. 645

WASHINGTON, May 6, 1932.

SIR: With reference to the Department's telegram No. 63, May 5, 1932, 5 p. m.,<sup>32</sup> there are enclosed copies of notes exchanged with Canada on May 5, 1932, dealing with radio broadcasting in Canada.<sup>33</sup> The Department will telegraph the Embassy when the notes are to be made public in order that the Embassy may make such explanations as it thinks advisable to the Mexican Government.

In 1924 the Secretary of Commerce, whose jurisdiction at the time included radio, called a conference of individuals interested in radio in the United States.<sup>34</sup> Persons charged with the administration of radio in Canada attended the meeting; and an informal understanding was entered into between those persons and the Chief of the Radio Division of the Department of Commerce. Under that informal understanding the Secretary of Commerce declined to assign six channels to American stations and made assignments on eleven others only where the geographical location and the power involved insured a minimum of interference in Canada. The Canadian authorities assigned to Canadian stations the six channels not assigned in the United States and made assignments on the eleven others mentioned only where the geographical location and power involved insured a minimum of interference in the United States.

The situation was changed in 1926 when a Federal Court held that the Secretary of Commerce did not have the authority to require broadcasting stations to remain on frequencies assigned by him.<sup>35</sup> Broadcasting stations in the United States then "jumped" the frequencies assigned to Canadian stations. When the Federal Radio Commission began functioning in 1927, it enforced the informal understanding of 1924 upon American stations.

---

<sup>32</sup> Not printed.

<sup>33</sup> *Supra.*

<sup>34</sup> See United States Department of Commerce, *Recommendations for Regulation of Radio* (adopted by the Third National Radio Conference, October 6-10, 1924), (Washington, Government Printing Office, 1924).

<sup>35</sup> *United States v. Zenith Radio Corporation, et al.* (1926, D. C.) 12 F (2d) 614.

A conference of representatives of the Canadian and United States Governments was held in 1927<sup>36</sup> to allocate broadcasting frequencies as between the two countries, but the representatives failed to reach an agreement. While the Governments recognized the exceedingly tenuous nature of the understanding of 1924, both continued to make assignments in accordance with its provisions.

In 1929 the Canadian Government appointed a committee to investigate radio broadcasting in Canada and to make recommendations for its improvement. That committee met and reported<sup>37</sup> but apparently the report was not acted upon. On March 2, 1932, the Canadian House of Commons appointed a committee for the purpose, among others, of recommending a complete technical scheme for radio broadcasting in Canada. A copy of the resolution creating the committee is enclosed.<sup>38</sup> The committee held several public sessions on the question of nationalizing the Canadian broadcasting system and then held private sessions to work out a technical plan. After the technical plan had been tentatively formulated, the Canadian Government submitted a copy of it to this Government with the request that it be studied from the standpoint of any readjustments which might be necessary in the United States to permit the plan to be made effective in Canada.

A study of the plan made late in April revealed that the Canadian technical experts had followed the principles applied by the Federal Radio Commission in making assignments to American broadcasting stations. It also revealed that the channels to be used by the Canadian stations were, with the exception of 540, 1050 and 1100 kilocycles, already in use by Canadian stations under the informal understanding respected by both Governments. Of the three channels mentioned, 540 kilocycles is just outside the broadcast band and its use will cause no interference to American stations. On 1050 kilocycles there is a four-hour time difference between the American station using the frequency and the proposed Canadian station, and on 1100 kilocycles there is a three-hour time difference. On 1050 kilocycles the power of the Canadian station (500 watts) is to be such that, considered with the time difference, no interference should result. On 1100 kilocycles the power of the American station is such that its coverage is regarded as limited; this coupled with the time difference should permit both stations to operate without either interfering with the effective service area of the other.

---

<sup>36</sup> The conference met at Washington from March 21 through March 24.

<sup>37</sup> *Report of the Royal Commission on Radio Broadcasting* (Ottawa, F. A. Acland, printer to the King's Most Excellent Majesty, 1929).

<sup>38</sup> Not found in Department files.

While under the technical plan recommended by the committee three frequencies not now used by Canadian stations will be used by such stations in the future, this is compensated for by the fact that Canada is surrendering the use of 5 channels (580, 890, 1010, 1200, and 1210 kilocycles) now shared by Canadian and American stations. It is believed that officials of the Mexican Ministry of Communications possess copies of the rules and regulations of the Federal Radio Commission, of the latest annual report of the Commission, and of the list of broadcasting stations in the United States, and can make an independent determination of the effect of the proposed Canadian plan upon broadcasting stations in the United States.

Although the Canadian note requests, and the United States reply agrees, that the necessary readjustments of American broadcasting stations will be made, both Governments are well aware of the fact that no readjustments will be necessary in the United States to permit the plan to be made effective. The effect of the exchange of notes is largely to permit the committee of the Canadian House of Commons to have a formal basis for its technical recommendations.

At the time of the conference in San Antonio of representatives of the American and Mexican Governments, it was not known that the Canadian Government contemplated an exchange of notes with the United States on the subject of radio broadcasting. The request that this Government study the proposed technical plan, it is understood, came only after the Canadian Prime Minister requested the committee to make its report at the present session of Parliament. It had been assumed that there would be no change in the broadcasting situation between the United States and Canada until after the International Radio Conference at Madrid. That situation was changed by the desire of the Canadian Government to convert the informal understanding with the United States into a formal one as a basis for the technical plan proposed by the Canadian Committee.

The Department is very desirous that the exchange of notes be not construed by the Mexican Government as an effort to effect an understanding between the United States and Canada without reference to the broadcasting needs of Mexico. It should be made clear that no real change in the situation has been made; and that it was only the fact that the whole broadcasting system in Canada was undergoing an investigation that led the Canadian Government to suggest that the existing understanding be made a matter of record.

This Government is of the opinion that subsequent to the Madrid conference there should be a conference of interested North American Governments for the allocation of frequencies. It was understood by the American representatives at San Antonio that the Mexican

Government is probably of the same opinion. Likewise it appears that the Canadian Government favors the holding of such a conference. The exchange of notes between the United States and Canada will not in any way affect the holding of a North American conference or influence the decisions which may be reached by it.

The notes, copies of which are enclosed, were exchanged on May 5, 1932. They are not to be made public until the Committee of the Canadian House of Commons makes its report. At that time they will be released simultaneously in Washington and Ottawa. The Department will telegraph the Embassy the date of the release in order that the Embassy may be guided in its conversations with the Mexican Government.

Very truly yours,

For the Acting Secretary of State:  
HARVEY H. BUNDY

---

**ARRANGEMENT BETWEEN THE UNITED STATES AND CANADA  
RESPECTING RECIPROCAL BLANKET PERMISSION FOR FLIGHTS  
OF MILITARY AIRCRAFT, EFFECTED BY EXCHANGE OF NOTES  
SIGNED SEPTEMBER 16, 1932**

811.2342/349

*The Secretary of State to the Minister in Canada (MacNider)*

No. 552

WASHINGTON, May 18, 1932.

SIR: The Department has received a proposal from the War Department that an effort be made to obtain blanket permission from the Canadian Government for a period of one year from July 1, 1932, for United States Army aircraft to fly over Canadian territory in making flights from Selfridge Field, Mount Clemens, Michigan, to Cleveland, Ohio, or Buffalo, New York.

The communication received from the War Department states:

"It has been found necessary in the routing work of the Army Air Corps to make frequent flights from Selfridge Field, Mount Clemens, Michigan, to both Cleveland, Ohio, and Buffalo, New York, and return and the Air Corps desires to avail itself of the shortest possible route which would involve the traversing Canadian territory for a portion of the way in each instance. Owing to the geographical location of Selfridge Field, a flight to Cleveland or Buffalo is about one hundred miles longer when made entirely over United States territory than if permitted to fly across the peninsula of Ontario.

"In view of the frequent necessity for these flights, the War Department would appreciate your requesting of the Canadian Government blanket permission, for a period of one year from July 1, 1932, for Army airplanes at Selfridge Field to make flights to Cleveland and Buffalo, and return, at such intervals as may be found necessary.

across the peninsula of Ontario. Care would be exercised by pilots on flights over Canadian territory to comply with all regulations of the Canadian Government with reference to flying and only such landings would be made as would be caused by unavoidable engine or mechanical failure."

Provided you perceive no objection to the proposal, please inquire whether the Canadian Government is disposed to grant the desired blanket permission.

Very truly yours,

For the Secretary of State:  
FRANCIS WHITE

811.2342/354

*The Minister in Canada (MacNider) to the Secretary of State*

No. 868

OTTAWA, June 18, 1932.

[Received June 20.]

SIR: With reference to the Department's instruction No. 552 of May 18, 1932, (file No. 811.2342/349) directing the Legation to approach the Canadian Government on the subject of "blanket" permission for certain flights over Canadian territory by United States Army aircraft, I have the honor to transmit herewith copy of a reply to the Legation's representations. It will be seen that the Canadian Government is willing to comply with the request, provided similar privileges are extended for Canadian military aircraft passing over the State of Maine between Quebec and New Brunswick and conditional on the observation of certain stipulations specified under sub-paragraphs (a), (b), (c) and (d). The Canadian note likewise suggests that the arrangement be terminable on notice by either government and renewable by mutual agreement for successive annual periods.

The note is being acknowledged with the statement that the Legation will not fail to communicate immediately with the Department of External Affairs on receipt of a reply.

Respectfully yours,

For the Minister:  
B. REATH RIGGS  
*First Secretary of Legation*

[Enclosure]

*The Canadian Secretary of State for External Affairs (Bennett)  
to the American Minister (MacNider)*

No. 94

OTTAWA, June 16, 1932.

SIR: I have the honour to refer to your note No. 465 of the 26th May, 1932, regarding a request from the Government of the United

States of America to the Government of Canada to grant "blanket" permission, for a period of one year from the 1st July, 1932, for Army aircraft of the United States to fly over Canadian territory in making flights from Selfridge Field, Mount Clemens, Michigan, to Cleveland, Ohio, or to Buffalo, New York.

After consideration of the matter by the Canadian competent authorities, the conclusion has been reached that there is no objection to granting this request provided the Government of the United States be prepared to extend similar privileges for Canadian Military aircraft to fly across the State of Maine by direct route between points of departure in Quebec to destination in New Brunswick, or vice versa, and that the following suggestions, the substance of which would be equally applicable to both parties, be acceptable to the Government of the United States:

(a) The most direct route shall be followed unless stress of weather compells deviation;

(b) Aircraft shall not land outside their own territory except by special arrangement between the two Governments;

(c) In the case of forced landings outside their own territory, pilots shall, within as little delay as possible, report to the local police and customs authorities and notify, by telegraph, the appropriate Departments of their respective Governments;

(d) No photographs shall be taken while en route over foreign territory.

It is also suggested that this arrangement be terminable on notice by either Government, and renewable, by mutual agreement, for successive annual periods as desired.

Accept [etc.]

O. D. SKELTON

For Secretary of State for External Affairs

---

811.2342/366

*The Secretary of State to the Minister in Canada (MacNider)*

No. 671

WASHINGTON, August 17, 1932.

SIR: Reference is made to your despatch No. 868 of June 18, 1932, with which was enclosed a copy of a note received from the Canadian Department of External Affairs, stating that the competent Canadian authorities were disposed to grant the request of this Government that blanket permission be extended annually for flights of United States Army aircraft passing over Canadian territory in flying between Selfridge Field, Mount Clemens, Michigan, and Cleveland, Ohio, or Buffalo, New York, provided that similar privileges are accorded Canadian military aircraft passing over the State of Maine

in making flights between Quebec and New Brunswick, or vice versa, and conditional upon the observance of certain stipulations specified in sub-paragraphs (a), (b), (c) and (d) of the second paragraph of the note from the Canadian Department of External Affairs.

It was considered by the Department that sub-paragraph (c) should be amended to provide that in the event of a forced landing the pilots shall report to the local immigration authorities as well as to the authorities mentioned in the sub-paragraph. The Canadian proposal with this amendment added has been referred to the Government Departments concerned and to the Governor of the State of Maine. Replies have been received stating in each case that no objections were perceived to the proposed procedure.

The Canadian suggestion that the arrangement be terminable upon notice by either Government, and renewable by mutual agreement for successive annual periods, is acceptable to this Government.

You may accordingly inform the Canadian Department of External Affairs that the proposal contained in its note of June 16, 1932, has been found acceptable to this Government, except that this Government desires to have sub-paragraph (c) of the second paragraph of the note amended as follows so as to include a reference to immigration authorities:

In case of forced landings outside their own territory, pilots shall, with as little delay as possible, report to the local police, customs and immigration authorities and notify, by telegraph, the appropriate Departments of their respective Governments;

In the event that the amendment is agreed to by the Canadian Government you are authorized to make the arrangement effective immediately through an exchange of notes with the Department of External Affairs. Copies of such exchange of notes should, of course, be made available to the Department.<sup>39</sup>

Should the agreement be effected, you may inform the Canadian authorities for their convenience that United States immigration stations along the boundary between Canada and the State of Maine are located at the following points: Boundary Cottage, Bridgewater, Calais, Eastport, Eustis, Fort Fairfield, Fort Kent, Houlton, Jackman, Lac Frontier, Limestone, Madawaska, Monticello, Van Buren and Vanceboro.

Very truly yours,

For the Secretary of State:  
FRANCIS WHITE

---

<sup>39</sup> Notes were exchanged at Ottawa, September 16, 1932, containing the provisions in the Canadian proposal of June 16 as amended in this instruction.



REPRESENTATIONS BY THE CANADIAN GOVERNMENT IN BEHALF  
OF DOCTORS DESIRING TO ENTER THE UNITED STATES TO  
SERVE AS INTERNES

150.065/226

*The Second Secretary of the Canadian Legation (McGreer) to the  
Chief of the Visa Division (Hodgdon)*

WASHINGTON, June 27, 1932.

DEAR MR. HODGDON: I am enclosing a copy of a letter which I am forwarding today to the Commissioner General of Immigration concerning the difficulties being experienced by Canadian doctors who are desirous of entering the United States to serve as internes in United States hospitals and institutions, and I should be grateful if you would be good enough to offer any suggestion or comment which might help to remedy a situation which is giving rise to considerable anxiety to members of the medical profession in Canada.

Yours sincerely,

E. D'ARCY MCGREER

[Enclosure]

*The Second Secretary of the Canadian Legation (McGreer) to the  
American Commissioner General of Immigration (Hull)*

[WASHINGTON,] June 28, 1932.

DEAR SIR: I am directed to bring to your attention a matter which is giving grave concern to members of the Canadian Medical Association and to the various medical colleges of the Dominion. I refer to the difficulties being encountered by graduates of Canadian universities who, desirous of continuing their studies in medicine by accepting post-graduate internships in universities and medical schools of the United States, are experiencing considerable difficulty in fulfilling the necessary immigration requirements for admission to the United States.

I am informed by the Assistant Dean and Secretary of the Faculty of Medicine of the University of Toronto that in the past it has been customary for some twenty-five to fifty Toronto graduates to proceed annually to serve in hospitals in the United States, but that this year a number of graduates who have been requested to report for duty on July 1st have been refused admission to the United States at the border. Many of these graduates have applied to the United States Consul at Toronto for visas but without success, the grounds for refusal apparently being that they were either proceeding to positions which can be filled by citizens of the United States or that

they come within the contract labor provisions of the United States Immigration laws.<sup>40</sup>

The Assistant Dean of the Faculty of Medicine of Toronto, Mr. E. Stanley Ryerson, states that for several months after Toronto graduates have received hospital appointments in the United States he continues to receive further requests for more Canadian graduates, and it would accordingly appear that the United States medical schools are apparently not in a position to engage the necessary number of American graduates to meet the demand for interns.

With regard to the payment of interns a large proportion of whom serve for nothing else but the experience, it is understood that the honorarium is most negligible and only in rare instances attaining a sum as high as \$25.00 or \$50.00 a month. Under the circumstances, therefore, it would seem that interns might be considered to be on the same basis as other Canadian students proceeding to the United States to perfect themselves in their particular profession.

It is understood that the question of admitting Canadian graduates as interns in United States institutions was taken up recently by the Canadian Medical Association with the United States Consulate-General at Toronto and it is reported that Mr. C. P. Fletcher of the Consulate stated that he would not consider the granting of visas until after the graduation of the applicants. However, since graduation this month, it is reported that the applicants are being refused visas.

Dr. Bert W. Caldwell of Chicago, the Secretary of the American Hospital Association, has also interested himself in the case and he was advised by Mr. A. Dana Hodgdon, Chief of the Visa Division of Washington, to the following effect:

"Since the records in visa cases are kept at the consular offices abroad, to which the applications for visas are made, the Department will be glad, upon being advised of the names and addresses of any specific medical students who have been unsuccessful in obtaining visas, to request the consular officers concerned to advise the Department fully what the records of their respective offices indicate in the matter."

I am enclosing for your information a list<sup>41</sup> furnished by the Secretary of the Faculty of Medicine of the University of Toronto, of Toronto graduates showing the hospitals and institutions in the United States to which a number of Toronto graduates have been assigned for duty, and it is understood that in addition to these there are also others from McGill and Queen's and other Canadian universities who are in the same situation.

---

<sup>40</sup> Section 3 of the Immigration Act of February 5, 1917; 39 Stat. 874.

<sup>41</sup> Not printed.

In view of the fact that the majority of these appointments begin on July 1st I would be most grateful if you would be good enough to inform this Legation, at your earliest convenience, of the regulations governing the admission of interns into the United States and also whether some method might not be arranged by which the entry of these young men might be facilitated without interference with the purposes of the immigration regulations of the United States.

Yours sincerely,

E. D'ARCY MCGREER

150.065/226

*The Secretary of State to the Canadian Minister (Herridge)*

WASHINGTON, July 11, 1932.

SIR: I refer to Mr. McGreer's letter of June 27, 1932, to Mr. Hodgdon, in regard to the difficulty experienced by Canadian doctors in coming to this country to serve as internes in United States hospitals and institutions.

It has been decided, after discussion with the appropriate department of the Government, that the medical internes referred to are to be regarded as classifiable under the Immigration Act of 1924<sup>42</sup> as immigrants, and they may accordingly take up with the American consular officer in the district of their residence the matter of obtaining an appropriate immigration visa. In the case of applicants born in Canada or Newfoundland, application may be made for a non-quota immigration visa under Section 4 (c) of the Act referred to. Applicants born in other countries will be advised by the consular officer to whom they apply regarding their proper classification as immigrants under the law.

In order to qualify for an immigration visa, an applicant must, of course, establish his admissibility under the immigration laws of this country. In this connection it is understood that a medical interne, as a member of a learned profession, would be regarded as exempt from the excluding provisions of the contract labor clause of Section 3 of the Act of February 5, 1917.

In connection with establishing his admissibility into this country, a medical interne should be able to show that his support will be sufficiently assured to establish that he will not be subject to exclusion under Section 3 of the Act of 1917 as a person likely to become a public charge. Since an alien who has been granted a non-quota immigration visa under Section 4 (c) of the Act of 1924, as a native of

<sup>42</sup> 43 Stat. 153.

Canada or Newfoundland, has a status which would permit him to remain permanently in the United States, if he should so desire, medical internes who apply for such immigration visas will be required to qualify with regard to showing assurance of support in the same manner as other applicants for visas permitting permanent residence unless the internes are able to show that they will return abroad after their training. It may be mentioned in this connection that consular officers have been informed that in view of the widespread unemployment in this country they should be careful before issuing immigration visas to ascertain whether the applicants have shown that their support would be assured in this country, either by their own efforts, or some other source of income or support.

Consular officers have been informed that in view of the recognized desirability of assisting exchange of medical thought and experience, every opportunity should be accorded to medical internes and other persons desiring to enter this country for medical training or research to establish their admissibility under the law. In this connection it has been pointed out that if the applicant intends to return abroad after the period of his training or research, and the circumstances of his case support the conclusion that he will do so regardless of his having a status permitting him to remain in this country, and if his stipend will be adequate for his support during the period of his temporary sojourn in this country, the complete facts may properly be considered in determining whether he has qualified under the public charge provisions of the law. Medical internes in Canada who desire to obtain visas should, accordingly, have available to present to the consular officer, in connection with their application, all the evidence which they may have relative to their assurance of support in this country and to the matter of their intent to return abroad after their period of training.

Accept [etc.]

For the Secretary of State:  
WILBUR J. CARR

---

**REPRESENTATIONS REGARDING TREATMENT OF AMERICAN TUG  
BOATS IN CANADIAN WATERS**

842.801/46

*The Consul at Vancouver (Tewell) to the Secretary of State*

No. 321

VANCOUVER, September 4, 1930.  
[Received September 9.]

SIR: I have the honor to submit herein for the Department's consideration and any action that may be deemed advisable certain

observations concerning the application of the coastwise shipping regulations of Canada and the application of similar laws and regulations in the United States.

Although this matter has come to the attention of the Consulate General not infrequently during the past few years this despatch is prompted by the recent efforts of a large operator of American tow boats to procure relief from existing Canadian regulations in special cases. The concern in question is Foss Company, Inc., Sixth Avenue and Nickerson Street, Seattle, Washington. Mr. W. Foss, President of the company which bears his name, recently called at the Consulate General for assistance in obtaining from the Canadian customs authorities permission to take in tow booms of logs at ports in British Columbia not designated as customs ports. Negotiations, which failed to procure such permission, made it quite clear that Collectors of customs and minor customs officials are without authority to make exceptions in the application of Canadian coastwise shipping regulations; and that such matters as the application of the Foss Company appropriately might be dealt with only by the Department of Customs and Excise, at Ottawa.

Although the Foss Company has endeavored for some time to procure permission to take tows at non-customs ports in Canada the case in point is covered by a letter from the above firm to the Collector of National Revenue at Nanaimo, British Columbia, dated July 30, 1930, a copy of which is enclosed herewith.<sup>43</sup> In this application the Foss Company sought permission to take in tow a boom of logs at Deep Bay, which is a non-customs port within the jurisdiction of the customs port of Union Bay, on Vancouver Island. On August 1, the Collector of National Revenue at Nanaimo informed the applicant:

"This cannot under any circumstances be done. Your Tugs may only take in tow a boom in a Port of Entry—Nanaimo or Union Bay or any other Port of Entry."

In discussing with the supervisory customs officials the refusal of the Collector at Nanaimo, it appears that such refusal is based in part upon Section 12 of the "Coasting Regulations", made by Order in Council on May 31, 1901, the second paragraph of which reads as follows:

"No vessel or boat arriving in Canada from a place beyond the limits of Canada shall proceed further coastwise or take or unlade cargo without a special permit from the Collector, and the lading, unloading and conveyance of goods under this section shall be subject to such rules and conditions as the Minister of Customs may from time to time prescribe."

<sup>43</sup> Not printed.

An extract from the "Coasting Regulations in Respect of Foreign Vessels" (contained in Memorandum No. 1155-B of the Customs Department, Canada, August 1, 1901) reads as below :

"Section 5. Foreign vessels may tow other vessels or things from a foreign port to a Canadian port; but if they drop or part from any such vessel or thing in Canadian waters, they shall not again take such vessel or thing in tow for the purpose of moving the same further in Canadian waters.

"Section 6. Foreign Vessels may tow other vessels or things from a Canadian port to a foreign port, but having parted from such vessels or things, or any of them, in Canadian waters, they cannot again take such vessels or things in tow to move them further in Canadian waters; but this and the preceding rule are not to apply to an accidental parting of such vessel by breaking hawser or other temporary damages."

Section 936 of the "Merchants Shipping Act of Canada" reads as follows :

"The master of any steam vessel, not being a British ship, engaged or having been engaged in towing any ship, vessel or raft, from one port or place in Canada to another, except in case of distress, shall incur a penalty of four hundred dollars and such steam vessel may be detained by the Collector of Customs at any port or place to or in which such ship, vessel or raft is towed, until such penalty is paid."

The above-quoted provisions are construed to mean (1) that foreign vessels may not take imported cargo to a non-customs port (and clear inward and outward at a customs port) when Canadian vessels are available, and (2) foreign vessels may not take at a non-customs port cargo for export via a customs port, but that Canadian vessels only may engage in that service. The effect of this procedure in instances has raised the towage charge to such an extent that little if any profit remained for the American vessels concerned, or, the entire contract has gone to Canadian tug boat operators.

In addition to other grounds mentioned in the enclosed letter, the application of the Foss Company is said to be based upon the fact that Canadian vessels are granted in American waters the facilities now requested of the Canadian authorities. In this connection the applicant has submitted a letter from the Assistant Collector of Customs at Seattle, Washington, dated November 16, 1928, which reads in part as follows :

"Foreign vessels (including barges and scows) arriving in ballast after report and entry at an established port of entry are permitted to proceed to a place not a port of entry for the purpose of lading cargo for export; in such cases the vessel is required to return to any port of entry for clearance before final departure."

Not only may foreign vessels take cargo in non-customs ports in the United States, but they also may deliver or discharge cargo at non-customs ports. In a letter from the Collector of Customs at Seattle, dated March 23, 1929, addressed to the Foss Company, it is stated:

“. . . Concerning vessels laden with merchandise in bulk proceeding to places within this district which are not ports of entry, you are advised that such permits are issued by this office without regard to the nationality of the vessel. This practice has been in effect for many years, and as stated in previous correspondence, I am not aware of any instance in this district where a permit has been refused.

“With special reference to your inquiry as to whether this practice is a privilege or may be claimed as a matter of right, you are advised that in a certain sense the issuance of such permits is discretionary with the Collector, but the nationality of the vessel concerned is not a determining factor; i. e. American and foreign vessels are accorded equal treatment.”

Again, in a letter dated July 3, 1929, the Collector of Customs at Seattle advised the Foss Company:

“. . . in the case of barges and scows proceeding under tow to places in this district not ports of entry, Canadian tugs arriving in this district with logs in tow may proceed to a port of entry and after entry of the vessel and logs, may then proceed to a point of delivery outside of a port of entry, provided the tow lines remain fast to the tow until final destination is reached. This practice has been in effect for many years in this district.”

In a letter dated September 17, 1929 the Collector of Customs at Seattle further explained the practice at that port and ports in his jurisdiction:

“Replying to your letter of the 16th instant, you are advised that a Canadian tug boat may tow a raft of logs from a place in this district, not a port of entry, to a foreign destination, subject to the following procedure and provided the tow lines remain fast to the tow in American waters:

“Upon arrival in this district from foreign, the tug boat will be required to report and enter at an established port of entry before proceeding to pick up the logs intended for export and to return to a port of entry before departure from this district to a foreign destination.

“A similar practice will apply in the case of a Canadian tug boat arriving in this district with a tow, as indicated in office letter of July 3, 1929, which, on the outward voyage, may tow logs from a place not a port of entry.

“Under the provisions of Section 455 of the Tariff Act of 1922,<sup>44</sup> the compensation and expense of Customs inspectors which may be

<sup>44</sup> 42 Stat. 955.

assigned to tug boats proceeding to places not ports of entry are reimbursable to the government by the master or owner of such vessel. Customs officers are not assigned to such vessels in all cases, but the Collector reserves the right to make such assignments where they are deemed necessary."

From the foregoing it is apparent that in American waters Canadian tug boats are afforded special facilities both as to the lading and discharge of cargo at non-customs ports, whereas American tug boats are denied such facilities in Canadian waters. The situation appears to be the result only of a difference in interpretation of very similar laws in the United States and Canada, the laws of the latter being strictly interpreted and enforced in the interest of Canadian tug boats, whereas corresponding laws of the United States are interpreted without distinguishing between American and foreign vessels. As the Collector at Seattle states, "American and foreign vessels are accorded equal treatment."

Section 12 of the Canadian "Coasting Regulations" provides that foreign vessels arriving at a port of Canada may not "proceed further coastwise or take or unlade cargo without a special permit from the Collector" under such rules as the Minister of Customs may prescribe.

Section 447 of the Tariff Act of 1922 <sup>45</sup> (re-enacted as Section 447 of the Tariff Act of 1930 <sup>46</sup>) reads as follows:

"It shall be unlawful to make entry of any vessel or to unlade the cargo of [*or*] any part thereof of any vessel elsewhere than at a port of entry: *Provided*, That upon good cause therefor being shown, the Secretary of Commerce may permit entry of any vessel being made at a place other than a port of entry designated by him, under such conditions as he shall prescribe: *And provided further*, That any vessel laden with merchandise in bulk may proceed after entry of such vessel to any place designated by the Secretary of the Treasury for the purpose of unloading such cargo, under the supervision of customs officers if the collector shall consider the same necessary, and in such case the compensation and expenses of such officers shall be reimbursed to the Government by the party in interest."

The above provision of law is amplified in Article 135, Customs Regulations, 1923, as follows:

"It shall be unlawful to unlade the cargo or any part thereof of any vessel elsewhere than at a port of entry; but collectors may, if they consider the same necessary, permit any vessel laden with merchandise in bulk to proceed after entry of such vessel and its cargo to any place within their respective district for the purpose of unloading such cargo."

<sup>45</sup> 42 Stat. 953.

<sup>46</sup> 46 Stat. 714.



The Canadian "coasting Regulations in Respect of Foreign Vessels" (Section 5 and 6) provide that "foreign vessels may tow other vessels and things from a foreign port to a Canadian port" and "from a Canadian port to a foreign port", but in as much as "port" means port of entry or customs port the above phrases are officially interpreted and applied as meaning that foreign tug boats may not enter non-customs ports to move or tow cargo inward or outward even should they convey such cargo to an established customs port for clearance inward or outward and pay the expense of Canadian customs officers to supervise such operations.

On July 29, 1929 it is understood that the Customs Division of the Canadian Department of National Revenue ruled specifically in that connection, as follows:

American scows or barges may be brought to Canadian ports of entry by American tug boats, but must be towed by Canadian tugs from that port to non-customs ports for the purpose of loading or discharging cargo, inasmuch as there is no provision under the Customs Act which enables vessels of foreign registry to call at places which are not ports of entry for the purpose of loading or discharging cargo.

A large volume of bulk freight, consisting principally of logs, lumber, ore, coal, mineral products, heavy machinery, and miscellaneous raw and manufactured items, is moved by tug boats between British Columbia and points on Puget Sound in the State of Washington. Because of its nature, much of this freight emanates at isolated points not designated as ports of entry and is destined for various non-customs ports in the United States and in this Province. Needless to say bulk freight of the kind mentioned may be more conveniently loaded upon and discharged from barges and rafts, rather than ordinary freight vessels, and the resulting economy in handling is a factor instrumental in encouraging and facilitating that important commerce. American transportation interests having extensive capital investment in tug boats, scows and barges appear to suffer in this trade from an interpretation of Canadian laws, while competitor concerns in British Columbia are afforded such advantages through the interpretation of similar American laws that they are enabled to procure freight contracts which, on a comparable basis, would go to towing firms in the United States.

The volume of business involved and the relative positions of American and Canadian interests concerned would appear to warrant adjustment looking to a more equitable arrangement for the former.

Respectfully yours,

HAROLD S. TEWELL

842.801/49

*The Secretary of State to the Minister in Canada (MacNider)*

No. 157

WASHINGTON, March 4, 1931.

SIR: For a number of years complaints have been received from time to time from members of Congress and American firms engaged in the towing business on the Pacific Coast, of discrimination in favor of Canadian vessels when American vessels desired to load or discharge cargoes at non-customs ports in Canada, contrary to the practice which obtains in American waters with respect to Canadian vessels.

The situation appears to be adequately described in the despatch of September 4, 1930, from Consul Tewell, at Vancouver, of which a copy is enclosed.<sup>47</sup>

There are also enclosed copies of letters<sup>48</sup> received recently from the Honorable Wesley L. Jones, United States Senate, and the Honorable L. H. Hadley, House of Representatives, on the same subject. Reference is made in this connection particularly to despatch No. 519, of July 12, 1928, from the former American Minister at Ottawa, Mr. Phillips.<sup>48</sup>

I am, of course, aware of the efforts which have been made since 1920 to obtain for American vessels engaged in towing operations on the Pacific Coast treatment similar to that accorded to Canadian vessels under our laws and regulations, with reference to the loading or discharging of cargoes at non-customs ports of Canada. I desire, however, that you again take up the matter with the Canadian authorities, pointing out to them, as stated in the despatch from Consul Tewell, that "The situation appears to be the result only of a difference in interpretation of very similar laws in the United States and Canada, the laws of the latter being strictly interpreted and enforced in the interest of Canadian tug boats, whereas corresponding laws of the United States are interpreted without distinguishing between American and foreign vessels".

I trust that you will make an earnest effort to obtain reciprocal treatment for American vessels in this matter and I shall await with interest your reply as to the result of your representations.

Very truly yours,

For the Secretary of State:

W. R. CASTLE, JR.

<sup>47</sup> *Supra.*<sup>48</sup> Not printed.

842.801/69

*The Minister in Canada (MacNider) to the Secretary of State*

No. 845

OTTAWA, June 2, 1932.

[Received June 8.]

SIR: With reference to the Department's instruction No. 157 of March 4, 1931, (file No. 842.801/49) and to subsequent instructions, directing the Legation to make representations to the Canadian Government regarding the treatment of American tug boats in Canadian waters as compared with the treatment of Canadian tug boats in American waters, I have the honor to transmit herewith copy of a reply which has now finally been received from the Canadian Government. As the Department will observe, the Canadian reply is a polite but uncompromising refusal to depart in any way whatsoever from existing Canadian practice in this matter.

It should be emphasized that the Legation's note No. 399 of March 11, 1932, mentioned in the first sentence of the enclosed Canadian note, was merely a note of reminder and was the fourth formal written communication on the subject sent since the receipt of the Department's instruction No. 157 first mentioned. In addition to these, there have been numerous oral representations in connection with this matter.

Respectfully yours,

For the Minister :

B. REATH RIGGS

*First Secretary of Legation*

[Enclosure]

*The Canadian Secretary of State for External Affairs (Bennett)  
to the American Minister (MacNider)*

No. 86

OTTAWA, 31 May, 1932.

SIR: I have the honour to acknowledge Mr. Riggs' Note No. 399 of March 11th, 1932, on the subject of the treatment accorded United States tow boats in Canadian waters.

The Canadian Customs Act, Section 183, prohibits the entry of any vessel into any place other than a port of entry. By the terms of the Canadian Coasting law a vessel entitled to engage in the coasting trade may call at such places, but there is no provision of Canadian law by which this privilege might be extended to a vessel of foreign registry, although in exceptional cases where British registered vessels were not available, foreign vessels have been permitted to call at places other than ports of entry, provided that they first had called at the nearest customs port and a customs officer had been placed on board to supervise loading and unloading.

His Majesty's Government in Canada are of the opinion that the facilities afforded for the entry of ships in Canada, consisting of one hundred and forty-four chief ports of entry and two hundred and sixty sub-ports, are adequate for all reasonable requirements. It is considered unlikely that there exists on the Great Lakes any port or harbour to and from which ships might desire to trade which is not a port of entry and that the few exceptions on the coast of British Columbia are of minor importance in relation to the amount of trade and the greatly indented coastline.

Accept [etc.]

O. D. SKELTON

For Secretary of State for External Affairs



# E U R O P E

## ALBANIA

### NATURALIZATION TREATY BETWEEN THE UNITED STATES AND ALBANIA, SIGNED APRIL 5, 1932<sup>1</sup>

711.754/53 : Telegram

*The Minister in Albania (Bernstein) to the Secretary of State*

TIRANA, April 5, 1932—5 p. m.

[Received 6:16 p. m.]

3. Naturalization treaty signed today omitting paragraph 3 of article number 1.<sup>2</sup> Signed treaty will be delivered by me to the Department on my arrival at Washington.

BERNSTEIN

---

Treaty Series No. 892

*Treaty of Naturalization Between the United States of America  
and Albania, Signed at Tirana, April 5, 1932<sup>3</sup>*

The Government of the United States of America and the Government of the Kingdom of Albania, being desirous of reaching an agreement concerning the status of naturalized citizens or subjects of either country who were formerly nationals of the other, and the liability for military service and other acts of allegiance of such persons and of persons born in the territory of either state of parents having the nationality of the other, have resolved to conclude a treaty on these subjects, and for that purpose have appointed their plenipotentiaries, that is to say:

The President of the United States of America: Herman Bernstein, Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Albania, and

His Majesty, the King of the Albanians: His Excellency, Pandeli J. Evangheli, Prime Minister and Minister for Foreign Affairs ad interim;

---

<sup>1</sup> For previous correspondence, see *Foreign Relations*, 1931, vol. 1, pp. 827 ff.

<sup>2</sup> See text of unperfected treaty, signed January 21, 1931, *ibid.*, p. 835.

<sup>3</sup> In English and Albanian; Albanian text not printed. Ratification advised by the Senate, February 6, 1935; ratified by the President, March 13, 1935; ratified by Albania, April 12, 1935; ratifications exchanged at Tirana, July 22, 1935; proclaimed by the President, July 29, 1935.

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

Nationals of the United States who have been or shall be naturalized in Albanian territory shall be held by the United States to have lost their former nationality and to be nationals of Albania.

Reciprocally, nationals of Albania who have been or shall be naturalized in territory of the United States shall be held by Albania to have lost their original nationality and to be nationals of the United States.

The word "national", as used in this convention, means a person owing permanent allegiance to, or having the nationality of, the United States or Albania, respectively, under the laws thereof.

The word "naturalized", as used in this convention, refers only to the naturalization of persons of full age, upon their own applications, and to the naturalization of minors, through the naturalization of their parents. It does not apply to the acquisition of nationality by a woman through marriage. Minor children of persons naturalized in either country shall not acquire the nationality of that country until they shall have established their habitual residence there.

#### ARTICLE II

Nationals of either country, who have or shall become naturalized in the territory of the other, as contemplated in Article I, shall not, upon returning to the country of former nationality, be punished for the original act of emigration, or for failure to respond to calls for military service accruing after bona fide residence was acquired in the territory of the country whose nationality was obtained by naturalization.

#### ARTICLE III

If a national of either country, who comes within the purview of Article I, shall renew his residence in his country of origin without the intent to return to that in which he was naturalized, he shall be held to have renounced his naturalization.

The intent not to return may be held to exist when a person naturalized in one country shall have resided more than two years in the other; but this presumption may be overcome by evidence to the contrary.

#### ARTICLE IV

A person born in the territory of one party of parents who are nationals of the other party, and having the nationality of both

parties under their laws, shall not, if he has his habitual residence, that is, the place of his general abode, in the territory of the state of his birth, be held liable for military service or any other act of allegiance during a temporary stay in the territory of the other party.

#### ARTICLE V

The present Treaty shall go into effect immediately upon the exchange of ratifications, and shall continue in force for ten years. If neither party shall have given to the other six months previous notice of its intention then to terminate the Treaty, it shall further remain in force until the end of twelve months after either of the contracting parties shall have given notice to the other of such intention.

IN WITNESS WHEREOF, the respective plenipotentiaries have signed this Treaty and have hereunto affixed their seals.

Done in duplicate at Tirana, this fifth day of April, 1932.

[SEAL]	HERMAN BERNSTEIN
[SEAL]	PANDELI J. EVANGHELI



## AUSTRIA

### OPPOSITION IN AUSTRIA TO THE SHOWING OF THE MOTION PICTURE "ALL QUIET ON THE WESTERN FRONT"<sup>1</sup>

863.4061 All Quiet/19 : Telegram

*The Minister in Austria (Stockton) to the Secretary of State*

VIENNA, January 27, 1932—5 p.m.  
[Received January 27—1:40 p. m.]

11. Referring to my despatch No. 412, November 7th<sup>2</sup> and previous correspondence, Foreign Office has advised me formally that the Ministerial Council, much to its regret, had again to decide against removing ban on film "All Quiet on the Western Front" in view of representations of Minister of the Interior that public exhibition might be seized upon as a pretext for further disturbances and that dire financial straits of Austrian Government would not justify the expenditure for necessary police protection. Schober who has been helpful in every way possible was never apprehensive that police would not be able to cope with any situation which might arise, but in my opinion he has been recently influenced by the heavy expenses which might result.

Austrian Government's policy in connection with this film has been hesitant and uncertain. In November I was led to believe that film would be released in the near future but the Government has recently reversed its position.

I have negotiated concerning this matter for nearly a year and am now at the end of my rope.

STOCKTON

---

863.4061 All Quiet/21

*The Minister in Austria (Stockton) to the Secretary of State*

No. 669

VIENNA, November 3, 1932.  
[Received November 18.]

SIR: Referring to my despatch No. 412, November 7, 1931, I have the honor to inform the Department that in September, 1932, Mr. Rappaport, the local representative of Universal Pictures, informed

<sup>1</sup> Continued from *Foreign Relations*, 1931, vol. I, pp. 866-873.

<sup>2</sup> *Ibid.*, p. 872.

me that Dr. Constantin Dumba, former Ambassador to the United States, in his capacity as President of the Austrian League of Nations Society, had interested himself in obtaining the release for exhibition in Austria of the film "All Quiet on the Western Front." Mr. Rappaport requested my cooperation.

Dr. Dumba subsequently called upon me. In view of the fact that the *Aide-Mémoire* from the Foreign Office, quoted in my despatch referred to above, stated that although the Austrian Government was not in a position to release the film at that time, it was not to be implied that it might not be released at some later date, I inquired of the Foreign Office on October 10 concerning the Austrian Government's attitude with regard to the release of the film for exhibition in Austria at this time. I enclose a translation of a *Note Verbale* from the Foreign Office, dated October 24, expressing the Austrian Government's regret that it could not at present remove the ban on the public exhibition of the film due to the unsettled political situation here.

The Foreign Office's reference to the disturbances of October 16 relates to the Simmering tragedy which was reported in the Legation's despatch No. 661, of October 19, 1932.<sup>3</sup> The prohibition of public parades mentioned in the Foreign Office's *Note Verbale* refers to the decree recently issued by Major Fey, Secretary of State for Public Safety, prohibiting open air demonstrations by National Socialists, Social Democrats, and Communists, members of which parties had participated in the rioting at Simmering. This decree, which incidentally leaves the field of public demonstrations open to only the Heimwehr, which is now closely affiliated with the Dollfuss Government and of which Major Fey is the Vienna leader, was also referred to in the Legation's despatch concerning the Simmering incident.

Respectfully yours,

G. B. STOCKTON

[Enclosure—Translation]

*The Austrian Ministry for Foreign Affairs to the American Legation*  
No. 24.485-13

#### NOTE VERBALE

The Federal Chancellery, Department for Foreign Affairs, has the honor to inform the Legation of the United States of America, in reply to its esteemed *Note Verbale* No. 268 of the 10th instant, that the Austrian Government regrets that it cannot yet consider revok-

<sup>3</sup> Not printed.

ing the prohibition of the public performance of the film "All Quiet on the Western Front".

This prohibition is maintained owing to the following circumstances and considerations:

The street demonstrations on the occasion of the proposed performance of this film in June 1931 emanated chiefly from partisans of the National Socialist Party. As is known, and has been officially stated in the press, because of disturbances caused by a National Socialist parade in the XIth district of Vienna on the 16th of this month, it was necessary to issue an order that all assemblies in the open air and public parades arranged by that party or its affiliated organizations be prohibited until further notice for reasons of public safety and public welfare. If permission to show the sound-film in question were granted, members of these organizations would surely seize the opportunity to attract public attention by manifestations of protest or disturbing the performance, which, in the interest of the maintenance of public peace and order, must absolutely be avoided at this time. This would put the Federation to an expense for the necessary measures of security which under present conditions is not justifiable.

VIENNA, October 24, 1932.

---

**REPRESENTATIONS BY THE UNITED STATES AGAINST MISTREATMENT OF AMERICAN JEWS ENROLLED IN THE UNIVERSITY OF VIENNA**

863.4016/42

*The Minister in Austria (Stockton) to the Secretary of State*

No. 499

VIENNA, March 2, 1932.

[Received March 31.]

SIR: With reference to my telegram No. 17, of January 30, 1932,<sup>4</sup> I have the honor to enclose an excellent report, dated February 4, 1932,<sup>4</sup> prepared by Mr. Ernest L. Harris, American Consul General in Vienna, concerning the anti-Jewish and anti-Social Democratic disturbances which took place at the University during the latter part of January.

The situation assumed a serious aspect on January 28, when the son of Social Democratic City Councilman Speiser was severely beaten. Following this incident, the authorities immediately closed the University indefinitely, and the Rector issued a clear-cut statement con-

---

<sup>4</sup> Not printed.

demning the attacks upon Jewish students and threatening those guilty of such outrages with expulsion.

In my telegram referred to above I stated that no complaint of mistreatment of any American citizen had been received either at the Legation or the Consulate General. Nevertheless, I requested the Consul General, and the Commercial Attaché, Mr. Gardner Richardson, to attempt to find out whether or not any American student had been maltreated during the disturbances. On February 1, Mr. Richardson reported that no American citizen had been involved in the disorders, but that three Jewish students of other nationalities had been injured, one badly enough to require hospital treatment. A copy of Mr. Richardson's memorandum is herewith enclosed.<sup>5</sup>

Upon receiving the Consul General's report, which was contradictory to the Commercial Attaché's, I sent Mr. Richardson a copy of Mr. Harris' communication, with the request that he investigate the matter further. On February 8, Mr. Richardson wrote me a second memorandum, a copy of which is enclosed,<sup>5</sup> confirming the Consul General's statement that an American student, Mr. Nathan Susskind, had become involved in a clash between National Socialist students and Jewish students, and had been slightly hurt.

The Austrian authorities appeared to be more disturbed over this outbreak than over any previous one, and the Dean's statement condemning the assaults on Jewish students was unanimously approved by the University Senate on February 1. The Minister of Education, Dr. Czermak, in a communication to the Dean, denounced in no uncertain terms the disorders at the University, stating that they would jeopardize the institution's reputation and expressing the hope that the University authorities would take steps to punish those responsible for the outbreaks. In conclusion Dr. Czermak urged that the University authorities take the necessary measures to safeguard the right of every student to attend lectures without fear of molestation, regardless of race or nationality.

Upon Mr. Harris' invitation, Mr. Clarence W. Efrogmson, of Indianapolis, Indiana, a student at the University, called at the Consulate General on February 1. He stated that due to the National Socialistic propaganda against the Jews at the University, it was difficult for Jewish students to keep out of trouble. He went on to say that upon registering at the University a student had to give his "racial descent" as German, English, Jewish, etc.; that he had written "American", which had not been acceptable; that an American student had to register as either English-American, German-

<sup>5</sup> Not printed.

American, Jewish-American, etc. Mr. Efroymsen also informed the Consulate General confidentially that a Jewish Legion was being formed at the University and asked whether or not an American Jewish student should join it. Mr. Harris advised him emphatically not to do so and said that American students should make every effort to avoid trouble. I have requested the Consul General to find out whether it is true that the University authorities require citizens of the United States to register as hyphenated Americans.

Also upon the invitation of Mr. Harris, Mr. Nathan Susskind, of New York City, to whom I have already referred, called at the Consulate General on February 4. He stated that, so far as he knew, he was the only American student who had been injured during the disturbances at the University; that he was "being badly beaten" in June, 1931, until he was rescued by a policeman and that on January 28, 1932, he was again injured in the attack upon Jewish students. The following is quoted from the Consulate General's stenographic report of Mr. Susskind's statement:

"In spite of the efforts of the Professor, who is a German Nationalist, the disturbances continued and several students went up and down spotting the Jews. This lasted until 12 o'clock. During the ensuing pause the Professor left the room and the Nationalist students formed a mill. Several went up and down and asked us for membership cards of the Deutsche Studentenschaft. I said 'I am an American citizen' and showed my passport. My inquirer then asked the mob: 'What shall we do with this one?' But the others called: 'Jew is Jew, he shall have no privilege'. My inquirer desired to take me out, but I wanted to fetch my clothes first from the garderobe. I told him that I wanted to call attention to the fact that I am an American-German exchange student and therefore some kind of a German guest here. My inquirer then took me by the hand and called out that nothing would happen to me. He called to the others: 'Do not beat him, he is an American'. But he could not help it, for as I passed through the ranks of the German students they all kicked me."

In my telegram of July 3, 1931,<sup>7</sup> I informed the Department that I had called upon Dr. Schober, then Minister for Foreign Affairs, and had urged "that somebody with a sense of the realities of life and yet who has the confidence of the Nationalistic students talk common sense into them and that the police be alert to break up embryonic clashes in their incipiency, which is possible, as disturbances are generally localized around the University", and that Dr. Schober had assured me the necessary steps would be taken.

Apparently my informal protest to Dr. Schober concerning conditions at the University was effective. Mr. Susskind volunteered that

---

<sup>7</sup> Not printed.

he had been rescued by the police when assaulted last June and that in January when he stated he was an American exchange student, one of the ringleaders of the National Socialistic mob had escorted him to safety, calling out to his comrades: "Don't beat him, he is an American", though, unfortunately, his self-appointed guardian was unable to protect him from cowardly kicks as he was being conducted from the lecture room. Mr. Susskind went on to say that he had not reported the assault to the Consulate General, as there was a rumor among the American students at the University that if they complained to the Consul General they would be advised to stay away from the University at such times to avoid trouble and that he "did not wish to receive such advice". He added that two students who looked like Jews, but were not, acted as *agents provocateurs* and attempted to incite Jewish students to say or do something which would cause an outbreak, which, if true, is certainly despicable.

I agree with the Consul General that some of the American Jewish students are inclined at times to be provocative, relying upon their American citizenship to protect them from the consequences of their actions. I also agree with Mr. Harris that, due to the desperate financial and economic conditions in Austria and to bitter, deep-seated, racial antagonisms in the country as a whole, stimulated by "Hitlerism", an extraordinarily lawless and brutal spirit has developed among the students of the University.

Mr. Harris states that he has warned American Jewish students with whom he has come in contact to use discretion and to remain away from the lecture rooms when trouble is brewing. I have never gone so far in my advice to American students, but in my telegram of July 3, 1931, referred to above, I informed the Department I had requested the President of the American Medical Association of Vienna "to warn members of his Association that they must not become involved in local political or racial controversies and then expect the United States Government to rush to protect them when they got into trouble."

I am not in accord with the Consul General that the problem is solely an internal Austrian affair and that nothing can be done to protect American Jewish students at the University except through informal and friendly representations to the University authorities or by closing the University. I am of the opinion that the Austrian Government and the University authorities owe a duty to foreign students to take all reasonable precautions to protect them as long as they conform with University regulations.

I shall continue to watch this situation closely, and if the University disturbances recur I propose to call on Dr. Buresch, the

Federal Chancellor and Minister for Foreign Affairs, and to make a statement to him similar to the statement I made to Dr. Schober last June, which I outlined in my telegram of July 3, referred to above, and to leave with him an *aide-mémoire* of my remarks.

Respectfully yours,

G. B. STOCKTON

863.4016/44 : Telegram

*The Minister in Austria (Stockton) to the Secretary of State*

VIENNA, October 20, 1932—5 p. m.

[Received October 20—1:48 p. m.]

75. Following serious clash between Social Democrats and National Socialists Sunday which resulted in the death of one policeman and two Nazis, attacks on Jewish students took place Monday at the University which in consequence has been closed until today.

Jakob Benjamin Glenn, naturalized Jewish-American, bearer of Departmental passport 557,650 issued September 29, 1922 [1932] leaving University after registering was knocked unconscious by National Socialist students but police state not permanently injured. Case is being thoroughly investigated. Upon receipt of full facts shall protest to the Minister for Foreign Affairs.

STOCKTON

863.4016/56

*The Minister in Austria (Stockton) to the Secretary of State*

No. 662

VIENNA, October 22, 1932.

[Received November 9.]

SIR: With reference to my despatches Nos. 499, of March 2, 1932, and 661, of October 19, 1932,<sup>8</sup> and my telegram No. 75, 5 p. m., October 20, 1932, I have the honor to enclose a copy of a report prepared by the Consul General, dated October 21, 1932,<sup>9</sup> concerning the case of Mr. Jakob Benjamin Glenn, who on October 20 was the victim of an unprovoked attack at the University of Vienna.

Mr. Glenn called at the Legation yesterday with his wife and a cousin, Mr. Udelsmann, who is not an American, but who had accompanied Mr. Glenn to the University when he obtained his matriculation papers. Mr. Glenn was still somewhat shaken by his unfortunate experience. The swelling on his head had subsided, but he complained that he was still suffering from a headache. He stated

<sup>8</sup> Latter not printed.

<sup>9</sup> Not printed.

he had received several kicks on his body, but that they were not serious. Mr. Udelsmann had apparently been more badly mauled than Mr. Glenn, his right eye and mouth being still black and blue.

I assured Mr. Glenn that he could count upon receiving all possible protection from the Legation. I advised him to go quietly and unobtrusively about his studies at the University, to associate himself with no political factions, and to avoid whenever possible encounters between Austrian students. I explained to him that the outbreak at the University had resulted from the tragedy which occurred in Simmering on October 16. I urged him, in view of the prevailing anti-Jewish sentiment among the non-Jewish Austrian and German students, that he try not to be over-sensitive to any slights he might receive; that if he was molested he should state quietly he was an American citizen; but if he were again assaulted that he should communicate immediately with the Legation.

In view of the Consul General's statement in his report,<sup>10</sup> enclosed with my despatch No. 499 above referred to, that some American Jewish students, relying upon their American citizenship to protect them from the consequences of their acts, might at times be inclined to become provocative, I did not inform Mr. Glenn that I had already advised the Department by telegram concerning the assault upon him, or that I proposed to protest to the Foreign Office.

I called on Dr. Dollfuss this morning and related to him such facts as the Legation had been able to obtain with regard to this regrettable incident. The Chancellor was visibly irritated at the occurrence and expressed himself vigorously with regard to what he termed "gross stupidity on the part of the National Socialist students". He asked if I would like to have the Press Bureau informed that I had intervened in the case. I replied in the negative. I added that fortunately the incident had as yet received no publicity and that I hoped the press would hear nothing about it. He said he would immediately inform the Rector of the University that I had brought the matter to his attention and would do everything in his power to prevent a recurrence of such an incident. I was much impressed with his sincerity.

I left with him a copy of the enclosed *aide-mémoire*, dated October 22 [21], 1932,<sup>11</sup> and in conclusion stated that during the disturbances at the University in July, 1931, I had telegraphed to my Government that no American citizen in Austria attending to his own business would need my intervention or the protection of the United States,

---

<sup>10</sup> Report not printed.

<sup>11</sup> Not printed.



and expressed the hope that it would never be necessary to invite his attention to another case of this character.

Respectfully yours,

G. B. STOCKTON

863.4016/46 : Telegram

*The Minister in Austria (Stockton) to the Secretary of State*

VIENNA, October 27, 1932—5 p. m.

[Received October 27—1:50 p. m.]

76. With reference to my telegram 74 [75], October 20, 5 p. m., I called on Chancellor on October 22nd and requested that the University authorities be urged to extend adequate protection to American students. The Chancellor expressed his deepest regret and assured me he would take immediate steps to prevent a recurrence of such incidents.

Yesterday a delegation of American students called at the Legation and informed me three of them had been attacked at the University that morning but had not been seriously injured. They asked my protection. I advised them I had already called on the Chancellor in connection with the disorders at the University and would do so again. Last night I again invited the Chancellor's attention to unprovoked attacks upon American students and expressed the opinion that if the University authorities were unable to extend protection the state should intervene. The Chancellor again expressed profound regret and assured me he would take immediate action.

The University was closed this morning for an indefinite period. The Rector called to express his regret and to assure me there would be no repetition of such assaults. The Vienna press has carried the story prominently. The Legation has the situation well in hand.

STOCKTON

863.4016/57

*The Minister in Austria (Stockton) to the Secretary of State*

[Extracts]

No. 666

VIENNA, October 29, 1932.

[Received November 11.]

SIR: With reference to my despatch No. 662, of October 22, 1932, concerning the recent disturbances at the University of Vienna, during which an American student, Jakob Benjamin Glenn, was the victim of an unprovoked attack, I have the honor to inform the

Department that about noon on Wednesday, October 26, the Consul General telephoned me that approximately forty American students had called on him and had stated that some of them had been injured in a new outbreak at the University. He went on to say that they had demanded the protection of the United States in a very insolent manner and that he had referred them to me. He added that they were already "marching on the Legation". A copy of Mr. Harris' memorandum on the subject is herewith enclosed.<sup>12</sup>

I asked Mr. Swift to receive the students; to request them to select a committee of three, and to bring them up to my office. Mr. Swift reported that they were much excited when they arrived and had demanded to see me at once in a body. Mr. Swift finally compromised with them by permitting the committee of three, and the three students who stated they had been injured, to see me. The members of the committee were still excited when they reached my office, and all wanted to talk at once. I managed to calm them down, and allowed each to tell his story. Only one member of the group was in any way impertinent, and he subsided quickly when I told him that I expected a gentleman to conduct himself accordingly when courteously received.

The three students injured were:—

Milton Landon . . .  
Louis J. Rosenfeld . . .  
Nathan Vogel . . .

Fortunately, their injuries were negligible. All of their stories were similar. Each had apparently been singled out for assault because of his Jewish appearance. They declared that their assailants had carried whips, black jacks, steel rods, brass knuckles, and knives. The use of such lethal weapons is an innovation at the University, probably in emulation of the Nazis in Germany. Several students stated that an American girl student had also been struck, but none of them knew her name or have since been able to supply it to the Legation. One maintained that he had been hit even after he had declared he was an American citizen. I explained that I had already called on the Minister for Foreign Affairs, following the attack upon Mr. Glenn on October 20, and had requested that adequate protection be extended the American students at the University. I also stated that Dr. Dollfuss had expressed his deep regret and had assured me he would take immediate steps to prevent a recurrence of such incidents. I added that I would take up the matter with Dr. Dollfuss again. I then sent for the other members of the delegation

---

<sup>12</sup> Not printed.

and explained to them what I had already done, what I proposed to do, and what I wanted them to do.

I urged them not to return to the University until Saturday, October 29, in order to give the authorities sufficient time to take whatever steps might be necessary for their protection. I repeated the admonition I had given Mr. Glenn, that when they returned to the University, to pursue their studies as quietly and unobtrusively as possible, to associate themselves with no political factions, and to avoid all encounters between Austrian students. I also advised them, even if attacked, not to fight back if they could possibly avoid it, adding that I realized how difficult it would be to exercise such restraint.

I explained that publicity would not be helpful and requested them not to discuss their difficulties with representatives of the press. While the students were still in my room, I asked Mr. Swift to telephone the Foreign Office for an appointment with Dr. Dollfuss.

At 5:30 p. m. I called on the Chancellor and informed him I had been advised that four more American students, one of them a girl, had been attacked at the University in the morning. I invited his attention to the fact that despite my protest following the unprovoked attack upon Mr. Glenn, the University authorities had apparently failed to take the necessary steps to protect American students. I stated that the situation was fraught with more peril than possibly he realized, and requested that since the police were forbidden to enter the University premises, the authorities themselves be urged to extend protection to American students. At the close of our conversation I stated that if the University authorities were unable to extend adequate protection, in my opinion it was the duty of the State to intervene. Dr. Dollfuss was quite evidently on the defensive. He must have realized that if he had acted either promptly or forcefully when I protested concerning the attack upon Mr. Glenn, the more recent disturbances would probably not have taken place. He attempted to defend the unruly spirit displayed by the Austrian youth as being due to a lack of discipline, which could no longer be given them, as compulsory military service had been forbidden to Austria by the Treaty of St. Germain. I replied that we had no compulsory military service in the United States, but that our University authorities managed to maintain law and order on their campuses. The Chancellor again expressed his deepest regret and this time assured me emphatically that there would be no recurrence of such incidents. I left with him a copy of the enclosed note, dated October 26.<sup>13</sup>

---

<sup>13</sup> Not printed.

At 11:30 on Thursday, October 27th, the Rector, Professor Dr. Othenio Abel, called upon me to express his deepest regret that American students had been injured in the University disturbances. I told him I realized his difficulties, but felt that as a general invitation had been extended to American students to attend the University of Vienna, the authorities owed them adequate protection. Upon leaving, he gave me a copy of a notice he had had posted at the University, a translation of which is enclosed.<sup>14</sup> Our conversation was very friendly, and he assured me I would have no further cause for complaint. I said I had heard that the Austrian students resented being crowded out of their own University by foreigners. I suggested that if this were true, the University should restrict the number of foreigners admitted. His reply was non-committal.

Although I had told the Chancellor I felt the situation could best be handled without publicity, the Press Bureau, on the night of October 26, released the story that a Minister had called at the Foreign Office to request protection for his nationals at the University. The foreign correspondents immediately found that I was the Minister referred to, and I was deluged with telephone calls. I admitted I had protested at the Foreign Office, but declined to make any statement.

The *Tagblatt* of October 27, quoted the Rector as having addressed a group of students on the preceding afternoon in part as follows:

“The Minister of Education, Dr. Rintelen, asked me how I proposed to prevent a recurrence of such excesses. I declared that I would assume the responsibility. I shall call on the American Minister tomorrow and express to him my deepest regret with regard to these incidents. Do you know what it means for the Rector of such an old University to take a journey to Canossa in this manner? This is what irresponsible individuals force me to do. However, if I were the Minister of a foreign power, I, too, would certainly demand satisfaction from Austria. Can't you imagine what an impression a foreign Minister must get. I regret to say that there are students who apparently do not realize what harm they have done to the University today and what damage they have caused. By guaranteeing peace and order, I have today with the greatest difficulty been able to save the privileges of the University.”

and also the new Secretary of State for Public Safety, Major Fey, as stating:

“During the conversation yesterday between the Minister of Education and the Rector, the possibility of the police having to interfere on academic soil was considered. The Government is determined to preserve law and order everywhere, including in the University and colleges. Should this be impossible in view of the University's

---

<sup>14</sup> Not printed.

present privileges, more comprehensive measures will have to be considered for the protection of students should further disorders occur."

In an unbiased editorial, it declared:

"The events which took place yesterday at the assembly of Austrian and German students in the Great Hall of the University are probably unique in the history of universities. The Rector informed his students that he would apologize to the American Minister for the assault on four American citizens on academic premises. 'Do you know', he said, 'what it means for the Rector of the second oldest German University to take such a Journey to Canossa?'"

If the energetic diplomatic intervention of the American Minister will have the salutary effect of uprooting the intolerant spirit in Austrian universities so that they can return again undisturbed to their real mission of acquiring and spreading knowledge, then he deserves the gratitude of all Austrians who love their country. But couldn't the right thing have been done without foreign compulsion?"

The *Neue Freie Presse* commented:

"The University disturbances were not taken seriously as long as only Austrian students were injured, but when Americans became involved, the Rector had to take a Journey to Canossa to apologize for a regrettable violation of hospitality."

It went on to say it hoped the American people would realize that nobody regretted the unpleasant incident more than the vast majority of Austrian people.

My intervention at the Foreign Office resulted in press attacks upon the Dollfuss Government from the Left and the extreme Right. However, the Government brought these attacks upon itself by giving the story of my protest to the press. As a result of a conversation with Baron Löwenthal, Chief of the President's Cabinet, I am convinced that the Government has long regarded the situation at the University with concern and was eager to take advantage of such an opportunity to put an end to these disgraceful disturbances.

The *Freiheit*, a National Socialist paper of bad repute, in an editorial on October 27, declared that if Austria had had a patriotic press, the story of my protest to the Foreign Office would have been printed with a black border. It went on to say that if Austria had had a strong government, the Chancellor would have told me politely but emphatically that I had no right to intervene in such a matter. The *Freiheit* also claimed that American students had repeatedly acted in a provocative manner and that instead of my protesting, the Austrian students should protest against the behavior of the Americans. It accuses the *Vienna Tag*, which it reproaches with being under Czechoslovak control, of having expressed satisfaction that

the Rector of the University had to apologize to the American Minister. A translation in full of this editorial is enclosed.<sup>15</sup>

The *Arbeiterzeitung*, of October 28, taunted Dr. Rintelen, the Minister of Education, with being against terrorism at the University when foreign students are assaulted, but complacent at all other times. It went on to say that the Government only became aroused and the Rector only recognized the National Socialist students as "irresponsible" when the American Minister complained, but that when Austrians or "undesirable" students from the East were beaten up, the Government was not interested. In conclusion, it labeled Austrian reactionaries as terrorists at home and lackeys abroad. A translation of the whole editorial is enclosed.<sup>15</sup> In my opinion, the manner in which the *Arbeiterzeitung* gloats over the Government's awkward position is extremely unfortunate, although it must be admitted that the Government has been callously indifferent in the past to anti-Jewish disturbances at the University.

I am hopeful that my representations to the Foreign Office will result not only in putting an end to attacks upon American students, but also in the cessation of the disgraceful anti-Jewish disorders which, in the past, have so frequently disturbed the peace of the University.

I have reported this incident in detail so that the Department will be in a position to answer directly any enquiries that may be made concerning it.

Respectfully yours,

G. B. STOCKTON

863.4018/60

*The Minister in Austria (Stockton) to the Secretary of State*

No. 670

VIENNA, November 4, 1932.

[Received November 18.]

SIR: Referring to my telegram No. 80 of November 3, 5 p. m.,<sup>15</sup> and previous correspondence concerning the recent anti-Jewish disturbances at the University of Vienna, I have the honor to inform the Department that the University was re-opened yesterday and that there were no clashes among the students.

The *Neue Freie Presse* and the *Tagblatt* of November 3 stated that National Socialist students had distributed pamphlets urging Jewish

<sup>15</sup> Not printed.

students attending the lecture of Professor Tandler at the Anatomical Institute to sit in the gallery and not in the main lecture hall. The resort to pamphlets instead of blackjacks is significant.

Following my representations to the Foreign Office, complaints of maltreatment were received at the Polish, Rumanian, and Yugoslav Legations from their Jewish nationals attending the University. Protests were promptly filed with the Foreign Office by the Polish and Yugoslav Legations, and the *Freie Presse* quotes the Rumanian Minister as having declared to Dr. Dollfuss yesterday that he was in accord with his American colleague and urged that protection be extended to Rumanian students.

Upon the re-opening of the University, the Rector, Professor Dr. Abel, issued a proclamation urging the students not to precipitate further disorders and declaring that nobody would be allowed to enter the academic premises without an identity card. The proclamation went on to say that the recent regrettable excesses had been injurious to the prestige of the University and had also placed in jeopardy special academic privileges which were already several centuries old.

The opposition press continues to make political capital out of the Legation's representations to the Foreign Office. I enclose a cartoon from the *Morgen* of October 31,<sup>16</sup> portraying the Rector of the University as counselling the National Socialist students against attacking foreign students in the future and laying emphasis on the word "foreign".

There is also transmitted a copy of a letter, dated November 3,<sup>16</sup> from the American Medical Association of Vienna, expressing appreciation of my intervention and requesting that I bring the contents of its letter to the attention of the Austrian Government. Personally I have heard of no American student who has severed his connection with the University because of the recent disturbances. I shall, of course, ignore the Association's request to bring its letter to the attention of the Foreign Office. A copy of the Legation's reply is also enclosed.<sup>16</sup>

Baron Löwenthal, Chief of the President's Cabinet; Dr. Junkar, Chief of the Political Bureau at the Foreign Office until November 1; and Dr. Brandl, the recently appointed President of Police to succeed Dr. Schober, have all expressed to me personally their satisfaction at my intervention. Baron Löwenthal was incensed that the privilege of immunity should continue to be allowed the University

---

<sup>16</sup> Not printed.

in view of the fact that its premises were being used for the commission of unlawful acts. As I have already advised the Department in my telegram above referred to, Dr. Brandl informed me that the new guard which has been established at the University is not composed of messengers from other institutions and Government Departments, as has been stated by the press, but of picked men from the retired list of the Police. Both he and Baron Löwenthal assured me that should this force be unable to maintain order at the University, the Government was prepared to admit the Police.

Yesterday was the Chancellor's regular day for receiving the Chiefs of Mission. He again expressed his regret that Americans had been injured in the University disturbances. He assured me that the University authorities now had the situation completely under control and asked me to make a statement to the American press asserting that the Austrian Government had handled the matter energetically and assuring the American people that American students in Austria would receive adequate protection. I replied that there was danger in making such a statement, as there might be a recurrence of the regrettable incidents of last week. He explained that every possible precaution had been taken to preserve order, but that in the event of further trouble the Austrian Government was prepared to take drastic action.

In accordance with the Chancellor's request, the Legation issued the following statement to the American press correspondents in Vienna:

"The American Minister informed the American correspondents in Vienna that the Chancellor and Minister for Foreign Affairs, Dr. Dollfuss, had assured him today that the University authorities now had the situation completely under control, but should further disorders arise, that the Austrian Government was prepared to take drastic action.

The Austrian Government, Mr. Stockton added, had acted energetically in this matter and he was hopeful that there would be no recurrence of the regrettable incidents of last week."

I consider this unfortunate incident as now closed.

Respectfully yours,

G. B. STOCKTON



## BELGIUM

### ARRANGEMENT BETWEEN THE UNITED STATES AND BELGIUM REGARDING RECIPROCAL RECOGNITION OF LOAD LINE CERTIFI- CATES, EFFECTED BY EXCHANGE OF NOTES, SIGNED OCTOBER 7, 1931, FEBRUARY 4, 1932, AND APRIL 19, 1932

Executive Agreement Series No. 40  
855.8561/6

*The American Ambassador in Belgium (Gibson) to the Belgian  
Minister for Foreign Affairs (Hymans)*<sup>1</sup>

No. 708

BRUSSELS, October 7, 1931.

MR. MINISTER: I have the honor to refer to Your Excellency's note of March 31, 1931,<sup>2</sup> (Direction Générale B., Section I.B./Communications, No. C.24/1081) pertaining to the conclusion between the Governments of Belgium and the United States of a reciprocal agreement concerning ship load lines.

Pursuant to instructions from my Government, I now have the honor to inform Your Excellency that the substance of this note and the text of the excerpt of the Belgian law of August 25, 1920, submitted therewith, have been examined by the competent authorities of my Government.

In answer to the inquiry whether the American Government does not share the view of the Belgian Minister of Transports that the reciprocal agreement concerning the inspection of vessels, existing between the two countries since June 1, 1922,<sup>3</sup> would be applicable to the control of load lines, I have the honor to inform Your Excellency that the competent authorities of my Government do not believe that this agreement could be interpreted to cover load lines, and that they consider it would be preferable to negotiate a separate arrangement.

The Government of the United States has taken due notice of the Belgian law which provides that "the freeboard of vessels shall be determined in accordance with the rules and freeboard tables of the French Bureau Veritas or of Lloyds Registry of Shipping, or in accordance with rules and tables recognized as equivalent thereto."

---

<sup>1</sup> Transmitted to the Department by the Ambassador as an enclosure to his despatch No. 1074, June 18, 1932; received July 2.

<sup>2</sup> Not printed.

<sup>3</sup> The arrangement effected by an exchange of notes, signed April 28 and June 28, 1922.

In connection with this provision, my Government is willing to conclude a reciprocal agreement in regard to load lines with the Government of Belgium with the understanding that the rules and freeboard tables employed by the French Bureau Veritas and by Lloyds Registry of Shipping are the freeboard rules and tables of the French Government and the 1906 rules of the British Board of Trade, respectively.

Subject to the above understanding the Government of the United States is prepared to agree that pending the coming into force of the International Load Line Convention of 1930,<sup>4</sup> in the United States and Belgium, the competent authorities of the Government of the United States will recognize the load line marks and the certificate of such marking on the merchant vessels of Belgium made in accordance with either of the foregoing systems of rules and tables as equivalent to load line marks and certificates of such markings made pursuant to the laws and regulations of the United States; provided, that the load line marks are in accordance with the load line certificates; that the hull and superstructure of the vessel certificated have not been so materially altered since the issuance of the certificate as to affect the calculations on which the load line was based; and that alterations have not [been] made so that the—

- (1) Protection of openings,
- (2) Guard Rails,
- (3) Freeing Ports,
- (4) Means of Access to Crews Quarters,

have made the vessel manifestly unfit to proceed to sea without danger to human life.

It will be understood by this Government that on the receipt by the Embassy of a note from Your Excellency to the effect that the competent authorities of the Belgian Government will recognize the load line marks and certificates thereof on merchant vessels of the United States, executed pursuant to the laws and regulations of this Government, as equivalent to load line marks and certificates made in accordance with the laws and regulations in force in Belgium, and expressing the Belgian Government's concurrence in this Government's understanding as above set forth, the agreement will become effective.

I avail myself [etc.]

HUGH GIBSON

---

<sup>4</sup> *Foreign Relations*, 1930, vol. I, p. 261.

Executive Agreement Series No. 40  
855.8561/6

*The Belgian Minister for Foreign Affairs (Hymans) to the  
American Chargé in Belgium (Mayer)*<sup>5</sup>

[Translation]

General Division B  
Section I.B., Comm.  
No. C.24/354

BRUSSELS, February 4, 1932.

SIR: I did not fail to inform the Minister for Transportation of the contents of the Embassy's note of October 7th last, No. 708, concerning the negotiation between the two countries of a temporary agreement on load line regulations of vessels.

I have the honor to inform you that the regulations and tables of load lines which are mentioned in article 161 of the royal decree of November 8, 1920, constituting a ruling for the application of the law concerning the safety of vessels, are the regulations and tables of load lines of the French Government as given by the Veritas Bureau and the rules of 1906 of the British Board of Trade as given in "Lloyd's Register of Shipping."

As the Government of the United States feels that it cannot assent to the proposal that has been submitted to it, of applying in the matter of load line regulations the reciprocity agreement concerning the safety of vessels, concluded in 1922, the Government of the King accepts the arrangement proposed by the Government of the United States.

This arrangement will have, therefore, a temporary character and is destined to come to an end as soon as the two Governments shall have ratified the International Agreement concerning load lines and as soon as this Agreement shall come into force.

The Government of the King declares, consequently, that as a measure of reciprocity corresponding to the measures stated by the American Government, the Belgian Government will, in the interim before the enforcement in the United States and in Belgium of the International Agreement on load lines, of July 5, 1930, and with the exception of the conditions set forth below, permit competent authorities of the Belgian Government to recognize the marks of the load lines and the certificates of these lines for merchant vessels under the United States flag, when these are established in conformity with the laws and regulations in force in the United States, as being equivalent

---

<sup>5</sup> Transmitted to the Department by the Chargé as an enclosure to his despatch No. 1023, February 25, 1932; received March 16.

to the marks of the load lines and the certificates of these lines established in conformity with Belgian law.

This recognition is subject to the following conditions:

1) The marks of the load lines shall correspond to the certificates of the load lines.

2) Alterations of sufficient importance to affect the calculations on which the load line was based shall not have been made since the issuance of the certificate to the hull and to the superstructure of the vessel concerned.

3) The alterations made shall not be of such a nature that the protection of openings, handrails, cargo ports, means of access to the crew's stations, shall render the vessel manifestly unfit to go to sea without danger to human life.

The Belgian Maritime Inspection Service has been notified of the present arrangement and instructed to observe it henceforth.

It is appropriate to point out that the correspondence exchanged on the subject discussed above, precedes the royal decree of September 14, 1931, which allows Belgian shipowners to obtain for their vessels the load line established in conformity with the ruling forming an annex to the International Load Line Agreement signed at London on July 5, 1930; thus this royal decree introduces into this question a new element which it has been impossible to take into consideration.

But this circumstance is not of a character to affect the proposed arrangement since the American ruling on load lines is identical with the ruling forming an annex to the agreement above mentioned.

Since the Government of the United States is disposed to recognize the load lines of Belgian vessels assigned according to the old regulations, the Government of the King takes it for granted that the Government of the United States will likewise recognize the load line assigned according to the conditions provided in the new Belgian ruling in this matter. The Government of the King considers it opportune, however, again to call the attention of the Government of the United States to the fact that, in accordance with this latter regulation, the assignment of load lines consists of the letters B.I. when the load line is established by the official Belgian authorities qualified for this purpose.

I have the honor to forward to you in this connection 3 copies of the royal decree of September 14, 1931,<sup>6</sup> as well as 3 copies of the official form of load line certificate used by the Belgian Maritime Inspection Service.<sup>6</sup>

I should appreciate your addressing me a letter stating the assent of the Government of the United States to the present arrangement.

<sup>6</sup> Not printed.

The date of this communication could be considered as signifying the coming into force of the arrangement.

Be so kind as to accept [etc.]

For the Minister :

*The Director General*

Executive Agreement Series No. 40  
855.3561/6

*The American Chargé in Belgium (Mayer) to the Belgian Minister for Foreign Affairs (Hymans)*<sup>8</sup>

No. 804

BRUSSELS, April 19, 1932.

MR. MINISTER: I have the honor to refer to Your Excellency's note of February 4, 1932 (Direction Générale B, Section I.B./Comm., No. C.24/354) and to its enclosures, regarding the conclusion of an arrangement between Belgium and the United States for the reciprocal recognition of ship load line certificates.

My Government agrees, as requested in this note, to recognize the certificates issued by the Government of Belgium pursuant to the Royal Decree of September 14, 1931, which allows Belgian ship-owners the privilege of obtaining for their vessels the load line established in conformity with the ruling which forms an annex to the International Load Line Convention signed at London on July 5, 1930.

The Government of the United States accordingly understands that the arrangement has been completed by the exchange of notes and is effective from the date of this note.

I would greatly appreciate confirmation of this understanding, and I avail myself [etc.]

FERDINAND LATHROP MAYER

**ARRANGEMENT BETWEEN THE UNITED STATES AND BELGIUM REGARDING RECIPROCAL RECOGNITION OF CERTIFICATES OF AIRWORTHINESS FOR IMPORTED AIRCRAFT, EFFECTED BY EXCHANGE OF NOTES, SIGNED OCTOBER 22, 1932**

Executive Agreement Series No. 43  
711.5527/22

*The Ambassador in Belgium (Gibson) to the Secretary of State*

No. 1161

BRUSSELS, November 9, 1932.

[Received November 18.]

SIR: I have the honor to refer to the Department's telegram No. 19, May 17, 1932, 12 noon,<sup>9</sup> and to previous correspondence concern-

<sup>8</sup> Transmitted to the Department by the Ambassador in Belgium as an enclosure to his despatch No. 1074, June 18; received July 2.

<sup>9</sup> Not printed.

ing a reciprocal agreement between the United States and Belgium for the acceptance of certificates of airworthiness for aircraft imported as merchandise.

Pursuant to the Department's instructions, there are forwarded herewith a certified copy of my note to the Foreign Office, dated October 22, 1932, and the original of the note from the Foreign Office, of the same date, giving effect to this arrangement, together with a translation of the latter.

Respectfully yours,

HUGH GIBSON

[Enclosure 1]

*The American Ambassador (Gibson) to the Belgian Minister for Foreign Affairs (Hymans)*

No. 907

BRUSSELS, October 22, 1932.

MR. MINISTER: I have the honor to communicate to Your Excellency the text of the arrangement between the United States of America and Belgium, providing for the acceptance by the one country of certificates of airworthiness of aircraft imported from the other country as merchandise, as understood by me to have been agreed to in the negotiations which have just been concluded between our two Governments as follows:

AN ARRANGEMENT BETWEEN BELGIUM AND THE UNITED STATES OF AMERICA CONCERNING THE ACCEPTANCE BY ONE OF THE PARTIES OF CERTIFICATES OF AIRWORTHINESS FOR AIRCRAFT IMPORTED AS MERCHANDISE FROM THE TERRITORY OF THE OTHER PARTY

1. The present arrangement applies to civil aircraft constructed in continental United States of America, exclusive of Alaska, and exported to Belgium; and to civil aircraft constructed in Belgium and exported to continental United States of America, exclusive of Alaska.

2. On condition that the agreement be reciprocal, certificates of airworthiness issued by the competent authorities of the Government of the United States in respect of aircraft subsequently registered in Belgium, shall have the same validity as if these certificates had been issued in accordance with the regulations in force on the subject in Belgium. However, the validity of a certificate issued in the United States shall in every case be subject to the issuance by the authorities of the Government of the United States of a special airworthiness certificate for exportation.

3. This arrangement shall apply to civil aircraft of all categories, including those used for public transportation or for private purposes.

4. Each of the Contracting Parties may terminate the present arrangement by giving to the other sixty days notice.

This arrangement will come into force thirty days after the date of this note.

I avail myself [etc.]

HUGH GIBSON

[Enclosure 2—Translation]

*The Belgian Minister for Foreign Affairs (Hymans) to the  
American Ambassador (Gibson)*

Department P, No. 49/8420

BRUSSELS, October 22, 1932.

MR. AMBASSADOR: I have the honor to inform Your Excellency that the Belgian Government undertakes to observe, in its relations with the Government of the United States of America, the terms of the following arrangement relative to the recognition by one of the parties of certificates of airworthiness of aircraft imported as merchandise from the territory of the other party:

[Here follows the French text of the arrangement, articles 1 to 4, inclusive, which is the equivalent of the English text of these articles contained in the note of October 22, 1932, from the American Ambassador in Brussels to the Minister for Foreign Affairs of Belgium, *supra*.]

This agreement shall become effective 30 days from today's date.

I avail myself [etc.]

HYMANS

## BULGARIA

### PROVISIONAL AGREEMENT BETWEEN THE UNITED STATES AND BULGARIA WITH RESPECT TO COMMERCIAL RELATIONS, EFFECTED BY EXCHANGE OF NOTES, SIGNED AUGUST 18, 1932

611.7431/60

*The Minister in Bulgaria (Shoemaker) to the Secretary of State*

[Extract]

No. 452

SOPIA, June 29, 1932.

[Received July 16.]

SIR: I have the honor to refer to the Legation's despatch No. 451, of June 27, 1932,<sup>1</sup> reporting the signing of the Bulgaro-German treaty of commerce and navigation,<sup>2</sup> and to solicit instructions as to the method the Department desires to adopt to meet the situation resulting from the fact that the Bulgaro-German treaty provides for reduced tariff rates on German industrial products imported into Bulgaria and that there exists no formal agreement between Bulgaria and the United States on the basis of which the reduced rates established by the Bulgaro-German treaty may be claimed for American imports into Bulgaria.

It will be recalled that Mr. Wilson,<sup>3</sup> acting on the Department's instruction No. 153, of December 1, 1925<sup>1</sup> file No. 674.0031/2, and after ascertaining from the Acting Minister for Foreign Affairs that the Bulgarian Government was favorable in principle to a commercial treaty with the United States, left with the Secretary General of the Bulgarian Foreign Office, on December 28, 1925, a copy of the German-American commercial treaty,<sup>4</sup> to be examined as a possible basis for a commercial treaty between the United States and Bulgaria. Subsequent inquiries made at the Foreign Office on the subject of a treaty of commerce with the United States, the latest of which appears to have been that reported in Mr. Koding's despatch No. 1433, of February 11, 1929,<sup>1</sup> revealed the fact that Bulgaria was not ready to conclude treaties of commerce with non-limitrophe states. In con-

<sup>1</sup> Not printed.

<sup>2</sup> Signed at Sofia, June 24, 1932, League of Nations Treaty Series, vol. CXLVII, p. 211; English translation, p. 265.

<sup>3</sup> Charles S. Wilson, then Minister in Bulgaria.

<sup>4</sup> Treaty between the United States and Germany, signed at Washington, December 8, 1923, *Foreign Relations*, 1923, vol. II, p. 29.



sequence, and as most favored nation treatment was continuing to be extended to American products, despite the lapse on August 9, 1925, of the provisions of Chapter I of the economic clauses of the Treaty of Neuilly<sup>7</sup> and of Article 152 of Chapter II to the same section of the Treaty of Neuilly, the matter of a treaty of commerce with the United States has never been pressed.

Now that Bulgaria has signed a commercial treaty with Germany which provides for tariff reductions, it would seem to be desirable, if not essential, that our commercial relations with Bulgaria be placed upon firmer ground than a verbal assurance of most favored nation treatment, especially as the more important American imports into Bulgaria compete with German products which will doubtless benefit by reduced tariff rates under the Bulgaro-German treaty, notably, industrial machinery and tools, office equipment such as typewriters and adding machines, and agricultural machinery and implements. In consequence a member of my staff has today made inquiries concerning most favored nation treatment for American products of Mr. Watcheff, the Chief of the Consular Section of the Bulgarian Ministry for Foreign Affairs and the Bulgarian representative who signed the Bulgaro-German treaty. Mr. Watcheff is also the functionary who back in the early days of 1926 was charged with the study of the German-American treaty. He said that from the Bulgarian point of view there would be no objection to the conclusion in the near future of a most favored nation agreement with the United States, either in the form of a treaty of commerce and navigation, such as the treaty between the United States and Germany, or by an exchange of notes. He said that it was his personal opinion that the Bulgarian Government would prefer to proceed on the basis of the proposal made by Mr. Wilson for a full treaty of commerce and navigation and that although he is leaving in a few days for a month's vacation he is certain that such a treaty could be signed before the treaty with Germany comes into force, which he does not anticipate will be before late autumn, in view of the fact that the Bulgarian Parliament will adjourn on July 1.

Respectfully yours,

HENRY W. SHOEMAKER

---

<sup>7</sup> Signed November 27, 1919, *British and Foreign State Papers*, vol. CXII, p. 781.

Executive Agreement Series No. 41  
611.7431/66

*The Minister in Bulgaria (Shoemaker) to the Secretary of State*

No. 495

SOPIA, August 20, 1932.

[Received September 7.]

SIR: I have the honor to refer to my telegram No. 20, of August 18, 5 p. m.,<sup>8</sup> reporting the exchange of notes, on the afternoon of August 18, between Mr. Mooshanoff, the Bulgarian Prime Minister and Minister for Foreign Affairs, and myself, whereby unconditional most favored nation treatment is to be accorded to the goods of the United States by Bulgaria and to the goods of Bulgaria by the United States, and to transmit herewith the original of Mr. Mooshanoff's note and a true copy of my note. There is also enclosed a literal translation of Mr. Mooshanoff's note which has been made independently of the text of my note. Each discrepancy between the text of this translation and the text of my note was carefully examined, prior to signature, with a view to ensuring identic provisions in the two notes. Competent translators assured the Legation that Mr. Mooshanoff's note is identic in meaning with my note and as similar in expression as is possible in view of the differences existing between the Bulgarian and the English languages, and that in consequence my note could be considered an exact translation of Mr. Mooshanoff's, and that likewise his note might be used as an exact translation of mine. However, in preparing the translation of Mr. Mooshanoff's note for the Department's use, the Legation has thought it best to make a literal translation independently from the text of my note.

I wish also to take this opportunity to confirm the fact, also reported by my telegram No. 20, that Mr. Mooshanoff has accepted the proposal to undertake negotiations for a definitive treaty of commerce and navigation embodying provisions on these subjects similar to those included in the Treaty of Friendship, Commerce and Consular Rights between the United States and Germany, but eliminating the consular and possibly certain other provisions. It is also agreeable to the Bulgarian authorities to undertake negotiations for a separate treaty embodying provisions dealing with consular rights. The Legation will therefore expect to receive the Department's drafts for such treaties, accompanied by appropriate instructions, in the near future.

Respectfully yours,

HENRY W. SHOEMAKER

---

<sup>8</sup> Not printed.

[Enclosure 1]

*The American Minister (Shoemaker) to the Bulgarian Minister for  
Foreign Affairs (Mooshanoff)*

SOFIA, August 18, 1932.

MR. MINISTER: I have the honor to confirm and to make of record by this note the following provisional commercial agreement between our respective governments.

The United States will accord to goods, the growth, produce or manufacture of Bulgaria and Bulgaria will accord to goods, the growth, produce or manufacture of the United States in all respects and unconditionally the most favored nation treatment. The said treatment shall apply to all goods from whatever place arriving including goods destined for consumption or re-exportation or in transit.

The stipulations of this agreement do not extend to the treatment which is accorded by the United States to the commerce of Cuba under the provisions of the commercial convention concluded between the United States and Cuba on December 11, 1902,<sup>9</sup> or the provisions of any other commercial convention which hereafter may be concluded between the United States and Cuba. Such stipulations moreover do not extend to the treatment which is accorded to the commerce between the United States and the Panama Canal Zone or any dependency of the United States or to the commerce of the dependencies of the United States with one another under existing or future laws.

Nothing in this agreement shall be construed as a limitation of the right of either high contracting party to impose on such terms as it may see fit prohibitions or restrictions of a sanitary character designed to protect human, animal or plant life or regulations for the enforcement of police or revenue laws.

The present agreement becomes operative on this eighteenth day of August, 1932, and shall continue in force until superseded by a definitive treaty of commerce and navigation, or until denounced by one of the two High Contracting Parties by advance notice of three months. If however either party should be prevented by the future action of its legislature from carrying out the terms of the agreement the obligations thereof shall thereupon lapse.

I avail myself [etc.]

HENRY W. SHOEMAKER

---

<sup>9</sup> *Foreign Relations*, 1903, p. 375.

[Enclosure 2—Translation]

*The Bulgarian Minister for Foreign Affairs (Mooshanoff) to the  
American Minister (Shoemaker)*

No. 14036/19/II

SOFIA, August 18, 1932.

MR. MINISTER: I have the honor to confirm in concrete form, by this note, the following provisional commercial agreement between our respective governments:

Bulgaria will accord to goods—natural or manufactured products of the United States and the United States will accord to goods—natural or manufactured products of Bulgaria in all respects and unconditionally the most favored nation treatment. This treatment shall apply to all goods, from whatever place arriving, including goods destined for consumption, or reexportation or in transit.

The stipulations of the present agreement shall not extend to the treatment, which is accorded by the United States to the commerce of Cuba, under the provisions of the commercial convention concluded between the United States and Cuba on December 11, 1902, or the provisions of any other commercial convention, which hereafter may be concluded between the United States and Cuba. The same stipulations similarly will not apply to the treatment, which is accorded to the commerce between the United States and the Panama Canal Zone or any dependency of the United States, or to the commerce of the dependencies of the United States with one another, under existing or future laws.

Nothing in this agreement shall be deemed as a limitation of the right of either of the high contracting parties to impose prohibitions or restrictions of a sanitary character, which either party considers necessary, destined to protect human, animal or plant life, or regulations for the enforcement of police or revenue laws.

The present agreement will enter into force on the 18th of August 1932 and shall continue to be in force until superseded by a definitive treaty of commerce and navigation, or until denounced by one of the two Contracting Parties by advance notice of three months. If, however, either of the parties should be prevented by any future action of its legislature from executing the conditions of this agreement, the obligations thereof shall lapse.

I take [etc.]

N. MOOSHANOFF

## CZECHOSLOVAKIA

### REPRESENTATIONS TO THE CZECHOSLOVAK GOVERNMENT REGARDING RESTRICTIONS ON THE IMPORTATION OF AMERICAN TRACTORS

660f.116 Tractors/3

*The Minister in Czechoslovakia (Ratshesky) to the Secretary of State*

No. 192

PRAGUE, January 15, 1931.

[Received February 4.]

SIR: I have the honor to report that the Commercial Attaché at Prague, Mr. Rankin, has again brought to the attention of the Legation the importation of American tractors into Czechoslovakia, which under the present restrictions, make importations from the United States exceedingly difficult. This is due not so much to the high import duty as to the application of an import license system, whereby each shipment is made subject to a special permit before it may be cleared through the customs. So far as can be determined no legal limit exists on the number of tractors which may be imported into Czechoslovakia from any country or by any individual importer or in any one shipment. Mr. Rankin states that he has been shown official communications from the Czechoslovak Government refusing entirely to comply with requests for permission to clear shipments of from three tractors upwards. In other cases licenses for three tractors were issued where twenty-one had been requested, or out of ten asked for only five were granted. And he was informed that during the principal selling season in the Spring of 1930 a majority of applications were refused entirely.

Shortly after my Letter of Credence had been presented on May second, I took up this subject with the Minister for Foreign Affairs, Dr. Beneš, during a conference on several other matters, and he agreed to give it his attention. About July first I again brought the matter to his attention and he stated that he believed it was too late in the season to give it any worth-while aid but would take the question up before the tractor selling season opened next year.

Mr. Rankin has formulated a note at my suggestion, which he requests the Legation to send to the Foreign Office in regard to this matter. In view of the rather pointed wording of the note, which

seems to me a trifle drastic, I am enclosing a copy<sup>1</sup> requesting the Department for its approval, or such revision as may be deemed appropriate before the Legation forwards it to the Minister for Foreign Affairs. In calling Mr. Rankin's attention to the wording of the note, he stated that he had drawn it up on the lines of the Department's Note (No. 44, October 4, 6 p. m., 1928)<sup>2</sup> which the Legation sent to the Foreign Office relative to the automobile contingent.

The figures given in the enclosed note relative to tractor imports from the United States and other foreign countries show a great diminution; but the 1930 imports from foreign countries, other than the United States, show an increase of two tractors over last year (1929) while the imports from America for 1930 are considerably less than the previous year. Tractors are being manufactured in Czechoslovakia by the Skoda Works, and two small companies—the Praga Tractor Company and the Wikov Tractor Company—however the output of these two latter companies together would not be more than fifty tractors a year.

In regard to domestic production a great deal of secrecy surrounds the actual output and sales of tractors as well as automobiles. Each year the Czechoslovak Statistical Bureau publishes figures for the number of motor vehicles in the country. The latest definitive data is for February 1929, although preliminary figures have been issued for February 1930. For production there are only rough estimates as a guide.

Official figures for February 1928 (Bulletin 21-24, 1929) show a total of 2,294 tractors in Czechoslovakia, of which only twenty-six were of Czechoslovak manufacture while 2,071 were American. A year later (February 1929) the official figures (Bulletin 41-43, 1930) show a total of 3,410 tractors of which 128 were Czechoslovak and 2,974 were American. Preliminary figures for February 1930 show a total of 4,269 tractors but no indication is yet available as to their origin.

Czechoslovak tractor production prior to 1928 was negligible. Estimates that were obtained from the best available local sources are as follows:

<i>Year</i>	<i>Number of Tractors Manufactured in Czechoslovakia</i>
1928 .....	100
1929 .....	430
1930 .....	275

<sup>1</sup> Not printed.

<sup>2</sup> *Foreign Relations*, 1928, vol. II, p. 712.

These figures do not check very closely with import and registration statistics. If the latter are correct the indicated 1928 domestic production was about 600; and for 1929 something over 500. There seems reason to believe that the Czechoslovak tractor output has not averaged as much as 300 units annually during the past three years as against nothing in previous years. However, local production has not begun to make up for the reduction brought about in imports since 1927. All that is known with certainty is, that when American tractors were introduced here after Czechoslovakia became stable, an average of over 1000 units were sold annually. In 1930 about 100 were sold, and it would seem obvious that domestic production did not account for this difference.

It is important that this matter be given attention by the Department so that the Legation may receive a reply before the middle of March in order to present the question to the Foreign Office at the proper time. The tractor selling season is in the Spring and is a comparatively short one. Even a slight delay might easily serve to put off the whole question for another year.

Respectfully yours,

A. C. RATSHESKY

---

660f.116 Tractors/6 : Telegram

*The Acting Secretary of State to the Minister in Czechoslovakia  
(Ratshesky)*

WASHINGTON, March 12, 1931—noon.

5. Reference Legation's despatch No. 192 of January 15, 1931.

As any representation made to the Czechoslovak Government in regard to this matter would necessarily be in the nature of a request based upon considerations of enlightened business practice and the convenience of importers, rather than in the nature of a demand based upon conventional rights or the principles of international law, it is suggested that it might be more appropriate to take up the question informally in conversation, and also if you deem it advisable, that you leave a memorandum embodying the substance of the draft note attached to the despatch under reference.

CARR

660f.118 Tractors/10

*The Chargé in Czechoslovakia (Hibbard) to the Secretary of State*

No. 595

PRAGUE, December 15, 1931.

[Received January 5, 1932.]

SIR: I have the honor to refer to the Department's Instruction No. 61, of March 12, 1931,<sup>3</sup> and previous correspondence concerning the difficulties experienced by the importers of American tractors in securing import licenses for these machines to enter Czechoslovakia and to report that this matter has again been brought to the attention of the Legation by the refusal of the Czechoslovak authorities without stating their reasons to grant licenses for several caterpillar tractors which have been purchased here.

There is enclosed herewith a copy of an *aide-mémoire* which was left with the Minister for Foreign Affairs by Minister Ratshesky in accordance with the Department's telegraphic instruction No. 5 of March 12, 12 noon. The question was then informally discussed with him and later on with the Undersecretary of Commerce, Dr. Peroutka. No progress was made and the matter lapsed as the selling season for tractors had passed.

It is my feeling that informal representations to this government on matters affecting trade are of little value as there is always a commission or a department behind which the respective Ministers hide, shifting or dividing the responsibility for each decision. I have therefore written a formal note asking that the exclusion of the tractors already purchased be reconsidered and urging the advisability of stating the definite number of tractors which will be admitted over a given period of time in order that the importers and manufacturers may do business without the present uncertainty which entails both financial loss and delay. A copy of my note is transmitted herewith.

Respectfully yours,

FREDERICK P. HIBBARD

[Enclosure 1]

*The American Legation to the Czechoslovak Ministry for Foreign Affairs*

## AIDE-MÉMOIRE

No. 1496

The American Legation has received complaints from importers, distributors, and agents of American tractor manufacturers that the

---

<sup>3</sup> Not printed.



importation of tractors into Czechoslovakia has been made increasingly difficult within the last year. Their complaints do not apply to tariff duties, which, in themselves offer a restrictive measure, but to the application of an import license system whereby each shipment is made subject to special permit before it may be cleared through the customs offices. Prior to 1928 such permits were usually issued upon request and without delay. Since that time, however, the policy of the Czechoslovak government appears to have been to refuse, wholly or in part, nearly all applications of importers for permission to import American tractors into this country.

So far as this Legation is aware there is no legal limit on the total number of tractors which may be imported into Czechoslovakia from any country or by any individual importer or in any one shipment. In active practice, however, it appears that arbitrary decisions have been made by the Czechoslovak authorities in refusing to comply with requests for permission to clear shipments. It is apparent that this system works a great hardship on importers since these measures are more severe than an import quota due to the uncertainty involved as the number of tractors which can be imported from any given shipment.

In view of this situation it will be appreciated if information can be given as to the treatment which will be accorded imports of American tractors during 1931 in order that American concerns may make their plans accordingly. As the Spring season is rapidly approaching, during which the importation of these machines is heaviest, such a statement at an early date would be most helpful.

PRAGUE, March 20, 1931.

[Enclosure 2]

*The American Chargé (Hibbard) to the Czechoslovak Minister for Foreign Affairs (Beneš)*

No. 1519

PRAGUE, December 15, 1931.

EXCELLENCY: I have the honor to inform Your Excellency that the Czechoslovak firm "Agra-Unie" which is the local representative of the Caterpillar Tractor Company of Peoria, Illinois, United States of America, has been refused import licenses for a number of caterpillar tractors by the Ministry of Commerce without any reason being given. In previous discussions of this matter with members of Your Excellency's Government this Legation has pointed out that no definite limit has been placed by Czechoslovakia on the number of tractors which may be imported into the country from the United States or

any other country. As a consequence due to the seemingly arbitrary manner in which import licenses for these machines are refused the normal business relations of the importers suffer because of the uncertainty as to whether the machines which have been contracted for will be admitted. As the tractors in this instance are of a special type which are not manufactured locally and do not compete with local production and as they have already been contracted for and the refusal of their admission will not only entail loss to the importer but the manufacturer as well, I shall be very grateful if Your Excellency will be kind enough to cause a reconsideration of this case to be made in the hope that the necessary import licenses may be granted.

I should like to take this opportunity again to point out to Your Excellency how helpful it would be for the trade relations not only of the importer and manufacturer but the local purchasers if the Czechoslovak Government could find it possible to state definitely the number of tractors which may be imported annually from each country.

Accept [etc.]

FREDERICK P. HIBBARD

---

660f.116 Tractors/11

*The Chargé in Czechoslovakia (Hibbard) to the Secretary of State*

No. 684

PRAGUE, March 16, 1932.

[Received March 31.]

SIR: I have the honor to refer to my despatch No. 192, of January 15, 1931, and to the Department's Instruction No. 61, of March 12, 1931,<sup>4</sup> concerning certain difficulties experienced by the importers of American tractors in receiving the necessary import licenses from the Czechoslovak authorities and to transmit herewith a translation of a note which I have received from the Ministry for Foreign Affairs in reply to numerous notes sent to that office on this subject.

I have endeavored at various times to secure a statement by the Czechoslovak authorities as to how many tractors would be admitted during a given period. Such a decision would eliminate a great deal of the uncertainty now existing as practically all companies have been unable to import tractors without definite knowledge of how many would be admitted into the country. It will be seen from the enclosed note that eleven tractors have now been granted entry permits. However the authorities state that they are not prepared to make an import contingent for tractors but that they will consider favorably all applications for the entry of tractors of a special type

---

<sup>4</sup> Letter not printed.

not manufactured in Czechoslovakia. This decision appears satisfactory to the representatives of the tractor companies, and I believe it wise not to press the matter further for the time being. There is no doubt that the Czechoslovak Government is in a difficult position in its attempt to preserve its financial stability and every restrictive measure to guard the exchange will be resorted to. However my observation is that American imports are receiving favorable attention, perhaps even more favorable than that granted to other countries, and in view of the difficulties of the situation I believe that American industries must be satisfied for the time being with these results.

Respectfully yours,

FREDERICK P. HIBBARD

[Enclosure—Translation]

*The Czechoslovak Ministry for Foreign Affairs to the  
American Legation*

No. 30.536/IV-5/32

PRAGUE, March 9, 1932.

In referring to the Note of the Legation of the United States of America, No. 1592, dated February 11, 1932, as well as to Note No. 1519, dated December 15, 1931, the Ministry for Foreign Affairs has the honor to state that in accordance with a communication from the competent authorities permits for the importation of five (5) tractors marked "Caterpillar" requested by the firm Agra-Unie have been accorded.

Apart from the tractors of the above named mark, the authorities have also recently satisfied the requests for importation for other tractors of American manufacturers, for example, four (4) tractors of John Deere and two (2) of McCormick.

The authorities intend to treat as favorably as possible the requests for importation of American tractors of the special type not manufactured in Czechoslovakia which was the point in question in the Legation's note and for this reason it is not considered necessary to make their importation a matter of contingent and to divide the contingent between different countries.

## DENMARK

### REPRESENTATIONS AGAINST DISCRIMINATIONS IN RESPECT TO AMERICAN COMMERCE ON THE PART OF THE DANISH EXCHANGE CONTROL BOARD

659.1112/24

*The Minister in Denmark (Coleman) to the Acting Secretary of State*

No. 43

COPENHAGEN, April 9, 1932.

[Received April 19.]

SIR: I have the honor to enclose a copy of an *aide-mémoire* which I left yesterday with the Secretary General of the Ministry of Foreign Affairs, Mr. Bernhoft, recently Danish Minister in Paris, who took over his present office April 4th.

Many importers of American products have complained to the Commercial Attaché and to the Consul General of the discrimination made against them by the Exchange Control Board, all tending to compel them to give up their American accounts and to place their orders with British firms.

The Commercial Attaché informs me that this policy generally takes the form of granting an exchange certificate for the purchase of British goods at once while the applications for certificates for the purchase of American goods are held up indefinitely.

The two instances cited in my *aide-mémoire* would seem to be evidence of discrimination in violation of our Treaty with Denmark<sup>1</sup> and it was deemed timely to bring this to the attention of the Ministry of Foreign Affairs.

The Secretary General said that this might be a matter of balance of trade but I called his attention to the fact that this Legation had no text or any knowledge of any regulations under which the Exchange Control Board was performing its offices.

The powers delegated to this board have not been defined by the Legislature and the opportunity to discriminate for or against certain importations is apparently unlimited.

Until now most Danish importers of American goods were unwilling to be named in any protest against the actions of the Exchange Control Board, fearing reprisals of one kind or another.

---

<sup>1</sup> Convention of Friendship, Commerce, and Navigation, signed at Washington, April 26, 1826, Hunter Miller (ed.), *Treaties and Other International Acts of the United States of America*, vol. 3, p. 239.

The two firms quoted in the *aide-mémoire* came to Mr. Spofford, the Commercial Attaché, and asked our aid, stating the facts.

The Department will be promptly informed of later developments in this rather complicated situation.

In the meanwhile, the instructions of the Department, as a guide, will be timely and helpful.

Respectfully yours,

F. W. B. COLEMAN

[Enclosure]

*The American Legation to the Danish Ministry for Foreign Affairs*

#### AIDE-MÉMOIRE

The attention of the Royal Ministry of Foreign Affairs is respectfully called to two instances which, if the statements made are true, would seem to be discrimination against the products of the United States in violation of the Treaty of 1826, under which the relations between Denmark and the United States have been happily maintained for over a hundred years.

Since the Exchange Control Board is an agent of the Royal Government, it is assumed that the Royal Government takes full responsibility for its acts or omissions.

It is respectfully suggested that the Royal Ministry of Foreign Affairs inquire into the statements of Brdr. Friis-Hansen and of Mr. C. Møller-Nielsen and, if found to be true, to call the attention of the Exchange Control Board to its discrimination, requesting the grant of the exchange certificates so far refused.

Following are the two cases referred to above:

*Brdr. Friis-Hansen, Omøgade 5, Copenhagen.*

During 1931 they imported for Kr. 600,000 worth of Harley Davidson motor cycles and Harley Davidson accessories (all of which were shipped from the United States). On April 5, they sent in their first application this year to the exchange board for permission to import Harley Davidson. They asked for only Kr. 50,000. Already today, April 7, they received a blank refusal. The Kr. 50,000 covers six motor cycles which are practically sold.

Their imports of motor cycles from England during 1931 were practically nil. Since the establishment of the exchange board they have asked for permission to import for Kr. 200,000 worth of motor cycles from Great Britain. They were immediately granted permission for Kr. 160,000. Out of this quota they have used Kr. 30,000.

From the above you will realize that Kr. 130,000 remain of their quota from Great Britain. They have asked the Exchange Board

if it would not be possible to transfer Kr. 50,000 out of this amount to cover the above mentioned shipment. This likewise has been met with a blank refusal.

The Exchange Board's decision is serious to the Danish firm. They claim that if the Board succeeds in stopping their Harley Davidson business, they will be obliged to discharge the majority of their staff, which amounts to 25 employees at the present time.

*C. Møller Nielsen, Importer and agent of foodstuffs and groceries, Bornholmshgade 3, Copenhagen.*

On April 7 this firm informed the American Commercial Attaché that about one week ago he had sent in an application to the Exchange Control Board for permit to import Kr. 20,000 worth of American flour and Kr. 20,000 worth of British flour. All conditions with respect to time of shipment and other business factors were identical. Mr. Nielsen claims that on April 5 an envelope was received from the Control Board enclosing the necessary exchange certificates to import all of the British flour. He again approached the Control Board with respect to his application for the American flour and obtained a written refusal.

COPENHAGEN, April 8, 1932.

---

659.1112/24 : Telegram

*The Acting Secretary of State to the Minister in Denmark (Coleman)*

WASHINGTON, April 23, 1932—noon.

17. Your despatch No. 43, April 9, 1932. Your action in bringing these cases to the attention of the Danish Government is approved. Please report by telegraph whether the two cases in question have been satisfactorily adjusted and whether there have been any further indications of discrimination. If so, you are authorized to seek an interview with the Minister for Foreign Affairs and to make an energetic oral protest on behalf of and under instructions from your Government.

As you may have noted from the press the general question of discriminations against American trade, as reported from various countries, is under examination by the Department at the present time, in cooperation with the Department of Commerce and the Tariff Commission. Should you believe that an intimation to this effect would be useful, you are authorized to use the foregoing also.

CASTLE

659.1112/27

*The Minister in Denmark (Coleman) to the Acting Secretary of State*

No. 55

COPENHAGEN, April 26, 1932.

[Received May 10.]

SIR: Referring to my despatch No. 43 of April 9th and my telegram No. 15 of to-day,<sup>2</sup> I have the honor to inform the Department that, following the instructions in its telegram No. 17, April 23rd, 12 noon, I made an energetic protest orally against discriminations in respect to American commerce on the part of the Exchange Control Board. This conference to-day took place at the instance of the Secretary General who asked me to call on him. Mr. Mohr, the Chief of the Economic Division of the Foreign Office was also present and the conversation was principally between the latter and myself.

Calling his attention to the fact that we had no text of any regulation or procedure under which a governmental agency was controlling, arbitrarily as far as I was permitted to observe, the imports of Denmark, I asked Mr. Mohr if he would inform me just what this plan was. His amazing answer was that this was secret and confidential.

His answer effectually closed this avenue of approach.

Then I asked him whether, in order to refute the suggestion of apparent discrimination contained in my *Aide-Mémoire*, (enclosure my despatch No. 43, April 9th) the solicitor or legal adviser of the Ministry would address a letter to me setting forth the Ministry's opinion specifically in the cases cited.

This request bore no fruit.

While using a different phraseology here and there the thesis of my conversation was about as follows:

"Since the discrimination against American commerce has so far been apparently if not openly in favor of British accounts in Denmark, it is suggested that the purpose or desire to maintain a trade balance with a single other country by arbitrary means is an economic fallacy and eventually increases unemployment in the country originating such a policy.

Trade balance is international.

For example, Great Britain buys, admittedly, the largest amount of Denmark's exports. The United States buys even a greater amount in value from Great Britain. Thirdly Denmark has customarily bought a lesser amount from the United States.

On what theory does Denmark now put difficulties in the way of its trade with the United States to the extent of discrimination in violation of its Treaty?

<sup>2</sup> Telegram not printed.

Great Britain is one of the largest manufacturers and exporters in the world and her present slogan to her nationals, 'Buy British goods' is the worst propaganda ever let loose to the prejudice of her manufacturers.

It is regrettable that Denmark has adopted the same challenge to international commerce.

Now follow the retaliations in kind to their logical end.

Unlike the other kind of war the only merit of which perhaps is the employment of many men in unproductive work, on borrowed money, and its chief demerit the killing of prospective customers, the economic war stops the wheels of commerce, empties factories and makes unemployment universal. There are no compensations and no reparations.

It is with some pride that I say that in my country we have no one shouting ignorantly to his fellow countrymen, 'Buy USA Goods'. On the contrary, we have a fine appreciation of superior goods in all countries and, for that reason, we not only buy them but urge their purchase. We are the largest importers of foreign products in the world, tariff or no tariff.

In the United States our Constitution expressly states that a treaty is the highest law of the land and no Congress, by law or resolution, can violate its terms.

The cases of discrimination already brought to the attention of the Royal Ministry of Foreign Affairs would seem to confirm the complaints of many American exporters which are being lodged with the Department of State.

It is believed that His Majesty's Ministers, charged with the responsibility of observing the terms of treaties with foreign and friendly states, will be prompt to answer such allegations and to maintain inviolate the terms of a Treaty which has cemented in friendly accord our mutual relations for over a hundred years."

There was plainly evident a stubborn unwillingness to seek any compromise or to remedy the situation. The conference was futile and without hope of agreement.

It was apparent that our tariff on butter still rankled in their minds and justified them in their uncompromising stand.

Just before leaving, Mr. Mohr told me that every Legation in town had complained of discrimination whereupon I intimated that he might well answer such protests by sending to each Legation a circular letter explaining on just what principles the Government was working through its Exchange Control Board. Did he not think that the Legations were entitled to this information? It seems he did not!

Since Mr. Mohr is much better informed on this subject than the Foreign Minister and is probably well instructed, I did not think that anything was to be gained right now by asking for an appointment with him until another step is to be taken.

It is much regretted that I have been able to accomplish nothing.



I did not fail to mention that the Departments of State and Commerce and the Tariff Commission were concerned with the situation in Denmark. That did not seem to interest them.

Taking the average imports from all countries during the last three years they purport to keep as fairly as possible the same balance of trade between Denmark and each exporting country.

Now the confidential part of the plan can only be to cut still further the imports from such countries as are not keeping up their average yearly purchases from Denmark. They want a free hand and no questions answered. This is evidently what Mr. Mohr meant when he said that the plan was not a fixed one but could be changed any time without notice.

The Commercial Attaché informs me that the discriminations are still made as usual.

The Department's instructions now will be appreciated.

Respectfully yours,

F. W. B. COLEMAN

659.1112/32

*Memorandum by Mr. Ellis O. Briggs of the Division of  
Western European Affairs*<sup>3</sup>

[WASHINGTON,] April 30, 1932.

DISCRIMINATION AGAINST THE UNITED STATES IN THE OPERATION  
OF THE DANISH EXCHANGE CONTROL BOARD

The Minister came in with reference to an earlier conversation on the above subject in order to read a translation of a telegram from his Government explaining the purpose of the Control Board, which is to limit the gross amount of Danish imports to an amount which can be met by the proceeds of Danish exports; in other words to establish a "mutual trade balance". The Minister made it plain that in the view of his Government there is no question of their desire to treat each country fairly but that the control of exchange (and thereby imports) was an absolute necessity at the present time.

Mr. Boal said that he understood this but that what we objected to was reports that established American business was being turned over to other countries, particularly the British, through the refusal of the Control Board to issue exchange certificates covering American goods at the same time that they made no difficulty in connection with applications covering British goods.

<sup>3</sup> Memorandum of a conversation between Mr. Otto Wadsted, Danish Minister, Mr. Pierre de L. Boal, Chief of the Division of Western European Affairs, and Mr. Briggs.

The Minister repeated his statement that it was a matter of "mutual trade balance", and pointed out the enormous adverse balance of Danish-American trade in which Denmark has imported twenty-five times as much from the United States as she has exported to this country. He said that since January 1, 1932, Denmark has been able to export to the United States only approximately 1 million crowns worth of goods, whereas the United States exports to Denmark had totalled 35 million crowns worth, of which the Control Board had issued exchange certificates covering 26 million crowns. (The Minister was not clear as to the remaining 9 million crowns worth and did not know whether this had been imported prior to the establishment of the Control Board last February, or whether this was held up pending action by the Control Board.)

No real progress was made in reconciling the two divergent points of view resulting from the Danish conviction of necessity as to the general problem and the apparent discrimination resulting from the fact that whereas the United States has had a phenomenal favorable balance of trade in the ratio of 25 to 1, the situation is reversed as between Great Britain and Denmark, the former country purchasing four times as much as it exports to Denmark.

With respect to the figures of 35 million crowns and 1 million crowns referred to above the Minister said that the former represented  $\frac{3}{4}$  of the three-year average 1929-1931, while the 1 million crowns (Danish exports to the United States) represented only  $\frac{1}{3}$  of the three-year average. The Minister made the usual reference to the American tariff as being responsible in part for the small Danish exports to the United States.

It appears from the foregoing:

(1) That the Danish are just as sincere in their contention as we are in ours and are likely to be just as tenacious.

(2) There is no means of reconciling our desire to keep our established Danish market with the Danish insistence upon cutting down imports in general and in particular from countries with which they have a large adverse trade balance.

(3) I do not believe any further discussion would materially modify the situation as outlined, and which does in fact in our view represent discrimination against the United States. Hence it is recommended that if Section 338<sup>4</sup> is to be applied, the decision be made promptly. Otherwise this case will be allowed to represent a further successful invasion of our basic theory of most favored nation treatment. It is fundamentally a question of whether the preservation of the integrity of this theory is more or less important to us than the amount of Danish-American trade involved.

---

<sup>4</sup>Tariff Act of June 17, 1930; 46 Stat. 704.

659.006/28

*The Minister in Denmark (Coleman) to the Secretary of State*

[Extract]

No. 103

COPENHAGEN, July 6, 1932.

[Received July 19.]

SIR: I have the honor to refer to despatch No. 43 dated April 9, 1932, enclosing an *aide-mémoire* left by me at the Foreign Office on April 8, in protest of the workings of the Exchange Control Board against American imports.

In the meantime no reply and no explanation of the workings of the Board was given. In one important instance, however, after an import permit had been refused an Oil Company for the importation of American oil for the present quarter's needs, representations were made and the application was reconsidered and a sufficient import permit granted. Fewer complaints have been lodged and no new concrete cases of discrimination are now on record in the Legation.

On April 29 I was asked to call on Mr. Mohr at the Foreign Office and was handed a *Note Verbale* in reply to my protest mentioned above. A copy of this Note is enclosed herewith and will be found to be indefinite and in no way answering the protest of seeming discrimination.

It is more or less the same unsatisfactory argument maintained from the first, nevertheless my opinion on the question remains unchanged as fully expressed on the last page of my despatch No. 85 dated June 14, 1932,<sup>5</sup> "Foreign Exchange Control".

Respectfully yours,

For the Minister:  
NORTH WINSHIP  
*Counselor of Legation*

[Enclosure]

*The Danish Ministry for Foreign Affairs to the American Legation*

O.P.I. Journal No. 73. K.38/USA

## NOTE VERBALE

In reply to the *aide-mémoire* of April 8th and to the verbal inquiry of the American Legation, the Ministry for Foreign Affairs have the honor to give the following information:

The tariff increases, import restrictions and other restrictive measures introduced by various countries during the last years have

<sup>5</sup> Not printed.

affected the principal Danish exports, viz. agricultural produce, to an exceptional degree. As a result of these measures Denmark is no longer able to maintain her export to the same extent as formerly, and there are, in consequence, fewer bills of exchange available for purchases abroad. Consequently Denmark is unable to maintain her usual import trade; when obstacles are placed in the way of the export trade, causing the latter to decrease, imports must necessarily be reduced in the same ratio if the economy of the country is to remain on a sound basis. It has therefore been necessary to introduce an exchange regime limiting imports and arranging an allotment of the limited quantities of foreign bills of exchange available by issuing exchange certificates, i.e. permits to buy foreign currency.

The purpose of this arrangement is to secure, as far as possible, the maintenance of the normal ratio between the value of imports and that of exports. When distributing the certificates the character of the goods in question is first and foremost taken into consideration, preference being given to applications as regards raw materials and other articles which form the basis of the export trade (without which there would be no foreign bills of exchange available) or are used in other productive trades.

But in order to avoid arbitrariness and injustice as against individual countries endeavors are furthermore made, in distributing the exchange certificates, to maintain the same ratio between imports from and exports to each country as that which prevailed before the restrictive measures of other countries came into force. (It goes without saying that the endeavors to maintain the normal ratio between imports and exports apply to the year as a whole, not to the separate months).

It will thus be seen that due regard is being paid to the fact that Denmark normally has an adverse balance of trade as against certain countries, including the United States. No attempt is made to do away with the passive balance, the exchange control measures being directed toward the prevention of a further increase of the adverse ratio, an increase which would disturb the economic equilibrium of Denmark.

The average figures for the last three years show that during that period Denmark has imported about 15 times as much from the United States as she has exported to that country. During the part of the present year for which statistics are available (i.e. the first 5 months) the value of Danish exports to the United States was about 1.8 million Kroner. If the normal ratio between exports and imports had been maintained imports from the United States would

thus have amounted to between 25 and 30 million Kroner. As a matter of fact, however, they have reached the sum of 49 million Kroner. It will thus be seen that exchange certificates for imports from the United States have been granted to about twice the extent envisaged by the exchange regime in force. In other words, the United States have, so far, received an exceptionally favorable treatment, probably more so than any other country.

The cases cited in the above mentioned *aide-mémoire*, concerning the refusal of exchange certificates, may therefore be explained by the fact, that exchange certificates for imports from the United States have already been granted to an extent far exceeding the above mentioned ratio.

COPENHAGEN, June 28, 1932.

---

659.116/28

*The Minister in Denmark (Coleman) to the Secretary of State*

No. 130

COPENHAGEN, August 18, 1932.

[Received August 27.]

SIR: I have the honor to inform the Department that I have again protested in the Foreign Office against the refusal of the Exchange Control Board to grant permits for the importation of American goods, citing a clear case of discrimination.

Following my conversation with the Foreign Minister an *Aide-Mémoire* was left with him, a copy of which is inclosed.

The Minister stated that the Government intended to cut down importations from all countries in proportion as the purchases from Denmark were reduced. He would not discuss cases of discrimination cited now and previously but complained of our tariff on butter.

The Department will appreciate my difficulty in persuading him that the tariff on butter had nothing to do with the subject of our conversation.

I would like to have asked him what the Government was prepared to do in case the tariff on butter was lowered.

When American accounts in Denmark are being abandoned or reduced under governmental pressure exercised, according to our lights, by discrimination and, hence, the violation of our Treaty with Denmark, some action, other than protest unheeded, should be taken.

Giving notice to terminate a treaty over a hundred years old is not recommended. The Foreign Minister has stated publicly that it might be necessary for Denmark to renounce some of her treaties with other countries in pursuance of her "new economic policy". It is for Denmark to take the initiative.

As was briefly suggested in my despatch No. 124 of August 15, 1932,<sup>6</sup> certain important international American corporations might join in persuading the New York City banks to decline to renew short term loans or refunding Danish obligations in the United States except with the express stipulation that such funds shall not be used to finance Denmark's trade with other countries and that such funds shall be held as a dollar exchange account.

As for the tariff on butter of 14 cents a pound, I am not prepared to make any proposal or suggestion of bargain however gladly the Danes would listen to such.

Without further instructions from the Department it will serve no good purpose to continue protests in cases as they may continue to arise.

Respectfully yours,

F. W. B. COLEMAN

[Enclosure]

*The American Legation to the Danish Ministry for Foreign Affairs*

AIDE-MÉMOIRE

On April 8, 1932, the American Minister presented an *Aide-Mémoire* to the Royal Danish Ministry of Foreign Affairs, in which were cited two cases of apparent discrimination against the commerce of the United States with Denmark. At that time the Minister was assured that no discrimination was being made against the commerce of any nation in pursuance of an economic policy of the Royal Danish Government then in effect.

While the Treaty between Denmark and the United States stipulates that the rules governing relations between the two countries shall be "clear and positive" and "frank and equally friendly with all", the Minister was not informed on what basis or by what existing regulations the Exchange Control Board was exercising legal authority in acting upon the applications of importers to obtain licenses to import American products.

The Minister was told that the regulations or policy of the Royal Danish Government were secret and confidential.

The attention of the Royal Danish Ministry of Foreign Affairs is respectfully invited to the following case:

---

<sup>6</sup> Not printed.

In February Mr. Rudolph Schmidt, an importer of American Radio sets informed the Legation that his firm had applied for import permits and exchange certificates for

Kr. 15,000	worth of radios and parts from the United States;
Kr. 10,000	“ “ “ “ “ “ England;
Kr. 5,000	“ “ “ “ “ “ Germany.

The Legation is now informed that all requests for permits for American and German Radio products have been refused, while import permits for British radios and parts were granted.

This firm has therefore been obliged to abandon its American connection and in the last few months have imported British radio sets and products up to about Kr. 50,000.

The American Minister is aware of the public statement of the Chief of the Exchange Control Board to the effect that the Board had done very well in diverting trade from such countries who bought little from Denmark to those who purchased the most. This naturally raises the query how and by what means the Royal Danish Government, through its legal agencies, does divert the trade of its citizens from one country to another.

Recent figures available support the statement made, namely: Compared with trade during the first six months of 1931, American imports declined 30 per cent while imports from Great Britain increased 13 per cent in 1932, and during the month of June this year American imports declined 59 per cent while imports from Great Britain increased 22 1/2 per cent as compared with the same period last year.

If the policy and practice applied to the trade of the firm of Rudolph Schmidt is generally applied to importers of American goods, the figures quoted above are readily accounted for.

The American Legation respectfully inquires whether the Royal Danish Ministry of Foreign Affairs will be good enough to inquire into the particular case cited and communicate its findings to the Minister.

The United States Government is confident that the Danish Government will, through the Royal Ministry of Foreign Affairs, promptly invite the attention of the Exchange Control Board to any practice or policy which savors of discrimination against its trade and, in every way promote those friendly relations confirmed by treaty and natural in the intercourse between the two peoples.

COPENHAGEN, August 17, 1932.

659.1112/38

*The Minister in Denmark (Coleman) to the Secretary of State*

No. 146

COPENHAGEN, September 17, 1932.

[Received October 4.]

SIR: Referring to the Legation's despatch No. 130 of August 18th, I have the honor to inclose an *Aide-Mémoire* which Mr. Winship was asked to leave with Mr. Mohr, Chief of the Economic Division in the Foreign Office on September 12th and Mr. Winship's Memorandum.

Mr. Mohr was informed that I did not bring this protest personally since I was awaiting an answer to my similar communication of August 18th.

If and when a reply is received the Department will be promptly informed.

The present case is the most glaring one of discrimination which has come to the attention of the Legation.

While the Consulate General and the office of the Commercial Attaché continue to receive complaints, I have informed both that no further protests will be made to the Foreign Office unless by special instructions from the Department.

It is likely that the Department will await the promised reply from the Foreign Office before further instructions.

Respectfully yours,

F. W. B. COLEMAN

[Enclosure 1]

*The American Legation to the Danish Ministry for Foreign Affairs*

## AIDE-MÉMOIRE

The attention of the Royal Ministry of Foreign Affairs is again invited by the American Legation to a clear case of discrimination against the commerce of the United States practiced by a legal agency of the Royal Danish Government by the refusal of the Exchange Control Board to permit Mr. Joh. Ph. Beck, H. C. Ørstedsvej 28, Copenhagen, to import material from the United States.

Mr. Beck is the representative of the United States Gypsum Company in Denmark. He has accepted orders for "Sheetrock" wall board to be used in buildings here now under construction.

His request for permission to import has been refused despite the fact that he did not ask for or require foreign exchange in payment of such imports. The matter of exchange does not enter into this case.



While specifically refusing its permission to Mr. Beck to import such material ordered from him by the builders of the new Magasin du Nord structure, the Exchange Control Board has granted a permit to Mr. P. Monberg of Copenhagen to import wall board material manufactured in Great Britain which has never before been imported into Denmark and which costs 17 per cent more than the United States products.

Mr. Beck is authority for the facts and figures mentioned and there is no reason to doubt them.

Assuming their truth, the Royal Ministry of Foreign Affairs is respectfully requested to bring to the notice of the Exchange Control Board their discrimination against the commerce of the United States and to inquire whether the Board purposes to continue its refusal to permit such imports by Mr. Beck even when no request for foreign exchange is contemplated.

Considering the serious damage and prejudice to the present commerce of the United States with Denmark, which the case cited above so plainly illustrates, it will be appreciated if the Royal Ministry of Foreign Affairs will furnish the American Legation the information requested with all possible despatch in order that the United States Government may be fully and promptly apprised of the policy of the Royal Danish Government in respect to present and future American commerce.

The American Minister, who is principally charged with the fostering of the most friendly relations between the two Nations, by Treaty confirmed, begs His Excellency, the Minister of Foreign Affairs, to employ his good offices in removing those present obstacles to the fair and just commercial relations between Denmark and the United States which, until now, have endured without prejudice for over a hundred years.

COPENHAGEN, September 12, 1932.

[Enclosure 2]

*Memorandum by the Counselor of the American Legation (Winship)*

COPENHAGEN, September 12, 1932.

In presenting the attached note<sup>7</sup> to Mr. Mohr, Director of the Political-Economic Division of the Ministry of Foreign Affairs, Mr. Mohr stated that it was quite possible that this case as well as others had occurred, but that this procedure was in no way discriminatory.

---

<sup>7</sup> Enclosure 1, *supra*.

He referred again to the sliding scale on which import permits by countries are granted based on the import and export statistics covering the last 3-year period with the diminishing or increasing returns for the countries whose imports from Denmark decreased or increased during the present year. This quota system Mr. Mohr insists as in the past is applied to all countries and has been carefully studied by the Danish treaty experts who find that there is no semblance of discrimination or danger of forcing treaty abrogation.

He stated that a more detailed exposé of his Government's attitude and practice in the circumstances would be sent to the Legation and that the other Governments interested had already signified their acceptance of the present temporary quota system.

He assured me that any initiative on the part of officers of the Exchange Control Board to prejudice importers against American goods in favor of British was not authorized, and that he would make specific inquiries in a further effort to stop same.

In reply to inquiry he said he believed that the present import restrictions would continue until January 1, but would then cease as by that time importers would realize the diminishing purchasing power of the public and the expected reduction in demand would by that time be patent. He also believed that no special agreement or arrangement will be reached with England, but that a few schedules of the Danish tariff would be increased, effective January 1, as a further protection against the importation of luxuries.

During the entire interview Mr. Mohr was earnest and gracious and apparently very sincere in his desire to make his points clear.

NORTH WINSHIP

---

659.1112/38a : Telegram

*The Secretary of State to the Minister in Denmark (Coleman)*

WASHINGTON, October 20, 1932—6 p. m.

32. A correspondent of the United States Chamber of Commerce reports discrimination appears to have become intensified during British exhibition and that American goods are being subjected to higher import duties than similar British goods ordered at exhibition. Please investigate both statements and report briefly by cable.

STIMSON

659.1112/41

*The Minister in Denmark (Coleman) to the Secretary of State*

No. 166

COPENHAGEN, October 21, 1932.

[Received November 2.]

SIR: I have the honor to refer to cabled instruction No. 32, dated October 20, 6 p. m. and my reply No. 24 of to-day.<sup>8</sup>

The new tariff law, passed and enforced October 13, 1932 (see Consul General Dreyfus' despatch No. 143, dated October 15, 1932,<sup>9</sup> for schedules, was not discriminatory against American imports in its schedules, but Article 3 of the Law, see Enclosure No. 1,<sup>9</sup> is undoubtedly discriminatory as it is clearly stated that the new tariff rates on footwear, porcelain, faience (pottery), crockery and moulded iron pipes, will not apply to orders placed with British firms during the recent Exhibition and may be cleared as late as January 31, 1933 at the old tariff rates, the fact being that the special import permits referred to in Article 3 were only issued by the Exchange Control Board for British goods.

My note presented at the Foreign Office to-day (see Enclosure No. 2)<sup>10</sup> refers specifically to this and previous evidences of discrimination.

The Department will understand from the foregoing, the enclosures and previous despatches on the subject that the Danish Government is intentionally and continuously violating the terms of the Treaty existing between the two Countries regardless of other factors which would naturally diminish our commerce with Denmark.

Verbal evidence of such discrimination continues to reach the Consul General, the Commercial Attaché and myself.

While, up till now, I have advised the Department to wait upon events which were hoped to remedy or ease the situation in respect of our commerce, the Legation believes now that some action should be taken to maintain both principle and prestige.

I have been tempted to advise the Foreign Minister that his Government should denounce our Treaty if it continued its present policy, that such act would command more respect than its flagrant violation. On my own initiative I have gone as far as I can without specific instruction from the Department.

When the Folketing passes a law which openly grants the British special favors not applicable to American commerce, I think it is

<sup>8</sup> Latter not printed.

<sup>9</sup> Not printed.

<sup>10</sup> The enclosure printed *infra*.

time for more than routine and perfunctory protests, ignored with contumely.

Respectfully yours

F. W. B. COLEMAN

[Enclosure]

*The Minister in Denmark (Coleman) to the Danish Minister for Foreign Affairs (Munch)*

No. 59

COPENHAGEN, October 21, 1932.

EXCELLENCY: On August 17th I had the honor of discussing with Your Excellency certain discriminatory practices of the Exchange Control Board which were calculated to limit unfairly and prejudice the import of American products into Denmark, leaving with Your Excellency an *Aide-Mémoire* in which was cited a specific case of discrimination.

On September 12th Mr. Winship presented an *Aide-Mémoire* to Director Mohr which likewise cited a refusal of the Exchange Control Board to permit the import of certain material from the United States already ordered and needed by a building contractor.

While it was respectfully requested that an investigation be undertaken by the Royal Ministry of Foreign Affairs in order to confirm the facts stated and that the findings be communicated to the Legation, I beg to inform Your Excellency that no reply to either request has been received.

It is noted that this policy of discrimination against American commerce has been in one instance translated into law:—Article 3 of the new law concerning a revision of the Tariff Law of March 29, 1924.<sup>11</sup>

I have read with interest Your Excellency's speech before the Folketing on October 18th in which you state that "Our purchases abroad must be distributed in such a way that they correspond to our sales to other countries", assuming the translation to be correct.

My Government will desire to know whether this means the present or future abandonment of the most-favored-nation policy of the Royal Danish Government which has existed between our Countries for over a hundred years.

Your Excellency's reply to the *Aides-Mémoires* above mentioned and this note would be greatly esteemed.

Accept [etc.]

F. W. B. COLEMAN

<sup>11</sup> For the Tariff Law, see The International Customs Journal, No. 33: Denmark, 4th edition (Brussels, International Customs Tariffs Bureau, July 1924); for revision, see *ibid.*, 14th supplement.

659.1112/42

*The Minister in Denmark (Coleman) to the Secretary of State*

No. 167

COPENHAGEN, October 24, 1932.

[Received November 4.]

SIR: I have the honor to refer to despatch No. 166 of October 21, 1932 under the same subject and to enclose herewith copy of a *note verbale* received this morning from the Foreign Office in reply to the Legation's *aides-mémoires* of August 17 and September 12.

It is submitted to the Department whether this policy as outlined violates our treaty with Denmark? While broadly speaking this policy might seem to be uniform and without special favor, the Department will note from previous correspondence that its application has been prejudicial to American commerce.

It may be pointed out that this note makes no reference to that part of the Tariff Law recently passed which required certain American goods to pay a higher duty than similar British products between October 10, 1932 and January 31, 1933.

Respectfully yours,

F. W. B. COLEMAN

[Enclosure]

*The Danish Ministry for Foreign Affairs to the American Legation*  
Ø/P.I. Journal No. 73.K.38/U.S.A.

## NOTE VERBALE

In reply to the *aide-mémoires* of August 17 and September 12, 1932, of the American Legation, the Ministry for Foreign Affairs has the honor to refer to the explanation of the principles governing the distribution of exchange certificates given orally on April 8, 1932, and on earlier occasions, and in a *note verbale* of June 28, 1932.

On the above mentioned occasions it was pointed out that the export trade of Denmark had been greatly reduced in consequence of the tariff measures and import restrictions, etc., introduced by various countries during recent years. Denmark has for this reason fewer bills of exchange at her disposal for purchases abroad. Consequently Denmark is unable to maintain her usual import trade; when obstacles are placed in the way of the export trade, causing the latter to decrease, imports must necessarily be reduced in the same ratio if the economy of the country is to remain on a sound basis. The Danish Government has therefore reluctantly found themselves obliged to limit the facilities for acquiring foreign bills of exchange. This limitation is provided for in the Danish Act in question, in which

it is stipulated that the importation of goods from abroad can only take place after the Exchange Bureau of the National Bank of Denmark has issued a certificate to the effect that exchange considerations present no obstacles to the importation of the goods in question. In other words: no goods can be imported and no foreign currency can be obtained for the purchase of foreign goods, unless the importer has received an exchange certificate from the Exchange Bureau.

It goes without saying that the limited amount of foreign currency must in the first instance be reserved to pay for the importation of such raw materials and other goods as form the basis of Danish export activities (from which the foreign currency is derived), and, in the second instance, for the importation of raw materials for other productive activities. This has redounded greatly to the advantage of the United States, seeing that Denmark purchases a considerable portion of the raw materials for her agriculture and her manufacturing industries from that country.

In order to avoid arbitrary or unfair treatment of individual countries, the Exchange Bureau has, furthermore, largely taken into account the normal ratio between exports to and imports from each separate country, so that the ratio between the import and export figures for the whole year should be the same as that of the preceding normal years, in so far as is compatible with the consideration explained above. The norm chosen is not the figures of the single year of 1931, but the average figures for the period 1929-31, according to which Danish imports from the United States are normally about 15 times as great as the imports of the United States from Denmark.

During the first nine months of the present year the United States imported from Denmark goods to an aggregate value of  $3\frac{1}{3}$  million Kroner. According to the normal ratio between exports and imports there should therefore have been issued exchange certificates for purchases in the United States to a total amount of  $3\frac{1}{3} \times 15 = 50$  million Kroner. Actually, however, Danish imports from the United States during the nine months in question amounted to 69 million Kroner. It will thus be seen that the total amount of exchange certificates which have been issued for purchases in the United States have exceeded the standard figure of 50 million Kroner by 19 million Kroner, or nearly 40%.

The individual cases referred to in the *aides-mémoires* of August 17 and September 12, 1932, of the American Legation, in which exchange certificates have been refused for purchases in the United States, while they have been granted for purchases in other countries, are therefore naturally explained by the fact that imports from the

United States had already been exceptionally favored during the first nine months of the present year, and that the other countries in question, in accordance with the principles explained above, had a fair claim to be considered.

COPENHAGEN, October 21, 1932.

---

659.116/34

*Memorandum by the Chief of the Division of Western European Affairs (Moffat)*

[WASHINGTON,] November 2, 1932.

The Danish Minister called late yesterday afternoon to say that he had returned from his leave. We chatted for a few moments on miscellaneous affairs.

I then told him that I hoped he could bring back better news concerning the commercial situation in Denmark, where our people were complaining more and more bitterly that we were being discriminated against. He said that the whole Danish policy of currency control was liable to modification following the elections to be held next month; that there was a certain amount of dissatisfaction in the country itself, but that nonetheless the policy seemed firmly implanted, that insofar as possible a ratio of favor would be maintained varying in ratio with the amount of Danish goods bought by individual countries abroad. He went into a long disquisition on the desperate economic plight of the Danes and said that in those circumstances the Government had to restrict trade and above all to prevent the import of luxuries. I told him that that of course was a point of view against which no outside country had the right to level any criticism; that what we were protesting against was that discrimination was shown against American products. He said that personally he had not gone into the subject very deeply inasmuch as the matter was being handled through Mr. Coleman, and that the Danish Government was showing him that his apprehensions were without basis. He himself had merely asked at the Foreign Office how things were going and had been told that if anything the United States was receiving more favorable treatment in proportion to the amount of Danish exports that it bought than any other country. He then tried to defend the Danish thesis of attempting to effect an even trade balance with each one of the foreign countries with which she was trading, but as an economic argument it failed to carry conviction. He then came back to the time-honored Danish answer that if we would reduce our tariff so as to admit the products in which he was

interested, matters would grow better. He was likewise bitter over the Treasury hearings on the alleged dumping of Danish cement. In parting, he reiterated that these trade complaints were being handled through Mr. Coleman and that it would be better to keep them concentrated there, but I urged him not to overlook the growing feeling of concern with which not only our exporters, but our officials, were viewing the discriminatory practices.

P[IERREPONT] M[OFFAT]

---

**ARRANGEMENT BETWEEN THE UNITED STATES AND DENMARK  
REGARDING RECIPROCAL RECOGNITION OF LOAD LINE CERTIFI-  
CATES, EFFECTED BY AN EXCHANGE OF NOTES, SIGNED JANU-  
ARY 16, 1932**

Executive Agreement Series No. 29  
859.8561/7

*The Danish Minister (Wadsted) to the Secretary of State*

No. 4

WASHINGTON, January 16, 1932.

SIR: By a note of November 4, 1930,<sup>13</sup> my predecessor had the honor to address himself to you with an inquiry as to whether the United States Government would be ready to enter into a reciprocal load line agreement with the Danish Government which should remain effective pending the coming into force in the two countries of the International Load Line Convention concluded at London on July 5, 1930,<sup>14</sup> and whereby the Governments of Denmark and the United States would each recognize as equivalent the load line laws and regulations of the other and, therefore, their respective freeboard certificates of the marking of merchant vessels.

In reply you have by a note of August 25, 1931,<sup>13</sup> informed this Legation that the Government of the United States is ready to conclude such a reciprocal agreement. You have further added that the Government of the United States understands that the load line marks made under authority of the two Governments will be in accordance with load line certificates; that the hull and superstructures of the vessel certificated will not have been so materially altered since the issuance of the certificates as to affect the calculations on

---

<sup>13</sup> Not printed.

<sup>14</sup> *Foreign Relations*, 1930, vol. I, p. 261.



which the load line was based, and that alterations will not have been made so that the

- (1) Protection of openings,
- (2) Guard Rails,
- (3) Freeing Ports,
- (4) Means of Access to Crews Quarters,

have made the vessel manifestly unfit to proceed to sea without danger to human life.

Having submitted this reply to my Government, I am now instructed to convey to you the following information: The Danish Government is ready to give full recognition, for the time until the International Load Line Convention mentioned above shall come into force in both countries, to the load line rules and regulations of the Government of the United States and to the certificates and load line marks made on American merchant vessels pursuant thereto. In giving such recognition the Danish Government concurs, subject to reciprocity, in the foregoing understandings. I am, however, instructed to draw your attention to the fact that since the beginning of the negotiations regarding this temporary agreement the Danish rules concerning freeboard have undergone the following modification:

A provisional notification<sup>16</sup> dealing with the application to Danish Ships of the International Load Line Convention of July 5, 1930, has been issued by the Danish Ministry of Shipping and Fisheries on July 8, 1931. Pursuant to this Notification of which this Legation had the honor to forward to you a copy by a note of August 13, 1931,<sup>17</sup> Danish ships in international trade have already been permitted to obtain freeboard and load line certificates in accordance with the above quoted International Load Line Convention, which has been ratified by Denmark on July 30, 1931. The Danish Government assumes that also such certificates issued in accordance with the said Convention will be recognized in the United States pending the coming into force in both countries of the Convention.

I have the honor to request that you will be good enough to confirm the full recognition of the Government of the United States for the period mentioned above of the Danish load line laws and regulations and the Danish freeboard certificates of the marking of merchant vessels, including the certificates issued pursuant to the

---

<sup>16</sup> For the provisional notification, see the appendix to Department of State Executive Agreement Series No. 29.

<sup>17</sup> Not printed.

foregoing Provisional Notification of July 8, 1931, and of load line marks made on Danish vessels pursuant thereto.

It is understood that upon the receipt of a note to that effect the proposed agreement will become effective as from the date of such note.

I have [etc.]

OTTO WADSTED

---

Executive Agreement Series No. 29  
859.8561/7

*The Secretary of State to the Danish Minister (Wadsted)*

WASHINGTON, January 16, 1932.

SIR: I have the honor to acknowledge the receipt of your note of this date in which reference is made to your predecessor's note of November 4, 1930, proposing an arrangement between the Governments of the United States and Denmark for the reciprocal recognition of load line certificates for merchant vessels which arrangement would remain effective pending the coming into force in the two countries of the International Load Line Convention of July 5, 1930.

You made the proposal that if the Government of the United States agreed to the terms as outlined in your note of this date, that note and the reply which might be made thereto would serve as the agreement between our two countries.

Inasmuch as the Danish rules and tables for determining freeboards have been examined by the competent executive authorities of this Government and have been found to be as effective as the United States load line regulations; and inasmuch as the Government of the United States agrees to recognize the certificates issued by the Government of Denmark pursuant to the Provisional Notification of July 8, 1931, which gives ship owners the privilege of having freeboard and load lines assigned in accordance with the provisions contained in the International Load Line Convention of July 5, 1930, I have the honor to inform you that the Government of the United States hereby concurs in the terms of the arrangement as set out in your note under acknowledgment.

The Government of the United States accordingly understands that the agreement has been completed by this exchange of notes and is effective from this date.

Accept [etc.]

For the Secretary of State:  
JAMES GRAFTON ROGERS

## ESTONIA

### REPRESENTATIONS AGAINST DISCRIMINATIONS IN RESPECT TO AMERICAN COMMERCE THROUGH ESTONIAN IMPORT LICENSE SYSTEM

6601.006/21

*The Chargé in Estonia (Carlson) to the Secretary of State*

No. 212 (Diplomatic)

TALLINN, February 18, 1932.

[Received March 16.]

SIR: I have the honor to refer to previous despatches regarding the steps taken by Estonia since November 1931, for the regulation of its foreign trade activities and for the limitation of imports to a point when they will under no circumstances be in excess of exports. To this end the Estonian Government has established a system of control over a considerable share of its import transactions.

In the present despatch especial reference is made to despatch No. 193 (diplomatic)<sup>1</sup> which the Tallinn Legation submitted to the Department on January 23, 1932, and in which a few statements were made as to the prospects for future imports into Estonia of American products under the import control system or the import monopoly as it is called. These statements were based upon an interview between Mr. Ph. Kaljot, the official of the Estonian Ministry for Economic Affairs, who is in charge of the administration of the present import license system and the American Chargé d'Affaires, a.i., at Tallinn. From the above despatch it would appear that the Estonian Government had decided to distribute its imports proportionately among the countries from which it had previously secured its supplies of goods which could not be produced within the country. On the basis of the above information it appeared that the United States would in the future be assured of a certain market in Estonia for its products, and that American firms which had previously sold goods to Estonia could still expect to receive a certain proportionate share of Estonia's future requirements of the goods in question.

The Tallinn Legation regrets to report that in the interval which has elapsed since its last despatch on this subject was written, the Estonian Ministry for Economic Affairs has apparently changed its attitude towards the above question. It appears that in the future

---

<sup>1</sup> Not printed.

in passing upon licenses for the importation of goods from any one foreign country, the above Ministry will before such licenses are approved, assure itself that the said country has within a reasonable period purchased Estonian goods in an amount which compares favorably in value with that of the goods the importation of which into Estonia is being sought. In other words, the principle of barter, or an exchange of goods for goods is to be followed.

While the Department has already been advised on several different occasions\* that the Estonian authorities were considering the introduction of a system of the above kind the Tallinn Legation was not of the opinion that they would go so far as to put it into actual practice. The first indication of the determination of the Ministry of Economic Affairs to regulate its foreign trade on the basis of a "give and take" system was given in the final days of the week which has just closed when it became known that negotiations are in progress which have for their purpose the conclusion of an agreement between Estonia and Belgium for the exchange of Estonian butter for Belgian super-phosphates.

On Saturday, February 13, 1932, I called upon Mr. Kaljot, of the Ministry for Economic Affairs, to make representations in behalf of the Estonian subsidiary of the Standard Oil Company, to which licenses permitting the importation of gasoline, and lubricating oils have been refused. In reply to my inquiry Mr. Kaljot stated that the above licenses had been refused (1) because the stocks on hand of the products in question were sufficient to cover present requirements and (2) because of the unfavorable status of the foreign trade balance between Estonia and the United States.

Mr. Kaljot's attention was then called to our conversation on or about January 23, 1932, in which he had mentioned the fact that Estonia's imports under the license system would be apportioned equably between the countries which had hitherto taken part in this trade. Mr. Kaljot's answer indicated that the Government's attitude on this question had changed considerably during the past weeks, and that it had by no means taken final form as yet. At the present moment, he added, the Government was inclined to favor rigid adherence to a strict system of exchange of goods for goods.

Mr. Kaljot indicated that there were many factors which the Government had to take into consideration in connection with this matter, of which the following may be taken as being the most important.

---

\* Despatch No. 141 (Diplomatic), November 10, 1931, (Pages 3-4). Despatch No. 144 (Diplomatic), November 13, 1931, (Page 6). [Footnote in the original. Neither despatch printed.]

(1) England is the country which is the greatest purchaser of Estonia's export products. The devaluation of the British pound has made further transactions with England difficult. Furthermore, England is on the point of forming a "closed circle", with the Scandinavian countries, from which Estonia will most probably be excluded. The effect thereof upon Estonia's future dealings with its best customer constitutes one of Estonia's most difficult current problems.

(2) The second best purchaser of Estonian products is Germany. Recent German customs tariff increases have endangered Estonia's future butter exports to that country. For the present, Estonia has been granted a contingent of 5000 tons at a favored rate of duty. When this has been exhausted there is no telling what may take place.

(3) The Soviet Union has recently begun to show an interest in Estonian goods. Negotiations are under way for the conclusion of an agreement which, if perfected, will assure Estonia of a market in Leningrad for bacon, and of fairly large annual revenues from transit trade routed by the USSR through Estonia. In return the USSR has requested a partial monopoly upon importation of petroleum and petroleum products into Estonia.

Mr. Kaljot pointed out that in the face of this situation, Estonia could not for the present do otherwise than to use its import license system to bring pressure to bear upon countries having favorable foreign trade balances with Estonia.

Without trying to gainsay the observations made by Mr. Kaljot I, nevertheless, took the liberty of making the following general observations to him upon the above subject.

His attention was, in the first place, called to the fact that, under ordinary circumstances, "goods do not sell themselves." If the trade balance between Estonia and the United States is in the favor of the latter, this is due entirely to the fact that American manufacturers have come to Estonia and created markets for their products. I also drew his attention to the fact that during the six years of my stay in Estonia, very few cases had come to my attention where Estonian manufacturers had endeavored to make a study of the market in the USA for their products. Furthermore, I ventured the remark that it was hardly fair on the part of Estonia to expect a country like the United States not only to send representatives to Estonia to market American made products, but also to send buyers for Estonian products as well. It is a well known fact that while the United States now has the highest protective tariff in its history, at the same time the tariff contains a substantial free list, which, if studied properly, might disclose market possibilities in the United States for Estonian goods. The burden of the task must, however, rest upon the foreign country and not upon the United States.

Mr. Kaljot admitted the correctness of my observations, but stated that Estonia, being a small and a poor country, could not well follow the example of a country as large and as powerful as the United States.

Before leaving Mr. Kaljot, I endeavored to secure information as to future prospects for the sale of American products in this country. In 1931 the total foreign trade turnover between Estonia and the United States amounted to about \$2,000,000, imports from the United States having been valued at \$1,500,000, while Estonia's exports to the United States were valued at about \$500,000. On this basis I suggested to Mr. Kaljot that for 1932, Estonia should at least purchase goods in the United States to the value of \$500,000. He, on the other hand, was inclined to the view that no American goods at all should be purchased until the unfavorable balance, not only of 1931, but of previous years as well had been made up.

In leaving Mr. Kaljot, I made arrangements to call upon him again in the near future for the purpose of continuing our conversations on the above subject. If the Estonians are willing to let the invisible item of transit trade be taken into consideration in the computation of their foreign trade balance, with the USSR, I see no reason why invisible items in the balance of payments between Estonia and the United States can not also be similarly used. It is my intention to secure his reaction to this matter.

It is my personal opinion that the present moment calls for the putting forth of every effort possible to safeguard the markets which American manufacturers have thus far created for their products in this country. Even if the market is small, much work has been done to build it up, and there is no reason why it should now suddenly be relinquished to British, German or to Soviet competitors. The situation is being watched very carefully, and the Department will be kept fully informed as to future developments therein.

Respectfully yours,

H. E. CARLSON

---

6601.006/20

*The Secretary of State to the Consul at Tallinn (Carlson)*<sup>2</sup>

WASHINGTON, March 8, 1932.

SIR: Reference is made to your despatch No. 193, January 23, 1932,<sup>2a</sup> with regard to the further extension in Estonia of the import licensing system. There has been noted in the penultimate paragraph,

---

<sup>2</sup> Copy forwarded to the Minister in Estonia (then at Riga), March 15.

<sup>2a</sup> Not printed.

your explanatory statement that a study is being made of Estonia's requirements of imported commodities, and that future licenses for imports will be granted on the basis of the data thus compiled. There also has been noted the statement of an official of the Ministry for Economic Affairs to the effect that in granting licenses for imports, the Estonian Government will endeavor to ensure that they "are equally distributed among the countries from which Estonia has hitherto covered its requirements of the goods in question". It is assumed that "equally" should have been "equitably"; that it is not intended to grant merely the nominal equality which would result from allotting equal quotas to all exporting countries, but that the quotas will be equitably proportioned among those countries.

It is requested that at the first convenient opportunity, you inform the appropriate Estonian authorities, with reference to the allotment of import contingents, that it has been the position of this Government that the United States should receive for each commodity affected a quota corresponding, as closely as is practicable, to the share of the total imports of that commodity that it would enjoy under normal conditions of unrestricted trade.

For your own information it may be stated that the Department recognizes that this share is not always easily determinable, and that the factors entering into each case are likely to vary. Thus, while a share corresponding to the average annual imports from the United States over a period of several years preceding the adoption of restrictions might ordinarily constitute a fair standard, such a share would not, for example, necessarily be regarded as fair for a commodity the imports of which were materially increasing at the time the restrictions were imposed. The Department desires, in connection with the allotment of import contingents, to be in a position to employ any evidence available to it that would tend to show what American trade would have been had restrictions not been imposed, without subjecting its representatives to a charge of inconsistency should the evidence in one case be quite different from that in another case.

You are requested to watch carefully and to report fully with regard to the contingents that are allotted by the Estonian authorities to commodities from the United States and other countries. Your reports should contain such observations as you may desire to make with regard to whether the share of imports from the United States of each commodity is proportionately less under the contingent allotted to it than the share which would have been obtained under conditions of unrestricted trade.

Very truly yours,

For the Secretary of State:  
JAMES GRAFTON ROGERS

6601.116/4

*The Minister in Estonia (Skinner) to the Secretary of State*

No. 8 (Diplomatic)

TALLINN, April 7, 1932.

[Received May 4.]

SIR: I wish to report that this morning I had an extended interview with Mr. Tönisson, Minister for Foreign Affairs, in regard to the economic situation and especially in regard to restrictions upon imports and the purchase of exchange, which now weigh unequally upon imports from the United States. I had in mind, especially, during the interview, the Department's instruction No. 660i.006/20, of March 8, 1932, to this Legation, suggesting that a fair method of imposing import restrictions would be to average separately the imports from each country for a series of years, and then give to each country such percentage of the average as might be practicable, and I placed the Department's point of view before Mr. Tönisson with whom I left an *aide-mémoire* a copy of which I enclose herewith.

Mr. Tönisson, as I expected, manifested considerable friendliness towards the United States, disclaimed any wish to apply unfair restrictions to imports from America but became manifestly nervous when he explained the situation in which Estonia found itself. The plain facts were that the markets for Estonian products had become very circumscribed and the prices paid for these products were going lower and lower. The principal item of export was butter, of which roughly 15,000,000 pounds were purchased abroad, 1/3 of the whole amount going to Great Britain. The United States, unfortunately, while a valued customer in a limited way, absorbed no Estonian butter. The British Government, he said quite frankly, had made it definitely known to the Estonian Government that, with so heavy a balance of trade in favor of Estonia, Great Britain expected and, indeed, insisted that so long as it continued necessary to restrict imports the British market should be favored. Thus it came about that exchange was available for the purchase of goods in the British market when this was not the case as respects other markets like that of the United States.

I made the American case as strong as I could, and I am told that in practice we are receiving assistance from the Estonian Government, but it must be obvious that in the long run, until general business improves, the preponderance of Estonian import trade will be artificially directed to Great Britain and to Germany, by far away the best consumers this country now possesses.

Mr. Tönisson, I am convinced, would like to do something for us, and could not deny that the restrictive rules in operation necessarily



did violence to our most favored nation privileges. Probably from now on special efforts will be made to reduce the damage to our interests and in the meantime I shall watch the situation closely, as will Mr. Carlson, with a view to making stronger representations if they should seem to be at all desirable.

As to the gold standard I am inclined to think that it is safe, as far as Estonia is concerned, for the present at least. Some of the politicians, in order to curry favor with the farmers, many of whom are in debt to the banks, are recommending that the gold standard be abandoned hoping by such means to increase the nominal prices of farm products and to that extent to facilitate the liquidation of farmers' debts. The perils which lurk in these proposals have been remarked, and it is hoped that those who have been loudest in urging a departure from the gold standard have now been silenced—at least for the time being.

Respectfully yours,

ROBERT P. SKINNER

[Enclosure]

*The American Legation to the Estonian Ministry for Foreign Affairs*

TALLINN, April 6, 1932.

#### AIDE-MÉMOIRE

The American Minister called upon His Excellency the Minister for Foreign Affairs today for an informal discussion of the general situation respecting imports, exports, and exchange in Estonia. Mr. Skinner said that he realized the complete friendliness of the Estonian Government and of the people of the country, and believed it was their intention to deal fairly with imports from the United States and purchase of the exchange necessary to pay for such imports. He also comprehended that the country was passing through a critical period, as are all other countries at the present time, and that it was probably necessary to apply restrictive measures of a more or less transitory character while the crisis continued. On the other hand it had been brought to his knowledge that measures were now being enforced which might place importers of American goods in Estonia in an unfavorable situation as compared with importers of goods from other countries, and to the extent that this might be true it created a situation which Mr. Skinner trusted would be corrected at an early date.

The American Government took the definite position that restrictions must apply equally and without favor to importations from all countries. A fair method of accomplishing this object would be

to accept the average imports from all countries during the last three years for the purpose of establishing an annual average, and thereafter reduce the annual average of permissible imports from every country by such percentage as might be deemed desirable. The present policy of granting import licenses in favor of countries known to be heavy importers of Estonian goods was unfair, did violence to American treaty rights and resulted in general dissatisfaction. Importers who had spent years in building up a demand for American goods found themselves forced out of business and threatened with ruin while competing goods were thus arbitrarily introduced into a market which did not desire them.

Furthermore it was impossible to say that goods received from a country which, perhaps, did not import heavily from Estonia could be dispensed with as unnecessary. Buyers of American goods in Estonia did not purchase them in order to give pleasure to the United States, but because they were needed for the productive purposes of Estonia, and their importation therefore affected the exporting power of the country. Moreover, it was sometimes the case that countries which did not import directly from Estonia nevertheless were important consumers of Estonian goods. The United States, for example, imported little or no flax from the Baltic States, but as there was a very small linen manufacturing industry in the United States that country imported from Great Britain and other countries enormous quantities of manufactured linen and in that way became an important client of Estonia, although it received no credit for this fact in the form of import licenses.

There were perhaps other considerations which Mr. Skinner might advance all of them tending to show that inconvenience and injustice must result from the application of restrictive measures which did not fall upon all alike, but he hoped he had said enough to induce the Estonian Government to introduce changes into its present practices.

While not germane to the foregoing discussion Mr. Skinner could not help expressing his gratification that Estonia remained upon the gold standard, and he hoped that the country would continue to do so even though it might become necessary to resort to extreme measures to maintain the present situation. It was an attractive theory that by debasing the currency speedy advantages to trade might be realized, but it was the experience of the world that these temporary advantages were soon lost, and that the economic chaos resulting from a fluctuating currency soon bore heavily upon all classes of the population since, inevitably, whether a country remained upon a

gold standard or not, the gold standard nevertheless continued to be the yardstick by which values were measured everywhere.

---

6601.116/4 : Telegram

*The Secretary of State to the Minister in Estonia (Skinner)*<sup>3</sup>

WASHINGTON, May 16, 1932—11 a. m.

16. Your despatch No. 8, April 7, from Tallinn. Department's instruction of March 8, 1932, to Tallinn carefully avoided suggesting any specific period of time as the proper basis for determining a fair share of the permissible imports that may be allotted to the United States. On the contrary, it stressed the Department's desire to be in a position to employ any evidence tending to show what the American share would have been had restrictions not been imposed. The freedom of action which the Department earnestly desires to maintain would of course be impaired if the Department permitted to remain uncorrected the three year criterion which, in the second paragraph of your *aide-mémoire* of April 6, 1932, you stated is acceptable to this Government.

Accordingly, you are instructed to request permission of the Foreign Minister to withdraw the *aide-mémoire* and to resubmit it after the following has been substituted for the first two sentences of the second paragraph :

"With regard to the allotment of import contingents, it has been the position of the Government of the United States that the United States should receive for each commodity affected a quota corresponding, as closely as is practicable, to the share of the total imports of that commodity that it would enjoy under normal conditions of unrestricted trade."

STIMSON

---

6601.116/7

*The Minister in Estonia (Skinner) to the Secretary of State*

No. 413

RIGA, June 2, 1932.

[Received June 14.]

SIR: With further reference to the Department's telegram No. 16, dated May 16, 1932, I desire to report that the *Aide-Mémoire* which I left with the Minister for Foreign Affairs in Tallinn on April 6, last, has been withdrawn and resubmitted with the verbal

---

<sup>3</sup> Sent to the Legation in Latvia.

alterations suggested by the Department. In connection with this matter it is of interest to note that my discussion with the Minister of Foreign Affairs of Estonia is upon the point of bearing some fruit. That is to say, the Government, finding the contingent system difficult to operate, is now arranging to limit imports by means of increased customs duties which will fall upon imports from all countries alike. Whether or not the benefits of the change will be neutralized by the control of foreign exchange remains to be seen. Our Chargé in Tallinn expresses the opinion that we shall benefit by the abandonment of the license system, and he instances automobiles as being probably more freely admissible in the future than they have been in the past. A note from the Estonian Minister for Foreign Affairs to our Legation at Tallinn, dated May 28, 1932, deals with this question as follows:

“With reference to your letter of 26th inst. and Minister Skinner’s *Aide-Mémoire* of April 6th last, I beg you to inform His Excellency Mr. Skinner, that the Estonian Government at present are preparing considerable modifications in the present system of import regulations, which tend to re-introduce a free circulation of a large number of imported goods actually under licenses. The new system, based on higher import duties, would, I hope, give a natural solution of most of difficulties in trade between U.S.A. and Estonia, mentioned in Mr. Skinner’s *Aide-Mémoire*.

I beg to add that, in spite of the general decrease in Estonian foreign trade and of import regulations, Estonia, even in the first quarter of 1932 has imported from U.S.A. for 884,000 crowns and exported to the U.S.A. only for 207,000 crowns, which proportion is not less favorable for the U.S.A. as compared with the trade of the same period in last year, when the imports were 1,292,000 cr. and exports 508,000 cr.”

Respectfully yours,

ROBERT P. SKINNER

## FINLAND

### REPRESENTATIONS BY THE FINNISH GOVERNMENT IN SUPPORT OF CLAIMS AGAINST THE UNITED STATES ARISING FROM THE DETENTION OF FINNISH SHIPS IN AMERICAN HARBORS

411.60 d F49/3

*The Finnish Minister (Aström) to the Secretary of State*

WASHINGTON, January 27, 1928.

EXCELLENCY: Acting under instructions from the Minister of Foreign Affairs of Finland, I have the honor to call Your Excellency's attention to the case of twelve Finnish sailing vessels, retained in the ports of the United States in 1918, for which detention the owners of the vessels have presented claim for damages against the Government of the United States, as set forth in the enclosed memoranda,<sup>1</sup> drawn up by the legal counsel of the owners.

The damages sustained by the claimants are as follows:

on the Albyn .....	130 days.....	\$707.70 per day.....	\$92,001.00
on the Fahrwohl .....	82 days.....	356.94 per day.....	29,269.08
on the Pampa .....	144 days.....	438.88 per day.....	63,198.72
on the Glenard .....	140 days.....	533.33 per day.....	74,666.20
on the Prof. Koch ....	117 days.....	351.39 per day.....	41,112.63
on the Grace Harwar..	152 days.....	500.00 per day.....	76,000.00
on the Woodburn ....	97 days.....	425.00 per day.....	41,225.00
on the Kensington ....	106 days.....	480.00 per day.....	50,880.00
on the Port Patrick ...	128 days.....	440.00 per day.....	56,320.00
on the Parchim .....	143 days.....	466.66 per day.....	66,732.28
on the Prompt .....	122 days.....	351.39 per day.....	42,869.58
on the Vidylia .....	76 days.....	500.00 per day.....	38,000.00

Pursuant to instructions from my Government, I had the honor to present, by a note dated July 7, 1922,<sup>1</sup> to Mr. Charles E. Hughes, then Secretary of State of the United States, the claim of the owners of the *Rovena*, which also in 1918 was retained in the port of New York for 120 days. On October 23, 1922, I received an answer<sup>1</sup> wherein liability was denied on behalf of the Government of the United States for any damages suffered by the owners as a result of the detention of the vessel. This answer was transmitted by me to my Government, which has given full consideration to the reasons presented by the Government of the United States for the denial of the above-mentioned claim, and to the rules of International Law

<sup>1</sup> Not printed.

applicable to such cases, and has reached the conclusion, on account of the additional material brought forth during the investigation of the matter, that a reconsideration of the claim by the Government of the United States would appear to be requisite. It has also become evident that the vessel was actually detained for a longer period than originally believed, and that the daily rate for damages heretofore claimed was not necessarily the proper rate to be applied under such circumstances. These errors have been corrected in the claim which I have now the honor to resubmit and in which the damages are stated as follows:

on the Rowena.....120 days.....\$500.00 per day.....\$60,000.00

Referring to the foregoing, I have the honor respectfully to request Your Excellency to undertake proper action so that full compensation for the damages sustained and claimed be made.

Accept [etc.]

L. ÅSTRÖM

---

411.60 d Finnish Vessels/103

*The Secretary of State to the Finnish Minister (Åström)*

WASHINGTON, February 18, 1932.

SIR: The Department has the honor to refer to the note of November 3, 1931, which you left with it on that date, together with "Supplemental Memorandum of Law in Support of Claims Presented on Behalf of the Owners of Finnish Sailing Vessels Detained by the Government of the United States in 1918".<sup>2</sup>

As you have been informed on other occasions, the Department has given very careful consideration to the matter of these claims and its conclusion has been, consistently, that the cases present no violation of either municipal law of the United States or of the accepted principles of international law. Therefore, there is no financial responsibility on the United States for damages said to have been sustained by the owners of the vessels.

The authorities of the United States declined to grant licenses for the removal from the United States by the Finnish vessels which are the subject of this correspondence of the produce of this country. The War Trade Board was clothed with authority under the established law of the United States to grant or refuse to grant licenses for the taking out of the United States of goods and commodities specified in the several proclamations of the President. This law, the proclama-

---

<sup>2</sup> Neither printed.

tions, and the regulations issued pursuant thereto were in force at the time these vessels entered American ports. They came to such ports, therefore, with knowledge that they might not be permitted to carry from American shores such American products. The Department knows of no principle of international law which required this Government to supply foreign ships with cargoes or ships' stores, or to allow such ships to remove from the United States products of this country. The right to control the resources of the country is but an incident of sovereignty, the non-recognition of which in international practice might conceivably, in a given case, deprive the country of its only means of self-preservation. There is no indication that these ships or any of them ever applied for permission to leave port without American products. Their whole purpose was to take out of the country goods the exportation of which it was the purpose of the government to control. It is not, therefore, perceived upon what theory or principle of international law it can be contended that these vessels were deprived of any right under the established practice of nations and, after having again carefully examined the whole matter in the light of the available information and the memorandum transmitted with your note of November 3, 1931, including the arguments advanced in support of your contention that the motive of the American authorities was the control of the vessels, the Department is confirmed in its view that the position of the American authorities in regard to the issuance of bunker licenses in these cases is not subject to question under international law and practice.

Accept [etc.]

For the Secretary of State:

W. R. CASTLE, JR.

411.60 d Finnish Vessels/1074

*The Finnish Minister (Aström) to the Acting Secretary of State*

WASHINGTON, May 3, 1932.

SIR: I have the honor to refer to the note of His Excellency, the Secretary of State, of February 18, 1932, regarding the claims for compensation and damages against the Government of the United States for detention of certain Finnish sailing vessels during the period from March to June, 1918, presented by me on February [January] 27, 1928, in accordance with instructions from the Minister of Foreign Affairs of Finland, on behalf of the owners of the detained vessels.

After having communicated with the present Minister of Foreign Affairs of Finland, I have the honor, in accordance with instructions

received from him, to resubmit the case with the following observations.

I have noted the conclusion of the Department of State that these cases present no violation of either municipal law of the United States or of the accepted principles of international law and that, therefore, there is no financial responsibility on the United States for the damages sustained by the owners of the vessels.

In addition, careful consideration has been given to the explanation following the State Department's conclusion wherein is set forth the authority of the War Trade Board under the established law of the United States to refuse licenses to remove products of the United States during the war period and that in an effort to control all resources of the United States at that time the right of the American authorities to deny bunker licenses is not subject to question under international law and practice.

In reply I have the honor to call your attention to the fact that neither the Finnish citizens who have made claims for damages which have been suffered from the detention of their vessels nor the Government of Finland presenting their claims have intended to question the right of the authorities acting for the United States to control the export of resources or products of the United States, within the limits prescribed by local laws. These claims are not founded upon a denial of permits, the issuance of which was discretionary with officials of the United States under local law.

In order that the basis on which these claims are predicated may stand out more clearly, I beg to point out that it is the detention of the ships and not the refusal to permit the export of American products, for which the claims are made. It is the standpoint of the claimants and the Government of Finland that the refusal of the bunker licenses was only incidental to the main purpose of the American authorities, that is, the detention of the ships themselves, and was one means by which this purpose was made effective.

The evidence which has been submitted to the Department of State and which may be submitted before a tribunal at the proper time, will, I believe, show conclusively that the vessels were required by the American authorities to remain in American ports for the period from March to June, 1918, and there has been no evidence which indicates that there was any desire on the part of the American authorities to prohibit the exportation of American products or resources which these vessels proposed to remove from the United States. I am confident that you will find from the documents earlier submitted in this matter, among other things, that the restrictions imposed on the departure of the vessels were made effective by caus-



ing United States Marine guards to be placed on board the vessels and thus insure that there should be no movement of the vessels from this country, even without the carrying by these vessels of any American products.

Moreover, the investigation of the facts will show conclusively

(1) That the American authorities had approved the charter parties under which these vessels were to carry general cargoes and oil for an American corporation from the United States to South Africa and Australia;

(2) That the American authorities had granted licenses for the export of these cargoes;

(3) That at no time was there any denial of bunker licenses by the American authorities because of the desire to prevent the export of American products;

(4) That the American authorities even proposed to carry out the charter parties, provided the ships were chartered to the United States, or its agent, the United States Shipping Board; and

(5) That it was definitely stated by the American authorities to the American agents of the vessels who made application for bunker licenses that no Finnish ship would be permitted to leave the United States during the period covered by these claims.

In the light of the above facts, proof of which is readily available, it can be seen that these cases are not to be regarded as subject to disposition on the ground that the vessels entered American ports with knowledge that they might not be permitted to carry from American shores American products, which permission the American authorities, that is, the War Trade Board, was authorized to deny.

The Government of Finland, on behalf of the ship owners, does not seek any compensation from the United States because of a denial of bunker licenses which the authorities of the United States were authorized to control. Its claim refers to compensation for the denial of the right of the vessels to move, irrespective of the refusal of licenses to carry out bunkers and supplies for the contemplated voyages.

Under the accepted principles of international law, the claimants recognize the right of the United States, while engaged in war, to prevent these vessels from leaving an American port, if the American authorities regarded such action as essential to its conduct of the war, but provided that in exercising its right the United States shall make compensation to the owners of the vessels for the provable losses which have been suffered from the exercise of this right.

This principle of international law has frequently been stated and applied, not only by the United States Supreme Court, but by other tribunals throughout the world in controversies of this character.

It is my understanding that the United States has repeatedly insisted upon the application of this principle of international law and the right to compensation for damages when loss has been sustained by its citizens. It is the contention of the Government of Finland that the cases now under consideration call for the application of the accepted principle of international law, to which reference has been made. It is recognized that these cases present justiciable questions under international law which should properly be adjudicated, preferably by the Court of Claims of the United States.

It may be appropriate for me to remind the Department of State that the claims of the citizens of Finland, now being asserted, are not unlike the case of the Steamship *Zeelandia*,<sup>5</sup> wherein the Department of State recommended to the Congress of the United States the enactment of suitable legislation which enabled citizens of the Netherlands, owners of the vessel *Zeelandia*, to have their claims for a detention of the vessel determined by the Court of Claims of the United States. Also, that these claims are not unlike the claims involving the two Swedish vessels, wherein the Department of State has more recently agreed to recommend to the Congress of the United States the enactment of suitable legislation for the arbitration of the claims of the owners of the *M/S Kronprins Gustaf Adolf* and *Pacific*.<sup>6</sup>

I have noted from the opinion of the Court of Claims in the *Zeelandia* case that the attitude of the Government of the United States toward claims of citizens of other countries has been expressed in a note to the Minister of Netherlands in the following words:

"This government (the government of the United States) is quite agreed that in a case presenting a question as to the responsibility of the United States for the damages toward an alien corporation as does that of the *Zeelandia*, the claimant, if invoking any principle of international law as applicable thereto, should have its day in court before a tribunal competent to pass on the contention and having ample jurisdiction to do so."

The Government of Finland is confident that the Department of State in the interest of securing justice and fair treatment to the citizens of Finland will be willing to recommend that a similar privilege as extended to the citizens of the Netherlands, shall be secured to the Finnish ship owners.

In view of the above, I have the honor to request you to be good enough to cause the facts concerning these claims, and my correspond-

<sup>5</sup> 73 Court of Claims 722.

<sup>6</sup> See *Foreign Relations*, 1930, vol. III, pp. 818 ff.

ence with the Department, to be submitted to the Congress of the United States with a recommendation that, by a suitable Act of Congress, the Finnish owners of the vessels in question may be permitted to proceed to have their claims heard and determined by the Court of Claims of the United States.

Accept [etc.]

L. ÅSTRÖM

---

411.60 d Finnish Vessels/107

*Memorandum by the Assistant Secretary of State (Rogers) of a Conversation With the Finnish Minister (Åström), May 20, 1932*

The Finnish Minister came in to plead for his request to refer the Finnish ship claims to the Court of Claims. I said that we had had it under consideration, that I had talked to Mr. Hackworth briefly about it but that there was no conclusion yet. I said nothing could be done at this term of Congress anyway as the session was not going to handle any minor legislation. I said that we had a feeling that the claims were stale and had only been vitalized by the activities of lawyers, and that we had no particular interest in supporting American lawyers by this process.

The Minister said the claims had been in his hands since 1922 under constant discussion and that since 1923 Poore's firm had been gathering evidence; that the delay between 1922 and 1929 was not the claimants' delay but the delay in gathering material; that while Donovan had been recently employed, Poore's firm had been in the matter all along. He said there was great interest in Finland on the topic as the owners of the ships were scattered in various small communities and that pressure on him was very great. He said incidentally that they had been very unsuccessful in litigation in Great Britain over Finnish steamers requisitioned by the British during the war. The British had raised the question that the ships were Russian and that there was therefore an offset through the general repudiation of international obligations by the Russian Government. He took the position that Finland had always been autonomous with separate ship legislation and separate laws on all sort of topics. (I suggest the English cases might be worth following up).

I promised the Minister we would give the matter consideration at an early date but told him he was not losing time anyway.

J[AMES] G[RAFTON] R[OGERS]

411.60 d Finnish Vessels/119

*Memorandum by the Assistant Secretary of State (Bundy)*

[WASHINGTON,] June 30, 1932.

The Minister of Finland called with respect to the Finnish ship claims for detention during the War.

I told the Minister that recommending that these claims be submitted to the Court of Claims seemed to involve two questions. First, the question of law, that is whether a refusal of bunker licenses created liability. Secondly, whether the United States Government should consent that these claims be adjudicated so many years after the event upon which the claims depend.

In this connection, I pointed out that a claim with respect to one ship was presented and refused in 1922 but that apart from this no claims were presented until 1928, ten years after the alleged detention of the vessels.

I stated that it seemed to the Department that the claims made by Finland were based on the purpose of the War Trade Board in refusing licenses and that this purpose, if material, was a question of fact peculiarly difficult to determine correctly so many years after the events in question. For this reason I stated that the Department is inclined not to make the recommendation for a court hearing.

The Finnish Minister stated that he would like to present the views of his Government with respect to the particular question of the delay in making the claims.

H[ARVEY] H. B[UNDY]

411.60 d Finnish Vessels/120

*Memorandum by the Under Secretary of State (Castle)*

[WASHINGTON,] July 14, 1932.

The Finnish Minister came in to see me to talk about the Finnish ship claims which he had already discussed with Mr. Bundy.

After he had talked for a long time saying nothing new, I reminded him that he had said all this to Mr. Bundy and to me at other times and that I certainly sympathized with Mr. Bundy's idea that it was very unfair to try to bring up these claims after such a long lapse of time; I reminded him that probably some people who had been connected with the retention of the vessels were dead, that others could hardly have any clear recollection; I said it seemed to me that there ought to be a statute of limitation on claims and that they ought not to be legal after five years; the Minister reminded

me that this was not the case and I said I knew it was not, but that I was merely suggesting an idea; I said, however, that if the shipping companies felt they had a good claim they would have put in the claim in 1919; the Minister said they were helpless because there was at that time no Finnish Minister in Washington; I said any enterprising company could easily have hired a lawyer in New York; he made a lot of excuses for the delay and took on himself the delay between 1923 and 1925, when he had been studying the question; I said that Mr. Bundy was perfectly willing to hear anything he might have to say in the matter when he got his evidence, but that as it stood now I should personally be very much opposed to permitting suit to be brought in the courts since the lapse of time immensely weakened our defense.

W. R. CASTLE, JR.

## FRANCE

### REPRESENTATIONS AGAINST FRENCH QUOTAS AND OTHER REGULATIONS ADVERSELY AFFECTING AMERICAN TRADE, AND EFFORTS TO NEGOTIATE A PERMANENT COMMERCIAL TREATY

651.116 Radios/31 : Telegram

*The Ambassador in France (Edge) to the Secretary of State*

PARIS, January 19, 1932—noon.

[Received 12:52 p. m.]

47. My 46, January 18, 7 p. m.<sup>1</sup> By decree of January 7 published in the *Journal Officiel* of January 16 quotas for the first 3 months of 1932 have been fixed first on radio sets, accessories and parts and second on lamps and tubes. According to French statistics the total value of French imports from the United States subject to the quotas for 1931 under the first category is 16,000,000 francs and under the second 4,000,000 francs.

No indication is given as to the basis on which the quotas for the various countries have been fixed. The monthly quota on sets and parts represents approximately 82 percent of the total average monthly imports of sets from all countries during the last 3 years and on tubes approximately 75 percent. The quotas assigned to the United States represent about 75 percent and 73 percent, respectively, of our average monthly imports of the past 3 years.

From the American standpoint the serious objection to the quota is that the business is a new and rapidly developing one and 1929 and 1930 figures are not now an equitable measure of normal trade. The actual quota fixed on American sets and parts is 166 quintals monthly out of a total of 1541. However, in 1931, 19 percent of the imports came from the United States and on this basis the quota should be 293 quintals. The total monthly quota of lamps and tubes is 150 quintals of which the United States quota is 15 quintals. During 1931, 19 percent of the total French imports of lamps and tubes came from the United States and on this basis the United States quota should be 281½ quintals.

The other two countries principally interested and receiving the largest contingents are Holland and Germany. Imports from Holland were much less in 1931 than in 1930 and the quota for Holland

---

<sup>1</sup> Not printed.

based on the 3-year period is greater than the actual imports from Holland during 1931. As for Germany radios may be imported as reparation deliveries in kind in any quantity without regard to the quota. It is a principle of French policy to exclude deliveries in kind from the provisions of the most-favored-nation clause and it is not clear what practical effect the exclusion from the quota will have in this case. In effect the selection of historical rather than current import figures as a basis for a quota in this new and rapidly growing business because of our greater progress in development works a special hardship upon the United States. Apparently the Department has decided for the present upon a policy of accepting in principle the quota system recently established in France and in other European countries. I have already reported that France has announced that it expects to use this system extensively. I understand about 60 quotas are about to be put into effect. France probably would be prepared to undergo an economic war with the United States rather than surrender its quota policy because this policy has been extremely effective in the short time it has been in application in improving the French balance of trade. The quota system in Europe may become so general that the American Government itself may be forced to consider establishing a quota system or discriminating against countries employing this system.

I think, however, that it is absolutely essential to obtain a just contingent for United States products in every French quota which is established and that our Government should be prepared to exercise as much pressure as is necessary to bring about this desired result. Article [Section] 338 of the American tariff <sup>2</sup> might be applied in these cases if deemed advisable.

With regard to specific cases there has not been much ground for complaint until now concerning the share for American products under French quotas although it has been necessary in some instances to act with much energy and we have secured some revisions and considerations. In the present case, however, I feel the circumstances warrant very definite action and I ask your authorization to make a formal protest. If you care to prepare the text of this protest, perhaps also referring to various violations of the *modus vivendi* <sup>3</sup> as admitted during our recent conference in Washington, I should appreciate your telegraphing it to me at your earliest convenience.

EDGE

---

<sup>2</sup> The Smoot-Hawley Tariff of June 17, 1930; 46 Stat. 704.

<sup>3</sup> Effected by an exchange of notes in October and November of 1927, *Foreign Relations*, 1927, vol. II, pp. 696-703.

651.116 Radios/32: Telegram

*The Acting Secretary of State to the Ambassador in France (Edge)*

WASHINGTON, January 23, 1932—2 p. m.

39. Your 14, January 18, noon.<sup>4</sup> (1) While this Government is definitely opposed to any system of quotas, a fact you might well impress upon the French in any discussion you may have with them on quotas, the Department has not taken any definite position as to what its policy will be vis-à-vis the present quotas which are being so extensively adopted by France. It is not correct to assume that **we have decided for the present to accept them in principle.** The fact is rather that we must necessarily recognize that these quotas are actually being established to the curtailment of American trade and that we must make the best of a bad situation.

(2) In so far as the question of the allotment, itself, of quotas is concerned the Department feels that when quotas are established the United States should receive a share of the permissible imports equal in proportion to the share of the trade it would have obtained during the quota period had the restrictions not been imposed. It is recognized that such a share is not easily determined and that the factors in each case are likely to vary. The general basis is perhaps theoretical and difficult of practical application, but it leaves the way open to use any evidence tending to show what our trade would have been except for the restriction without subjecting you to any charge of inconsistency should the evidence in one case be quite different from another case.

(3) In the case of radios the evidence tends to show that American exporters under open competitive conditions would have obtained a larger proportional share of the radio market for the period covered by the quota, so that even a quota based on 1931 trade would curtail our trade to a greater degree than that of other countries because of the sharp upward trend of radio shipments to France. Basing the radio quota on the trade for the past 3 years, as the French have apparently done, is obviously not a fair set up for American exporters of radios. A quota corresponding at least to our share of the trade in 1931 would not therefore appear to be unreasonable.

(4) One general principle should be that goods in transit at the time of the announcement of the establishment of the quota should not be barred. Another principle is that it should not be retroactive.

(5) It is, of course, quite impossible for the Department to foresee all the elements that should be taken into account in all cases. It is felt that the elements in each individual case will be evident to you

---

<sup>4</sup> Not found in Department files.



and if after taking them into consideration you feel that American trade is not getting a fair deal you should, if you see no objection to such action, take up the case in whatever way you deem best, with the appropriate authorities.

(6) I think you might, if you think it worth while, take occasion some time to tell Laval orally that these restrictions and the discriminations which France imposes on American commerce are causing growing resentment against France not only among our business men but among members of Congress.

CASTLE

---

651.116 Radios/6 : Telegram

*The Ambassador in France (Edge) to the Secretary of State*

PARIS, January 28, 1932—2 p. m.

[Received 2:20 p. m.]

70. Your 39, January 23, 2 p. m. Both informal and formal representations have been made to the Foreign Office in an effort to obtain a larger quota for the United States on radio sets, parts and tubes. I quote from my note of January 26:

“I have hitherto refrained from bringing the matter officially to Your Excellency’s attention hoping that the informal representations which have been made would assure a readjustment of the quotas as announced. The quota system as practiced by the French Government is in effect a limited embargo on imports. My Government makes no distinction in permitting imports, treating all nations precisely alike subject to the same tariffs or free entry as the case may be. Therefore, these rapidly increasing restrictions on imports are creating a situation in the United States difficult to explain much less appease. While the United States Government clearly recognizes the absolute right of the Government of France to impose any economic restrictions desired within the terms of the *modus vivendi*, it should be pointed out that the policy surrounding the allotment of quotas is so variable as to be confusing and to work great hardships. In any event it is plainly evident that the formula in the case of radio importations operates unfairly to the United States and conversely to the advantage of other exporting nations”.

I doubt whether these representations will result in an increased quota. At any rate nothing may be expected before the fixing of the quota for the second quarter of this year. The quota for the United States has been closed until further notice. According to information received from the Foreign Office 694 metric quintals of radio sets and parts have been admitted up to January 20. To this must be added the merchandise afloat or in warehouse before January 27. All afloat will be permitted to land. The excess of these

amounts over the quota for the first quarter 1932 will probably be charged against the year's quota.

It is understood that recent quotas have been drawn up in consultation with the French trade or industry primarily concerned and the corresponding trades or industries of the European countries chiefly interested in export to France. As far as we can ascertain American trade interests have not been consulted.

Informal representations have also been made regarding the quota on patent leather which will probably be issued within the next few days. The quota is based on averages for 1928, 1929 and 1930 which gives Germany an equal quota with the United States whereas the 1931 importation from the United States is nearly double that of Germany.

I am conferring with the Minister of Commerce today in the hope of securing for the United States a more equitable proportion in the numerous quotas which are yet to be established and will of course point out what we consider the unfair methods employed in fixing the quotas.

I shall see M. Laval later if necessary.

Full text of note is being sent by pouch.

EDGE

---

651.116/275 : Telegram

*The Ambassador in France (Edge) to the Secretary of State*

PARIS, January 29, 1932—5 p. m.

[Received January 29—3:34 p. m.]

76. Yesterday evening, accompanied by Howell and Allport, Commercial Attaché, I had an hour's conference with Mr. Rollin, Minister of Commerce, on the subject of the French quota policy. We were fortified with tables covering the importation of different commodities to illustrate our contention that the French did not adhere to any set formula in fixing the quotas and that an analysis of several recent allotments demonstrated that the different methods used in the cases cited worked against the interests of the United States and conversely to the advantage of competing nations, particularly Germany.

While M. Rollin endeavored to defend the French Government's policy, which he admitted included its determination to select whatever years it cared to select to show normal and average trade, nevertheless our blunt charges of unfairness to the United States made a visible effect. We also demonstrated that the trade representatives of other nations were consulted when the quotas were made while to the best of our knowledge representatives of American business

had never been thus favored. He did not dispute the facts that we presented to substantiate this charge.

The net result of the conference was an indication that a revision of the percentages in our favor in the radio quota might very properly be allowed for the second quarter which begins April 1st. On the patent leather quota, which we had been informed was to be issued within a few days, we remonstrated that the proposed percentages were arrived at on a very unfair basis to the United States. He promised to give further consideration to this quota.

While we have no definite assurances, generally speaking, I am of the opinion that as a result of the conference there will be more care in the future that American trade interests will be consulted and that we shall probably obtain larger proportionate shares than in the past. The French Government, however, is determined to continue the quota system as a temporary measure. The Minister, in defense of this plan, stated that French industry had been so adversely affected by importations during the past 2 years that they considered this partial embargo absolutely necessary. I, of course, called his attention to the fact that we treated every nation exactly the same, that our law permitted an entire embargo if we felt justified in using this extreme and that we were having great difficulty in explaining to American exporters the inconsistencies which were constantly apparent in their quota fixing policy.

EDGE

---

651.116 Radios/29: Telegram

*The Chargé in France (Armour) to the Secretary of State*

PARIS, February 8, 1932—6 p. m.

[Received February 9—9:10 a. m.]

92. Embassy's 76, January 29, 5 p. m. At the conference referred to in the above-mentioned telegram the Minister of Commerce stated that the quotas on radio sets and parts had been fixed at 70 percent of the importations for the years 1930 and 1931. By this computation the United States would have been entitled to a monthly quota of 210 quintals although it was actually allotted only 166 quintals. This discrepancy has been pointed out to the appropriate French authorities and they have accordingly increased the quota to 210 quintals. The explanation has been given that the quotas had been calculated before the complete figures for 1931 were known and the heavy importations from the United States in December 1931 were not taken into account. Due publicity has been given here to the

increase. While this action increases our monthly quota by 26 percent the Embassy is hopeful of a still larger quota for the second quarter of the year. As the importations during this year considerably exceed the new quota for the first 3 months the order suspending importations from the United States until further notice remains unchanged.

Please inform Ambassador Edge<sup>5</sup> of the contents of this telegram.

ARMOUR

651.116/282 : Telegram

*The Chargé in France (Armour) to the Secretary of State*

PARIS, February 19, 1932—noon.

[Received February 19—9:25 a. m.]

114. Embassy's 76 of January 29, 5 p. m. The patent leather quota has been published today. The Embassy's request that the proportion allotted to the United States should be based on 1931 figures has been adopted and the American quota is 35,510 kilograms for the quarter instead of 21,800 kilograms which had been proposed. The favorable action taken in this case encourages us to believe that the representations made on the general question of quotas has been effective.

ARMOUR

651.116/293

*The Ambassador in France (Edge) to the Secretary of State*

No. 2357

PARIS, March 10, 1932.

[Received March 22.]

SIR: I have the honor to enclose a copy of an informal communication dated March 10, 1932, directed by me to M. Rollin, French Minister of Commerce, which was delivered personally this morning by Mr. F. W. Allport, Commercial Attaché of the Embassy. A copy of this letter was likewise transmitted to the Foreign Office. (See my telegram No. 156, March 10th, 4 p. m.).<sup>6</sup>

In view of the personal conference I had with M. Rollin, to which reference is made in the letter, and in view further of the fact that over a month had elapsed and the representatives of American interests involved had still been ignored, I felt that this reminder was justified.

<sup>5</sup> The Ambassador had left Paris on February 3 for the United States; he returned on February 23.

<sup>6</sup> Not printed.

The Department will note that I included in the communication reference to the threatened quota on the importation of machine tools, which had been brought to our attention from several local interests.

Later today, at a luncheon tendered to Mr. Silas H. Strawn by M. Rollin, which I attended, together with Mr. Allport and Mr. Howell, First Secretary of the Embassy, the receipt of the letter was referred to by M. Rollin with assurance that he would make every effort to remedy the difficulties.

One of the reasons assigned by M. Rollin in defense of the quota policy was the existence of a number of bilateral commercial treaties with other nations, the provisions of which prohibited France from raising certain existing tariff rates. It was the French contention that because of this fact, the only way they can keep down imports is to restrict the totals to be received.

M. Rollin's chief explanation of the failure of the French authorities to invite representatives of American industries affected by proposed quotas into consultation was that the quotas concerned principally commodities upon which there were consolidated tariffs due to treaty arrangements with various countries and that the consultations had been primarily with representatives of the industries of those particular countries.

During the course of the conversation, I indicated to M. Rollin that we were quite ready, and had been for a long time, to negotiate a commercial treaty on the most-favored-nation basis, which was the only method we felt as fair to other nations. He indicated that it would give him great pleasure to explore the possibilities and made it quite clear that the various types of treaties which France had with different nations had, as already explained, greatly added to his difficulties.

Respectfully yours,

WALTER E. EDGE

[Enclosure]

*The American Ambassador (Edge) to the French Minister of Commerce (Rollin)*

PARIS, March 10, 1932.

MY DEAR MR. MINISTER: May I recall to your mind the friendly and helpful conversation that took place between us on January 28th, concerning import quotas in general and the radio quota in particular.

At that time I took occasion to comment on the fact that an increasing number of the quotas that France is establishing on imported products, including several of outstanding importance from the

standpoint of American interests, are apparently arrived at through an exchange of views between the French industry primarily concerned and the corresponding industries of other countries in which American industries have not been invited to take part.

I gained the impression from our talk that the failure to consult with American industries concerned is not the result of policy but rather of a mistaken impression on the part of the authorities occupied with these measures that the difficulty of establishing the necessary contact with American industry was too great to be overcome.

I have been informed that American industries desire to participate in consultations prior to the determination of import quotas affecting them and would welcome an opportunity to do so. I am advised that they are prepared collectively to select and empower certain of their distributors in France to act for them in preliminary quota conversations. The representatives thus selected may also wish to avail themselves of the assistance of the American Chamber of Commerce in France in this connection, as I understand local representatives of American companies have, upon their own initiative, already done in connection with quota measures believed to be under consideration by the French Government.

If these suggestions meet with your approval it would appear desirable to give due notice of contemplated quota measures in ample time to enable the interests concerned to confer, and to designate and instruct the representatives of the industry in France who are to act for them. The Commercial Attaché at this Embassy would be pleased to transmit such notice to the industry concerned if you so desire.

I hope you will agree with me that the interests of both French and American trades would be better served if representatives of the industries of the United States can be given the same consideration that is extended to the affected industries of other countries in the preparation of the French import quotas. It is with this thought in mind that I venture the suggestions contained in the foregoing.

I have been recently advised that it is planned to introduce a quota on the import of machine tools within the near future and that representatives of the German and British machine tool interests have been invited to participate in its preparation. I am informed that representatives of the American machine tool industry have not been invited to take part in these preliminary discussions nor has their point of view been officially consulted as yet by the French authorities charged with the preparation of this measure.

I take the liberty of inviting Your Excellency's attention to the substantial interest that American manufacturers of machine tools

have in the French machine tool market and to the importance that an import quota on these products would have from their standpoint.

I understand that the American Machine Tool Builders' Association, the competent organization in this connection, has appointed a Committee to deal specifically with the question of the proposed French import quota and is prepared, without delay, to empower certain representatives of the American industry in France to speak on its behalf in any hearings that the French authorities may wish to arrange.

May I take this occasion, my dear Mr. Minister, to express again my deep appreciation of the sympathetic consideration you have always given to the problems of Franco-American trade.

With assurances [etc.]

WALTER E. EDGE

651.006/126

*The Ambassador in France (Edge) to the Secretary of State*

No. 2381

PARIS, March 17, 1932.

[Received March 24.]

SIR: I have the honor to refer to my despatch No. 2357 of March 10, 1932, enclosing a copy of my informal communication of March 10 to the French Minister of Commerce, in which I requested that representatives of American industry be given the opportunity first to be consulted before French quotas were established in commodities of particular interest to us, and in which I also made certain representations about the proposed French quota upon machine tools.

For your information, I transmit herewith a copy and translation of the Minister's reply.

Respectfully yours,

WALTER E. EDGE

[Enclosure—Translation]

*The French Minister of Commerce (Rollin) to the American Ambassador (Edge)*

PARIS, March 15, 1932.

MR. AMBASSADOR: By a letter dated March 10th, you were good enough to point out to me the repercussion on American commerce and industry which would be brought about by the various quota measures which have been taken by the French Government and which are at present in course of preparation.

You lay stress especially on the project of a quota for machine tools and you request that the figures of the import quantities to be admitted be not drawn up without a preliminary exchange of views

between the French industry and the delegates of the American industry.

I have the honor to acknowledge receipt of this communication of which I personally took note and which has had my careful attention.

I need not remind you that, insofar as I am concerned, my greatest desire is to be able to arrange the quota measures in respect to foreign imports in such a way as to prejudice as little as possible American production.

Allow me, however, to point out to you that, from the point of view of the establishment of quota measures, the American industry is not placed in the same position as the majority of European industries and more especially the German industry.

In reality, if the French Government has, up to the present, invited the directors of the various French industries concerned to make an effort to come to an industrial understanding with the representatives of the different foreign industries, and, in the case in question, with the German industries, it is because of the consolidation of customs duties which exist in commercial agreements signed between France and these countries.

The engagement taken by France constitutes a particular circumstance which, (without prejudicing the incontestable right of our country to control foreign imports, notwithstanding the tariff consolidation in question), lays a moral obligation on us to make every effort in order that private industrial agreements may be concluded between the countries concerned.

Such is not, unfortunately, the situation of the United States since no contractual engagement has been entered into between this country and France.

In regard more particularly to the quota for machine tools, it does not appear to me, moreover, possible to adjourn any longer the realization of a measure which is impatiently awaited by the French industry.

I am anxious, however, to affirm that American imports of machine tools will be in no way placed at a disadvantage and that in this regard American industry will be strictly treated on an equal footing with the other foreign industries.

For the rest, the proposed quota in question is far from applying to all categories of machine tools. It only applies to some of them and again I must add that, even for these categories, a whole series of machine tools, the manufacture of which is not sufficiently developed in France, will be admitted outside of the quota.



With regard to the future, as I am desirous of demonstrating all the consideration I attach to the request you have made me, I will willingly point out to the French industries concerned the desire of the American Government that preliminary conversations be opened between their representatives and the delegates of the corresponding American industries.

For my part, I can only see advantages in an exchange of views on this subject between American and French producers and their conclusions in private industrial agreements.

Yours [etc.]

LOUIS ROLLIN

811.512351 Double/119

*The Ambassador in France (Edge) to the Secretary of State*

No. 2382

PARIS, March 17, 1932.

[Received March 24.]

SIR: I have the honor to enclose a copy of a letter, with French translation, which I have today sent to M. Tardieu, Minister for Foreign Affairs. As stated, it is an informal and unofficial communication and a perusal of its contents will make its object entirely clear.

The Department will possibly recall that when the double taxation negotiations were taking place during 1930, and the experts had reached a position where it seemed probable that existing differences could be agreeably compromised, M. Tardieu, then, as now, Prime Minister, transmitted to me a lengthy communication<sup>7</sup> making many objections to American tariff policies, which was used as an excuse for not adjusting the double taxation problem.

After my informal conversation with M. Tardieu on this subject two weeks ago, I felt that it might be helpful to adopt the course indicated by this communication and file this résumé of existing irritations before renewing my conversations with the Foreign Minister. At least, the enclosed communication accurately presents some of the present outstanding difficulties.

Respectfully yours,

WALTER E. EDGE

[Enclosure]

*The American Ambassador (Edge) to the French Minister for Foreign Affairs (Tardieu)*

MY DEAR MR. PRESIDENT:<sup>8</sup> When I had the very gratifying informal conference with you ten days ago, I drew attention to the

<sup>7</sup> *Foreign Relations*, 1930, vol. III, p. 45.

<sup>8</sup> M. Tardieu was President of the Council of Ministers as well as Minister for Foreign Affairs.

fact that a succession of incidents, primarily associated with French economic and commercial policies, had greatly disturbed public opinion in the United States and that I felt a friendly gesture like the settlement of the *quotité imposable* might contribute greatly toward bringing back a normal or receptive state of mind. Since that time, the questions at issue between our two countries seem to be multiplying rather than otherwise, and the necessity for some helpful concessions becomes, in my judgment, more and more necessary, envisaging even more important problems for later consideration. Of course, I have no desire to press for any consideration that is not on its merits fully justified, and, under the circumstances, it has occurred to me that it might be helpful if I informally furnished you with a memorandum briefly reviewing the commercial and economic questions daily increasing which are fanning discontent and encouraging misunderstandings and which, through your cooperation, I am hopeful can be somewhat alleviated.

I indicated to you at the time that a settlement of the long standing question of the *quotité imposable*, practised alone by France, would go a long way towards relieving the tension, and that I believed a solution of that problem might be reached without in any way trespassing upon domestic political considerations.

I know you will understand that this letter is not an official recital of complaints but, I repeat, merely a concentration of some of the recent controversies of a commercial nature that have been raised between the two countries, which have naturally intensified feeling and tend to make more difficult the possible adjustments of even greater issues.

In addition to the double taxation complications, one of the outstanding complaints has been the announcement almost daily of a new quota restriction of imports and actual embargoes as well. The methods employed in determining the allotments have been severely criticized. Inquiry has established the fact that the representatives of almost every country seriously affected, with the exception of the United States, have been called into consultation before the allotments were made. In some instances, the quota total seems to be reached by applying one year's previous imports, in others, two, and even five years, but whatever the method it seems to lessen the amount which, in ordinary competition, would have been exported from the United States even though there had been a quota restriction. It is even suggested that the German quota allotments have been materially increased through considering deliveries in kind as a normal exchange of trade.

Only last week a new decree was promulgated imposing a complete embargo on all fresh fruit shipments from the United States, the reason being assigned that the San José scale had been discovered in some previous shipments of barrelled apples. Just why it would be deemed necessary, without advance notification of any kind, to exclude all other types of fruit in no way affected or blemished, is very difficult for me to explain. The decree was so drastic that even shipments en route were included in the order.

The raise in American tariffs, of which there was considerable complaint in France when the 1930 American tariff bill was enacted,<sup>9</sup> has been more than offset by raises of the French tariff on various exports from America so that the former criticism in France because of American tariff rates should be entirely removed. As you, of course, understand, the American tariff system in no way restricts the total of importations. There is no quota system. Every country is treated exactly alike under our most-favored-nation policy so that France is given absolute freedom in competition with other countries to trade in the United States.

Further, the attention of the French Government has been frequently drawn to the violation of the terms of the *modus vivendi* under which the United States and France have been operating since 1927. In a number of cases other countries have been given preferential tariff rates, which is contrary to the terms of the *modus vivendi*. Upon protest on the part of the Embassy, some of these violations have been corrected but others still remain unadjusted.

Only recently the Embassy was advised by representatives of American oil companies operating in France that a new regulation had been proposed which would compel their subsidiaries to purchase a certain amount of raw material (crude oil) from Rumania: in other words, to this extent making it impossible for them to export their own crude [oil] into France. This introduces an absolutely new question in trade restriction through constituting preferential treatment in purchases.

I am informed a new tax has recently been proposed on American stock brokers located in France transacting business on the New York Exchange; in other words, a tax on orders they place even outside of France.

Then the misunderstanding regarding rapid gold withdrawals, while in my judgment much overemphasized, nevertheless added fuel to the fire.

---

<sup>9</sup> See *Foreign Relations*, 1930, vol. 1, pp. 246 ff., especially despatch No. 676, July 3, 1930, from the Ambassador in France, p. 249.

From the very general presentation of some of the existing difficulties as outlined above, you can well understand, Mr. President, why I felt that some friendly gesture from France to the United States at this time would be most helpful in preparing to meet more important international problems in the future. While these irritants are perhaps relatively small, nevertheless they arouse considerable public resentment in the United States as members of Congress from every section of the country are made more or less familiar with these barriers to trade through the complaints of their local dealers who are frequently affected. It is my desire to try as far as possible to improve the existing state of mind. That is why I was so anxious to have the double taxation, which has been discussed so much in the public press in the United States, adjusted.<sup>10</sup> If the proposal we have made could be accepted, which, I believe, is quite similar to those France has received from other countries, the publication of this fact throughout the United States, would, in my judgment, have a most helpful effect.

I am sure you will understand this letter is merely for the purpose of enabling you to have in your dossier some of the arguments with which otherwise you would naturally not be directly familiar. At your convenience, I should be very glad to call on you and discuss the matter further with you.

With assurances [etc.]

WALTER E. EDGE

P. S. Since the above has been written, I understand that the apple question is in process of adjustment.

---

651.116/294

*The Ambassador in France (Edge) to the Secretary of State*

No. 2383

PARIS, March 17, 1932.

[Received March 24.]

SIR: I have the honor to acknowledge the receipt of the Department's instruction No. 966 of March 1, 1932, transmitting a copy of a letter from Congressman E. W. Goss, together with its enclosure,<sup>11</sup> the text of a communication from the Waterbury Farrel Foundry and Machine Company, with regard to the contemplated restrictions upon the importation of machine tools into France.

The matter of the proposed quota has, for some time, been the object of consideration by the Embassy. After consultation with this chan-

<sup>10</sup> For correspondence relating to the double taxation matter, see pp. 262 ff.

<sup>11</sup> None printed.

cery, the Commercial Attaché, on March 3rd, telegraphed his Department that a quota on machine tools was envisaged. He stated that whatever restriction is ultimately adopted will be based upon an agreement reached in preliminary negotiations with foreign trade representatives. It was his suggestion, therefore, that an effort be made to induce the French Government to afford an opportunity for American representatives to be heard and with that end in view, he recommended that the National Machine Tool Builders Association of the United States be asked if it desired to appoint a spokesman.

Both the Commercial Attaché and the American Chamber of Commerce in Paris have been in touch with the French authorities in an endeavor to obtain sympathetic consideration on behalf of the American interests involved. These informal representations have, moreover, been directly supported by the Embassy. On March 10th, 1932, I personally stressed to M. Rollin, Minister of Commerce, the advisability of consulting with representatives of American exporters before putting the various quotas into effect and left with him a note enlarging upon this point of view, not only with regard to quotas in general but, in particular, as concerns the contemplated restrictions on machine tools.

While this note was before the Minister of Commerce, the Department of Commerce of the United States discussed the problem with the Machine Tool Builders Association. As a result of the conversations, Fenwick, S. A., which, incidentally, is the agent in France for the Waterbury Farrel Foundry and Machine Company, was designated to speak for the American industry and given appropriate instructions to that end, the Commercial Attaché being notified of the arrangement effected. It was, nevertheless, not till March 16th that I received a note from the Minister of Commerce in response to my representations of the 10th. (For text, see my despatch No. 2381 of March 17th) The Minister expressed his regret that the quota on machine tools could no longer be held up but intimated that favorable consideration might be given to consultation with American interests in the instances of future quotas.

Despite the unfavorable nature of M. Rollin's response, the Embassy was yesterday prepared to inform the French Government that no delay would be caused by consultation with American interests, since Fenwick is in Paris and had already been designated to represent those interests. It was to have been further requested that Fenwick be permitted to state the American case. Unfortunately, however, this further move was blocked by the signing of decrees putting the machine tool quota into effect.

There are enclosed two copies of the *Journal Officiel* of March

17th,<sup>12</sup> containing on page 2762, the text of the Presidential decree authorizing a quota on certain categories of machine tools, and on page 2763, the ministerial decree indicating the global restrictions placed on such importation. On page 2779 may be found a notice indicating the contingents under the global quota assigned to the several exporting countries.

As may be observed, the Embassy has made every effort to obtain a hearing for American machine tool manufacturers, in which it has been materially assisted by the helpful cooperation of the Department of Commerce and the industry itself. It is to be regretted that the Minister of Commerce delayed his response to my representations until such time as effective action was made impossible by the promulgation of the quota decree.

Respectfully yours,

WALTER E. EDGE

---

651.116/296 : Telegram

*The Ambassador in France (Edge) to the Secretary of State*

PARIS, April 2, 1932—3 p. m.

[Received 7:09 p. m.]

202. The resolution quoted below was unanimously approved by the Board of Directors and members of the American Chamber of Commerce in France at a meeting held on March 30. The President of the Chamber, Mr. Charles G. Loeb, delivered it to me in person this morning with the request that it be transmitted to the Department. The Embassy's observations covering various points raised in the resolution will go forward by next pouch in despatch No. 2430, April 2.<sup>13</sup>

“Whereas, the Government of the French Republic has placed embargoes in the form of general import quotas that restrict and in many instances prevent the importation into France of products from the United States, and,

Whereas, the nature of the quotas and their application retroactively without prior notice and without indication of when commercial freedom may be restored, destroy the trade in France of importers of American products by undermining confidence in them, alienating their customers, shutting off their sources of supply and impairing their business security and,

Whereas, in deriving their legal sanction chiefly from article 17 of the French tariff law the quota measures are predicated upon the existence of discrimination against French commerce on the part of the United States which does not in fact exist, and,

<sup>12</sup> Not reprinted.

<sup>13</sup> Not printed.

Whereas, in so far as can be ascertained the quotas have been inspired and frequently dictated by French manufacturers, direct competitors of the American interests concerned and,

Whereas, the size, scope and character of the quotas have frequently been determined in agreement with the principal foreign competitors of the interests of the United States thereby affected but without reference to or consultation with the latter and,

Whereas, the periods of time ostensibly selected in determining the basis for the quotas and their subdivisions among the various countries concerned have often been such as to favor the trade of other countries to the prejudice of the trade of the United States and,

Whereas, the quotas assigned to other import industrial countries have in practically all instances been in excess of those assigned to the United States and,

Whereas, unrestricted export to France from other countries of products under quotas has frequently been authorized in the form of reparation deliveries in kind and,

Whereas, the control of exports to France of products under quotas has frequently been delegated to public and private organizations in other countries of origin but not in the United States and,

Whereas, the American Chamber of Commerce in France endeavored fairly and diligently, but without success, to obtain relief for the interests affected from the manifest inequities and hardships of the existing situation and,

Whereas, by reason of the practices and regulations described in the foregoing the Government of the French Republic has imposed limitations upon the products of the United States that are not equally enforced upon like products of every foreign country and has discriminated in fact against the commerce of the United States in such a manner as to place the Commerce of the United States at a disadvantage compared with the Commerce of other foreign countries now, therefore, be it

*Resolved* That the Honorable Walter E. Edge, Ambassador of the United States for France be and hereby is petitioned to invite the attention of the Government of the United States to the inequities of the existing situation and to the imperative need for relief to the end that the President of the United States may in his discretion exercise the powers of his high office in such manner as he may deem fitting and proper to obtain just and equal treatment for the commerce of the United States."

EDGE

651.116/320

*Memorandum by the Chief of the Division of Western European Affairs (Boal) of a Conversation With the French Commercial Attaché (Garreau-Dombasle)*<sup>14</sup>

[WASHINGTON,] April 18, 1932.

Mr. Garreau-Dombasle came in this morning in order to discuss commercial matters between France and the United States and, as he

<sup>14</sup> Dr. Herbert Feis and Mr. Paul T. Culbertson were also present.

put it, to correct impressions in regard to French policy as it had been outlined in the newspapers recently. He stated that France had adopted a quota policy because of the abnormal influx of goods into France. This influx he laid to the fact that France is a good market in which foreign interests could expect to obtain cash in return for goods. The quota system was adopted as an "exceptional remedy for an exceptional situation". Garreau-Dombasle alleged that there was no basis for allegation of discrimination because quotas were established on "scientific bases" and that the basis used was normal French consumption of the product in question. As an example of a great influx of goods into France, second-hand radios from the United States were cited. In answer to Mr. Boal's query with regard to refusal to consult American interests before the establishment of quotas as was done with representatives from other countries, Mr. Garreau-Dombasle stated that this consultation was necessary because of treaty obligations with various countries and in order to establish the "normal year" it was necessary to consider the matter with these various foreign interests. Mr. Boal pointed out that French treaties with other nations presumably did not forbid consultation with American interests; that he saw no reason therefore why they should not be consulted.

Mr. Garreau-Dombasle stated that he knew of no matters which had not been adjusted as a result of request by the United States and said that radios constituted practically the only case where the Embassy at Paris had made representations. Mr. Boal pointed out that there were a number of cases which the Embassy had taken up with the French authorities without having obtained any satisfaction whatsoever.

The conversation drifted into a general discussion of the policies of the two countries, it being recalled by Garreau-Dombasle that in 1927 it was brought out clearly that the policies of the two countries were at the opposite poles and little could be expected in the way of concession on either side.<sup>15</sup> Mr. Garreau-Dombasle stated that the French policy was not to accord most favored nation treatment to American products until something had been obtained in exchange therefor. Mr. Boal inquired whether or not an increase in our rates under Section 338 would not be the answer to the French theory that concessions were necessary since it would provide something to concede. Garreau-Dombasle replied that Section 338 did not constitute maximum rates but constituted a retaliatory provision and that if it were to be adopted a French law passed about two years ago pro-

---

<sup>15</sup> For correspondence with respect to American-French commercial policies and relations in 1927, see *Foreign Relations, 1927*, vol. II, pp. 631 ff.



vided for counter retaliation. Mr. Boal said that we did not want to use Section 338 but that we were under considerable pressure and that it was impossible to determine what course of action would be necessary.

P[IERRE] DE L. B[OAL]

---

651.116/303 : Telegram

*The Ambassador in France (Edge) to the Acting Secretary of State*

PARIS, April 20, 1932—7 p. m.

[Received April 20—5:08 p. m.]

241. M. Tardieu sent to the Embassy late yesterday afternoon a letter in defense of the French quota policy (see my telegram 242, April 20, 8 p. m.<sup>16</sup>). As indicated in the letter it was in reply to communications from me urging action as well as personal conferences (see my telegram 144, March 3, 4 p. m.<sup>17</sup> and my despatch No. 2382 of March 7 [17]). I made an engagement to see the Prime Minister this afternoon and have just returned from the interview.

At the outset M. Tardieu exhibited much concern over information he had received from M. Claudel that the State Department and other Departments in Washington were seriously considering possible reprisals or retaliation based to a great extent upon the resolution passed by the American Chamber of Commerce in France (see my telegram 202, April 2, 3 p. m.). He read me a cable received this morning from Claudel in which the latter stated that he had just had an interview with Mr. Castle leaving with him an explanation of the French quota policy and that he, Claudel, believed that any definite action would be averted at least for the time being. M. Tardieu handed me a 10-page memorandum which he stated was a complete explanation of the French quota policy and French commercial difficulties, which it is impossible to have translated before tomorrow. I assume it is similar to the memorandum left by Mr. Claudel with Mr. Castle although I have no definite advice as to this.

It is clearly evident that the activity in both Washington and Paris on this question has greatly disturbed the Prime Minister and he entered into a lengthy verbal defense of the French policy. I pointed out various inconsistencies if not actual discriminations and he requested me to see him as soon as I had had an opportunity to read and study the memorandum handed me on the subject. He is leaving for Geneva tonight returning Friday and I have made an engagement to meet him at 3:30 Friday afternoon for further discussion.

---

<sup>16</sup> *Infra.*

<sup>17</sup> Not printed.

During the course of the half hour conversation he suggested that representatives of the Embassy should meet representatives [of] the French Government to discuss further the method of making further allotments to the United States. He assured me that in the future no new quota would be promulgated before such conferences or American business interests were consulted.

In the meantime I would strongly recommend that no action be taken by the Department in connection with the quota controversy as from the attitude exhibited by Monsieur Tardieu as briefly outlined in this telegram I hope to make satisfactory progress.

We also discussed the double taxation problem and I am hopeful I can send an encouraging report on this subject very soon.

**EDGE**

---

651.116/304 : Telegram

*The Ambassador in France (Edge) to the Acting Secretary of State*

PARIS, April 20, 1932—8 p. m.

[Received April 20—4:50 p. m.]

242. My 241, April 20, 7 p. m. The following is a translation of a letter from Monsieur Tardieu to me dated April 19 and referred to in my above-mentioned telegram :

“Paris, April 19, 1932.

My dear Mr. Ambassador: You have kindly reminded me by your letter of April 14 of the importance which you attach to an early and favorable solution of the question of double taxation. You had already called my attention to this matter on March 16 last while discussing with you at the same time the various questions which are at present brought up by the commercial relations between our two countries.

I did not fail to submit at once these different points to the competent services for study and I would have liked to take them up personally with you if the duties of my office had not as you are aware kept me abroad during these last few weeks. I would also have liked to express to you the astonishment which I felt at the action taken on March 30 last by the American Chamber of Commerce in Paris which quite wrongly accused the French Government of having discriminated against American imports in the application of quota measures. I knew however, that M. Rollin had as early as March 16th given you a satisfactory explanation on this matter.

From reports which I have received from M. Claudel it appears that the action of the Chamber of Commerce has produced a rather strong impression at Washington and that the competent administrations are studying at present the request of that organization to the President of the United States to make use of his powers in order to give satisfaction to American commerce.

I am convinced no action can be taken as a result of the claims of the private organization without a frank and complete discussion taking place between our two Governments. Concerning especially the question of quotas I may already assure you that the statements expressed in the resolution of March 30 are erroneous. The quota system is never aimed at a country but at a product, no matter what its origin may be. It has therefore in no way been aimed at the United States. Once the total figure has been established for the importation of a given product, this figure is always impartially distributed amongst various countries in proportion to the amount of their respective imports during the years which were used as a basis in fixing the total figure. American commerce although it does not benefit by agreement with France by the most favored nation clause has therefore suffered no discrimination. My services are moreover at your disposal to examine in each individual case all the quota measures affecting American imports to France as well as any other question on which you might desire explanations.

In any case I think it is highly desirable that we should at once discuss together the different problems of an economic order affecting Franco-American relations especially those concerning double taxation and quotas as I am convinced that such an examination will enable us to clear all misunderstandings. It would in fact be regrettable if the initiative taken by the American Chamber of Commerce should involve our two countries in a struggle of reprisals which would only aggravate a situation already sufficiently difficult as a result of the world crisis.

Please accept, my dear Mr. Ambassador, the assurances of my highest consideration and of my friendship. (signed) André Tardieu."

EDGE

---

651.116/304 : Telegram

*The Acting Secretary of State to the Ambassador in France (Edge)*

WASHINGTON, April 21, 1932—6 p. m.

156. Your 241 and 242, April 20, 7 p. m., and 8 p. m. After consultation with the Department of Commerce and the Tariff Commission we have come to the conclusion that the following statement embodies the changes which we desire the French to make in their present quota practice. Please discuss these as soon as possible with Tardieu with a view to getting some immediate adjustment of that situation.

(a) The French Government will agree to accord proportionately equal treatment to the various competing countries in the distribution of the quotas for any restricted commodities in proportion to the share of the trade which each country would have obtained had the restriction not been imposed.

(b) The French Government will agree that in calculating a basis for quotas operating after January 1, 1932, and for any future quotas

or restrictions a uniform formula shall be employed, for example, the average of the import trade as a whole and from individual countries during the 3 calendar years immediately preceding the imposition of the quota with double weight for the trade of the year immediately preceding could be accepted as the fairest indication of what the trade would have been had competitive conditions been allowed to continue.

(c) The French Government will assure representation of American industries in discussions with regard to the establishment of quotas.

(d) The French Government will exempt from any restriction imposed shipments en route at the time the restriction is announced.

(e) The French Government will institute according to the principles laid down in Section 7 of the Protocol to the Convention for the Abolition of Import and Export Prohibitions and Restrictions of 1927,<sup>18</sup> a satisfactory license system for allocation of the national quotas among the various importers in all commodities subject to quotas or restrictions, (e.g. for your own information, the system which France has adopted for the lumber quota.)

(f) The French Government will make provision for adequate measures of publicity to inform importers currently during the quota period of the status of importations under the quota.

The phraseology in the above lettered paragraphs is used merely to convey our objectives to you clearly; they are not phrased for transmission to the French Government. We would not wish the French Government to feel that there is any attempt on our part to dictate their quota system to them, our only concern being that it shall be entirely non-discriminatory. We leave it to your discretion to convey our desires in such manner to the French, or to evolve them in conversation with the French in such way that the French Government may be given no occasion to feel that we are attempting to dictate to them.

You may make it clear that while this Government has not yet finally decided to invoke article 338 it is under considerable pressure to do so and is giving very serious consideration to the possibility that it might have to do so. You should make it clear to M. Tardieu that we cannot give him any assurance that article 338 will not be invoked at this time. Claudel's belief mentioned in your 241, that any definite action would be averted at least for the time being, must rest on his estimate of what the French Government will be able to do to meet our difficulties for we have not given him any assurances in this sense.

Our conversation with Claudel was as follows:

He said intention to invoke section 338 meant a serious tariff war and France would have to retaliate. He expressed warm desire to

<sup>18</sup> *Foreign Relations*, 1928, vol. 1, pp. 336, 354.

conciliate with due recognition of bargaining basis of French tariff. He said that since 1927 95 per cent of American imports were granted French minimum rates without compensation and questioned whether small balance justified tariff war. He advanced usual arguments to justify the quota policy which he said would be easier to abolish than higher tariff rates.

He insisted quotas were fairly applied on the basis of ascertained normal year. We insisted that the years had been chosen after consultation with other interests but not with American interests; that quotas were evolving into a plan being employed for discriminatory and even political motives; that some 75% of the quotas had been adjusted on years selected to militate against us; that there was no uniform plan and that lack of consultation of American interests had aroused strong antagonism.

The French insisted that the choice of years had been wholly for the purpose of selecting a normal year. We advocated a uniform system including a series of years but giving special emphasis to the last year, thus approximating a distribution which would have occurred if there were no quotas.

The French replied that they would advocate a uniform system, which would thus eliminate necessity of their consulting any foreign interests.

We pointed out that the allocation to Germany of deliveries in kind showed discrimination against us.

Claudé emphasized his desire not to have precipitate action on our part and the Acting Secretary said we were as anxious as France to avoid a tariff war.

A number of reassuring stories have been written from Washington on the basis of Claudé's call at the Department. You may point out that in order not to embarrass Tardieu the Department has done everything it could to allay stories of the imminence of a rift in the commercial relations between France and the United States, but that this should not be allowed to minimize the real gravity of the situation.

Please endeavor to obtain favorable action from the French promptly on all of the points cited in this telegram. Please make it clear that we can see no reason why effective compliance with these requests may not be made very promptly. If you deem it advisable you may make it clear that since long drawn out conversations on the above points are not necessary a tendency to draw them out might have adverse consequences and might result in the very action which both governments desire to avert.

We do not think that it is advisable to hold up quota negotiations by the injection of double taxation negotiations. If these can be kept separate and the quota decision arrived at at once there is no objection to carrying on the double taxation conversations but they should not be allowed to become dependent on each other. It is urgent that assurances on quotas be obtained at once.

Please repeat the above to the Secretary by mail.<sup>19</sup>

CASTLE

---

651.116/308 : Telegram

*The Ambassador in France (Edge) to the Acting Secretary of State*

PARIS, April 22, 1932—5 p. m.

[Received 5:41 p. m.]

248. Your 156, April 21, 6 p. m. M. Tardieu advised this morning that he was detained in Geneva and that our engagement must necessarily be postponed until early next week. In view of M. Tardieu's suggestion that the method for future administration of the quota policy fixing a review of our contentions of unfairness in past application should be minutely studied by expert representatives of the Embassy and the French Government (see my 241 and 242 April 20th), I assume that the suggestions of the Department for future administration of the quota will, after a verbal exchange between M. Tardieu and myself, be referred to this proposed committee. It is most difficult to pin the Prime Minister down to details. If the plan is carried out I shall designate as the Embassy's representatives Mr. Howell, First Secretary of Embassy, and Mr. F. W. Allport, Commercial Attaché, both of whom have been constantly in close touch with this problem. I am personally of the opinion that much more and satisfactory headway can be made by adopting the Tardieu proposal, which for the first time indicates a real desire to get together. The Department's comprehensive suggestions will be very helpful and will of course be brought directly to the attention of Tardieu as soon as I am able to see him and all haste possible requested.

Reference the double taxation negotiations, the Department may be assured that we are in no way combining the two issues or consider their adjustment contingent upon each other. As correspondence already in the Department's possession indicates and with millions of dollars in assessment on American interests involved, I have for months been almost constantly urging a settlement of the double taxation problem. While I do not wish to make any prophecies, hav-

---

<sup>19</sup> The Secretary was in Geneva attending the General Disarmament Conference.

ing due regard to past experiences with our French friends, I am very hopeful that I shall be able to report soon to the Department an agreement on this question based entirely upon the Department's telegram 485, October 9, 2 p. m.<sup>20</sup> Any cessation of activity in this direction at this moment might be disadvantageous especially with French elections only a week off.

EDGE

651.116/308 : Telegram

*The Acting Secretary of State to the Ambassador in France (Edge)*

WASHINGTON, April 23, 1932—4 p. m.

159. Your 248, April 22, 5 p. m. Our conclusion from the attitude of the French Ambassador here and from your telegrams is that the French Government is playing for time. They would like nothing better than to draw out the discussions in meetings of experts or to confuse the quota discussions by centering attention on some other subject such as double taxation. We believe that the French Government if it is so minded can accede to our requests on quota matters within a matter of days. We must not allow these discussions to drift into the type of bargaining experts meetings which would probably be productive of nothing but a prolongation of the present system and its eventual consolidation to our even further disadvantage. This Government can give no assurances that it may not at any moment invoke Article 338 against French imports. Please keep these considerations actively in your own mind and before the French.

CASTLE

651.116/311 : Telegram

*The Ambassador in France (Edge) to the Acting Secretary of State*

PARIS, April 26, 1932—9 a. m.

[Received April 26—8:40 a. m.]

253. Your 159, April 23, 4 p. m. As has been clearly set forth in my despatch 2430, April 2nd,<sup>21</sup> I am of the opinion if the situation regarding the application of the French quota system is not approved some definite action should be taken by our Government. Notwithstanding optimistic articles from Washington of satisfactory progress in the quota negotiations which have appeared in French newspapers and were referred to in your telegram No. 156<sup>22</sup> as having been en-

<sup>20</sup> *Post*, p. 265.

<sup>21</sup> Not printed.

<sup>22</sup> April 21, 6 p. m., p. 216.

couraged by the Department, I understand the Department's real attitude to be that "no assurances can be given that it may not at any moment invoke article 338 against French imports". While of course the Embassy has in no way indicated any other policy if discriminations and unfair treatment are persisted in nevertheless in my judgment it would be most unfortunate if the Department resorted to this action unless a satisfactory understanding or readjustment is after very reasonable effort found to be unobtainable. It should be kept in mind that the *modus vivendi* while at times trespassed upon nevertheless still protects approximately 95 percent of American exports.

The Department's conclusion that the French are delaying consideration of quota criticisms does not seem to me to be wholly warranted at this time. The Department will no doubt agree that Tardieu has fully complied with the assurance he gave me a few weeks ago that he would dispose of the double taxation matter without unnecessary delay.<sup>23</sup> Further, he has in no wise used my insistence in that regard as a *quid pro quo* to delay or to discourage a review of our quota protests. On the contrary before the Department instructed the Embassy as to the policy it wished undertaken Tardieu had opened the subject of his own accord and suggested a method for the immediate consideration of our complaints as to quota administration. (See my 241 and 242, April 20, 7 p. m., and my paragraph speaking of time consumed). I trust the Department will recognize that the Embassy was without any definite instructions other than the authorization to employ the usual protests until the Department's 156, April 21, 6 p. m., was received only last Friday. In urging haste now the Department will recall that it has required many months to reach a decision as to the policy to be pursued notwithstanding the fact that it has been provided with frequent and comprehensive reports of every move that has been made by the French on this question and that I have frequently sought a definition of policy. The Department's proposals could not be taken up with Tardieu at this time as he left Paris 2 hours after my interview of April 20th reported fully to the Department and I understand returns today.

In spite of his activities in connection with the elections next Sunday I shall arrange to see him just as quickly as possible and personally press points *a* to *f* inclusive. In the meantime efforts are being made with other officials of the French Government to obtain the readjustments the Department requires. Regarding point *b*, which is one of the most important, the Foreign Office indicates informally

---

<sup>23</sup> A convention and protocol between the United States and France on double taxation was signed April 27, 1932; for text, see p. 268.



that it is in accord in principle with your idea that a uniform formula should be employed in calculating a basis for quotas and will urge its acceptance by the other interested Departments of the Government for future quotas. I am hopeful of obtaining satisfaction on most of points *a*, *c*, *d* and *f*. Regarding *e*, I understand that the Ministry of Agriculture has all the machinery necessary for operating a license system. The Ministry of Commerce does not grant licenses and I may find it reluctant to set up the somewhat elaborate machinery the Ministry of Agriculture has found necessary. Upon his own initiative Coulondre, Chief of the Economic Section of the Foreign Office, has arranged that he and other members of the French Government shall meet representatives of the Embassy this morning at 10:30 to discuss all phases of the matter.

Referring to the Department's 158, April 23, 11 a. m.,<sup>24</sup> I am somewhat regretful that the Department has given Claudel the terms of its proposals as from my experience with the French one always starts at a disadvantage when one puts all his cards on the table. In addition I have always felt there was a possibility of utilizing present commercial disturbances to encourage a strengthening of the *modus vivendi* or possibly obtaining a most-favored-nation treaty with a quota provision satisfactory to both countries.

EDGE

---

651.116/319 : Telegram

*The Ambassador in France (Edge) to the Acting Secretary of State*

PARIS, April 27, 1932—4 p. m.

[Received 4:05 p. m.<sup>25</sup>]

260. Your 156, April 21, 6 p. m. Points (*a*) to (*f*) in your above mentioned telegram were discussed at length yesterday afternoon at the Ministry for Foreign Affairs between six representatives of the Ministry for Foreign Affairs and Commerce and Howell and Allport. Monsieur Coulondre presided and stated that he had been instructed by Monsieur Tardieu to do everything possible to meet the American wishes. The attitude of the French representatives was decidedly one of being willing to endeavor to meet our desires in so far as was possible.

I give below in translation their counter-proposals of points (*a*) to (*f*). They stated that they would be applied to all French quotas except those on agricultural products which are issued by the Ministry of Agriculture and on fish issued by the Ministry of Merchant

<sup>24</sup> Not printed.

<sup>25</sup> Telegram in four sections.

Marine. Monsieur Coulondre offers to arrange prompt conferences with appropriate officials regarding these two exceptions. Before doing so, however, I wish further instructions from you regarding the assurances you require regarding quotas on agricultural products as the French state that the Ministry of Agriculture employs a licensing system for all quotas and follows a uniform basis for all quotas, viz.: the percentage of the total quota to be allocated to any country six-tenths of its percentage of the total importations during 1927, 1928 and 1929 plus four-tenths of its percentage of the total importations during 1930 and the first half of 1931.

The timber quota is directed by the Ministry of Agriculture and is not on that Ministry's uniform basis. That quota will be discussed at that meeting.

The French counter-proposals are as follows:

"Paragraph A. In the distribution of the quotas for all restricted commodities the French Government assures a proportionately equal treatment to the different countries concerned on the basis of the normal commerce".

Comment. The French representatives maintain that they have no means of calculating future trade and therefore object to the last part of your draft of this paragraph. They understand however from paragraph B of your draft that what you desire is an assurance of proportionately equal treatment based on normal commerce. They are prepared to give this assurance and if their text is not satisfactory to you a new text might be submitted to them for approval.

"Paragraph B. The French Government will assure for importations of American commodities which during the year 1931 have not exceeded 10 percent of the total importations of these commodities into France a quota equal to the figure that these importations have reached in 1931.

This measure will be applied to new quotas from their publication and to the quotas now in force from their renewal.

For the new quota relating to commodities of which the importations from the United States exceed 10 percent of the total importations of these commodities the French Government will assure their distribution proportionately among the countries concerned on the basis of the average of the years 1929, 1930 and 1931.

The French Government will apply the same rule to the quotas of this last category now in force when they are renewed subject to the reserve that the rule may be adapted to the provisions of industrial agreements already at this date concluded."

Comment. In this article the French propose to divide the quotas into two categories, first paragraph for all quotas where imports from the United States were in 1931 less than 10 percent total im-

ports special terms are offered for the United States: (a) quota (for new quota from the date of publication; for existing quota from the next quarterly renewal) equal to the 1931 imports without any reduction. The French state that this will apply to the great majority of the quotas and will afford a considerable increase in several. Investigation is being made by me into the exact effect of this concession.

2. Where imports from the United States were in 1931 more than 10 percent of the total imports the French would prefer to take as a basis for all countries the years 1928, 1929 and 1930. They consider the year 1931 as abnormal with excessive imports from Germany and point out that importations of many American commodities were much less in 1931 than in 1930. They accept, however, if you insist, the years 1929, 1930 and 1931 as the basis for all countries but refuse double weight for trade of the year immediately preceding the imposition of the quota contending that this would give undue advantage to the countries that dumped goods into France in 1931.

Many, perhaps most, of the quotas are the result of trade agreements which the French Government has accepted for a year though the quotas have only been announced by quarters. These will not be altered to the new uniform basis until the year has expired. The remainder will be adjusted as the new quotas are published, that is in most cases from July 1st, 1932. A list of quotas which are not the result of trade agreements and can therefore be adjusted from July 1st will be submitted shortly by the Foreign Office.

"Paragraph C. The French will offer representatives of American industries the opportunity of taking part in conversations between industrials relating to the fixing of quotas when these quotas will be of special interest to American importation into France.

In order to avoid undue importations and the retroactive measures which these may involve the French Government reserves the possibility of taking for the duration of these conversations precautionary measures limiting foreign importations to the figures reached during the corresponding period of 1931".

Comment. The French Government pointed out that an agreement to admit American representation in every case would compel them to do the same for every country no matter how small their imports, which would be very onerous from a practical standpoint. In all cases of especial interest to the United States they are prepared to assure every opportunity to American industries; in order to meet your wishes they considered defining what products would be of interest as being any that showed blank per cent of total French imports of this product. Another suggestion was that we should give them a

list of all articles on the French tariff which would be of interest in case a quota were made. Perhaps you have some other suggestion if their draft does not meet your approval.

They stated that discussions with regard to the establishment of quotas by foreign industrialists were only with French industrialists and never with the French authorities.

As the quotas are primarily for regulating imports, the French attach great importance to minimizing any rush of imports due to the prospects of a quota. Heretofore the practice has been to make the quotas retroactive so as to cover the period when the probability of a quota was known. The French accept that the quotas should not be retroactive but insist upon some safeguard against a rush of importations during the conversations when the probability of a quota will necessarily become widely known in trade circles.

“Paragraph D. Goods en route at the time a quota concerning them is published will not be subject to any embargo. They will be charged against the said quota and if they exceed it, against the future quotas”.

Comment. The French claim that unless shipments en route are charged to the quota, shippers hear of the impending quotas and crowd shipments to avoid the quota. They state that this is done by American importers as well as others and cite the Underwood Typewriter Company which made large importations on the rumor of a quota on typewriters. It will be hard to make them change their mind on this article.

“Paragraph E. The French Government has no objection to the institution of a satisfactory license system for the allocation of the quotas among the various importers of the commodities subject to restriction, it being understood that the administration of this system will be intrusted to an organization authorized thereto by the American Government and approved by the French Government”.

Comment. Nearly all the French quotas are administered either by the Ministry of Agriculture or by the Ministry of Commerce. Owing to the extent to which quotas were exceeded before notice stopping imports could come into effect the Ministry of Agriculture established a license system. This has prevented shipments in excess of the quota but it is very elaborate and cumbersome. The Ministry of Commerce is definitely opposed to establishing one except through some American agency such as the American Chamber of Commerce in Paris.

“Paragraph F. The French Government will hold at the disposition of importers monthly statistics showing the status of impor-

tations subject to quotas, at Paris, at the National Office of Foreign Commerce; at Bordeaux, Cherbourg, Le Havre and Marseille, at the office of the Chamber of Commerce”.

Comment. The French say that these statistics are those which they use themselves in the establishment and control of quotas.

While the results [of?] the first conference between the representatives of the Embassy and the French Government have not secured everything that the Department has set forth in their general proposals, A to F inclusively, nevertheless the Department will recognize that the French conferees have gone a considerable distance and are showing a genuine desire to satisfy us. In view of the many other international issues at stake including the conversations now taking place in Geneva, it is my best judgment that every effort should be made to reach a compromise basis of agreement.

EDGE

651.116/319 : Telegram

*The Acting Secretary of State to the Ambassador in France (Edge)*

WASHINGTON, April 27, 1932—6 p. m.

164. Your 260, April 27, 4 p. m. Section I. I feel that there is no particular reason why a uniform formula should not be applied on all products, including agricultural. Unless there is some reason which appeals to you as a sound one, I feel that it is preferable you should carry on with the formula which we have already given to you. A uniform principle for all quotas is much more acceptable than a number of principles changing according to products. We have not, of course, had opportunity to consider all of your telegram, but I feel you should have my reaction to the agricultural quotas should you meet with the Ministry for Agriculture prior to receiving our reactions to all the points in your telegram.

Please let me have your views and suggestions.

CARR

651.116/337

*Memorandum by the Under Secretary of State (Castle)*

[WASHINGTON,] April 30, 1932.

The French Ambassador came to see me with M. Garreau-Dombasle, to ask about the negotiations as to the quota. Both men seemed to feel that the matter was practically settled with the concessions that the French would make. I told them it was not settled,

but that I appreciated the good spirit with which the French Government had gone into it. I told him that we had already telegraphed Mr. Edge saying that certain points appeared to be settled, but that other points were not yet settled and insisting that he push for a definition of the method of imposing the quota which should be the same for all products. I told him that we had made very reasonable proposals, that we were not absolutely adamant on all the details, but that we did feel the matter would not be in the least settled until the French Government was willing to fix a definite standard and method of assessing the quota. The Ambassador seemed to feel that this might be difficult, since one part of it had been done for a long time by the Department of Agriculture and the rest of it was in another Department. I told him that after all it was one government and that it seemed obvious that the two departments ought to be able to play together, especially when it would appear that an agreement would be advantageous to both. They promised to telegraph urging that the French do their best to accept our point of view.

W. R. CASTLE, JR.

---

651.116/346

*Memorandum by the Under Secretary of State (Castle)*

[WASHINGTON,] May 6, 1932.

The French Ambassador said that he hoped the negotiations as to the French quota were going on successfully. He seemed to feel that France was willing to do what it could. In this connection he said that he wished it might be possible at this time not to talk merely about quotas, but to put through a treaty covering all matters of tariffs and trade. He said that, inasmuch as his Government was opposed to the general most-favored-nation principle, there might be some difficulty in working out a satisfactory treaty, but he felt that it was still possible because we need not use the term "general most-favored-nation" if we accomplished the same result. He said that, of course, as I knew, France always wanted some *quid pro quo* and he felt that there was one particular thing we could do which would have a great effect. This he said was contained in the Vestal Bill<sup>26</sup> which gave protection to models, etc. He said that the fact that many French artistic models could not be copyrighted in this country created exceedingly bad feeling. He said he felt that the passage of a

---

<sup>26</sup> The reference is to H. R. 138, "A bill amending the statutes of the United States to provide for copyright registration of designs", introduced by Representative Albert H. Vestal, December 8, 1931, *Congressional Record*, vol. 75, pt. 1, p. 91.

bill like the Vestal Bill would go a long way toward bringing the French to terms on any general commercial treaty.

The Ambassador said he was not speaking for his Government, but for himself in that he felt that the time would probably come when it would be wise to attempt at least to go as far as possible in the way of working out some final and definitive arrangement.

W. R. CASTLE, JR.

---

651.116/342 : Telegram

*The Ambassador in France (Edge) to the Acting Secretary of State*

PARIS, May 9, 1932—2 p. m.

[Received May 9—10:35 a. m.<sup>27</sup>]

299. Department's 177, May 5th and 183, May 8th and our 297, May 7, 4 p. m.<sup>28</sup> It is apparent the Department feels that American business will not receive much practical benefit through an accord on quota administration as outlined. This view is probably correct but on the basis of the Department's proposals is all that could be expected (see our 297). Under all the circumstances and it being absolutely impossible to induce the French to give up the quota policy, if the Department desires a quota accord then an exchange of notes would seem to be necessary in order that we have the assurance that the concessions made, great or little, will be retained.

However, if the Department does not deem these concessions of sufficient importance to close quota negotiations on that basis, there is of course a way out. In the first place this excuse even though somewhat flimsy as pointed out in my telegram 297: that the French have not in the matter of agriculture accepted our demands for uniform application. Then the result of yesterday's French elections showing a victory for the Radical Socialists may very probably mean new Ministers of Foreign Office, Commerce and Agriculture and it is barely possible the new Government may take a more liberal position on economic questions. Should the Department decide to postpone negotiations for a few weeks I feel it would be advantageous to merge such conversations with a review of violations of the *modus vivendi*, which after all is of more material concern to American trade with the possibility of concluding a most favored nation treaty (see despatch number 2512, April 22).<sup>29</sup> For the purposes of negotiation it should in my judgment be made clear that the United States Government have not accepted the French quota system per se and that all

<sup>27</sup> Telegram in three sections.

<sup>28</sup> None printed.

<sup>29</sup> Not printed.

past negotiations have been confined exclusively to an effort to ameliorate its application.

EDGE

---

651.116/342 : Telegram

*The Acting Secretary of State to the Ambassador in France (Edge)*

WASHINGTON, May 11, 1932—noon.

189. Your 299, May 9, 2 p. m. We are giving consideration to your suggestion that negotiations be suspended pending the organization of a new government. We will give you our decision as soon as possible. I am wondering, however, in the light of your 203 [303], May 9, 7 p. m.,<sup>30</sup> whether Tardieu himself may not consider these negotiations extra-routine and may wish to suspend further discussions, leaving it to the new government to reach some definitive agreement with the Embassy. Do you think such new government as may be formed may have a more liberal attitude on quotas and tariff matters in general?

I judge from your 297<sup>30</sup> and 299 that you consider our original quota demands to have been too limited in their scope. I would like to have such suggestions as you or the Commercial Attaché may care to make in the way of additional demands which might have been made or which might be made should negotiations be suspended and then renewed when the new government is formed.

CASTLE

---

651.116/369

*Memorandum by the Economic Adviser (Feis)*

[WASHINGTON,] May 17, 1932.

Mr. Garreau-Dombasle came in to tell me that after some weeks' stay in New York he was planning to leave for Paris and doubted whether he would return to Washington before his departure. He wanted to know the present status of the Franco-American negotiations regarding quota and other discrimination.

I informed him that the negotiations were temporarily in suspense. Despite the fact that the French authorities had shown a disposition to be conciliatory, this Department and the Department of Commerce felt doubtful as to whether the present French proposals represented adequate protection against discrimination or substantial meeting of

---

<sup>30</sup> Not printed.



the American position in the matter. However, the subject was still being studied here.

I then added that the question of discriminations apart from the quota system was causing an increasing amount of concern to us and that we might feel called upon to approach the French Government and seek a most-favored-nation treatment. He stated that he understood our position but that of course the French Government would have to show some concession received in return. He suggested that possibly a workable suggestion concession would be the embodiment as one article in a most-favored-nation treaty of provisions for protection of French dress models, et cetera, that would be copied in this country. The principle of such protection has been embodied in various bills that have been up in the American Congress for consideration, and France has made such arrangements with other countries. I promised that this matter would receive study, and I also promised that some time before his departure I would send him personally and unofficially a memorandum on the status of the whole trade negotiations with the French so that he might assist in bringing agreement if the matter was still open when he arrived in France.

H[ERBERT] F[EIS]

651.116/347: Telegram

*The Secretary of State to the Ambassador in France (Edge)*

WASHINGTON, May 27, 1932—2 p. m.

208. Your 316, May 13, 4 p. m., and 324, May 19, 11 a. m.<sup>32</sup> We have gone over thoroughly the results to date of the quota negotiations with the French. The negotiations have secured some helpful concessions on minor points but the principle of a uniform period as a basis for all quotas is so invaded by exceptions notably those excluding agricultural quotas and protecting industrial agreements that the conception of the uniform period scarcely survives at all. We began the negotiations primarily to establish this principle of uniformity and we must now consider whether a reopening of this topic or an approach to the quota calculation from another angle would be wisest. The present French Government has apparently found it impossible to meet us fully and we are satisfied the Embassy has made all progress possible just now. Since we are not prepared to recede from our position we feel that continued discussions in this connection would serve no useful purpose and that such discussions might

<sup>32</sup> Neither printed.

well be held in abeyance pending an adjustment of the present political situation in France. In the meantime we shall give further consideration and study to this particular aspect of the negotiations with a view to renewing discussions thereon when a new French Government has been formed.

We do find acceptable points C, D, E and F, and the provision in point B<sup>33</sup> by which the United States would be granted a quota equal to 1931 French imports when the American share of those imports was 10% or less. It is therefore, suggested that you seek to obtain from the French agreement to make immediately effective, as a measure of interim relief, the points mentioned above in which we do find ourselves in accord and it be meantime understood the broader questions may be reopened as the situation develops.

In direct answer to your 324, it is my feeling that it would be well for you to sound out the French informally as to the possibilities of negotiating a definitive commercial treaty. I feel that before getting into direct treaty negotiations themselves it is essential to lay the foundation for mutual understanding in respect of the divergent theories which the two countries have as to the process leading up to the conclusion of a most-favored-nation treaty. It is essential that we avoid a recurrence of the impasse reached in 1927 when each side preached the virtues of its system as opposed to that of the other country. In other words, the French should recognize the inflexibility of our tariff laws as we will recognize the requirement in theirs that there be some *quid pro quo* in return for a most-favored-nation treaty. The French should likewise recognize that the non-application of Section 338 in itself is in the nature of a *quid pro quo*. Section 338 is comparable to the French general rates. I know, however, that the French cannot overlook the retaliatory aspect of this section, but, after all, their general rates are retaliatory as well. We, of course, do not know that there will be anything which we can find in the nature of a *quid pro quo* which will satisfy the French. If they are willing to be reasonable and give us plenty to choose from it may be that something can be found. For example, it may be possible to obtain legislation giving protection to French dress models or some such provision might be written into the treaty itself. I think that if we can start out on a reasonable mutual understanding the ultimate negotiation of a treaty acceptable to both countries ought not to be impossible.

STIMSON

---

<sup>33</sup> For texts of these points, see telegram No. 260, April 27, 4 p. m., from the Ambassador in France, p. 222.

651.116/355 : Telegram

*The Ambassador in France (Edge) to the Secretary of State*

PARIS, May 31, 1932—7 p. m.

[Received 8 p. m.]

342. The following is the text in translation of a note received today from Monsieur Tardieu :

“As a temporary measure and pending a further and more complete agreement between France and the United States upon the subject, the following rules will be observed from today by the French Government in fixing any new quota or restriction upon any product imported from the United States or in renewing any existing quota or restriction :

A. In all matters relating to quotas and restrictions on importations the French Government will assure to the United States most favored nation treatment, it being understood that the distribution of quotas will depend upon the importations of each country.

B. The French Government accepts that the quota fixed for an American commodity shall not be reduced to an amount less than 10 percent of the total importation of that commodity during the year 1931 when the importation from the United States during the same year 1931 has been equal to or greater than 10 percent. Should it be inferior to 10 percent of the total importation the quota will be fixed at the level of the 1931 importation from the United States. The provisions of the present paragraph do not apply to quotas relating to agricultural or fishery products.

C. The French Government will offer representatives of American industries the opportunity of taking part in conversations between industrials relating to the fixing of quotas when these quotas will be of special interest to American importations into France.

In order to avoid undue importations and the retroactive measures which these may involve, the French Government reserves the possibility of taking for the duration of these conversations precautionary measures limiting foreign importations to the figures reached during the corresponding period of 1931.

The fixing of quotas on agricultural products is not the subject of preliminary private conversations between the interested parties of different countries.

D. Goods en route at the time a quota concerning them is published will not be subject to any embargo. They will be charged against the said quota and, if they exceed it, against the future quotas.

E. The French Government has no objection to the institution of a satisfactory license system for the allocation of industrial quotas among the various importers of the commodities subject to restriction, it being understood that the administration of this system will be intrusted to an organization authorized thereto by the American Government and approved by the French Government and that the latter reserves the right to resume its liberty of action should licenses not be allocated in such a way as to maintain channels of the trade concerned, it being further understood that this organization will

have access to the appropriate French officials to insure the smooth operation of the licensing system.

In so far as agricultural products are concerned the French Government will maintain the license system now administered by the Ministry of Agriculture.

F. The French Government will hold at the disposal of importers monthly statistics showing the status of importations subject to quotas at Paris at the National Office of Foreign Commerce; at Bordeaux, Cherbourg, Le Havre and Marseille at the office of the Chamber of Commerce".

EDGE

---

651.116/356 : Telegram

*The Ambassador in France (Edge) to the Secretary of State*

PARIS, May 31, 1932—8 p. m.

[Received May 31—7:30 p. m.]

343. Your 208, May 27, 2 p. m. After considerable negotiation with the French authorities to overcome their objection to the making of a temporary rather than permanent arrangement at this time regarding quotas and to convince them that the matter comes under the heading of routine business and is therefore within the jurisdiction of the retiring Cabinet, I received today a note from M. Tardieu containing as a temporary measure and pending a further and more complete agreement between the two countries a statement of the rules to be observed by the French Government regarding the fixing of any new quota or restriction upon any product imported from the United States or in renewing any existing quota or restriction. The full text of the note will be found in my telegram No. 342, May 31, 7 p. m. I have made formal acknowledgement of the receipt of the communication and stated that it is acceptable to my Government as a temporary measure. It is understood that the arrangement may be canceled at any time without notice by either Government.

The note contains all that you have requested in your telegram number 208, May 27, 2 p. m. In addition, on our insistence, the United States is given most-favored-nation treatment in regard to all matters pertaining to quotas and restrictions. We consider this additional concession very important.

Paragraph B is now the exact text of the third paragraph of B in my telegram 286, May 4, 9 p. m.<sup>34</sup> At my request the French Government has also included the provision in paragraph B by which the American quota would not be reduced below 10 percent of the total French imports in 1931 when the American share of these imports was over 10 percent. This will increase several quotas when

---

<sup>34</sup> Not printed.

renewed, especially radio sets (about 20 percent increase), radio valves (about 45 percent increase). The French refuse to extend this paragraph, as they have consistently done throughout the negotiations, to agricultural importations or fishery products. Our agricultural importations subject to quotas are very small. Of fishery products we are only interested in canned fish of which our quota is already more than 10 percent of the total French imports in 1931, so the application of the present paragraph B is of little concern to us.

Paragraph C is the same as that contained in my telegram No. 283, May 4, noon<sup>35</sup> except it refers to "cases of especial interest" and not those of 25 percent importations. Paragraph[s] D, E and F are exactly the same as contained in my last mentioned telegram with the exception of the second portion of paragraph E. I understand that you do not wish to supervise the license system of the French Ministry of Agriculture. Therefore, provision is made for that purpose, Ministry to continue the system as it is now administered by that Ministry itself.

Regarding the licenses of industrial quotas the President of the American Chamber of Commerce in Paris tells me that his organization is prepared to take charge of the licensing of industrial quotas but states that the expense will amount to about \$20,000 a year; that the Chamber is not in position to supply these funds and that the French Government will not allow any tax or fee to be collected in France on individual shipments to cover this expense. He suggests that the funds be obtained in one of the following ways.

- (1) From the United States Government.
- (2) By tax or fee collected on each shipment, probably through the United States Chamber of Commerce in Washington for the account of the American Chamber of Commerce in Paris, or
- (3) By donations of the various groups of American industrial concerns. I assured him that the first proposal was impossible and that we could not participate in the matter of financing.

EDGE

---

851.4061 Motion Pictures/168

*The Secretary of State to the Chargé in France (Armour)*

No. 1174

WASHINGTON, June 20, 1932.

SIR: There is enclosed a copy of a letter, dated June 6, 1932, with enclosure thereto,<sup>36</sup> from Mr. Will H. Hays, President of the Motion Picture Producers and Distributors of America, Incorporated. This

<sup>35</sup> Not printed.

<sup>36</sup> Neither printed.

letter deals with certain new quota laws which Mr. Hays states are to be put into effect in France on July 1. While there is no ground for complaint against the imposition of a quota which merely limits the quantity of films permitted importation into France, there are certain elements in these alleged regulations which the Department finds objectionable. The granting of import licenses to film producers in France is a disguised way of forcing American interests to subsidize or support those French producing interests. It is felt that any such system as that is highly objectionable and that trade placed upon such a basis would be practically impossible.

The Embassy is requested to take up this matter with the appropriate French authorities and, in case there is likelihood that these regulations will be made effective, endeavor to obtain the fairest possible treatment for American interests.

Very truly yours,

For the Secretary of State:

W. R. CASTLE, JR.

651.5531/57

*The Chargé in France (Armour) to the Secretary of State*

No. 2705

PARIS, June 25, 1932.

[Received July 7.]

SIR: I have the honor to refer to previous correspondence relating to the increase of the French importation tax and especially to the Embassy's despatch No. 2045 of December 4, 1931,<sup>37</sup> dealing with the protests against the increase which might be based on the commercial treaties now in force.

The French Government has always taken the position that the increase is not an increase of customs duties but a readaptation of the turnover tax. When the turnover tax was instituted, it seemed reasonable to apply an equal tax on imported goods which otherwise would be preferred. The importation tax has been increased, in the case of manufactured goods, to take account of the cumulative effect on French products of the turnover tax applied to the sales of raw materials and semimanufactured products of which the goods are composed. France has, however, agreed with several countries, including Belgium, that internal taxes shall not bear more heavily on the products of those countries than on similar French products (Article 14 of the commercial agreement of February 23, 1928, between Belgium, Luxemburg and France).<sup>38</sup> The Belgian legislation on turnover tax is very similar to the French. The Belgian Govern-

<sup>37</sup> Not printed.

<sup>38</sup> League of Nations Treaty Series, vol. LXXII, pp. 61, 73.

ment obtained authority from the Belgian Parliament to impose an extra duty of 2% or 4% on imports from France and opened negotiations for the mutual waiver of these increases of tax.

It has been agreed, subject to approval by the French Parliament, that the increases shall not be applied in the case of French imports into Belgium and Belgian imports into France. The agreement is represented as a double taxation convention and it has been announced that it was possible to reach an agreement owing to the almost complete similarity between the legislation of the two countries on this matter. Nevertheless, the agreement appears likely to cause difficulties.

It is understood that other countries have protested against the increase, especially Switzerland which has imposed a tax on imports from France in order to provide a fund to compensate its own exporters, and these countries will be encouraged in their protests. Also the fact that manufactured goods imported into France from Belgium will pay 4% less tax than those imported from other countries is likely to bring a claim for reduction from all countries entitled to most-favored-nation treatment. In this connection, however, it may be remarked that the French agreements with Germany and Austria expressly exclude from the scope of the most-favored-nation clause advantages granted to avoid double taxation. That there is no intention to abolish the duty on imports from countries other than Belgium is probably indicated by the reference to the similarity between French and Belgian legislation.

If the agreement comes into force, its effect will be to give Belgium preferential treatment to the detriment of all other countries, including the United States. I see no grounds for claiming that this is contrary to any agreement between France and the United States and it may be difficult to bring it within the wording of Section 338 of the Tariff Act since the importation tax appears not to be a "customs, tonnage or port duty." Nevertheless, if it is found possible to conclude a commercial treaty with France, it appears desirable that that treaty should insure to the United States the benefit of any such concession. There may be advantages in informing the French Government unofficially before the agreement with Belgium is ratified that the United States will expect to receive the same reductions of importation tax that Belgium does. If the position adopted by the United States is known at once, the French Government may be able to take satisfactory action. I should be glad to have instructions generally as to the attitude to be taken in this matter and in particular whether any representations therein should now be made to the French Government.

Respectfully yours,

NORMAN ARMOUR

851.4061 Motion Pictures/168 : Telegram

*The Secretary of State to the Chargé in France (Armour)*

WASHINGTON, June 29, 1932—8 p. m.

236. Department's mail instruction 1174, June 20. Major Herron of the Motion Picture Producers and Distributors has told the Department that the French have not afforded the American motion picture industry an opportunity to participate in the negotiations now understood to be in progress with regard to the establishment of a quota on motion pictures effective July 1. If this is true it would appear to be contrary to the arrangement recently reached with the French with regard to the establishment of quotas. The Department feels that the motion picture interests should be consulted in this matter. It is hoped that you can obtain this opportunity for them and also that you will be able to steer the French away from adopting any restrictions which have as their purpose subsidizing French industry.

STIMSON

---

851.4061 Motion Pictures/169 : Telegram

*The Chargé in France (Armour) to the Secretary of State*

PARIS, June 30, 1932—1 p. m.

[Received June 30—9 a. m.]

403. Your 236, June 29, 8 p. m. Vigorous informal protests were made this morning which it is hoped will result either in the indefinite postponement of the prohibitive motion picture film quota or a more favorable position for American films.

ARMOUR

---

651.5531/57

*The Secretary of State to the Chargé in France (Armour)*

No. 1219

WASHINGTON, July 15, 1932.

SIR: The Department has received your despatch No. 2705 of June 25, 1932, concerning a Franco-Belgian agreement by which Belgian goods are exempted from the importation tax. In replying to your request for instructions as to the attitude to be taken in this matter you are informed that the Department feels that pending some definite outcome of the present treaty negotiations no action should be taken with regard to this discrimination unless you feel that it would be worthwhile to let the Foreign Office know informally and orally that this matter has not escaped your attention. The draft



commercial treaty which has been prepared and will probably be sent to you shortly will take care of this question.

The Department feels that there can be little question that this type of discrimination clearly falls within the meaning of Section 338 of the Tariff Act.

Very truly yours,

For the Secretary of State:  
JAMES GRAFTON ROGERS

651.113/100 : Telegram

*The Secretary of State to the Ambassador in France (Edge)*

WASHINGTON, July 27, 1932—6 p. m.

265. Embassy's 441, July 22, 5 p. m.<sup>39</sup> I have received a protest from leading American copper interests against the discrimination resulting from the recent Franco-Belgian agreement<sup>40</sup> by which American shipments are subjected to a higher turnover tax than Belgian shipments. While I am not disposed to raise difficulties while treaty negotiations are under way, this matter is of such importance that I feel it necessary to enter a protest and seek for American shipments treatment equally favorable to that accorded Belgian shipments. I wish therefore that unless you think it clearly inadvisable you take up this matter with the Foreign Office and urge an immediate rectification of this discrimination. Please keep in touch with the action taken by other countries and let me know whether France accords their products the same treatment as Belgian products receive.

STIMSON

651.113/101 : Telegram

*The Ambassador in France (Edge) to the Secretary of State*

PARIS, July 28, 1932—noon.

[Received July 28—8:25 a. m.]

450. Your 265, July 27, 6 p. m. In conversation with M. Herriot last evening, reported in another telegram,<sup>41</sup> I informally brought up the subject of the Franco-Belgian agreement and its discrimination against the United States, specifically mentioning the copper matter. The Prime Minister has asked me for a memorandum outlining the situation, which is now being prepared.

<sup>39</sup> Not printed.

<sup>40</sup> Convention Between Belgium and France To Avoid, on Importation, Double Taxation in the Matter of Transfer and Turnover Taxes, signed at Paris, June 18, 1932, League of Nations Treaty Series, vol. CXXXVII, p. 289.

<sup>41</sup> *Infra*.

Replying to the last paragraph of the Department's telegram under reference, it is my understanding that France does not accord nations other than Belgium this special 2 percent advantage covered by the Franco-Belgian treaty. I am further informed that Switzerland has already put retaliatory measures in effect.

EDGE

711.51/78 : Telegram

*The Ambassador in France (Edge) to the Secretary of State*

[Extracts]

PARIS, July 28, 1932—1 p. m.

[Received 1:10 p. m.<sup>42</sup>]

451. Accompanied by Armour I called on M. Herriot at the Foreign Office last evening. The stated object was to pay my respects following 6 weeks absence, added to the fact that Herriot had assumed office after my departure. I found the Prime Minister receptive to the discussion of outstanding questions and I decided to take advantage of the opportunity to capitalize to our advantage as far as possible his clearly defined desire to be friendly and reach understandings.

At the outset I told him very frankly that I was not empowered officially to discuss the war debt question;<sup>43</sup> that he, of course, was entirely familiar with the sentiment in the United States against cancellation or even revision; and that at the moment it would be useless to go into that question. The Prime Minister responded without hesitation that he was thoroughly cognizant of this fact and that he agreed with me that the subject should officially be left absolutely taboo, anyhow for the next 4 months. At the close of the conversation in summing up the subjects discussed, the Prime Minister made the further statement that he much preferred that debts be left in abeyance as he had many pressing domestic problems to occupy his constant attention and he realized there must be much paving of the way for a fair consideration of this subject later.

I then brought up commercial problems, drawing his attention to the recent Franco-British accord of confidence<sup>44</sup> which in point 4 proposes the negotiation and conclusion of a commercial treaty and

<sup>42</sup> Telegram in five sections.

<sup>43</sup> For correspondence on this subject, see vol. I, pp. 584 ff.

<sup>44</sup> Great Britain, Cmd. 4131: *Declaration issued by His Majesty's Government in the United Kingdom and the French Government on July 13, 1932, as to Methods for Promoting Future European Co-operation, which other European Governments are invited to adopt.*

mutual agreement to avoid discrimination in the meantime; that representatives of the Embassy had for some time been endeavoring to reach common ground with French representatives but that nothing positive had been accomplished. He asked me if we would like to have a similar understanding on this question to that contained in the Franco-British accord. I said that we felt that we were considerably beyond that point but wanted to get back of the negotiations already under way and help hurry the conclusion as to final terms so that discriminations would be impossible. He assured me that he would take this up at once and asked me to give him a comprehensive memorandum as early as possible [as] to the progress made and the existing difficulties so that he could personally give the matter his personal cooperation.

I referred to various quota irritations; that notwithstanding a temporary agreement I had made with his predecessor only 2 months before that I was informed upon my return that a quota on fruits very disadvantageous to the United States had been promulgated; that one on films was threatened; all of which contributed to ill feeling in the United States. He asked me if I would not give him a memorandum of any or all of these points so that he could personally see if they were not possible of adjustment. This memorandum will be speedily furnished.

I took advantage of the opportunity to draw his attention to the new Franco-Belgian Commercial Treaty which, under the guise of a turnover tax, gave Belgium a 2 percent advantage on all imports, referring to the losses threatened to United States shippers in copper alone.

I feel confident that the Prime Minister was considerably impressed with our grievances and realized that there was much to be accomplished before it would be helpful to seriously talk debt revision. At least this was the objective that I sought.

. . . . .  
EDGE

611.5131/820 : Telegram

*The Ambassador in France (Edge) to the Secretary of State*

PARIS, July 29, 1932—11 a. m.  
[Received July 29—8:50 a. m.]

453. Your 265, July 27th and my 450 and 451, July 28. If Department would expedite transmission of suggested model treaty referred to during my visit to Washington 6 weeks ago it would be very

helpful in endeavoring to meet the situation as outlined in telegrams under reference. It is impossible to separately adjust the many difficulties daily arising which possibly could mostly be included in a definite and comprehensive treaty. In order to proceed along the lines acquiesced in by M. Herriot, (see my 451) it is likewise essential that we have the Department's view as to possible concessions (see our telegrams 344, May 31st; 380, June 16th; 409, July 7th; 414, July 11th and 448, July 27th).<sup>45</sup>

Have discussed matter with Allport, Commercial Attaché, who approves this course. Would suggest Department consulting Howell, Ritz Carlton, New York, who is familiar with present status and likewise having him return to Paris as early as practicable.

EDGE

611.5131/822 : Telegram

*The Ambassador in France (Edge) to the Secretary of State*

PARIS, August 4, 1932—noon.

[Received August 4—8:55 a. m.]

461. My 450, July 28, noon, and 451, July 28, 1 p. m. Embassy delivered to Herriot yesterday three separate memorandums covering (1) status of commercial treaty negotiations, (2) difficulties arising from French quotas, embargoes and restrictions and (3) discrimination against American exports to France by Franco-Belgian turnover tax convention of June 18, 1932.

Copies sent by the pouch in my despatch 2798 of August 2nd.<sup>46</sup>

EDGE

611.5131/823 : Telegram

*The Ambassador in France (Edge) to the Secretary of State*

PARIS, August 5, 1932—9 a. m.

[Received 9:20 a. m.]

463. At his request I reviewed with M. Durand, Minister of Commerce, last evening the Franco-American commercial situation with particular reference to the Embassy's 451, July 28, 1 p. m., memoranda communicated Wednesday to M. Herriot (see my 461, August 4, noon).

Briefly the conversation led to an agreement that the commercial treaty negotiations should begin forthwith, that the French Gov-

<sup>45</sup> None printed.

<sup>46</sup> Not printed.

ernment would place in my hands early next week an *aide-mémoire* outlining in detail their attitude, that discussion between qualified experts would commence on August 20th or 21st and that every energy would be bent toward bringing the negotiations to an early and concrete conclusion.

The Minister reviewed our protests and attempted to defend the quota system on the ground that it was nondiscriminatory. He admitted, however, that he personally opposed the system and hoped it could be discontinued after the conclusion of the negotiations for the revision of the Franco-German commercial treaty<sup>47</sup> now in progress. Moreover, he expressed regret that the Franco-Belgian treaty which dealt with the system of turnover taxes inaugurated by the Tardieu Government but not favored by the present Government, as a Cabinet discussion today had indicated, had caused so much resentment and agreed to attempt at once to find a solution which might involve a reclassification of copper otherwise than as a semi-finished product.

He was clearly concerned over the hornet's nest aroused by Belgian treaty and admitted that he had received protests from other countries and even inferences of retaliation. In this connection I intimated that the American tariff act likewise provided for retaliation under certain circumstances although the United States had always adhered to a policy of exhausting every means of having discriminatory measures recalled before resorting to article 338. He seemed familiar with the terms of this provision and perhaps with the measure in mind suggested that pending the outcome to the commercial treaty negotiations a *status quo* in trade relations should be strictly observed by both parties. I replied that much depended on the speed with which the negotiations were carried forward and that, of course, with respect to specific questions such as the situation arising as a result of the Franco-Belgian treaty I could not commit my Government. He did not pursue the matter farther.

Finally with respect to concessions which the French Government would require in return for a most-favored-nation commercial treaty, M. Durand indicated that his Government would be interested in receiving protection for copyrighted dress designs, leather goods and other articles de luxe as well as assurance that if the United States discarded prohibition, French wines would not be discriminated against on the American market. To this latter observation, however, I made no very serious response.

---

<sup>47</sup>The reference apparently is to the commercial agreement of August 17, 1927, League of Nations Treaty Series, vol. cvii, p. 510.

I accepted as graciously as possible his many general assurances but endeavored to make it clear that there was only one solution and that was to remove existing discriminations.

EDGE

---

651.113/108 : Telegram

*The Ambassador in France (Edge) to the Secretary of State*

PARIS, August 10, 1932—11 a. m.  
[Received August 10—9:10 a. m.]

471. Referring further to your 265, July 27, 6 p. m. At my request Reagan, Assistant Commercial Attaché, called last evening upon M. Louyriac of the Ministry of Commerce to discuss the possibility of a reclassification of copper as affected by the Franco-Belgian convention. Care was taken to emphasize that this interview was entirely independent of our protest against the general discriminations brought about by this convention but rather in consideration of the suggestion made to me by M. Durand, Minister of Commerce, (see my telegram 463, August 5, 9 a. m.), to ascertain if an immediate rectification as affecting this particular commodity could not be brought about through classifying copper where it rightfully belongs, i. e., as a raw material and thus escape the turnover tax discrimination. Mr. Reagan advises me that M. Louyriac fully recognized the point made and indicated sympathy for such a reclassification based upon representations already made to the French Government by French copper consuming and producing interests. Because of validating, however, the necessary officials would probably not be able to definitely reach a decision in less than 10 days. If favorable this is what he felt could probably be adjusted by issuing a decree.

EDGE

---

611.5131/835 : Telegram

*The Ambassador in France (Edge) to the Secretary of State*

PARIS, August 22, 1932—10 a. m.  
[Received August 22—8:40 a. m.]

490. My despatch No. 2798, August 2.<sup>48</sup> I am in receipt of a note dated August 20 from Monsieur Herriot reviewing my three memorandums under reference. The French position regarding the negotiation of a commercial treaty is given at great length and while emphasizing the many difficulties in the way of an accord indicates

---

<sup>48</sup> Not printed.

a real desire to reach an agreement. The negotiations begin this afternoon.

Regarding the fruit quota the position is maintained that the quota is based on the average importation for the 3 years 1929 to 1931 inclusive and that there has been no discrimination. Other than possibly obtaining a slightly larger quota I see nothing further to be done in this matter at this time.

With regard to the Franco-Belgian convention it is stated in the communication that legislative steps are contemplated to modify article 32 of the law of March 31, 1932,<sup>49</sup> creating the 2, 4 and 6 percent tax. It is admitted that protests of various foreign governments have made this action necessary. It is also intimated that a provision may be included in the agreement now being sought between two countries which would relieve copper from the 4 percent tax.

The full text of the communication is being sent by the next pouch. It would be extremely helpful to receive as promptly as possible Department's reaction to points raised.

EDGE

---

611.5131/836 : Telegram

*The Ambassador in France (Edge) to the Secretary of State*

PARIS, August 23, 1932—11 a. m.  
[Received August 23—9: 25 a. m.]

491. My 490, August 22, 10 a. m. Negotiations were begun yesterday afternoon with the appropriate French authorities. The meeting was preliminary and only general discussions were indulged in. The next meeting will be on Thursday or Friday.

EDGE

---

611.5131/838 : Telegram

*The Ambassador in France (Edge) to the Secretary of State*

PARIS, August 29, 1932—5 p. m.  
[Received August 29—2: 45 p. m.<sup>50</sup>]

501. The conversations to date with the French representative have confirmed their extreme reluctance to grant general most-favored-nation treatment largely because they intend to revise their treaties with European countries and hope to be able to limit considerably in the new agreements the scope of the most-favored-nation clause. They

<sup>49</sup> France, *Journal Officiel de la République Française, Lois et Décrets*, April 1, 1932, p. 3349.

<sup>50</sup> Telegram in three sections.

have strongly expressed the view that the concessions offered by the United States are meager and I see little prospect of obtaining a general most-favored-nation treaty without giving substantial advantages in return.

It is particularly unfortunate that no relief can be given in the matter of importation of cognac. The French particularly stress this point. Recent American statistics show certain importations of spirits for non-beverage purposes of which only a small fraction is from France. This gives the impression here that the regulations are being applied to the detriment of France. In view of this I believe that serious steps should be taken at once to do whatever may be necessary to afford equal opportunity with other countries if and when supplies may be shipped to the United States to introduce its cognac or other spirits for medicinal purposes. This certainly costs us nothing.

I should appreciate as soon as possible a reply to my 480, August 17, 5 p. m.,<sup>51</sup> on the question of automobile duty. If I could inform the French that as a result of the treaty the duty on French automobiles in the United States would be reduced to 10 percent this would be an appreciable concession. On the other hand a restriction on the most-favored-nation clause (authorizing one party to impose on goods imported from the other the same rate of duty as the second party imposes on similar goods of the first) might be welcome to the French. Would you be willing to have such a provision included in the treaty?

Notwithstanding your telegram No. 291, August 16, 1 p. m.,<sup>51</sup> may I urge a further examination of the question whether the American restrictions on plants (especially narcissus bulbs and fruit trees) are not wider than the United States requires for plant protection? The question of bulbs was discussed at some length in 1926. From the correspondence and especially from the memorandum of a conversation between Mr. Castle and Dr. Marlatt of the Department of Agriculture (forwarded with instruction No. 1860 of February 8, 1926)<sup>51</sup> there seems some ground to suppose that the real aim of the embargoes is to make the United States self-dependent as far as agricultural products are concerned and not exclusively a matter of protection of American plant life.

Please refer to Mr. Castle's letter to me of February 13, 1931.<sup>51</sup> For my strictly confidential information and not for proposing to the French without express instructions I should appreciate your inform-

---

<sup>51</sup> Not printed.



ing me whether you would consider as an additional concession to the French in obtaining the most-favored-nation treaty the surrender of the capitulatory and other rights which the United States possesses in Morocco under treaties with that country.

Is the Department in a position to give me a definite reply to point 2 in the Embassy's telegram No. 409, August [July] 7, 4 p. m.<sup>55</sup> regarding the exclusion of samples of women's wearing apparel?

While I have no definite assurance that we will reach our objective I am quite positive we will never have a more favorable opportunity to dispose of this problem than right now.

It is important that I receive an answer to the points mentioned in [above mentioned?] telegram before the conferees' next meeting on Thursday at 4 o'clock.

EDGE

---

611.5131/838 : Telegram

*The Acting Secretary of State to the Ambassador in France (Edge)*

WASHINGTON, August 31, 1932—5 p. m.

309. (1) The Department has investigated the points raised in your telegram 501, August 29, 5 p. m., with the following results:

(a) With reference to importation of cognac Department is advised that authority for importation of distilled spirits of any classification is denied by law. Many requests have been made for authority to import spirits but no permit therefor could be issued under the law, which has recently been interpreted anew by the Department of Justice to that effect. The understanding that spirits have been and are being imported is erroneous and doubtless arises from the fact that certain tonics, medicines, flavoring extracts and the like in the manufacture of which spirits are used are imported into the United States. In classifying products for statistical purposes Commerce Department follows classification in Tariff Act and since medicinal preparations etc. containing spirits have the same dutiable rate as spirits, importations of the former are listed under the general heading spirits, cordials, liqueurs, bitters etc. On whatever articles are permitted import, as instanced above, there is no intent at discrimination or actual discrimination against France. It is impossible to offer the French anything in the nature of a concession on this point, but it is believed that these explanations will remove the French grievances.

(b) With reference to the third paragraph of your 501, and to your 480, of August 17, 5 p. m.,<sup>56</sup> you have touched upon a question of constitutional law which the Supreme Court so far has not unequivocally passed upon. This question, namely, whether a treaty concluded by the Executive and approved by the Senate in the usual

<sup>55</sup> Not printed.

<sup>56</sup> Latter not printed.

way would supersede conflicting provisions in a prior tariff law, was referred to the Attorney General for an opinion in 1928, and he has so far failed to render one. The implications raised are far reaching and widely transcend the present negotiations. However, the Department considers it advisable to defer including any special provisions or reservations in the treaty now under negotiation referring to these tariff law provisions until a solution of the question has been further explored.

(c) With regard to restrictions on bulbs and fruit trees the Department considers that even though it were possible to relax these restrictions it would be undesirable to do so as a *quid pro quo* for commercial favors from France. Such an offer on our part would place this Government in the position of admitting tacitly that contrary to the position heretofore taken by us these measures are not bona fide sanitary measures.

(d) The Department considers it undesirable to offer any renunciation of international treaty rights in Morocco in return for purely commercial favors in France. (Letter follows.)

(e) With regard to Section 308 of the Tariff Act concerning samples of women's wearing apparel, this matter is being actively followed up with the Treasury Department. I shall advise you with regard to this matter at the earliest possible moment.

(2) The Department realizes that from the French viewpoint the concessions offered by this Government are perhaps meager. Nevertheless as we see it here, it is probable that even if we were in a position to offer concessions on all the subjects thus far discussed the French would still remain unsatisfied. The attitude adopted by the French negotiators to date has raised some doubt in our minds as to their intention of concluding a commercial treaty with us (regardless of any trade concessions we can offer) at least until after our elections, the World Economic Conference,<sup>57</sup> and other possible developments. The Department would, of course, be highly gratified if you should be successful in obtaining a most favored nation treaty with France on the basis of the concessions already offered. We foresee, however, a series of dilatory tactics during which time an effort will be made to whittle away our position with the object of forcing us into admitting the justice of their contentions on these various points. Accordingly, we are not inclined to make further attempts to overcome the serious difficulties involved in finding trade concessions which would satisfy the French until there is better evidence that such concessions if offered would lead to the conclusion of the treaty. On the other hand we should view with concern any breakdown of the negotiations. Your forthcoming trip to the United States will afford an opportunity to go into the matter fully with you and to determine what further steps should be taken. Every

---

<sup>57</sup> See vol. 1, pp. 808 ff.

effort, of course, should be made to keep the negotiations open until your return to France.

CASTLE

---

611.5131/841 : Telegram

*The Ambassador in France (Edge) to the Secretary of State*

PARIS, September 2, 1932—9 a. m.

[Received 9:32 a. m.]

514. At the meeting yesterday afternoon dealing with the commercial treaty negotiations it developed that the Government after further consideration has reached the conclusion that it is impossible for it now to change the policy upon which it has recently embarked of relieving itself from the general most-favored-nation treatment obligations as quickly as possible, and while the ostensible excuse was given that it cannot be granted to us in its entirety except for the corresponding advantage of American tariff reductions or something much more substantial than has been suggested, there seems to be no reason especially in view of Department's 309<sup>58</sup> for entertaining the hope that we shall receive the complete minimum tariff.

The French delegates, however, insisted that they desired to improve the present economic relations between the two countries and stated that they were prepared to consider at once a permanent agreement establishing a position for us more favorable than that which we occupy under the *modus vivendi* of 1927. Since we now have the minimum tariff on all but 2½ to 5 percent of our actual exports to France the French offer approximates *de facto* most-favored-nation treatment. They will submit shortly a complete counterproposal in the above sense including specifically the concessions to be asked of us. If after its receipt this proposal proves to be unsatisfactory consideration might then be given to the advisability of employing article 338 in an effort to obtain general most-favored-nation treatment.

It was also indicated that the French Government would extend to the United States most-favored-nation treatment in those matters other than tariff which are usually contained in their most-favored-nation agreements such as those relating to goods in transit, warehousing, reexportation, transshipment of merchandise, et cetera, as well as most-favored-nation treatment concerning export duties, commercial travelers, etc., and under favorable conditions I anticipate little difficulty in including most of the other provisions of the draft of treaty which you have sent to me.

---

<sup>58</sup> *Supra.*

Negotiations are being continued next week regarding fruit, motion pictures and copper.

EDGE

---

123 Edge, Walter E./180: Telegram

*The Secretary of State of the Ambassador in France (Edge)*

WASHINGTON, September 15, 1932—8 p. m.

324. You are ordered to report to the Department at your early convenience to discuss Franco-American matters in general as suggested in the first paragraph of your 528, September 12, noon.<sup>59</sup> The date of your departure from Paris is left to your discretion as well as is the nature of the statement concerning your forthcoming trip which you will probably wish to give to the press. However, prior to giving such a statement to the press, please telegraph me the text of your proposed statement so that I may make corresponding appropriate announcement here.

The Department is immediately preparing full powers for you to sign the commercial treaty in order that these powers may be promptly transmitted to the French Embassy here and to you by wire so soon as the Department shall have had an opportunity to study and approve the text of the agreement.

STIMSON

---

611.5131/854: Telegram

*The Ambassador in France (Edge) to the Secretary of State*

[Extract]

PARIS, September 16, 1932—9 p. m.

[Received 11:27 p. m.]

536. Department's 324, September 15, 8 p. m. In my telegram 535, September 16, 5 p. m.,<sup>59</sup> I have outlined and commented upon the French counterproposals in our commercial treaty negotiations. In that telegram I have urged you to accept the French proposals except in the few places indicated where I hope to be able to effect alterations. At the time of such economic strife in Europe and the uncertainty as to future commercial policies interlinking [*sic*] France I feel that it would be unfortunate for the Department to lose the present opportunity of gaining a trade position for the United States better than it has occupied in many years. There is absolutely no possibility of obtaining *de jure* most-favored-nation treatment from

<sup>59</sup> Not printed.

France under present policies and probably for a long time to come as it is on the point of cancelling its treaties of this character. The Minister of Commerce has confidentially informed me that the most important one, that is with Germany, is to be denounced at an early date.

EDGE

651.113/109a : Telegram

*The Secretary of State to the Ambassador in France (Edge)*

WASHINGTON, September 17, 1932—2 p. m.

327. The copper interests are anxious to obtain relief from the discrimination in favor of Belgium. Has there been any recent progress in this matter?

STIMSON

651.113/110 : Telegram

*The Ambassador in France (Edge) to the Secretary of State*

PARIS, September 19, 1932—3 p. m.  
[Received September 19—12:26 p. m.]

541. Your 327, September 17, 2 p. m. The French authorities have informed me unofficially that France is now prepared to issue a decree reclassifying copper as a raw material just as soon as an agreement is reached between the two Governments in regard to their present commercial treaty negotiations.

EDGE

611.5131/869 : Telegram

*The Chargé in France (Marriner) to the Secretary of State*

PARIS, September 30, 1932—noon.  
[Received September 30—9 a. m.]

564. For Ambassador Edge. As a result of interviews since your arrival in the United States some of the French newspapers, notably from Havas reports, indicate that you do not expect a commercial agreement to be reached before the Presidential election.

If this was not your intention it will be necessary immediately to correct impression produced by press at interested ministries.

MARRINER

611.5131/869 : Telegram

*The Secretary of State to the Chargé in France (Marriner)*

[Extract]

WASHINGTON, September 30, 1932—3 p. m.

345. From Ambassador Edge.

Re your 564, September 30, noon, no possible justification for French newspapers to make such assumption. You may without qualification state that Ambassador Edge is at the moment in Washington discussing details of French counter proposal and full report which does not present insurmountable difficulties will be in Embassy's possession early next week.

STIMSON

611.5131/873 : Telegram

*The Chargé in France (Marriner) to the Secretary of State*

PARIS, October 1, 1932—noon.

[Received October 1—9:30 a. m.]

567. Your 345, September 30, 3 p. m. The Embassy is unofficially informed that the French Government in obtaining the consent of manufacturers to additions to the list of goods to obtain minimum tariff is embarrassed by its inability to state what concessions are being made by the United States. The work involved in consulting manufacturers takes time but it is understood that an important conference to which all leading French industrialists have been invited is fixed for October 6 which should advance matters. The inclusion or noninclusion of doubtful items will depend on the extent to which the French obtain satisfaction on other parts of the treaty and it is doubtful whether a complete list will be presented until the French know whether their counterproposals are accepted in principle.

It would be helpful if the time allowed for passing the Sirovich Bill<sup>61</sup> could be shortened and if a favorable reply could now be given to the request relating to the admission of samples of women's wearing apparel (point 2 of the Embassy's 409 of July 7, 4 p. m.).<sup>62</sup>

Please inform the Ambassador of the above and also tell him that the second paragraph of your telegram under reference has been given proper attention.

MARRINER

<sup>61</sup> "A bill (H. R. 12528) to provide protection for textiles and other designs", introduced by Representative W. I. Sirovich, June 8, 1932, *Congressional Record*, vol. 75, pt. 11, p. 12397.

<sup>62</sup> Not printed.

611.5131/882a : Telegram

*The Ambassador to France (Edge), Temporarily in the United States, to the President of the French Council of Ministers (Herriot)*

WASHINGTON, October 7, 1932.

My Government has done everything in its power to meet the French viewpoint and to make possible an economic accord so necessary to both our countries. Its efforts have been the result of serious study and earnest consideration. Therefore, in the same spirit I sincerely hope that the French Government can reach an early decision to accord us a tariff that shall closely approximate most-favored-nation treatment in order that it may be possible at an early date to sign the instrument now pending which should so clearly benefit the commerce of France and the United States.

I am sending you this personal message because I recall the expressions of interest and goodwill which you made shortly before my departure and because I fear that without your personal intervention this matter cannot be brought to the fortunate conclusion which both of us looked forward to. I am sure that you will agree that a failure to reach an agreement at this time would be most unfortunate.

WALTER E. EDGE

611.5131/883 : Telegram

*The Chargé in France (Marriner) to the Secretary of State*

[Extract]

PARIS, October 11, 1932—1 p.m.

[Received 1:05 p. m.]

593. My 589, October 8, 1 p. m.<sup>63</sup>

As stated in my 589, October 8, 1 p. m., it is not believed that the French thus far are considering postponing the negotiations. Nevertheless with nothing to lose between now and November 8 the scope of the tariff concessions the French are prepared to make probably has been affected by campaign statements on tariff matters. *Le Matin* recently published an interview of Governor Roosevelt with its American correspondent, a portion of which reads as follows:

"If I am elected I will follow the method I spoke of 2 years ago to Monsieur André Tardieu when I was touring in France to work out a system such that your exportations to us and our exportations to you will reach figures which are satisfactory and which balance. At

<sup>63</sup> Not printed.

present you French can hardly sell anything here. I understand that you should want to be able to do so before giving us new facilities”.

MARRINER

---

611.5131/888 : Telegram

*The Chargé in France (Marriner) to the Secretary of State*

[Extract]

PARIS, October 16, 1932—3 p. m.

[Received 7:58 p. m.]

601. My 600, October 16, noon.<sup>64</sup> There are indications now that the French wish to prolong the negotiations. This is probably due to their interpretation of Governor Roosevelt's declarations (see my 593, October 11th). The French may consider that if the negotiations can be kept alive until after the elections they will be able either to obtain any benefits of a change of policy or if there is no change to continue the negotiations as if there had been no delay. Evidently if the French intend to delay it will be extremely difficult for the Embassy to obtain rapid or satisfactory action.

MARRINER

---

611.5131/903a : Telegram

*The Secretary of State to the Chargé in France (Marriner)*

WASHINGTON, October 31, 1932—6 p. m.

388. Your 623, October 28, 11 a. m.<sup>64</sup>

(1) For your confidential guidance in connection with the treaty negotiations, the Department strongly feels that we must continue to be careful to do nothing which may be attributed to this Government as placing upon it the unmerited onus of protracting or breaking off the negotiations. In other words, if it should later develop that these negotiations are not to be successful, naturally we should wish to be in the position of placing the responsibility for their failure upon the French. The Department feels that obviously the French are stalling for time until after the elections here. There is little that we can do, of course, to alter this attitude of the French; but nothing should be done to encourage any cessation of the negotiations. Please bear the foregoing confidential views carefully in mind when making the representations detailed below.

---

<sup>64</sup> Not printed.



(2) Unless you perceive some objection, we feel that you should advise the appropriate French officials that this Government is deeply disappointed in the list of products to be accorded minimum tariff treatment submitted with your above mentioned telegram and with your 555, of September 23, 6 p. m., and 597 of October 13, 5 p. m.<sup>66</sup> You may say that these lists are notable for their paucity of products of first importance to the American export trade and you should add that your Government cannot believe that the French Government is unwilling or unable to submit a supplemental list of more satisfactory breadth and scope. You should point out that the premise on which this Government undertook these negotiations lay in this Government's desire to improve existing commercial and other relations between France and the United States, now of a highly unsatisfactory character, by concluding a treaty of commerce which would accord the United States general most favored nation treatment as regards its exports; you should add, however, that from the outset of these negotiations, this Government appreciated the French difficulties, not only for special reasons but also for reasons of general policy which lay in the way of according the United States general most favored nation treatment, and accordingly, recognizing these difficulties, this Government in spite of its established policies in the matter was perfectly willing to proceed with the negotiations on the understanding that the treatment which would be accorded American exports would amount substantially to *de facto* most favored nation treatment through the granting of minimum tariff rates to a substantial list of this country's exports. Please enlarge upon this argument, in your own discretion, in an endeavor to obtain from the French a more comprehensive list.

(3) You should also endeavor to obtain from the French Government the frequently alluded to reclassification of copper through the issuance of a governmental decree. With regard to this matter you should point out that like the adjustment of the establishment of the quota system, as concerns American exports, this Government also regards the reclassification of copper as a matter to be adjusted separately and apart from the conclusion of any commercial treaty. We were formerly quite prepared to dispose of this copper question coincidentally with the conclusion of the treaty provided the treaty negotiations in general could be disposed of within a reasonable time. Now that the French have made an early disposal of these negotiations apparently impossible, it is obvious that the copper matter should be taken up on its merits. We would, of course, eventually be prepared to reassemble all these agreements within the scope of

---

<sup>66</sup> Neither printed.

the treaty. You may say that in view of the apparent protraction of the treaty negotiations, through the submission by the French of a deeply disappointing list of products to be accorded minimum tariff treatment, the least that the French could do in an effort to improve the prevailing highly unsatisfactory condition of the commercial relations between the two countries, and to ameliorate the serious situation arising from widespread discrimination against American exports,—a discrimination which has steadily grown in the years following the *modus vivendi* of 1927,—would be to issue forthwith the necessary decree reclassifying copper.

(4) In your discretion, in discussing with the French the subjects of paragraphs 2 and 3 above, you may make use of the fact that the Department has been working on these matters at all times in close touch and harmony with Ambassador Edge, and is continuing to study the French proposals, as transmitted in your 600<sup>67</sup> and 601,<sup>68</sup> regarding various other provisions of the treaty.

STIMSON

---

611.5131/908 : Telegram

*The Chargé in France (Marriner) to the Secretary of State*

PARIS, November 8, 1932—noon.

[Received November 8—9:15 a. m.]

640. My 634, November 2, 3 p. m.<sup>67</sup> I am pleased to inform you that after considerable effort on the Embassy's part, and provided the United States Treasury regulation regarding the free admission of dress samples is issued on the same day, the Ministries of Foreign Affairs and Commerce have agreed to the issuance of the copper decree. The consent of the French Ministry of Finance is still required and its answer is expected today or tomorrow. Is this arrangement agreeable to you and how many days' notice would you require?

It is understood that the Treasury regulation will render the provision 3 of section 308 of the Tariff Act applicable to samples of wearing apparel.

MARRINER

---

<sup>67</sup> Not printed.

<sup>68</sup> October 16, 3 p. m., p. 253.

611.5131/912 : Telegram

*The Chargé in France (Marriner) to the Secretary of State*

PARIS, November 18, 1932—11 a. m.  
 [Received November 18—8:45 a. m.]

659. Reference Department's telegram No. 399, November 11, 1 p. m.,<sup>70</sup> Embassy has made daily inquiries but expected communication concerning copper reclassification not yet received by Ministry for Foreign Affairs where delay is explained as due to interdepartmental routine.

MARRINER

611.5131/916 : Telegram

*The Chargé in France (Marriner) to the Secretary of State*

PARIS, November 26, 1932—11 a. m.  
 [Received November 26—9:25 a. m.]

672. Embassy's telegram 660, November 18, noon.<sup>70</sup> De La Boulaye telephoned yesterday to tell me that he had after inquiries found that his original idea was correct and that there has been no official announcement of any kind with respect to the breaking off of commercial negotiations. He said that apparently the ideas in question were the expression of personal opinion of one of the functionaries of the Ministry of Commerce and that he could tell me quite frankly that these opinions were generally shared by French officials although no announcement had been or would be made since no action was called upon by the French at this time. They had forwarded the text of a treaty to the United States together with the list of commodities requested and had received no formal reply to this last demand of theirs although they had understood informally from the American negotiator (Mr. Howell) that the list was insufficient.

MARRINER

611.5131/912 : Telegram

*The Secretary of State to the Chargé in France (Marriner)*

WASHINGTON, November 28, 1932—4 p. m.

420. Your 659, November 18, 11 a. m. Treasury Department advises it is under renewed and increased pressure from importers to issue immediately dress samples decree. We have been able to persuade Treasury to withhold promulgation of this decree for a few

<sup>70</sup> Not printed.

days longer but Treasury will not be able to do so indefinitely. Naturally, we are anxious to avoid giving something for nothing and are fearful that unless French Government issues immediately copper reclassification decree this will be the case. As you know it was formerly understood that the French Government would issue the copper decree in any event and on its own merits with no consideration of any *quid pro quo*. You should discreetly and emphatically recall this understanding immediately to the attention of the appropriate officials of the French Government and impress upon them this Government's inability to understand the failure of the French to issue this decree forthwith. You should, of course, be careful not to intimate that it will probably be necessary for this Government to issue the dress samples decree in any event. Please telegraph results as soon as possible.

STIMSON

---

611.5131/919 : Telegram

*The Chargé in France (Marriner) to the Secretary of State*

PARIS, November 30, 1932—noon.

[Received November 30—9:25 a. m.]

681. Reference Department's telegraphic instruction 420, November 28, 4 p. m. As a result of several conferences with the Foreign Office the Embassy has been orally assured that no change has taken place regarding the decision to issue the copper reclassification decree but that action has been retarded at the Ministry of Finance due to "technical considerations". I am making every effort to expedite matters so as to be able to telegraph the Department by Friday that arrangements have been made for simultaneous publication on the following Thursday, December 8th.

While I still hope to be successful in the above indicated endeavor the Embassy would not be surprised at further delays since it is evident that although the commercial treaty is not related to the copper matter there is a disposition to delay all negotiations for a general settlement of all economic problems at the same time.

MARRINER

---

611.5131/921a : Telegram

*The Secretary of State to the Chargé in France (Marriner)*

WASHINGTON, December 9, 1932—6 p. m.

429. If, in your judgment, such a course would not interfere with the settlement of more important problems, please again seek from

the French Government the early issuance of a decree reclassifying copper. In view of the increased pressure on the Treasury Department from dress importers to promulgate dress samples decree forthwith (see Department's 420, November 28, 4 p. m.) the Department finds itself faced with an increasing difficulty in persuading the Treasury Department further to withhold issuance of this decree. It is our understanding that the French were heretofore prepared to issue copper reclassification decree on its own merits and not in return for any *quid pro quo*. This Government believes the French Government should thus issue this decree. Upon French issuance copper decree we will arrange simultaneous issuance of dress samples decree.

For your confidential information, unless French Government issues this decree in the near future, the Department is afraid this Government will be placed in position of giving something for nothing inasmuch as we cannot persuade Treasury indefinitely to withhold promulgation of dress samples decree. Time element is important in view of pressure being brought to bear on Treasury.

STIMSON

---

611.5131/922: Telegram

*The Ambassador in France (Edge) to the Secretary of State*

PARIS, December 10, 1932—10 a. m.  
[Received December 10—9:30 a. m.]

705. Your 422, December 3, noon.<sup>72</sup> I agree thoroughly with you that our willingness to sign the French counterproposal for a commercial treaty should be withheld until their final decision on the December 15 debt payment.<sup>73</sup> Nevertheless, as I explained to you I feel very strongly in the final analysis that it would be a great mistake if we did not take advantage of the opportunity to put squarely up to the French Government a possible refusal on their part to stand by their own proposition. Should they reverse their position or even delay it would add one more grievance to their procrastination over ratifying the double taxation treaty<sup>74</sup> and their stalling with the copper reclassification, all of which may be useful to us in even more important future negotiations.

<sup>72</sup> Not printed.

<sup>73</sup> See vol. I, p. 727.

<sup>74</sup> See pp. 262 ff.

The treaty as proposed <sup>75</sup> guarantees United States exporters the French minimum tariff covering 96 percent of their 1931 turnover to France. Without the treaty they have no such protection. On the other hand we grant no concession of importance to France. My understanding of the differences in other articles of the proposed treaty are mostly of interpretation and not of sufficient moment under the circumstances to justify the loss of advantages to us already clearly gained. The completion of the treaty on this basis would salvage these concessions for consideration by the incoming Senate. If the matter is left open or dropped it is reasonable to assume that it will be very difficult under present French policy to secure the protection this treaty guarantees. You will recall I advised you that in my conference with the President along these lines he expressed as his judgment that the treaty should be signed.

EDGE

---

611.5131/922: Telegram

*The Secretary of State to the Ambassador in France (Edge)*

WASHINGTON, December 10, 1932—11 a. m.

432. Your 705, Dec. 10, 10 a. m. As soon as the debt situation has passed its present acute phase, I wish that you would telegraph me whether you feel that continuing negotiations for a commercial treaty can be kept separate in the French mind from "other forms of tangible compensation available for the expansion of markets for products of American agriculture and labor," to which reference is made in our note to the French.

My remaining preoccupation just now is not to prejudice in any way the ultimate settlement of the debt problem. If you see a way to maintain the independent character of these commercial negotiations, I am prepared to recommend to the President to send you full powers and leave to your discretion the decision of accepting such of the French proposals as would result in a treaty which would sufficiently improve the existing situation from the point of view of American trade as a whole to justify the departures which it would involve from our general treaty policy.

STIMSON

---

<sup>75</sup> The reference apparently is to the draft treaty transmitted by the Department to the Ambassador in France under covering letter No. 1238, August 8, 1932, as amended by various French and American counterproposals. Original draft and counterproposals not printed.

611.5131/930

*The Ambassador in France (Edge) to the Secretary of State*

No. 3163

PARIS, December 12, 1932.

[Received December 23.]

SIR: I have the honor to recall that in my despatch No. 2937 of September 20, 1932,<sup>76</sup> it was stated that as the result of a conference which took place on September 17 between the American and French representatives it was hoped that some important concessions under the present French film regulations might be made to the American industry. After long delay on the part of the French authorities, a second conference was at last arranged on December 2 between Mr. Allport, the Commercial Attaché of this Embassy, and M. Mistler, Under Secretary of State for Fine Arts.

The conference was disappointing in that the attitude shown by M. Mistler had, in the interim, undergone a decided change. The Under Secretary was no longer disposed to agree to any of the modifications previously suggested by the American Embassy or otherwise to attempt to relieve the difficulties that the American film trade has experienced as the result of existing regulations. Although no explanation for this change of front was offered by M. Mistler, it is in line with other difficulties and delays recently experienced in approaching other commercial problems.

For the more complete information of the Department I enclose, in triplicate, copies of a memorandum on this subject,<sup>76</sup> prepared by the Commercial Attaché. The Department of Commerce has already been advised in the sense of Mr. Allport's communication.

Respectfully yours,

WALTER E. EDGE

611.5131/924: Telegram

*The Ambassador in France (Edge) to the Secretary of State*

PARIS, December 12, 1932—5 p. m.

[Received 5:45 p. m.]

710. Reference Department's telegram No. 429, December 9, 6 p. m. The Embassy fully appreciates the difficulty of indefinitely deferring promulgation of the dress samples decree and is doing everything in its power to hasten action concerning the copper reclassification. We earnestly hope Treasury will withhold promulgation as to do otherwise at this time might easily be misunderstood in several directions.

<sup>76</sup> Not printed.

The Ministry for Foreign Affairs stated to the Embassy's representative this morning that on Saturday it communicated in writing with the Ministry of Finance once more emphasizing the Embassy's insistence upon a definite reply. Since then it has been impossible to reach any competent official of Finance nor is there any apparent hope of being able to do so until the immediate pressure of work on the debt question has passed. I am nevertheless continuing to keep the matter actively before the Government.

EDGE

611.5131/929 : Telegram

*The Ambassador in France (Edge) to the Secretary of State*

PARIS, December 15, 1932—noon.

[Received December 15—9:15 a. m.]

722. Your 432, December 10, 11 a. m.; and 435, December 13, noon.<sup>77</sup> Complying with your request in telegram 432, with no government here and no durable administration in prospect for some time to come, it is obvious the negotiations for the commercial treaty must remain in a state of *status quo*. As a consequence I have no recommendation to make at this time though it is quite possible that the shock developing here by reaction through a realization of France's self-imposed isolation may make the French authorities more amenable to agreement in the future.

While perhaps no point is gained by crying over spilt milk, nevertheless, as a matter of record, I cannot refrain from expressing my personal regret that the Department found it necessary in reply to my 713, December 13, 11 a. m.<sup>78</sup> to maintain the negative policy reflected in your 435.

There are manifold indications here that if Herriot could only have received a little informal cooperation from us without the slightest embarrassing commitment on our part his Government might have been saved and the United States paid today's installment.

EDGE

611.5131/931a : Telegram

*The Secretary of State to the Ambassador in France (Edge)*

WASHINGTON, December 23, 1932—6 p. m.

451. At press conference today a correspondent made inquiry as to the status of the commercial treaty. I stated in reply "The nego-

<sup>77</sup> Vol. I, p. 743.

<sup>78</sup> *Ibid.*, p. 742.



tiations have not been broken off, but in view of the urgency of satisfactorily disposing of more important matters, the actual negotiations are for the present being held in abeyance".

STIMSON

---

CONVENTION AND PROTOCOL BETWEEN THE UNITED STATES AND FRANCE ON DOUBLE TAXATION, SIGNED APRIL 27, 1932<sup>80</sup>

811.512351 Double/107

*The Ambassador in France (Edge) to the Secretary of State*

No. 1712

PARIS, August 6, 1931.

[Received August 22.]

SIR: With reference to my despatch No. 1707 of August 4, 1931,<sup>81</sup> and to all previous correspondence concerning the so-called French double taxation question, I have the honor to report the developments in this matter since the French interrupted the negotiations last autumn by a demand for American tariff concessions on certain French products, and since my visit to Washington last November and December.

The contents of this despatch may be summarized in this paragraph, as follows: According to oral assurances received from the Foreign Office, we have succeeded in getting the French Government to withdraw its demand for American tariff concessions in exchange for granting to us relief in this tax question. The French appear more favorably disposed to reach a solution than formerly, and the time seems particularly opportune to attempt to obtain the proposed agreement of last year with Article X of the draft<sup>82</sup> entirely eliminated, or, failing that, with the American draft of Article X included instead of the French draft of that article. The American draft of Article X provides for the exemption of French citizens from surtax only on dividends and interest, whereas the French draft of that article grants to French citizens complete exemption from surtax. My arrangement with the French tax authorities to delay further assessments against American companies pending the outcome of the negotiations no longer holds, since a very heavy one has been made recently against the International Telephone and Telegraph Company. Mr. Mills has telegraphed Mr. Mellon that he considers it inadvisable to make a double taxation treaty of any kind with France at the present moment, but this opinion appears to be based

<sup>80</sup> For previous correspondence on negotiations, see *Foreign Relations*, 1930, vol. III, pp. 6 ff.

<sup>81</sup> Not printed.

<sup>82</sup> For text of this draft, see telegram No. 257, August 13, 1930, from the Ambassador in France, *Foreign Relations*, 1930, vol. III, p. 32.

upon the impression that we are still endeavoring to sign the proposed agreement with the inclusion of the French draft of Article X. Mr. Mellon clearly realizes that the situation is becoming more serious and that it is important to reach some agreement. He has informed me that the matter will receive his closest attention immediately upon his return to the United States. Other governments are now more interested in the question and new assessments are being made, particularly against British and Swiss companies. Formal negotiations are to begin the first week in October between France and Great Britain upon this subject. Since it appears that Great Britain is prepared to give the concession which France asked of us and which we are unable to give, namely, the complete exemption of surtax on French citizens, it seems highly important that we should attempt to reach an agreement with France before the British negotiations are undertaken.

I attach copies of four memoranda of informal conversations which took place at various times during the period under reference between Mr. Howell and representatives of the Foreign Office and Ministry of Finance which contain most of the details of what has transpired. (Enclosures Nos. 1, 2, 3, and 4.<sup>83</sup>) From them you will observe that it has been made quite clear to the French authorities, first, that it was impossible to continue the negotiations on this double taxation question unless the French demand for tariff concessions were abandoned, and, second, that there was no possibility whatever of the United States accepting the French draft of Article X.

As a result of considerable effort on our part, the Foreign Office has orally advised the Embassy that the Ministry of Commerce, the Ministry in which the demand originated, has withdrawn its request for American tariff reductions on certain French products before proceeding with an agreement between the two countries on this tax question. This, at least, brings the matter back to where it stood last autumn and makes possible its settlement purely as a tax problem.

The French authorities now appear much more favorably disposed toward a settlement of the question, probably because of our continued efforts to get the matter adjusted and the pressure of other governments on their own account. While I have not been able to extract a promise from the Foreign Office that it will recommend to the Ministry of Finance the signing of the proposed agreement with the American draft of Article X included instead of the French draft of that article, I believe that it is disposed to do so when it has received an intimation that we are still prepared to accept the agree-

---

<sup>83</sup> None printed.

ment in that form. M. Borduge, who has been so opposed, is no longer the Director General of Taxation and is now only one of three men designated by the French Minister of Finance to deal with foreign governments regarding the "quotité imposable" and other tax questions. The other two are the Directeur de la Régie Intéressée and the Directeur-Contrôleur des Administrations Financières. Furthermore, my information is to the effect that, since these matters have been taken out of the exclusive control of M. Borduge, in whose hands they have rested for so many years, the Ministry of Finance is more favorably disposed to a settlement with us. I have been unable to ascertain, however, that Ministry's attitude toward this particular plan of settling the matter.

Under these circumstances, I consider this a particularly appropriate time to endeavor to reach an agreement, first, with Article X entirely eliminated from the draft agreement, or, failing that, with the American draft of Article X included in the draft agreement instead of the French draft of that article. It is not necessary to designate anyone officially to carry on negotiations, because the text of the proposed agreement was drafted last year by their experts and ours. It is only a matter of doing what we can with the Foreign Office and the Ministry of Finance to obtain their approval of the agreement as outlined above. I cannot attempt this, however, until I am sure that an agreement in such form would be satisfactory to you and the Treasury Department. If I am to endeavor to obtain such an agreement with France, I believe that it should be done before the first week in October, when the British negotiations begin, because it appears that Great Britain is prepared to grant the concession to France which we are unable to give, namely, complete exemption from surtax on French citizens.

Regarding particular American cases, in my confidential telegram No. 300 of June 6, 12 a. m.,<sup>85</sup> I reported to you that assessments had been made recently against the International Telephone and Telegraph Company, in spite of my efforts to prevent any further assessments being made pending the outcome of our negotiations on this question. From the attached memorandum (Enclosure No. 5),<sup>85</sup> you will observe that the assessments have been made against that corporation by reason of business done in France through its two subsidiaries. The first assessment was Frs. 423,000,000 and the second one, while not yet known, is expected to be for more than double that amount, making a total assessment of over \$50,000,000. In my tele-

---

<sup>85</sup> Not printed.

gram No. 324 of June 18, 6 p. m.,<sup>86</sup> I informed you that the Chambre des Requêtes had on that day decided that the case of the Boston Blacking Company should be placed upon the docket of the Cour de Cassation for final consideration. Mr. Conner, the attorney for the Boston Blacking Company, is of the opinion that the case will not be reached by that court during the next twelve months. Regarding the case of the General Motors Corporation, the only other case of particular importance, that company's attorneys in Paris inform me that they have failed thus far to make any settlement with the French tax authorities, although they have succeeded in reducing the amount of the original assessment to a considerably lower figure.

Respectfully yours,

For the Ambassador:  
**J. THEODORE MARRINER**  
*Counselor of Embassy*

---

811.512351 Double/109 : Telegram

*The Secretary of State to the Ambassador in France (Edge)*

WASHINGTON, October 9, 1931—2 p. m.

485. With reference to your despatch No. 1712, August 6, the Treasury suggests that negotiations be resumed at such time as you deem advisable for the purpose of obtaining the signatures to the Treaty with Article X entirely eliminated. In the event that the elimination of Article X finally proves impossible the Treasury suggests that it be consulted at that time as to the advisability of attempting to obtain signatures to the Treaty containing the American draft of Article X. The Treasury does not wish to suggest that the powers granted last fall be withdrawn. Its present suggestions are based primarily upon the present political situation here. If it is determined that the Treaty with Article X eliminated cannot be signed, it will at that time be in a better position to appraise the political situation and suggest the procedure which it deems advisable.

STIMSON

---

811.512351 Double/112

*The Ambassador in France (Edge) to the Secretary of State*

No. 2112

PARIS, December 28, 1931.  
 [Received January 14, 1932.]

SIR: I have the honor to refer to the Department's telegraphic instruction No. 485 of October 9, 2 p. m., in which you authorized me

---

<sup>86</sup> Not printed.

to endeavor to have the French Government approve the draft double taxation agreement of 1930 with Article X eliminated. The matter has been kept actively but informally before the French authorities ever since the receipt of the Department's above-mentioned telegram. I have not however considered it advisable to present the matter officially to the French Government until these informal conversations with various officials were completed. These conversations also included many conferences with representatives of other governments similarly affected. On December 18, an official note was addressed to the Foreign Office. A copy of this note, No. 1463, is herewith enclosed,<sup>87</sup> as well as a copy of the draft agreement<sup>88</sup> without Article X which was attached to the note.

On December 21, I discussed the matter at length with M. Piétri, Minister of the Budget, at which conference I was accompanied by Mr. Howell, First Secretary of Embassy. I pointed out the increasing difficulties caused by the "quotité impossible" to American interests and urged the immediate settlement of the question. M. Piétri, who was not in office at the time of the 1930 negotiations, seemed sympathetic and assured me that he would give the matter prompt consideration. A copy of the memorandum of this conversation is herewith attached.<sup>87</sup>

I feel satisfied that the French authorities will decline to sign the draft agreement with Article X eliminated as Great Britain and all other countries affected have offered much better terms. In that event, if the Department still approves, I will make every effort to obtain French approval of the agreement with the American draft of the Article X included, which however is likewise less attractive to France than other proposals.

It is quite possible that the French authorities will insist upon a settlement of the question along the same lines of the adjustment which has been made with Italy and Belgium. Please see my despatch No. 2122 of December 28, 1931,<sup>87</sup> reporting upon and enclosing copies of the recent French agreements with these two countries.

Mr. Mitchell Carroll, now in charge of certain studies on double taxation for the Fiscal Committee of the League of Nations, and who, as you will recall, was one of the experts representing the United States during the conferences in 1930 in Paris, had an interesting conversation with M. Borduge on this subject Saturday last (see

---

<sup>87</sup> Not printed.

<sup>88</sup> Same as draft quoted in telegram No. 257, August 13, 1930, 11 a. m., from the Ambassador in France, *Foreign Relations*, 1930, vol. III, p. 32.

despatch No. 2122). It will be recalled that M. Borduge has been the chief French negotiator on double taxation covering the entire period in which the Embassy has been engaged in endeavoring to reach an agreement. M. Borduge expressed to Mr. Carroll his personal opinion that the French Government would never accept the 1930 draft, either with or without Article X. He at the same time intimated that the principles embodied in the Belgian and Italian agreements (see despatch No. 2122 of December 28, 1931) must furnish the bases for any agreement with the United States; in other words, that the provisions in the treaties with Belgium and Italy regarding the taxation of foreign companies with branches or subsidiaries in France would be the standard clause in future double taxation treaties.

I was informed by M. Piétri that while M. Borduge was still on the committee passing upon double taxation treaties, he would no longer dominate the negotiations, and that M. Trochon had really succeeded Borduge as Director General of Taxation. Nevertheless, Borduge undoubtedly will still exercise considerable influence.

As I have stated in my despatch No. 2122 of December 28, 1931, if the provisions as contained in the Belgian and Italian treaties are fairly administered, without recourse to technicalities, it is my opinion that these treaties would fairly well meet our situation. To obtain this solution of the question, however, it is quite probable that we must give as a *quid pro quo* the American draft of Article X. Therefore, if we must grant the American draft of Article X, it seems better to obtain the American draft as a whole rather than to accept the Belgian and Italian solution regarding branches and subsidiaries. If the Belgian solution can be obtained at a cheaper price, it may be to our advantage to abandon the American draft agreement of 1930, but as to this I must withhold judgment until the negotiations further develop.

In despatch No. 2122, I have requested the reaction of the Treasury Department to the present situation.

Respectfully yours,

WALTER E. EDGE

---

811.512351 Double/126: Telegram

*The Ambassador in France (Edge) to the Secretary of State*

PARIS, April 24, 1932—3 p. m.

[Received April 24—11:45 a. m.]

250. Refer last paragraph my 248, April 22, 5 p. m.<sup>89</sup> Monsieur Tardieu has kept his promise to me to dispose of the 6-year double

<sup>89</sup> Not printed.

taxation controversy and last night sent to the Embassy the following note accepting in its entirety our proposal of December 18 last which carried out exactly the Department's telegraphic instruction number 485, October 9, 2 p. m., 1931:

"I have the honor to report that following our recent conversation the Government of the Republic is disposed to conclude with the Government of the United States the convention whose bases were established in 1930 by experts of the two countries with a view to settling certain questions relative to double taxation.

The text adopted will be the one which you communicated to my department December 18, 1931, the text which did not include article 10 of the former drafts.

Upon my return to Paris we will fix the date on which I can sign this convention with you."

A copy of my note, number 1463 of December 18, 1931, to the Foreign Office together with a copy of the text which was submitted with it to the Foreign Office will be found as enclosures to my despatch number 2112, December 28, 1931. In that text which is the one the French Government now approves, you will observe that both the American and French drafts of the old article 10 have been eliminated and that the new article 10 is merely the old American draft of article 11 regarding the date the agreement is to become effective, et cetera.

As indicated in Monsieur Tardieu's note, he is prepared to sign the treaty early this week. As I have already been given the necessary full powers I of course will also sign, being of the very positive opinion that no time should be lost in completing the transaction.

I believe this matter should be kept strictly confidential until the treaty is actually signed.

The Department may be assured that quota negotiations will be pressed without delay.

EDGE

---

Treaty Series No. 885

*Convention and Protocol Between the United States of America  
and France, Signed at Paris, April 27, 1932*<sup>92</sup>

The President of the United States of America and the President of the French Republic being desirous of regulating certain questions relative to double taxation, have decided to conclude a Convention on

<sup>92</sup> In English and French; French text not printed. Ratification advised by the Senate, June 15, 1932; ratified by the President, July 25, 1932; ratified by France, April 8, 1935; ratifications exchanged at Paris, April 9, 1935; proclaimed by the President, April 16, 1935.

that subject, and for that purpose they have appointed as their respective Plenipotentiaries:

The President of the United States of America,

Mr. Walter E. Edge, Ambassador Extraordinary and Plenipotentiary of the United States of America to France.

The President of the French Republic,

M. André Tardieu, Member of the House of Representatives, President of the Council of Ministers, Minister for Foreign Affairs, Officer of the Legion of Honour,

who, having communicated to one another their full powers found in good and due form, have agreed upon the following articles:

#### ARTICLE I

Enterprises of one of the contracting States are not subject to taxation by the other contracting State in respect of their industrial and commercial profits except in respect of such profits allocable to their permanent establishments in the latter State.

No account shall be taken, in determining the tax in one of the contracting States, of the purchase of merchandise effected therein by an enterprise of the other State for the purpose of supplying establishments maintained by such enterprise in the latter State.

#### ARTICLE II

American enterprises having permanent establishments in France are required to submit to the French fiscal administration the same declarations and the same justifications, with respect to such establishments, as French enterprises.

The French fiscal administration has the right, within the provisions of its national legislation and subject to the measures of appeal provided in such legislation, to make such corrections in the declaration of profits realized in France as may be necessary to show the exact amount of such profits.

The same principle applies *mutatis mutandis* to French enterprises having permanent establishments in the United States.

#### ARTICLE III

Income which an enterprise of one of the contracting States derives from the operation of aircraft registered in such State and engaged in transportation between the two States is taxable only in the former State.



## ARTICLE IV

When an American enterprise, by reason of its participation in the management or capital of a French enterprise, makes or imposes on the latter, in their commercial or financial relations, conditions different from those which would be made with a third enterprise, any profits which should normally have appeared in the balance sheet of the French enterprise, but which have been, in this manner, diverted to the American enterprise, are, subject to the measures of appeal applicable in the case of the tax on industrial and commercial profits, incorporated in the taxable profits of the French enterprise.

The same principle applies *mutatis mutandis*, in the event that profits are diverted from an American enterprise to a French enterprise.

## ARTICLE V

American corporations which maintain in France permanent establishments may, in derogation of Article 3 of the Decree of December 6, 1872, elect to pay the tax on income from securities on three-fourths of the profits actually derived from such establishments, the industrial and commercial profits being determined in accordance with Article I.

An American corporation which wishes to place itself under the regime of the preceding paragraph must make a declaration to that effect at the Bureau of Registration within six months after the date upon which this Agreement becomes effective or within six months after the creation of its establishment in France. The election made for one establishment applies to all the establishments of such corporation. Any such election is irrevocable.

## ARTICLE VI

An American corporation shall not be subject to the obligations prescribed by Article 3 of the Decree of December 6, 1872, by reason of any participation in the management or in the capital of, or any other relations with, a French corporation, if such American corporation and French corporation conform to the requirements of the present article. In such case, the tax on income from securities continues to be levied, in conformity with French legislation, on the dividends, interest and all other products distributed by the French enterprise; but it is moreover exigible, if the occasion arises, and subject to the measures of appeal applicable in the case of the tax on income from securities, on the profits which the American corporation

derives from the French corporation under the conditions prescribed in Article IV.

An American corporation which wishes to place itself under the regime of the preceding paragraph must make a declaration to that effect at the Bureau of Registration jointly with the interested French corporation, within six months after the date upon which this Agreement becomes effective or within six months after the acquisition of the participation or the commencement of the relations of a nature to entail the application of Article 3 of the Decree of December 6, 1872. Any such election is irrevocable.

American corporations which have not made the declaration and which are subjected to the provisions of Article 3 of the Decree of December 6, 1872, shall enjoy the benefits of Articles 27, 28 and 29 of the French law of July 31, 1920, and Article 25 of the French law of March 19, 1928, under the same conditions as French corporations.

#### ARTICLE VII

Compensation paid by one of the contracting States to its citizens for labor or personal services performed in the other State is exempt from tax in the latter State.

#### ARTICLE VIII

War pensions paid by one of the contracting States to persons residing in the territory of the other State are exempt from tax in the latter State.

#### ARTICLE IX

The following classes of income paid in one of the contracting States to a corporation of the other State, or to a citizen of the latter State residing there, are exempt from tax in the former State:

(a) amounts paid as consideration for the right to use patents, secret processes and formulas, trade marks and other analogous rights;

(b) income received as copyright royalties;

(c) private pensions and life annuities.

#### ARTICLE X

This Agreement shall be ratified and the instruments of ratification exchanged at Paris as soon as possible.

The Agreement shall become effective on the first day of January following the exchange of ratifications and shall remain effective for a period of five years, and thereafter until twelve months from the

date on which either Contracting Party gives notice of its termination.

American corporations which prior to May 1, 1930, have not had their liability to tax under Article 3 of the Decree of December 6, 1872, finally determined, and which make the declaration prescribed in Article VI of the present convention, shall not be subject to the application of Article 3 of the Decree of December 6, 1872, for any years preceding the coming into force of the Agreement.

In witness whereof, the respective Plenipotentiaries have signed the above articles, both in the English and French languages, and have hereunto affixed their seals.

Done in duplicate at Paris, on the 27th of April, 1932.

[SEAL]	WALTER E. EDGE
[SEAL]	ANDRE TARDIEU

#### PROTOCOL

At the moment of signing the Convention on Double Taxation between the United States of America and the Republic of France, the undersigned Plenipotentiaries, duly authorized by their respective Governments, have agreed, as follows:

(1) The taxes referred to in this Agreement are:

(a) for the United States:

the Federal income tax—but it is understood that Article 1 does not exempt from tax (1) compensation for labor or personal services performed in the United States; (2) income derived from real property located in the United States, or from any interest in such property, including rentals and royalties therefrom, and gains from the sale or the disposition thereof; (3) dividends; (4) interest.

(b) For France:

—in articles I, II, III and IV, the tax on industrial and commercial profits (*impôt sur les bénéfices industriels et commerciaux*);

—in articles III, V and VI, the tax on income from securities (*impôt sur les revenus des valeurs mobilières*);

—in articles VII, VIII and IX, the tax on wages and salaries, pensions and life annuities (*impôt sur les traitements et salaires, pensions et rentes viagères*), and other schedular taxes (*impôts cédulaires*) appropriate to the type of income specified in said articles;

(2) The provisions of this Agreement shall not be construed to affect in any manner any exemption, deduction, credit or other allowance accorded by the laws of one of the contracting States in the determination of the tax imposed by such State.

(3) As used in this Agreement:

(a) The term "permanent establishment" includes branches, mines and oil wells, factories, workshops, warehouses, offices, agencies, and other fixed places of business, but does not include a subsidiary corporation.

When an enterprise of one of the States carries on business in the other State through an agent established there who is authorised to contract for its account, it is considered as having a permanent establishment in the latter State.

But the fact that an enterprise of one of the contracting States has business dealings in the other State through a bona fide commission agent or broker shall not be held to mean that such enterprise has a permanent establishment in the latter State.

(b) The term "enterprise" includes every form of undertaking whether carried on by an individual, partnership (*société en nom collectif*), corporation (*société anonyme*), or any other entity.

(c) The term "enterprise of one of the contracting States" means, as the case may be, "American enterprise" or "French enterprise".

(d) The term "American enterprise" means an enterprise carried on in the United States by a citizen of the United States or by an American corporation or other entity; the term "American corporation or other entity" means a partnership, corporation or other entity created or organized in the United States or under the law of the United States or of any State or Territory of the United States.

(e) The term "French enterprise" is defined in the same manner, *mutatis mutandis*, as the term "American enterprise".

(f) The American corporations mentioned in Articles V and VI are those which, owing to their form of organization, are subject to Article 3 of the Decree of December 6, 1872. The present Agreement does not modify the regime of "abonnement" for securities.

(g) The term "United States", when used in a geographical sense, includes only the States and the Territories of Alaska and Hawaii, and the District of Columbia.

(h) The term "France", when used in a geographical sense, indicates the country of France, exclusive of Algeria and the Colonies.

Done in duplicate at Paris, the 27th of April, 1932.

WALTER E. EDGE  
ANDRE TARDIEU

---

**EXEMPTION OF EMPLOYEES OF THE AMERICAN EMBASSY IN  
FRANCE FROM FRENCH INCOME TAX, UPON A BASIS OF  
RECIPROCITY**

701.0611/372 : Telegram

*The Chargé in France (Armour) to the Secretary of State*

PARIS, November 3, 1930—5 p. m.  
[Received November 3—2:10 p. m.]

351. Please telegraph whether clerks French Embassy, Washington, are immune from income tax as a matter of principle or only because

salaries less than amount of personal exemption allowed all residents. American clerks here subject to French income tax and case of National Exposition hardship has arisen which renders advisable renewed effort to secure exemption on their behalf provided reciprocity can be shown.

ARMOUR

---

701.0611/372 : Telegram

*The Secretary of State to the Chargé in France (Armour)*

WASHINGTON, November 10, 1930—3 p. m.

290. Your November 3, 5 p. m. Clerks French Embassy here who are not American citizens are immune from income tax as a matter of principle. See paragraph 2, Diplomatic Serial No. 436<sup>93</sup> which covers clerks and still obtains. Department concurs with you that renewed efforts should be made to secure exemption for clerks of Embassy who are not French citizens, from French income tax.

STIMSON

---

701.0611/387

*The Ambassador in France (Edge) to the Secretary of State*

No. 2587

PARIS, May 19, 1932.

[Received May 28.]

SIR: The Embassy has the honor to refer to its telegram No. 351 of November 3/5 p. m., 1930, stating that it desired to reopen negotiations for the exemption of Embassy clerks from the French income tax.

I am glad now to be able to report that the Embassy's efforts in that direction have been successful. There is attached hereto in copy and translation a note from the Ministry for Foreign Affairs, dated May 12, 1932, stating that the necessary measures are about to be

---

<sup>93</sup> Circular instruction dated October 24, 1925; an extract reads as follows:

"The Department believes that it may be helpful to you in any discussions which you may have with your colleagues and Foreign Office officials of the governments to which you are accredited to be advised fully in regard to the exemption from taxation and customs duties enjoyed by foreign diplomatic and consular officers within the United States. The Department therefore appends the following for your information and guidance:

"Ambassadors and Ministers accredited to the United States and the members of their households, including secretaries, attachés, and servants, are exempted from the payment of Federal income tax upon their salaries, fees and wages, and upon the income derived by them from investments in the United States in stocks and bonds and from interest on bank balances in the United States. The income derived from any business carried on by them in the United States would, however, be taxable." (701.0611/271a)

taken to exempt the non-commissioned personnel from direct taxation of a personal nature. This exemption will be subject to the clerks engaging in no outside employment and to reciprocal treatment on the part of the Government of the United States as concerns employees of the French Embassy at Washington. The Embassy in Paris had been able to assure the Ministry for Foreign Affairs as regards this latter proviso, in virtue of the information furnished in the Department's telegram No. 290 of November 10/3 p. m., 1930, and its Diplomatic Serial Instruction No. 436.

The exemption granted by the French Government extends in principle not only to American employees but as well to foreign personnel, other than French, of the Embassy. The list of clerks and other employees, referred to by the Foreign Office as having been submitted by the Embassy, embraces chancery personnel, including couriers, of the Embassy and of the offices of the Commercial, Military, Naval and Treasury Attachés. It may thus be seen that the Embassy's request has been met in full measure.

Respectfully yours,

WALTER E. EDGE

[Enclosure—Translation]

*The French Ministry for Foreign Affairs to the American Embassy*

In reply to a note of May 6th (No. 1735) the Ministry for Foreign Affairs has the honor to inform the Embassy of the United States of America that the necessary measures are going to be taken in order to exempt from the payment of direct taxes of a personal nature the foreign employees whose names appear on the list forwarded by the Embassy on December 17, 1931.

This exemption will be granted them as long as they restrict themselves to their official duties at the Embassy, and under the condition that reciprocal treatment is accorded the employees of the French Mission at Washington.

PARIS, May 12, 1932.

## GERMANY

### POLITICAL DEVELOPMENTS IN GERMANY<sup>1</sup>

862.00/2645a

*The Chief of the Division of Western European Affairs (Boal) to the  
Ambassador in Germany (Sackett)*

WASHINGTON, December 10, 1931.

DEAR MR. AMBASSADOR: I am enclosing for your information a copy of a memorandum which sets up a few observations with regard to the present course of events in Germany. These observations while based for the most part on newspaper reports seem to us in the Department to be fairly accurate. We have not had any reports from the Embassy which have covered this question in just the same way as this memorandum approaches it. For our own information here in the Department, I would appreciate it if you could give me your views with regard to this memorandum with any amplification or added information which you might deem pertinent.

Sincerely yours,

PIERRE DE L. BOAL

[Enclosure]

*Memorandum Prepared in the Department of State*

[WASHINGTON,] December 8, 1931.

The following are certain brief observations regarding events in Germany:

(1) Hitler's position, both on the basis of votes cast and psychologically, is unquestionably obtaining increased strength and there is a general expectation that his groups will attain power soon, either as part of the present Government or in charge of the Government. Certain characteristics of the Hitler program are becoming increasingly evident:

(a) The extent to which his program and ideas seem to resemble those of Fascist Italy. As a matter of fact, the Bruening decrees are already creating a relationship between government and industry that approaches the Italian scheme and the step over to the Hitler program would not be very great. The chief difference might turn out to be that the trade unions, instead of retaining their international socialist

---

<sup>1</sup> For previous correspondence, see *Foreign Relations*, 1930, vol. III, pp. 76 ff.

character, would take on a national Fascist complexion and be under the control of the central Government.

(b) Hitler seems to be making a very strong play for the favor of international private banking groups by promising complete respect for their debts and a curb upon future German borrowings. This is calculated in the first place to reassure them, and in the second place to rally them against France.

(c) For the rest, his patriotic utterances in general resemble those of Mussolini a very few years ago—national war cries without any defined objective.

(2) The reaction of the French and the French Government to all this is not yet clear.

---

862.00/2682

*The Ambassador in Germany (Sackett) to the Chief of the  
Division of Western European Affairs (Boal)*

BERLIN, 12 January, 1932.

[Received January 27.]

MY DEAR MR. BOAL: Your letter of December 10th, enclosing memorandum of certain brief observations regarding events in Germany, was duly received by pouch and I have been at work compiling the necessary data to give you the Embassy's views on the subject matter.

While they may not be in exact accord with what you have worked out, they are not far from it. You will find among the Embassy's despatches one, No. 1326, dated 7 December, 1931,<sup>2</sup> which gives perhaps a few observations that may be of interest in this connection.

The enclosed memorandum is a composite of the Embassy's views, which has been prepared by Mr. Kliefoth and subjected to a few amendments by the rest of us. The only statement in connection with it which I cannot quite agree with occurs at the bottom of the second page, where it gives an estimate of what would be the results if a general election were now held. I am inclined to think that the Social Democrat and Communist group would be a larger percentage of the total than that stated. In fact, in an interview with the Chancellor today, he made the statement to me that if an election were held today it would be found that the Social Democratic group was still the largest party in Germany.

Assuring you of my pleasure in being able to send you this material [etc.]

FREDERIC M. SACKETT

---

<sup>2</sup> Not printed.



[Enclosure]

*Memorandum by the American Embassy*

## (1) Hitler's political future.

Hitler's political movement, which was practically down and out following the abortive *putsch* in Munich in 1923, has since gained a large ascendancy with the increase of unemployment in Germany. The past year particularly has witnessed a phenomenal gain in successive local elections, the Nazis having profited tremendously by the depression and the growing unemployment. The belief, however, that there is no limit to future Nazi gains and that they will continue in geometric progression is undoubtedly erroneous.

The returns of the general election in September, 1930, showed that the Nazis had, throughout the Reich, on an average of 18.3 per cent of the qualified voters. These elections showed that Hitler's gains were made mostly at the expense of the non-Socialist parties of the Middle and the Right. Hitler has been unable to draw appreciably from the strength of the two Catholic parties (Bavarian People's Party and Center Party), or to affect the combined strength of the Socialist parties of the Left (Communists and Social-Democrats) as the considerable losses of the Social-Democrats, during the past year, were absorbed by an equivalent increase in the Communist vote.

The most significant local election during the year 1931 was that of the Free State of Hesse. Unlike the other local elections, as pointed out in the Embassy's despatch No. 1279 of November 17, 1931,<sup>3</sup> it had more than local significance. The distribution of political strength in Hesse resembles more closely the political constellation throughout the Reich. On the basis of the returns of local elections throughout the Reich during the past year and particularly considering that in Hesse, but not taking into consideration further unexpected popular support of the Nazis, it is estimated that, if a general election were now held, the Catholic parties would obtain about 15 per cent of the votes cast, the non-Socialist parties (from the State Party up to and including the Nationalists) 15 per cent, the Marxist parties of the Left (Social-Democrats and Communists) about 35 per cent, and the Nazis 35 per cent. The Nazis would certainly become the strongest party in a new Reichstag. That they can collect, as Hitler claims, in a new general election over 50 per cent of all the votes cast and assume power alone, that is, without entering into a coalition with other parties, does not seem at all probable. On the other hand, a

---

<sup>3</sup> Not printed.

coalition with the two Catholic parties seems probable, as a necessary condition precedent to Hitler's entering the Government.

Hitler's interview with the foreign press, on December 4, 1931, in which he stressed his capitalistic program assuming the sanctity of private foreign debts, has, according to his own lieutenants, cooled the ardor of many of the more radical elements within the "National-Socialist" Party, but while it has allayed their fears it has failed to attract to his cause outstanding individuals. The prominent Germans who are avowed followers of Hitler may be counted on the fingers of two hands though several rich industrialists would be included. The recent assurances in Hitler's speeches on economic matters have won over certain business elements but have very much slowed up the intensity of his appeal to the particularly undigested youth of the country who were previously attracted to him as a crusader. As the latter far outnumber the former from a voting standpoint it is felt in most circles that Nazi gains in voting strength will be considerably diminished in the immediate future.

Though the Nazis' gains in the communal elections held in the Free State of Lippe on January 10th were about 40 per cent as compared with the Reichstag election in September, 1930, the result was far below their gains in other similar elections in the past year, particularly in Hesse (see the Embassy's telegram No. 216 of November 16, 1931)<sup>4</sup> where they were able to double their following.

a) The extent to which his program and ideas seem to resemble those of Fascist Italy.

The program of Fascist Italy really has little in common with that of the Nazis in Germany. Whereas Fascism is based on the idea of a cooperative state, Hitlerism is based on the old Hohenzollern and Prussian idea of strong centralization, imperialism and expansion (Hitler's advocacy of centralized government was undoubtedly responsible for the present hostile attitude toward him by the Bavarian Government). The programs are similar in that both Fascism and Hitlerism depend on chauvinism and are opposed to emigration of their peoples. Whereas in the latter the element of anti-Semitism plays a prominent role, it is entirely lacking in the former. The substance of Fascism is Mussolini's personality; the same applies in a much lesser degree to Hitlerism. Mussolini has the intellect and bearing of a martial hero; Hitler has the intellect of a crusading sectarian leader—oblivious of dangers which surround him—but with intense energy and relentless in the pursuit of his aims.

The Brüning Government by emergency decrees has established a

---

<sup>4</sup> Not printed.

situation which under certain circumstances would enable a complete transition to government by dictatorship without upsetting the country. Banking, commerce and industry are already accustomed to function under a semi-dictatorial government and the change to a Hitler dictatorship would not be great, provided Hitler did not impose compulsory measures. It is doubtful, however, whether Hitler would succeed in bringing the German trade unions under a Nazi national dictatorship. The present existing trade unions make up the Social-Democratic Party, oppose dictatorship and constitute the strongest opposition to Hitler, and the two movements are irreconcilable. The strongest of these are the trade unions organized by the Social-Democrats, which are in control of communications and the key industries. The conservative Catholic trade unions are next in strength. They constitute the Left wing of the Center Party and the link with the Social-Democrats. The rest of the trade unions are under the control of the Communists. The workers controlled by Hitler are principally those who represent the floating labor population of Germany, who lack the disciplined organization of the trade unionists. They are also apt to drop away from Hitler the minute the depression ends. The opposition trade unionists possess a most powerful weapon against Hitler, that is, the general strike, which they would probably employ in case the Nazis attempt to obtain control by use of force. The Nazis, on the other hand, claim that their S. A. troops are organized principally for the purpose of dealing with internal disorders and would be able to cope with a general strike (see the Embassy's despatch No. 1330 of December 8, 1931).<sup>5</sup>

b) Hitler, especially during the last two months, has taken a very strong stand to obtain the favor of international private banking groups. He promised them the full payment of Germany's private debts, but not "a cent of tribute," that is, the cancellation of all political debts, reparations, etc. His purpose was to reassure them and, quite obviously, to gain their support in opposing the French reparations demands.

c) Hitler's patriotic utterances in general resemble those of Mussolini a few years ago—national war cries without defined objective.

Both Hitler and Mussolini demand territorial expansion for their peoples. Hitler apparently hopes to achieve the union of all German nations, that is, Austria and Germany, and the return of all former German territory, as Memel,<sup>6</sup> Danzig,<sup>7</sup> Upper Silesia, and not excluding Alsace-Lorraine, under a strongly federalized German state,

---

<sup>5</sup> Not printed.

<sup>6</sup> For correspondence relative to Memel, see under "Lithuania", pp. 466 ff.

<sup>7</sup> For correspondence relative to Danzig, see vol. I, pp. 861 ff.

and a return of German colonies. Hitler's war cries, especially up to last December, greatly resembled those of Mussolini of a few years ago. Now he endeavors to be more diplomatic, especially in order not to offend Great Britain, Italy and the United States. The real program of Hitler, especially in the field of foreign affairs and the economic reform of Germany, has not been sufficiently revealed to enable careful examination.

d) The reaction of the French and the French Government to the Nazis.

Following Hitler's recent interview to the representatives of the American and British press in Berlin, the French press showed increased interest in the Nazis aspirations. A spirit of dismay, uneasiness and alarm characterized the editorial comment. The French Nationalist press seems to be in constant fear of a Hitlerized Germany, and of an alliance between Hitler and Mussolini although men like Léon Daudet welcome a Nazi régime of intransigence, as this, they feel, would give France an opportunity to down Germany. The French Government points to the agitation of the Nazis as an argument in support of the French demands for security. The French, too, are much concerned over the attitude of the British. Great Britain, they fear, would not sympathize with another invasion of the Ruhr, in case the Germans under Hitler repudiate reparations.

Poland, the ally of France and the Eastern neighbor of Germany, would welcome the advent of Hitler. The Polish belief is that little or nothing would be changed in Germany but that the "real aims" of the Reich would be "unmasked." Moreover, a German-French *rapprochement* would be made impossible, thus eliminating one of Poland's major sources of concern.

JANUARY 5, 1932.

---

862.00/2703

*The Counselor of Embassy in Germany (Wiley) to the Chief of the Division of Western European Affairs (Boal)*

BERLIN, February 17, 1932.

[Received March 26(?)]

DEAR PIERRE: Many thanks for your letter of February 2. The Embassy has over a period of years reported pretty much all that it could learn on the National-Socialist movement. The various consulates in Germany have done likewise. Of particular interest is a despatch from the Consulate General at Munich of November 13, 1931, which reports the intellectual conception of the movement

*in extenso*. In attempting to give any concise statement as to the vague aims and vaguer program of the Party, there has been the danger that a report from the Embassy might be more misleading than helpful.

There is a great tendency on the part of the Nazis to talk in generalities and to evade any clear-cut commitment as to the future. To one inquirer Herr Hitler will state that General Motors, for example, need fear nothing from his advent to power. To another, Herr Hitler has declared that of course the Woolworth Stores in Germany would have to go at once. No very clear-cut line!

Since I have been here I have had the opportunity to see a number of Nazi and Stahlhelm leaders. The former, in talking with foreigners, have become very moderate. The Stahlhelm on the contrary has become rabid.

Today I encountered Dr. Goebbels. He is one of the National-Socialist Party's chief orators, edits the *Angriff*, the evening organ of the Party, with Frick heads the Reichstag faction, and plays a heavy role in the party councils. Government circles regard him as particularly radical. I found him more intelligent than any other Nazi I have met. He obviously has first-rate ability and much personal magnetism.

Goebbels characterizes the Party as a pyramid: at the head is Hitler; under him stand the chief party leaders, such as Epp, Goehring [*Goering*] (I have previously reported one or two conversations with Goehring), Frick (who may be the Nazi candidate in the first presidential elections) and Goebbels. Goebbels divided the pyramid into sectors. One section of approximately 40 percent represented, he said, the agrarian element; the peasantry, small, middle and large farmers and estate owners. Another 40 percent represented the labor element, the intellectual proletariat and very small *bourgeoisie*. The remaining sector was mostly taken up by the middle *bourgeoisie*, officer and professional classes and small industrialists. There was a tiny participation of big industry. This last element played no role per se but exerted some influence behind the scenes. I suggested to Dr. Goebbels that at the base of his pyramid there was a considerable distance from the extreme Right to the extreme Left. Did that not constitute a great division of opinion within the party? He admitted that this was the case; there were great contrasts of views. The final decision, however, always rested with Herr Hitler. This is what Captain Goehring has emphasized to me repeatedly in private conversation. Political observers in general in Germany, though, characterize the manifestation

of this final authority of Hitler as rather the reflection of pressure on him from party subordinates.

The intellectual conception of the Party, according to Dr. Goebbels, is as follows: Germany has for years been divided sharply in two. On one side of the dividing line were the bourgeois elements; on the other were the Marxists. Neither could overcome the other but one could always negative the other. An element of stalemate has thus characterized the domestic constellation in Germany; a stalemate which threatened to become permanent. National-Socialism was created on the outside. It represented no caste or class or precise political or economic policy. It wished to become a synthesis of all national elements. Its principal objective was to break down this line which divided Germany into two camps. In the process it had broken through into the bourgeois ranks as the point of least resistance. From within the bourgeois ranks it was encroaching on the Marxist ranks. To the same degree as the Communists were eating into the Social-Democrats, the National-Socialists were nibbling away at the Communists. On the extreme Left the irreconcilable Communists would remain immune to their propaganda campaign—a campaign which was intended to appeal to the racial instincts of the population—*das Nationalgefühl*. The power of State, when the Nazis came to power, would be used to bring the recalcitrants to heel.

Dr. Goebbels had made a careful study of the electoral estimates since the beginning of the Party. In all elections they have obtained in votes from 20 to 38 times the inscribed number of their party members. In smaller communities the party organization was more effective than in larger communities. Never, however, had the multiple been less than 20. Dr. Goebbels proceeded to tabulate the results of his findings. He was obviously hypnotized by his own logic. In the first of the forthcoming presidential elections he has estimated that the Nazi candidate will receive 13,500,000 votes. For this estimate he took an average multiple of only 15. Hindenburg would get 10,000,000; Thaelmann, the Communist candidate, 7,000,000; Hugenberg or the Nationalist candidate 2,500,000; and the Stahlhelm candidate, if any, 500,000 votes. In the second election the Nationalist Opposition together (this presupposes that Hugenberg and the Stahlhelm will bow before the inevitable and support unconditionally the Nazi candidate, presumably Hitler himself) 18,000,000 votes; Hindenburg 10,000,000; Thaelmann 6,000,000. I have frequently seen bright-eyed people figure out with pencil and paper that a certain horse *must* win. I have somewhat the same feeling with regard to Dr. Goebbels' estimated calculation. In other words, I am not

yet ready to bet on Hitler or against Hindenburg! His conclusions were, though, extremely interesting.

With regard to Fascism and Socialism there are many points of analogy. According to Dr. Goebbels the idea of the cooperative state is identic. The Fascists maintain the monarchy. The National-Socialists have not yet decided this question. Nazi ideas in respect of constitution and organization are identic with Fascism. There is no analogy with regard to anti-Semitism or racial questions as these problems do not exist in Italy. I think it has been previously reported to the Department that the Nazi idea is not to harm a hair of any Jewish head, but to treat them as foreigners; to tax them, but not to subject them to military service; to deport eastward as many Polish and Russian Jews as possible. In respect of free-masonry, National-Socialists and Fascists see eye to eye. The National-Socialist opposition to international banking in general is much more accentuated than in Italy. Moreover, the National-Socialists believe in domestic currency—*Binnenmark*—which they believe would have a very alleviating effect on domestic economy. The Nazis lay much greater emphasis on the role of labor as the backbone of the State; on its material welfare.

In reply to a question as to what the policy of the National-Socialists would be if and when they came into power, Dr. Goebbels stated that from a foreign-political point of view the chief objective of Germany would be to make herself *bündnisfähig*. In other words, instead of a house divided within itself, Germany should present a united front to the outside world and would thus constitute a country whose yes or no could be expressed authoritatively. I suggested that in making Germany *bündnisfähig*, the sole implication would be that Germany intended to enter into the system of foreign alliances. Dr. Goebbels said that this was the case.

In regard to financial-economic matters, he stated that the National-Socialists unitedly recognized private debts. These included the Dawes and Young loans which had been commercialized. The chief purpose of Germany would be, by drastic means, to reestablish Germany's credit. First there would be a drastic emergency program; later an "idealistic" economic program. Neither had been formulated. He said that only a united Germany could succeed in freeing the country from the "yoke" of Versailles and of the "tribute" payments. He was careful not to imply that the National-Socialists intended any policy of repudiation; the implication was that for a strong Germany anything would be possible along peaceful lines. I naively asked how he interpreted German sentiment in respect of a revision of the eastern frontiers. He emphatically replied that

German national feeling was united in this respect. I asked, if Germany could not accomplish a revision by peaceful means, would an offensive policy be undertaken. He said he was not able to deny or affirm this.

At a recent lunch with Captain Goehring, who is reputed to be Hitler's chief political lieutenant, he was much more explicit in respect to the East. He declared then that many Poles were in agreement with the idea of cooperation with Germany as against Russia; that National-Socialist policy toward Russia was one of implacable hostility irrespective of the political structure there. There were many Poles, he said, who were willing to cooperate with Germany in an attack on Russia. The National-Socialists, he declared, would be willing to compensate Poland with Kiev, Odessa and access to the Black Sea. Yencken, the First Secretary of the British Embassy here, has been in touch with various National-Socialist leaders too. He describes this Eastern policy of the Nazis as one of "floating frontiers". It sounds like a rather dangerous theory; one of pure conquest.

The Nazis have become, as you have noted, more and more moderate. To the same degree the Stahlhelm has become more and more intransigent. Several acquaintances of mine, who are important provincial Stahlhelm leaders, have been called to Berlin to confer on Stahlhelm policy in respect of the forthcoming presidential elections. Their remarks are amazing. Dr. Wagner, the Berlin head of the Stahlhelm organization, told me yesterday at luncheon that the Stahlhelm could not forgive Brüning for not having hammered his fist on the table at Geneva in respect of the Memel question. Dr. Brüning should have presented a 48-hour ultimatum and at its expiration ought to have sent the Reichswehr to occupy the city. Dr. Wagner's remarks in respect of the reparations settlement and all other outstanding problems were equally farfetched. As the Stahlhelm has always represented a well-disciplined organization representative of the better bourgeois tradition, this Alice-in-Wonderland orientation is certainly disquieting.

Reverting to the Nazis, François-Poncet, the French Ambassador, denied to me that France desired the advent of National-Socialist power in Germany. It would, he said, unduly complicate the situation. Ministerialdirektor Dr. Ritter, the Economic Adviser of the Foreign Office, tells me, however, that the Nationalist elements in France are very anxious to see the Hitler régime come into being as soon as possible. When recently the prolongation of the B.I.S.<sup>8</sup>

---

<sup>8</sup> Bank for International Settlements.



credit to the Reichsbank came before the Banque de France, Moret and the other heads of the bank were entirely disposed to prolong the French part without any difficulty whatsoever. The Board of Regents, however, had endeavored to bring as much political pressure on Germany as possible. Ritter stated that, according to Foreign Office information, de Wendel urged that a financial catastrophe in Germany now would insure Hitler's taking over the Government. This in turn would have a most salutary effect on the forthcoming French elections; on American "debt cancellation" too.

Rumors are current that a considerable number of French are in Berlin this week to confer with the Nazi leaders. In fact, Dr. Hanffstängel, Hitler's personal adjutant, boasted of this to me today. I mentioned the subject casually to the French Ambassador. He merely shrugged his shoulders and said that it was a question of entirely unrepresentative people; no conversations of importance were going on. I happen to know, however, that the Nazis are doing their best to flirt with the French. An acquaintance of mine was commissioned by Goehring to inform the French at Geneva that the Nazis were prepared to reach an agreement with France in respect of both reparations and armaments. On the subject I suggested to Hanffstaengel today that if the Nazis were able to live up to their pretensions in respect of shortly coming into power (which incidentally I do not believe to be the case) they might influence the French elections in a sense very unfavorable to German interests. He said: "Not at all; we could always more easily reach an understanding with the extreme Right than with any weak Middle government."

The present course of events in Germany is somewhat disquieting. The constant playing of the political passions of the people is certainly not wholesome. The German mind, as the war demonstrated, is particularly susceptible to nationalist appeal.

Other questions mentioned in your letter will be taken up later.

Yours very sincerely,

JOHN WILEY

862.00/2685

*Memorandum by the Under Secretary of State (Castle)*

[WASHINGTON,] February 18, 1932.

The German Ambassador<sup>9</sup> said that now that President Hindenburg had definitely decided to run for President he felt quite sure that he would be elected. He said that Hitler was trying, apparently,

<sup>9</sup> Friedrich W. von Prittwitz und Gaffron.

to get himself made a German citizen, which suggested that he might be planning to run himself. The Ambassador felt, however, that if this should happen it would hurt the Hitlerite cause rather than help it inasmuch as nobody would vote for Hitler who was not definitely a member of the party, whereas a great many outsiders might vote for some well known Conservative German who would be expected to carry out Hitler's ideas. Hé said, however, that he had almost no doubt of Hindenburg's election since most of the party, for example, the Centralites and Social-Democrats who had voted against him before, would now vote for him. The Ambassador feels, of course, that it is very important to get the political situation quiet, in order that the real work of discussing reparations may be taken up in the proper spirit.

W. R. CASTLE, JR.

---

862.00/2706

*The Ambassador in Germany (Sackett) to the Secretary of State*

No. 1571

BERLIN, March 16, 1932.

[Received March 31.]

SIR: Supplementing despatch No. 1562 of March 14, 1932, reporting the results of the presidential elections of March 13,<sup>10</sup> I have the honor to report that the greatest significance which can be read into them has to do with the relatively poor showing of the Communists and the unexpectedly firm discipline in Social-Democratic ranks. That the votes of the latter were brought out so effectively on a negative election "parole" has come as a distinct surprise to political observers. Neither veneration for the person of President von Hindenburg nor affection for the government of Dr. Brüning inspired them. Their sole objective was the defeat of Hitler and the "Third Reich". In this the Social-Democrats have gained what appears to be a clear-cut victory. That they will be able to remain victorious in the forthcoming Prussian elections is, however, in the face of the returns of March 13th, highly dubious.

Hitler's un wisdom in entering the list against President von Hindenburg seems clearly demonstrated. He has obviously suffered a set-back. His position, though, has none of the tragic element which delineates that of Geheimrat Hugenberg, the leader of the German Nationalists. The latter was sanguine that President von Hinden-

---

<sup>10</sup> Despatch not printed. The vote as reported, according to latest preliminary official count, was: Hindenburg, 18,654,244 or 49.6 percent; Hitler, 11,341,119 or 30.1 percent; Thaelmann, 4,982,870 or 13.2 percent; Duesterberg, 2,558,813 or 6.8 percent; Winter, 111,492. (862.00/2708.)

burg would poll less votes than was the case, that Hitler would poll more, and that the votes cast for his candidate, Lieutenant Colonel Duesterberg, would give him the pivotal position. He had looked forward with confidence to playing the decisive role; to holding the balance of power between President von Hindenburg and Hitler for the second ballot. The results, however, of March 13th make Hugenberg's strength insufficient to help Hitler and too insignificant to be of interest to President von Hindenburg, whose reelection on April 10th seems definitely assured.

In the inner circle of the Government a somewhat malicious joy, rather than disappointment, is evident that a supplementary ballot will be necessary to complete the election formalities. It implies for Hitler the chagrin of suffering the same defeat a second time. Moreover, the second ballot involves a further drain of Hitler's campaign resources, already reported to be at a low ebb.

Respectfully yours,

FREDERIC M. SACKETT

---

862.00/2715

*The Ambassador in Germany (Sackett) to the Secretary of State*

No. 1627

BERLIN, April 7, 1932.

[Received April 19.]

SIR: With reference to despatch No. 1591 of March 23, 1932,<sup>11</sup> relative to the Prussian police raids on the offices of the Nazi party and homes of the party leaders, I have the honor to report that the Prussian Minister of the Interior has now published a part of the material seized by the police on that occasion. Other incriminating documents which have been transmitted to the Attorney General, it was explained, proved that the Nazis had committed acts of treason, and therefore could not be published since the law prohibits even an intimation of their contents in public.

To representatives of the press the Prussian Minister of the Interior declared that since the Reichstag election of September, 1930, the Prussian Government had been besieged with information from private and official sources about illegal Nazi activities. He repudiated the charge that the police raids were an election maneuver. The Nazi leaders had been reproaching themselves for not having made use of the psychological moment on the day after their phenomenal rise in the Reichstag election on September 14, 1930, to seize power by force, and there was reason to believe that they might not let a similar opportunity go by on March 13. However, the

---

<sup>11</sup> Not printed.

Prussian Government felt that the police was fully prepared for any emergency and could promptly put down an attempted uprising by the Nazis. The police had therefore been instructed to hold itself ready for such an emergency but to combat all rumors of a planned Nazi uprising in order not to alarm the public.

After the election on March 13, which was unusually tranquil, local authorities in various parts of the State had reported that armed storm detachments were making the countryside insecure and that a shifting of regional units of the storm troops seemed to indicate preparations for a Nazi *Putsch*. To verify these reports the Prussian Government had ordered the police raids. In the opinion of the Prussian authorities, the raids showed that the contention of the Nazis that the storm detachments had been mobilized in their quarters on election day in order to avoid clashes with political opponents was incorrect. The confiscated documentary material, said Minister Severing, had proved that the Nazis systematically spied on the civil authorities, the police and the Reichswehr in connection with their plans to seize power by force.

The criminal side of the case is being investigated by the Attorney General at Leipzig. What the political consequences will be the next few days will tell. The indications are that, after the final presidential election on April 10, Prussia, in conjunction with other German States, will probably bring pressure to bear on the Reich Government to prohibit the Nazi semi-military organizations throughout the Reich. The Bavarian Government has only recently published disclosures of secret preparations for a Nazi *Putsch* on the night after the first presidential election, and similar disclosures are reported in several other German States.

The seized documents would seem to indicate that the Nazis were actually contemplating a *Putsch* on March 13 in the event Hitler received more votes than von Hindenburg but not enough for an absolute majority to be elected on the first ballot. The preparations for this step, according to the documentary material confiscated by the Prussian police, were carried out to the minutest detail.

These documents resemble in large measure similar disclosures in the past of Communist subversive activities. This is not surprising since many former members and leaders of the Red Front are known to have become members of the Nazi storm detachments following the suppression of the Communist organization.

In addition to an extensive system of espionage in all administrative and executive departments of the Government, the Nazis established a signal corps along military lines with pigeon carriers and secret radio stations. The storm detachments were instructed to make

available for emergency service war veterans trained in the various branches of the army. A mobilization order was issued for election day and members of the storm detachments were ordered to provide themselves with iron rations for several days, a new uniform, and other equipment. Regional units were shifted to strategic points, and the members of the storm detachments were pledged to utmost secrecy.

The acts of treason attributed to the Nazis, it appears, consisted of a planned attempt to seize the arms of the Reichswehr, particularly in the eastern frontier sections of Germany, for their struggle against the republican section of the population, notably the Iron Front, from which they expected stiff resistance against a Nazi dictatorial regime. It is pointed out that by disarming the Reichswehr the Nazis would have impaired the national defense by exposing sections of the country to a Polish invasion, and severe punishment is demanded for the Nazi instigators of the plot.

The parties of the Right are endeavoring to disparage the Prussian Government's action, making no effort to conceal their sympathy with Hitler's movement and its aim to overthrow the present order. They argue that a prohibition of the Nazis' semi-military organizations should be followed by a prohibition of the republican Reichsbanner. Those familiar with the Nazi tactics know that they will not be at a loss to explain their activities even in the face of conclusive evidence. It is of interest that one of the most effective arguments was furnished the Nazis by their political opponents. The tactless threats by the leaders of the Iron Front and the Reichsbanner that they would prevent a Nazi regime in Germany even if that party should accede to power by constitutional means will doubtless make it easier for the Nazis to justify as a measure of self-defense the secret activities unearthed by the police.

Respectfully yours,

FREDERIC M. SACKETT

862.00/2718

*Memorandum by the Under Secretary of State (Castle)*

[WASHINGTON,] April 13, 1932.

The German Ambassador brought up the recent election in Germany,<sup>12</sup> saying that the result was a foregone conclusion but that, nevertheless, it was satisfactory to have the matter settled. He said that he was still worried, however, because elections were coming

<sup>12</sup> The vote in the election of April 10, according to preliminary official returns as reported in despatch No. 1639, April 12, from the Ambassador in Germany, was: Hindenburg, 19,359,642 or 53 percent; Hitler, 13,417,460 or 36.8 percent; Thaelmann, 3,706,388 or 10.2 percent (862.00/2722).

for the Prussian Diet, elections of great significance, and he felt that Tardieu's attacks would have a very bad effect. He pointed out the fact that, at the time of the last election when Hindenburg had a majority of a scant million, the French press pointed out with virtual unanimity that the election of Hindenburg meant the triumph of reaction in Germany and the probability, if not certainty, of a renewal of warfare. The Ambassador said that the French press always deduces from election returns just what it wishes to deduce, that this time, for example, when Hindenburg has a clear majority of several million, instead of only one million, the French press ignores the fact that he has been elected and states that the election proves that Hitler is the real master of Germany and that Hitlerism will henceforth be in the saddle, again pointing out the extreme likelihood of war. He says all this makes Bruening's position very difficult, whereas it is a moment when Bruening should get all the support possible; also, because of the irritation it will cause, may well have the effect of swinging the Prussian election more to the right.

W. R. CASTLE, JR.

---

862.00/2712 : Telegram

*The Ambassador in Germany (Sackett) to the Acting Secretary of State*

BERLIN, April 14, 1932—10 a. m.

[Received 10:10 a. m.]

75. Yesterday by emergency decree issued on unanimous recommendation of the Cabinet the President disbanded all military Nazi organizations, affecting allegedly over four hundred thousand members. No serious disturbances have been reported as yet. It is presumed that storm division will be re-formed in guise of sport organization.

SACKETT

---

862.00/2713 : Telegram

*The Ambassador in Germany (Sackett) to the Acting Secretary of State*

BERLIN, April 14, 1932—7 p. m.

[Received April 14—3:15 p. m.]

76. My 75, April 14, 10 a. m. Hitler in interview today declared to American journalists that disbanding of his military organizations

by government was in response to pressure exerted by Tardieu. Foreign Office has privately but earnestly requested that Department be notified that this allegation lacks any vestige of truth.

SACKETT

862.00/2729

*The Ambassador in Germany (Sackett) to the Acting Secretary of State*

[Extracts]

No. 1661

BERLIN, April 19, 1932.

[Received April 30.]

SIR: Confirming my telegram No. 75 of April 14, 10 a. m., and with special reference to despatch No. 1627 of April 7, 1932, relative to the police raids on the offices and quarters of the Nazi Party and the homes of its leaders, I have the honor to report that after long deliberations between the Reich Government and the heads of the principal German States, President von Hindenburg has issued an executive decree on the basis of Article 48 of the Constitution<sup>13</sup> dissolving Hitler's semi-military organizations. The importance which the Government attached to this step may be seen from the fact that the decree was countersigned by the Chancellor, the Minister of the Interior and the Minister of Justice, as well as the fact that Dr. Brüning deemed it necessary to postpone for one day his departure for Geneva in order to take part in the deliberations.

The mysterious financial backers of such a large private army undoubtedly expected returns on their investment. The assertion that Thyssen, the iron and steel magnate, is one of the principal financial backers of the Nazi movement has never been effectively denied. According to latest reports, Hitler has also foreign financial backers and in this connection Sir Henri Deterding and Ivar Kreuger have been repeatedly mentioned. The report which appeared in a Swedish Socialist journal several days ago that a receipt for 100,000 marks signed by Hitler had been found among Kreuger's papers was promptly denied by the Nazi leader. The allegations in connection with the financing of the Hitler movement in Germany will be discussed in a separate despatch going forward in this pouch.

As reported in my telegram No. 75 of April 14, 10 a. m., the dissolution of Hitler's private army was carried out in almost every part of Germany without serious disturbances. Hitler himself has

<sup>13</sup> *British and Foreign State Papers*, vol. cxii, p. 1072.

accepted the dissolution with apparent equanimity, having promptly issued a manifesto to his "former" comrades of the S.S. and S.A.<sup>13a</sup> telling them that henceforth they are only ordinary members of the Nazi Party and consoling them with the prospect of retribution on April 24, the date of the Prussian election.

Being aware of the Government's intentions, the storm detachments had time to take precautionary measures, removing large quantities of documentary and other material, to prevent it from falling into the hands of the police. It is reported that in many instances the police found nothing but the bare walls.

There is reason to believe that the dissolution of the storm detachments was not entirely unwelcome to Hitler. Various units of his army were dissatisfied with his principle of legality; they were tired of waiting for the promised Third Reich. Moreover, the two presidential campaigns had been a drain on Hitler's coffers and the question of financing these organizations threatened to become burdensome. The dissolution of the storm detachments removed also the main obstacle in the way of the Nazis' participation in a coalition government in the Reich and several German states.

In republican quarters the proscription of the storm detachments was hailed as an act that should tend to strengthen the Government's authority both at home and abroad. The belief was widespread that the Government's action will deprive France of an effective argument against Germany at the Disarmament Conference at Geneva.<sup>14</sup>

Respectfully yours,

FREDERIC M. SACKETT

862.00/2766 : Telegram

*The Ambassador in Germany (Sackett) to the Secretary of State*

BERLIN, June 1, 1932—11 a. m.

[Received June 1—9:15 a. m.]

117. After receiving several party leaders President casually, shortly after 7 o'clock last night, announced that he had commissioned Von Papen, formerly Military Attaché at Washington, to form a Cabinet. By 9 o'clock an unconfirmed list of the new Cabinet excepting Finance Minister was published. Von Papen has been an unruly member of the Center Party to which Bruening also belonged and until April was its representative in Prussian Landtag. He is considered as of the extreme Right wing of the Center Party. In

<sup>13a</sup> Schutz-Staffel and Sturm-Abteilung.

<sup>14</sup> For correspondence concerning the Disarmament Conference, see vol. I, pp. 1 ff.



confidential conversations with me on last Saturday night and again early Monday morning Bruening told me his continuance in office depended on whether the President would evidence confidence in him by taking a definite position to put an end to intrigues of military leaders. Their intrigues in opposition to the Cabinet had been in evidence during Bruening's recent absence in Geneva and after his return. He recalled certain conversations with you in reference to the danger of political generals. He indicated Monday that the refusal of the President to take the necessary action to remove the military intrigue was the sole cause of the Cabinet's resignation and that statements of disagreement over the new economic proposals were subterfuge.

The new Cabinet must yet face political approval and it is possible it will not be confirmed especially as the attitude of the Center Party is not yet clear. The personnel of the new Cabinet is strongly indicative of a military dictatorship in close cooperation with nationalist groups having monarchial sympathies and with the backing of Von Hindenburg maintains that the suddenness of the complete announcement of the portfolios indicated a military *coup d'état* carefully prepared in advance of the President's journey to East Prussia 10 days ago and of the existence of which Bruening, I am confident, was in complete ignorance. It is surmised in informed circles that some promise of new elections to the Reichstag may have been given Hitler to secure Nazi toleration of the new Government after they refused to take part in any Government that was formed. I am personally well acquainted with all the important members of the new Cabinet except Von Papen, Chancellor. In view of his past record in America<sup>15</sup> have you any special instructions?

SACKETT

---

862.00/2766 : Telegram

*The Secretary of State to the Ambassador in Germany (Sackett)*

WASHINGTON, June 1, 1932—5 p. m.

60. Your 117, June 1, 11 a. m. I gather that the feeling in Germany is that the von Papen cabinet will not be of long duration. The pending matters concerning von Papen which might cause some embarrassment are the re-hearing of the Black Tom case<sup>16</sup> in which von Papen is implicated and an existing indictment against him for plotting the destruction of the Welland Canal. Nothing would arise

<sup>15</sup> See *Foreign Relations*, 1915, Supplement, pp. 923 ff.

<sup>16</sup> For correspondence relative to petitions for rehearing the Black Tom sabotage case, see *ibid.*, 1931, vol. III, pp. 322 ff.

under the second of these cases unless von Papen should come to this country and the first will not be begun until November.

Under the circumstances I think you might well be guided somewhat by the British attitude with regard to von Papen. I presume that it may be best, for the present at least, to deal with him politely but somewhat distantly. However, I leave it entirely to you to determine the attitude which will be most appropriate and most expedient.

STIMSON

---

862.00/2766 : Telegram

*The Secretary of State to the Ambassador in Germany (Sackett)*

WASHINGTON, June 2, 1932—6 p. m.

64. Department's 60, June 1, 5 p. m. The Department of Justice has corrected information which it furnished the Department yesterday with regard to the indictment against von Papen in connection with the plot to destroy the Welland Canal. This indictment was nolle prossed on March 8.

STIMSON

---

862.00/2787

*The Chief of the Division of Western European Affairs (Boal)  
to the Secretary of State*

[WASHINGTON,] June 4, 1932.

MR. SECRETARY: I have recently had occasion to talk with some of our consular officers stationed in Germany regarding their impression of political developments there. After talking with them, and on the basis of other information received in the Department, I have come to the conclusion that there is a strong possibility of a return to the monarchy in Germany within the next year. The von Papen cabinet rests upon the support of a group of industrialists headed by Warmbold. The same group constitutes a considerable portion of the support of the Hitler party and have made possible Hitler's continuous successes. This group has analogies with the pre-war industrial groups which counted for so much in the support of the Kaiser. They are now supporting the military elements in Germany. They have an innate liking for the titles and ceremonies of a monarchy and a belief in the value of a figurehead in controlling the lower middle classes and the more responsible elements in the working classes of Germany. They say that Hindenburg, who has fulfilled that function, is aging and may disappear at any moment. Hitler

himself is not the type of leader whom they would wish to see either President or Chancellor, nor has he shown any inclination to assume responsibility himself. If the Hitler party is to come into power later, or is to share power with elements of the present government, there must be provided a responsible man whom the industrialists can control more readily than they can Hitler, who will be not an Austrian (as Hitler is) but if possible a Prussian, who will make some appeal to the traditionalism and conservative feeling of the German middle classes.

The two most unpopular things in Germany today are the Versailles Treaty and the ensuing series of reparation agreements. It seems most likely that Germany is about to repudiate reparations completely and will also seek a favorable opportunity and moment to repudiate the military clauses and perhaps all of the Versailles Treaty. Under the constitution of Weimar any German election after the dissolution of the Reichstag must be held within two months. I believe the Hitlerites, as well as the present cabinet, distrust the outcome of such elections for they believe that they might still result in some balance of power between the liberal elements and the national socialists and present governing groups, which would necessitate a political compromise government in Germany. I think it is likely that they will attempt to carry on beyond the two month period, without elections, possibly by a *coup d'état*, calculated to lead to the restoration of some member of the Imperial family. Discouragement with the republic is strong in Germany. If a German looks backward the first happy period his memory reaches is in the reign of the last Kaiser.<sup>17</sup>

PIERRE DE L. BOAL

---

862.00/2775 : Telegram

*The Ambassador in Germany (Sackett) to the Secretary of State*

BERLIN, June 4, 1932—10 a. m.

[Received June 4—9:05 a. m.]

124. Had conversation with Bülow last night and communicated to him the substance of your telegram 62, June 1, 7 p. m.,<sup>18</sup> which

---

<sup>17</sup>The following note, written in longhand, is appended to the above memorandum:

"During a call on Mr. Castle this morning the German Ambassador expressed his belief that a restoration of the monarchy in Germany was improbable but indicated that he expected something like a dictatorship. I am inclined to discount this a little as the Ambassador knows that a return of the Hohenzollerns would not be popular in this country and would naturally wish to discourage the rumors which have appeared in our press on the subject. P.L.B."

<sup>18</sup>Not printed.

Prittwitz had not yet reported. Bülow said he appreciated the information and asked particularly if you meant to exclude tariffs to which I replied in the affirmative. The conversation then turned on the new government and the following gives the substance of Bülow's statements.

The definite intention and expectation in the formation of this government was that it would by no means be transitory but would be distinctly long-lived. It was created to form a right bloc extending from the Economic Party on the right of the Center through the Nazis and it was expected that Papen would be able later to build a bridge to Center Party support. Hitler understands and agrees to this. He is averse to taking over power for a considerable time. Based on the close calculations that can be made from the several recent votes he has no hope of obtaining a clear majority in the forthcoming elections (about 45 percent may be considered the maximum of his expectations). Moreover, he recognizes that in his party there is no proper Cabinet material available. Bülow added that while not all Nazi leaders agreed with these views of Hitler, members of the new Cabinet before accepting their offices received ample promises of support to insure against only transitory life. Bülow thought that the present Cabinet would last well beyond the balance of this year though with a Cabinet so hastily formed it may be necessary to make a few substitutions for purposes of efficiency. In this connection it may be noted that Schleicher is reported to have stated yesterday that this Cabinet would have a 4-year life.

Bülow stated that it was desired to have general elections as early as practicable as it was felt that this would be best calculated to obviate any surprising changes in voting results (this morning's press forecasts date as July 24).

In commenting on the members of the Cabinet Bülow stressed Papen's efforts towards cooperation with the French and spoke of him as a strong man but lacking in the experience and judgment of Bruening.

With reference to Lausanne,<sup>19</sup> (see your 61, June 1, 6 p. m.)<sup>20</sup> Bülow said that the permanent delegates would be Neurath and himself; the Chancellor would go for several days and from time to time the Minister of Finance and Economics.

Without saying anything definite Bülow implied that German foreign policy as exemplified at Geneva and prepared for Lausanne will not undergo any material change.

SACKETT

---

<sup>19</sup> For correspondence concerning the Lausanne Conference, see vol. 1, pp. 636 ff.

<sup>20</sup> Not printed.

862.00/2780

*Memorandum by the Secretary of State*

[WASHINGTON,] June 6, 1932.

The German Ambassador came to tell me that he would be in New York seeing his wife and children off on Thursday so he came in now to talk over the situation in the German Government. He said, frankly, that he had no special instructions from his Government, except the general word that the foreign policy would be unchanged. He said he could only speculate as to the reasons which had caused the change in the Government and the downfall of the Bruening Ministry, which came as a complete surprise to him as well, he supposed, as to us. His surmise was that the change was caused entirely by interior politics: possibly the President felt that he had gone as far as he possibly could with emergency decrees; possibly there were some changes which he desired in Bruening's Cabinet which Bruening did not care to yield on. I asked whether it could have been due to the machinations of pressure of military groups. The Ambassador said that he always suspected military groups but that he had no evidence of that here; that Groener had made a speech before the Diet which was said to have been unfortunate and to have made a bad effect, but it was mainly due to his delivery because the Ambassador had read the speech and it seemed all right; that President von Hindenburg may have feared that the Nazis would get so strong, if he delayed longer, as to enable them to make changes outside of the Constitution and that, therefore, he hoped that by this change and the holding of a prompt election he might be able to keep matters within the boundaries of the Constitution.

H[ENRY] L. S[TIMSON]

862.00/2791

*Memorandum by the Under Secretary of State (Castle)*

[WASHINGTON,] June 6, 1932.

The German Ambassador told me what he had already said to the Secretary about the political situation in Germany.

I then asked him what he thought about the constantly repeated stories that the new German Government was a transition to a restoration of some form of a monarchy. He said with great vigor that there was nothing whatever in this story. I told him that a mere denial was not particularly satisfactory and asked him his reasons for thinking this. He said there were several good and sufficient reasons: one was the flat denial which had been instantly made in Germany

officially when these stories began to be circulated; the second was that the Crown Prince is not particularly popular and that there was, in any case, exceedingly strong opposition to the Hohenzollerns as such; in the third place, as soon as this suggestion was made Prince Rupprecht of Bavaria had immediately reminded Germany that he was there and would make a good Emperor. This would immediately lead to disputes among the Monarchists; in the fourth place, the Ambassador said that if the Hitlerites should come out for a return of the monarchy, they would promptly lose two-thirds of their adherents; even without this he said that there was no danger of Hitler making any such move for the reason that the one strong and probably the one really good aspect of the Nazi policy was the unifying completely of the German Reich; the Hitlerites knew that if a Hohenzollern should be made Kaiser all the little princelings in the smaller States of Germany would want to be restored and that this would bring up all over again the various influences throughout the country which lead to lack of unity.

I told the Ambassador that his arguments seemed good and I hoped they were correct, since whether or not a monarchical form of government would be good for Germany, it would obviously create almost endless troubles in the neighboring States; I reminded the Ambassador that a few days ago he had told me that he thought the present Cabinet would be a very temporary affair, to be entirely rebuilt after the election, but that Mr. Sackett had told us that many people in the German Government believed that the Cabinet, with certain exceptions of course, would be likely to remain in power for a long time. The Ambassador said that this was, of course, possible, primarily for the reason that Hitler is not at all anxious to take over all the authority along with the responsibility of the Government and that it may well be that, even if he makes very large gains in the next election, he will prefer to carry on with a Nationalist Cabinet rather than a purely Nazi Cabinet. He thinks that Schleicher is probably the strongest man in the present Cabinet, but points out that Schleicher is a military man and, with the exception of Napoleon, history shows that military men have never been successful as politicians. He says that Neurath, whom he knows intimately, has, of course, always been politically associated with the parties of the Right, but that he himself is a man of courage and liberal ideas who will not buckle down to any narrowly nationalistic party. He said that, if Hitler should secure an absolute majority in the next election, his Party might be forced to take over, but that he would do this the Ambassador very much doubted; he says he thinks that now at last there is a very clear issue before the German people and

that the elections may bring out a far heavier Socialist vote than any one is expecting at the present time.

W. R. CASTLE, JR.

862.00/2793

*The Ambassador in Germany (Sackett) to the Secretary of State*

No. 1777

BERLIN, June 8, 1932.

[Received June 25.]

SIR: I have the honor to report upon the course of events leading to the fall of the Brüning Government, together with my personal interpretations. It may have some historical interest.

Beginning about Wednesday, the 25th of May, rumors began to circulate in Berlin that all was not well in the relationship between the Chancellor and the Reich President, and yet in the most responsible official quarters each and every such report was categorically denied.

The Reich President was then in Neudeck, his estate in East Prussia beyond the Polish Corridor, having gone there for a visit as he often does. He lives there among many old friends of the Junkers, or large land owners of the former aristocracy, with whom during pre-war times and since he has had close and intimate relations.

His association with these old friends did not raise suspicions of any change in attitude toward Brüning, although the latter's reliance on Socialist support for his political power has always been a source of annoyance to the Junkers, because there was nothing abnormal in the President's visit in that section.

It was only after the President's return to Berlin had been announced for Sunday, May 29th, when I heard that Meissner, the official secretary of the President, who lives in a part of the Presidential palace and has constant contact with the old gentleman, was suddenly leaving for Neudeck, that I began to feel that there was something going on in governmental circles that was *sub rosa*.

Meissner is very clever, but I knew that some people—and I fancy I must include Dr. Brüning among them—have not entertained complete confidence in his sincerity. His antecedents are of the Army and the old regime. Colonel von Hindenburg, the President's son, an officer in the Reichswehr, who lives with the President and is assigned as his adjutant, is also accredited in the public mind as exercising great influence with his father and with being decidedly anti-Socialistic. In view of these two powers behind the scene, the sudden trip of Meissner to Neudeck just two days before von Hinden-

burg's announced return, raised some question in my mind as to its purpose.

On Saturday night, May 28th, I attended the annual dinner of the Foreign Press Association, at which Dr. Brüning spoke. In talking with him privately after the dinner, he told me of certain plans he had for attending the Lausanne Conference, and then, certainly as an afterthought and clearly perfunctorily, added "Of course my movements are dependent on my receiving from the President tomorrow on his return public assurance of his complete confidence." I mention this to indicate that as late as Saturday night Brüning had little doubt that the next day his position would be thoroughly assured, and while he intimated that the President must put the Generals in their places, he expected his full cooperation and he had no real suspicion of the extent of the intrigues which surrounded him. On the following Monday, the 30th, he called me to his office at 10.30 in the morning (I being the only foreign diplomat whom he summoned) to tell me that his request had been refused and that nothing remained but his immediate resignation. His surprise and chagrin at the outcome of his conversation with the aged President was quite evident.

Looking back on the events that preceded the fall of the Government, the difficulties in the Army that resulted in the resignation of General Groener as Minister of War, rather plainly point to the existence of a definite plan among the military chiefs to force the overthrow of the Government and bring about a change in German internal politics.

In this connection I enclose an article from the *Manchester Guardian*, of June 7th, covering the situation.<sup>21</sup>

The conclusion formed in my own mind from the foregoing events, which may be of chief interest to the Department, is that the change thus brought about represents a definite challenge on the part of the land owning class and the big industrialists to the power of the German trade unions, which have established and maintained the principle of the fixation of wages by law or government decree, and other elements of paternalism that tend to lessen private ownership's control of their own properties. The Department may recall from previous despatches from this Embassy (see No. 496, September 23, 1930,<sup>22</sup> at the bottom of page three) that as far back as the general elections of September, 1930, which so spectacularly increased the strength of Hitler, it seemed clear that certain big industrialists were giving him financial support. Although this policy might well have

<sup>21</sup> Not reprinted.

<sup>22</sup> *Foreign Relations*, 1930, vol. III, p. 83.



seemed to be playing with fire, far from being dismayed at the rapid growth of the Nazi power, this industrialist support appears to have increased rather than diminished. (See despatch No. 1663, of April 20, 1932.)<sup>23</sup> I am also told that Otto Wolff, one of the principal independent German steel manufacturers, is also a large financial backer of Hitler's party.

The motives inducing this policy would likewise naturally appeal to the land owning class; and I am of the opinion that these large landowners and industrialists, feeling that during the two years' tenure of office of Dr. Brüning their efforts to prevail upon him to curb the power of the trade unions had borne no fruit—and would not as long as he remained in office dependent upon the support of the Socialist Party—determined that the time had come for a show-down.

The method pursued took advantage of the discontent among the officers in the Army over the support given by the Brüning Cabinet to the theses of labor unions and socialist policies, and under the redoubtable leadership of von Schleicher, the political strong man of the officer corps, engineered the *coup d'état* which was responsible for the Government's fall.

Respectfully yours,

FREDERIC M. SACKETT

---

862.00/2810 : Telegram

*The Ambassador in Germany (Sackett) to the Secretary of State*

BERLIN, August 1, 1932—noon.

[Received August 1—10:45 a. m.]

153. Substantially complete election returns up to 10 o'clock this morning give following approximate results in round figures:

36.8 million votes cast by eligible electorate of 44.4 million. Approximate popular votes of leading parties: Nazis 13.7, Social Democrats 7.9 million, Centrist and Bavarian Peoples Party combined 5.8 million, Communists 5.2, Hugenberg Nationalists 2.1.

Translated into Reichstag seats, 607 seats in all, the foregoing figures are equivalent, respectively to 230, 133, 98, 89, 37. The remaining 20 seats are divided among six additional small groups.

The percentage of votes cast just under 83 is about 1 percent greater than in the Reichstag elections of 1930 but some 3 percent less than the first Presidential elections last March. While this shows relatively keen interest in the elections the vote was not as heavy as we have hoped and expected.

---

<sup>23</sup> Not printed.

While 304 votes will be needed for a majority in the new Reichstag the Nazis and Hugenberg Nationalists combined together with all the small parties which might be expected to vote with them do not dispose of more than 283 seats.

As a result of yesterday's elections the new Reichstag will reflect the change that has taken place in German political life through the great growth of the Nazi movement in the last 2 years. The elections did not, however, bring about any very substantial change in the voting strength of the five principal parties as shown in the two Presidential elections and the Prussian Diet elections this spring.

The Nazis with a vote of 13.7 million show a fraction over 37 percent of the total vote as against a popular vote of 13.4 million and a percentage of 36.8 in the second Presidential election of last April.

Thus it cannot be said that this result constitutes a decisive setback for the Nazis but on the other hand it does tend to indicate that the consistent level of strength which they have attained and been able to maintain is about the maximum that they can hope for.

SACKETT

---

862.00/2819

*The Ambassador in Germany (Sackett) to the Secretary of State*

No. 1854

BERLIN, August 2, 1932.

[Received August 12.]

SIR: I have the honor to report that Chancellor von Papen's radio address to the American public on the night of July 29 has evoked little comment from the German press, apparently because of a realization that, inasmuch as it was obviously intended for American consumption, it need not be thoroughly dissected here. However, various news items in the German press purport to record the fact that the speech created great interest in the United States, and whether or not the degree of interest is exaggerated, I imagine that the Department would care to have the Embassy's comment on the speech.

The Chancellor's statements were perhaps calculated to leave the average American listener under the impression that a civil war would probably have broken out in Germany if his Government had not taken over the reins of power, and that the Nazis are a harmless or even rather estimable patriotic organization. These statements, however, require some checking and analysis.

It is true, as has often been pointed out in previous despatches, that Germany has for a long time past been in a situation which could well be termed a state of latent civil war. In spite of the growth of unemployment, however, the Brüning Government had kept this situ-

ation well in hand. It is an indisputable fact, moreover, that the political casualty list began to take on formidable proportions only after the lifting of the ban on open-air demonstrations and party uniforms which constituted one of the first official acts of the new Government. Confirmation of this fact was furnished by the Papen Cabinet itself which, a few weeks later, following the disturbances at Altona (see despatch No. 1841 of July 25, 1932, page 2),<sup>25</sup> reimposed the ban on open-air demonstrations, but not on party uniforms. Though serious political disturbances ceased with the renewed prohibition of open-air demonstrations, the political tension and the potential dangers of civil war remained, owing largely to the Government's refusal to prohibit the wearing of party uniforms. In my opinion therefore, the Chancellor's claim to having banished these dangers is not well founded.

To further their own political ends, leaders of the so-called national parties in Germany have frequently been inclined to play up the Communist menace in order to be able to accuse the more moderate parties of laxity in dealing with this problem. The deep-rooted aversion of the American people to Communism has apparently encouraged Chancellor von Papen again to resort to these tactics, this time for foreign consumption. However, it is erroneous to believe that effective resistance to Communism is offered solely by the Right parties in Germany. The Social-Democrats have thus far been in many respects a most effective bulwark against Communism. It was a Social-Democratic Minister of the Interior, who suppressed the Communist Red Front in Prussia, and it is not without reason that Severing, "watch dog" of the Republic, has the distinction of being the man most hated by the Communists. General Groener, an avowed republican, took severe measures to combat Communist propaganda in the Reichswehr, and one of the last acts of the Brüning Cabinet was a decree suppressing Communist atheist organizations (see despatch No. 1715 of May 10, 1932).<sup>25</sup>

Chancellor von Papen referred to strong fighting units formed by the Communists. While the dangers of such units can not be ignored, one must not overlook the fact, as von Papen had done, that the Nazis maintain still stronger units which, unlike those of the Communists, are not illegal, are permitted to wear uniforms and are for the most part housed in barracks.

According to von Papen, the Nazis are a constructive force striving only for national regeneration, while the aims of the Communists are purely destructive. As a matter of fact the Nazis have sponsored

---

<sup>25</sup> Not printed.

legislation in the various German parliaments that is no less destructive than that of the Communists. The Chancellor overlooked the many socialistic, revolutionary and anarchistic motions which the Nazis, in cooperation with the Communists, have put through the Prussian Diet only a few weeks ago.

It will be recalled that the Nazis sponsored an amnesty bill in Prussia (see section 4 of despatch No. 1783 of June 14, 1932)<sup>26</sup> which practically constituted an inducement for irresponsible elements to attack political opponents. It will also be recalled that, in cooperation with the Communists, they passed a motion to "tax away" all income in excess of 12,000 marks annually (see section 6 of despatch No. 1803 of June 28, 1932).<sup>26</sup> These are only two instances of recent Nazi activity. That "national regeneration" can be achieved through cooperation with the Communists on such demagogic and anarchistic measures is at least open to doubt.

The general tenor of the Chancellor's address reflects the benevolent attitude which the Papen Cabinet has maintained toward the Nazis from the very beginning. In the election last Sunday the Nazis had everything in their favor. Their strategic position was perhaps never more favorable than during the campaign for this election. The Papen Cabinet made numerous and important concessions to them and yet they managed to conduct the campaign as an opposition party, rejecting responsibility for the taxation measures contained in the first Presidential Decree promulgated by the new Government and condemning vociferously various actions of the Minister of the Interior. That, under these conditions, the Nazis in last Sunday's elections were unable to increase their vote to more than a very small extent is a significant and interesting development, which is being reported upon in despatch No. 1855<sup>26</sup> going forward by this same pouch.

In writing the foregoing I distinctly do not wish to be understood as implying that the Communists are a negligible factor in Germany or that they are not an actively subversive element. They have been guilty, in recent days, of repeated and serious infractions of law and order, the fact of an election campaign being under way bringing the number of these offences to far above the ordinary high average of week-end political clashes; in last Sunday's elections they made gains which, though not so large relatively speaking, still can not be overlooked; and it must always be borne in mind that a country with

---

<sup>26</sup> Not printed.

such a large amount of unemployment offers constant opportunity for the spread of Communism.

Nevertheless, as this Embassy has frequently reported heretofore, I am of the opinion that the Government authorities have the situation vis-à-vis the Communists well in hand, and are quite able to cope with any serious trouble which they might try to start.

The point of my comments above set forth consequently is that the Chancellor, in his radio speech, portrayed the Nazis in an unduly favorable light, and absolved them of their fair share of the blame for recent disorders in Germany; his presentation of the case, to my mind, having the aspect of yet another phase of the 13 year-old policy persisted in by the German Government of exaggerating the dangers of Communism in order to secure approval for measures which this Government has taken or desires to take.

Respectfully yours,

FREDERIC M. SACKETT

862.00/2827

*The Ambassador in Germany (Sackett) to the Secretary of State*

No. 1863

BERLIN, August 9, 1932.

[Received August 19.]

SIR: With reference to my despatch No. 1854 of August 2, 1932, particularly to that portion concerning political clashes in Germany and the activities of the Nazis in connection therewith, I have the honor to report that since the Reichstag elections of July 31, members of the National Socialist Party have perpetrated acts of atrocious violence at various places throughout the Reich from East Prussia to Bavaria. These political disorders have been of daily occurrence and are too numerous for accurate compilation, but the semi-official *Wolff's Telegraphisches Bureau* reported, between August 1 and August 8, nineteen instances of terrorism resulting in deaths and serious damage to property.

The worst outbreak occurred at Königsberg, the capital of East Prussia where, early on August 1, a few hours after the results of the elections had been made known and almost immediately following the initiation of the Government's ten days' political truce (from August 1 to August 11—Constitution Day), the Nazis produced a veritable reign of terror. Excited to partisan fury, apparently by their failure to obtain a parliamentary majority in the elections, and incensed by the murder of one of their members on the eve of the elections, persons now known to have been members of the SA and SS (Nazi offensive and defensive organizations) stoned shop-windows, burned gasoline stations after ringing false alarms to divert

the fire brigades from these fires, attempted to destroy democratic or socialist newspaper offices by fire and sought out prominent members of the Socialist and Communist parties who were murdered or assaulted in their dwellings, some whilst they were in bed. In this manner the local Communist leader and Town Councillor was assassinated; the former head of the administrative district, Dr. von Bahrfelt, a member of the People's Party who was known to have incurred the enmity of the Nazis and was in consequence recently relieved of his office by the Chancellor was shot, as was the editor-in-chief of the socialist *Koenigsberger Volkszeitung*, and a leader of the Jewish community at Königsberg was attacked. Shots were fired into the house of a Communist Reichstag deputy, one of them wounding a little girl.

Disorders were reported at other places in East Prussia as well as elsewhere throughout the Reich, and although at first they might have been thought to be sporadic incidents, as fuller details became known, they established the fact that the same methods were being followed everywhere, and made it clear that a premeditated plan of terrorism was being pursued. It should be observed that this premeditated terrorism of last week, with its incendiary bombs and well planned personal attacks on individuals, has little in common with the former seemingly spontaneous street brawls.

While in the majority of instances the perpetrators of these acts of violence have evaded arrest, the fact that the persons involved in the outrages in East Prussia and Schleswig-Holstein were Nazis, and the similarity of the various occurrences—invariably perpetrated against persons of Left political thought or Jews—strongly implicated the Nazis. Also, reports from places where Nazis were arrested or their premises searched after minor disturbances, as well as from those places where serious occurrences have taken place, are to the effect that these persons generally were armed, and stores of arms and ammunitions, including machine guns, have been found. At Hofgeismar, near Cassel, the police discovered a Nazi truck converted into a military armored car.

It is difficult to see how this present course of terrorism can be stemmed save by most energetic measures on the part of the Government which is now virtually obliged to show whether it can maintain order impartially over all political factions or if it again must make concessions to Herr Hitler. Since the appointment of a Reich commissioner for Prussia (see despatch No. 1841 of July 25)<sup>29</sup> a number of police and civil officers are reported to have been relieved simply

---

<sup>29</sup> Not printed.

because they were objectionable to the Nazis. This procedure undoubtedly must tend to undermine the morale and the efficiency of a service. A glaring example of this was witnessed during the troubles at Königsberg, whence a certain Major of Police had recently been transferred following a complaint against him by Hitler. It appears that this police officer had refused to permit SA and SS formations to line the streets and to form cordons on the occasion of Hitler's recent visit to that city. The latter protested by telegram to President von Hindenberg and to the Chancellor, and the officer was transferred.

If in fact the morale of the police should become lowered by such examples to the extent of rendering them inefficient, Hitler would then undoubtedly seek to justify acts of terror of his followers on the ground of self-defence against Left partisans—which argument he already has invoked—and demand the policing of Prussia, if not of the Reich, by his “private army”. In fact the Reich Minister of the Interior has already held a conference with the Minister-Presidents of the Nazi States of Oldenburg and Mecklenburg-Schwerin and the Minister of the Interior of the Nazi State of Braunschweig with the reported object of discussing the possibility of recruiting extra or emergency police from the ranks of Hitler's Brown Army.

Although urged by all elements in the country, except the extreme Right, to take vigorous measures to check the wave of terrorism, the Cabinet has been loath to take concrete steps, and this has increased popular uneasiness and given rise to the easily comprehensible suspicion that the Government would go to great lengths to avoid action which would lead to direct collision with the Nazis. Although high officials, including Dr. Bracht, the Acting Reich Commissioner (see despatch No. 1841 of July 25, page 4) have announced that the Government would repress with impartial severity disturbances of public law and order, from whatever direction they might come, the Government has not yet overtly gone beyond the field of threats. However, the Cabinet is known to be considering measures to combat this outbreak of excesses, which are understood to be similar to those prescribed in the decree of July 20 (see telegram No. 150 of July 21)<sup>31</sup>—and since revoked (see despatch No. 1846 of July 27, page 12)<sup>31</sup>—and to envisage more rigorous penalties for political crimes, together with the creation of special Summary Courts empowered to inflict the death penalty.

AUGUST 11, 1932.

Since the above was written, on the night of August 9, the Government finally issued three decrees to combat political excesses in the

<sup>31</sup> Not printed.

Reich the penal measures of which resemble in substance those of the decree "concerning the re-establishment of public security and order in Berlin and the Province of Brandenburg" promulgated with Chancellor von Papen's appointment as Reich Commissioner for Prussia (see despatch No. 1839 of July 25, 1932).<sup>32</sup>

Of these three decrees two are presidential and one executive, signed by the Chancellor and the Minister of Justice.

The first presidential decree, on the basis of Article 48 of the Constitution, provides death sentence for offences normally punishable by a term in the penitentiary and commitment to a penitentiary for offences normally punishable by imprisonment. The second presidential decree extends until August 31 the political truce which was in effect during the first ten days of this month, thereby prohibiting all political meetings until the end of the month. The executive decree institutes summary civilian courts in the Prussian districts where acts of terrorism have been committed recently.

Translations of these three decrees will be transmitted to the Department in a subsequent despatch.

Respectfully yours,

FREDERIC M. SACKETT

862.00/2821a : Telegram

*The Acting Secretary of State to the Ambassador in Germany  
(Sackett)*

WASHINGTON, August 15, 1932—4 p. m.

95. I hope you will find it possible to send more frequent and complete telegraphic reports on the situation in Germany during these critical days. What we want is not so much factual reporting as an analysis of the political situation and the general trend of its probable development.

CASTLE

862.00/2822 : Telegram

*The Ambassador in Germany (Sackett) to the Secretary of State*

BERLIN, August 17, 1932—11 a. m.

[Received 1 p. m.<sup>33</sup>]

161. Department's 95, August 15, 4 p. m. The political situation has been clarified to the extent of losing its immediate acuteness by the Hitler interviews with the President, Chancellor and Schleicher,

<sup>32</sup> Not printed.

<sup>33</sup> Telegram in three sections.



in the course of which the President refused Hitler's demand to be appointed Chancellor with full power to form a Nazi government. The fortnight until the Reichstag convenes on August 30th will be chiefly occupied by the political tactical maneuvering and bargaining of the usual Cabinet crisis nature to secure if possible some combination of the Reichstag which would enable the present Cabinet to survive.

The leading possible developments would seem to be:

First, a definite working agreement between the Nazis and the Center Party on which a coalition Cabinet headed by Hitler could be based (see despatch No. 1841 of July 25, and 1859 of August 6, 1932).<sup>34</sup> Although Hitler refused to enter a Cabinet under Von Papen it is yet possible (though certainly not probable) that he might agree to head a Cabinet containing Centrist ministers. Such a coalition might even be extended to include Hugenberg Nationalists but as they would not be necessary to the formation of a comfortable majority they would not have much to offer in exchange for their inclusion (see despatch No. 1855 of August 2nd).<sup>35</sup>

Second, short of such a working agreement, these two parties might so vote or abstain from voting in the Reichstag as to give the Papen Cabinet a breathing spell. However, this again cannot be termed a probability, for as the Papen Cabinet must submit its emergency decrees to the Reichstag for approval, it is difficult—to take only two striking instances—to envisage the Center Party sanctioning the appointment of a Reich Commissary for Prussia, or the Nazis confirming the taxation decree to which they professed to take such exception.

Third, the Nazi movement having for the time being at least, pretty clearly reached its peak at the elections of July 31 (see telegram 153 of August 1st and despatch number 1855) and Hitler having suffered some loss of prestige as a result of last week's developments, there is a distinct possibility that the Nazi movement may split into two or more factions; the radical elements of the party may well take the line that they have not been waging as stout a fight as they have merely to see it end in a tame parliamentary opposition, and urge upon Hitler and the more moderate leaders who still wish to remain within the law actions which they have suspended. Thus the demagogue Goebbels and the militants whom he is constantly inciting to violence may get beyond all control and force Hitler to disavow them.

Fourth, when the Reichstag convenes the Government is likely to have a Presidential dissolution decree up its sleeve, and, if it becomes obvious that votes sanctioning the various emergency decrees cannot be obtained or a vote of lack of confidence avoided, this dissolution decree will be read.

The Department will note that all of the foregoing is conjecture and therefore I have hesitated to telegraph it though most of it will be

<sup>34</sup> Neither printed.

<sup>35</sup> Not printed.

found in the Embassy's despatches. It must perforce be such and future developments cannot be reported as probabilities on account of the attitude of the Nazis who are stable only in their complete intransigence. The exaggerated demands made by Hitler on the President and the Chancellor at their meetings last Saturday made it easy for the President to refuse to turn the Government over to him and confirmed the belief that Hitler personally does not yet feel really capable of assuming the responsibilities of governing.

At the present writing I regard the fourth possibility above-mentioned as the most likely. In the latter contingency dissolution would constitutionally have to be followed by another election within 60 days and convocation of the Reichstag within a further 30 days (incidentally the possibility of an election for a Constituent Assembly rather than a Reichstag with a view to changing the Constitution is beginning to be mooted, a step for which there would seem to be no constitutional authority) but in the meantime the Government might by decree raise the voting age—Minister of the Interior Gayl definitely advocated this in his Constitution Day speech last week—in the hope of bringing about sensibly different results from the last election. This in itself would obviously be a questionable and risky procedure but the one thing I do feel certain of in this maze of uncertainties is that the President and his advisers will not hesitate to stretch the Constitution to the uttermost limit.

As the Department is aware the Government of Dr. Bruening was a veiled dictatorship under what seemed about as broad an interpretation as possible of Article 48 of the Constitution, but if there is any way of straining it still further I think there is no doubt but that it will be resorted to.

If this strain should prove too great for a large part of the German people to accept the ultimate question becomes one of the demobilization of the Reichswehr. A year ago I should have unhesitatingly affirmed its loyalty. In the interim, however, there is certainly a possibility that the Reichswehr and particularly those units thereof stationed in parts of the country where the Nazis predominate has been impregnated to a certain extent with Nazi doctrines. Nevertheless, I am inclined to think that the Reichswehr would loyally execute the orders of a government enjoying the confidence of the President. I do not think that Hitler is any more ready for a march on Berlin than he is to take over the parliamentary responsibility of the Government. If as indicated above there should be a split in the Nazi Party I think the Reichswehr could positively be counted on to deal in short order with the radical minority if it tried to make trouble.

In conclusion it is my belief that the Von Papen Government will remain in office for at least 3 months more. If the Nazi Party should carry its violent attitude to its logical conclusion it is difficult to see how serious trouble could be avoided. However, it is my opinion that there will be no such consistency on the part of the Nazis, that they will find it expedient to back down and that disorders on a large scale will not be forthcoming.

I have seen the Paris Embassy's telegram 477, August 13, 12 a. m.<sup>37</sup> to the Department. The information received by the French Government tallies with the state of mind which I found to exist in members of the British and French Embassies here in Berlin on Constitution Day, August 11. While I realized that the situation at that moment was distinctly delicate with various threatening possibilities I did feel that both of these Embassies were in an unduly nervous way and I preferred not to send a telegram of an alarmist character until the situation had a chance to crystallize somewhat further and therefore did not enlarge upon my telegram No. 159, August 10, 5 p. m.<sup>37</sup> In the immediately following days the situation in fact changed to the extent mentioned in the opening sentence of this telegram.

Copy by pouch to Paris.

SACKETT

---

862.00/2829

*The Ambassador in Germany (Sackett) to the Secretary of State*

[Extract]

No. 1874

BERLIN, August 17, 1932.

[Received August 27.]

SIR:

In amplification of my telegram No. 161 of this date analysing the political situation, the following may be noted.

The keynote of the present political situation would seem to be Hitler's dogged intention to rule alone. The expectation frequently voiced here that failure of his policies would result in large and immediate losses of following for Hitler does not take into account the blindness of great sections of his adherents. Hitler, one of the biggest show-men since P. T. Barnum, and his silver-tongued lieutenant, Goebbels, are past adepts at twisting events to suit their fancies and

---

<sup>37</sup> Not printed.

purposes, and indefatigable spellbinders. Readers of the *Voelkischer Beobachter* and *Angriff*, the two chief Nazi press organs, have read, and will continue to read, of nothing but Nazi successes, and this policy could be pursued all the more brazenly if Hitler were in power, and could suppress the opposition journals at will.

Meanwhile, as a result of a far-sighted policy which makes school-children the objects of active and successful Nazi propaganda, time is working in Hitler's favor as successive classes graduate and come of voting age. Immediately after the scholastic Constitution Day celebrations the children were seen issuing from the schools singing the "Horst Wessel Song", the lurid Nazi Marseillaise. Realization of this fact doubtless is one of the main reasons for the present Cabinet's desire to reform the election system.

With Hitler unwilling to enter a Papen Cabinet—or any other than his own—and presumably averse to early new Reichstag elections, especially under a less favorable election system, it is possible that though the Nazis, who have stressed their opposition, will not vote against a motion of lack of confidence in Papen, they may at least, by absenting themselves from the Reichstag on some pretext or other, enable the Centrists to tolerate Papen as a "lesser evil".

While these are what, under present circumstances, may be regarded as normal parliamentary possibilities, the further possibility must be envisaged of a more radical departure from parliamentary practice and the spirit if not the letter of the Constitution, a departure to be sponsored by the President and the Cabinet which enjoys his confidence—with the Reichswehr looming up in the background, as indicated in my telegram under reference.

Respectfully yours,

FREDERIC M. SACKETT

862.00/2847

*The Ambassador in Germany (Sackett) to the Secretary of State*

No. 1929

BERLIN, September 19, 1932.

[Received September 30.]

SIR: In connection with despatch No. 1928 of September 19, 1932,<sup>38</sup> going forward in this pouch, I have the honor to report further on the recent domestic political situation in Germany.

As pointed out in the fortnightly review of the domestic political situation (see section 2 of despatch No. 1912 of September 12, 1932),<sup>38</sup> there was little doubt even before the Reichstag convened last week

<sup>38</sup> Not printed.

that it was doomed to an early death. The general belief at the time was that it would be dissolved after the political debate which usually follows the reading of the Government's program. However, as reported in my telegram No. 177 of September 12, 1932,<sup>40</sup> the Reichstag was dissolved sooner than was generally expected. For a proper estimate of the developments in connection with the dissolution of the Reichstag, it may be appropriate here to review briefly the events which led up to the present unusual situation.

It will be recalled that, despite Nazi assertions to the contrary, Brüning's downfall and the speedy formation of the Papen Cabinet this summer were preceded by a secret arrangement between von Papen and Hitler looking to the latter's participation in the Cabinets of the Reich and Prussia following the Reichstag election of July 31. Dissolution of the Reichstag, the lifting of the ban on Hitler's Brown Army and the ousting of the Prussian Ministers were in substance the price which von Papen agreed to pay for Nazi support. The Reich Government promptly fulfilled its part of the bargain but Hitler, encouraged by his success in the election, and apparently under pressure of subordinate Nazi leaders, failed to carry out his part. Although he was offered the Vice-Chancellorship and the post of Prussian Minister-President he demanded for himself not only the Chancellorship but also the "powers of Mussolini".

Since President von Hindenburg's refusal to turn the Government over to the Nazis the latter have been assailing the Papen Cabinet, which had been so generous in making concessions to them, no less violently than the hated Brüning Cabinet, and even the highly-respected Chief of State has become the target of abusive Nazi attacks. In order to defeat von Papen by parliamentary means the Nazis entered into coalition negotiations with the Center, Brüning's own party. As a result of these negotiations the tension between the Hitlerites and the Reich Cabinet became increasingly acute. This, in short, was the situation when the newly-elected Reichstag met on Monday, September 12.

As a result of the renewed elimination of the Reichstag and the ousting of the Prussian Ministers, Germany is now being governed virtually by a military directorate which derives its strength principally from the fact that it enjoys the support and confidence of the President and controls the Reichswehr and the police of a State comprising two-thirds of the Reich.

In consequence, we have the amazing paradox of the Nazis, heretofore ardent advocates of a dictatorship and sworn enemies of the

---

<sup>40</sup> Not printed.

parliamentary system, now posing as the champions of Parliament. This attitude of the Nazis was strikingly reflected in one of Herr Goering's letters to President von Hindenburg in connection with the dissolution of the Reichstag. In this letter the Nazi President of the Reichstag upheld the constitutional rights of Parliament in a manner that must have caused great astonishment and displeasure in Nazi ranks. He not only ardently defended the "sovereignty of the people" and the principle embodied in the Weimar Constitution, that "the power emanates from the people", but even went so far as to defend the political parties, which Chancellor von Papen is wont to treat with contemptuous disdain, as a necessary medium for the expression of the will of the people.

Goering is one of Hitler's most trusted lieutenants and political advisers. His attitude is therefore highly significant. It doubtless goes to show that so long as the Nazis had hopes of instituting a dictatorial regime of their own they condemned the Weimar Constitution, the parliamentary system of government, and the political parties in particular, as an evil that must be rooted out. With more than one-third of the Reichstag under Nazi control and the presidency of that body in the hands of a Nazi they apparently no longer look upon Parliament as the source of all evil but on the contrary as an important weapon against a government to which they have become hostile.

The Reichstag election in November makes the fifth important election in Germany this year. The absurdity of a new election which holds out little promise of improvement in the political situation is generally recognized. The people are tired of going constantly to the polls and the coffers of the political parties are depleted. This is believed to apply in large degree to the Nazis who have lost the support of some of their most important financial backers.

The reasons for this are not far to seek. The Papen Cabinet which the Nazis regarded as a transition to Hitler's Third Reich has proved stronger than many at first believed. Industrialists who hoped that Hitler's movement would help to break the influence of the trade unions and reduce the onerous burdens of social legislation enacted since the war have reason to be pleased with the present conservative regime in Germany. The energy with which the Cabinet proceeded to carry out its political and particularly its economic program, measures such as the reduction of the benefits of unemployment insurance, remission of taxes on a large scale and subsidies to business and industry as a means of stimulating economy, have served to win for the Government the active support of many who up to now helped to finance Hitler.

The chauvinistic character of the Papen-Schleicher regime, which the Nazis complain has stolen their thunder, may enable the Hugenberg Nationalists, the only party openly supporting the Cabinet to regain some of their following which flocked to Hitler in the past. To compensate possible losses to Hugenberg the Nazis are even now—as pointed out in despatch No. 1912 of September 12, 1932<sup>41</sup>—beginning to stress the socialistic part of their program. For this reason also they can not expect the same measure of financial support from business and industry as in the past.

Finally a third reason for the loss of financial support in business and industrial circles is doubtless the fact that these circles have no desire for frequent and intense elections which, it is widely feared, may retard the salutary effect of the Government's economic reconstruction program.

The principal political parties—Nazis, Center and Social Democrats—will conduct the coming campaign with more or less identical slogans against the "social reactionary course" of the Papen Cabinet. Because of their coalition negotiations during the past weeks, the Nazis and Center will be somewhat handicapped in their campaign activities. The Social-Democrats who conducted the last campaign primarily with arguments and slogans against the Nazis, will now in addition face even more serious Communist opposition, while the parties of the moderate Left and moderate Right, which were practically annihilated in the last general election, can not hope for an effective resuscitation of their respective groups.

The Hugenberg Nationalists might logically be expected to be the chief gainers in the coming election; though in the intervening six weeks some means may be found to enable electors desirous of casting their vote in such manner as to register their unequivocal support of the present Government, to do so without having to accept the unpopular leadership of Hugenberg.

Respectfully yours,

FREDERIC M. SACKETT

---

862.00/2860

*Memorandum by the Under Secretary of State (Castle)*

[WASHINGTON,] October 18, 1932.

The German Ambassador, when he came to see me to report his return to the United States, talked for some time about the political situation. He said that he was inclined to feel that the present government would last for some time. He said that everyone believed

<sup>41</sup> Not printed.

that Hitler had already reached the high point of his career and that, in the coming elections, he would probably lose perhaps 20 seats which would mean the beginning of a probably rapid disintegration of his power; he said that Hitler had hurt his own reputation very seriously by his personal attacks on Hindenburg, who still was a deeply respected President; that he had irritated people by demanding everything in his interview with Hindenburg, when he should have shared in the responsibility of the government; that he had disgusted people with his defense of the murderers at Beuthen.

The Ambassador said that Hindenburg was in excellent health and seemed very active mentally although, of course, he was not as quick mentally as he used to be.

The Ambassador said that the whole atmosphere in Germany had improved even during the time he was there, that probably the result of the Conference in Lausanne had lifted the cloud and that people really felt that better times were coming again; he said that business was slightly improved and that unemployment, in consequence, was becoming slightly less serious.

W. R. CASTLE, JR.

---

862.00/2870

*Memorandum by the Under Secretary of State (Castle)*

[WASHINGTON,] November 10, 1932.

I told the German Ambassador that Mr. Sackett is sailing today for Germany,<sup>42</sup> since he felt there were likely to be rather important political changes shortly and that he ought to be there. The Ambassador said he was very glad he was going directly back, although he did not think there were going to be any violent setbacks. I told him Mr. Sackett felt the same way, but that he felt it would be necessary to let out Von Papen and that he wanted to be on hand whatever happened. The Ambassador said he agreed that Papen would have to leave because there was no possibility of getting him and Hitler together, whereas Hitler might be willing to cooperate with some other Nationalist leader. He said that there should be at the present time a strong Nationalist Government and that such a Government would be much better off with a majority in the Reichstag, a majority very easy to form if the Nazis would cooperate with the Nationalists and the Centralists. I said that I thought it would be hard for Hugenberg to cooperate with anybody and he said this was true, but that a large group of the Nationalist Party was so eager

---

<sup>42</sup> Ambassador Sackett was in the United States on leave from October 4 to November 12.



to cooperate in the Government that he thought it would be possible for the present simply to say that this cooperation must come about and that Hugenberg, therefore, would have to step down and out. Evidently the Ambassador feels that the present Government, or rather a Government exactly similar to the present but without Papen, will carry on with the Reichstag back of it. Mr. Sackett told me yesterday—needless to say I did not repeat his remark to the German Ambassador—that he felt the Government would carry on without the Reichstag and that the number of communists had so greatly increased that it was obviously important at the moment to have a strongly centralized more or less military Government.

W. R. CASTLE, JR.

---

862.00/2874 : Telegram

*The Ambassador in Germany (Sackett) to the Secretary of State*

BERLIN, December 1, 1932—5 p. m.

[Received December 1—2:30 p. m.]

223. It has been evident for some days that the President was determined to appoint a presidential Cabinet headed by a Chancellor possessing to an extreme degree his own personal confidence and that the only two men whom he was willing to consider as having this requisite qualification were Von Schleicher and Von Papen (see last two paragraphs Embassy's telegram 218, November 17, noon).<sup>43</sup>

Although the appointment of Papen would constitute open defiance to a large part of the population and would be a gratuitous looking for trouble the President has been reluctant to discard Papen as a possibility. On the other hand, although the German Republic has, I believe, never been in so bad a muddle politically speaking, there has been considerable hesitation to try at least to bring matters to a head by the appointment of Schleicher as Chancellor. This may be due in part to the fact that in view of the seriousness of the situation the President wishes to explore every possibility of Reichstag toleration for the impending Cabinet but probably more to the fact that Schleicher is extremely reluctant to take over the Chancellorship under such difficult conditions. There has been some realization that Schleicher's appointment would not be too well received abroad.

As a result of many days' barren wrangling it now appears that Schleicher at best could definitely count on the toleration of some 155 Reichstag deputies and Papen far less than that. From practically every other serious point of view, including the important one of the

---

<sup>43</sup> Not printed.

attitude of the Nazis who would certainly combat a Papen Cabinet with far greater vigor, Von Schleicher's appointment would appear to offer a better chance of carrying out the President's policies than that of Papen, so it seems that this solution cannot much longer be deferred.

SACKETT

862.00/2877

*The Ambassador in Germany (Sackett) to the Secretary of State*

[Extract]

No. 2063

BERLIN, December 5, 1932.

[Received December 15.]

SIR: In amplification of my telegram No. 223 of December 1, and in continuation of section 2 of despatch No. 2058 of December 3, 1932,<sup>44</sup> I have the honor to report that after more than two weeks of negotiations with party leaders, which were marked by dramatic incidents and political excitations, President von Hindenburg commissioned General von Schleicher on December 2 to form a cabinet.

The die was cast in favor of General von Schleicher at a meeting of the Papen Cabinet on the morning of December 2, when several members of the cabinet expressed apprehension that von Papen's reappointment would sharpen the political tension. According to a semi-official statement, President von Hindenburg was inclined to reappoint von Papen, but the latter himself urged him to appoint General von Schleicher because he felt that a cabinet headed by the General had better prospects of averting a clash with the Reichstag.

Quite aside from this semi-official statement, it seems clear to me that the President personally would have much preferred to reappoint Papen than to make Schleicher Chancellor, and if he could have possibly seen his way to do so would have named the former. From the President's point of view Papen must appear a far more dependable agent, his whole career having shown a readiness to accept orders from high authority and to do his best to carry them out. Schleicher, on the other hand, though also a soldier, is a man of a different stamp, and it is my impression that even the President and his small circle of personal advisers are both somewhat uncertain and apprehensive as to where the General's restless energies and abilities may lead him.

Respectfully yours,

FREDERIC M. SACKETT

<sup>44</sup>Despatch not printed.

862.00/2879

*The Ambassador in Germany (Sackett) to the Secretary of State*

No. 2071

BERLIN, December 12, 1932.

[Received December 23.]

SIR: I have the honor to report the following brief summary of a conversation which I had last night with Staatssekretär Dr. Meissner, who, as the Department is aware, is one of the very small group possessing President von Hindenberg's complete confidence and therefore one of the most influential men in the Reich—though, when able to do so, he prefers to operate modestly in the background.

Referring to the recent split in the Nazi ranks (foreshadowed in the Embassy's despatch No. 2000 of October 24;<sup>45</sup> see also despatch No. 2070<sup>46</sup> going forward in this pouch) Dr. Meissner confirmed the view that it was of really serious proportions. The fraction of the party behind Deputies Gregor Strasser and Dr. Frick is ready and willing to cooperate with the present von Schleicher Government, while Hitler seems determined to follow the *intransigent* course consistently advocated by Goebbels, which of necessity would appear to mean a further veering toward Communism, even though this might be sought to be disguised by the shibboleth, "National Communism".

In passing it may be mentioned that the now familiar sight throughout Berlin of Nazis in uniform with small tin boxes soliciting contributions to party funds bears striking witness to the fact, already reported (see despatch No. 1929 of September 19, 1932), that some of the Nazis' most substantial backers hitherto—chief among them certain large industrialists—have ceased to be a source of supply for the party coffers.

For his part, Chancellor von Schleicher has always maintained that the Nazi movement contained within it elements of national regeneration which could successfully be exploited by a government—especially one of a non-Marxist complexion.

In this latter connection Dr. Meissner expressed the opinion that the country at large was shaping itself very satisfactorily behind the von Schleicher Government, and even in Reichstag gave indications of proving as malleable as was the case in the recent brief session, which has just terminated with a peaceful and almost uncontested adjournment until January. The Chancellor's present expectation is that the Reichstag will reconvene on or about January 20 for a short

<sup>45</sup> Not printed.<sup>46</sup> *Infra*.

session of some 3 or 4 days, after which it will again acquiesce in adjourning itself until after Easter.

Respectfully yours,

FREDERIC M. SACKETT

862.00/2878

*The Ambassador in Germany (Sackett) to the Secretary of State*

No. 2070

BERLIN, December 14, 1932.

[Received December 23.]

SIR: With reference to section 7 of despatch No. 2000 of October 24, 1932,<sup>47</sup> I have the honor to report that a brief statement to the press by Nazi headquarters last week, to the effect that Gregor Strasser, one of Hitler's right-hand men, had been granted leave of absence for three weeks, had the effect of a political sensation for it showed that the tension between Hitler and Strasser, which the party was trying hard to conceal, had developed into an open conflict.

At about the same time announcement was made that Deputy Feder, one of the economic experts of the Nazi Party, asked Hitler for a leave of absence because he was dissatisfied with certain administrative changes in the party. While Feder's action seems to have been prompted by somewhat different motives, it is nevertheless equally significant of the discord among the Nazi leaders. What is taking place in the Nazi Party now is a palace revolution rather than an open revolt by the rank and file.

It is no mere coincidence that the conflict in the Nazi Party came to a head at about the same time that the party was struggling with the problem of either supporting a motion to adjourn the Reichstag, thus enabling Chancellor von Schleicher to carry on without another dissolution of the Reichstag, or of facing the electorate again in two months.

The recent negotiations between the Nazis and Chancellor von Schleicher showed that there was a strong divergence of views among the Nazi leaders on the question of participation in government. A group headed by Captain Goering, the Nazi President of the Reichstag, and Dr. Goebbels, the Berlin Nazi leader and Strasser's most bitter rival, is opposed to cooperation in government on any basis except with Hitler as Chancellor, while Strasser is the recognized head of a small group of leaders opposed to Hitler's "all or nothing" policy.

Strasser, who no longer believes in the possibility of a purely Nazi dictatorship, has been striving to pave the way to his party's par-

<sup>47</sup> Not printed.

ticipation in government on a coalition basis in the Reich and Prussia, in which event he was slated for the post of Prussian Minister-President. However, under pressure of an influential group in the party, Hitler agreed to drop Strasser's candidacy for this post in favor of Captain Goering, and this seems to be the immediate cause of the conflict.

It was Strasser who conducted the negotiations with Chancellor von Schleicher early this month which resulted in an invitation by the Chancellor to Hitler to come to Berlin for a conference. This conference, it will be recalled, never took place because Strasser's rivals, Goering and Goebbels, succeeded in keeping Hitler away from Berlin (see despatch No. 2063 of December 5, 1932).

It is understood that before going on leave Strasser sent a letter to Hitler complaining that he was not receiving sufficient support in the party. He relinquished the various offices which he held in the party. However, he retained his Reichstag seat and did not resign from the party, and considerable significance is being attached to this fact.

Strasser is a seasoned politician, with recognized talent as an organizer and vote getter. He was one of Hitler's closest and ablest collaborators and held a position analogous to that of National Chairman in control of the party machine. He has been in the party since 1921, taking an active part in the Hitler *Putzsch* in 1923. It was he who held the party together—or what remained of it—after the ill-fated *Putzsch*, while Hitler was serving a term in a fortress.

He belongs to that group of Nazi leaders who realize that if the Nazis should get into power they could not well ignore the wishes and needs of the bulk of their following, namely, the former middle-classes which have now become economically dislocated. He is an anti-capitalist with a socialistic philosophy that is not easily definable. While there was still hope that the Nazis might succeed in setting up The Third Reich, it was understood that Strasser was to become the German Stalin while Hitler was to play a decorative role something like that of Kalinin.

Secessionists from political parties in Germany have usually ended in obscurity without being able to do serious damage to the parent party. This was true of the Stennes revolt in the Nazi Party (see despatch No. 849 of April 8, 1931)<sup>40</sup> as well as of the secession of the Treviranus groups from the Nationalist Party (see despatch No. 5136 of December 9, 1929)<sup>40</sup> and of the various secessions from the Social-Democratic and Communist Parties. In each case the party machine invariably proved strong enough to weather the storm, and

---

\* Not printed.

until the contrary is proven Hitler must be presumed to have his party machine firmly in hand.

Following the Stennes revolt, Hitler himself took command of the storm detachments, appointing Captain Roehm, who achieved a measure of notoriety (see despatch No. 1969 of October 6, 1932),<sup>50</sup> as his chief of staff charged with the actual work. Similarly, Hitler has now taken over Strasser's functions, designating as his deputy Dr. Ley, the militant editor of the Nazi official organ in Cologne who several months ago also achieved some notoriety by beating up the veteran Social-Democratic leader, Wels, and the Police Commissioner of Cologne, for which he was sentenced to a term of three months in prison.

The Nazi press, for obvious reasons, treats the latest developments in the party in a light vein. That Hitler and the other party leaders take the matter seriously may be inferred from the fact that after adjournment of the Reichstag last week the Nazi deputies gave the "Fuehrer" individually and collectively a declaration of loyalty. Similar declarations were transmitted by subordinate leaders from all parts of the Reich.

The Nazi movement, as recent elections have shown, is now on the decline, and Strasser's action has doubtless served to stress this unpleasant fact which Nazi journals and speakers have been trying so hard to explain away. While it would be premature to expect at this time an open split in the Nazi Party as a direct result of Strasser's break with Hitler, the indications are that it may have more serious and far-reaching consequences than similar conflicts which took place during the Nazi boom.

Respectfully yours,

FREDERIC M. SACKETT

---

**POSTPONEMENT OF GERMAN PAYMENTS UNDER THE GERMAN-AMERICAN DEBT AGREEMENT OF JUNE 23, 1930**<sup>51</sup>

462.00R294/819b : Telegram

*The Secretary of State to the Ambassador in Germany (Sackett)*

WASHINGTON, September 10, 1932—2 p. m.

104. Secretary of Treasury Mills requests that you transmit following to the German Government :

<sup>50</sup> Not printed.

<sup>51</sup> Agreement providing for the discharge of Germany's war indebtedness to the United States; for text, see *Annual Report of the Secretary of the Treasury for the fiscal year ended June 30, 1930* (Washington, Government Printing Office, 1931), p. 341, or League of Nations Treaty Series, vol. cvt, p. 121. See also *Foreign Relations*, 1929, vol. II, pp. 1083 ff.; *ibid.*, 1930, vol. III, pp. 106 ff.; and *ibid.*, 1931, vol. II, pp. 280 ff.

“Under date of June 23, 1930, the German Government entered into an agreement with the United States Government under the terms of which it agreed to make certain payments semi-annually on account of the amounts due covering the costs of the Army of Occupation and on account of so-called mixed claims, representing, generally speaking, the adjudicated claims of American citizens arising from war measures on the part of the German Government. Under the terms of this agreement the payments due semi-annually could, on 90 days’ notice, at the option of the German Government be postponed for a period of not exceeding 2½ years. It will be remembered that under the terms of the Settlement of War Claims Act<sup>52</sup> the Government of the United States is returning the property of German nationals held by the Alien Property Custodian, as well as compensating the owners of ships, patents, and radio station[s] that had been seized for the use of the Government itself. The funds appropriated by the United States Government in accordance with the terms of this Act and the funds received from the German Government on account of mixed claims were placed in a common fund for the payment of both German and American claimants.

In June, 1931, in order to save Germany, the President of the United States suggested a suspension of intergovernmental payments on account of reparations, war and relief debts for 1 year.<sup>53</sup> It was understood that this proposal applied to payments on account of army costs during the fiscal year 1931-32, but not to payments on account of mixed claims. In August, 1931, after the period for giving notice of postponement of the September 30th payment on account of mixed claims had expired, the German Ambassador requested the Under Secretary of the Treasury to waive the 90-day notice clause and to permit Germany to postpone the September 30th payment. In view of the representations made by the German Ambassador as to the difficult situation in which Germany found herself, the Secretary of the Treasury agreed on September 9th, 1931, to waive the 90-days’ notice and to permit the postponement of the September 30th payment. The German Government also gave notice of postponement on mixed claims covering the payment due on March 31, 1932. The Under Secretary of the Treasury suggested that Germany should accumulate the funds due the United States Government on September 30th, 1931, and March 31, 1932, so as to be in a position to transfer the postponed payments after the close of the Hoover moratorium year. At the same time, in order to be of further assistance to Germany, the United States Government expedited the payment of \$18,000,000 payable to German nationals due under the terms of the Settlement of War Claims Act.

At that time the German Ambassador assured the Under Secretary of the Treasury that while Germany was compelled temporarily to postpone these payments, it had every intention of loyally fulfilling its obligations to the United States Government and that these payments would be made as soon as possible after the expiration of the Hoover moratorium year.

<sup>52</sup> March 10, 1928; 45 Stat. 254.

<sup>53</sup> For correspondence concerning President Hoover’s moratorium proposal see *Foreign Relations*, 1931, vol. 1, pp. 1 ff.

On May 26, 1932, the German and the United States Governments executed an agreement covering the suspension of payments due on account of army costs during the fiscal year 1931-32, in accordance with the general 1-year suspension program.<sup>54</sup> At that time the representatives of the German Government requested that there be included in the agreement a clause similar to the following statement included in the London Protocol of August 11th, 1931:<sup>55</sup> 'The German Government pointed out that in accepting this proposal they had not intended to express any opinion as to Germany's future capacity of payment, that question not having been in fact within the purview of the committee.'

The Treasury Department declined to entertain any such proposal. The Treasury representatives were then asked if an exchange of letters might not be made with the Treasury setting forth this statement. The German representatives were again advised that the Treasury would not make any such exchange.

The German Ambassador did, however, address a letter to the Secretary of State under date of May 26, 1932,<sup>56</sup> in which he declared that 'the German Government desires to emphasize that in making this agreement as to delayed payment of the costs of the American Army of Occupation it expresses no opinion as to whether Germany can actually fulfill the obligations named therein or similar obligations adjusted elsewhere.'

Under date of June 30th the German Ambassador called upon the Secretary of the Treasury and advised him that his Government desired if possible to make both payments due on September 30, 1932, under the debt funding agreement of June 23, 1930. He stated, however, that inasmuch as the agreement required 90 days' advance notice of intention to postpone and the last day on which his Government could give the required notice was July 2, 1932, he wished to be advised as to whether the Secretary of the Treasury would allow the German Government to give notice just before the payment date if it found that it would be impossible for it to make the payments when due. The Secretary suggested to the Ambassador that in view of the fact that the Secretary had the right under the agreement to waive the 90 days' required notice, the German Government do nothing about exercising the option and that if later an emergency arose whereby payment on September 30 should be rendered impossible, an arrangement would be made to waive the required notice of 90 days under the agreement.

Under date of September 8, 1932, the Under Secretary of State wrote to the Secretary of the Treasury and transmitted two letters of that date<sup>57</sup> addressed to the Secretary of the Treasury by the Chargé d'Affaires of the German Embassy at Washington, informing the United States that Germany will postpone the payments due

---

<sup>54</sup> See vol. I, pp. 614 ff.

<sup>55</sup> Great Britain, Cmd. 3947, Misc. No. 19 (1931): *Report of International Committee of Experts Respecting Suspension of Certain Inter-Governmental Debts*, p. 3.

<sup>56</sup> Vol. I, p. 623.

<sup>57</sup> Not found in Department files.



September 30, 1932, under the provisions of the debt funding agreement of June 23, 1930.

The following statement appears in each of those letters: 'I take the liberty of referring to the statement made on May 26 of this year in a note to the Department of State which also applies to this notification of postponement.'

The Secretary of the Treasury had a conference with the Chargé d'Affaires of the German Embassy and explained to him that the Secretary of the Treasury could not under any circumstances accept the letter of notification as worded, and that in so far as the United States was concerned no waiver of the 90 days' notice would be made as long as any such reservation was contained in the notice of postponement.

The Treasury Department does not recognize that the letter of May 26, 1932, to the Secretary of State has any validity or force in so far as Germany's obligations to the United States Government are concerned. The Secretary of the Treasury, who was charged by Congress with the duty of executing the agreements with Germany, declined to embody in the agreement of May 26, 1932 any such clause as contained in the letter of May 26, 1932, or to receive any letters in connection with the execution of the agreement. The sending of this letter to the Secretary of State, followed by the incorporation of the clause in question in the notice of postponement of the payments due both on account of army costs and mixed claims on September 30th, 1932, raises the question as to Germany's intentions in respect of the performance of the agreement of June 23, 1930. That agreement was made between the United States Government and the German Government alone. It has no relation whatsoever with any other agreements made by Germany with its other creditors. Its fulfillment is in no wise contingent on any action to be taken by Germany, or any other government. It constitutes on the part of Germany an unequivocal promise to pay.

It should be considered in connection with the Settlement of War Claims Act. That Act and the agreement of June 23, 1930, provide on the one hand for the settlement of claims of German citizens against the United States Government and on the other, for the payment of claims of the United States Government and her nationals against Germany. Since the execution of that agreement German nationals have received \$43,000,000 from the United States; whereas the German Government has only paid about \$19,000,000 for account of American nationals. In this connection it should not be forgotten that the United States Government is the only important creditor government that did not confiscate the property of German nationals, but has returned a large portion of the property seized by the Alien Property Custodian, and under a law enacted by the Congress of the United States has authorized the eventual return of the balance. Moreover, the German Government should be reminded that at a time of extreme difficulty, at the very moment when the German Government was giving notice that it would postpone its payment, the United States Government saw to it that \$18,000,000 was expeditiously paid in satisfaction of the claims of German nationals.

Under all of these circumstances the United States Government

can not entertain any suggestion that the obligations of the German Government under the terms of the agreement of June 23, 1930, will not be carried out.

It is true that representatives of the German Government have given verbal assurance that the German Government intends to meet these obligations in full. But in view of the letter to the State Department of May 26, 1932, and the reference to that letter contained in the notice of postponement submitted on September 8, 1932, subsequently withdrawn, the Government of the United States feels that it should have an unequivocal statement from the German Government as to its intentions."

STIMSON

---

462.00R294/820 : Telegram

*The Ambassador in Germany (Sackett) to the Secretary of State*

BERLIN, September 13, 1932—noon.

[Received September 13—10:38 a. m.]

178. The text of your 104, September 10, 2 p. m., was transmitted by me in a first person note.

Before the note was ready for delivery I was telephoned to by Ritter, head of the Economic Section of the Foreign Office, who asked if he could speak to me on a matter of some urgency. When I called upon him he immediately broached the subject and said in effect that as the German Government in its present request for postponement had withdrawn the reference to the German Embassy's letter to the Department of State of May 26 he did not understand why the Treasury was not prepared to waive the 90 days' notice.

I then delivered the note to him and upon a first perusal of it he stated that as far as he knew the German Embassy in Washington had not presented the facts to the Foreign Office as they are set forth in paragraph 3 of the Department's telegram, i.e., he believed the Foreign Office had not been advised that the Treasury representatives had informed the German representatives that an exchange of letters might not be made setting forth the statement there referred to.

He undertook to give the note most careful study and to confer with me again in a day or two.

SACKETT

---

462.00R294/823 : Telegram

*The Ambassador in Germany (Sackett) to the Secretary of State*

BERLIN, September 16, 1932—5 p. m.

[Received 11:15 p. m.]

183. 1. Ritter last night sent me a draft of a note unsigned which he asked me to examine and which he said he would explain at a conference this noon.

Section 2. The draft sets forth the German Government's understanding of the facts in the case which as indicated in my telegram 178, September 13, noon, is not entirely in accord with the statement of facts set out in the Department's telegram under reference.

Section 3. The draft recites the German Embassy's negotiations with Mr. Castle beginning on March 31, 1932 and ending with its letter of May 26th receipt of which was acknowledged by Mr. Castle on June 4. The draft further states that the German Embassy at that time reported that the Secretary of the Treasury "did not reject the German reservation, but only requested that it be presented not in the agreement itself but in a separate accompanying communication".

Section 4. The draft then asserts that the German Government had no indication that its reservation of May 26th had not been accepted by the United States and as soon as it recently learned, in connection with the declaration of the postponement of the payment due September 30, that the reservation was unacceptable to the Secretary of the Treasury it immediately instructed the German Chargé d'Affaires to drop the reservation.

Section 5. The draft continues "since the proposed reservation was immediately dropped the German Government is of the opinion that for the mutual consideration of the present situation both the withdrawn present reservation as well as the reservation of May 26 must be completely disregarded".

Section 6. The draft then refers to a conversation between the German Ambassador and the Secretary of the Treasury on June 29 concerning an eventual waiver of the 90-day notice, and characterizes this as "a binding declaration by the Secretary of the Treasury", in consequence of which the German Government believes itself entitled to declare postponement "at any time before September 30, 1932, in its discretion, without any condition or supplementary declaration".

Section 7. The draft then concludes as follows: "The German Government also desires on this occasion to state that both parties must be fully aware of the fact that the German-American Debt Agreement of June 23, 1930, as well as the further agreement of May 26, 1932 is a bilateral agreement. The German Government has, therefore, as it has already declared in the past not the intention unilaterally to alter anything in this legal situation".

Section 8. The conference with Ritter developed the following points:

With regard to the actual facts in the case he states that the German Embassy informed him that the Treasury would not consider reservation being inserted in the agreement of May 26. He had

not been informed that Treasury representatives had advised German representatives that an exchange of letters embodying such reservations would be unacceptable; however, Ritter said that even had this been the case such an exchange of letters would have been but another form of bilateral action and he still did not see that the Treasury had done more than to refuse to consider bilateral action with respect to this reservation. Ritter added that Prittwitz had reported that in his preliminary conversation with Castle it was envisaged that Prittwitz should embody the reservation in a letter to the State Department which would merely acknowledge it, and this was subsequently done by Castle's letter of June 4. Ritter contends that the German Government was therefore entitled to believe, in the absence of an express statement to the contrary, that while the Treasury objected to bilateral action with respect to the reservation it did not entertain a similar objection to a unilateral expression of this reservation.

Section 9. With regard to the sentence in the German draft quoted in the 5th section of this telegram *supra*, I asked Ritter if this sentence should not be interpreted to mean that the reservation of May 26 was also to be withdrawn.

Ritter replied emphatically in the negative and said that "disregarded" was by no means equivalent to "withdrawn". In view of the then impending Conference at Lausanne,<sup>58</sup> Germany last May had been forced to make this reservation on account of the position she had to take at Lausanne vis-à-vis her reparation creditors; and even if Lausanne could now be considered as a consolidated success if Germany were to change her position by withdrawing the reservation then made any of her other creditors could rightfully impugn her good faith. However, short of using the expression "withdrawn" he was willing to consider suggestions for amplifying the passage quoted so as to make it absolutely clear that the reservation of May 26 only applied to the specific agreement of that date and was not to have or be deemed to have any force, effect or bearing on the present postponement declaration.

Section 10. To save time I am forwarding text and translation of the draft by mail of the *Europa* sailing tomorrow. If you desire me to telegraph text of the draft which is approximately 325 code words, please instruct.

SACKETT

---

<sup>58</sup> For correspondence concerning this Conference, see vol. I, pp. 636 ff.

462.00R294/823 : Telegram

*The Secretary of State to the Ambassador in Germany (Sackett)*

WASHINGTON, September 21, 1932—6 p. m.

114. Your 183, September 16 and 186.<sup>59</sup> Secretary of the Treasury Mills asks that you communicate the following to the German Government.

“If a note in the form submitted by Ritter, which we understand as furnishing the assurances requested as to the intention of the German Government is sent by the German Government, and if before September 30, 1932, the German Government gives a notice of postponement without any conditions or supplementary declaration, the Treasury will waive the 90-days’ notice upon the express understanding that the note to the Secretary of State of May 26th was and has always been understood to be merely a unilateral declaration by the German Government and in no sense a bilateral agreement.”

STIMSON

462.00R294/830

*The German Chargé (Leitner) to the Secretary of State*

[Translation]

St. D.A. 13

WASHINGTON, September 27, 1932.

MR. SECRETARY OF STATE: On behalf of the German Government, I have the honor to make the following statements to Your Excellency, referring to the communication of September 12, 1932 (No. 907) addressed by the American Ambassador in Berlin to the German Foreign Minister,<sup>60</sup> on the postponement of Germany’s payment obligations to the United States which come due on September 30, 1932, in accordance with the German-American Debt Agreement of June 23, 1930:

1. In the first place, the German Government would like to complete the statements made in the communication of the American Ambassador of September 12, 1932, concerning the transmission of the German reservation of May 26, 1932.

On March 31, 1932, the German Ambassador in Washington informed the Under Secretary in the United States Department of State of the readiness of the German Government to conclude the agreement proposed by the Government of the United States and stated at the same time that the German Government in so doing would make the same reservation as was made with respect to the

<sup>59</sup> No. 186 not printed.

<sup>60</sup> See telegram No. 104, September 10, 2 p. m., to the Ambassador in Germany, p. 323.

London Experts' Report of August 11, 1931.<sup>61</sup> Mr. Castle declared himself ready to inform the Secretary of the Treasury of the United States thereof at once, and actually Mr. Mills did call attention to the fact that such a reservation could not be inserted in the text of the agreement. According to the report of the German Embassy at that time Mr. Mills did not, however, reject the German reservation outright, but only as a portion of the agreement itself, and proposed that it should be presented in a separate accompanying note. In accordance with this, the German Ambassador addressed to Your Excellency on May 26, 1932, the note a copy of which is attached as Enclosure 1.<sup>62</sup> When this note was transmitted, Mr. Castle contemplated the written acknowledgment of the receipt of this note. This formal acknowledgment was actually made by note of June 4, 1932, a copy of which is attached as Enclosure 2.<sup>63</sup>

2. Since the receipt of this note of acknowledgment of June 4, 1932, the German Government did not receive, until the transmission of the communication from the American Ambassador of September 12, 1932 (No. 907), any indication that the German reservation of May 26, 1932 had not been accepted by the United States Government or had encountered objections. On the contrary, the German Government was bound to be of the opinion, after the receipt of German Embassy's note of May 26, 1932 had been formally acknowledged, that complete agreement existed between the two Governments concerning the reservation then made. The German Government therefore acted completely in good faith when it made the same reservation in declaring the postponement of the payments due on September 30, 1932, on the basis of the German-American Debt Agreement of June 23, 1930, as on May 26, 1932. It had no reason to assume that the reservation would this time meet with difficulties.

When it was informed that the reservation was at this time undesirable to the Secretary of the Treasury, Mr. Mills, it authorized me without delay to drop the reservation. The German Government believes it hereby sufficiently showed that nothing is further from its intentions than to cause the Government of the United States any difficulties whatsoever because of the German declaration of postponement.

Since the proposed reservation was immediately dropped, the German Government is of the opinion that for the mutual consideration of the present situation both the withdrawn present reser-

<sup>61</sup> For text of Report, see Great Britain, Cmd. 3947, Misc. No. 19 (1931).

<sup>62</sup> Vol. I, p. 623.

<sup>63</sup> Not printed.

vation as well as the reservation of May 26, 1932, must be completely disregarded.

3) In Section 5 of the German-American Debt Agreement of June 23, 1930, the following is agreed upon:

"Germany, at its option, upon not less than ninety days' advance notice in writing to the U. S., may postpone any payment on account at [of] principal falling due as hereinabove provided, to any subsequent Sept. 30 and [or] March 31 not more than two and one-half years distant from its due date."<sup>64</sup>

As regards the 90 days delay, the Secretary of the Treasury declared in a conversation with the German Ambassador in Washington on June 29, 1932 that he had thoroughly investigated the question from a legal point of view and that he would also accept the German declaration of postponement later without regard to the fact that the delay of 90 days which had been provided for had not been observed. After this binding declaration by the Secretary of the Treasury the German Government is also of the legal opinion that it can make the declaration of postponement provided for in Section 5 of the German-American Debt Agreement of June 23, 1930 at any time before September 30, 1932 at its discretion, without any condition or supplementary declaration. The German Government has therefore again instructed me to formally declare the postponement in accordance with Section 5 of the German-American Debt Agreement.

The German Government also desires on this occasion to state that both parties must be fully aware of the fact that the German-American Debt Agreement of June 23, 1930, as well as the later agreement of May 26, 1932, is a bilateral agreement. Agreement exists and has always existed, that the note of May 26, 1932, addressed to Your Excellency by the German Ambassador, is a unilateral declaration of the German Government and in no wise represents a bilateral agreement. The German Government has, therefore, as it has already declared in the past, not the intention unilaterally to alter anything in this legal situation.

Accept [etc.]

LEITNER

462.00R294/828

*The German Chargé (Leitner) to the Secretary of State*

[Translation]

St. D. A. 14

WASHINGTON, September 27, 1932.

MR. SECRETARY OF STATE: I have the honor to transmit herewith to Your Excellency two letters of this date,<sup>65</sup> addressed to the Secretary

<sup>64</sup> *Annual Report of the Secretary of the Treasury for the fiscal year ended June 30, 1930* (Washington, Government Printing Office, 1931), p. 343.

<sup>65</sup> Neither printed.

of the Treasury of the United States with the request to forward them to the Secretary of the Treasury.

In these letters, I have, by direction of my Government, explained to the Treasury Department of the United States in accordance with Sections 5 and 8 of the German-American Debt Agreement of June 23, 1930 that Germany will postpone the payments due on September 30, 1932 under Sections 1*a* and 1*b* of the aforesaid Agreement for the claims allowed by the German-American Mixed Commission and for the amounts owing for payment of arrears in costs of the American Army of Occupation.

With the renewed assurance [etc.]

LEITNER

462.00R294/829a

*The Secretary of State to the German Chargé (Leitner)*

WASHINGTON, September 30, 1932.

SIR: Having duly transmitted to the Secretary of the Treasury the two letters enclosed with your note No. St. D.A. 14, of September 27, 1932, the receipt of which is hereby acknowledged, I have been requested by the Secretary of the Treasury to advise you that the United States takes due notice of the action of your Government, and acting under paragraph numbered 8 of the German-American debt funding agreement of June 23, 1930, the United States consents to waive the requirements as to the time for the notice specified under the option provided for in paragraph numbered 5 in such agreement.

Accept [etc.]

For the Secretary of State:

HARVEY H. BUNDY

462.00R294/830

*The Secretary of State to the German Ambassador (Von Prittwitz)*

WASHINGTON, October 21, 1932.

EXCELLENCY: I have the honor to refer to the Embassy's note No. St. D.A. 13, dated September 27, 1932, acknowledgment of which has been delayed in view of the absence of certain officials from Washington. While the recital in the note under acknowledgment reveals discrepancies from the contemporaneous record of this Government, I note with satisfaction the assurance of the German Government that agreement exists and has always existed that the note of May 26, 1932, is a unilateral declaration of the German Government and in no wise represents a bilateral agreement, and that the



German Government has not the intention unilaterally to alter anything in the legal situation under discussion.

Accept [etc.]

For the Secretary of State:  
HARVEY H. BUNDY

---

462.11W892/2144

*Memorandum by the Under Secretary of State (Castle)*

[WASHINGTON,] November 28, 1932.

The German Ambassador came in with a long telegram from his Government in answer to a telegram he had sent describing a recent talk with Mr. Mills, in which Mr. Mills told him that the President would include in his message to Congress a recommendation as to a change in priority of payments of the claims. The German Government is very much exercised over this because of the relations of the special German Claims settlement with the War Claims Act. The Security accepted by the United States in this agreement was the full faith and credit of Germany. If now the President, in his message, should suggest a change in priority, the German Government feels that this would be a very dangerous thing for German credit in general, since it would be an intimation that Germany never will be able to pay. The Ambassador says that the only reason the Germans cannot pay now promptly is the lack of foreign exchange; he feels, furthermore, that if the German Government, at the expense of other services, should find this foreign exchange to make the full payment to the United States Government private creditors would immediately ask why, if Germany could afford to make this substantial payment, it could not afford, also, to make some of the private payments. The German Government feels that, of course, every effort must be made to pay the American claimants as quickly as possible, just as an effort should be made, under the equal treatment provision, to pay the German claimants; the German Government would, therefore, be willing to have the American claimants paid in dollars from the special account in the Treasury and not ask that the dollars in the special account be transferred to Germany, but that instead the money should be established to the credit of the German Government here, the German Government to pay the various claimants in marks.

The Ambassador tells me that an agreement has been drawn up between the American and German claimants, suggesting some such solution as this. He says that a large part of the money to be paid, especially if the Sabotage Claim is decided in Germany's favor, will go to the shipping companies, that the shipping companies which

would like foreign exchange, have, nevertheless, stated to the German Government that they are willing to take payments in marks. The Ambassador feels, as his Government evidently feels, that to put a statement in the Presidential Message would create intensely bad feeling in Germany against this country, in addition to making the whole situation more difficult. He thinks that, on the other hand, with the agreement which has been worked out between the German and American claimants, the time has come whereby the whole claims matter could be pretty well settled, it being understood that Germany would make payments as exchange becomes available. The German Government, therefore, feels very keenly that, instead of actually stating that priority should be changed, thus injuring the credit of the German Government through announcing that we did not believe payments would ever be made, it would be better to say that discussions have been inaugurated to enable the Treasury and the German Government to come to a conclusion which would be strictly fair to the American claimants. The Ambassador points out that if it should finally be decided that a change in priority was necessary, this could be worked out through a bill in Congress which could be suggested by the Treasury, that it would thus not be a public statement which would cause extreme irritation in Germany and be taken as a political act of the American Government. He said that he was instructed to discuss this matter with the Secretary as promptly as possible and also to see Mr. Mills. He asks that he be given an appointment to see the Secretary tomorrow.

W. R. CASTLE, JR.

---

462.11W892/2140

*Memorandum by the Secretary of State*

[WASHINGTON,] November 29, 1932.

The German Ambassador came in to see me in respect to the possibility of the President in his message asking for a change in the priorities under the Settlement of War Claims Act. In anticipation of his coming, I had read over the *aide-mémoire* of the Under Secretary of November 28th and the memorandum<sup>66</sup> made for me by the Economic Adviser on November 29th. I had also talked with the Secretary of the Treasury and had coordinated the views of the two Departments in regard to this matter. Accordingly, when the Ambassador came in and asked me what we were going to do about it, I told him I supposed that he had come to see me mainly as a matter

---

<sup>66</sup> Not printed.

of formality because the transaction in question was under the immediate control of the Treasury. He said yes, that he was going to see the Secretary of the Treasury this afternoon. I told him I had looked into the matter and I agreed with the Secretary of the Treasury that we could not wait indefinitely while American claimants were dropping behind in the payments made to them. I recalled to the Ambassador the fact that last September his government had been asked by us to make a firm statement of its intentions to bring its payments up again, and I told him that while we had no desire to muddy the waters at this dangerous period in international relations, I felt that we ought to have some assurance that they would pay their share very soon if we did not press this new legislation. I said that in any event I felt the legislation would have to be held in readiness so that we could move for it in case the payments were not made. He agreed that that was a perfectly reasonable position. He said the German Government had had great difficulty in meeting its payments owing to the difficulty in obtaining exchange and therefore had acted under the contracts to postpone its payments, but that it had every intention of not defaulting and of going ahead with the payments. Furthermore, he advanced as another reason for withholding a change in our legislation here, the fact that both the German and American claimants were negotiating an agreement which if effected would produce a very much more prompt payment to everybody than would otherwise have come under the settlement and that it would be well to wait and see whether that agreement could not be made and carried out. I told him that I thought he would find the Secretary of the Treasury in a reasonable frame of mind as to this position but that he would feel as I felt that there was a limit to the delay that we could allow in making the payments to the American awardees. I said that we must protect them. He agreed that that was undoubtedly so.

H[ENRY] L. S[TIMSON]

---

462.11W892/2148

*The Secretary of State to the Ambassador in Germany (Sackett)*

No. 790

WASHINGTON, December 10, 1932.

SIR: There is enclosed, for your confidential information, a copy of a memorandum of a conversation which the Under Secretary had on November 28th with the German Ambassador,<sup>66a</sup> concerning a report that the President would include, in his message to Congress, a recommendation as to a change in priority of payments of claims.

---

<sup>66a</sup> *Ante*, p. 334.

For your further information, subsequent to this conversation the German Ambassador discussed with the Secretary of State and the Secretary of the Treasury the difficulties inherent in the situation. As a result of the Ambassador's statement, Secretary Mills agreed to withhold temporarily from his annual report his proposed recommendation that legislation be enacted to revise the settlement of War Claims Act of 1928 in such a way as to set back the German priorities to a point where they will receive no more payments until and unless the German Government shall have resumed payment of the semi-annual annuities into the special Treasury fund. His agreement to withhold such recommendation was predicated on the condition that the German Government make an unequivocal statement of its intention of ultimately paying the proposed annuities. In the event that the German Government refused to make this statement, the Secretary of the Treasury stated that he would revive his suggestion for revised legislation.

A plan is being considered to handle the settlement of the mixed claims by having the American claimants paid off in dollars out of the Treasury fund and by having the German Government pay off the claims of its nationals in reichsmarks. Progress already made in the development of this scheme would indicate that it stands a reasonable chance of being carried through.

Very truly yours,

For the Secretary of State:  
HARVEY H. BUNDY

---

462.11W892/2157

*The German Ambassador (Von Prittwitz) to the Secretary of State*

[Translation]

WASHINGTON, December 30, 1932.

MR. SECRETARY OF STATE: I have the honor to transmit to Your Excellency herewith two communications<sup>67</sup> of this date addressed to the Secretary of the Treasury of the United States, with the request that you will be good enough to forward them to the Secretary of the Treasury.

In these communications I have declared to the Treasury Department of the United States, acting under instructions from my Government, in accordance with Sections 5 and 8 of the German-American Debt Funding Agreement of June 23, 1930, that Germany will postpone the payments falling due on March 31, 1933 under Sections 1a and 1b of the said agreement, for the claims allowed by the

---

<sup>67</sup> Not printed.

German-American Mixed Commission and for the amounts due for compensation for the costs, in arrears, of the American Army of Occupation.

With the renewed assurance [etc.]

F. VON PRITZWITZ

**WITHHOLDING OF ACQUIESCENCE IN GERMAN TARIFF ARRANGEMENTS WITH RUMANIA AND HUNGARY IN CONFLICT WITH THE GERMAN-AMERICAN COMMERCIAL TREATY OF DECEMBER 8, 1923<sup>68</sup>**

662.7131/57: Telegram

*The Ambassador in Germany (Sackett) to the Secretary of State*

BERLIN, March 8, 1932—11 a. m.  
[Received March 8—9:20 a. m.]

51. In private conversation the competent official of the Foreign Office states that although German Government was informed by France of present Franco-British-Italian conversations at Geneva for five-power Danube agreement<sup>69</sup> on the basis of preferential duties, Germany has not been invited to participate. Nevertheless Ministerial Director Posse was leaving for Geneva in the hope of being permitted to expound German point of view which insisted upon German inclusion.

Your telegram No. 197, November 16, 1931.<sup>70</sup> Same informant stated that in the meantime negotiations were being rushed in the hope of putting German preferential customs agreement promptly into force with Rumania, Hungary and Austria. Russia was about to waive objections and difficulties with Argentina and India had practically been smoothed out.

Informant added that Foreign Office accepted the American attitude as acquiesce [*acquiescence?*]. When member of Embassy questioned this the Foreign Office official with air of having committed an indiscretion urgently requested if this were not the case that the Embassy refrain from taking up matter with the Department.

My understanding is that German Government considers that having notified American Government of intention and no objection having been interposed, American attitude is juridically equivalent to consent.

SACKETT

<sup>68</sup> For correspondence preliminary to the signing of the treaty of December 8, 1923, and text of treaty, see *Foreign Relations*, 1923, vol. II, pp. 22 ff.

<sup>69</sup> See vol. I, pp. 846 ff.

<sup>70</sup> Not printed.

662.7131/57 : Telegram

*The Acting Secretary of State to the Ambassador in Germany  
(Sackett)*

WASHINGTON, March 18, 1932—4 p. m.

26. Your 51, March 8, 11 a. m. Your telegram indicates that there is misapprehension on the part of the German Foreign Office concerning the American attitude in respect of the proposed arrangements whereby Germany would grant preference to cereals from Rumania and Hungary. On October 10 last, the German Ambassador called at the Department and left copies of the Treaties between Germany and Rumania and Germany and Hungary<sup>71</sup>—both signed last summer, wherein the German Government obligated itself to admit preferentially vaguely specified quantities of cereals from each of those two countries for a period of 2 years, provided that Germany could get the countries with which she has most-favored-nation treaties to agree to such a procedure. The German Ambassador left no written communication but stated that if we wanted to protest on account of the principle involved he hoped we would do so before November 1, and that if we did not wish formally to protest we would not be expected to give our approval to the treaties but merely not say anything.

A few days before November 1 the German Embassy was informed orally by the Under Secretary of State that this matter presented certain difficult questions of law and policy and that the Department would not be in a position to give him a definite reply by November 1. The Under Secretary informed the German Embassy that we would not consider ourselves bound by the date, November 1, but that we would give him a reply as soon as practicable. While the whole matter was still under consideration and before we reached a final decision we learned that several countries, including Argentina, one of the largest grain exporting countries, had interposed objection to the proposed preferences, and we took it for granted that the whole scheme had therefore fallen through. In these circumstances, no decision by this Government in this matter seemed to be necessary. It should, therefore, be clearly understood that the silence of this Government on the question does not in any sense indicate acquiescence in the proposed arrangements.

I propose to ask the German Ambassador to call at the Department

---

<sup>71</sup> For the German-Rumanian treaty, see the Supplemental Protocol of December 19, 1931, to the German-Rumanian Commercial Agreement of June 18, 1930, (which incorporated the major principles of the German-Rumanian treaty of June 27, 1931, which was never put into force), *Reichsgesetzblatt*, vol. II, December 31, 1931, pp. 693 ff. For the German-Hungarian treaty, signed July 18, 1931, see League of Nations Treaty Series, vol. CI, p. 111.

and to inform him in the sense of the foregoing. In order that there may be no possible misunderstanding on this point, I believe that it might be a good idea for you to call at the Foreign Office and explain to them in a casual way the exact position of the American Government in this matter; this, however, I leave to your discretion. No mention will be made to the German Ambassador of the conversation reported in your 51. In discussing this matter with the German Ambassador I shall refer to a dispatch from Berlin in yesterday's *New York Times* to the effect that "Russia, India and Argentina had withdrawn their protests against the preferential tariff agreements Germany has concluded with Hungary and Rumania"; you may wish to refer to this news article in your conversations at the Foreign Office. For your own information only, in accordance with an informal understanding with certain Chiefs of Mission in Washington we shall communicate the substance of the present telegram to the diplomatic representatives here of Argentina, Sweden and Denmark.

CARR

---

662.7131/62

*Memorandum by the Assistant Secretary of State (Rogers)*

[WASHINGTON,] March 21, 1932.

During a conversation with Dr. Leitner of the German Embassy on other matters this morning, I said I wanted to see the Ambassador on the matter of the preference treaties if he could conveniently stop in. The Ambassador has been ill, is very weak, and was just leaving for the West, so Dr. Leitner called in his behalf.

I recited the substance of the first two paragraphs of our number 26, March 18, to Berlin, stating that we had never given any expression in regard to the German preference treaties with Rumania and Hungary; that we felt that our affirmative consent was required before these preference arrangements should be put into effect as distinguished from mere acquiescence or silence; that as the treaties had not been put into effect at the time originally contemplated, we assumed they had been dropped because of objections from others or changes in the German policy; that we had just heard that they were now proposed to be put into effect; that they must not interpret our silence as being approval. I said we were clear that while there might have to be some reconstruction of the tariff difficulties in Eastern Europe, we felt that the principle of our treaties with Germany should be maintained; that we had there an agricultural market which was of importance; that the basic principle of our most-favored-nation treaty policy ought not to be abandoned in

the case of the stronger nations of Europe and that we were not inclined to see it abandoned.

I said the purpose of my informal communication today was not to file a protest, but rather to inform the Embassy here that we had already said to the American Embassy in Berlin that they should not let our failure to file a formal protest be interpreted as approval or acquiescence.

Dr. Leitner expressed great surprise and some polite indignation. He said that he did not know whether the treaties were about to be put into effect or not, but he had been advised by his Government that Argentina, Russia, India, and Turkey had objected and that all these objections had been adjusted. He did not know how they had been adjusted when I asked him, but said he understood that Argentina, having failed to object to French preferences, felt herself in no position to object to the German preferences. I said we would take the same position with French preferences that we took with German ones.

I asked Dr. Leitner whether the preferences given to Hungary and Austria had been granted to India and the others, and he said he did not know what adjustment had been made with them. He said Russia had withdrawn her disapproval and given an affirmative consent, but beyond knowing that the Argentine relation had something to do with the Argentine-French situation he knew nothing of the adjustments. He said that in view of our long delay and failure to express ourselves that Germany had assumed we would not protest and he wanted to know if this was a protest. I said we thought an affirmative assent was required; that I was not for the moment protesting, but that I was warning him that we did not expect to vary our policy with Germany and that until we consented we thought the preference treaties were improper in view of our mutual obligations.

Dr. Leitner pleaded briefly that the treaties were intended to be relief for the Eastern European states; that relief was necessary and that we ought not to stand in the way. I said we appreciated that some relief was necessary for Northeastern [*sic*] Europe, but that this did not seem to be any comprehensive or substantial solution of the problem in any case. He said then, all we can say is that we ask you to withdraw your protest and consent to the treaties. I said this is the first time you have asked us anything as distinguished from simply conveying information. Do you want now to ask for consent? He said no; he would withdraw that statement and ask his Ambassador what steps should be taken. He said he would notify his Government at once. He asked if this meant closing off discussion of



the question. I said no; that we would be very glad to discuss it with him at any time but it was intended to convey a general attitude and policy not because we had been asked to express one, but because we felt that in spite of our silence they were planning to act. He asked what had occasioned this notification and I said it was the fact that for the first time we learned that Germany was planning to put the preference treaties into effect, contrary to our previous understanding of the course of events.

Dr. Leitner mentioned pending purchases of wheat by the German Government and said this indicated an intention to maintain Germany as a market for our agricultural products. He hinted without saying that this policy might affect their plans to purchase wheat.

J[AMES] G[RAFTON] R[OGERS]

640.0031 Danube/91

*The Minister in Rumania (Wilson) to the Secretary of State*

[Extract]

No. 858

BUCHAREST, March 27, 1932.

[Received April 12.]

SIR:

In view of the uncertainty prevailing concerning the whole question of Rumania's attitude toward the Tardieu Plan<sup>72</sup> and the application of the preferential clauses in the German-Rumanian Commercial Convention of June 27, 1931, I called on the Rumanian Minister for Foreign Affairs on March 23rd to endeavor to learn what the real situation is. Prince Ghika informed me that up to the present time the Rumanian Government has received no official communication setting forth the details of the Tardieu Plan. The only thing of this nature which has occurred as yet was that the French Chargé d'Affaires read to him a few days ago, without giving him a copy, the original statement of Mr. Tardieu proposing in general terms that some measures be taken to relieve conditions in Central Europe and in the Danubian States. Prince Ghika felt sure that, when approached officially, Rumania and the other Little Entente countries will give the project most sympathetic and cordial support. He thought, however, that France, Italy and England must first agree on the broad outlines of a plan and he deplored the fact that Italy and France do not seem to be in accord and that the former seems to

<sup>72</sup> See section entitled "Proposal for an Economic Confederation of Danubian States," vol. I, pp. 846 ff.

be inclined to share the German point of view concerning the project. He felt fairly hopeful that France and Italy would ultimately find some common ground of agreement.

In reply to my inquiry concerning the German proposal to put the preferential clauses of the German-Rumanian Commercial Convention into immediate effect, Prince Ghika told me that not only has Germany not secured the consent of a number of states with which she has most-favored-nation treaties, but that Argentina, at least, has definitely refused to agree to this step. He added that, although it is incumbent on Germany alone to secure the consent of the countries with which she has most-favored-nation treaties, Rumania does not care to be a party to such an indelicate proceeding as to endeavor to apply the treaty before the consent of the interested third parties has been obtained. He said that the German proposal coinciding so closely with the Tardieu Plan had placed Rumania in a difficult situation and that it looked as if Germany were trying to force Rumania's hand. Rumania had originally, he said, consulted the French Government and had been encouraged and even urged by Mr. Briand to sign the treaty with Germany containing preferential clauses. In spite of this, a considerable and influential part of the French press had attacked Rumania at the time on the ground of bad faith and treachery to France and had accused Rumania of favoring Germany. He therefore feared the effect on French opinion if Rumania should now agree to put into effect the preferential clauses of the German-Rumanian Commercial Convention.

Respectfully yours,

CHARLES S. WILSON

662.7131/64a : Telegram

*The Secretary of State to the Ambassador in Germany (Sackett)*

WASHINGTON, May 21, 1932—2 p. m.

54. Department's 26, March 18, 4 p. m. The Legation at Bucharest reports that the French and German Ministers there have informed it that the putting into effect of the preferential clauses of the treaties in question is imminent. Please let me know what action, if any, you have taken on the Department's telegram under reference and what was the German reaction. On March 21, Leitner, of the German Embassy here, was told of the substance of our telegram to you. He said he would inform his Government.

STIMSON

662.7131/64 : Telegram

*The Ambassador in Germany (Sackett) to the Secretary of State*

BERLIN, May 23, 1932—5 p. m.

[Received May 23—4:15 p. m.]

99. Your 54, May 21, 2 p. m. As Embassy had made it clear to Foreign Office in the informal conversation (see my telegram of March 8, No. 51) that the Department of State had not acquiesced in proposed arrangements whereby cereals from Rumania and Hungary would be granted preference by Germany and, as in your telegram 26, March 18, 4 p. m., you stated that you were representing your point of view to the German Ambassador, I thought it preferable to await further developments before duplicating here your *démarche* in Washington.

This morning Dr. Wiehl of the Foreign Office confidentially showed Wiley the telegram received by the Foreign Office from the German Embassy in Washington following Mr. Rogers' conversation of March 21. The telegram stated that Mr. Rogers had made it clear that the American Government had not acquiesced in the proposed preferential arrangements but that his representations were not in the nature of a protest. Wiehl explained that the procedure adopted by the German Government towards all countries concerned had been shaped in order to overcome technical obstacles (the advice of the Senate) which it was expected might be encountered with the American Government, as the Executive might find it difficult if not impossible to consent explicitly to an abrogation of treaty rights. The Foreign Office therefore entertained the hope that the absence of a protest from the American Government would enable the German Government to conclude the arrangements without embarrassing or offending the American Government. The German Government assumed that diminished interest in forcing grain exports from America would incline the American Government to a benevolent point of view especially as the arrangements specified that Rumanian and Hungarian grain exports to Germany would not exceed the average of recent years and that their acreage would not be increased.

At present the situation was, according to Wiehl, in substance as follows: The German Government was expecting in the near future an acceptance from the Hungarian Government of the proposed preferential arrangement for wheat imports. Negotiations with Rumania have been held up because of Rumania's hesitation under French pressure. Rumania objected to the proposed 2-year period as being excessive. The German Government then suggested a 1-year period. However, as the French preferential arrangement with

Rumania is to run for at least 3 years the Rumanian Chargé d'Affaires has just been informed that the German Government now expects the Rumanian Government to accept the 2-year period without further objection. The German Government is expecting a reply from the Rumanian Government in the very near future. A protest from the American Government would upset the entire scheme which has been in preparation since last year and according to Dr. Wiehl is not only of considerable economic importance to Germany but of great political significance as well and the proposed arrangements with Rumania and Hungary, he privately explained, constituted the keystone of German opposition to the Tardieu Plan for the Danubian states. For the preferential project to go askew on the eve of Lausanne<sup>73</sup> would place the German Government in a most serious dilemma. He therefore expressed the fervent hope that the American Government would refrain from any official protest which might result in handing over "the Danubian and Balkan states to the lure of French gold" to offset which Germany could only offer the consumptive capacity of her domestic market.

As from Wiehl's remarks it was clear that the German Government have proceeded in this matter on the basis of a supposed tacit understanding with the American Government it was informally explained to him this morning that the State Department's refusal to acquiesce in the proposed arrangements does not preclude us from a formal protest. Wiehl replied that the German Embassy would be telegraphically instructed to take the matter up anew with the Department.

In my opinion the political significance to the preferential arrangements was not exaggerated by Wiehl. These agreements constitute one of the foremost points in German foreign policy. A formal protest of the American Government now might be interpreted by the German Government as unduly retarded and as putting Germany in an extremely difficult position.

SACKETT

---

662.7131/69

*Memorandum by the Under Secretary of State (Castle)*

[WASHINGTON,] May 26, 1932.

The German Ambassador said that he had word from Berlin that Wiley had intimated to the Foreign Office that we might make a definite protest on the putting into effect of the German Treaty with

---

<sup>73</sup> For correspondence relating to the Lausanne Conference, see vol. I, pp. 636 ff.

Austria and Rumania. He said that, in talking with Mr. Rogers sometime ago, Mr. Rogers had indicated to him that we did not very much like this Treaty, but that if it was going to help in the economic reconstruction of Central Europe, we very much hesitated to make a formal protest, that, however, we had the matter under consideration and might find it necessary to object. I told the Ambassador that we had not wanted to do anything which would hinder economic reconstruction in that part of the world, if this Treaty would really have such an effect, but that it definitely was contrary to the most-favored-nation principle and that the wording of the Treaty was such that it was, by no means, clear, that it was simply an emergency measure. The Ambassador said he regretted the wording because the purpose of the Treaty was exactly like the purpose of the Treaty between France and Austria,<sup>74</sup> the only difference being that, in that case, there had been specified grades of wheat which are not produced in this country, it being, therefore, less objectionable from the point of view of general most-favored-nation treatment. The Ambassador said that he knew we had remained quiet about the German treaties because we knew that certain nations had definitely protested. He said that those protests have now been withdrawn and that inasmuch as this Treaty could hardly affect American trade, he hoped very much that we might find it possible somehow, for example, to make reservations in a note to him rather than absolutely refuse to agree. He said that he was very much afraid such absolute refusal would create a very bad reaction in his part of the world. I told him I would take this matter up with the people who have it in charge and would at least pass on his suggestions.

W. R. CASTLE, JR.

---

662.7131/64 : Telegram

*The Secretary of State to the Ambassador in Germany (Sackett)*

WASHINGTON, May 27, 1932—2 p. m.

57. Your 99, May 23, 5 p. m. The German Ambassador has not, as yet at least, sought from me a definite affirmative or negative decision in respect of these treaties. We have, however, reached such decision the substance of which is embodied in the note which I quote below and which I wish you to present formally to the German Government:

“Acting under instructions I have the honor to inform Your Excellency that my Government cannot acquiesce in derogation of its treaty rights the customs preferences in respect of certain grains en-

---

<sup>74</sup>The reference apparently is to the commercial agreement of May 16, 1923; see League of Nations Treaty Series, vol. LXXXVIII, p. 21.

visaged in treaties recently negotiated by the Reich Government with the Governments of Hungary and Rumania.

In bringing this information to Your Excellency's attention I am also instructed to point out that my Government is not unmindful of the desirability of the adoption of practical measures which look to the re-habilitation of the economic and financial well-being of Europe and in particular of the States of the Danubian area. Nevertheless, my Government feels that these hoped for results cannot be accomplished by the establishment of individual arrangements of limited scope such as are envisaged in the treaties under reference. My Government considers that these results might be obtained through a comprehensive general plan which has as its purpose improvement of economic and financial conditions throughout the whole of Europe. Should such a plan be proposed by the interested powers, including the Government of the Reich, my Government would be prepared to give sympathetic consideration to such a plan even though there might be involved therein certain provisions which in themselves would operate in derogation of its treaty or other rights."

A copy of this note will be handed to the German Ambassador here.

STIMSON

662.7131/65 : Telegram

*The Ambassador in Germany (Sackett) to the Secretary of State*

BERLIN, May 28, 1932—4 p. m.  
[Received May 28—1:10 p. m.]

107. Your 57, May 27, 2 p. m. Handed note to Bülow this morning. He expressed keen disappointment and stated that he was not yet able to acquaint me with the attitude of the German Government in the premises.

SACKETT

662.7131/81

*The Chief of the Division of Near Eastern Affairs (Murray) to the Minister in Rumania (Wilson)*

WASHINGTON, October 27, 1932.

MY DEAR MR. MINISTER: MR. SUSSDORFF'S despatch No. 929 of August 15, 1932,<sup>75</sup> entitled "Preferential Tariffs" has been read in the Department with interest and particular note has been taken of that portion of the despatch in which he advances the opinion "that France's support of the idea of preferential treatment is far more determined and detrimental to American interests than is Germany's".

<sup>75</sup> Not printed.

I can assure you that the Department appreciates the attentive study which the Legation has given to the general question of preferential treatment, as well as the thorough-going manner in which the Legation has reported thereon to the Department. It has doubtless seemed to you from time to time that we have been somewhat lax in keeping you informed with respect to the Department's views, but I am sure you will understand that this entire question is one regarding which the Department's views have crystallized slowly and with considerable reserve. As I indicated in my personal letter to you of June 27, 1932,<sup>76</sup> it is not impossible that the Department's views, in so far as they have already been formulated, may undergo modification if circumstances appear to make this desirable.

Mr. Sussdorff, I note, reports that a Rumanian Foreign Office official recently asked him why the United States Government had "protested" the preferential clauses of the German-Rumanian Commercial Agreement which had not yet entered into effect and had failed to "protest" the preferential clauses of the French Commercial Agreement<sup>77</sup> which were already in force. The question is one which would quite naturally present itself to an official in the Rumanian Foreign Office (although in the interest of accuracy it should be stated that the Department does not consider that it protested against the preference clauses but rather that it withheld its acquiescence). I can only tell you with respect to the foregoing inquiry that the question of the preferential clauses of the Franco-Rumanian Agreement is one which the Department still has under consideration. The Department has accordingly given no expression of its views, either in a negative or positive sense, and for the time being there is nothing further that can be said on the subject.

It is of course pertinent to observe that in the case of the German preferences, American rights are specifically covered by a treaty in force between Germany and the United States, whereas American rights in connection with the French preferences are covered only by *modus vivendi*,<sup>78</sup> upon the basis of which the Department could not, with hope of success, take action similar to that taken with respect to the German preferences. In other words, in the case of the German preferences we simply stood on our treaty rights, whereas in the case of the French preferences the Department would, under present conditions, have to approach the matter from a different angle. While, as you are doubtless aware, negotiations have been initiated for a

---

<sup>76</sup> Not printed.

<sup>77</sup> i.e., an arrangement concerning the preferential treatment of Rumanian wheat, signed at Paris January 5, 1932, between France and Rumania. See *Journal Officiel: Lois et décrets*, May 22, 1932, p. 5298.

<sup>78</sup> *Foreign Relations, 1927*, vol. II, pp. 696-703.

definitive commercial treaty with France,<sup>79</sup> it is too early to state what, if any, effect these negotiations may have upon the question of French preferences.

I shall endeavor to keep you informed of the Department's views as they are formulated. In the meantime, any further information which you may gather on the subject or any expression of opinion which you may care to make will be appreciated in the Department.

Sincerely yours,

WALLACE MURRAY

---

**ARRANGEMENT BETWEEN THE UNITED STATES AND GERMANY  
REGARDING RECIPROCAL RECOGNITION OF CERTIFICATES OF  
AIRWORTHINESS FOR IMPORTED AIRCRAFT, EFFECTED BY EX-  
CHANGE OF NOTES, SIGNED MAY 27, 30, AND 31, 1932**

Executive Agreement Series No. 39  
711.6227/21

*The American Ambassador in Germany (Sackett) to the German  
Minister for Foreign Affairs (Brüning)*<sup>80</sup>

No. 798

BERLIN, May 27, 1932.

EXCELLENCY: I have the honor to communicate to Your Excellency the text of the arrangement between the United States of America and Germany, providing for the acceptance by the one country of certificates of airworthiness for aircraft imported from the other country as merchandise, as understood by me to have been agreed to in the negotiations which have just been concluded between the Embassy and your Ministry, as follows:

**An Arrangement between Germany and the United States of America  
Providing for the Acceptance by the One Country of Certifi-  
cates of Airworthiness for Aircraft imported from the Other  
Country as Merchandise.**

1. The present arrangement applies to civil aircraft constructed in Germany and exported to Continental United States of America, exclusive of Alaska; and to civil aircraft constructed in Continental United States of America, exclusive of Alaska, and exported to Germany.

2. The same validity shall be conferred on certificates of airworthiness issued by the competent authorities of the German Government for aircraft subsequently to be registered in the United States as if they had been issued under the regulations in force on the subject in the United States, provided that in each case a certificate of airworthiness for export has also been issued by the authorities of the German Government for the individual aircraft and provided that certificates of airworthiness issued by the competent authorities in the United States for aircraft subsequently to be registered in Ger-

---

<sup>79</sup> See pp. 195 ff.

<sup>80</sup> Copy transmitted to the Department by the Ambassador as an enclosure to his despatch No. 1764, May 31, 1932; received June 14.



many are similarly given the same validity as if they had been issued under the regulations in force on the subject in Germany.

3. The above arrangement shall extend to civil aircraft of all categories, including those used for public transport and those used for private purposes.

4. The present arrangement may be terminated by either Government on sixty days' notice given to the other Government. In the event, however, that either Government should be prevented by future action of its legislature from giving full effect to the provisions of this arrangement it shall automatically lapse.

I shall be glad to have Your Excellency inform me whether the text of the arrangement herein set forth is as agreed to by your Government. If so, it is suggested that it be understood that the arrangement will come into force on June 1, 1932.

Accept [etc.]

FREDERIC M. SACKETT

Executive Agreement Series No. 39  
711.6227/21

*The German Under Secretary of State for Foreign Affairs (Von Bülow) to the American Ambassador in Germany (Sackett)*<sup>81</sup>

[Translation]

II F 1049

BERLIN, May 27, 1932.

MR. AMBASSADOR: I have the honor to communicate to Your Excellency herewith the text of the arrangement between Germany and the United States of America governing the acceptance by the one country of certificates of airworthiness for aircraft imported from the other country as merchandise, as it was arrived at in the negotiations between the Embassy of the United States of America and the Foreign Office. It reads:

Arrangement between Germany and the United States of America  
Providing for the Acceptance by the one Country of Certificates of Airworthiness for Aircraft Imported from the other  
Country as Merchandise.

[Here follows the German text of the arrangement, articles 1 to 4, inclusive, which is the equivalent of the English text communicated by the American Ambassador in his note of May 27, 1932, printed *supra*.]

I would be grateful if Your Excellency would inform me whether the text of the arrangement in the above form meets with the approval of your Government. If so, I venture to assume concurrence that the arrangement shall go into effect on June 1, 1932.

I avail myself [etc.]

VON BÜLOW

<sup>81</sup> Transmitted to the Department by the Ambassador as an enclosure to his despatch No. 1764, May 31, 1932; received June 14.

Executive Agreement Series No. 39  
711.6227/21

*The German Under Secretary of State for Foreign Affairs (Von Bülow) to the American Ambassador in Germany (Sackett)*<sup>82</sup>

[Translation]

II F 1269, I

BERLIN, May 30, 1932.

MR. AMBASSADOR: I have the honor to acknowledge the receipt of Four Excellency's two communications of May 27—Nos. 797<sup>83</sup> and 798—and to state that the text given therein of the Arrangements between Germany and the United States of America governing air traffic and the reciprocal acceptance of certificates of airworthiness for aircraft imported from the other country as merchandise, meets with the approval of the German Government. There is agreement in opinion that the two Arrangements shall go into effect on June 1, 1932.

I avail myself [etc.]

B. W. VON BÜLOW

Executive Agreement Series No. 39  
711.6227/21

*The American Ambassador in Germany (Sackett) to the German Minister for Foreign Affairs (Brüning)*<sup>84</sup>

No. 800

BERLIN, May 31, 1932.

EXCELLENCY: Adverting to your two Notes, both numbered II F 1049, of May 27, 1932, communicating to me the texts of the arrangements between the United States of America and Germany, on the subjects of air navigation and the acceptance by the one country of certificates of airworthiness for aircraft imported from the other country as merchandise, I have the honor to advise you that the texts of the arrangements therein set forth are as agreed to by my Government and that it is understood that the arrangements will come into force on June 1, 1932.

Accept [etc.]

FREDERIC M. SACKETT

<sup>82</sup> Transmitted to the Department by the Ambassador as an enclosure to his despatch No. 1764, May 31, 1932; received June 14.

<sup>83</sup> For No. 797 and the arrangement relating to air navigation, see pp. 352 ff.

<sup>84</sup> Copy transmitted to the Department by the Ambassador as an enclosure to his despatch No. 1764, May 31, 1932; received June 14.

ARRANGEMENT BETWEEN THE UNITED STATES AND GERMANY  
REGARDING AIR NAVIGATION, EFFECTED BY EXCHANGE OF  
NOTES, SIGNED MAY 27, 30, AND 31, 1932

Executive Agreement Series No. 38  
711.6227/21

*The American Ambassador in Germany (Sackett) to the German  
Minister for Foreign Affairs (Brüning)*<sup>85</sup>

No. 797

BERLIN, May 27, 1932.

EXCELLENCY: I have the honor to communicate to Your Excellency the text of the arrangement between the United States of America and Germany, on the subject of air navigation, as understood by me to have been agreed to in the negotiations which have just been concluded between the Embassy and your Ministry, as follows:

AIR NAVIGATION ARRANGEMENT BETWEEN GERMANY AND THE  
UNITED STATES OF AMERICA.

ARTICLE 1

Pending the conclusion of a convention between Germany and the United States of America on the subject of air navigation, the operation of civil aircraft of the one country in the other country shall be governed by the following provisions.

ARTICLE 2

The present arrangement shall apply to Germany and to Continental United States of America, exclusive of Alaska, including the adjacent territorial waters of the two countries.

ARTICLE 3

The term aircraft with reference to one or the other Party to this arrangement shall be understood to mean civil aircraft, including state aircraft used exclusively for commercial purposes, duly registered in the territory of such Party.

ARTICLE 4

Each of the Parties undertakes to grant liberty of passage above its territory in time of peace to the aircraft of the other Party, provided that the conditions set forth in the present arrangement are observed.

It is, however, agreed that the establishment and operation of regular air routes by an air transport company of one of the Parties within the territory of the other Party or across the said territory, with or without intermediary landing, shall be subject to the prior

<sup>85</sup> Copy transmitted to the Department by the Ambassador as an enclosure to his despatch No. 1764, May 31, 1932; received June 14.

consent of the other Party given on the principle of reciprocity and at the request of the Party whose nationality the air transport company possesses.

#### ARTICLE 5

The aircraft of each of the Parties to this arrangement, their crews and passengers, shall, while within the territory of the other Party, be subject to the general legislation in force in that territory, as well as the regulations in force therein relating to air traffic in general, to the transport of passengers and goods and to public safety and order in so far as these regulations apply to all foreign aircraft, their crews and passengers.

Each of the Parties to this arrangement shall permit the import or export of all merchandise which may be legally imported or exported and also the carriage of passengers, subject to any customs, immigration and quarantine restrictions, into or from their respective territories in the aircraft of the other Party, and such aircraft, their passengers and cargoes, shall enjoy the same privileges as and shall not be subjected to any other or higher duties or charges than those which the aircraft of the country, imposing such duties or charges, engaged in international commerce, and their cargoes and passengers, or the aircraft of any foreign country likewise engaged, and their cargoes and passengers, enjoy or are subjected to.

Each of the Parties to this arrangement may reserve to its own aircraft air commerce between any two points neither of which is in a foreign country. Nevertheless the aircraft of either Party may proceed from any aerodrome in the territory of the other Party which they are entitled to use to any other such aerodrome either for the purpose of landing the whole or part of their cargoes or passengers or of taking on board the whole or part of their cargoes or passengers, provided that such cargoes are covered by through bills of lading, and such passengers hold through tickets, issued respectively for a journey whose starting place and destination both are not points between which air commerce has been duly so reserved, and such aircraft, while proceeding as aforesaid, from one aerodrome to another, shall, notwithstanding that such aerodromes are points between which air commerce has been duly reserved, enjoy all the privileges of this arrangement.

#### ARTICLE 6

Each of the Parties to this arrangement shall have the right to prohibit air traffic over certain areas of its territory, provided that no distinction in this matter is made between its aircraft engaged in international commerce and the aircraft of the other Party likewise engaged. The areas above which air traffic is thus prohibited by either Party must be notified to the other Party.

Each of the Parties reserves the right under exceptional circumstances in time of peace and with immediate effect temporarily to limit or prohibit air traffic above its territory on condition that in this respect no distinction is made between the aircraft of the other Party and the aircraft of any foreign country.

## ARTICLE 7

Any aircraft which finds itself over a prohibited area shall, as soon as it is aware of the fact, give the signal of distress prescribed in the Rules of the Air in force in the territory flown over and shall land as soon as possible at an aerodrome situated in such territory outside of but as near as possible to such prohibited area.

## ARTICLE 8

All aircraft shall carry clear and visible nationality and registration marks whereby they may be recognized during flight. In addition, they must bear the name and address of the owner.

All aircraft shall be provided with certificates of registration and of airworthiness and with all the other documents prescribed for air traffic in the territory in which they are registered.

The members of the crew who perform, in an aircraft, duties for which a special permit is required in the territory in which such aircraft is registered, shall be provided with all documents and in particular with the certificates and licenses prescribed by the regulations in force in such territory.

The other members of the crew shall carry documents showing their duties in the aircraft, their profession, identity and nationality.

The certificate of airworthiness, certificates of competency and licenses issued or rendered valid by one of the Parties to this arrangement in respect of an aircraft registered in its territory or of the crew of such aircraft shall have the same validity in the territory of the other Party as the corresponding documents issued or rendered valid by the latter.

Each of the Parties reserves the right for the purpose of flight within its own territory to refuse to recognize certificates of competency and licenses issued to nationals of that Party by the other Party.

## ARTICLE 9

Aircraft of either of the Parties to this arrangement may carry wireless apparatus in the territory of the other Party only if a license to install and work such apparatus shall have been issued by the competent authorities of the Party in whose territory the aircraft is registered. The use of such apparatus shall be in accordance with the regulations on the subject issued by the competent authorities of the territory within whose air space the aircraft is navigating.

Such apparatus shall be used only by such members of the crew as are provided with a special license for the purpose issued by the Government of the territory in which the aircraft is registered.

The Parties to this arrangement reserve respectively the right, for reasons of safety, to issue regulations relative to the obligatory equipment of aircraft with wireless apparatus.

## ARTICLE 10

No arms of war, explosives of war, or munitions of war shall be carried by aircraft of either Party above the territory of the other

Party or by the crew or passengers, except by permission of the competent authorities of the territory within whose air space the aircraft is navigating.

#### ARTICLE 11

Upon the departure or landing of any aircraft each Party may within its own territory and through its competent authorities search the aircraft of the other Party and examine the certificates and other documents prescribed.

#### ARTICLE 12

Aerodromes open to public air traffic in the territory of one of the Parties to this arrangement shall in so far as they are under the control of the Party in whose territory they are situated be open to all aircraft of the other Party, which shall also be entitled to the assistance of the meteorological services, the wireless services, the lighting services and the day and night signalling services, in so far as the several classes of services are under the control of the Party in whose territory they respectively are rendered. Any scale of charges made, namely, landing, accommodation or other charge, with respect to the aircraft of each Party in the territory of the other Party, shall in so far as such charges are under the control of the Party in whose territory they are made be the same for the aircraft of both Parties.

#### ARTICLE 13

All aircraft entering or leaving the territory of either of the Parties to this arrangement shall land at or depart from an aerodrome open to public air traffic and classed as a customs aerodrome at which facilities exist for enforcement of immigration regulations and clearance of aircraft, and no intermediary landing shall be effected between the frontier and the aerodrome. In special cases the competent authorities may allow aircraft to land at or depart from other aerodromes, at which customs, immigration and clearance facilities have been arranged. The prohibition of any intermediary landing applies also in such cases.

In the event of a forced landing outside the aerodromes, referred to in the first paragraph of this article, the pilot of the aircraft, its crew and the passengers shall conform to the customs and immigration regulations in force in the territory in which the landing has been made.

Aircraft of each Party to this arrangement are accorded the right to enter the territory of the other Party subject to compliance with quarantine regulations in force therein.

The Parties to this arrangement shall exchange lists of the aerodromes in their territories designated by them as ports of entry and departure.

## ARTICLE 14

Each of the Parties to this arrangement reserves the right to require that all aircraft crossing the frontiers of its territory shall do so between certain points. Subject to the notification of any such requirements by one Party to the other Party, and to the right to prohibit air traffic over certain areas as stipulated in Article 7, the frontiers of the territories of the Parties to this arrangement may be crossed at any point.

## ARTICLE 15

As ballast, only fine sand or water may be dropped from an aircraft.

## ARTICLE 16

No article or substance, other than ballast, may be unloaded or otherwise discharged in the course of flight unless special permission for such purpose shall have been given by the authorities of the territory in which such unloading or discharge takes place.

## ARTICLE 17

Whenever questions of nationality arise in carrying out the present arrangement, it is agreed that every aircraft shall be deemed to possess the nationality of the Party in whose territory it is duly registered.

## ARTICLE 18

The Parties to this arrangement shall communicate to each other the regulations relative to air traffic in force in their respective territories.

## ARTICLE 19

The present arrangement shall be subject to termination by either Party upon sixty days notice given to the other Party or by the enactment by either Party of legislation inconsistent therewith.

I shall be glad to have Your Excellency inform me whether the text of the arrangement herein set forth is as agreed to by your Government. If so, it is suggested that it be understood that the arrangement will come into force on June 1, 1932.

Accept [etc.]

FREDERIC M. SACKETT

Executive Agreement Series No. 38  
711.6227/21

*The German Under Secretary of State for Foreign Affairs (Von Bülow) to the American Ambassador in Germany (Sackett)*<sup>87</sup>

[Translation]

II F 1049

BERLIN, May 27, 1932.

MR. AMBASSADOR: I have the honor to communicate to Your Excellency herewith the text of the arrangement between the German Reich and the United States of America governing air navigation as it was arrived at in the negotiations between the Embassy of the United States of America and the Foreign Office. It reads:

ARRANGEMENT GOVERNING AIR NAVIGATION BETWEEN GERMANY AND THE UNITED STATES OF AMERICA.

[Here follows the German text of the arrangement, articles 1 to 19 inclusive, which is the equivalent of the English text communicated to the German Foreign Office by the American Ambassador in his note of May 27, 1932, *supra*.]

I would be grateful if Your Excellency would inform me whether the text of the arrangement in the above form meets with the approval of your Government. If so, I venture to assume concurrence that the arrangement shall go into effect on June 1, 1932.

I avail myself [etc.]

VON BÜLOW

Executive Agreement Series No. 38  
711.6227/21

*The German Under Secretary of State for Foreign Affairs (Von Bülow) to the American Ambassador in Germany (Sackett)*<sup>87</sup>

[Translation]

II F 1269, I

BERLIN, May 30, 1932.

MR. AMBASSADOR: I have the honor to acknowledge the receipt of Your Excellency's two communications of May 27—Nos. 797 and 798<sup>88</sup>—and to state that the text given therein of the Arrangements between Germany and the United States of America governing air traffic and the reciprocal acceptance of certificates of airworthiness for aircraft imported from the other country as merchandise, meets with the approval of the German Government. There is agreement in opinion that the two Arrangements shall go into effect on June 1, 1932.

I avail myself [etc.]

B. W. VON BÜLOW

<sup>87</sup> Transmitted to the Department by the Ambassador as an enclosure to his despatch No. 1764, May 31, 1932; received June 14.

<sup>88</sup> For No. 798 and the arrangement relating to certificates of airworthiness for imported aircraft, see pp. 349 ff.



Executive Agreement Series No. 38  
711.6227/21

*The American Ambassador in Germany (Sackett) to the German  
Minister for Foreign Affairs (Brüning)*

No. 800

BERLIN, May 31, 1932.

EXCELLENCY: Adverting to your two Notes, both numbered II F 1049, of May 27, 1932, communicating to me the texts of the arrangements between the United States of America and Germany, on the subjects of air navigation and the acceptance by the one country of certificates of airworthiness for aircraft imported from the other country as merchandise, I have the honor to advise you that the texts of the arrangements therein set forth are as agreed to by my Government and that it is understood that the arrangements will come into force on June 1, 1932.

Accept [etc.]

FREDERIC M. SACKETT

---

**REPRESENTATIONS AGAINST PROPOSED GERMAN IMPORT  
QUOTAS ON AGRICULTURAL PRODUCTS**

662.116 Fruit/10 : Telegram

*The Secretary of State to the Ambassador in Germany (Sackett)*

WASHINGTON, September 19, 1932—2 p. m.

111. Your 185, September 16, 10 a. m., and 187, September 19, noon.<sup>89</sup> Unless Cabinet has already definitely imposed a quota on imports, you are authorized informally and orally to point out to the German Government that this Government views with apprehension the imposition of such quotas on foreign imports, particularly at this time of world economic depression. This Government realizes that it is this very depression which has induced certain other Governments to institute this system and we have had lengthy discussions with such governments, particularly the French, during which we have stressed our conviction that such measures will tend to retard rather than assist general economic recovery. In consequence these measures have been admittedly imposed by certain foreign governments only as temporary.

I am certain that the Consul General, the Commercial Attaché's office, and particularly the office of the Agricultural Attaché, will be able to furnish you with statistics and information amplifying these arguments which tend to show how seriously such restrictions

<sup>89</sup> Neither printed.

would affect American imports, principally imports of fruit. This additional data you may likewise wish to make use of in your informal and oral representations.

STIMSON

---

662.116 Fruit/11: Telegram

*The Ambassador in Germany (Sackett) to the Secretary of State*

BERLIN, September 21, 1932—noon.  
[Received September 21—7:48 a. m.]

189. Department's 111, September 19, 2 p. m. Made informal oral representations yesterday and feel that it was useful to make our views known. Cabinet is again taking up the question tomorrow and will attempt to reach a decision then or if necessary at a further meeting to be held on Saturday. Am reporting by mail.

SACKETT

---

662.116 Fruit/18

*The Ambassador in Germany (Sackett) to the Secretary of State*

No. 1939

BERLIN, September 21, 1932.  
[Received September 30.]

SIR: With reference to my telegram No. 189 of this date I have the honor to report as follows.

Pursuant to the Department's instructions contained in its telegram 111 of September 19, I called at the Foreign Office yesterday afternoon, accompanied by Mr. Gordon, and had a conversation with Drs. Dieckhoff and Ritter. I set forth the views contained in your telegram under reference and then developed some additional arguments which had previously been elaborated in a series of discussions with the Consul General and the Commercial and Agricultural Attachés to this Embassy.

I particularly emphasized the point that if it were determined to impose quotas on certain imports and the amount of such quotas were to be measured by percentages of former imports, care should be taken not to choose such periods for the application of these percentages as would either constitute in fact a discrimination against our imports or inevitably give rise to the impression in the United States that such discrimination was being practised. In this connection I pointed out that our agricultural exports to Germany which were likely to be chiefly affected were lard and fresh fruit—*in primis*,

apples—which were essentially seasonal exports and therefore would suffer especially severely unless equitable periods of past importation into Germany were made the basis of quota percentages.

I also pointed out, *inter alia*, that according to my information, the only branch of the Hapag-Lloyd shipping combine to make a profit last year was the branch serving our Pacific Coast through the Panama Canal and that this profit arose mainly from its transportation of Pacific Coast apples.

The Foreign Office officials were quite ready to agree with my observations that the imposition of quotas is bad economic practice, and especially so at this time of world economic depression; that it was calculated to make trouble and to lead to reprisals, and thus created a vicious circle. They contended, however, that, beginning with France, so many European countries had now adopted the quota system that, at any rate as to the agricultural products under consideration, Germany was now practically the only country furnishing a free market of any extent. They stated that the Foreign Office would prefer not to see quotas imposed and indicated that other Cabinet Ministers were opposed to the proposed policy. However, the inference I drew from their conversation was that the agricultural interests are so insistent and so powerful that the Government will decide upon the imposition of quotas on agricultural products, and, as indicated in my telegram of today, this decision is expected to be reached by the Cabinet before the end of this week. In fact, Baron von Braun, the Minister of Agriculture, is scheduled to make a speech in Munich Sunday night in which he will outline the agricultural policy decided upon by the Government.

I rather gathered that some of the points raised during the conference were new to the Foreign Office officials and on the whole, as stated in my today's telegram, I have the impression that it was a useful step to make our views known, and I am glad that the Department instructed me to do so.

In conclusion Dr. Ritter, in reply to our questions, stated categorically that there was no intention of extending the imposition of quotas to industrial products, and informed us that the Government had decided that such quotas as would be decided upon would be global—that is to say, allotted between the German importing firms dealing in the commodities in question, with no attempt to allocate shares of this global quota among the various countries exporting such commodities to Germany. Generally speaking, this would seem in our case to inure to the benefit of our cheap lard and to the detriment of our expensive apples—and I suppose it would

work out equally diversely with respect to other affected American export commodities.

The intimations of Drs. Dieckhoff and Ritter as to the hostility of various Cabinet members to the quota principle bears out my other information; in my télégram No. 185 of September 17 [16]<sup>89a</sup> I mentioned that Minister of Economics Warmbold is opposed thereto, and last night at my house Minister of Finance Count Schwerin-Krosigk told me very categorically that he also was opposed. I have further been informed by Dr. Kastl, Executive Chief of the Reichsverband der Deutschen Industrie, that last Friday the most powerful and best organized German industrial associations made another concerted and strong protest to the Chancellor against the imposition of these quotas. Dr. Kastl, in stating that the industrialists had now done all that they could, indicated that the pressure of the agricultural interests was so strong that he felt that the Cabinet would decide upon the imposition of quotas. However, as a result of the opposition which has developed on the part of German interests—helped along in some slight measure, perhaps, by our representations of yesterday—the conclusion may be drawn that such quotas as may eventuate will be appreciably less onerous than their proponents originally hoped for.

Respectfully yours,

FREDERIC M. SACKETT

662.116 Fruit/16: Telegram

*The Secretary of State to the Ambassador in Germany (Sackett)*

WASHINGTON, September 28, 1932—4 p. m.

117. Department's 111, September 19, 2 p. m., and your 189, September 21, noon. This morning's *New York Times* carries cable that German Government will introduce next week import quotas on agricultural products and that those most affecting American interests are the quotas on fruit and lard.

Moreover, a telegram received this morning from the International Apple Association states they are advised Cabinet decided to impose this quota at meeting September 21. Has this decision been made? Department assumes that you will continue to exert yourself to obtain as favorable quota treatment as possible for the American export interests, provided the adoption of the quota system cannot be avoided.

The American fruit interests, apples, pears, oranges, peaches and bananas (the latter shipped mainly by the United Fruit Company,

<sup>89a</sup> Not printed.

American owned) are particularly concerned over this quota move. They point out that any restrictions of this nature will be serious blow to American apple and pear industries and that as Germany has short crop both apples and pears American exporters would have favorable outlet this year unless prevented by restrictions. The export of apples and pears especially has been developed with great hopefulness and the trade has already been made to suffer most serious injury by foreign restrictions of this nature in other countries.

In this general connection please see again first paragraph Department's 111, September 19, 1932.

Please report.

STIMSON

---

662.116 Fruit/23

*The Chargé in Germany (Gordon) to the Secretary of State*

No. 1962

BERLIN, October 1, 1932.

[Received October 10.]

SIR: With reference to the Department's telegraphic instruction 117 of September 28 and my telegram 199 of September 29,<sup>90</sup> concerning the imminent imposition of German import quotas on agricultural products, I have the honor likewise to refer to the Embassy's despatch No. 1939, of September 21, and to report further as follows.

Various semi-official intimations having been given—chiefly due to the opposition in industrial quarters mentioned in my despatch under reference—that prior to the imposition of these quotas the Government would conduct conversations with “the interested countries”, the Embassy inquired of the Foreign Office as to what conversations the Government had in mind, pointing out that we were very much interested. The reply was that the countries envisaged were only those with which Germany had commercial treaties or agreements necessitating the obtainment of their consent before Germany could inaugurate the contemplated system of quotas. As our Treaty of Friendship and Commerce with Germany, of August 17 [20], 1925,<sup>91</sup> only provides, in Article VII, that:

<sup>90</sup> Latter not printed.

<sup>91</sup> The treaty was signed at Washington, December 8, 1923, ratified by the United States, October 6, 1925, and by Germany, August 20, 1925; for text, see *Foreign Relations*, 1923, vol. II, p. 29.

“Each of the High Contracting Parties binds itself unconditionally to impose no higher or other duties or conditions and no prohibition on the importation of any article, the growth, produce or manufacture of the territories of the other than are or shall be imposed on the importation of any like article, the growth, produce or manufacture of any other foreign country.”

we do not come within that category of countries (see Agricultural Attaché's telegram 116 of September 26 to the Department of Agriculture).<sup>92</sup>

Incidentally, both the Agricultural Attaché and myself took it for granted that the Department of Agriculture, knowing that the State Department was actively interested in this question, would transmit to the State Department copies of this telegram of the Agricultural Attaché, as well as of his telegram 117 of the following day;<sup>92</sup> I regret to see, from the Department's telegraphic instruction above referred to, that this was not the case, and the Agricultural Attaché is writing his Department in the premises in order to prevent a recurrence of such an hiatus in the future.

The Government meanwhile has constituted its commission to conduct discussions with the other countries concerned. This commission, headed by a high official of the Ministry of Agriculture and containing representatives of the Foreign Office, the Ministry of Economics and the Finance Ministry, left Berlin day before yesterday for Brussels, whence it intends to proceed to The Hague, Paris, Rome and Copenhagen; it is expected that its discussions will require about two weeks.

It thus seems that we now are in a situation where our best help must come from other quarters whose interests are similar to ours. However, even though the German Government did not intend to initiate discussions with us, we have presented our case as forcefully as possible, and, as indicated in the Embassy's despatch under reference, with this as a contribution to the volume of opposition which the Government's contemplated measures have brought forth, it may, I think, fairly be assumed that such quotas as are eventually promulgated will be less harmful than was originally to be anticipated.

Respectfully yours,

GEORGE A. GORDON

---

<sup>92</sup> Not printed.

662.116 Fruit/24 : Telegram

*The Chargé in Germany (Gordon) to the Secretary of State*

BERLIN, October 11, 1932—1 p. m.  
 [Received October 11—9:07 a. m.]

205. Department's 117, September 28, 4 p. m. A good occasion presented itself last week for making further representations to the Foreign Office concerning the proposed German import quotas on agricultural products. I emphasized that we were as much interested in this matter as the other countries with which Germany through its governmental commission has conducted and is about to conduct official discussions (see Embassy's despatch No. 1962 of October 1st) and urged that the arguments we had already presented be given renewed consideration.

Coinciding with the difficulties encountered by this German governmental commission at The Hague and Rome these representations were apparently helpful as 2 days later Foreign Office told me that it felt it might perhaps be well to talk the matter over further with us. Accordingly in line with the procedure adopted in sending its commission to visit the other countries concerned the German Government will probably approach the Department through the Embassy in Washington. I should appreciate telegraphic information if and when this happens.

GORDON

662.116 Fruit/32

*The Chargé in Germany (Gordon) to the Secretary of State*

No. 1977

BERLIN, October 11, 1932.  
 [Received October 27.]

SIR: With reference to my despatch No. 1972 of October 7,<sup>94</sup> and my telegram No. 205 of today, concerning the imminent imposition of German import quotas on agricultural products, I have the honor to inform the Department further as follows:

Two days after I had made the further representations reported in that despatch, Dr. Dieckhoff told me that he had communicated these representations to officials directly concerned with the decision of this question, informing them of our very lively interest in the matter. As a result, Dr. Ritter now thought that it might be a good thing for Germany to discuss the matter with us, at least informally, before reaching a final decision.

---

<sup>94</sup> Not printed.

While Ritter felt it would be preferable to talk further here, there was the other consideration that, as the German Governmental Commission has visited the other countries concerned, it would be more logical to continue the discussion of the question with the State Department through the German Embassy in Washington. While making it clear that I was entirely at the disposal of the Foreign Office for further conversations, I rather encouraged the Washington idea inasmuch as I felt that if the Department could develop a fresh line of attack in addition to the arguments we had already presented here, it might prove most helpful at this juncture.

To bring up to date the developments in this matter set forth in my despatch No. 1972, it may further be reported that the German Governmental Commission—which is engaged in official discussions with interested European countries concerning the imposition of these quotas—after meeting with no success at The Hague went to Rome, where likewise the discussions did not proceed too smoothly. Preliminary negotiations, which were broadened to include questions of foreign exchange as well as of quotas, have now been terminated, with the apparent result that there is little hope of a definite solution of these questions being found, and that all that is at present envisaged by both parties is a short-term intermediary solution to hold good until the end of this year—during which period mutual concessions are to be made to obviate complete stagnation of payments between the two countries. It is further reported that the decisive negotiations are to take place this week, the questions of foreign exchange and contingents being discussed together at the wish of the Italian Government.

Respectfully yours,

GEORGE A. GORDON

---

662.116 Fruit/29 : Telegram

*The Secretary of State to the Chargé in Germany (Gordon)*

WASHINGTON, October 21, 1932—6 p. m.

124. Your 205, October 11, 1 p. m. The German Ambassador called today to discuss the agricultural quota question. He said these quotas would probably be imposed as of November 1 and might be imposed in the first instance for a short period. He understood that the Government favored a global system of percentages rather than a national system, and that quotas would be based on the imports for the preceding year. Percentage for apples was 65 and that for lard 50. No requests were made of the Ambassador with regard to this matter.



For your information the apple interests are anxious that the quota be not based on the preceding year, since in that year the shipments were very small, but would prefer the season 1930-1931.

In the negotiations with France last spring the Department sought from the French Government an undertaking to establish all quotas on a basis of the 3 year period 1929-1931. It was felt that this period of years was the fairest indication of normal trade and that any quotas established should take into consideration normal trade.

Should occasion present itself, you might, if you see no objection, indicate informally and orally our position in respect of a 3 year period as indicated above.

STIMSON

---

622.116 Fruit/30: Telegram

*The Chargé in Germany (Gordon) to the Secretary of State*

BERLIN, October 22, 1932—1 p. m.  
[Received October 22—9: 15 a. m.]

209. Department's 124, October 21, 6 p. m. I still hope that quotas will not be imposed as of November 1st. The chances seem rather that in view of the widespread opposition encountered both in and out of Germany they will be withheld at least until after the forthcoming election. By the same token I believe that any new line of attack which the Department may be able to develop vis-à-vis the German Embassy in Washington at this moment will be most opportune (see my despatch No. 1977 of October 11). I shall be glad in addition to indicate to the Foreign Office our position with respect to 3-year period quota basis; may I assume that the Department is likewise emphasizing this point with the German Embassy?

GORDON

---

662.116 Fruit/34: Telegram

*The Secretary of State to the Chargé in Germany (Gordon)*

WASHINGTON, October 28, 1932—noon.

126. With reference to the last sentence, your 209, October 22, 1 p. m., German Ambassador today called at the Department to discuss the proposed German quota system. He expressed the opinion that:

- (1) The establishment of the system would be temporary;
- (2) A global system rather than a national system would probably be used as the basis for quota calculations, although some nations want national quotas;
- (3) If national quotas are adopted full consideration would be given to our views in the matter as to the desirability of basing the quotas on average imports over a period.

You should take occasion to continue your efforts to impress upon the German Government our position in this matter as outlined in the Department's 124, October 21, 6 p. m.

STIMSON

---

662.116 Fruit/35 : Telegram

*The Chargé in Germany (Gordon) to the Secretary of State*

BERLIN, October 29, 1932—noon.

[Received October 29—9:10 a. m.]

211. Department's 126, October 28, noon. I have again taken occasion to impress upon the German Government our position in this matter as outlined in Department's 124, October 21, 6 p. m.

GORDON

---

[The files of the Department appear to contain no continuation of correspondence on this subject.]

---

**REPRESENTATIONS AGAINST CERTAIN REGULATIONS WITH REGARD TO THE IMPORTATION AND EXHIBITION OF FOREIGN MOTION-PICTURE FILMS IN GERMANY**

862.4061 Motion Pictures/60

*The Ambassador in Germany (Sackett) to the Acting Secretary of State*

No. 1653

BERLIN, April 14, 1932.

[Received April 30.]

SIR: As of possible interest to the Department, I have the honor to enclose herewith copy of a memorandum of a conversation between Trade Commissioner Canty, of the Commercial Attaché's office, and Dr. Henke, the film expert of the Foreign Office, with regard to the

German and international film situation. The interview was arranged at the request of the Embassy.

Respectfully yours,

FREDERIC M. SACKETT

[Enclosure]

*Memorandum by Mr. George R. Cauty, American Trade Commissioner at Berlin*

[BERLIN,] April 11, 1932.

On Friday, I visited by appointment Legations-sekretaer Dr. Henke, film referent of the German Foreign Office, and discussed various phases of the international film situation with him for nearly two hours. This was the first time that I had met Dr. Henke.

I asked Dr. Henke if he were in position to enlighten me as to whether or not the German Government intended to retain its film contingent law for another season, in view of the many reports that Germany is suffering from a shortage of film product and must seek outside assistance in order to meet exhibitor demands. He replied that he feels that the German supply for 1932/1933 will not be sufficient to satisfy demand and he believes that the German Government will thus automatically be forced to facilitate the import of foreign films by means of an increase of the contingent quota, by which America would benefit in the first instance, or to encourage production by foreign interests in Germany. On no account, he felt, would the contingent be done away with, irrespective of whether or not America had only a limited number of pictures suitable for release in Germany. If the contingent were to be lifted, he said, the German market would be swamped with cheap foreign product which the German exhibitor would be influenced to rent along with the limited number of good pictures being offered. German producers found it difficult enough, as it is, to fund the necessary budgets for production, but if the risk ever became imminent that the market were flooded by foreign product, no German financier would be prepared to invest in German productions, as the question of amortization would become increasingly doubtful. (He was very likely referring to "dubbed" versions, although neither one of us specifically mentioned these).

He insisted that it was a matter of principle for the German Government to protect the home industry by means of the contingent, more especially so, since the German film industry had already fully proved that it was worthy of protection, much more so than, for example, either the French or English industry. "Culture-political" reasons were also responsible for the Government's attitude, as most

of the Central and Eastern European countries depended on a supply of German-made films in the German language. This, of course, is an important point with the German Government.

He added that Germany, as a sovereign state, could not be expected to abolish the contingent and should have the same right to protect its film industry in the manner it saw fit, just as England or France were entitled to or claimed, such right.

I then asked Dr. Henke if there was anything that could be done to equalize the provision in the contingent regulations that prohibit blind booking of foreign product. I pointed out to him that this was an additional hardship on the American trade for, in addition to very severe distribution restrictions, foreign product had to be publicly shown before being rented whereas domestic product could be booked unseen. (This, incidentally, is at present the real sore spot in the German regulations.) Dr. Henke emphatically denied that this was intended as a discrimination against American product—it was not the German Government's fault that the American output was so much larger than either the French or British. However, it is his personal belief that these restrictions might be amended this year, either by a provision applying to all films or to a cancellation of the present provision. This depends on how far the German industry would be able to meet demands for the coming season.

Dr. Henke wanted to know why American companies were unwilling to produce films in Germany as they have been doing in France and Great Britain. I told him that the economic situations, so far as they concerned American companies, were not analogous; in France, for example, Paramount, the sole American company producing locally, owned a string of cinemas which constantly need product, whereas in Great Britain, the domestic market was not only good but that the better product from that country had very good export possibilities, particularly in the United States. I told him also that any general American decision to produce in Germany would involve a long term program and a considerable budget for expenditure, and that the regularity with which the German film restrictions have been changed for the worse annually was probably the biggest obstacle against such a plan. Dr. Henke replied that he could see no conclusive reason why American companies consistently refused to produce in Germany; pictures made here would not fall under the contingent and there would be a much greater possibility of amortization as compared with German dialogue pictures made, for example, at Joinville, on account of "atmosphere." He could not agree that the constant fluctuations of the contingent regulations made it impossible for the American concerns to determine their policy for a

number of years, as the contingent merely influenced the import of foreign-made pictures and not those made domestically. He continued that, to his knowledge, Universal was fairly satisfied with the results of their recent German productions and he could, therefore, not understand why Paramount, Metro and Fox did not follow suit. I assured him that Universal's effort was merely an experiment and was not to be construed as any American movement toward production in Germany.

Finally, Dr. Henke, brought up the question of anti-German films of American manufacture, probably having in mind such films as "All Quiet on the Western Front," "Hell's Angels," and "The Lost Squadron." It was apparent to me that this question was paramount in his film interest, so I told him that the presence in the United States of Dr. Freudenthal, of the Foreign Office, could very well be used in discussing this question with Mr. Will H. Hays, President of the Motion Picture Producers and Distributors of America, in New York, but that, in any event, there could not possibly be any anti-German sentiment connected with the production of the film in mind. He told me that Mr. Hays had intimated that the Germans were too sensitive in the matter, but, he insisted, the Germans, who had lost a war had the right to be sensitive and he made it quite clear that, so long as the German Government did not receive some guarantee that the production of anti-German films would be stopped, the American industry could not hope to witness any radical change in the contingent policy which would materially aid them. I could not in any way feel that this statement was made as a threat, still I gathered the impression that, owing to the great importance attached to the subject of anti-German films, Dr. Henke had in mind that if the American industry through the Hays Organization, would in some way definitely assure the German Government that its position was not anti-German and that the future would see the elimination of such films as were not approved, let us say, by the German Consul nearest to Hollywood, this could be used as a trading point in softening the effects of the German contingent.

GEORGE R. CANTY

---

862.4061 Motion Pictures/64

*The Secretary of State to the Ambassador in Germany (Sackett)*

No. 708

WASHINGTON, September 17, 1932.

SIR: There is enclosed for your information and consideration a copy of a letter, dated September 9, 1932, from Major F. L. Herron

of the Motion Picture Producers and Distributors of America.<sup>95</sup> In this letter complaint is made against certain provisions of the German regulations with regard to the importation and exhibition of foreign films in Germany. The regulations against which Mr. Herron complains seem to the Department to be quite onerous and to place a severe restrictive burden upon American films. It is, however, doubtful whether you will be in a position to take any effective action which would help the American interests concerned but I feel that the situation warrants your looking into the matter with a view to determining whether there is anything that can be done to help.

The principle involved in the dubbing regulation is one which if carried into other fields of commerce would be a most serious matter. In effect this dubbing regulation requires that a semi-finished product be finished within the country into which it is being imported. Since the companies exporting to Germany employ qualified German speaking persons to take the speaking parts of the players in the film there would appear to be no basis for an allegation were it made that dubbing is necessary in Germany in order that correct German will be spoken by the actors in any given film. You will please let the Department know what action if any you find it possible to take in this matter.

Very truly yours,

For the Secretary of State:  
W. R. CASTLE, JR.

862.4061 Motion Pictures/67

*The Ambassador in Germany (Sackett) to the Secretary of State*

BERLIN, December 22, 1932.

[Received January 5, 1933.]

SIR: I have the honor to refer to the Department's instruction No. 708 of September 17, 1932, concerning the complaint of American film interests against certain provisions of the German regulations with regard to the importation and exhibition of foreign films in Germany.

Upon receipt of this instruction, the Embassy took the matter up with the Foreign Office and advanced at considerable length arguments in support of the American objections to the German regulations. On three subsequent occasions the Embassy impressed upon the Foreign Office the desirability of an equitable solution in the premises and finally, under date of November 28, a note was received from the Foreign Office, copy and translation of which are enclosed.

<sup>95</sup> Not printed.

On the face of it this note appears to be somewhat evasive and unsatisfactory. It seems, however, that the official attitude of the German Government as expressed therein was dependent upon, and represented the progress made in, current negotiations between the German (in this connection see Special Report No. 10, of November 12, from the office of the Commercial Attaché to the Embassy entitled "Startling Developments in the German Film Situation").

The passage in the Foreign Office note stating that "the Reich Government takes the stand, as a matter of principle, that the issuance of a general prohibition to close contracts without a preview is thoroughly desirable from a cultural point of view", is of interest as being the first official acknowledgment that the "blindbooking" provision of the German film regulations is unfair when applied to the foreign product alone. The expectation among American film interests here appears to be that the "blindbooking" provision will be equalized in the governmental regulations which will be issued to cover the next film release season.

I may add that, in the opinion of the Embassy, American film interests may not for a considerable length of time hope to obtain a relaxation of the German dubbing regulations. Aside from the argument of principle, the very general testimony of local film-goers—of American as well as of German nationality—is that many American films, dubbed in the United States for presentation here, lend themselves to considerable criticism with respect to their quality as artistic and finished products.

Respectfully yours,

FREDERIC M. SACKETT

[Enclosure—Translation]

*The German Foreign Office to the American Embassy*

VIC 6090/32

NOTE VERBALE

Referring to the remarks of the American Chargé d'Affaires on the occasion of his call at the Foreign Office on October 6, 1932, the Foreign Office has the honor to inform the Embassy of the United States of America as follows:

The Memorandum of September 20, 1932, relative to the "Decree of June 28, 1932, governing the exhibition of foreign films", which was presented by the American Chargé d'Affaires, has been studied with the greatest care by the competent German authorities. The result may be summed up as follows:

The German authorities in question are entirely inclined to deal favorably with applications for exhibiting American films within the

framework of existing legal provision. In particular, the Reich Minister of the Interior is willing, in principle, to facilitate the importation of American films into Germany, by granting certificates from a relief fund which has been made available and put at his personal disposal. According to the regulations for the use of certificates based on this fund, permission may only be granted, however, if German cultural interests are served thereby, that is to say, that they apply only import films but who at the same time, by producing a film of their own in Germany, contribute to the stimulation of the German film market, which is desired for cultural reasons. As the Reich Minister of the Interior has so far dealt favorably with applications of such American film companies for contingent certificates based on the relief fund, he also intends to do so in future. The Foreign Office ventures to mention the fact that only recently the Paramount Film Company was again allotted four contingent certificates out of the relief fund, in recognition of its cooperation in German film production, and, out of the same considerations, the First National Company was granted two. Other American film companies which render services to film production in Germany and which submit their wishes to the competent German authorities will also be able to count on similar favorable treatment.

Regarding the remarks contained in the Memorandum about the so-called "prohibition to close contracts without a preview" (*Blindbuchungsverbot*), the Reich Government takes the stand, as a matter of principle, that the issuance of a general prohibition to close contracts without a preview is thoroughly desirable from a cultural point of view. If it has not been possible up to now to pronounce such a prohibition to apply to German films, the reason is to be found exclusively in the extraordinarily difficult business situation of the German film industry, a large part of which would find that a prohibition of closing contracts without a preview would render it impossible to finance their productions. The result would be additional failures of German film companies, which must be prevented for obvious cultural reasons.

Another point in the Memorandum regards the regulations contained in Section 14 of the "Decree of June 28 governing the exhibition of foreign films", that foreign films dubbed in the German language can only be recorded if the dubbing and other work connected therewith is done in Germany, as prescribed in Section 2 of the above-mentioned decree. Experience in connection with the most recent films dubbed abroad and exhibited in Germany has proved once more that the appearance of films of that kind is not in keeping



with German cultural interests. Aside from this fact, the regulation in Section 14 should also be favorable to the business interests of the foreign firms themselves, as films dubbed abroad meet with difficulties in their commercial exploitation because of defects appearing in them, which could easily be avoided if the dubbing were done in Germany.

Out of cultural considerations—not the least of which is based on the above-mentioned unfavorable experience—the Reich Government must adhere to its opinion that dubbed films are undesirable as such and that their production should therefore be restricted as much as possible. Whether or not it will be possible in future decrees to change the proportion of dubbed films admitted as compared with films having original texts cannot be decided until it is possible to gain a survey of the results of exhibiting a corresponding number of German sound films on the non-German European market.

Finally, regarding the reference in the Memorandum to the fact that there are no contingent decrees in the United States of America, the Foreign Office ventures to state, as a counter-argument, that as a result of an organization of the American film business, the exhibiting of non-American films is regulated in such a way, to begin with, that the interests of the American film industry are thereby protected. It is a fact, that in spite of the regulations of the German contingent legislation American sound films enter Germany far more easily than German ones the United States of America, where no legal regulations of that kind exist.

To sum up, the Foreign Office begs to emphasize once more the fact that the German Government thoroughly welcomes the appearance of valuable (worthwhile) American films on the German film market, and is prepared to facilitate the exhibition thereof in conformity with existing laws.

BERLIN, November 28, 1932.

---

**GERMAN REPRESENTATIONS AGAINST A PROVISION OF THE  
WORKMEN'S COMPENSATION ACT OF THE STATE OF ILLINOIS  
WITH RESPECT TO ALIEN BENEFICIARIES**

711.622/136

*The German Chargé (Leitner) to the Secretary of State*

[Translation]

V 7820

WASHINGTON, August 24, 1932.

MR. SECRETARY OF STATE: I have the honor to bring to Your Excellency's attention the following matter with the request for friendly intervention:

Section 7 of the "Workmen's Compensation Act of the State of Illinois", according to the amendments of July 3 of the current year, contains the following passage under letter *j*:

"Wherever the dependents of a deceased employee are aliens not residing in the United States or Canada, the amount of compensation payable shall be limited to the beneficiaries described in paragraphs (a), (b) and (c) of this Section and shall be fifty per centum of the compensation provided in paragraphs (a), (b) and (c) of this section".

This regulation, is, in the opinion of the German Government, in contradiction with Article II of the Treaty of Amity, Commerce and Consular Rights between the United States and Germany of August 22 [20], 1925,<sup>96</sup> which reads as follows:

"If a national of one of the contracting parties sustains bodily injury or is killed in the territory of the other party, and the law of the country, state or commune in such cases grants to the relatives or heirs of the injured person or his dependents, protection in the form of a right of action or compensation in cash, then such relatives, heirs or dependents shall enjoy, under the same conditions, the same rights and privileges granted now or in the future to nationals of the country without regard to their foreign nationality or to the fact that they reside outside of the territory where the injury occurred".

The inconsistency of the above cited provision of the "Workmen's Compensation Act of the State of Illinois" with the provisions of the treaty appears especially clear also because of the reasons leading to the incorporation of Article II into the German-American Treaty of Commerce, Amity and Consular Rights. According to the expressly declared intention of the representatives of both parties when the treaty was concluded, this regulation was to guarantee that heirs, relatives and dependents of a person who has suffered an accident in one of the contracting states should occupy the same legal position as the heirs, relatives or dependents of the nationals of the country in question, without discrimination as to the place wherein they reside. Respectful reference is made to a memorandum written under date of December 1, 1923, concerning a conference between Messrs. Castle, Hayde [*Hyde*], McClure, Metzger and Barnes as representatives of the United States and Messrs. Wiedfeldt and von Lewinski as representatives of the German Reich.<sup>97</sup>

By direction of my Government I must report to Your Excellency the facts of this case with the request that efforts be made to have

---

<sup>96</sup> The treaty was signed at Washington, December 8, 1923, ratified by the United States, October 6, 1925, and by Germany, August 20, 1925; see *Foreign Relations*, 1923, vol. II, p. 29.

<sup>97</sup> *Ibid.*, p. 24.

the Government of the State of Illinois change the provisions of the "Workmen's Compensation Act of the State of Illinois" so that they will not contradict the provisions of the German-American Treaty of Amity, Commerce and Consular Rights of August 22, 1925.

Accept [etc.]

LEITNER

711.622/139

*The Secretary of State to the German Ambassador (Von Prittwitz)*

WASHINGTON, November 9, 1932.

EXCELLENCY: I have the honor to refer to the Department's note of September 10, 1932,<sup>99</sup> in which it was stated that the contents of the Embassy's note of August 24, 1932, regarding a recent amendment to the Workmen's Compensation Act of Illinois was being brought to the attention of the Governor of Illinois.

I have pleasure in informing you that the Department is now in receipt of a letter from the Governor of October 27, 1932,<sup>99</sup> in which he states that he has instructed the Industrial Commission to hold in abeyance any cases in which German beneficiaries are concerned until the regular session of the General Assembly of the State of Illinois in January, at which time the question raised by you will be given consideration.

Accept [etc.]

For the Secretary of State:  
W. R. CASTLE, JR.

**REPRESENTATIONS AGAINST A GERMAN DECREE REDUCING INTEREST RATES ON CERTAIN OBLIGATIONS HELD BY AMERICAN NATIONALS**

862.51/3312: Telegram

*The Secretary of State to the Ambassador in Germany (Sackett)*

WASHINGTON, December 24, 1931—3 p. m.

211. Reference Decree of President, German Reich of December 8, 1931, reported in your despatch 1335 of December 9.<sup>1</sup>

Please ascertain if Decree and contemplated regulations will exempt from operation of Decree interest on bonds publicly sold outside

<sup>99</sup> Not printed.

<sup>1</sup> Despatch No. 1335 not printed. By Section 1 of the Decree of December 8, all securities with fixed rates of interest, mortgages, and bonds bearing interest at the rate of 8 percent or more were to be reduced to 6 percent or lower if the prevailing rate of interest was lower.

Germany as well as interest on securities not publicly sold outside of Germany held by American citizens.

In the event that it is contemplated to have Decree operate retroactively to reduce interest rates on German obligations held by American nationals, point out to the Foreign Office that such action would impair the obligation of contracts without compensation.

While German owners of securities apparently would receive certain benefits in liquidating their own indebtedness as compensation for reduction in interest rates on German securities, American owners of German securities are obviously not in a position to secure the benefits of such reductions.

Please report application which Decree and regulations will have, if any, to reduce interest on German securities acquired by American citizens prior to December 8, 1931.

STIMSON

---

862.51 Interest/10

*The Ambassador in Germany (Sackett) to the Secretary of State*

No. 1475

BERLIN, February 10, 1932.

[Received February 19.]

SIR: Confirming my telegram No. 30 of February 10, 2 p. m.,<sup>2</sup> I have the honor to transmit herewith copy of a self-explanatory communication of February 9, from Dr. Dieckhoff, Ministerialdirektor of the Foreign Office. The aforesaid communication is in response to representations which I made personally to Dr. Dieckhoff after conferring with Mr. Frank L. Downey, the representative of Sullivan & Cromwell, the attorneys acting on behalf of the American Founders Corporation. In addition to acquainting Dr. Dieckhoff with the point of view of the Department, as outlined in its telegrams Nos. 211 of December 24, 1931, and 2 of January 7, 1932,<sup>3</sup> I argued the case with him on the basis of a memorandum\* in which Sullivan & Cromwell set forth their contentions in favor of exempting foreign holders of German internal securities from the reduction of interest rates imposed by Emergency Decree of December 8. Dr. Dieckhoff professed to be impressed by the cogency and equity of the arguments advanced on behalf of the American Founders Corporation and assured me that the attitude of the Foreign Office would be favorable.

---

<sup>2</sup> Not printed.

<sup>3</sup> Latter not printed.

\* The Embassy is informed that Sullivan & Cromwell are in touch with the Department and have fully informed it in the premises. A copy of the memorandum is therefore not enclosed. [Footnote in the original.]

As the Department will observe from the enclosure, Dr. Dieckhoff's efforts to effect a settlement were unavailing. After lengthy deliberation, the Reichswirtschaftsministerium, in conjunction with the Ministries of Justice and Finance, reached a decision unfavorable to the petitioners. The juridical argumentation, as the Department will note, is based on the thesis that no agreement was entered into between the American Founders Corporation and German debtors which would be impaired by a reduction in the rate of interest payments, that the American company, having bought its securities in the open German market, was *pari passu* with other foreign owners of such securities, and that the aforesaid reduction of interest payments did not constitute confiscation of property as would the compulsory transfer of the rights of one person to the State or to some third party. An analogy was made to the effects of abandonment of the gold standard.

I have not had an opportunity to study this case in the light of precedent, if any. My impression, however, is that the case is clearly not "iron-clad". The purchase of the securities in question was speculative, the holders had, I understand, no protection from possible German currency depreciation, and, it might be argued in general that they could not have expected to fare better than other purchasers of the same securities.

If the Department desires to press the case, I believe that, while formal diplomatic representations would not in themselves be able to effect a direct settlement with the German Government, they would at least make possible an admission of the claim to international arbitration. Should a decision be reached whereby the German Government would be obliged to restore the original contractual rights of the holders of the securities, a precedent would be set which would enable other foreign holders of German securities, mortgages and commercial obligations in general, to press similar claims successfully. It may be presumed that large amounts would be involved in such an event.

I shall await the instructions of the Department before taking any further action in the premises. Mr. Downey was fully informed of the nature of Dr. Dieckhoff's communication to me. He is communicating with his principals who are expected to discuss the matter with the Department.

Respectfully yours,

FREDERIC M. SACKETT

[Enclosure]

*Dr. Dieckhoff of the German Foreign Office to the American  
Ambassador (Sackett)*

BERLIN, February 9, 1932.

MY DEAR AMBASSADOR: In our conversation of January 8, you were good enough to call attention to the case of the American Founders Corporation, and you asked if the Foreign Office could not in support of the petition addressed by that company to the Reichswirtschaftsministerium use its good offices in favor of amending the so-called Fourth Emergency Decree of the President of the Reich in such a manner as to exempt the securities held by the American Founders Corporation from the reduction of interest provided for on said decree. In the meantime, the question has been thoroughly studied by the Reichswirtschaftsministerium; I am sorry to say, however, that the decision arrived at is unfavorable to the petitioners.

The Memorandum prepared for the Reichswirtschaftsministerium by the American Founders Corporation, copy of which you left in my hands, assumes that under the terms of the Emergency Decree of December 8 and of the accompanying Regulations of December 23, the securities held by the American Founders Corporation are effected by the compulsory reduction of the rate of interest. This assumption is correct. The interest provisions of the decree do not affect obligations issued abroad, nor German loans floated abroad, nor financial operations in the nature of loans that have been carried out in foreign countries. The securities owned by the American Founders Corporation do not come within any one of these three categories. They are, all of them, German obligations officially traded on a German stock exchange. According to the express wording of the Regulations, such obligations are in no case to be considered as issued abroad and their rate of interest is, accordingly, to be reduced. There can, of course, be no question of a loan floated abroad, nor even of a financial operation in the nature of a loan.

The Memorandum attempts to show why, in the opinion of the American Founders Corporation, the provisions of the Emergency Decree should be changed in their favor, and it is argued that such a change would be possible without interfering with the effective operation of the decree. We are unable, I am sorry to say, to accept that view. The considerations that have led to exempt from the interest reduction provisions the three categories mentioned above do not apply to the case in question. No agreement has been entered into between the American Founders Corporations and German debtors which would be impaired by a reduction of the rate of in-

terest payments, and the American company having bought its securities in the open German market can not claim or expect a better legal position than any other foreign owner of such securities. To agree to the request of the American Founders Corporation would go far beyond the exemptions written into the Regulations of December 23rd. To extend still further these exemptions, which are to be regarded as an extreme limit, would interfere with the very purpose of the whole action. The necessity mentioned in the Memorandum of establishing genuinely foreign ownership would be more of a technical question and an issue of secondary importance.

The Memorandum of the American Founders Corporation finally refers to the treaty of commerce existing between the United States and Germany<sup>4</sup> and in characterizing the reduction of interest as a confiscation of property suggests that the decree violates the terms of said treaty. Yourself, my dear Ambassador, seemed to share that opinion. In reality, however, the reduction of interest does not constitute confiscation of property, i.e. the compulsory transfer of the rights of one person to the State or to some other person no more than, for instance, the abandonment of the gold standard would constitute a confiscation of property. It is rather a measure intended to facilitate the return to pre-war conditions with regard to the lending of money in Germany. The Emergency Decree reestablishes 247 of the German Civil Code which provides that a debtor, who has contracted for a rate of interest exceeding 6 per cent per annum shall be entitled to withdraw from his contract after giving due notice of his intention to do so: a right which, according to the Civil Code, can neither be excluded nor limited by any provision of the contract. This provision was repealed in the period of inflation. It is in harmony, however, with a theory of law that has again become prevalent within the last few years, namely that a contract obliging a debtor to pay more than 6 per cent interest on his debt fastens an unbearable burden upon him which he must be in a position to throw off, and that interest agreements of this sort jeopardize society and the State. Simply to re-enact 247 Civil Code would, in any event, have caused serious difficulties, if for no other reason because of the relationship existing between mortgages and the bonds of mortgage institutions. The agreement adopted in the Emergency Decree is meant to help overcome these difficulties. You will recall in this connection that after exempting from the interest reduction the three above-named categories the reduction applies only to such legal relations in respect of which it may be assumed that the contracting parties intended to submit to the rules and principles of German law.

---

<sup>4</sup> *Foreign Relations, 1923, vol. II, p. 29.*

No one would deny that the purchases by foreign residents of interest-bearing securities were highly welcomed in Germany, providing, as they did, in no small degree for the credit needs of the home market. But the lowering of an unreasonable interest level was the first prerequisite of the economic and financial recovery which the German Government is determined to bring about. While a measure of this sort was bound to injure creditors both at home and abroad, it may, at least, be expected to make the capital claims underlying all these interest obligations more secure than they were before.

Believe me [etc.]

DIECKHOFF

862.51 Interest/10

*The Secretary of State to the Ambassador in Germany (Sackett)*

No. 564

WASHINGTON, March 31, 1932.

SIR: Reference is made to your despatch No. 1475 of February 10, 1932, enclosing a communication from the German Foreign Office respecting the application of Emergency Decree of December 8, 1931, to American holders of German securities payable in reichsmarks.

Consideration has been given to the reasons advanced by the Foreign Office concerning the failure of the German Government to exempt from the application of the decree the interest on securities held by American citizens. The Department, however, is unable to perceive that the arguments advanced have any application to the merits of the case.

While it is appreciated that under the Regulations of December 23, 1931, the decree does not affect obligations issued abroad nor German loans floated abroad, no appreciable distinction in principle is perceived between such loans and loans floated in Germany.

The Department is at a loss to understand what is meant by the statement, "No agreement has been entered into between the American Founders Corporation and German debtors which would be impaired by a reduction of the rate of interest payment . . ." While the Department does not have the text of the various loan agreements available at present, unless these agreements contain a specific provision which would permit the arbitrary reduction of the interest rates by Government decree, it is not perceived that such a provision is implicit in loan agreements. The interest rate of a loan is a substantial part of the consideration involved in the making of a loan. In the absence of legislation in effect at the time a loan is made, which would render the interest rate illegal, the uniform action of governments through their courts and legislation is to enforce such agreements rather than to impair their effect by legislative decree.



No analogy is perceived between the abandonment of the gold standard, which may incidentally affect loans, and the arbitrary reduction of interest rates. The Treaty of Commerce between the United States and Germany, signed December 8, 1923, provides that the property of nationals of each of the high contracting parties shall not be taken without due process of law and without the payment of just compensation. No provision has apparently been made for the payment of compensation for the proposed reduction of interest rates by the German decree. Should the decree be enforced, this Government can only look to the German Government for satisfaction to the extent that it impairs the obligations of existing contracts. While such a decree might legally be made effective as to new contracts, its operation on all existing loan contracts in effect renders it retroactive and confiscatory in nature.

The suspension and reenactment of Section 247 of the German Civil Code does not appear to have any effect on bearer obligations. That provision of the code specifically exempts bearer obligations. In the absence of a showing by debtors to creditors in each instance of their inability to meet their obligations and an agreement for a lower rate of interest, there is no justification in law for a general reduction of interest rates on the ground that the debtor's voluntary agreement has fastened upon him an unbearable burden. The purchase of the loans concerned would in all probability not have been made, but for the fact that they called for rates of interest higher than six per cent. The agreements were legal in every respect when entered into. The practical effect of the decree of December 8 is to impair their legality in part, and release the debtor from a substantial element of his contract.

In the case of *Aspinwall, executor of Howland, et al. (U. S.) v. Venezuela*, the opinion of the Commission stated:

"Debts can not be paid by acts of Congress. This is not a case of bankruptcy. There is no difference in principle between discharging a part of a debt by legislative decree and wiping out the whole of it by the same means, as there is none between paring off and diminishing the value of an obligation by degrees, in one way and another, until that value is destroyed, and out-and-out destruction at once. If there be any difference it is in favor of the latter, as a quick death is preferable to torture." (Moore, *International Arbitrations*, Vol. IV, pp. 3616-3641.)

In addition to the legal principles outlined above, there is the further consideration that German credit abroad would in all probability suffer a severe set-back, if the rights of foreigners are to be dealt with in the manner contemplated by the decree of December 8.

American citizens and corporations who have purchased German reichsmark securities do not have the benefit of the forced deflation of other elements of German economy. Consequently from equitable considerations alone they should be relieved of the burdens of the decree of December 8, 1931.

It is hoped that in the light of the considerations outlined above the German Government will find some procedure whereby the Decree of December 8, 1931, will be construed so as not to apply to American holders of German reichsmark securities.

You are requested to address a note to the German Foreign Office in the sense of the foregoing and transmit a copy thereof to the Department with the reply of the German Government.<sup>5</sup>

Very truly yours,

For the Secretary of State:  
HARVEY H. BUNDY

---

<sup>5</sup> Apparently no reply was received from the German Government.

## GREECE

### PROTESTS OF THE UNITED STATES AGAINST GREEK DEFAULT IN PAYMENT ON THE REFUGEE LOAN OF 1924<sup>1</sup>

868.51/1217a : Telegram

*The Acting Secretary of State to the Chargé in Greece (Morris)*

WASHINGTON, April 28, 1932—7 p. m.

16. It is reported to the Department that the Greek Government has forbidden the bank of Greece to make the necessary remittance for the May 1 maturities on the 1924 Greek Government 7 per cent loan,<sup>2</sup> though the revenues pledged to the loan and collected by the International Financial Commission and turned over to the Bank of Greece were ample for the purpose. It is further reported that this is indicative of the intention of the Greek Government to suspend transfer on all its external indebtedness.

Please check this report immediately. If it is correct, you are instructed to discuss the matter with your diplomatic colleagues and with the Greek Government. It is our understanding that the members of the International Financial Commission have already protested to the Greek Government and have been supported in their protests by the Governments which appointed them. If this is correct, you may join your protests to theirs.

In addition you are instructed to point out to the Greek Government that any general suspension of payments would affect the debts due to the American Government under the Agreement signed between the two Governments on May 10, 1929.<sup>3</sup> Under Article 2 of Part 2 of this Agreement, the service of the loan then extended by the American Government was secured by a first charge on the revenues under the control of the International Financial Commission subject to prior liens, and the Greek Government "has given its irrevocable mandate to the International Financial Commission and has taken all other necessary and proper steps to assign and charge as security for the service of this new loan by the United States all the above mentioned revenues, and the International Financial Commis-

<sup>1</sup> For correspondence relating to the negotiation of the Refugee Loan of 1924, see *Foreign Relations*, 1924, vol. II, pp. 282 ff.

<sup>2</sup> The loan, generally referred to as the "Refugee Loan of 1924", was issued under the auspices of the League of Nations. Of the total loan, \$6,000,000 was raised in the United States (see *ibid.*, pp. 288-289).

<sup>3</sup> *Annual Report of the Secretary of the Treasury . . . 1929*, p. 308.

sion has irrevocably undertaken to deal with such revenues . . ." It is true that under the Hoover Proposal<sup>4</sup> the service on all debts due by the Greek Government to the American Government until June 30 have been suspended. But the Greek Government has not yet signed the Agreement with the American Treasury legalizing this suspension of payment<sup>5</sup> though the matter has been brought to the attention of the Greek Government several times. If the Greek Government signs this Agreement the immediate issue regarding the May 10 payment will be avoided. But continued suspension on all Greek Government debts would raise the question later on.

The Department is not unaware of the financial difficulties of the Greek Government. But in its opinion there are several strong reasons why the Greek Government should exert itself to the utmost to meet its external financial obligations and make all necessary sacrifice therefor. Among these reasons, which you may point out to the Greek Government, are the following:

(1) That loans were extended by the American people and the American Government because of the assurance of safety given by the Greek Government in setting aside revenues to be collected under the supervision of the International Financial Commission and giving this Commission an irrevocable mandate so to protect the interests of the foreign lenders. It appears to the Department that now to interfere with the carrying out of the Commission's purposes would be a grave breach of faith to the lenders.

(2) In the case of the 1924 and 1928 loans,<sup>6</sup> the lenders were influenced in part by the thought that they were assisting in the reconstruction of the Greek nation in a period of emergency. They felt that in return for financial assistance given at a time of such great need the Greek Government would not fail to fulfill its promises. This judgment was reinforced by the clear and emphatic declarations which the representatives of the Greek Government made to the Financial Committee and the Council of the League of Nations, and to the American Government. The fact that the Greek Government solicited these agencies to sponsor their application for financial assistance was taken as a guarantee that the Greek Government would always meet its responsibilities.

In the light of all these considerations, the Department hopes that the Greek Government will carry out the service of its external loans.

Confidential and for your information only. If the Greek Government signs the Agreement presented by the Treasury legalizing the

<sup>4</sup> *Foreign Relations*, 1931, vol. I, p. 1.

<sup>5</sup> The agreement was signed May 24, 1932; see vol. I, p. 627.

<sup>6</sup> The Greek Stabilization and Refugee Loan of 1928, like the Refugee Loan of 1924, was sponsored by the League of Nations; with the approval of the Government of the United States, American bankers participated in its flotation (see *Foreign Relations*, 1927, vol. III, pp. 1 ff., and telegram No. 7, January 30, 1928, to the Minister in Greece, *ibid.*, 1928, vol. III, p. 7).

Hoover year suspension, the American Government protest on its own behalf would only come in point next November. It is highly desirable that the Greek Government sign this Agreement at once.

To the best of the Department's judgment, the Greek Government could meet its obligations by making the necessary sacrifices. But if the Greek Government cannot be persuaded to meet them fully, it is hoped that it will limit its curtailment of service on external debts as narrowly as possible; that it will, for example, continue to meet interest payments even if it must suspend amortization, and it will continue to permit the International Financial Commission to function. In the presentation of these protests, you are to be guided somewhat by the action taken by the governmental representatives on the International Financial Commission. Report fully to the Department.

CARR

---

868.51/1218 : Telegram

*The Chargé in Greece (Morris) to the Acting Secretary of State*

ATHENS, May 1, 1932—2 p. m.

[Received May 1—12:25 p. m.]

Your April 28, 7 p. m. Foreign Office confirms order to Bank of Greece to refuse transfer all external debt payments due May 1st retaining drachma equivalent in blocked account in the name of International Financial Commission. International Financial Commission received a communication from the Minister of Finance April 16 notifying it of Greek Government's intention to suspend May 1st payments and replied May [April?] 21st formulating express reservations relative to this intention. On April 28 British, French and Italian Ministers made a joint verbal representation supported by *aide-mémoire* couched in mildest terms merely supporting the reservations made by the Financial Commission in its reply to the Minister of Finance. April 30 I made verbal representations and left *aide-mémoire*. As a result Foreign Office telegraphed Simopoulos to sign Treasury agreement at once and private secretary of Venizelos left *aide-mémoire* with me in the evening explaining that the difficulty of balancing budget had caused the suspension of foreign debt payments and expressing hope that this measure is temporary and granting of financial aid recommended by League of Nations Financial Commission will soon permit resumption of the regular transfer of interest on foreign debt.

MORRIS

868.51/1218 : Telegram

*The Acting Secretary of State to the Chargé in Greece (Morris)*

WASHINGTON, May 5, 1932—2 p. m.

17. Your May 1, 2 p. m. The explanation offered by the Private Secretary of the Prime Minister as to the imperative necessity for the Greek Government's action in forbidding the Bank of Greece to transfer the remittance for the May 1st maturities on the 1924 Greek Government 7 per cent loan is not regarded by the Department as adequate. The Department has emphasized to the Greek Minister in Washington its view that, because of the commitments given by the Greek Government to the International Financial Commission, the present action of that Government assumes an unusually serious aspect and if allowed to stand will add to the disappointment and criticism with which Greek credit will be viewed. The Department has also pointed out to him the seriousness with which default in payment will be regarded by American investors who have contributed so much to the development of Greece and aided so greatly in meeting various Greek national emergencies. In view of the foregoing the Department is strongly of the belief that the Greek Government should exert itself to the utmost to meet its obligations to the fullest possible measure.

It is realized that because of the instructions contained in the Department's No. 16 of April 28, 7 p. m., to the effect that you should be guided by the actions of your colleagues, you may have refrained from bringing clearly to the attention of the appropriate Greek authorities the Department's views regarding the concern with which this Government views the Greek Government's interference with the functions of the International Financial Commission. If such is the case, it is desired that you immediately stress to those authorities the full import of the Department's views, as set forth in the above mentioned telegram and as supplemented by the first paragraph of the present instruction.

Subject to the instruction outlined above, you will continue to maintain contact with your British, French and Italian colleagues and with the members of the International Financial Commission and to cooperate fully in their endeavors to induce the Greek Government to modify its present position in this matter.

As for the signature of the Agreement with the Treasury, the Greek Minister now states that he is willing to proceed to sign at once. This matter, therefore, we expect will be satisfactorily arranged. You may advise the Greek Government informally that the Treasury appre-

ciates that the delay in signing was not due to any fault of the Greek Minister here.

CASTLE

---

868.51/1230 : Telegram

*The Chargé in Greece (Morris) to the Acting Secretary of State*

ATHENS, May 9, 1932—10 p. m.

[Received 10:22 p. m.]

37. Your 17, May 5, 2 p. m. On April 30 I verbally communicated all of Department's views as contained in its 16 of April 28, 7 p. m., to Director General of Foreign Office as Foreign Minister was absent due to Orthodox Easter. My *aide-mémoire* of April 30 conformed in general tone to those of other diplomatic representatives. On May 7 I repeated verbally to Foreign Minister Michalakopoulos the Department's viewpoint as contained in its 16 and supplemented by its 17 and left *aide-mémoire* setting forth almost verbatim Department's arguments and viewpoint. Foreign Minister told me that no action looking to resumption of debt service would be taken until reparations conference which Venizelos will attend in a further effort to obtain financial aid to carry on productive public works. If successful an effort will be made to resume interest payments: if not Greece will then ask for a commission of experts from disinterested countries to examine her finances and to indicate how and in what percentage she is able to resume interest payments. The Foreign Minister's reply did not impress me as representing his own mind or as based upon any agreed-upon line of conduct. Two days previously he told British Minister that Greece should have continued at least partial interest payments. To my direct suggestion in this sense he replied negatively. Venizelos is responsible for his Government's debt default and it is probable that Foreign Minister is not entirely in agreement with him. It is clear that no plan to resume debt service has been evolved. In my opinion suspension of service will continue indefinitely unless pressure of retaliatory nature is resorted to. Forbidding emigrant remittances from the United States and suspending Veterans' Bureau payments in Greece would have a profound effect.

MORRIS

868.51/1233 : Telegram

*The Chargé in Greece (Morris) to the Acting Secretary of State*

ATHENS, May 12, 1932—4 p. m.  
[Received May 12—3:25 p. m.]

39. Your 17, May 5, 2 p.m. British representative on Council of League of Nations has proposed to register strong protest against May 1st default and threat of Greek Government to ignore rights of International Financial Commission. Before any League action British Government desires further direct action at Athens and has requested French and Italian Governments to join it in collective protest by diplomatic representatives at Athens to be undertaken on May 14th by presentation to Greek Government of written representations signed jointly by the three representatives. If French and Italian Ministers are not instructed to join him British Minister will protest independently on May 14th after agreement with his representative on International Financial Commission. British protests, and it is hoped collective protests, will cover following ground:

(a) Repeat protest against Greek Government's action in invoking League of Nations as having countenanced Greek default;

(b) Endorse protest of International Financial Commission against Greek Government proposal to pay into blocked account May 1st maturities;

(c) Stress refusal of Greek Government to convert into foreign currency sums required for service which is a contravention of article 24 of Law of Control;<sup>7</sup>

(d) Conclude with definite demand that Greek Government should provide International Financial Commission with ordinary and customary facilities for purchase of foreign exchange to carry out functions for which commission was constituted.

I think it is desirable to instruct me to make simultaneous and formal representations on May 14th covering subject matter of points (b) and (d).

Since yesterday sharp controversy has arisen between Government and International Financial Commission over refusal of latter to surrender as usual to Government surplus drachmas collected from pledged revenues. Commission maintains right to hold all drachmas collected until transfers effected in foreign money. Owing to drachma instability and Government's refusal to permit transfer commission cannot tell how many drachmas are necessary to purchase foreign exchange until actually authorized to effect this transfer operation. Enough drachmas have been collected to purchase foreign exchange

<sup>7</sup> *British and Foreign State Papers*, vol. xc, pp. 403, 411.



at present rate but any considerable further depreciation of exchange value of drachma will wipe out this margin.

MORRIS

868.51/1233 : Telegram

*The Acting Secretary of State to the Chargé in Greece (Morris)*

WASHINGTON, May 13, 1932—1 p. m.

21. Your 39, May 12, 4 p. m. You are authorized to make formal and simultaneous representations to the Greek Government covering subject matter of points (b) and (d) of the representations which the British Minister has been instructed to make on May 14.

It is not clear to the Department why you have not recommended the inclusion of point (c) in your representations, but you may omit it if in your opinion its inclusion would be manifestly inappropriate.

CASTLE

868.51 Refugee Loan, 1924/93

*The Chargé in Greece (Morris) to the Secretary of State*

No. 2146

ATHENS, May 16, 1932.

[Received June 4.]

SIR: With reference to my telegram No. 39 of May 12, 4 P. M. and the Department's reply No. 21 dated May 13, 1 P. M., I have the honor to enclose herewith a copy of the formal protest which I handed to the Minister for Foreign Affairs on May 14th. I also enclose a copy of the note handed to the Minister for Foreign Affairs by the British Minister on the same day.<sup>8</sup> The note of the British Minister was given immediate publicity in the Athens press. Comments in regard to it I will report in another despatch. Not a word has transpired so far in regard to my protest, which is in keeping with the Government's action in regard to my previous protests as I have already reported in my despatch No. 2143 of May 10th.<sup>8</sup>

With regard to the last paragraph of the Department's telegram No. 21 in which it is stated that the Department does not understand why I did not propose to cover Point C in my representations, I beg to say that at first I was not inclined to do so because of the fact that the point refers to a specific contravention by the Greek Government of a clause of the law regulating the functioning of the International

<sup>8</sup> Not printed.

Financial Commission, on which the United States is not represented. After receipt of the Department's telegram I arrived at the opinion that it would be permissible to include the substance matter of Point C without reference to the specific contravention of the law on the Financial Commission.

If the Greek Government replies to my note and to the British note, I will of course forward copies of these replies to the Department. It is my understanding that the Italian Minister received instructions to join in the protest only in case that his French colleague was instructed to do likewise. Apparently owing to the governmental situation in France at the moment, the French Minister was not instructed to take any action. Therefore neither he nor the Italian Minister joined their British colleague. Both Ministers are inclined to think that they will be instructed before long to make representations.

Respectfully yours,

LELAND B. MORRIS

[Enclosure]

*The American Chargé (Morris) to the Greek Minister for  
Foreign Affairs (Michalakopoulos)*

F. O. No. 166

ATHENS, May 14, 1932.

YOUR EXCELLENCY: I have the honor, under instruction of my Government, and with reference to my verbal representations of May 7th, to inform Your Excellency that I am directed to express the objection of my Government to the proposal of the Hellenic Government to deposit the May 1st maturities on the 1924 7% Loan in a blocked account at the Bank of Greece, as is indicated in the *Aide-Mémoire* of the Minister for Foreign Affairs addressed to me on April 30, 1932. I am further directed to stress in particular the objection of my Government to the refusal of the Hellenic Government to permit the conversion into American currency of the sums required for the service of the American loans controlled by the International Financial Commission.

In conclusion I have the honor, in accordance with the instructions of my Government, to make a definite demand that the Hellenic Government shall provide the International Financial Commission with the ordinary and customary facilities to purchase American exchange in order to enable it to carry out the service of the American loans which it has undertaken to do.

I avail myself [etc.]

LELAND B. MORRIS

868.51 Refugee Loan, 1924/94

*The Chargé in Greece (Morris) to the Secretary of State*

No. 2156

ATHENS, May 24, 1932.

[Received June 8.]

SIR: I have the honor to refer to my despatch No. 2146 of May 16th relative to the protest against the Greek foreign debt default. I am enclosing a copy and translation of the reply addressed to me by the Hellenic Foreign Office and a copy and translation of the reply addressed to the British Minister in answer to his protest delivered the same day.<sup>10</sup> I also enclose a copy of my *Aide-Mémoire* left with the Minister for Foreign Affairs, Mr. Michalakopoulos, on May 7th, to which reference is made in the reply of the Foreign Office to my note of May 14th.

It will be noted that the reply addressed to me by the Foreign Office is identical with that addressed to the British Minister, leaving out inappropriate sections of the reply to the British note. There is only one thing in the Greek Government's reply which introduces any new element of argumentation to be added to those already used both publicly and in previous official communications. That is the statement that the total reserves of the Greek Government in the hands of the Bank of Greece amount at the present time to only \$2,350,000. Just before Greece went off the gold standard Mr. Veniselos made the statement in Parliament that the Greek reserve had shrunk from some \$30,000,000 in September, 1931 to approximately \$13,000,000 at that time. It is difficult to reconcile the enormous divergence between the figures which Mr. Veniselos gave out in April and the figures given in the Foreign Office note. While it is certain that the amount of foreign exchange in the hands of the Greek Government is very small, compared to its needs, it may well be doubted whether the sum of \$2,350,000 is an accurate statement or whether it is not scaled down for effect. The official figures of the Bank of Greece indicate a larger sum of money on hand. . . .

On May 19th the French Chargé d'Affaires and the Italian Minister handed notes to the Minister for Foreign Affairs identical in nature to the protests made by the British Minister and by myself on May 14th. They received the same reply as that given to the British Minister. Yesterday the British Minister visited Mr. Michalakopoulos informally and gave him what he termed a "piece of friendly and unofficial advice from Sir John Simon." Sir John Simon wished to make it known to the Greek Government that it should in its own interest not leave the Greek public to expect that definite relief would

<sup>10</sup> The reply addressed to the British Minister not printed.

be obtained by Greece at the coming Lausanne Conference,<sup>11</sup> and he let it be known that Greece would make a much better showing at the Lausanne Conference if before going there it took the necessary steps to enter into contact with the British bond-holders in a sincere effort to arrive at a mutual understanding in respect of the debt default. Mr. Michalakopoulos told the British Minister in reply that he was no longer in a position to state how far the advice of Sir John Simon would be followed, in view of the fact that the cabinet of which he is a member had submitted its resignation.

Respectfully yours,

LÉLAND B. MORRIS

[Enclosure 1—Translation]

*The Greek Minister for Foreign Affairs (Michalakopoulos) to the American Chargé (Morris)*

ATHENS, May 19, 1932.

MONSIEUR LE CHARGÉ D'AFFAIRES: With reference to your *Aide-Mémoire* dated May 7th,<sup>12</sup> as well as to your note dated the 14th instant, No. 166, I hasten to bring to your knowledge the following with regard to the question of the transfers required for the service of the American loan placed under the control of the International Financial Commission.

Greece has been almost the only one amongst the small countries which took part in the War which, during its course and after the catastrophe of Asia Minor, has continued to pay in full the service of its debts in gold. If she now finds herself in the inescapable necessity of delaying temporarily the transfer of the necessary sums in foreign money for the service of her foreign debt, this is entirely due to the monetary situation of the country which is causing the deepest anxiety to the Hellenic Government. In order to give an exact idea of this situation it will suffice that I cite to Your Excellency the fact that the total reserve of the Bank of Greece in gold and foreign money amounts at the present moment to \$2,350,000. Now the national money has already suffered during these latter days a depreciation which continues, of almost 50% of its value without, however, stopping the tendency to a still more sensible depreciation. To continue in these conditions to effect the necessary transfers for the regular service of our foreign debt could only bring about a complete collapse of the drachma with all the disastrous consequences which this would have, not only for the budget balance but also for the interior order and the social peace of the country. In

<sup>11</sup> See vol. I, pp. 636 ff.

<sup>12</sup> Enclosure 2, *infra*.

truth there would be no other remedy to prevent the considerable deficit which would result to the budget from this than to have recourse to new emissions of paper money which would bring about with certainty a financial, economic and social catastrophe such as was seen in Germany in 1922-1923. The first to feel the grave consequences of this would be the creditors of Greece, seeing the material impossibility which the latter would be in to continue to pay her foreign and her domestic debts.

To the contrary of this, it is to be hoped that the temporary suspension of the transfer of the sums in drachmas which the Hellenic Government will be able to set aside by the budget of the fiscal year 1932-1933 for the coupons of the foreign debt will permit Greece to await the result of the approaching Conference of Lausanne and to arrive at an agreement with her creditors. Greece desires to hope that the decision of this Conference and the measures to be taken to prevent economic disaster in the countries of the Southeast of Europe will permit her to avoid the grave dangers which she is facing at this present moment. The creditors of Greece will only be the gainers in these circumstances which would permit the Hellenic Government, while at the same time looking out for the economic and financial situation of the country, to make propositions in the very near future of an equitable nature and as satisfying as possible to the holders of the Greek debt.

In the meanwhile the Ministry of Finance is proceeding to a complete study of the financial situation and in a few days will be in a position to present the budget for the fiscal year 1932-1933 to the Chamber, and will not fail to follow very closely the evolution of the financial situation to the best of the interests of the country and of her creditors.

In order to give a proof of its respect for its international engagements, the Hellenic Government desires to state that it would be quite ready to submit the whole of this question to an arbitral discussion. This arbitration could be extended advantageously for all the parties concerned on the point of learning what is really Greece's capacity of payment.

The Government of the Republic likes to believe that the Government of the United States of America which in all circumstances has given proof of such good-will towards this country, will appreciate with full understanding the gravity of the moment which Greece is now passing—the Greece which, as I have already said, has made an effort to execute its engagements with a scrupulous precision—and will be good enough to recommend to the American bond-holders not to adopt an attitude of unreasonableness which for

the reasons above mentioned would be diametrically opposed to their own interests which are well understood.

Please receive [etc.]

A. MICHALAKOPOULOS

[Enclosure 2]

*The American Legation to the Greek Ministry for Foreign Affairs*

AIDE-MÉMOIRE

The American Chargé d'Affaires called upon the Hellenic Foreign Minister and with further reference to the matter of the suspension by Greece of the service upon her external debt held in the United States, reiterated the views which his Government held in this matter and which had been the subject of his verbal representations to the Foreign Office on April the 30th.

Mr. Morris stated to His Excellency Mr. Michalakopoulos that the explanation contained in the Foreign Office's *Aide-Mémoire* which Mr. Lambros handed Mr. Morris on April 30th as to the imperative necessity for the Greek Government's action in preventing the Bank of Greece from transferring the May 1st maturities of the 1924 Greek Government 7% Loan, is not regarded by the Secretary of State of the United States as adequate. The Secretary of State has emphasized to the Hellenic Minister in Washington his view that because of the commitments given by the Greek Government to the International Financial Commission the present action of the Greek Government assumes an unusually serious aspect and if allowed to stand will add to the disappointment and criticism with which Greek credit will be viewed. The Hellenic Minister at Washington was also told of the seriousness with which default in payment will be regarded by American investors who have contributed so much to the development of Greece and aided so greatly in meeting various Greek national emergencies.

Mr. Morris reiterated several reasons why, in the opinion of his Government, the Greek Government should exert itself to the utmost to meet its external financial obligations and to make all necessary sacrifice to that end. In the case of the 1924 and 1928 loans the lenders were influenced in part by the thought that they were assisting in the reconstruction of the Greek nation in a period of emergency. They felt that in return for financial assistance given at a time of such great need, the Greek Government would surely fulfill its promises. Mr. Morris recalled that there existed the strongest foundation for this belief because the representatives of the Greek Government made a clear and emphatic declaration in this sense to the Financial Committee and to the Council of the League of

Nations, and to the American Government. The fact that the Greek Government requested the support of these bodies in its application for financial assistance was taken as a guarantee that the Greek Government would always meet its responsibilities.

In view of the foregoing considerations, Mr. Morris expressed to His Excellency the Hellenic Foreign Minister the belief of his Government that the Greek Government should exert itself to the utmost to meet its obligations in the fullest possible measure.

ATHENS, May 7, 1932.

---

**INSISTENCE OF THE UNITED STATES UPON EQUALITY OF TREATMENT FOR THE AMERICAN LOAN OF MAY 10, 1929, TO GREECE**<sup>13</sup>

868.51 War Credits/551a : Telegram

*The Secretary of State to the Chargé in Greece (Morris)*

WASHINGTON, September 28, 1932—6 p. m.

42. On September 26th the Greek Minister in Washington on personal instruction from Venizelos asked the Secretary of the Treasury to agree to a 2½ years postponement of the payment due to this Government on November 10, 1932, under the debt settlement agreement of May 10, 1929,<sup>14</sup> or if this should be impossible requested at least a postponement of the November 10th payment, the exact time to be later determined. The Secretary of the Treasury advised the Minister that the Treasury had no legal authority to waive payment or to agree to a delay in payment, this being a matter solely within the jurisdiction of the United States Congress. In arguing for a postponement the Minister set forth the facts surrounding the decline of the drachma, the difficulty of acquiring foreign exchange and the increased demands for foreign exchange which would be necessary as a result of the express intent of the Greek Government to make a 30 per cent interest payment on Greek external loans. The Secretary of the Treasury protested against any possibility of holders of the Greek Stabilization and Refugee Loan of 1928 receiving more favorable treatment than the United States Government in respect to its loan of 1929. In view of the Minister's statement you are instructed to advise the Greek Government of the position taken by the Treasury with the Greek Minister and further to call attention to the provisions of the following clauses of the above mentioned agreement:<sup>15</sup>

<sup>13</sup> For correspondence relating to the negotiation of the loan of May 10, 1929, see *Foreign Relations*, 1928, vol. III, pp. 1 ff.

<sup>14</sup> *Annual Report of the Secretary of the Treasury . . . 1929*, p. 308.

<sup>15</sup> See *ibid.*, pp. 312, 313.

"The new Loan provided for in the Agreement shall rank with and shall share the same securities and all other advantages as the Greek Stabilization and Refugee Loan of 1928 provided for in the International Loan Agreement executed January 30, 1928," and

"In the event of there occurring in any year a default in the payment of the service of this new loan by the United States, the ratio in which it is to share the same securities as the Greek Stabilization and Refugee Loan of 1928 provided for in the International Loan Agreements dated January 30, 1928, shall be the same as that which the amount of the annual service charge due the United States bears to the amount of the annual service charge due the holders of the bonds issued in accordance with the above mentioned International Loan Agreements of January 30, 1928."

Not only must the Treasury insist upon the obligation of the Greek Government to make the payment due November 10, 1932, but in view of the public statement recently made in London with reference to a proposed payment by the Greek Government on the Greek Stabilization and Refugee Loan of 1928, the Treasury must also insist that funds under the control of the International Financial Commission shall be handled in such manner as to assure to the United States the security to which it is entitled by the above quoted clauses of the debt settlement agreement dated May 10, 1929.

STIMSON

---

868.51/1262 : Telegram

*The Secretary of State to the Ambassador in Great Britain  
(Mellon)*<sup>16</sup>

WASHINGTON, September 30, 1932—1 p. m.

253. The Department has noted the communiqué issued September 14, 1932,<sup>17</sup> announcing the results of the conversations in London between representatives of the Council of Foreign Bondholders, the League Loans Committee and the Greek Minister of Finance regarding the service of the Greek External Debt for the fiscal year 1932-1933. It is observed that the Greek Government proposes to make payments of 30 percent of the total annual interest service during that year, such payments to be applied to the first half-yearly or first two quarterly coupons of each loan due or falling due during the period in question. It is further observed that the representatives of

<sup>16</sup> The same, *mutatis mutandis*, to the Ambassadors in France (No. 344) and Italy (No. 77).

<sup>17</sup> Published in the *London Times*, September 14. Copy transmitted to the Department by the Ambassador in his despatch No. 353, September 14; received September 22.



the Council of Foreign Bondholders and of the League Loans Committee have agreed to recommend to the British Government that the Governments represented on the International Financial Commission at Athens should instruct that body to release to the Greek Treasury such sums as may be considered appropriate.

As you are aware, the debt funding agreement of May 10, 1929, between the United States and Greece makes the following provisions with respect to the security to be enjoyed by the "new loan" which was extended to Greece by the United States purely for reconstruction purposes:

[Here follow the clauses quoted in the telegram *supra*.]

The Department desires that you seek an immediate interview with appropriate Government officials and that after inviting attention to the foregoing, you inquire whether this Government is correct in assuming that it is the intention of the British Government in any instructions that it may issue to its representative on the International Financial Commission in accordance with the recommendations made in the communiqué of September 14, to make adequate provision for the safeguarding of the rights of this Government as set forth in the above-mentioned debt funding agreement of May 10, 1929, and that no distribution of funds or allocation of foreign exchange will be arranged which will either technically or in substance prejudice the equal treatment to which the United States is entitled in respect to the payment due November 10, 1932, and otherwise.

STIMSON

---

868.51/1265 : Telegram

*The Chargé in Great Britain (Atherton) to the Secretary of State*

LONDON, October 3, 1932—5 p. m.

[Received October 3—1:20 p. m.]

281. Department's 253, September 30, 1 p. m., was discussed informally today with Foreign Office which stated that it viewed this question as one between the creditors and debtors, and that it was not entering into the negotiations between the representatives of the Council of Foreign Bondholders, the League Loans Committee and the Greek Government other than to pass on to the British representative on the International Financial Commission the final agreement when approved by them, with instructions for him to act accordingly; for this reason Foreign Office did not contemplate any reference to the Greek-American loan, which, in its point of view, was a matter between the United States and Greek Governments. So far Foreign Office has heard from the Greek Minister that the

Greek Government was in agreement with proposals contained in September 13 communiqué and that the French bondholders were agreeable. It was now awaiting a formal communication to the same effect from the League Loans Committee and the Council of Foreign Bondholders before communicating with British representative on International Financial Commission.

Press reports Austen Chamberlain is expected Geneva today to support League Loans Committee, League Council vis-à-vis governments in default.

ATHERTON

---

868.51/1266 : Telegram

*The Chargé in France (Marriner) to the Secretary of State*

PARIS, October 5, 1932—10 a. m.  
[Received October 5—9:25 a. m.]

575. Department's telegram 344 of September 30, 1 p. m.<sup>18</sup>

In view of the Department's inquiry the French Government appears to have decided to consult with the British Government before instructing its representative on the International Finance Committee at Athens.

In the meantime the competent officials of the Ministries of Foreign Affairs and of Finance have given informal assurance that under no circumstances will the French Government take any steps in the matter likely to prejudice the rights or interests of the United States Government.

The Embassy has been given to understand confidentially that in the opinion of the legal adviser of the Foreign Office it might be necessary, under the circumstances, for the representatives of the British and the French holders (the latter I am told have accepted the same basis of settlement as reached in London with the British) to again consult with the representatives of the Greek Government.

MARRINER

---

868.51 War Credits/557 : Telegram

*The Chargé in Greece (Morris) to the Secretary of State*

ATHENS, October 6, 1932—1 p. m.  
[Received October 6—8:25 a. m.]

105. Your 48.<sup>19</sup> I made representations on October 1st. Foreign

<sup>18</sup> See footnote 16, p. 397.

<sup>19</sup> Not printed.

Office informs me verbally that Venizelos is personally drafting a reply which I may expect to receive within a few days.

MORRIS

---

868.51 War Credits/561

*Memorandum by the Assistant Secretary of State (Bundy)*

WASHINGTON, October 17, 1932.

The Greek Minister called at my house yesterday to discuss further the question of the Greek payments due November 10th. He stated that he had heard from Venizelos asking him to again take up with the United States Government the problem of finding some method of delaying the payment due in November. He stated that he had not received the long communication from the Greek Government which had been handed to the American Chargé in Athens and only knew the contents so far as revealed in the telegram from Morris.

However, he urged that since the new loan and the old loan<sup>20</sup> originated out of war credits they should both be treated alike so far as postponement is concerned, although he admitted, of course, that the contract<sup>21</sup> contained no postponement provisions with respect to the "new loans". The Minister stated that he recognized that no legal postponement could be adopted without Congress, but intimated that what he wanted was such Treasury action as would justify the Greek Government not paying November 10th. This would apparently take the form of a recommendation to be made to Congress when it convenes and is in a position to ratify.

The Greek Minister pointed out that the Congressional Resolution against cancellation or reduction says nothing about postponement.<sup>22</sup>

I told the Greek Minister that the matter was solely for the Treasury and that he would have to take it up directly with the Secretary of the Treasury and that I had no authority to speak in the matter. I told the Minister that it was my personal view that there was no use in even talking about the matter with Mr. Mills as long as the Greek Government suggested the postponement of everything due November 10th, while at the same time they proposed to pay a substantial sum in respect to the League of Nations loans which rate equally with the American governmental debt according to the express terms of the contract. I further stated that I did not mean to imply that the Secretary of the Treasury would discuss

---

<sup>20</sup> "New loan" refers to the money loaned to Greece under part II of the agreement of May 10, 1929, and "old loan" to the money loaned under the tripartite loan agreement of February 10, 1918.

<sup>21</sup> The reference is to the funding agreement of May 10, 1929.

<sup>22</sup> See sec. 5 of Public Resolution No. 5, approved December 23, 1931, *Foreign Relations*, 1931, vol. 1, p. 248. Provision is made in sec. 1 of this resolution for postponement of amounts payable during the fiscal year beginning July 1, 1931.

the matter if they proposed to give the American loan equal treatment; that this was a matter for the Treasury, but that I could not see how the Secretary of the Treasury could make a recommendation of any sort implying discrimination against the American Government.

At the end of the discussion it was understood that the Greek Minister should see the Secretary of the Treasury directly. Apparently the Greek memorandum will be in the hands of the State Department in about ten days.

H. H. BUNDY

---

868.51 War Credits/569

*The Chargé in Greece (Morris) to the Secretary of State*

No. 2266

ATHENS, October 19, 1932.

[Received November 3.]

SIR: With reference to the Department's telegram No. 42 of September 28th and my telegram in reply, No. 111, dated October 13th,<sup>23</sup> I have the honor to enclose herewith a copy of the French text and an English translation of the memorandum handed me by Premier Veniselos. As suggested in my telegram, I feel confident that this Memorandum which summarizes the verbal statements of Mr. Veniselos embraces only the personal views of the Premier in regard to the matter of the debt settlement. In an informal conversation which I had with the Minister of Finance, Mr. Varvaressos, subsequent to my conversation with Mr. Veniselos, I was able to draw the conclusion from the statements made to me by Mr. Varvaressos that Mr. Veniselos clings tenaciously to his view-point that the second part of the debt settlement made in 1929 should be considered as a war debt because he feels that if the United States grants any concessions in respect of war debts this particular debt should benefit thereby even though its settlement has already been arranged for in a definite manner by the Agreement of May 10, 1929. It is probably for this reason that Mr. Veniselos uses in his Memorandum the term "compromise agreement"—French text, "formule transactionnelle."

In my conversation with Mr. Veniselos, although I asked point blank on what ground the Greek Government proposed to pay 30% to the holders of the Stabilization Loan without offering at least equal treatment to the United States for its debt which was on the same footing as the Stabilization Loan, I could not draw from him an answer to this question. He evaded answering by stating that

---

<sup>23</sup> Latter not printed.

the debt to the United States was a war debt and must be looked at as such.

From my conversations with Mr. Varvaressos and two officials of the Foreign Office who have been engaged in this matter, it is evident that they do not share Mr. Veniselos' view-point and probably endeavored unsuccessfully to have him look at this question in its true light. The explanation of Mr. Veniselos' attitude is to be found largely in the fact that the Stabilization Loan arrangements were made by Mr. Kafandaris and it is well known here that all of the financial arrangements made by Mr. Kafandaris have irked Mr. Veniselos very greatly. It is probably as much for this reason as for his desire to have the second part of the 1929 debt settlement regarded as a war debt for any future advantage that that might imply, that Mr. Veniselos maintains so emphatically, as he did in his conversation with me and as he has with his financial advisers, his conception that the second part of the debt settled in 1929 must be regarded as a war debt and must not be looked at from the actual terms of the settlement. In a few words, he is trying to wipe out what Kafandaris did and what he does not approve of.

I enclose a copy of my note to the Greek Government<sup>24</sup> setting forth the Department's view-point as contained in its telegram No. 42 of September 28th.

Respectfully yours,

LELAND B. MORRIS

[Enclosure—Translation<sup>25</sup>]

*The Greek Prime Minister (Veniselos) to the American Chargé  
(Morris)*

#### MEMORANDUM

The Greek Minister in Washington addressed himself on the 24th of September to the American Government to request it, in taking account of the extreme gravity of the economic and financial situation of Greece, to consent to facilitate provisionally this situation by accepting that the payment due to the American Government the 10th of next November in connection with the second part of the Greek debt to the United States should not be paid when due but should be put off to some future date. The Hellenic Government suggested, by way of an indication, the granting of a suspension of two years and a half, according to the mechanism provided in the Greco-American agreement for the first part of the debt of Greece towards the United States; or, if such a suspension was not judged possible

<sup>24</sup> Not printed.

<sup>25</sup> File translation revised.

by the American Government, the finding of another solution which would permit a temporary accommodation.

The American Government in answering this request not only does not show itself disposed to grant the request of the Hellenic Government, but, notwithstanding the fact that the next payment of Greece does not become demandable until the 10th of November, addresses to it a protest by anticipation against any treatment of the holders of the Hellenic Stabilization Loan of 1928 more favorable than that given to the American Government for the second part of the debt of Greece towards America.

The attitude of the American Government in respect to the first part of this debt has been quite otherwise. In effect, it lent itself willingly, in conformity with the clause of the first part, paragraph 2, of the agreement of May 10, 1929, to the suspension during two years and a half of the semiannual payment which should have been paid to it on the 1st of July.

Evidently the American Government, by the difference of its attitude in respect of the two parts of the debt of Greece, shows that in its opinion, although they were simultaneously settled by the agreement of the 10th of May, 1929, these two parts none the less constitute two debts entirely independent one from the other and different by their nature. Certainly the two parts of the Greek debt towards America are not governed by the same dispositions, the payment for the first part benefiting by the clause of suspension and being funded in 66 annuities while those of the second part do not benefit by this clause and are spread over 20 years only and, above all, are placed under the control of the International Financial Commission. But in reality the second part of the debt does not differ from the first, neither by its origin nor by its nature, nor by the objects for which it has been used; although in the final settlement it took the form of a loan advanced to Greece in 1929, it was none the less an execution—and a partial one at that—of the obligation towards Greece assumed by the United States during the war for the pursuit of their program as belligerents.

In order to leave no doubt on this point it suffices to recall herein under the history of the Greco-American financial relations during the war and the conditions in which the settlement of the Greek debt was effected. By the agreement of February 10, 1918,<sup>28</sup> the three Principal Allied and Associated Powers—the United States, Great Britain and France—in order to assure to Greece the necessary re-

---

<sup>28</sup> Printed in *Greek Debt Settlement*: Hearings before the Committee on Ways and Means, House of Representatives, 70th Cong., 1st sess., on H. R. 10760 (Washington, Government Printing Office, 1928), p. 51.

sources for the mobilization and equipment of her Army and her Navy, and her participation in the military operations, engaged themselves to grant to the Hellenic Government for the expenses of the year 1918 advances amounting to a total of 30 million Pounds Sterling, a third of which was assumed as a charge by each one of the three powers. The agreement was signed for America by the accredited representative of its Treasury Department, Mr. Oscar T. Crosby. The part of these advances falling upon the United States, expressed in dollars, amounted to \$48,236,629. During the duration of the war these advances could be utilized by drawing upon one or the other of the loaning states in the case where the credit abroad of the Hellenic Treasury and of the National Bank should fall below 100 million francs. Six months after the conclusion of peace the balance of these advances might be made use of without restriction. In the meanwhile, these advances were to serve as cover for the issues of the National Bank of Greece which could be utilized when needed for the military requirements of the Hellenic Government and at its request, after agreement with the two interallied commissions—the one financial and the other military—set up for that purpose.

In conformity with the above dispositions of the agreement of the 10th of February, 1918, Greece proceeded to incur war expenses which absorbed the total of the advances foreseen. These expenses were always regularly entered into after the previous consent of the two interallied commissions. On the recommendation of the American delegate on these commissions, the account of Greece between the 20th of June, 1918, and the 31st of July, 1919, was credited by the Treasury of the United States, with the approval of President Wilson, with a sum equal to the part of the interallied advances falling upon the United States; that is, \$48,236,629. Corresponding credits were opened in the favor of Greece by the British and French Treasuries. These credits altogether constituted the cover of the issues made in Greece in conformity with the agreement of February 10, 1918, the sum of these issues being equal to the credits opened. However, although the total of the sums thus issued might have been regularly expended for its military needs, Greece had not, until November, 1920, drawn on these credits except in a moderate manner. By reason of the favorable situation of its exchange which was of greater value than the franc, she did not have recourse to the French credits, the total of which remained due to her. She drew on Great Britain £6,540,000 (or \$31,826,910), and thus had a right still to receive the balance. On the United States she made three drawings: the 15th of December, 1919; the 16th of January, 1920; and the 24th

of September, 1920; drawing in all a total of \$15,000,000. There remained therefore to her to receive from the United States \$33,236,629.

Such was the situation when, following upon the events connected with the domestic political life of Greece, and in particular by the decision of the Hellenic Government which issued from the elections on the 13th of November, 1920, to restore King Constantine to the throne, the Governments of Great Britain and France notified Greece that "in case King Constantine again mounts the throne, Greece will not receive from the Allies any financial help." Great Britain and France, basing themselves on this notification which furthermore did not in any manner authorize them to confiscate credits already existing in favor of Greece, refused to permit the Hellenic Government to draw upon the credits to which it had the right. Following their example, the Government of the United States, although it did not oppose the return of King Constantine and thus as a consequence could not even invoke the pretext of the warning made by the two other powers, none the less did not proceed to the payment of the \$33,236,629 which it still owed to Greece.

Thus considerable sums issued by Greece and guaranteed by the signature of the American Government and completely expended by the Hellenic Government in accordance with the agreement of the 10th of February, 1918, for the common war objects of the Allied and Associated Powers, became deprived of their security and remained a charge on the Hellenic Treasury. It is accurate to recognize that that was indeed a source of disastrous consequences for Greece. The retention of the American credits as well as credits due by the two other powers certainly constitutes one of the factors of the Hellenic disaster in Asia Minor and the determining cause of the breaking down of the Greek currency system between 1920 and 1923. Moreover, without this retention, Greece would not have been compelled to adopt the policy of exterior loans on a large scale which she was forced to practice, and in particular the Stabilization Loan of 1928 would not have been necessary, to which the United States insisted in linking—and still today links—the second part of their claim against Greece.

From 1920 Greece did not cease to invoke her rights by claiming the total of the American credits, and, as the United States did not show herself disposed to meet this demand, no agreement could be brought about between the two countries until January 1928, when a compromise arrangement could at last be arrived at: the American advances to Greece would be increased by \$12,167,074 which, added to the \$15,000,000 already advanced up to 1920, representing on the 1st of January, 1928, with interest at 5 percent, the sum of \$19,659,836,



would bring up the total of the American advances to \$31,826,910; that is, to a sum equal to that which Greece had actually received from Great Britain. Thus the American advance became equalized with the British advance. By reason of this advance Greece renounced the balance of its credits on America. It was at the same time stipulated that this new advance would be paid in 20 annuities and not in 66 as the first part of the debt; that it would be effected, as Greece proposed, to the establishment of the refugees of Asia Minor, and that its service would be placed under the control of the International Financial Commission on a parity with the Stabilization Loan of 1928, a loan which furthermore it must be recalled only became necessary because the retention of the Allied credits had brought about the breakdown of the Hellenic currency.

It is true that the stipulations of the Greco-American agreement concerning the advance of \$12,167,074 added supplementary guarantees in respect of this advance, but as it appears clearly from the history set out above, this advance none the less constitutes a part of the Greek war debt to America. If the United States had consented to pay the whole balance of the credits—that is, \$33,326,629—there could have been no doubt that this payment would have represented for Greece a war debt. The fact that Greece was only able to obtain a part of this balance cannot alter the war debt character belonging to its obligation. This character is not further altered by the fact that the sum advanced by the United States in 1929 was employed by Greece for the work of settling the refugees, which moreover constituted the most pressing need which came to it as a legacy from the war. What is of true importance is that the war expenses for which the credits for 1918 had been agreed to were really incurred during the hostilities for the total of the credits. The partial payment of their balance by the United States in 1929 was no more than a reimbursement. This point of view is furthermore confirmed by the report of Mr. Mellon, submitting to the President of the United States on the 4th of February, 1928, the stipulations of the Greco-American settlement.<sup>27</sup> In this same report it is explicitly stated that if the American negotiators fixed the amount of the sum advanced in 1929 by the United States as \$12,167,074, thus equalizing the part of the United States with that of Great Britain, this was done precisely because they considered that it would not be equitable for the United States to impose upon Greece a settlement more unfavorable than that which she had concluded with Great Britain. Now, today, by its refusal to grant Greece for

---

<sup>27</sup> For text of Mr. Mellon's report of February 4, 1928, see *Annual Report of the Secretary of the Treasury . . . 1929*, p. 317.

the second part of its debt which does not benefit by a suspension clause, an accommodation which Greece is forced to solicit by reason of the gravity of its economic and financial situation, the United States imposes not only a treatment less favorable than that of the British settlement but even less than that which they have granted to other rich and prosperous debtors.

The Hellenic Government cannot indeed refrain from recalling that whilst, to obtain the reimbursement of a third only of the credits which remained owed by the United States and which had been expended in conformity with an international agreement in the service of a common cause, a small and poor country like Greece was forced to accept a schedule of payment incomparably more heavy and more burdensome than that for the other war debts, at the same time one of the richest powers in the world was able to arrange that a commercial debt arising from the purchase of American supplies which were on her territory at the end of hostilities should be included in the settlement of her war debt and paid in 66 annuities with all the facilities which such an agreement implies. That indeed is not the only example of this nature which may be brought forward by Greece. Still more recently—in July, 1932—another power, Belgium, smaller but no less rich than the one cited above, which if it suffers at the present time from the world-wide depression, is far from having felt the deep shock which has come to Greece, has been able to cause the recognition—not this time by the United States but by Great Britain—of the war debt character of two commercial debts,—one of nine and a half million Pounds Sterling for national reconstruction contracted in 1919, and the other of three and a half million Pounds Sterling for the Congo.

The Hellenic Government can only entertain the firm hope that the American Government in accepting to reexamine the question of the second debt of Greece in the light of the observations which have just been made, will not wish to hold to considerations of form but, looking at the question in all its aspects, will deem it equitable to grant to Greece the facilities which are appropriate to its particular situation.

[ATHENS,] 8 October, 1932.

---

868.51/1272 : Telegram

*The Chargé in France (Marriner) to the Secretary of State*

PARIS, October 20, 1932—3 p. m.

[Received 3:20 p. m.]

608. Embassy's telegram 575, October 5, 10 a. m. I have learned informally from the Ministry of Finance that in its instructions to

its representative on the International Finance Commission at Athens the French Government intends to give effective expression to the principle of nondiscrimination "equality of treatment for all bondholders" which Ministry claims is embodied in the agreements reached between the French and British holders with the Greek Government. However, the desired formula has not yet been found and I am told that insofar as it must refer to the restoration to the Greek Government by the committee of the balance of the sum in drachmas remaining after the application of the recent agreements the legal adviser of the Foreign Office is finding some difficulty in drafting a text that would appropriately safeguard American interests and at the same time avoid instructing the committee to retain any specific amount. In other words, in the absence of any agreements between the American and Greek Governments the French Government feels as concerns the obligations of Greece to the United States that it can hardly on its own responsibility suggest the retention by International Financial Committee of an amount calculated on the same basis as that recently accepted by the French and British holders nor on the other hand in view of the principle of equality accepted by the interested parties ordain the withholding by committee of 100 percent of the amount required for the service of the American bonds.

As of possible interest as concerns the principle of equality of treatment which both Finance Ministry and General Secretary of French Association of bondholders claim is written into the French and British agreements attention has been invited to the following provisions:

"Paragraph 4. During the moratorium the Greek Government agrees that so far as lies in its power the holders of Greek loans shall receive a treatment as favorable as the holders of any other long-term Greek loan whether public or private.[""]

and further,

[""]Paragraph 7. In the event the Greek Government accords a more favorable regime to other holders the benefits of this regime will be immediately extended to the French as well as to the British holders."

The competent official of Ministry of Finance states that British Government is daily urging that France hasten her instructions to French representative on financial commission at Athens in order that the latter may release funds to the Greek Government. The same official states that according to the British the American Gov-

ernment has advised Greece that for the time being it does not contemplate calling on Greece to make any payment on account of the Greek obligation to the United States.

MARRINER

---

868.51/1272 : Telegram

*The Secretary of State to the Ambassador in France (Edge)*

WASHINGTON, October 21, 1932—5 p. m.

379. Please repeat your 608, October 20, 3 p. m., to Embassies at London and Rome.

Department is again taking matter up through London and Athens. The last paragraph of your telegram is particularly disturbing. Department does not understand the reported British position in view of the fact that the American Government has advised Greece that it expects the November 10th payment to be made. The Treasury has not consented to any negotiations with respect to the postponement of this payment. Please communicate these facts to the appropriate French authorities.

STIMSON

---

868.51 War Credits/562a : Telegram

*The Secretary of State to the Chargé in Greece (Morris)*

WASHINGTON, October 21, 1932—5 p. m.

57. Please advise Veniselos that the Greek Minister in Washington has again forcefully presented the views of the Greek Government requesting a postponement of the November 10th payment.

The Secretary of the Treasury states that he can not understand the insistence of the Minister in view of the fact that the Treasury has no legal authority to consent to a postponement, this being a matter solely within the jurisdiction of Congress. The complete memorandum of the views of Veniselos has not yet arrived. This will, of course, be carefully considered but can in no way affect the legal situation. The position taken by the Treasury is not based upon any lack of understanding of the difficulties confronting Greece but upon the necessity of the Executive authority insisting upon the legal rights of the United States. It should be especially emphasized that the attitude of American public opinion and consequently of the American Congress toward the matter of Greek payments will necessarily depend upon all of the facts and the position which Greece

takes toward her obligations and that any attempt to discriminate against the obligation held by the United States would have a most unfortunate effect.

STIMSON

---

868.51/1265 : Telegram

*The Secretary of State to the Ambassador in Great Britain (Mellon)*

WASHINGTON, October 21, 1932—5 p. m.

275. Your 281, October 3rd, 5 P. M. Please see the Secretary of State for Foreign Affairs and advise him that the United States Treasury does not understand the attitude of the British Government as reported by you. Attention is directed again to the provisions of the Agreement of May 10, 1929, as quoted in Department's 253, September 30th, 1 P. M. Also to the following provision:

"Greece has given its irrevocable mandate to the International Financial Commission and has taken all other necessary and proper steps to assign and charge as security for the service of this new loan by the United States all the above mentioned revenues, and the International Financial Commission has irrevocably undertaken to deal with such revenues and all other revenues, if any, which may at any time be pledged as security for this new loan by the United States."

Also to a letter No. 120, dated January 25, 1928,<sup>28</sup> signed by the President of the International Financial Commission, which provides:

"The International Financial Commission duly authorized by the powers which it represents accepts an irrevocable mandate to intervene on the basis of the conditions of the protocol signed at Geneva on September 15, 1927,<sup>29</sup> in the service of the loan advanced by the Government of the United States of America."

The British, French and Italian Governments authorized the International Financial Commission to undertake the obligations implied for it in the protocol of 1927 by a declaration in which it is provided that

"Representatives of the Governments of France, Great Britain and Italy duly authorized by their respective Governments hereby agree that the International Financial Commission . . .<sup>30</sup> shall discharge the duties which the said protocol contemplates shall be performed by it, and they undertake on behalf of their respective

---

<sup>28</sup> Not found in Department files.

<sup>29</sup> League of Nations Treaty Series, vol. LXX, p. 9.

<sup>30</sup> Omission indicated in the original.

governments that the necessary instructions will be given by these Governments to their representatives upon the said International Financial Commission".

Therefore, it would seem to be clear that the British Government has definite responsibilities in the matter and the Treasury finds it hard to believe that the British Government will instruct its representative to carry into effect any understanding between bondholders' representatives and the Greek Government which either technically or in substance would prejudice the rights of the United States and especially the equality of treatment to which it is entitled by the Agreement of May 10, 1929, and the obligations assumed by the International Committee.

Please request that the British Government give the matter further careful consideration in view of the coming November 10th payment due from Greece to the United States with respect to which there is no provision in the Agreement for postponement.

The Department is requesting the Embassy at Paris to repeat to you its 608 of October 20, 3 P. M. regarding instructions the French Government intends to issue to its representative on the International Financial Commission.

For your information. Payment due July 1, 1932, was postponed by Greece exercising its option under Part I of the Debt Agreement (See page 310, *Report of Secretary of the Treasury for 1929*). Part 2 of the Agreement contains no postponement option.

Repeat to Embassies at Paris and Rome. Also repeat your No. 281, October 3rd, 5 P. M. to Paris and Rome.

STIMSON

---

868.51/1273 : Telegram

*The Chargé in Italy (Kirk) to the Secretary of State*

ROME, October 23, 1932—11 a. m.

[Received October 23—9:50 a. m.]

96. My telegram No. 95, October 15, 11 a. m.,<sup>81</sup> and previous.

Following is translation of *aide-mémoire* dated October 22nd received this morning from Italian Ministry of Foreign Affairs.

"The Royal Ministry of Foreign Affairs has the honor to refer to the *aide-mémoire* of the American Embassy of October 1st.

The Royal Ministry of Foreign Affairs has been in communication with the Royal Ministry of Finance in regard thereto and has the honor to state that it has instructed the Italian delegate to the International Commission in Athens to adhere, insofar as he is con-

<sup>81</sup> Not printed.

cerned, to the desire of the American Government in the sense that there be accorded to the loan granted by the American Government to Greece on May 10, 1929, a treatment analogous to that which, as is indicated in the first paragraph of the *aide-mémoire* of the American Embassy, is in the process of being adopted as regards other loans placed under the control of the International Financial Commission at Athens, naturally leaving aside the question as to whether the Hoover moratorium covers the loan granted in 1929 by the United States to Greece in view of the fact that that loan was 'issued by virtue of the agreement entered into for the settlement of undertakings contracted during the war'."

Embassy's *aide-mémoire* referred to above contained substance of the Department's telegram No. 77, September 30, 1 p. m.<sup>32</sup> with minor verbal changes and first paragraph of *aide-mémoire* mentioned in Foreign Office statement corresponded to first paragraph of that telegram.

I notified the Foreign Office yesterday in the sense of the Department's telegram No. 82, October 21, 5 p. m.,<sup>33</sup> paragraph 2.

Not repeated to London and Paris.

KIRK

---

868.51 Refugee Loan, 1928/82

*Memorandum by Mr. Paul H. Alling of the Division of Near Eastern Affairs*

[WASHINGTON,] October 29, 1932.

The Greek Minister called today and said that he had received instructions to make a statement to the American Government regarding Greek debts due to the United States. Thereupon he started to read in translation from a telegram. After he had read this over once I asked him if he objected to rereading it in order that I might take his statement down. He readily agreed to this suggestion and dictated the statement which is attached hereto.

I told him that in view of the character of this statement I thought it would be well for him to repeat it to Mr. Bundy. The Minister said that he was quite willing to do this, and I immediately made arrangements for him to see Mr. Bundy, to whom he repeated the statement which he had made to me. Mr. Bundy told the Minister that he would pass the statement along to the Treasury Department and in due course would let the Minister know the Treasury's views.

---

<sup>32</sup> See footnote 16, p. 397.

<sup>33</sup> Not printed.

[Annex]

*Statement by the Greek Minister (Simopoulos)*

Minister of Finance instructed the Minister of Greece to declare that, having always considered the loan of 1928 as a war loan, the Minister of Finance has not included in the already voted budget a provision even for its partial service. Owing to this the Minister of Finance proposes that the International Financial Commission retain 30% of the interest in blocked drachmas and expresses the hope that the American Government would be willing to give such instructions to the International Financial Commission. In case the American Government would not accept to give such instructions to the International Financial Commission the Minister will be compelled to accept the decision of the American Government that the whole amount of the service of this loan be detained in drachmas until a definite solution of the question of the war loans.

---

868.51/1279 : Telegram

*The Ambassador in Great Britain (Mellon) to the Secretary of State*

LONDON, November 8, 1932—noon.

[Received November 8—2:20 p. m.<sup>34</sup>]

320. Department's 275, October 21, 5 p. m., and my 318, November 2, 2 p. m.<sup>35</sup>

Foreign Office has confidentially handed me a draft of the British Government's proposed instructions to the International Financial Commission regarding the execution of the arrangements between the Greek Government and the bondholders of the Greek external debt as follows:

1. The International Financial Commission is authorized to give effect to the temporary agreement between the Greek Government and the representatives of foreign bondholders as set forth in the letter from the Greek Minister in London to the Foreign Office dated September 14, 1932, and the communiqué enclosed therewith, and to release assigned revenues in accordance with and on the conditions of that agreement, insisting upon the following detailed provisions.

2. For the purpose of this arrangement the interest due on the old gold loans will be reckoned at the full nominal rate and not at the rate resulting from the calculation of the 'plus' value under the arrangement of 1898.<sup>36</sup>

---

<sup>34</sup> Telegram in three sections.

<sup>35</sup> Latter not printed.

<sup>36</sup> *British and Foreign State Papers*, vol. xc, p. 408.



3. The release of funds by the I. F. C. will take place when the Greek Government has provided in appropriate foreign currencies (or so far as regards coupons payable in Athens, in drachmas at the current rate of exchange), the following sums:

(a) Thirty percent of the annual interest service of the loans controlled by the I. F. C. on which no interest has yet been paid in the current financial year. This sum to be payable in the usual way to the Commission's bankers;

(b) Thirty percent of the annual interest service of the loans not controlled by the I. F. C. on which no interest has yet been paid in the current financial year.

These sums to be paid through the usual paying agents and the Commission to be informed when they have been paid to these agents.

(c) The sum of 3,767,548 French francs payable in equal shares to the British and French Governments, the Commission to be notified by those Governments when this sum has been received.

4. If in respect of any of the loans, the service of which is claimed by the bondholders to be payable on a gold basis, the Greek Government tenders payment of the 30 percent of the annual interest service on a sterling basis, this payment will be accepted without prejudice to the bondholders' claim. In this event the I. F. C. will retain and maintain an amount in drachmae equivalent to the difference between 30 percent of the interest service on a gold basis and on a sterling basis and release only the balance. The amount so retained to be released to the Greek Government if and when either (a) it establishes by the appropriate machinery its view that the service of such loans is payable only on a sterling basis, or (b) it increases the payments made in the appropriate foreign currencies to the amount due on a gold basis.

5. The sum to be accumulated by the I. F. C. between September 1, 1932 and March 31, 1933 is to be the equivalent in drachmae of 35 percent of the total annual interest service of the Greek external debt during the financial year 1932-33; such sum will be accumulated by approximately equal monthly installments, varying from month to month only in accordance with the exchange value of the drachmae in relation to the amounts to be accumulated. It is understood that this does not imply any extension of the functions of the I. F. C. in regard to the payment of the service of loans not under its control."

Paragraph 6 of the draft contains a list of the loans regarded as included in the Greek external debt for the purposes of the arrangement, among them being the 1924 refugee loan, the 1928 stabilization loan, and the 1929 American loan. (It was pointed out that paragraph 4 is a tentative proposal still under discussion as a means of meeting a doubt that does not arise in the case of the 1929 loan.)

The Foreign Office states orally that if its draft instruction, which provides for *pari passu* treatment, meets the view of the United

States Government insofar as the 1929 loan is concerned, it feels it essential to have an early assurance that the Greek Government for the latter's part will make it possible for the I. F. C. to carry out the instruction, since without the Greek Government's cooperation transfers cannot be effected by the International Financial Commission.

The Foreign Office added that it understood from the Greek Minister in London that the Greek Government is unwilling to make the transfer of 30 percent on the American loan because the Greeks regarded this loan as a war loan, and that the Greek Government has proposed as an alternative that the International Financial Commission should be instructed to retain in drachmae 100 percent of the service of the loan pending direct negotiations between the United States and Greek Governments. Failing an agreement between the two Governments extending to the American loan the 30 percent treatment, the Foreign Office states that it feels that the only other adequate method to safeguard American interests would be to instruct the International Financial Commission to hold 100 percent in drachmae, which the British Government would be prepared to give.

Foreign Office is awaiting the Department's further advices.

MELLON

---

868.51/1281 : Telegram

*The Secretary of State to the Ambassador in Great Britain (Mellon)*

WASHINGTON, November 11, 1932—6 p. m.

281. Your 320, November 8, noon and 325, November 11, 5 p. m.<sup>87</sup>

The Secretary of the Treasury requests that you make the following statement to the Foreign Office with respect to the British Government's proposed instructions to the International Financial Commission. The instructions set forth certain conditions which include the payment and transfer of certain parts of service on loans not under the supervision of the Commission and also of certain sums to the British and French Governments. In view of the Greek Government's refusal to make any assurances of any payment in gold on the American loan, the Secretary of the Treasury does not feel that the withholding of 100 percent in drachmas to cover the service on the American loan gives the safeguards required by the spirit of the loan agreement or the duties of the International Financial Commission. The Greek Government's present position that it will not

---

<sup>87</sup> Latter not printed.

give equality of treatment to the United States Government is entirely untenable and is directly contrary to the express provisions of the contract under which the money was made available to the Greek Government in 1929 and which settle and determine the status of the "new loan". The War advances have an entirely different status under the agreement.

The Greek Government is now in default with respect to the so-called "new loan" part of the agreement of May 10, 1929, the Treasury having received no payment on November 10th.

Accordingly, the United States Government is under the necessity of invoking all the provisions of Article 2 of Part II of the Agreement of May 10, 1929, including the following paragraph.

"Subject to the obligations resulting from prior charges thereon, the above-mentioned revenues shall be held and applied by the International Financial Commission for the purpose of making up any past defaults should they have occurred as well as for the purpose of meeting the periodical service of this new loan by the United States."

This Government expects that the International Financial Commission will take steps to see that the United States receives in fact, both with respect to payment and transfer, treatment on the November 10th payment now in default not less favorable in any respect than that which has been or is to be accorded to the holders of the Greek Stabilization and Refugee Loan of 1928.

Quite apart from all other considerations the Treasury does not understand how the suggestion of holding 100 per cent drachmas against the American debt service would be adequate in view of the inability of the United States to convert into gold at present and the uncertainty as to the future rate of conversion. The essential difficulty with the plan proposed by the Greek Government is that it contemplates the release of funds under the control of the International Financial Commission in return for the Greek Government's making payments in foreign exchange to others and not to the United States which is entitled to corresponding treatment.

The United States Government in making this loan looked to the International Financial Commission to see that the reserved revenues should be distributed in accordance with existing priorities and the terms of the various agreements. It considers the International Financial Commission trustees. It cannot conceive of trustees being parties to a plan the effect of which is to discriminate against one creditor whose interests they undertook to protect. Please send

copies of your 320 and 325 and of this telegram immediately by air mail to Embassies at Paris and Rome to which the Department will issue appropriate instructions.

STIMSON

---

868.51 War Credits/587

*Memorandum by the Chief of the Division of Near Eastern Affairs (Murray)*

WASHINGTON, November 11, 1932.

The Greek Minister called this morning and seemed to be concerned over the fact that when Mr. Mills announced yesterday that the Greek Government was in default on the payment due this Government November 10 under the loan contract of May 10, 1929, he did not refer to the fact that the Greek Government had requested a postponement of this payment and that the matter had been the subject of negotiations between the Greek Government and the American Government.

I told the Greek Minister that Mr. Mills was very much exercised over the apparent intention of the Greek Government to discriminate against the 1929 American Government loan to Greece in favor of private bondholders despite the fact that our loan had been placed on a parity in every particular with the 1928 Stabilization and Refugee Loan under the agreement of May 10, 1929. I further told the Minister that our position would have been much easier if the Greek Government, instead of merely requesting a postponement without committing itself as to the November 10 payment, had stated frankly at that time that it had no intention of according us less favorable treatment than would be accorded to all the other bondholders. In reply to a reference by the Minister to transfer difficulties, I said that we could hardly be impressed with such an argument, since the Greek Government was apparently prepared to effect transfer of about one million pounds sterling to meet 60 per cent of the interest payments due private bondholders during the first half of the Greek fiscal year. Continuing, I said that neither the Treasury nor this Department could accept Mr. Veniselos' contention that the 1929 loan was a war loan and was therefore to be treated in the same manner as the 1918 advances. Such an argument, I added, was completely nullified by the Agreement signed by the Greek Government on May 10, 1929, and that it was too late for Mr. Veniselos or any other Greek authorities to contend the contrary. I said that we had contractual rights to equality of treatment in this matter and that we intended to insist upon their fulfillment.

The Minister and I later went down to see Mr. Bundy and he made practically the same statements to Mr. Simopoulos. In connection, however, with the Minister's wish that a more complete statement be given to the press regarding the negotiations which had taken place between him, the Treasury Department and this Department in the matter of the November 10 payment, Mr. Bundy pointed out to the Minister that it would be impossible to make any further statement to the press in this matter without revealing the fact that the Greek Government has obviously intended to discriminate against this Government in favor of private bondholders in respect to the payment due this Government on November 10. Mr. Bundy again emphasized to the Minister that our position would have been greatly facilitated if the Greek Government had taken the position from the outset that it had no intention of discriminating against this Government in the matter of the 1929 loan. The Minister thereupon drafted a telegram which he proposes to send to his Government repeating almost verbatim Mr. Bundy's statement to him and recommending that favorable consideration be given to the matter of according us equality of treatment with the other bondholders in the payment which fell due this Government on November 10.

WALLACE MURRAY

---

868.51/1272: Telegram

*The Secretary of State to the Ambassador in France (Edge)*

WASHINGTON, November 12, 1932—noon.

401. Your 608, October 20, 3 p. m. The Embassy at London is forwarding by air mail to you and to Embassy at Rome copies of its telegrams 320 and 325<sup>38</sup> and the Department's 281 regarding Greek payment due United States. Upon their receipt please make appropriate representations immediately to the Foreign Office in the sense of the Department's above-mentioned telegram.

Repeat to Rome as Department's 90.

STIMSON

---

868.51 War Credits/569: Telegram

*The Secretary of State to the Chargé in Greece (Morris)*

WASHINGTON, November 13, 1932—3 p. m.

63. Your despatch 2266, October 19. The Department and the Treasury have read with care Veniselos' note enclosed with your

---

<sup>38</sup> Latter not printed.

despatch but they cannot accept his contention that the new loan advanced to Greece in 1929 can be regarded as a war loan. The Agreement of May 10, 1929, was arrived at only after lengthy negotiation and the fact that the treatment specified for the new loan under that agreement differed from that accorded to the war advances is a clear indication that the money would not have been advanced except under the terms and conditions specified. The Department understands, moreover, that Venizelos' note expressed only his personal views which are not necessarily those of the Greek Government.

Please seek an immediate interview with Mr. Tsaldaris,<sup>89</sup> inform him of the above, and invite his attention to the considerations set forth in the Department's 42, September 28, 6 p. m. At the same time advise him that this Government is greatly concerned at the default in the payment due by Greece on November 10 and at the apparent intention of the Greek Government to discriminate further against the United States with respect to payments falling due during the second half of the present Greek fiscal year. You should state that in view of the Greek default this Government is under the necessity of invoking all the provisions of Article 2, Part II of the Agreement of May 10, 1929, and that it expects the Greek Government in accordance with the terms of its obligations to take immediate steps to see that the United States receives, with respect both to payment and transfer, treatment on the November 10th payment not less favorable in any respect than that which has been or is to be accorded to the holders of the Greek Stabilization and Refugee Loan of 1928.

Please telegraph promptly the results of your representations.

STIMSON

---

868.51 War Credits/577: Telegram

*The Chargé in Greece (Morris) to the Secretary of State*

ATHENS, November 15, 1932—3 p. m.  
[Received November 15—11:20 a. m.]

131. Your 63, November 13, 3 p. m. I made verbal representations to Tsaldaris this morning. He is endeavoring to cancel or at least modify London agreement for 30 percent on interest payment. He expects definitive answer of bondholders within a few days. If modification impossible Tsaldaris appears ready to respect Venizelos Government agreement. He confessed ignorance of American debt settlement terms but promised me a full personal examination of

---

\* Patagolis Tsaldaris succeeded Eleutherios Venizelos as Prime Minister of Greece on November 1, 1932.

question at once and if he concludes, contrary to Venizelos, that our loan is not a war loan he will accord us equal treatment. It is my personal opinion that nothing will be paid to us or any other creditor. I will telegraph as soon as developments justify.

MORRIS

---

868.51/1283 : Telegram

*The Ambassador in Great Britain (Mellon) to the Secretary of State*

LONDON, November 15, 1932—5 p. m.

[Received November 15—3:25 p. m.]

328. Immediately upon receipt of Department's 281, November 11, 6 p. m., I communicated its contents to the Foreign Office from which I have today received the following informal letter.

"In response to your telephone call yesterday, I enclose a copy of the instructions to the International Financial Commission at Athens, as they now stand, regarding the execution of their part of the arrangement come to between the Greek Government and the bondholders of the Greek external debt.

I believe I told you on Saturday morning that the Greek Minister had asked that before these instructions were actually issued to the Commission he should be given time to find out from his Government whether they agreed with the terms of the instructions, and that after discussions it was agreed that we would wait until Monday morning for this purpose. M. Caclamanos informed us yesterday that he had no reply to his telegram on the subject. In these circumstances we have no alternative but to go ahead and we shall be telegraphing to the British representative on the Commission that he is authorized to regard the draft instructions (which he has already received in bits) as substantive and effective. We are at the same time asking the French and Italian Embassies here to move their Governments to send similar authority to the French and Italian representatives on the Commission at Athens.

All this is explained in an official note we are sending you in reply to your memoranda of November 1st and 12th, so that in forwarding the enclosed instructions to Washington you may like to warn the State Department that this official note is coming along. I am sorry we cannot get it to you in time for the pouch today."

Text of instructions referred to therein is the same as that quoted in my 320, November 8, noon, except in paragraph 4 the words "by the appropriate machinery" are replaced by "by an arbitration according to article 32 of the law of control" and in paragraph 5 between "35 percent" and "of the total annual interest service" a parenthetic [phrase?] is inserted as follows: "on a gold basis in the cases referred to in the preceding paragraph".

Copies sent Paris and Rome.

MELLON

868.51/1284 : Telegram

*The Chargé in France (Marriner) to the Secretary of State*PARIS, November 16, 1932—5 p. m.  
[Received November 16—2:15 p. m.]

657. Upon receipt of Department telegram 401 of November 12, noon, I made appropriate representations to the French Foreign Office in the sense of the Department's telegram to London number 281 of November 11, 6 p. m.

The French Ministry of Finance has confirmed its views previously expressed with respect to this question (see the Embassy's telegram number 608 of October 20, 3 p. m.) and repeats that its instructions to its representative on the Financial Commission at Athens will effectively prove that the United States will receive in fact both with respect to payment and transfer treatment on the November 10th payment now in default not less favorable in any respect than that contemplated by the September arrangements as concerns the British and French holders. Finance Ministry in fact recognizes that only on such a basis could the Financial Commission at Athens give effect to the September arrangements in question. In other words it is recognized here trusteeship of the commission does not permit of discrimination.

I have been assured by the French Foreign Office that these views will be expressed in writing.

The competent official of the Ministry of Finance understands that the Greek Government will make every possible effort to avoid making payment on its obligation to the United States. As it is recognized that under these circumstances the September arrangements cannot be carried out the French Government is particularly anxious that the Greeks cease opposition to the payment in question. This official frankly agrees that the Greek position is untenable. I am assured that the views of the French Government in this connection have been clearly put forward in London and that it expects the British Government to accept the French viewpoint.

Repeated to London and Rome.

MARRINER

868.51/1283 : Telegram

*The Secretary of State to the Ambassador in Great Britain (Mellon)*

WASHINGTON, November 16, 1932—6 p. m.

283. Your 328, November 15, 5 p. m. The Department fails to understand the reason for the failure of the British Government to



accede to the representations you made on November 12. Immediately upon receipt of the expected official reply telegraph a résumé thereof.

STIMSON

---

868.51 War Credits/579 : Telegram

*The Chargé in Greece (Morris) to the Secretary of State*

ATHENS, November 17, 1932—1 p. m.

[Received November 17—9:15 a. m.]

132. Your 63, November 13, 3 p. m. British Government today notified International Financial Commission to include American Government debt in request to the Greek Government for transfer of 30 percent interest payment. French and Italian agreement to this expected by tomorrow. A meeting of the Greek political party leaders this evening will decide whether to pay 30 percent, according to London agreement and whether to include therein the American debt.

MORRIS

---

868.51/1285 : Telegram

*The Ambassador in Great Britain (Mellon) to the Secretary of State*

LONDON, November 17, 1932—3 p. m.

[Received November 17—12:20 p. m.]

329. Department's 283, November 16, 6 p. m. Note received this morning refers to my inquiry whether it was the intention of His Majesty's Government to instruct the British representative on the Commission to make adequate provision for safeguarding the rights of the United States Government and not to arrange for any distribution of funds or foreign exchange which would prejudice the equal treatment to which the United States Government was entitled in respect of the payment due November 10 and otherwise, and states first, that authorization is being sent to the British representative to act in accordance with instructions, the text of which I have already cabled the Department, and that the French and Italian Governments are being requested to send similar authorization to their representatives.

Second, that the instructions in question contemplate treatment for the United States loan of 1929 which is in no way less favorable to or indeed different from that contemplated in the case of the Greek Stabilization and Refugee Loan of 1928 and that it is accordingly as-

sumed that the wishes of the United States Government are completely met and the despatch of such instructions approved by it.

Third, that since the cooperation of the Greek Government in supplying the necessary foreign exchange is essential to ensure the execution of the arrangement the instructions will remain without practical effect until the Greek Government does provide the foreign currencies needed.

Fourth, that the British Government is not aware whether the Greek Government will give to the United States loan of 1929 the same treatment which it has agreed to give to the stabilization and refugee loans of 1928.

The Foreign Office seems to have given full compliance to our request.

Full text by pouch 22nd.<sup>40</sup>

MELLON

868.51 War Credits/584 : Telegram

*The Chargé in Greece (Morris) to the Secretary of State*

ATHENS, November 18, 1932—4 p. m.  
[Received November 18—12:10 p. m.]

134. My 132, November 17, 1 p. m. No decision arrived at by party leaders in heated secret discussion last night from which Venizelos withdrew in anger. Venizelos sustained payment of 30 percent except to the United States; Tsaldaris endeavored to use American demand for equal treatment as weapon to repudiate whole London agreement. Cabinet may resign by tomorrow over this question and illegal credits already extended to Venizelos government by Bank of Greece. French and Italian agreement to include United States not yet received by International Financial Commission.

MORRIS

868.51 War Credits/586 : Telegram

*The Chargé in Greece (Morris) to the Secretary of State*

ATHENS, November 22, 1932—7 p. m.  
[Received November 22—5:55 p. m.]

135. Your 63, November 13, 3 p. m., and my replies, numbers 131 and 134.

Having heard nothing from Tsaldaris I visited him this morning and discussed debt question. At first he stated his agreement with

\* Not printed.

Venizelos that debt to us is a war debt; he then receded and tried to bargain promising to consider our loan on the same footing as stabilization loan if we would agree in advance to remit service for two and a half years. I of course rejected this proposal. He then repeated offer of 100 percent blocked drachma payment already disapproved by Treasury Department. My request that he put in writing his ideas met no agreement on his part. Interview of one and a half hours was totally unsatisfactory and indecisive except to deepen my previous belief that our demand for equal treatment will be used by Tsaldaris as a pretext to repudiate London agreement. In the end the most I expect is an offer to all creditors concerned to block 100 percent drachma equivalents because Government has found way to utilize these blocked deposits by borrowing from Bank of Greece beyond legal limits. My despatch No. 2294 of November 14<sup>41</sup> explains details of this illegal operation.

MORRIS

---

868.51 War Credits/588 : Telegram

*The Chargé in Greece (Morris) to the Secretary of State*

ATHENS, November 28, 1932—1 p. m.

[Received November 28—8:55 a. m.]

140. My 135, November 12 [22], 7 p. m. International Financial Commission presented November 26 note to Minister of Finance calling for transfer of 30 percent interest on loans under its control. The American 1929, 4 percent loan was included in the list. I will telegraph Greek answer to the Commission which is expected to be received tomorrow.

MORRIS

---

868.51/1312

*Memorandum by the Chief of the Division of Near Eastern Affairs (Murray)*

[WASHINGTON,] December 20, 1932.

The Greek Minister called this morning to inform me that he had been instructed by his Government to request a postponement for a period of 2 years of the payment in principal amount of \$130,000 due this Government from the Greek Government on January 1, 1933, under Part 1 of the Debt Funding Agreement of May 10, 1929, between the United States and Greece. The Minister added that

---

<sup>41</sup> Not printed.

although notice of postponement should, under the Agreement, have been delivered to this Government 90 days before the payment date, his Government had instructed him to request this Government to waive the requirement as to the time of notice.

Mr. Simopoulos left with me the attached copy of a communication dated December 19, 1932,<sup>42</sup> addressed to the Secretary of the Treasury, concerning this matter.

The Minister at the same time informed me that after a meeting of the leaders of all the Greek political parties held on December 18 it had been unanimously decided that the second loan under the Agreement of May 10, 1929, is to be considered as a war loan and that no payment thereon could be made pending a solution of this question. However, the Greek Government, with a view to showing its good-will towards the Government of the United States, will retain in exchange on New York in a blocked account 30 per cent of the service of the second loan until a definite solution is reached on the question as to whether or not this loan is a war loan. The Greek Government considers that by the above procedure it is according to the United States treatment as favorable as that accorded to other creditors, in view of the decision of the Greek Government to retain in blocked account the difference between payments in gold and payments in paper currencies to other creditors pending a decision as to whether the Greek Government is in fact obligated to make payments in gold.

I pointed out to the Greek Minister that I was unable to see how the above procedure could be regarded as constituting as favorable treatment in respect of the payment due this Government on November 10, 1932, as was contemplated under the agreement arrived at in London last September in the case of private bondholders, since, as he was aware, this Government was insisting upon transfer as well as payment.

For convenient reference, I quote paragraph 4 of the British Government's instructions to its member on the International Financial Commission with respect to payment to British bondholders on a gold basis:

[Here follows paragraph 4 of the instructions quoted in telegram No. 320, November 8, noon, from the Ambassador in Great Britain, printed on page 413.]

In a telegram dated November [*December?*] 2, 1932,<sup>42</sup> from Athens Mr. Morris informed us that the Greek Government objected to the retention by the International Financial Commission of the difference between payments in gold and payments in paper pend-

---

<sup>42</sup> Not printed.

ing an arbitration of the matter between the Greek Government and the bondholders as had been suggested by the International Financial Commission.

---

868.51/1311: Telegram

*The Chargé in Greece (Morris) to the Secretary of State*

ATHENS, December 20, 1932—3 p. m.

[Received December 20—1:50 p. m.]

152. My 148, December 13, 11 a. m.<sup>44</sup> I have received a note from the Greek Government setting forth the views in regard to debt which it telegraphed to Simopoulos for communication to Department, and stating that \$65,376 representing 30 percent of the interest due November 10 has been deposited at the Bank of Greece pending solution of the question raised by Greece as to whether this is or is not a war debt. Foreign Minister informed me orally that this action was the limit of concession which could be obtained from Venizelos who remains absolutely *intransigent* about this question and threatened last Saturday to overthrow the Government if it agreed to American viewpoint. Venizelos now has the support of Papanastosiou and Kafandaris parties and can take over Government at any time with working majority. Present minority government has shown a more favorable disposition towards American interests as demonstrated by recent payment of \$70,000 to Ulen and Standard Oil and more equal treatment of our commercial debt. It is now studying favorable modification of drachma conversion law. The treatment accorded our debt is not satisfactory but I think a transfer at present of amount deposited will result in fall of Cabinet and return to power of those less favorable to our general interests.

MORRIS

---

868.51/1323

*Memorandum by the Chief of the Division of Near Eastern Affairs (Murray)*

[WASHINGTON,] December 22, 1932.

The Greek Minister came in today to say that he had informed the Secretary of the Treasury that the Greek Government had set aside in a blocked account exchange on New York to the value of 30% of the payment due the United States Government on November 10th, pending a solution of the question as to whether the 1929

---

<sup>44</sup> Not printed.

loan was a war debt. Mr. Murray inquired as to what had been the reaction of the Secretary of the Treasury, and the Minister replied that he had been very "angry".

The Minister said that he had received another telegram from his Government which he proceeded to read. This telegram was to the general effect that the Greek Government did not intend, by its action in connection with the November 10th payment, to attempt to force this Government to accept the Greek viewpoint regarding the nature of the 1929 loan. The telegram continued that the Greek Government, in view of the serious situation with which it was faced, expressed the fervent hope that the United States Government would accord Greece sympathetic consideration in this matter.

Mr. Murray stated that it seemed to him that the Greek situation was somewhat similar to that which had developed with respect to Great Britain just before the latter made its payment on December 15th. Mr. Murray said that the Greek Minister would recall that the British Government had stated that it would make the December 15th payment on the understanding that this sum was to be applied as a partial payment on any settlement which might later be reached. The American Government had replied that it could not accept such conditions and eventually both parties had adhered to their position, but the payment had nevertheless been made. It would seem in order for the Greek Government to take somewhat similar action; that is, it would seem to be proper for it to transfer the 30% now retained in a blocked account and if it so desired to make the statement that it considered the 1929 loan to be a war loan. This action, presumably, would open the way for a consideration of the Greek contention by any commission or other body which might later be appointed by the President to discuss the general subject of inter-governmental debts.

Mr. Murray pointed out furthermore that he could not understand the reason for the Greek contention that the 1929 loan was a war debt. Did it really make any difference whether the loan in question was or was not a war debt? There certainly had been no general agreement that interest on war debts was not to be paid, so that even if the Greek Government should be successful in its contention it would not be relieved from the payment in question. In reply to a further question as to whether, if the United States agreed that the 1929 loan was a war debt, the Greek Government would then transfer 30% of the payment, the Minister stated that he was unable to reply. He added that he would like to give some further consideration to some of the ideas developed during the discussion and that he would like to return at 3:30 this afternoon and talk

the matter over further with Mr. Murray and possibly with Mr. Bundy.

In reply to the question as to whether the Secretary of the Treasury had acceded to the Greek request for a postponement of the January 1st payment, the Minister stated that the Secretary had expressed the opinion that there was some doubt whether he could consent to the postponement in question in view of the attitude of the Greek Government with respect to the November 10th payment.

WALLACE MURRAY

---

868.51/1316

*Memorandum by the Secretary of State*

WASHINGTON, December 22, 1932.

The Greek Minister came in to make a plea for a sympathetic attitude on my part in regard to the Greek debt. He said that Greece had arranged for the deposit of this installment of interest in a blocked account and that this literally was at the cost of taking bread from the mouths of the Greek people. I told him that I had been unable to keep informed as to the details of the transaction which, as he knew, had been in the hands of the Secretary of the Treasury and Mr. Bundy, but I pointed out that I had heard, in listening to discussions by others, that the Greek Government had paid the transfer on other loans although she did not pay it on ours, and I could not help wondering about this discrimination. He did not make any definite answer to this but said that on the occasion when all the representatives of his Government had met and decided their action in this matter they had held this to be a war loan. I responded that I understood that 12 millions out of the 30 millions had been advanced much later than the war, and he did not dispute my statement. I asked why Mr. Venizelos was so bitter, and the Minister said it was on account of his having borrowed the three loans from Great Britain, France and the United States, respectively, and having been bitterly disappointed that the full amounts of these loans were not paid. I pointed out again that I understood the United States had paid, at the time of the War when the money was necessary, more than either of the other countries; that France had paid almost nothing, and Great Britain had been far behind us. He said that Great

Britain had paid exactly the same amount as we had. I told him I would bear in mind what he said.

H[ENRY] L. S[TIMSON]

---

868.51/1313 : Telegram

*The Chargé in Greece (Morris) to the Secretary of State*

ATHENS, December 24, 1932—8 p. m.

[Received December 24—4:47 p. m.]

154. I communicated to Foreign Minister contents of your 73, December 23, 6 p. m.<sup>45</sup> I gained impression that a strong effort will be made to meet our demand for transfer of 30 percent, notwithstanding opposition of Venizelos but to placate him the transfer if made will probably be accompanied by a request for especial consideration in the general debt problem despite my recommendation to make the transfer without any sort of reservation. British Minister informed Foreign Minister last night that his Government did not desire to interfere in a question between Greece and the United States but nevertheless wished to point out that the International Financial Commission must respect its obligation to accord equality of treatment to the American debt. I believe this representation may be of favorable consequence.

MORRIS

---

868.51/1315 : Telegram

*The Chargé in Greece (Morris) to the Secretary of State*

ATHENS, December 31, 1932—10 p. m.

[Received December 31—7:55 p. m.]

158. My 154 December 24, 8 p. m. Foreign Minister has just informed me orally, accompanied by *aide-mémoire*, that Greek Government will pay 30 percent or \$65,376 through International Financial Commission on 1929 loan. Greek contention as exposed in memorandum given me by Venizelos is maintained. British Minister was simultaneously informed that 30 percent interest will be transferred to bondholders.

MORRIS

---

<sup>45</sup> Not printed.



**REPRESENTATIONS AGAINST A GREEK DECREE FORCIBLY  
CONVERTING FOREIGN CURRENCY INTO DRACHMAS**

868.5151/102: Telegram

*The Chargé in Greece (Morris) to the Secretary of State*

ATHENS, July 30, 1932—5 p. m.  
[Received July 30—12: 55 p. m.]

73. Legislative decree effective today fixes arbitrary conversion rate of 100 drachmas 75 lepta to 1 dollar on internal debts and bank deposits in foreign currency. Difference between this rate and current exchange rate is to be retained by Bank of Greece for benefit of Greek Government. Text of decree not yet available but Foreign Minister informed me verbally that foreign citizens and foreign firms are entirely exempt from application of this decree. Nevertheless difficulty may be expected for former Greeks whose American naturalization is not recognized by Greek Government. Suggest no publicity to this until I confirm exact text of decree.

MORRIS

868.5151/103: Telegram

*The Chargé in Greece (Morris) to the Secretary of State*

ATHENS, August 1, 1932—10 p. m.  
[Received August 1—9: 05 p. m.]

75. My 73, July 30, 5 p. m. Text of legislative decree now available. It took effect July 29 and is expected to be ratified by Parliament today.

Principal provisions are:

(1) Foreign currency indebtedness of any nature payable in Greece and created prior to April 26, 1932, is converted into indebtedness in drachmas at the rate of 100 drachmas per dollar.

(2) Bank deposits in foreign currency existing on April 26, 1932, are included in the forced conversion.

Following indebtedness are exempted:

(a) Foreign currency debts owed abroad derived from commercial transactions.

(b) Foreign currency indebtedness owed from abroad to persons in Greece.

(c) Deposits in foreign currency or exchange of foreign subjects of foreign nationality permanently residing abroad at the time of enforcement (July 29, 1932) of the present decree.

Finance Minister answered my verbal inquiry this morning to the effect that all foreigners habitually resident in Greece including

native-born Americans are subject to provisions of decree. I hope informal observations made by me this morning may result in relaxation of rigid interpretation of subhead (c) made by Minister of Finance before ratification. Application of this interpretation to American residents in Greece means outright confiscation of 35 per cent of their foreign currency bank deposits. Foreign currency deposits in banks estimated at £22,000,000 (sterling). Government may potentially realize £7,000,000 (sterling) from this measure.

I understand Venizelos telegraphed qualified approval but it appears his position is not certain. He arrives August 7th.

MORRIS

---

868.5151/103 : Telegram

*The Acting Secretary of State to the Chargé in Greece (Morris)*

WASHINGTON, August 3, 1932—7 p. m.

33. Your 73, July 30, 5 p. m. and 75, August 1, 10 p. m. The Department approves of your informal efforts to secure a more liberal interpretation of subhead (c) of exemptions. It desires you at once to present a formal note to the Greek Government making full reservation of the rights of the United States and its nationals pending an opportunity for the Department to study the complete text of the decree. In presenting this note you should add orally such comments as may appropriately serve to impress forcefully upon the Foreign Office the concern with which the Department views the enactment of measures of the nature of the decree in question.

Please furnish complete text of decree by mail together with detailed interpretive background. Pending the receipt of this information keep the Department currently informed by telegraph of important developments. In addition telegraph the following information :

- (1) attitude of other governments as soon as ascertained.
- (2) résumé of that portion of the decree which provides that the Greek Government rather than the ordinary banks or the Bank of Greece shall profit by the forced conversion at an arbitrary rate.
- (3) the form in which banks have held reserves against their foreign currency accounts and whether such reserves have been maintained in Greece or abroad.
- (4) whether the Greek Government will acquire as a result of this operation a net sum of foreign exchange without due compensation.
- (5) an estimate of the amount of American owned foreign currency accounts in Greek banks.

CASTLE

868.5151/108

*The American Chargé in Greece (Morris) to the Greek Acting Minister for Foreign Affairs (Gonatas)*<sup>46</sup>

No. 270

ATHENS, August 5, 1932.

EXCELLENCY: I have the honor to refer to the Legislative Decree published in the *Official Gazette* under date of July 29, 1932, regarding the conversion into drachmas of foreign currency indebtedness. Acting under instructions of my Government, I wish to make known to Your Excellency that the American Government makes full reservation of its own rights and the rights of its nationals in respect to the provisions of this Legislative Decree.

In this connection, I have the honor to recall to Your Excellency's attention a *note verbale* No. 267 dated August 2, 1932,<sup>47</sup> from this Legation in which the Ministry of Foreign Affairs was asked to be good enough to define the precise meaning of Paragraph E of Article 2 of the law in question, relating to the deposits in foreign currency or exchange of foreign citizens. I request Your Excellency to be good enough to cause me to be furnished an answer to this *note verbale* at the earliest opportunity.

I avail myself [etc.]

LELAND B. MORRIS

868.5151/104: Telegram

*The Chargé in Greece (Morris) to the Secretary of State*

ATHENS, August 7, 1932—1 p. m.

[Received August 7—10:05 a. m.]

78. Your 33, August 3, 7 p. m. I presented formal note August 5th. Despatch with text of decree and full background will be mailed August 8th. Decree not yet presented for ratification no doubt awaiting return of Venizelos. Answers to your questions follow:

(1) Other principal legations are awaiting instructions which I will telegraph when known.

(2) Government has many contracts in foreign currency with local purveyors of supplies and will profit from provision 1 of decree cited in my 75. Article 5 states: Any differences resulting from the following cases will belong to the state:

(a) From the conversion into drachmas of the net balance of foreign currency indebtedness of the Bank of Greece from loans or prohibiting sales of exchange.

<sup>46</sup> Copy transmitted to the Department by the Chargé in his despatch No. 2208, August 7; received August 24.

<sup>47</sup> Not printed.

(b) From asset items in foreign currency remaining in the hands of the banks which are not subject to conversion into drachmas after deduction of any difference against the bank on account of its short exchange position.

The principal Greek banks are uncovered in foreign exchange owed to their depositors for a sum of several million dollars which is wiped out by forced conversion. Article 5 is not entirely clear but appears to convert all assets and liabilities at 100 and give all differences over to Government which is required by another article to use these differences to enable the mortgage banks to meet interest and maturities on their bonds held abroad, but amount of differences in favor of Government is estimated to exceed very greatly amount required to pay mortgage bonds. Decree is silent as to disposition of any such surplus in favor of Government. Government will also benefit through the Bank of Greece from conversion of \$6,000,000 now held abroad by Bank of Greece which will be million drachmas derived from the forced conversion.

(3) Banks held accounts abroad in foreign banks in currency and foreign securities. Bank of Greece is understood to have at present deposits with Federal Reserve, with Chase National and with National City Bank. I hope to learn amounts and nature of these deposits to telegraph later.

(4) Government officials say Government will receive drachmas only and no foreign exchange. Director General of Foreign Office has promised me exact information as to intended disposition of sums accruing to Government. Therefore this question cannot be answered definitely at present but forced conversion at 100 is made without any form of direct compensation such as interest-bearing Government bonds.

(5) National Bank of Greece alone has \$20,000,000 deposits belonging to Greek Americans. Figures for other banks not yet obtainable but roughly estimated not to exceed an additional \$10,000,000. What portion of this belongs to American citizens could only be ascertained by laborious and long process of checking names of individual depositors and then ascertaining their citizenship status which seems impracticable. Many American citizens are depositors however and complaints are coming in daily.

MORRIS

868.5151/106 : Telegram

*The Chargé in Greece (Morris) to the Secretary of State*

ATHENS, August 10, 1932—5 p. m.

[Received August 10—1:25 p. m.]

79. Your 33 and my 78. British and French Legations have not received instructions but on own initiative have made verbal representations seeking modification of decree in favor of their banks which are threatened with heavy loss from loans made in Greece. Bank deposits of their citizens are of secondary importance to them. Italian Minister was instructed to make oral reservation of rights and to act in concert with American, British and French colleagues. Major Italian interest like our own is citizens' bank deposits. Italian Minister is requesting interview with Venizelos. I recommend you authorize me to do likewise. Today's press quotes Venizelos on his arrival yesterday as giving his approval to the decree. On December 31, 1931, the National Bank of Greece at New York and the National City Bank New York held \$1,140,000 belonging to the Greek Government and \$2,272,000 belonging to the Bank of Greece. Present position seems a carefully guarded secret here.

MORRIS

868.5151/105 : Telegram

*The Secretary of State to the Chargé in Greece (Morris)*

WASHINGTON, August 11, 1932—6 p. m.

34. Your 79, August 10, 5 p. m. The Department is not clear as to the purpose of your proposed interview with Veniselos but it has no objection to your seeking such an interview if you consider that any useful purpose would be served thereby. If you decide to discuss the matter with Veniselos the Department believes that you might appropriately reiterate the reservation contained in the Department's 33, August 3, 7 p. m., and repeat the oral statements which you made to the Minister for Foreign Affairs.

STIMSON

868.5151/116 : Telegram

*The Acting Secretary of State to the Chargé in Greece (Morris)*

WASHINGTON, September 2, 1932—4 p. m.

38. Your despatch 2208, August 7.<sup>48</sup> Although the probable effects of this legislation are somewhat obscure, it appears to be

<sup>48</sup> Not printed.

reasonably clear that certain features are of an arbitrary and confiscatory character and are detrimental to the interests of American citizens. The Department is aware of the difficult banking situation with which Greece is faced and it has no desire to interpose objection to any reasonable measures which the Greek Government may wish to take designed to cope with pressing emergencies. The decree of July 29th, however, appears to be an exceptionally drastic measure containing elements of confiscation without just compensation and of discrimination. The application of this decree to American owned property cannot be viewed by the United States without concern.

The fact that the Greek Government expects, as is evident from the text of the decree, to receive from the Bank of Greece a balance resulting from the forced conversion of foreign currency obligations at a rate less than two thirds of the value established on the date of the decree clearly indicates that something of value is to be taken from the holders of these obligations without adequate compensation. That the Greek Government plans to use a portion of the values thus acquired to guarantee full payments on another and restricted class of obligations held abroad, as provided for in Article 4 of the Decree, merely adds an element of discrimination.

Unless the situation is now materially different from that described in your despatch under reference, the Department desires you to seek an early interview with Mr. Venizelos and to bring the foregoing forcefully to his attention. At the same time you should state that this Government cannot agree to the application to American nationals of legislation having such confiscatory and discriminatory features as those contained in the Decree of July 29th, and that the United States must therefore urgently request that American nationals be exempted from the operation of the confiscatory features of the Decree in question.

Please inform the Department by telegraph of the results of your representations.

CASTLE

---

868.5151/117 : Telegram

*The Chargé in Greece (Morris) to the Secretary of State*

ATHENS, September 12, 1932—3 p. m.

[Received September 12—1 : 30 p. m.]

89. I was received by Venizelos this morning and brought to his attention the contents of your No. 38. He said he must await return from London about September 20 of Finance Minister Var-

varettos to ascertain reasons for drawing up decree in its present form before he can consider possible modification. Venizelos feels that foreigners permanently residing in Greece should not be exempt but gave me impression that he is ready to liberalize present rigid interpretation of residence. I and my colleagues are of the opinion that this question will remain in *status quo* until after national elections on September 25 and possibly until its submission to the new Parliament in October. I am hopeful that substantial favorable changes in law will be introduced then.

MORRIS

---

868.5151/154

*The Chargé in Greece (Gade) to the Secretary of State*

No. 2337

ATHENS, January 3, 1933.

[Received January 18.]

SIR: With reference to the Legation's despatch No. 2276 of October 29, 1932,<sup>49</sup> and to previous correspondence regarding the Enforced Conversion Decree of July 29, 1932, I have the honor to inform the Department that the government, with a view to restoring confidence in Hellenic currency and attracting funds from Greek emigrants, is considering amending the Decree so as to refund to depositors of foreign exchange the amount of their deposits at the rate of 145 drachmas to the dollar (the official rate of exchange on the date the Decree went into effect) instead of at the arbitrary rate of 100 drachmas to the dollar. It is proposed to effect this by requiring all the Greek and foreign banks in Greece to participate in an issue of bonds in proportion to the amount of foreign exchange deposited with each. Since the total of the deposits in all kinds of foreign currency amounts to 36 million dollars, the face value of the proposed bond issue would reach approximately one and one half billion drachmas. This sum, of course, represents the difference between the rates of 100 and 145 drachmas to the dollar. The banks would pay depositors 100 drachmas to the dollar in Hellenic currency and the balance in obligations of this loan. Deposits in other foreign currencies would be reimbursed in the same ratio. The rate of interest of the loan would be 4% with a long period of amortization.

Needless to say, the banks are strongly opposing the proposal, but the government contends that the necessary service of the loan could be paid by economies in the general expenses of the banks and by a reduction in the dividends of their share-holders.

Respectfully yours,

GERHARD GADE

---

\* Not printed.

STATUS WITH RESPECT TO MILITARY SERVICE OF AMERICAN  
CITIZENS OF GREEK ORIGIN VISITING GREECE<sup>80</sup>

368.117/297

*The Secretary of State to the Chargé in Greece (Morris)*

No. 937

WASHINGTON, July 26, 1932.

SIR: There is enclosed a copy of a communication of February 19, 1932,<sup>51</sup> transmitted to the Department by the Greek Minister at Washington to the effect that American citizens of Greek origin arriving in Greece in groups of fifty or more from the United States during the year 1932 will enjoy the same facilities regarding their military obligations as those enjoyed by the excursionists of the American Hellenic Educational Progressive Association who in the last few years have been permitted to visit Greece without being required to fulfill their military obligations, if any were due to the Greek Government. It is added that persons visiting Greece as excursionists in groups of fifty or more who remain in the country after January, 1933, would not enjoy these privileges.

Under an order of the Greek Ministry of War dated October 31, 1929, it was provided that no measures by reason of alleged military obligations would be taken during the year 1930 against former Greek subjects who had been naturalized as citizens of the United States or persons born in the United States of Greek parents. The Department was subsequently advised by your office that the Greek Government had decided that the same arrangement for exemption from military obligations would be continued during the year 1931. However, as the Department understood that the arrangement had not been extended to cover the year 1932, it released a press notice on February 12, 1932,<sup>52</sup> setting forth the fact that the exemption from alleged military obligations accorded by the Greek Government to American citizens of Greek origin who visited Greece during 1930 and 1931 had not been extended to cover the year 1932 and it suggested that American citizens of Greek origin and naturalized American citizens born in territory now forming a part of Greece who contemplated visiting Greece in 1932 should apply before departure from this country to a Greek consular officer in the United States for information as to their exact status with respect to alleged military obligations to Greece. It will be noted that the communication from the Greek Minister in Washington is dated subsequent to the Depart-

<sup>80</sup> For previous correspondence relative to the exemption from alleged military obligations accorded by Greece to American citizens of Greek origin, see *Foreign Relations*, 1931, vol. II, pp. 385 ff.

<sup>51</sup> Not printed.

<sup>52</sup> Department of State, *Press Releases*, February 13, 1932, p. 155.



ment's press release and states that the Greek Government through a decision taken on October 31, 1931, would not require American citizens of Greek origin arriving in Greece in groups of fifty or more from the United States to fulfill their alleged military obligation, if any, due to Greece. Whether the withdrawal of the privileges accorded during 1930 and 1931 really serves the best interests of Greece is, no doubt, a matter for the Greek Government to determine. It is, of course, not satisfactory to this Government, which holds that a naturalized citizen of the United States of Greek origin should not, upon his return to Greece, be obliged to perform military or other obligations or be held liable for failing to have performed such service or obligations which had not actually accrued under Greek law prior to his emigration to the United States. It is also objectionable with respect to a person born in the United States of Greek parents or a person born in Greece of American parents and whose habitual place of abode is in the United States. Of course, the abandonment of the policy pursued by the Greek Government in 1930 and 1931 is extremely objectionable to American citizens of Greek origin who desire to visit Greece temporarily for legitimate reasons. Obviously many American citizens of Greek origin who desire to visit Greece for short periods refrain from doing so because of fear of being molested by the Greek authorities and required to perform military and other obligations. The failure of many American citizens of Greek origin to visit Greece temporarily because of fear of being molested by the Greek military authorities has the result of lessening the sentiment of friendship which should, and ordinarily does, exist between the country of origin and the country of adoption of an individual, or the country of the birth of an individual and the country of origin of his parents, or the country of birth of an individual and the country in which he habitually resides. Doubtless the failure of many American citizens of Greek origin to visit Greece because of the fear above alluded to results in lessening the growth of commercial ties between the United States and Greece to the detriment of the material welfare of both countries.

It is difficult to see in what measure the interest of Greece is promoted by the abandonment of the policy pursued by it with reference to American citizens of Greek origin in 1930 and 1931. If the motive is to increase the number of persons in the military service of Greece, it hardly serves the purpose of Greece to any extent since doubtless many American citizens of Greek origin who are aware of the fact that under Greek law or regulation they are considered to owe military service to Greece, refrain from placing themselves within the jurisdiction of that country and the number of American citizens

of Greek origin who do place themselves within the jurisdiction of Greece is in the aggregate so small that it probably does not affect the military situation in Greece to any degree. In the cases of those who are actually impressed into the Greek Army it is probable that upon release they return immediately to the United States and are, consequently, of no further use to Greece from the military point of view.

The present arrangement permitting excursionists in groups of fifty or more to visit Greece without being required to fulfill their alleged military obligations, if any, is doubtless evaded in many instances by persons who are not bona fide "excursionists". The Department has received information to the effect that Greek tourist agencies in the United States have already perceived the opportunity which is offered them by the present arrangement outlined in the communication of February 19, 1932, above referred to and have organized "excursions" among individuals who have booked passage to Greece with them. In other words, tourist agents are enabled by the present arrangement to book individual American citizens of Greek origin on one boat taking fifty or more individuals, calling it an excursion, thus evading the present arrangement of the Greek Government. In the opinion of the Department the Greek authorities might just as well allow American citizens of Greek origin to visit Greece individually, or in such manner as they prefer, rather than set up an annoying and ineffectual arrangement such as now exists. In connection with the present arrangement the Department desires that you endeavor to ascertain what is meant by the phrase "arriving in Greece in groups of fifty or more". Presumably this means that the group must be in the nature of an organized bona fide excursion, but as indicated above, it does not seem to prevent tourist agencies from organizing "excursions" among individuals who have booked passage with them.

If there seems to be no prospect of entering into a treaty of naturalization with Greece in the near future, it is suggested that you endeavor to persuade the Greek Government to adopt a permanent policy under which American citizens of Greek origin may be able to return to Greece temporarily without being required to perform military service or other obligations. In this connection the Department desires to call to your attention for such informal use as may be made of it the fact that the Italian Government, which has heretofore found objection to entering into a treaty of naturalization with the United States, has made an arrangement whereby American citizens of Italian origin may return to Italy without fear of molestation by the military authorities, unless, at the time

their military class is called for service, they have resided in Italy for more than two years. This arrangement is also applicable to naturalized American citizens of Italian origin regardless of the fact that they became subject to liability for punishment for failure to carry out their military obligations at a time when Italy was at war. The attention of the Greek authorities might also be called informally to the provisions of Article 1 of the Protocol relating to military obligations in certain cases of double nationality adopted by the Conference for the Codification of International Law, held at The Hague in 1930.<sup>53</sup> This Article has been signed by a number of the countries which were represented at the Conference, including the United States and Greece, and reads as follows:

"A person possessing two or more nationalities who habitually resides in one of the countries whose nationality he possesses, and who is in fact most closely connected with that country, shall be exempt from all military obligations in the other country or countries.

"This exemption may involve the loss of the nationality of the other country or countries."

It will be observed that the Article just quoted closely resembles the Joint Resolution of Congress of May 28, 1928,<sup>54</sup> quoted in the Department's Instruction No. 210 of December 1, 1928.<sup>55</sup> Both recognize the principle that, when a person has the nationality of two countries under their laws and maintains his habitual residence in one of them, he shall not be required to perform military service in the other.

While the Department has in its files considerable information concerning the policy of the Greek Government with respect to requiring military service of American citizens of Greek origin, such information has been received piecemeal and in considering a case involving an American citizen of Greek origin the Department is not always certain of the Greek policy at the time.

While the Department has been advised that the Greek Government recognizes a change of nationality on the part of a former Greek if the change was made before January 15, 1914, it has not been advised whether such recognition is restricted to persons who were naturalized upon their own petitions or whether it applies to one who acquired American citizenship while a minor through the naturalization of his father. The Department, therefore, desires that you ascertain and advise it of the status under Greek law of a

<sup>53</sup> Protocol signed April 12, 1930, *Foreign Relations*, 1930, vol. 1, p. 224.

<sup>54</sup> See instruction No. 167, December 1, 1928, to the Ambassador in Belgium, *ibid.*, 1928, vol. 1, p. 497.

<sup>55</sup> See *ibid.*, p. 499, footnote 53.

person who is naturalized in the manner indicated prior to January 15, 1914.

The Department desires that, bearing in mind the above observations, you discuss with an appropriate official of the Greek Government the status and military obligations in Greece of naturalized citizens of the United States of Greek origin and persons born in the United States of Greek parents, with particular regard to the conditions under which they will be permitted to visit Greece without molestation, and that, as a result of such conversation, you furnish the Department with a definite and complete written statement, approved by the Greek Government, which may be used by the Department in informing interested persons.

There is enclosed for such use as you may wish to make of it, a circular entitled "Notice to Bearers of Passports".<sup>56</sup> Particular attention is called to paragraph 44, relating to the attitude of the Italian Government with respect to American citizens of Italian origin who place themselves within the jurisdiction of Italy.

Very truly yours,

For the Secretary of State:

WILBUR J. CARR

---

368.117/310

*The Chargé in Greece (Morris) to the Secretary of State*

No. 2329

ATHENS, December 19, 1932.

[Received January 12, 1933.]

SIR: I have the honor to acknowledge receipt of instruction No. 1123 dated December 6,<sup>57</sup> in which the Department refers to an instruction of July 26, 1932, directing me to endeavor to furnish information concerning the Greek military service requirements. I have discussed this matter on several occasions with the competent officials of the Foreign Office who, in turn, have taken it up with the military authorities. So far it has been impossible to obtain any satisfactory answer. This is largely due to the unstable state of Greek governmental affairs which has existed since the national elections last September. Those responsible for the government's policy are so taken up with pressing financial matters as to be indisposed to touch upon other subjects which are not of an urgent nature.

I realize that the Department would like to have this information at the earliest possible date and I will continue to endeavor to obtain an answer.

Respectfully yours,

LELAND B. MORRIS

---

<sup>56</sup> Not reprinted.

<sup>57</sup> Not printed.

ASSISTANCE BY THE DEPARTMENT OF STATE TO THE MONKS-ULEN AND COMPANY, OPPOSING THE EFFORTS OF THE GREEK GOVERNMENT TO MODIFY THE CONTRACT OF OCTOBER 20, 1928<sup>58</sup>

868.51 Struma Valley/37: Telegram

*The Secretary of State to the Chargé in Greece (Morris)*

WASHINGTON, December 7, 1932—6 p. m.

70. Department has been informed by Ulen and Company that the Greek Government has demanded a modification of the Monks-Ulen contract entered into on October 20, 1928,<sup>59</sup> and has threatened cancellation as a means of forcing the American companies to accept terms which would result in serious losses. It is reported that the Greek Government has appointed a commission to study the question and that this commission is composed of competing contractors and is therefore biased.

Please render Mr. Shepperd of the Ulen Company now in Athens every appropriate assistance and inform the Greek Government that this Government expects that no action will be taken in violation of the terms and spirit of the contract without the consent of the American companies whose services to Greece in the reclamation projects of the Struma valley need hardly be emphasized.

STIMSON

---

868.51 Struma Valley/46

*The Chargé in Greece (Morris) to the Secretary of State*

No. 2336

ATHENS, December 31, 1932.

[Received January 18, 1933.]

I have the honor to refer to the Department's telegram No. 70 of December 7, 6 p. m., instructing me to render assistance to Mr. Shepperd of Ulen & Company with respect to the difficulties encountered by the firms of Monks-Ulen in respect to their contract for reclamation work in Macedonia. A very disagreeable situation existed here which I am happy to report has been partially cleared up. My intervention was effective in obtaining the transfer of \$48,000 back fees owed to Messrs. Monks-Ulen & Company by the Greek Government. In arriving at this result I am pleased to state that I received from the Minister of Foreign Affairs, Mr. Jean Rhallys, the most cordial and effective personal support. Mr. Rhallys was able to cause the necessary orders to be issued by Premier

---

<sup>58</sup> For correspondence preliminary to the signing of the contract of October 20, 1928, see *Foreign Relations*, 1928, vol. III, pp. 31 ff.

<sup>59</sup> See *ibid.*, p. 37.

Tsaldaris over the head of the Minister of Communications, Mr. Stratos, who unfortunately has proved to be opposed to the Company. The reason he is opposed is because he wants the American contractors to withdraw in order to turn over the reclamation work to Greek contractors. His opposition is beginning to crop up again and I do not consider that the difficulties of this American company are by any means at an end.

I enclose a copy of a letter and a telegram<sup>60</sup> from Mr. Shepperd thanking the Department and the Legation for their efforts. Merely for background, I enclose a copy of an *aide-mémoire*<sup>61</sup> which I prepared for delivery to the Foreign Minister. At the request of the Foreign Minister this *aide-mémoire* was not left with him as both he and I agreed that his hands would be more free to assist in carrying out the wishes of the Legation, under the circumstances which existed at the moment, if there were no formal communication which would have to be taken up with Mr. Stratos, the Minister of Communications. However, as most of the points summarized in this *mémoire* have not been settled and may come up again for the Legation's intervention at any moment, I consider it desirable that the Department should have an appreciation of the nature of the difficulties which have arisen.

Respectfully yours,

LELAND B. MORRIS

---

**REPRESENTATIONS AGAINST THE REGISTRATION OF BASIL AND THEODORE PETRIDES, AMERICAN CITIZENS, AS GREEK SUBJECTS**

130 Petrides, Basil

*The Secretary of State to the Minister in Greece (Skinner)*

No. 676

WASHINGTON, November 30, 1931.

SIR: There is enclosed a copy of a letter of November 6, 1931,<sup>61</sup> from Mr. Samuel R. Schneider, attorney for Doctor Menelaus Petrides, concerning the action of the Greek authorities in requiring the registration of Dr. Petrides' two sons as Greek subjects upon the occasion of their recent visit to Greece with their mother. The Department's records show that passport No. 429132 was issued to Dr. Petrides on June 27, 1927, and that he presented at that time a certificate showing that he was naturalized as a citizen of the United States by the United States District Court at New York City on April 3, 1917. On June 11, 1930, passport No. 293075 was issued to

<sup>60</sup> Neither printed.

<sup>61</sup> Not printed.

Basil Petrides, the son of Doctor Menelaus Petrides, and the name of Theodore Petrides, brother of Basil, was included in the passport.

It is requested that the matter of the registration of Dr. Petrides' sons as Greek subjects be taken up with the appropriate Greek authorities and that they be requested to remove the names of the children from the Greek records. When presenting the case it should be pointed out that Dr. Petrides contends that he was born a Turkish subject and never was a subject of Greece. In this connection it may be of interest to note that he emigrated to the United States in 1911. It should also be pointed out that the children mentioned were born in the United States; that their father acquired American citizenship prior to the dates of their birth; that Dr. Petrides and his entire family are permanently domiciled in the United States; that they have made only temporary visits to Greece; and that when in that country both Dr. Petrides and his sons have been the bearers of passports of this Government.

You will please inform the Department of the result of the representations made by you in the foregoing matter.

Very truly yours,

For the Secretary of State:  
WILBUR J. CARR

---

130 Petrides, Basil

*The Greek Ministry of Foreign Affairs to the American Legation in Greece* <sup>63</sup>

[Translation]

No. 26904½

NOTE VERBALE

The Ministry of Foreign Affairs has the honor to acknowledge the receipt of the American Legation's note No. 216 dated December 16, 1931, regarding the nationality of Mr. Menelaus Petrides and his sons Basil and Theodore.

It immediately communicated it to the Department of the Interior, which alone has authority in the matter and which, after making an investigation, has just replied.

It evinces that the above-mentioned Basil and Theodore Petrides, born in the United States in 1923 and 1928 respectively, have been inscribed in the register of the Municipality of Athens at the request of Dimitra, wife of the said Menelaus Petrides. The request had been addressed to the Prefect of Athens under date of June 4, 1931.

This request was accompanied by certificates to the effect that Menelaus Petrides, Greek Orthodox, came from Eastern Thrace and

---

\* Copy transmitted to the Department by the Chargé in Greece in his despatch No. 2188, July 19; received August 8.

that his wife as well as their above-mentioned sons were residing permanently ("d'une manière fixe") in Greece without being inscribed in the register of any municipality in Greece.

On the basis of the above-mentioned petition, the Prefect of Athens by his decision No. 17392 of June 6, 1931 ordered the inscription of Basil and Theodore Petrides in the register of the Municipality of this city.

The said decision of the Prefect of Athens was made in conformity with law, inasmuch as Menelaus Petrides acquired *ipso jure* Hellenic nationality by virtue of Article 28 of the Greco-Turkish Treaty, signed at Angora on June 10, 1930.<sup>64</sup>

In accordance with this Article, persons who come within the category of the 9th Declaration of the Treaty of Lausanne,<sup>65</sup> that is to say Greeks who left Turkey before October 18, 1912, acquire Hellenic nationality.

It follows from the foregoing that the persons in question, American citizens according to the laws of the United States, are at the same time Greek citizens and could not, of course, be recognized in Greece as other than Greek citizens.

In communicating the foregoing to the Legation of the United States of America, the Ministry of Foreign Affairs avails itself [etc.]

ATHENS, July 12, 1932.

---

130 Petrides, Basil

*The Secretary of State to the Chargé in Greece (Morris)*

No. 1046

WASHINGTON, October 17, 1932.

SIR: The Department refers to your despatch No. 2188 of July 19, 1932,<sup>66</sup> concerning the action of the local Greek authorities in requiring Mrs. Dimitra Petrides, the wife of Doctor Menelaus Petrides, to have her two American born children registered as Greek citizens as a prerequisite to permitting them to depart from Greece. It is noted from the enclosure to your despatch that the Greek authorities claim that Mrs. Petrides was residing permanently in Greece at the time the inscription of her sons in the register of the municipality in Athens was ordered, and in this connection there is enclosed herewith an affidavit<sup>67</sup> by Mrs. Petrides in which she

<sup>64</sup> League of Nations Treaty Series, vol. CVIII, pp. 233, 251.

<sup>65</sup> Great Britain, Cmd. 1929, Treaty Series No. 16 (1923), p. 197.

<sup>66</sup> Not printed; for enclosure to the despatch, see *supra*.

<sup>67</sup> Not printed.



denies that she was permanently residing in Greece at the time the registration of her sons as Greek citizens was ordered and supports her allegation by showing that she was in possession of an alien's return permit obtained by her prior to her departure from the United States.

In view of the statements made by Mrs. Petrides in her affidavit it is desired that you take up this case again with the Greek authorities and point out the error of their assertion that Mrs. Petrides was permanently residing in Greece at the time the registration of her sons as Greek citizens was ordered. The attention of the Greek authorities should also be again directed to the fact that the children under reference were born in the United States and to the citizenship status of their father as set forth in the Department's instruction to your office of November 30, 1931. In this connection emphasis should be laid upon the fact that Mr. Menelaus Petrides was naturalized as an American citizen on April 3, 1917, and at that time renounced allegiance to Turkey and that it is therefore the view of this Government that he should not be regarded by the Greek Government as one of the persons whose cases come within the purview of the Greco-Turkish Treaty of June 10, 1930.

Very truly yours,

For the Secretary of State:  
WILBUR J. CARR

130 Petrides, Basil

*The Chargé in Greece (Morris) to the Secretary of State*

No. 2307

ATHENS, November 28, 1932.

[Received December 14.]

SIR: I have the honor to refer to the Department's instruction No. 1046 dated October 17, 1932 (File No. 130) relative to the citizenship of Basil and Theodore Petrides, sons of Dr. Menelaus Petrides, whose mother while in Greece had their names entered upon the register of Greek citizens.

I enclose for the Department's information and files a copy of my note to the Hellenic Ministry of Foreign Affairs<sup>68</sup> reiterating the previous request to have the names of these children eliminated from the register of Greek citizens. This note will serve no purpose except to preserve the principle. The Hellenic authorities have already refused to remove the names of these children from the register as the Department was informed in my despatch No. 2188 of July 19, 1932.<sup>68</sup> I have no doubt of the truth of Mrs. Petrides'

<sup>68</sup> Not printed.

statement contained in her affidavit to the effect that she was obliged by the registration officials to make the petition to have her sons recognized as Greek citizens in order that they might receive permission to leave Greece. Such cases are fairly numerous. A copy of Mrs. Petrides' petition taken from the files of the Municipality of Athens by an employee of the Legation staff is enclosed.<sup>69</sup>

While the practice of the Greek officials in compelling the registration of these more or less ignorant American citizens of Greek extraction may be considered as unethical, I can see no way to put a stop to it. This conflict of opinion as to nationality is bound to continue, as the Department is of course aware, until Greece consents to enter into a naturalization convention.

Respectfully yours,

LELAND B. MORRIS

---

130 Petrides, Basil

*The Greek Ministry of Foreign Affairs to the American Legation  
in Greece*<sup>70</sup>

[Translation]

No. 3999 $\frac{1}{2}$

NOTE VERBALE

The Ministry of Foreign Affairs has had the honor to receive *note verbale* No. 390<sup>69</sup> which the Legation of the United States of America addressed to it on November 28, 1932, concerning the nationality of Mr. Menelaus Petrides and his sons Basil and Theodore.

In reply and referring to its preceding note No. 26904 [26904 $\frac{1}{2}$ ] of July 12, 1932 it has the honor to communicate that the said Menelaus Petrides, having been naturalized in the United States of America without the prior authorization of the Ottoman Government, has retained his Turkish nationality by virtue of the Turkish law of 1869 regarding nativity, regardless of his acquirement of American nationality.

He was not regularly relieved of his Turkish nationality to acquire simultaneously that of Greece until July 23, 1930, the date of going into force of the Greco-Turkish Treaty signed at Angora on June 10, 1930, by virtue of Article 28 of this Treaty.

It is for this reason that the sons of the above mentioned person, Basil and Theodore, on July 24, 1930 acquired Hellenic nationality

<sup>69</sup> Not printed.

<sup>70</sup> Copy transmitted to the Department by the Chargé in Greece in his despatch No. 2370, February 23, 1933; received March 14, 1933.

and at the same time lost their Turkish nationality which they possessed by reason of their father being a Turkish citizen, regardless of the place where they were born, in conformity with the above-cited Turkish law of 1869.

The fact that the mother of the said persons had them inscribed in the register of the Municipality of Athens had no influence on their acquisition of Hellenic nationality which they acquired *ipso jure* under Article 28 of the Treaty of Angora as belonging to the category of persons dealt with by Declaration 9 of the Treaty of Lausanne mentioned in this article.

In view of the explicit provisions of the above-mentioned Treaty concluded between Greece and Turkey which have determined the nationality of their own subjects, this Ministry regrets that it is unable to share the point of view of the United States Government set forth in the aforementioned note of the Legation and consequently to be unable to accede to its request to remove from the Hellenic records the persons in question.

This Ministry hopes that the Legation of the United States will recognize the validity of the foregoing considerations and begs it to accept the renewed assurances of its high consideration.

ATHENS, February 10, 1933.

## ICELAND

### ARRANGEMENT BETWEEN THE UNITED STATES AND ICELAND REGARDING RECIPROCAL RECOGNITION OF LOAD LINE CERTIFI- CATES, EFFECTED BY AN EXCHANGE OF NOTES, SIGNED JANU- ARY 16, 1932

Executive Agreement Series No. 30  
859A.8561/7

*The Danish Minister (Wadsted) to the Secretary of State*

No. 5

WASHINGTON, January 16, 1932.

SIR: In a note of November 24, 1930,<sup>1</sup> to the Danish Minister for Foreign Affairs the American Chargé d'Affaires in Copenhagen has inquired whether the Icelandic Government would be willing to enter into negotiations for a reciprocal agreement regarding load lines of vessels.

In reply the Minister for Foreign Affairs has informed the American Minister by a note of March 12, 1931<sup>1</sup> that the Government of Iceland would view with pleasure the conclusion of an agreement such as proposed by the Government of the United States. It was further stated in the latter note that there do not exist any special Icelandic laws and regulations concerning load lines of vessels, such lines being fixed for Icelandic vessels in conformity with the Danish provisions in force regarding load lines.

With reference to the above, I had the honor by my note of April 20, 1931,<sup>1</sup> to inquire whether the Government of the United States would be ready for the intervening time until the International Convention regarding Load Lines concluded at London on July 5, 1930,<sup>2</sup> shall come into force in both Iceland and the United States, to enter into an agreement to the effect of reciprocally recognizing the Danish load line laws and rules as applied to Icelandic vessels and the load line laws and rules of the United States to be equivalent and therefore until then also reciprocally to recognize the freeboard certificates of Iceland and the United States.

In reply you have informed this Legation by your note of August 25, 1931,<sup>1</sup> that the United States' Government is ready to enter into a reciprocal agreement as proposed. You have further added that the United States' Government understands that the load line marks

<sup>1</sup> Not printed.

<sup>2</sup> *Foreign Relations*, 1930, vol. I, p. 261.

on the vessels of the United States and Iceland will be in accordance with the load line certificates; that the hull and superstructures of the vessel certificated will not have been so materially altered since the issuance of the certificates as to affect the calculations on which the load line was based, and that alterations will not have been made so that the

- (1) Protection of openings,
- (2) Guard Rails,
- (3) Freeing Ports,
- (4) Means of Access to Crews Quarters,

have made the vessel manifestly unfit to proceed to sea without danger to human life.

After having communicated this reply to the Danish Minister for Foreign Affairs, I now have the honor, according to instructions received, on behalf of the Government of Iceland to convey to you the following information:

The Icelandic Government is ready to give full recognition, for the time until the International Load Line Convention mentioned above shall come into force in both countries, to the load line rules and regulations of the Government of the United States and to the certificates and load line marks made on American merchant vessels pursuant thereto. In giving such recognition the Icelandic Government concurs, subject to reciprocity, in the foregoing understandings.

I have the honor to request that you will be good enough to confirm the full recognition of the Government of the United States for the period mentioned above of the Danish load line laws and rules as applied to Icelandic vessels and of the Icelandic freeboard certificates, and load line marks made on Icelandic vessels pursuant thereto.

It is understood that upon receipt of a note to that effect the proposed agreement will become effective as from the date of such note.

I have [etc.]

OTTO WADSTED

---

Executive Agreement Series No. 30  
859A.8561/7

*The Secretary of State to the Danish Minister (Wadsted)*

WASHINGTON, January 16, 1932.

SIR: I have the honor to reply to your note of this date in which the provisions of the proposed agreement between the Governments of the United States and Iceland for the mutual recognition of load line certificates for merchant ships are set forth.

Inasmuch as Iceland has no laws or regulations governing load lines of vessels, such lines being fixed in conformity with the Danish provisions in force, and as the Danish rules and tables for determining freeboard have been examined by the competent executive authorities of this Government and have been found to be as effective as the United States load line regulations, I have the honor to inform you that the Government of the United States hereby concurs in the terms of the agreement as set out in your note under acknowledgment. In this connection it is understood that the note under acknowledgment and this reply will constitute the agreement between the United States and Iceland.

The Government of the United States accordingly understands that the agreement has been completed by this exchange of notes and is effective from this date.

Accept [etc.]

For the Secretary of State:  
JAMES GRAFTON ROGERS

## ITALY

### PROTESTS BY THE ITALIAN GOVERNMENT AGAINST UNOFFICIAL CHARGES OF PRO-FASCIST ACTIVITIES OF ITALIAN CONSULS IN NEW YORK

811.00F/132

*Memorandum by the Assistant Secretary of State (Rogers) of a Conversation With the Italian Ambassador (De Martino)*

[WASHINGTON,] July 29, 1932.

The Italian Ambassador in connection with a general call spoke of the fact that a New York organization of Italians had united at the Ambassador's suggestion with the Washington Bicentennial Commission in a celebration of Washington and Garibaldi; that they had made arrangements with Director Bloom and that he had asked for the use of the auditorium of the Department of Commerce which had been granted.

The Ambassador understood, since then, that Mr. Fama and his anti-Fascisti group had complained against the Italian Government purporting to speak for the spirit of Garibaldi as Garibaldi had represented freedom and liberty and they were denying it. The Ambassador said he thought the complaining group were merely publicity seekers and wanted to know whether we had heard anything about it, hoping that we would not interfere with the celebration. He said he understood the protestants had written to Senator Borah and others. I said we had heard nothing about it.

The Ambassador said the Italian Government had officially celebrated the Garibaldi tradition; that Mussolini had made an eloquent speech on one occasion and that Garibaldi represented a revolt against foreign domination of Italy as distinguished from individual liberty and that on the theme of foreign domination the Fascisti and Garibaldi ideas were in tune. I said merely I knew nothing about it and made no comment.

A few minutes afterwards Secretary Lamont<sup>1</sup> called me, said that with some hesitation on Representative Bloom's request he had given them the use of the auditorium, that they now had a telegram from Hamilton Fish saying that the United States had no room for either Fascist or Communist propaganda and asking him not to give either any countenance. Secretary Lamont also said he had a letter from

---

<sup>1</sup>Robert Patterson Lamont, Secretary of Commerce.

a lot of Italian residents in New York, not definitely protesting, but containing some intimation of protest. He said his position was that as a Government commission had requested use of the room he would not make any alteration in his plans. I told him that was my own judgment as to the wisest course. He said that was all right and he would follow that line.

I think somebody should talk informally to Representative Bloom and perhaps to the Italian Ambassador about the necessity of avoiding anything that could be considered as Fascisti or anti-Fascisti issues and the wisdom of carefully planning this along a purely Garibaldi topic to avoid any outbreak or discussion in the hall or the press.

J[AMES] G[RAFTON] R[OGERS]

---

811.00F/134

*Representatives of Organizations of American Citizens of Italian Origin to the Secretary of State*

[NEW YORK (?)], August 1, 1932.

SIR: The undersigned, representing organizations composed of citizens of the United States of Italian birth, as well as native born citizens, wish to protest most vigorously to you, as an official of our Government, against the outrageous manner in which two officials of the Italian Government led a mob on July 4th against American citizens who had been engaged in celebrating the memory of the great Italian Liberator, Giuseppe Garibaldi. These two Italian officials are Vice-Consuls of the Kingdom of Italy accredited to the Consul General's office in New York City, their names are Augusto Castellano and Giuseppe Carodossi.

It has been the custom for years of citizens of the United States of Italian birth, and native born citizens, whose forefathers were of Italian birth, to make a pilgrimage to Rosebank, Staten Island, where the Italian Liberator Garibaldi had lived after he had been exiled for his activities in the struggle for the independence of Italy.

It is doubtless well known to you that there are two groups in the United States who take opposing views toward the present Italian Dictatorship. It is also known to you that citizens of Italy, representing in various capacities the Italian Government here, have been charged with deliberately fomenting factional struggles in this country among those of Italian extraction. So open were these activities and so wide was their exposure in the press that it is well known that warning[s] have been issued to these Italian officials by



our Government that they must take no part in such embroilments while enjoying the hospitality of this country. It is also just as well known that up until recently this notice to these officials has resulted in at least their not openly engaging on the side of the Fascist movement here in the United States.

On the Fourth of July, however, officials of the Italian Government again entered upon the scene with the result that one of their own followers, Salvatore Arena, was murdered by a bullet intended for one of the anti-fascist group, who had participated in a Garibaldi memorial meeting.

The two groups had been to Staten Island, the Fascist group of the Order of the Sons of Italy in America together with the Lichtor Federation, the official Fascist organization, and the anti-Fascist Societies. They were returning to New York City on a train, occupying separate cars. Led by the two Italian Vice-Consuls Augusto Castellano and Giuseppe Carodossi and Domenico Trombetta, the editor of an official Fascist weekly paper, who is also the President of the Fascist Lichtor Federation, the Fascist groups suddenly invaded the car in which were the anti-Fascist Societies riding together with other regular passengers. The anti-Fascists were attacked with sticks and canes and a savage riot took place, resulting in the shooting of Arena. A few days ago the grand jury of Richmond County, where Staten Island is situated, indicted Trombetta for murder in the first degree, charging him with killing Arena. It is claimed that the murdered man, Arena, who received the bullet aimed at an anti-Fascist, was formerly a bandit, and that he was being sought by the police of Montreal, Canada, for crime committed there.

While Domenico Trombetta is held charged with the murder of Arena, the two Vice-consuls, Augusto Castellano and Giuseppe Carodossi, who also led the Fascists against the anti-fascists, are still enjoying diplomatic immunity from our Government. It is this fact that causes us to address you, with the request that immediate steps be taken by you to investigate the actions of these two officials of the Italian government, and we feel sure that if this investigation shows that the facts as we have stated them are correct, immediate action will doubtless be taken by our Government for the recall of these two Italian officials.

We would be glad to submit to the Department of State the evidence we have of the outrageous violations both of our laws and of every regulation which prevails in the relations between the Governments of countries committed by these two officials of the Italian Government on the fourth of July.

Italian immigration here is nearly a hundred years old. At no time, as now, [have?] we communities made up of Americans of Italian extraction [been?] so disturbed by factional strife, owing to the present practice of officials of the Italian Government of engaging in political activities in this country.

It is in the interest of maintaining peaceful conditions among the many hundreds of thousands of our citizens of Italian extraction that we address you and request this investigation.

Sincerely yours,

Defenders of the Constitution

CHARLES FAMA, *Chairman*

The Italian Ex-Service Men

GIUSEPPE LIBERTI, *President*

Friends of the Freedom of Italy

GIROLAMO VELANTI, *Secretary*

The League for the Rights of Men

IGNACIO GERACI

811.00F/134

*Memorandum From the Italian Embassy*<sup>2</sup>

In relation to the letter addressed to Secretary Stimson on August 1st 1932 by the Leaders of Anti-Fascist Italo-American groups it is to be observed:

1) the charge against the Royal Italian authorities to carry out a Fascist propaganda in the United States is so notoriously unfounded that it need not be disproved;

2) the "Federazione del Littorio" has absolutely no official character nor has it any connection either with the Representatives of the Fascist Party in Rome nor with the Royal diplomatic and Consular Officials in this country;

3) the statement that Vice Consuls Carodossi and Castellani have in any way taken part in or been present at the riot in the train from Staten Island on July 4, is false. In fact Signor Carodossi *was not on the train*, having taken the trip to Staten Island and back, by motor in company with Consul General Grazzi. As to Signor Castellani, who was travelling on the train, he did not witness the shooting as he was in the third, and not in the second car in which the incidents culminating in the killing of Salvatore Arena took place.

Concerning the arrest of Mr. Domenico Trombetta on charge of murder, no comment can be made, the case being in the hands of the

<sup>2</sup>Left with the Under Secretary of State by the Italian Ambassador on August 4, 1932.

Judicial authority, whose sentence is pending; however, circumstances seem to strongly indicate that the whole matter is a sinister scheme of Trombetta's enemies.

WASHINGTON, August 4, 1932.

---

811.00F/143

*The Italian Embassy to the Department of State*

In these last few days the Antifascist press of New York, in connection with the proceedings against Domenico Trombetta charged with the murder of Salvatore Arena, and in particular in connection with the arrest of Mario Cerbini accused of having attempted to induce false depositions and perjury on the part of Giacomo Caldora through bribery, has published that the Royal Italian Vice-Consuls in New York, Augusto Castellani and Umberto Caradossi are implicated in these charges.

The Italian Ambassador most emphatically states that such an alleged participation of the said Vice-Consuls is absolutely in-existent and that an accusation of this nature, in what regards Royal Officials or the Italian Government, is to be considered as perfectly absurd.

WASHINGTON, August 18, 1932.

---

811.00F/144‡

*Memorandum by the Assistant Secretary of State (Rogers) of a Conversation With the Italian Ambassador (De Martino)*

[Extract]

[WASHINGTON,] September 26, 1932.

The Ambassador then brought up his favorite question of the two Italian Consuls in New York. He said that the newspaper accusations that these Italian representatives, Serafini [*Caradossi?*] and Castellioni [*Castellano?*], were implicated in the train affair were very embarrassing and that he wanted to know whether we had received a reply from the State of New York in regard to charges against them. I said I knew nothing about the matter and that I thought the public had forgotten it years ago. He said he appreciated that it was of no importance to us, but that he was constantly being called upon for reports on the topic. I said I would inquire whether we had heard anything from New York State.

J[AMES] G[RAFTON] R[OGERS]

811.00F/149

*Memorandum by the Under Secretary of State (Castle)*

[WASHINGTON,] November 10, 1932.

The Italian Ambassador came in to present the new Counselor, Marquis Diana, and to say good-bye. We did not discuss any matters of importance. He told me, however, that he had seen Mr. Fama, who had come to call on him, and that Mr. Fama had told him he was going to stop making speeches against the Italian regime. I said that if this happened it certainly would make the situation easier for everyone. He also said that Mussolini had agreed to the dissolution of the Fascisti organizations in New York, that this, however, was something the Embassy could not take any active part in since the members of these organizations were primarily American citizens. He felt, however, that they would follow Mussolini's advice and that that also would improve the situation.

W. R. CASTLE, JR.

811.00F/151

*Memorandum by Mr. Joseph C. Green, of the Division of Western European Affairs, of a Conversation With the Italian Chargé (Diana)*

[WASHINGTON,] December 6, 1932.

Marquis Diana called at my office this afternoon at my request. I told him that the Department, with the cooperation of the Governor of the State of New York, had made a thorough investigation of the alleged participation of the Italian Vice Consuls, Umberto Carodossi and Augusto Castellani, in the riot which occurred on a train on Staten Island on July 4, 1932, during which Salvatore Arena was shot and killed. I told him further that the evidence before the Department shows that Vice Consul Carodossi was not a passenger on the train on which the riot occurred; that Vice Consul Castellani was on the train but not in the car in which the riot occurred, and that it contains no indication that either of them were implicated in that unfortunate incident. I explained to him that the Ambassador, before his departure, had requested that he be informed orally and informally of the results of our investigation, rather than in a note addressed to the Embassy, and that I had, therefore, asked him (Diana) to come in to receive this information. I told him that the Department had informed Congressman Hamilton Fish and the editor of *La Stampa Libera* of the results of the investigation. I asked him whether, in view of the publicity which had been given by the

press to the accusations against the Vice Consuls, he wished the Department to issue a press release in regard to this matter, or whether he would prefer to consider the incident as closed. He replied that he thought it would be preferable to consider the incident as closed and I expressed my agreement with him on that point. He requested me to consider the matter as closed unless we receive some communication from him within the next ten days or two weeks in regard to it.

JOSEPH C. GREEN

---

**RIGHT OF AMERICAN CITIZENS WHEN ARRESTED TO COMMUNICATE WITH AMERICAN CONSULAR OFFICERS<sup>3</sup>**

365.1121 Slavich, Nickola/30

*The Ambassador in Italy (Garrett) to the Secretary of State*

No. 1319

ROME, March 15, 1932.

[Received March 31.]

SIR: With reference to the Embassy's telegram No. 172 of September 10, 12 noon, 1931,<sup>4</sup> and previous correspondence concerning the procedure followed by the Italian authorities in connection with the arrest and imprisonment of American citizens in Italy, I have the honor to transmit herewith for the Department's information a copy and translation of an informal memorandum which was handed by an official of the Foreign Office to a member of the Embassy staff for the confidential information of the Embassy, and which contains a statement of the nature of the procedure in question as established up to the present time.

In connection with the statement in paragraph three of the enclosed memorandum with regard to the right of reciprocity in the transmission to consular authorities of information concerning arrests of foreign citizens in Italy, I have the honor to add that a statement has been made at the Foreign Office to the effect that in the United States only one half of the various states are in the habit of communicating such information to Italian consular officers in the United States in connection with the arrest of Italian subjects there, and, accordingly, I shall be glad to have a statement of the procedure followed in the United States in this matter for use in future conversations at the Italian Foreign Office.

Respectfully yours,

JOHN W. GARRETT

---

<sup>3</sup> For previous correspondence regarding unjustified arrests of Americans in Italy, see *Foreign Relations*, 1931, vol. II, pp. 629 ff.

<sup>4</sup> *Ibid.*, p. 636.

[Enclosure—Translation]

*The Italian Ministry for Foreign Affairs to the American Embassy*

1. The term of preliminary detention varies in Italian legislation according to the form of preliminary examination of the person under arrest, to the gravity and nature of the crime, and to the judiciary authorities within whose competence the case falls; it is an established rule that trials which present no serious difficulties as regards examination of the accused and no obstacles as to prosecution are concluded within a very brief period, sometimes of a few days and sometimes of several months.

2. A consular officer may consult a citizen of the country which the former represents upon permission issued, normally, after preliminary examination of the person under arrest, by the public safety or judiciary authorities handling the case, provided that there is no supreme interest of justice or other peculiar consideration which prevents such permission being given.

3. Although the Italian authorities are not under any obligation to inform foreign consular authorities of arrests of foreign citizens in the Kingdom, nevertheless in accordance with requests made in this connection by representatives of foreign states, the interested representatives will be notified through the Ministry of Foreign Affairs of the arrest of foreign citizens in Italy, with right to reciprocity and in all cases provided that there are no special reasons to prevent such procedure.

4. As to the possibility for consular authorities to confer with foreign citizens under arrest in Italy, if the conversation takes place during the period of preliminary examination of the arrested person, the presence of a public safety officer or custodian is provided for by legislation now in effect; if the preliminary examination has been concluded, the conversation may take place without the presence of third persons, provided there is no reason to the contrary.

---

365.1121 Slavich, Nickola/31

*The Acting Secretary of State to the Ambassador in Italy (Garrett)*

No. 623

WASHINGTON, April 28, 1932.

SIR: The receipt is acknowledged of your despatch No. 1319, of March 15, 1932, enclosing an informal memorandum from the Italian Ministry of Foreign Affairs, regarding the arrest of American citizens in Italy.

It is noted that you request a statement of the practice followed in the United States regarding the notification by Federal and State

authorities to Italian Consuls of the arrest of Italian citizens. You are informed that in so far as the Department is advised there is no uniform practice in this country in this regard. There is no treaty obligation imposed on the officials of either country to notify consular officers of the arrest of their countrymen. The memorandum from the Ministry of Foreign Affairs in paragraph 3 points this out. On the other hand, the practice in this country is to permit the arrested alien himself to notify the consular officers of his country of his arrest. This procedure is deemed essential in order to permit the consular officers of Italy in proper cases to perform their duties under Article IX of the Consular Convention of 1878<sup>5</sup> between the United States and Italy. While it is commendable for local authorities to follow the practice of advising foreign consular officers of the arrest of their countrymen, it is considered that the essential obligations of the treaty are performed when an arrested person is permitted to communicate promptly with the consuls of his country on his own initiative.

Regarding the second paragraph in the memorandum from the Ministry of Foreign Affairs, it is not perceived that the supreme interests of justice or other peculiar considerations can be held to preclude altogether, in certain cases, consular officers being permitted to consult a citizen of their country who has been arrested. In such cases it would not be practicable for consular officers to carry out their function under Article IX of the Consular Convention of 1878. Unless permitted to communicate with all arrested citizens, a consular officer would not be in a position to ascertain their rights and interests which it is his duty to protect.

As to the fourth paragraph of the memorandum of the Ministry of Foreign Affairs, while it is not urged that American consular officers should in all cases be permitted to communicate with arrested American citizens in private, it is believed that in most cases consular officers should be permitted to confer with arrested citizens of their country in the absence of local public officials. The essential factor, however, is that a conference should be permitted promptly, after the arrest has been effected and a sufficient time in advance of trial to permit the arrested person to secure the consul's assistance in making provision for his defense.

You are requested to communicate an informal memorandum to the Ministry of Foreign Affairs in the sense of the foregoing. This measure is deemed advisable in order to preclude the inference on the part of the Italian Government that this Government is acqui-

<sup>5</sup>Malloy, *Treaties*, 1776-1909, vol. 1, p. 977.

escent in the views expressed in the memorandum of the Italian Government.

Very truly yours,

For the Acting Secretary of State:  
JAMES GRAFTON ROGERS

---

300.1121 Incomunicado/9

*The Acting Secretary of State to the Ambassador in Italy (Garrett)*

No. 631

[WASHINGTON,] May 5, 1932.

SIR: The Department has under consideration the question whether a diplomatic or consular officer has the right to visit an imprisoned national at any time during the period of preliminary investigation known in the Spanish speaking civil law countries as *sumario*.

According to the Department's understanding the *sumario* includes the questioning of the accused after the arrest, taking of evidence and framing of charges and it is also understood that immediately after the arrest, the prisoner is held *incomunicado* during a period of twenty-four hours, or in some countries longer.

Please inquire of the appropriate authorities as to the practice in Italy in regard to *incomunicado* with a view to determining whether a diplomatic or consular officer would be permitted to visit an imprisoned national during the "*incomunicado*" period prescribed by local law. You will also please endeavor to ascertain the position taken by the Italian Foreign Office in regard to the right of an Italian diplomatic officer or consul to visit imprisoned nationals in foreign countries.

Very truly yours,

For the Acting Secretary of State:  
JAMES GRAFTON ROGERS

---

365.1121 Slavich, Nickola/32

*The Ambassador in Italy (Garrett) to the Secretary of State*

No. 1492

ROME, July 15, 1932.

[Received July 26.]

SIR: With reference to the Department's instruction No. 623 of April 28, 1932, regarding the arrest of American citizens in Italy, I have the honor to inform the Department that inquiries on this matter were addressed in due course to the Italian Ministry of Foreign Affairs, and to transmit herewith, for the information of the Department, a copy and translation of a Memorandum which has



been received from the Ministry in reply to the above-mentioned inquiries.

I have the honor to add that further inquiries were addressed to the Italian Ministry of Foreign Affairs based on the Department's instruction No. 631 of May 5, 1932, to which no reply has yet been received, although it may be noted that several of the points raised in the Department's instruction of May 5th are referred to in the enclosed Memorandum from the Foreign Office.

Respectfully yours,

JOHN W. GARRETT

[Enclosure—Translation]

*The Italian Ministry for Foreign Affairs to the American Embassy*

MEMORANDUM

1) As has been pointed out in the Memorandum of the Embassy of the United States of America, there is no treaty obligation to notify the consular officers of either country of the arrest of their countrymen.

In the specific case of the United States of America, Article 9 of the Consular Convention of May 8, 1878, in effect between Italy and the United States of America is confined to recognition of the right of the respective consular officers to "protect the rights and interests of their countrymen."

2) Neither is provision made for the possibility of a foreign citizen's notifying his own consular authorities of his arrest, but, should there be no reason to the contrary, notification may be given in accordance with the prison regulations (Articles 103 to 105, Royal Decree No. 787 of June 18, 1931—Supplement to *Official Gazette* No. 147 of June 27, 1931).

3) Notification by the Royal Authorities of the arrest of foreign citizens is generally given in the Kingdom if the arrested person declines to take advantage of this privilege. As to the time when such notification may be given, it is to be observed that in the supreme interests of justice it might in certain cases be advisable or necessary to conceal the fact that an arrest has been made in order to proceed to the arrest of possible accomplices or for other unforeseen reasons; it is for this reason that any contact between the arrested person and outsiders may be postponed for a certain length of time.

However, the right of consular officers is invariably safeguarded since when preliminary investigations are under way and in every case prior to the trying of the case, except in cases of "citazione direttissima" (confessed crime, etc.) (i.e. in cases so evident that they are tried immediately without preliminary investigations) in which

there is an official advocate, the arrested person may confer with his attorney and consul in accordance with the prison regulations (Articles 96 to 102, above cited regulations).

4) The presence of public officials during interviews with persons under arrest is an invariable rule which cannot be waived, both because so stipulated by Italian law and required to ensure the safety of persons permitted to interview the prisoner and because it is necessary to prevent any outbreak among arrested persons which would disturb order in the prison.

5) In Italy during the period of preliminary investigations the prisoner may communicate with outsiders with the permission of the authorities at whose disposition he is held, which permission must be requested each time.

The Royal Government's position as to the right of its own diplomatic or consular officers to visit their countrymen arrested in foreign countries is that the local laws and treaties or conventions existing between the two states must be respected.

6) It may be well to add that intervention by diplomatic or consular officers in cases of the arrest of their countrymen should be limited to verification of satisfactory conditions of health and treatment accorded to prisoners and inquiry as to the prisoner's possible needs, avoiding, for obvious reasons, any attempt during the preliminary investigations to enter into the merits of the case or the application of local law; this instead may be done once the period of investigation has been completed.

ROME, July 9, 1932.

---

**ARRANGEMENT BETWEEN THE UNITED STATES AND ITALY REGARDING RECIPROCAL RECOGNITION OF LOAD LINE CERTIFICATES, EFFECTED BY EXCHANGE OF NOTES, SIGNED SEPTEMBER 8, 1931, AND JUNE 1, 1932**

Executive Agreement Series No. 36  
865.8561/5

*The American Chargé in Italy (Kirk) to the Italian Minister for Foreign Affairs (Grandi)*<sup>6</sup>

F. O. No. 693

ROME, September 8, 1931.

EXCELLENCY: I have the honor to inform Your Excellency that I have been instructed by my Government to notify Your Excellency that the competent executive authorities of the Government of the United States have examined the Italian rules and tables of free-

---

<sup>6</sup> Copy transmitted to the Department by the Chargé in Italy in his despatch No. 1456, June 6, 1932; received June 22.

board, which were enclosed in the esteemed *Note Verbale* No. 11196-22 of February 7, 1931,<sup>7</sup> and have found them to be as effective as the United States load line regulations.

I have also been instructed to notify Your Excellency in regard to the reciprocal agreement relating to this matter, which was referred to in the abovementioned *Note Verbale*, that my Government understands that the Governments of the United States and of Italy will each recognize as equivalent the load line marks and the certificates of such marking of merchant vessels of the other country pending the coming into force of the international load line convention in the United States and Italy; provided, that the load line marks are in accordance with the load line certificates; that the hull and superstructures of the vessel certificated have not been so materially altered since the issuance of the certificate as to affect the calculations on which the load line was based, and that alterations have not been made so that the—

- (1) Protection of openings,
- (2) Guard Rails,
- (3) Freeing Ports,
- (4) Means of Access to Crews Quarters.

have made the vessel manifestly unfit to proceed to sea without danger to human life.

I have the honor to add that it will be understood by my Government that on the receipt of a communication signed by Your Excellency expressing the concurrence of the Royal Italian Government in the understanding of the Government of the United States as above set forth, the agreement in question will become effective.

Accept [etc.]

ALEXANDER KIRK

---

Executive Agreement Series No. 36  
865.8561/5

*The Italian Ministry for Foreign Affairs to the American Embassy  
in Italy*<sup>8</sup>

[Translation]

21281-72

NOTE VERBALE

The Royal Ministry of Foreign Affairs has the honor to inform the Embassy of the United States of America that the competent Italian offices have carefully examined the communications referred to in

<sup>7</sup> Not printed.

<sup>8</sup> Transmitted to the Department by the Chargé in Italy in his despatch No. 1456, June 6, 1932; received June 22.

*Note Verbale* No. 693 of September 8, 1931, regarding reciprocal recognition by Italy and the United States of freeboard certificates until such time as the load line convention signed at London on July 5, 1930, goes into effect.

The Royal Ministry of Foreign Affairs accordingly has the honor to assure the Embassy that the Italian Government fully agrees with the ideas manifested by the American Government and begs the Embassy of the United States of America kindly to communicate with the Department of State at Washington for the purposes of the entrance into effect of the present agreement.

ROME, June 1, 1932.

## LITHUANIA

### CONFLICTING INTERESTS OF LITHUANIA AND GERMANY IN MEMEL TERRITORY

860M.01 Memel/108

*The Chargé in Lithuania (Fullerton) to the Secretary of State*

Diplomatic No. 280

Kovno, August 3, 1931.

[Received August 22.]

SIR: I have the honor to inform the Department that I visited the Memel Territory between July 28 and 31, 1931, for the purpose of political and economic investigation and had opportunity there to discuss the long-standing dispute involving the Lithuanian Central Government and the Autonomy in conversations with Governor Merkys and other officials. Under date of July 17, 1931, in the course of my despatch No. 275,<sup>1</sup> I had the honor to report the substance of a conversation which my British colleague, Mr. Preston, had with Governor Merkys a few days prior to that time while also in Memel. My conversation with the Governor tended to confirm Mr. Preston's impression of General Merkys' attitude and views at this time, and contributed comparatively little to the information communicated to the Department in my despatch under reference.

Governor Merkys expressed to me a very frank pessimism over conditions in the Territory and particularly with regard to the attitude toward the controversy which he said was developing among the signatory powers, who, he felt, were inclined to take the German point-of-view. Mr. Jacobson, financial expert, of Swedish origin, of the League of Nations, was despatched to Memel two weeks ago, in consonance with a resolution of the League Council of May 22, 1931,<sup>2</sup> for the purpose of formulating an advisory opinion as to the percentage participation to which the Memel Territory is entitled in its income from customs, excises and other revenues. General Merkys said that he had naturally done everything in his power to create a favorable opinion of the Lithuanian Administration with Mr. Jacobson, but he reiterated to me the foreboding which he had voiced to Mr. Preston that Mr. Jacobson would be influenced, either consciously or unconsciously, in favor of the German thesis, render-

<sup>1</sup> Not printed.

<sup>2</sup> See League of Nations, *Official Journal*, July, 1931, p. 1132.

ing a decision which would be unfavorable to Lithuania. It seems difficult to understand how Mr. Jacobson, basing his observations and conclusions ostensibly purely upon facts and figures submitted to him, could permit prejudice to influence his judgement in a matter of this kind, but the Governor undoubtedly anticipates that such will be the case. General Merkys said that Mr. Jacobson's labors would be terminated within a short time, when he would communicate his findings to the Council of the League for the information of the signatory powers of France, Great Britain, Italy and Japan.

The Governor declared that it was his opinion that no solution would be found to the Memel controversy as long as the Convention of 1924<sup>3</sup> were permitted to stand in its present condition and that he felt that the bickering would continue indefinitely, with the dissatisfied Memel German element growing more and more unruly through encouragement offered by the League of Nations in giving ear to its complaints, unless the Convention were actually abolished and some other means were discovered for the adjustment of the situation. I suspected that the Governor might here be hinting that a *putsch* could put an end most effectively to the present state of affairs, but he said that rumors of a Lithuanian forceful annexation of the Territory, accompanied by the expulsion of the Directorate and all dissatisfied German elements, were ill-founded and that, much as he personally would relish such a course, it had never been contemplated seriously by his Government, although it might have been talked of by Nationalist firebrands in the country. The Governor declared, however, that if the Hitlerites obtained control of the German Government, one of their first steps would, without doubt, be the organization of a *putsch* to drive out the Lithuanians from Memel and restore the Territory to Germany.

While the general aspect of the city of Memel remains uninteresting and dull, symptoms of unrest are developing in greater numbers, and possibly in greater gravity, than was the case a few months ago. Mr. Erik Widding, neutral, or League of Nations, member of the Memel Harbor Board, told me that the local German residents were genuinely apprehensive of a *coup de force* upon the part of Lithuanian Nationalist elements—with the full knowledge if not with the full consent of the Government. On the evening of July 28 a mass meeting of Lithuanians in the Memel Stadtgarten, or Municipal Park, violently decried the Directorate and proclaimed the right of Lithuania to the Territory. The police failed to interfere. Colli-

<sup>3</sup> Convention and statute, dated May 8, 1924, League of Nations Treaty Series, vol. xxix, p. 87.

sions between Memel Germans and Lithuanian sympathizers are of daily occurrence. It was Mr. Widding's impression, warmly, if not impartially, supported by that of officials in the Chamber of Commerce upon whom I usually call when in Memel, that the Governor and the Central Government administration in the Territory of which he is the head were displaying little interest in composing current difficulties arising there and that the situation was growing worse.

I was impressed by the significant change which is apparent in the attitude toward the Memel question of former Prime Minister Galvanauskas, who is now engaged in private business in Memel. Mr. Galvanauskas, although not in sympathy with the Government since his retirement from public life some years ago, has invariably up to this time expressed to foreign visitors an optimism with respect to the conciliation of difficulties in Memel. When I called upon him a few days ago he broke into a bitter tirade against Germany and did not hesitate to excoriate the Administration for what he termed its failure to curb German influence there. Mr. Galvanauskas refrained from making a definite recommendation as to what should be done but indicated that Lithuanian private enterprises would be at a standstill in the Territory if the Memel German element continued to enjoy the ascendancy. As the result, he said, of a policy of almost incomprehensible stupidity upon the part of the Government the path of acceptable compromise and of conciliation had been practically obliterated.

Respectfully yours,

HUGH S. FULLERTON

860M.01 Memel/128

*The Chargé in Lithuania (Fullerton) to the Secretary of State*

Diplomatic No. 379

Kovno, January 13, 1932.

[Received February 10.]

SIR: I have the honor to inform the Department that an incident has recently occurred which bids fair to aggravate the already unsatisfactory relations existing between the Memel Autonomy and the Lithuanian Central Government.

I have been confidentially informed by my British Colleague here that he was told by the Minister for Foreign Affairs on the evening of January 1, 1932, that the President of the Memel Directorate, Dr. Otto Boettcher, accompanied by Herr James Gubba, leader of the German Landwirtschaftspartei (Farmers' Party) in the Memel Diet and a certain Herr Nickel Baltromejus had proceeded to Berlin, via Tilsit and Koenigsberg, East Prussia, on or about December 15, 1931,

and that, joined by the German Minister to Lithuania, Dr. Hans Moraht, in Koenigsberg, they had consulted with the German Foreign Office with regard to questions interesting the Memel Autonomy. Dr. Zaunius told Chargé d'Affaires Preston that the Lithuanian Government would not have discovered this clandestine meeting of the Memel Germans with officials in the German Foreign Office had it not been that Herr Baltromejus, upon returning over the frontier between Tilsit and Pagegen, Memel Territory, had been found by the Lithuanian border authorities to be in possession of a *laissez-passer* issued to him by the German Consul General in Memel, Dr. Toepke. It seems that Mr. Baltromejus as a *Memellander* was entitled to travel across the Lithuanian-German frontier for a distance of ten kilometers on either side with a local border pass, but that, perhaps somewhat impressed by the secret and lofty character of his mission to Berlin, he did not utilize this document, freely displayed the pass given him by the German Consul General, and outlined to the Lithuanian officials who interrogated him the purpose of his trip.\*

The matter was, of course, eventually reported to the Lithuanian Foreign Office and Dr. Zaunius stated to Mr. Preston that the impression made upon his Government had been most unfortunate. The violation of the terms of the Memel Convention of 1924 arising from direct negotiations between the President of the Memel Directorate and a foreign Government was, he said, obvious enough, while the resort to German travel documents upon the part of Mr. Baltromejus, a Memel citizen, at the instigation of the President of the Memel Directorate, was a flagrant contravention of Lithuanian sovereignty. The Minister for Foreign Affairs said that it was the disposition of the Cabinet to denounce Herr Boettcher and his associates and bring them to Kovno upon charges of high treason, but that he was disposed to urge moderation and to recommend to the Memel Diet that it require Herr Boettcher to resign. He did not indicate what, if any, other steps might be taken against Messrs. Boettcher, Gubba and Baltromejus, but he added to Mr. Preston that it was his opinion that the Lithuanian Government must request the withdrawal, as *personae non gratae*, of both Dr. Moraht and Dr. Toepke. Dr. Zaunius indicated that it had at first been his intention to protest immediately to the four other signatories to the Memel Convention,

---

\* An English translation of Mr. Baltromejus' German *laissez passer* as well as a translation of the record taken by the Lithuanian border officials at Pagegen of his interrogation by them are enclosed herewith, through the courtesy of my British colleague. [Footnote in the original. Enclosures not printed.]



France, Great Britain, Italy and Japan, claiming a violation of Article II of the Pact of the League of Nations.<sup>5</sup>

Mr. Preston, immediately communicating with the British Minister to the Baltic States, residing in Riga, was directed by Mr. Knatchbull-Hugessen to recommend to the Lithuanian Government a path of moderation while the whole affair might be reported to the British Foreign Office.

Mr. Preston proceeded to Riga for purposes of consultation with his Minister on January 7, 1932, and returned on January 12, 1932. During a conversation with me yesterday, he was kind enough to permit me to peruse certain despatches which he had prepared for the information of the British Government, and said that it appeared likely in view of Dr. Zaunius' personal desire that no crisis should be precipitated in the *Memelland* at a time when the German Government was demonstrating a more independent and almost belligerent attitude, as well as at a time when economic depression in the rural districts of the Memel Territory was bringing about, independently of the Lithuanian Central Government, a serious reaction against the Directorate there, that the affair might be adjusted amicably merely through the withdrawal from public office of those held responsible.

In view of the more serious preoccupations commanding the attention at this time of the various major signatory powers to the Memel Convention, it seems somewhat doubtful if the latter will find themselves in a position or disposed to deal in a summary fashion with the present Memel incident. Under normal conditions the Lithuanian Government would have considerable reason for satisfaction in this indication of bad faith upon the part of the Memellanders, but it may well be that a certain uneasiness creeps into the situation from their point-of-view as a result of the international tension now existing. The effect upon a restless and perturbed German public opinion of the ejection from office of the Memel Directorate or the trial upon charges of treason of Dr. Boettcher and his associates might conceivably be a German *coup d'état* in the territory which neither Lithuania nor the somewhat unwieldy triumvirate of other signatories to the Convention of 1924 might be in a position to prevent.

The incident which I have made the subject of this despatch is as yet unknown to the Lithuanian public and to the majority of the Diplomatic Corps here, and I am at present unable to approach the usual sources of information in the Government for enlightenment or opinion with regard to it because the conference held between

---

<sup>5</sup> The reference apparently is to the Convention of May 8, 1924, which was negotiated under the auspices of the League of Nations.

the Minister for Foreign Affairs and the Chargé d'Affaires of the British Government in Lithuania are considered by both parties to be as yet strictly confidential.

I shall endeavor to keep in close touch with this new situation which has arisen in Memel and to provide the Department with all available information as it becomes available.

Respectfully yours,

HUGH S. FULLERTON

860M.01 Memel/132

*The Chargé in Lithuania (Fullerton) to the Secretary of State*

[Extracts]

Diplomatic No. 394

KOVNO, February 2, 1932.

[Received February 19.]

SIR: I have the honor to refer to this Legation's recent despatches with regard to new difficulties in the Memel Territory, and to inform the Department that the situation has not improved.

During a conversation with my British colleague yesterday I ascertained that the Lithuanian Government had recently protested vigorously to His Britannic Majesty's Government, through its representative in Kovno and its Minister in Riga, persistent efforts upon the part of the German Government to foment trouble between Lithuania and Memel, requesting that steps be taken to induce Germany to adopt a more conciliatory policy. . . . Mr. Preston said that, although he was not inclined to discount as completely unfounded the German fears of some months ago of Lithuanian plans for a *putsch* in Memel, he was convinced, following his conversations of recent date with Foreign Minister Zaunius and Prime Minister Tubelis that the Lithuanian Government had absolutely no desire to exceed the powers conferred upon it by the Memel Convention and Statute in dealing with the Territory and that it was far from the design of the Lithuanian Nationalist administration to favor or permit a *putsch* in Memel at this time.

The Lithuanian Nationalist press, as represented by the *Lietuvos Aidas* in a recent editorial, has assumed a generally moderate tone in its comment upon the latest incidents disturbing the relations between the Memel Autonomy and the Lithuanian Central Government. While the activities of President Boettcher of the Directorate and his Memel German associates in travelling to Germany upon what is consistently held to have been a political mission are characterized as "treasonable", moderation is counseled and no action upon the part of this country recommended which would not be in harmony with the existing Convention and Statute.

It is, I think, the growing conviction of the majority of my colleagues in the Diplomatic Corps here that Germany is overplaying its hand in an endeavor to influence European opinion against the Lithuanian Administration of Memel and that the attitude of the German Government with regard to the recent incidents has been neither justified nor wise. For Lithuania to contemplate forceful intervention in the Territory in an effort to remove the obnoxious Directorate would be hazardous and unsafe in view of the present unsettled conditions in Germany and reaction in Germany to any such procedure would, it is generally believed, imperil Lithuania's hold upon the Territory.

Respectfully yours,

HUGH S. FULLERTON

---

860M.01 Memel/137 : Telegram

*The Ambassador in Germany (Sackett) to the Secretary of State*

BERLIN, February 23, 1932—8 p. m.

[Received February 23—4:40 p. m.]

40. Foreign Office states that Memel dispute is more threatening and dangerous and urges that Mr. Skinner proceed immediately to Kovno. Foreign Office hopes that he will exercise moderating influence on Lithuanian Government.

It was explained that German Government fears that Merkys may form a Lithuanian directorate, dissolve Diet, order new elections under martial law and have exequatur of German Consul General withdrawn. Germany would be obliged to make reprisals. It was impossible to foresee the outcome, particularly if there were disorders in Memel. Though every effort has been made to keep Memel dispute as quiet as possible, public opinion in Germany was greatly aroused. Reichstag interpellations would be made Friday. Foreign Office pointed out that with excitation attending German presidential elections, situation could easily get out of hand.

Repeated to Riga.

SACKETT

---

860M.01 Memel/148

*The Ambassador in Germany (Sackett) to the Secretary of State*

No. 1512

BERLIN, February 24, 1932.

[Received March 7.]

SIR: Supplementing despatch No. 1507 of February 23, 1932,\* and confirming telegram No. 40 of February 23, 8 p. m., I have the

---

\* Not printed.

honor to report that the Memel dispute is regarded by the German Government as exceedingly grave.

The negotiations at Geneva, the various steps taken in the hope of composing the differences between Dr. Böttcher and Governor Merkys, the Colban report,<sup>7</sup> and finally Dr. Böttcher's resignation from the Directorate, have all failed so far to relieve the extreme gravity with which events in Memel are viewed at the Foreign Office.

According to Ministerialdirektor Meyer, who is in charge of Eastern affairs, there is danger that Governor Merkys will suddenly form a Directorate of his own, dissolve the Diet and definitely torpedo the Memel statutes. Germany, he stated, could not tolerate such injustice by Lithuania to the Memel population, which had been German for the last 700 years and represented a far superior culture.

Since the advent of Merkys, the *Memelländer* had suffered oppression. Protracted negotiations and good will on the part of Germany had failed entirely to achieve any positive results for them. German policy had not been directed at any frontier revision or modification of existing treaty stipulations. It had been aimed exclusively at the maintenance of the statutory rights of the local population. At present, Dr. Meyer continued, the attitude of Governor Merkys and the Lithuanian Government had provoked a situation that was most dangerous; it was impossible to foresee what might happen.

The German Consul General in Memel occupied a special position. The Lithuanian Government suggested in the interest of better relations that he be replaced. In reply, the German Government pointed out that there were no grounds of complaint against him; that it could not consider withdrawing him. A second note has been received in the premises in which the Lithuanian Government persists in requesting his withdrawal. The German Government has intimated in reply that if the Lithuanian Government insists on the Consul General's departure merely because as a witness to events in Memel he is unwelcome to the Lithuanian authorities the German Minister in Kovno would likewise be recalled. Dr. Meyer added that the exequaturs of Lithuanian consuls in Germany would also be withdrawn. Economic reprisals, too, would be considered, should Merkys attempt to overthrow the statutes or hold new elections under martial law with the aid of Lithuanian military organizations imported from outside the Memel territory.

The greatest danger, according to Dr. Meyer, was that the *Memelländer*, in a feeling of desperation, might lend themselves to disorders.

<sup>7</sup> Report made by a League of Nations committee headed by Erik Colban, Norwegian representative on the League Council, February 20, 1932. For the report, see League of Nations, *Official Journal*, March 1932, p. 540.

In this event Governor Merkys could be counted upon to employ drastic measures to restore Lithuanian authority. The effect on public opinion in Germany would be inflammatory; particularly in East Prussia. Meetings of protest are being held all over the Reich, and the Chancellor, according to Dr. Meyer, is being inundated with telegraphic appeals from every conceivable quarter. And this high pitch of popular feeling has been reached despite the fact that every effort has been made to keep public discussion of the conflict as quiet as possible.

Reverting to the charges against Dr. Böttcher, Dr. Meyer explained that the German Government gave formal assurances that he had not engaged in any official negotiations when in Berlin. Dr. Böttcher gave similar assurances to Governor Merkys. All this proved to be entirely without result. The case against Dr. Böttcher and his associates, who accompanied him to Berlin, had been entirely fabricated; was based on unimportant circumstances. For example, the German Consul General had been unwise in giving one of the party a special *laisser-passer* in which the bearer's mission was described as in the interests of the Reich. This had not been, Dr. Meyer insisted, in accordance with the facts. The Consul General had been merely imprudently anxious to assure control and customs courtesies on the part of the German frontier officials.

I venture to confirm the element of danger from the side of Germany which Dr. Meyer attributes to the situation. As the Department is aware, public opinion in Germany is particularly susceptible in respect of anything that concerns the Eastern frontier of the Reich. Moreover, the Memel incident has come at a singularly inopportune moment. Political passions are aroused and national sentiment is being played upon in the present domestic-political struggles; in a hotly contested presidential election. Disdain of Lithuania contributes to make intolerable any thought of Lithuanian success at the expense of German prestige or interests. It is, I fear, no exaggeration to suggest that a cloud, though a small one, has definitely appeared on the Eastern horizon. Rash action by individuals or irregular formations could precipitate a situation with widespread repercussions.

The Foreign Office expressed the hope that Mr. Skinner would find it possible to proceed at once to Kovno. The next week is regarded as particularly critical. It was hoped that his moderating influence might contribute to appeasement.

Respectfully yours,

FREDERIC M. SACKETT

860M.01 Memel/138 : Telegram

*The Secretary of State to the Minister in Latvia (Skinner)*<sup>8</sup>

WASHINGTON, February 24, 1932—5 p. m.

6. In light of present information Department does not approve your proceeding to Kovno as suggested by Berlin in its telegram to the Department of February 23.

In the event the subject of Memel situation is broached to you or Fullerton informally, any comment that may be made should, of course, be calculated to have a moderating influence on Lithuanian Government.

Cable brief report of present situation with your comment.

STIMSON

860M.01 Memel/139 : Telegram

*The Minister in Latvia (Skinner) to the Secretary of State*

RIGA, February 25, 1932—5 p. m.

[Received February 25—1:40 p. m.]

30. Department's telegram No. 6, February 24, 5 p. m. While in Kovno last week during informal discussions about Memel I suggested moderation. Deem it unnecessary at present to return for same purpose as my presence might lead to misconstruction.

At noon today the position is that Boettcher has given in his resignation as president of the Directorate in order as he suggests that his personality may not embarrass efforts to reorganize the local government. The Lithuanian Government attaches no importance to this resignation deeming that he was removed from office February 6th. Governor Merkys will now probably dissolve the Memel Diet as the Constitution authorizes and on the election of a Diet with pro-German majority he will present a new directorate which may or may not receive a vote of confidence. Lithuanians believe that von Bülow made poor case for Germany at Geneva and that the signatory powers favor the Lithuanian point of view as Lithuanians are satisfied with existing conditions they are unlikely to proceed to dangerous lengths. The real anxiety apparently is lest Hitlerites organize an invasion from East Prussia in which event grave consequences might ensue.

SKINNER

<sup>8</sup> The Minister was accredited to Estonia, Latvia, and Lithuania.

860M.01 Memel/152

*The Minister in Latvia (Skinner) to the Secretary of State*

No. 96

RIGA, February 27, 1932.

[Received March 16.]

SIR: I have already telegraphed the Department briefly, pointing out that there are reasons why it might be undesirable for me to proceed to Kovno just now for the special purpose of disseminating moderate views respecting the Memel question. I have returned from Kovno within the past few days and while there, in the course of private conversation, expressed such reflections as I judged would meet with the Department's approval.

I do think, however, that I should return to Kovno somewhat later when matters have quieted down a little, because the two political issues which obsess the governing circles in that city, namely Kovno and Memel, may at any moment become of outstanding importance to Europe and therefore to the world at large, and furthermore I believe it desirable that I keep in closer touch with the Lithuanian Government than has been the case in the past.

As respects most recent developments in the Memel district, our Chargé d'Affaires at Kovno, Mr. Fullerton, is reporting fully to the Department. There appears to be no reason to suppose that the Lithuanians, now having the upper hand in the controversy, are likely to resort to further extraordinary measures. They will simply provide a new Directorate in the hope that the business administration of the region may proceed without disturbance. The real danger, apparently, arises from the German attitude, which is looked upon here as provocative and susceptible of bringing about an invasion from East Prussia—something which might lead to lamentable results. From a purely economic point of view, and it is surprising that so little stress is placed upon it, the Memel people have gained considerably through the annexation of their town to the Lithuanian State. When I resided in Germany years ago, Memel was an obscure Baltic port of no importance, except to a few people who liked to go there to take the baths. At present it is quite active, and the Lithuanians, who have go-ahead inclinations, have made it a busy seaport with prospects of steady improvement if politics do not interfere.

At this moment the Lithuanians unquestionably feel that European sympathy is running in their favor as regards Memel, otherwise Klaipeda.

Respectfully yours,

ROBERT P. SKINNER

860M.01 Memel/157

*The Chargé in Lithuania (Fullerton) to the Secretary of State*

Diplomatic No. 13

KOVNO, March 3, 1932.

[Received March 22.]

SIR: I have the honor to inform the Department that Foreign Minister Zaunius delivered a ringing and much applauded speech on the Memel crisis before a capacity audience in the Kovno Opera House on February 27, 1932, reiterating his country's determination to stand firm upon what it considers to be its legitimate and sovereign rights in the Memel Territory.

I was finally received by the Minister for Foreign Affairs on the morning of March 1, 1932, in private interview. Dr. Zaunius had suddenly concluded to proceed personally to Geneva on the same afternoon, for consultation with the representatives on the League Council of the various signatory powers, as well as to represent Lithuania in the emergency session called by the League to consider the Far Eastern crisis. He seemed very nervous and distraught, and I was inclined later to attribute this not only to forceful representations made to him the previous afternoon by the British Minister, visiting Kovno for a few hours for this purpose, but also to another interview which Dr. Zaunius had just concluded with the Soviet Russian Minister to Lithuania, Mr. Karsky. I later learned from my British colleague, who interviewed Mr. Karsky this morning, that the latter had conveyed to Dr. Zaunius, upon instructions from Moscow, the recommendation of the Soviet Russian Government that Lithuania step warily in the aggravation of its relations with Germany at this time and that it seek to compromise the present issues in Geneva. Mr. Karsky told Mr. Preston that his Government had some reason to suspect that a break in diplomatic relations with Germany, or even an interruption of trade between the two countries, would result in a more favorable attitude toward Poland, and that this Soviet Russia was very intent upon preventing.\*

I interviewed yesterday the German, French and Italian Ministers in Kovno successively, and talked also with the British Chargé d'Affaires. The opinions of these gentlemen are not at all mutually harmonious. Dr. Moraht, the German Minister was, as always, reserved and cautious, but intimated that he considered the present situation to be hopeless. No one could predict, he said, what the in-

---

\* It is very obvious, of course, that the Soviets are most anxious to maintain Lithuania as a convenient corridor to Germany and that the destruction of amicable relations between Germany and Lithuania would put Russia in a position of unpleasant isolation to the west. [Footnote in the original.]



flamed state of public opinion in Germany might bring about did Lithuania not recede from its position. While the French and Italian Governments have backed, nominally, the British Government in its active efforts to induce Lithuania immediately to form a Directorate in Memel agreeable to the majority parties there, i.e. to the German Government, I detected considerable indifference in the attitude of Mr. Ristelhueber, the French Minister, and discovered a very distinct opposition to what he termed "playing Germany's game" upon the part of the Italian Minister, Mr. Amadori. The latter feels that the other major signatories have permitted themselves to be carried along too far in the wake of Great Britain, which Mr. Amadori declared had obviously supported Germany in the *Memelland* with a consistence entirely remote from an honest evaluation of the facts. He attributed this to some commitment made to Germany by the British Foreign Office to support the German minorities, and hinted that this was probably a *quid pro quo* arrangement. The French Minister confined himself to deploring the fact that Lithuania had not been satisfied with the vindication before the League Council of its removal on February 6 of President Boettcher,<sup>9</sup> but had insisted upon dashing headlong into a policy which laid it open to great danger.

Mr. Preston told me that he had received further instructions from his Government to-day directing that he establish contact immediately with Prime Minister Tubelis, in the absence of Dr. Zaunius the acting Minister for Foreign Affairs, endeavoring to impress upon him the probable seriousness of the consequences of failing to reach an agreement with Germany over the formation of a new Directorate in Memel. He said that the British Government was adamant in its demand that the Memel Chamber of Representatives should not be dissolved at the present time, and that he had reliable information from Berlin (presumably from the British Ambassador there) that the Brüning Government would be forced by public opinion to take drastic measures against Lithuania in the event that the Chamber were dissolved failing the appointment by Governor Merkys of a Directorate acceptable to the German majority parties. Mr. Preston said that he would represent to Mr. Tubelis the serious economic repercussions of German boycott on Lithuanian goods and a closing to them of the East Prussian frontier, and that he would hint also to the Minister that a collapse in the Lithuanian currency might very logically follow such complete disruption of Lithuania's foreign trade.

The present hour represents undoubtedly one of the most serious crises which has faced Lithuania in its administration of the Memel

---

<sup>9</sup> See League of Nations, *Official Journal*, March 1932, p. 540.

Territory. The peril of actual hostilities between Germany and this country would seem to be reduced to a minimum since the Polish Corridor successfully prevents the shipment of troops from greater Germany to the Lithuanian frontier and any armed attack upon Memel would necessarily be limited to the efforts of forces recruited in East Prussia alone. The assurance which clothes the Lithuanian Government in its stubborn stand is almost certainly grounded in the belief that Germany is bluffing and will eventually subside when it perceives that this country will refuse to yield. It was also suggested to me by the German Minister yesterday, in the course of my conversation with him, that Dr. Zaunius and his associates in the Cabinet felt that, in view of the high state of popular feeling here in which all parties share, retreat from the position of defiance which has been assumed might mean the overthrow of the present Administration. Dr. Moraht observed that one factor which greatly embarrassed the Lithuanian Government in the conduct of its Memel policy was the bellicose attitude of the army, which had been trained to fight somebody for many years and had never realized the opportunity.

Further to speculate upon the course which events may assume is clearly useless, but a climax may come within the next 48 hours as Dr. Zaunius is scheduled to meet with the representatives of the signatories in Geneva to-morrow morning and must then reach a definite conclusion as to whether or not the Memel Chamber of Representatives shall be dissolved or a new Directorate of a more German complexion be proposed to the present Chamber. It would seem that a reasonable compromise could be reached through an agreement to permit the entry into function in Memel of a Directorate tolerably agreeable to both parties. Unhappily for this most obvious solution, it is evident that the German Government, lashed by public furor, has assumed a position here from which it is difficult for it to recede, while the Lithuanian Government may be perhaps in very nearly as embarrassing a posture. In the interim, the *Lietuvos Aidas*, Nationalist, Kovno, and *Memeler Allgemeine Zeitung*, Nationalist, Memel, publish under to-day's date the somewhat amusing report that the Governor of the Memel Territory's appointee to the Presidency of the Directorate has officially entered into office and that "conversations on this subject with the German majority parties in the Chamber of Representatives are understood still to be continuing."

Respectfully yours,

HUGH S. FULLERTON

860M.01 Memel/162

*The Chargé in Lithuania (Fullerton) to the Secretary of State*

Diplomatic No. 20

KOVNO, March 14, 1932.

[Received April 2.]

SIR: I have the honor to inform the Department, following this Legation's recent despatches relative to the crisis in the Memel Territory, that the Minister for Foreign Affairs informed me this morning that a purely Lithuanian Directorate for the Memel Territory had just been formed—consisting of Mr. Edward Simaitis, the President selected by the Governor some days ago, Mr. J. Toliszus, provisional President named by Governor Merkys at the time of the removal on February 6 of President Boettcher, and Mr. Martynas Reizgys and Mr. K. Kadgyns, former presidents of the Directorate.

Dr. Zaunius expressed himself as confident that the hostile feeling aroused in Germany by the determination of the Lithuanian Government to maintain what it considers to be its rights would subside in the face of this *fait accompli* and that, now that a fair assurance exists that President Hindenburg will be reelected on a second ballot, the Brüning Government will adopt a more conciliatory attitude with reference to Lithuania. He admitted that the new Directorate would almost certainly not be favorably received by the German majority parties in the Memel Chamber of Representatives and that the dissolution of the Chamber might probably result from this latest situation. I was unable to determine from the Minister's conversation whether or not he had received some secret assurances from one or all of the signatory powers to the Memel Convention of 1924 that they would either not interfere with Lithuania as a result of this most recent stand or would restrain Germany from hostile acts.

In a later conversation with my British colleague, the latter informed me that the formation of a new and purely Lithuanian Directorate was, in his opinion, "an insane gesture of defiance" upon the part of the Lithuanian Government, which was being carried off its feet by Governor Merkys and a considerate [*considerable?*] element in the Government and in the Opposition parties who are in favor of forcing the issue with Germany. He predicted that the signatory powers would withdraw any moral support which they had accorded to Lithuania in the past and also that Germany would immediately close the Lithuanian-East Prussian frontier. The next few days should decide the course which events will take.

Respectfully yours,

HUGH S. FULLERTON

860M.01 Memel/169

*The Ambassador in Germany (Sackett) to the Acting  
Secretary of State*

No. 1644

BERLIN, April 12, 1932.

[Received April 25.]

SIR: Relative to the Memel conflict, I have the honor to quote herewith, for such interest as it may present, the text in translation of editorial comment from the *Angriff* of April 11, 1932. The *Angriff*, which is edited by Dr. Goebbels, has become the foremost Nazi organ not only of Berlin but of the Reich itself:

"The incompetency of the Brüning-Hindenburg system in matters of foreign politics has once more been clearly demonstrated in the Memel question.

"The Diet of the Memel districts has been dissolved by the Lithuanians. The new elections are taking place under the pressure of Lithuanians' bayonets. Lithuanian nationals are hastily naturalized in the Memel districts by the Lithuanian, quite unlawful, Directorate of the country so that they can vote in the Diet elections. As all German parties, including the Communists, rejected the Directorate, the Lithuanians are venting their furious hatred on the German deputies. A number of the latter have already been arrested, others are threatened with the same fate. To any other political leader, with the exception of Herr Brüning, this would be a propitious time for enforcing the righting of wrong. Instead of that, Germany exhausts herself in quite futile protests.

"Protests are utterly unavailing. We are compelled to repeat our demand that the illegal conditions in the Memel country must be stopped, in case of need by means of German military force. The Lithuanian Government must be informed that Germany considers all of Herr Merkys' measures regarding the Directorate and the Diet as illegal. At the same time, the Baltic fleet must go to Memel and if the imprisoned Germans are not liberated within a specified number of hours, the Reichswehr and the Navy will take possession of the Memel country and will see that a plebiscite is held there, under the supervision of a neutral delegation, on the question of whether the Memel country shall belong to Germany or to Lithuania, or whether it wants to belong to some other country.

"We are certain that an overwhelming majority of the inhabitants would opt for Germany.

"Why doesn't the Reich Government take some step of that kind? Because it fears to strengthen the National Socialists by stressing German rights."

In private conversation, Ministerialdirektor Dr. Meyer, head of the Eastern Division of the Foreign Office, stated that the aforesaid article reflected not only National-Socialist thought but reflected the temper of the nation as well. He described the situation at Memel as becoming progressively worse. He remarked that every time he

came to his office it was with a feeling of anxiety that he would find a telegram on his desk with the news that the situation had got out of hand. It had, he explained, many of the elements of Sarajevo. He permitted a member of the Embassy to read a telegram which had just been received from Herrn Mohrat, the German Minister at Kovno. The text read in translation substantially as follows: "Am informed by the British Chargé d'Affaires that on April 8 he made urgent representations to the Lithuanian Minister for Foreign Affairs, Dr. Zaunius, in the interest of electoral freedom for the forthcoming elections to the Memel Diet. He was informed by Dr. Zaunius that 'we will provide for the security of the elections just as we deem appropriate.' The French and Italian representatives did not join the British Chargé d'Affaires in his *démarche* as they were lacking instructions from their respective governments."

Ministerialdirektor Dr. Meyer described the attitude of the Lithuanian Government as unparalleled effrontery to the signatory Powers as well as to Germany. The various points of issue have now been submitted to The Hague. Assuming that a decision unfavorable to Lithuania would be handed down, Ministerialdirektor Dr. Meyer wondered what would then happen. Presumably Lithuania would then again show entire indifference to outside pressure. Dr. Meyer professed to be at a loss to foresee what would happen. The situation was an impossible one. The German Government had done everything in its power to restrain German public opinion; in fact it had put down several very menacing movements in East Prussia. What the final outcome would be, he could not foretell.

Respectfully yours,

FREDERIC M. SACKETT

---

860M.01 Memel/171

*The Minister in Latvia (Skinner) to the Acting Secretary of State*

No. 263

RIGA, April 14, 1932.

[Received April 26.]

Subject: Lithuanian action in the Memel dispute.

SIR: I desire to refer to a despatch No. 26 addressed to the Department on April 1, 1932, by our Chargé at Kovno,<sup>10</sup> under the above caption. It is stated in the despatch that the difficulties at Memel are attributed, at least in a considerable degree, to the tactlessness of Governor Merkys who, in some respects, is stronger than the Central Government and who, apparently, rather went out of his way to exacerbate the situation when, by adopting a more conciliatory atti-

<sup>10</sup> Not printed.

tude, he might have won over the German *Memellanders* to the Government's program. I cannot but regard the situation in Memel as a threatening one, important to a degree wholly disproportionate to the intrinsic merits of the dispute. The Memel people, meaning by this the German majority elements, have every material reason for wishing their town to prosper and, therefore, to cooperate with the Central Government in all that relates to sound administration. They have been hopelessly blind to their own interests in maintaining a sort of veiled disloyalty to the Lithuanian Government, keeping in contact with German agents, and giving color to the thought that they were preparing at the first opportunity to turn over their city to the German invader should he ever present himself. The Lithuanian governor, on the other hand, may have been less easy to deal with than he should have been, and at all events, after the controversy had fully developed, and after the German *Memellanders* gave some signs of regretting their own inconsiderate action, did not know how to develop these more favorable tendencies to his own advantage. In the circumstances, and this is unfortunate, possibly well-meant advice from other European Powers, particularly Great Britain and France, is likely to be looked upon with a certain amount of suspicion in Lithuanian circles, it being felt that these great Powers have their own interests and their own policies which are not necessarily to the advantage of Lithuania.

While we as a Government voluntarily desist from becoming involved in European disputes of a political character, nevertheless we have a great interest in desiring that so trifling a quarrel as one relating to the administration of the town of Memel shall not continue indefinitely and become, conceivably, the point of departure for something more deplorable. What can we do in these circumstances? We can at least, in a quiet way, and after becoming familiar with the actual details of the controversy as it now stands, recommend informally to the proper people in Lithuania ways and means of composing existing differences. Just how far I should go in this direction I would be glad to know. Would it be well to seek out the outstanding personal factors for informal discussion without any responsibility, or is it wiser, all things considered, to stand to one side and allow matters to drift on in the present unfortunate way? Up to now I have done nothing, nor shall I without first receiving suggestions from the Department.

Respectfully yours,

ROBERT P. SKINNER

860M.01 Memel/193

*The Secretary of State to the Minister in Latvia (Skinner)*

No. 65

WASHINGTON, June 6, 1932.

SIR: Reference is made to your despatch No. 263, April 14, 1932, with regard to the Memel situation, and particularly to the final paragraph thereof in which you suggest that you would welcome instructions outlining what action, if any, this Government would be disposed to take with a view to composing, if possible, the differences that have given rise to the present situation.

The attitude of the Department as set forth in its telegram No. 6, February 24, 1932, to you, remains unchanged. It is desired that you take no steps whatever to initiate any discussion with the Lithuanian, or other, authorities, with regard to ways and means of settling the Memel controversy. In the event that this subject should be broached informally to you or the Chargé d'Affaires ad interim at Kovno, any comment that may be made should be calculated to have a moderating influence. In the event that the matter should be formally brought to your attention, you will, of course, defer action until instructions shall have been sought and received from the Department.

Very truly yours,

For the Secretary of State:  
W. R. CASTLE, JR.

860M.01 Memel/206

*The Minister in Latvia (Skinner) to the Secretary of State*

No. 561

RIGA, July 15, 1932.  
[Received July 26.]

SIR: I desire to confirm my telegram of July 11, 1932,<sup>11</sup> informing the Department of my arrival in Kovno the day before, and to report that during my visit to the capital of Lithuania I found it possible to visit a number of my colleagues and others, and more particularly the Minister of Foreign Affairs, Dr. Zaunius. I was glad to learn from Dr. Zaunius that relations between Lithuania and Germany, and the German population in Memel, had become a good deal more tranquil, and he was hopeful that all would be well in the end. Incidentally, he remarked that as far as he was concerned he was only able to interest himself seriously in one major political question at a time, by which he intended to suggest that he was devoting himself exclusively to the Memel problem and would continue to do so until it fell completely into the background.

<sup>11</sup> Not printed.

One thing leading to another, Dr. Zaunius turned to the question of Vilna, expressing himself, so it seemed to me, quite temperately and reasonably. He appreciated the importance of this problem as one which conceivably might lead to unhappy results, but thought that the time was not opportune for undertaking to come to any conclusion with Poland. Public opinion in Poland, he said, was not ripe to accept any settlement which the Lithuanians might be willing to consider, and Lithuanian public opinion would never consent to a complete renunciation of the Lithuanian claim; Lithuanian public opinion had already received a considerable degree of satisfaction by reason of confirmation of the Lithuanian right to refuse transit privileges to freight originating in Poland. Nevertheless, while the frontier was closed to traffic theoretically, he knew it to be a fact that thousands of peasants on both sides of the line were moving backwards and forwards with a certain degree of freedom, and he intimated that while this movement of individuals was in violation of official regulations, the two governments concerned were rather prepared to blind themselves to it.

I learned that in recent months unofficial Polish agents had been discussing the Vilna problem in Lithuania and had decided that it was best for the present to do nothing. Somewhat to my surprise Dr. Zaunius, himself, in our very informal chat, intimated a future way out of the difficulty, which strikes me as possessing a good deal of merit. He said, in effect, that Poland, because of military and political considerations, would certainly be loath to recognize the justice of the Lithuanian claim, but that Lithuania might eventually agree to the maintenance of completely normal relations with Poland, provided Poland would give autonomous status to Vilna and the surrounding territory, making the local population practically independent of Polish control. On these terms, probably, Lithuania would agree to deal practically with the Vilna public authorities respecting current matters growing out of border traffic and the like.

I should think that at some opportune time the Polish Government might be disposed to organize the Vilna territory into a self-governing province of some sort, as I know it to be a fact, ascertained from Polish official friends here, that that government is really desirous of bringing about cordial relations with the government of Lithuania. The Poles are held back from taking any initiative in this matter, thinking that as Poland is the larger and more populous country, to do so might operate unfavorably upon Lithuanian sensibilities, and as to this I think they are quite right.

All in all, having regard to the crisis, to various internal political issues, and the controversy over Memel, it seemed to me that Dr.



Zaunius indicated the existence of a much milder attitude in Lithuania with respect to international problems generally than was the case a few months ago.

During my sojourn in Lithuania I was brought into contact with the newly arrived Secretary of Legation and Consul, Mr. M. L. Stafford, who has taken hold of his new duties with energy and interest, and who already appears to have a very satisfactory appreciation of conditions in the country to which he is accredited.

Respectfully yours,

ROBERT P. SKINNER

## NETHERLANDS

### ARRANGEMENT BETWEEN THE UNITED STATES AND THE NETHERLANDS REGARDING RECIPROCAL RECOGNITION OF LOAD LINE CERTIFICATES, EFFECTED BY EXCHANGE OF NOTES

Executive Agreement Series No. 42  
856.8561/4

*The Acting Secretary of State to the Netherlands Chargé  
(Van Hoorn)*

WASHINGTON, August 26, 1931.

SIR: Further reference is made to the Legation's note No. 113, dated January 20, 1931,<sup>1</sup> enclosing copies of the Netherland Shipping Act and Royal Decree and Order in Council relating to load lines for the consideration of this Government in relation to its proposal to the Netherland Government to conclude a reciprocal load line agreement with this Government pending the coming into force of the International Load Line Convention.<sup>2</sup>

Note has been made of the Legation's statement that the laws, rules and regulations pertaining to load lines for vessels now enforced by the Netherland Government are identical with those enforced by the Government of Great Britain, with the sole exception of the rules and regulations pertaining to the carriage of deck cargoes of wood goods.

The competent authorities of this Government consider that the 1906 rules of the British Board of Trade, concerning load lines, are as effective as the United States Load Line Regulations for the determination of load lines on ordinary merchant vessels. The rules of the Netherland Government for determining the load lines of vessels with wood cargoes have been examined by these authorities and have likewise been found to be as effective as the rules contained in the United States Load Line Regulations applicable to vessels carrying wood cargo on deck.

Pending the coming into effect of the International Load Line Convention in the United States and the Netherlands, the competent authorities of the Government of the United States are prepared to recognize the load line marks and the certificate of such marking of merchant vessels of the competent authorities of the Netherland Gov-

<sup>1</sup> Not printed.

<sup>2</sup> Signed at London July 5, 1930, *Foreign Relations*, 1930, vol. I, p. 261.

ernment as equivalent to their own load line marks and certificates of marking: provided, that the load line marks are in accordance with the load line certificates; that the hull and superstructures of the vessel certificated have not been so materially altered since the issuance of the certificate, as to affect calculations on which the load line was based, and that alterations have not been made so that the—

- (1) Protection of openings,
- (2) Guard rails,
- (3) Freeing Ports,
- (4) Means of Access to Crews Quarters,

have made the vessel manifestly unfit to proceed to sea without danger to human life.

It will be understood that on the receipt of a note from you to the effect that the competent authorities of the Netherland Government will give full recognition to the load line marks made and the certificates issued by the competent authorities of this Government and expressing the Netherland Government's concurrence in the foregoing understanding, the reciprocal agreement will become effective.

Accept [etc.]

W. R. CASTLE, JR.

Executive Agreement Series No. 42  
856.8561/6

*The Netherlands Minister (Van Royen) to the Secretary of State*

No. 3956

WASHINGTON, 16 November 1931.

SIR: I have the honor to refer to the Department's note of August 26, 1931, No. 856.8561/4, concerning the conclusion of a reciprocal load line agreement between the United States of America and the Netherlands pending the coming into force of the International Load Line Convention.

Pursuant to instructions from the Minister of Foreign Affairs at The Hague, I beg leave to transmit herewith four copies of the Royal Decree of October 8, 1931,<sup>3</sup> published in the Collection of Official Documents (*Staatsblad*) No. 414, by which the laws, rules and regulations pertaining to load lines for vessels now enforced by the United States Government are recognized by the Netherlands Government.

I am further requested to inform Your Excellency that the Netherlands Government has designated the following bureaus as private investigation bureaus recognized in accordance with the "Schepenwet" (Netherlands Merchant Shipping Act of July 1, 1909):

<sup>3</sup> Department of State Executive Agreement Series No. 42, p. 7.

1. Lloyd's Register of British and Foreign Shipping;
2. British Corporation for the survey and registry of shipping;
3. Bureau Veritas;
4. Germanischer Lloyd;
5. Det Norske Veritas.

I avail myself [etc.]

J. H. VAN ROYEN

---

Executive Agreement Series No. 42  
856.8561/8

*The Netherlands Minister (Van Royen) to the Secretary of State*

No. 935

WASHINGTON, 18 March, 1932.

SIR: Pursuant to instructions received from my Government, I have the honor to enclose herewith copy of the Royal Decree of January 29, 1932,<sup>4</sup> (*Official Gazette* No. 25) regarding load line regulations in the Netherlands, purporting modification of the Royal Decree of September 22, 1909, which was amended last by Royal Decree of November 4, 1926 and copy of which was transmitted to Your Excellency by my note of January 20, 1931, No. 113.<sup>5</sup>

According to this new Decree in certain cases a somewhat more lenient rule may be adopted in the Netherlands with regard to load line marks, provided this will not endanger ship and crew and will be in conformity with the minimum requirements as stipulated in the International Load Line Convention of London of July 5, 1930.

I may remark at the same time that the Netherland Government, according to this measure, has already put into force the stipulations of the London Convention before it has been ratified.

Please accept [etc.]

J. H. VAN ROYEN

---

Executive Agreement Series No. 42  
856.8561/8

*The Acting Secretary of State to the Netherlands Minister  
(Van Royen)*

WASHINGTON, April 22, 1932.

SIR: I have the honor to refer to your note No. 3956, dated November 16, 1931, and likewise to your note No. 935 of March 18, 1932, both of which relate to the proposed load-line agreement between the Governments of the United States and the Netherlands.

It is noted that the Government of the Netherlands has designated the following bureaus as private investigation bureaus recognized in

<sup>4</sup> *Ibid.*, pp. 8, 9.

<sup>5</sup> Not printed.

accordance with the "Schepenwet" (Netherlands Merchant Shipping Act of July 1, 1909) :

1. Lloyd's Register of British and Foreign Shipping;
2. British Corporation for the survey and registry of shipping;
3. Bureau Veritas;
4. Germanischer Lloyd;
5. Det Norske Veritas.

The United States Government is willing to recognize the load-line certificates issued by the aforementioned classification societies to merchant ships of the Netherlands when they are issued under the authority thus granted by the Netherland Government.

This Government has authorized the marking of load-lines and the issuance of certificates therefor, on American vessels, by the American Bureau of Shipping, the American Committee of Lloyd's Registry of Shipping, and the American representatives of the Bureau Veritas.

The Government of the United States is also willing to recognize the certificates issued by the Netherland Government pursuant to the Royal Decree of January 29, 1932, (*Official Gazette* No. 25) which amends certain regulations under the Shipping Law of the Netherlands so as to allow the assignment of smaller freeboards than hitherto authorized provided it can be done without danger to ship and crew, and that the freeboards so assigned are in accordance with the provisions contained in the International Load Line Convention of July 5, 1930.

Note has been taken of Royal Decree No. 414 of October 8, 1931, by which the provisions in force in the United States in regard to the minimum water-line as established under the law of March 2, 1929, will be recognized by the Netherland Government. It is the view of this Government, therefore, that the agreement for the recognition by each Government of the load-lines marked and of the certificates issued under the authority of the other Government, may now be regarded as complete.

Accept [etc.]

W. R. CASTLE, JR.

---

Executive Agreement Series No. 42  
856.8561/10

*The Netherlands Minister (Van Royen) to the Secretary of State*

No. 2168

WASHINGTON, 29 June 1932.

SIR: Referring to my note of April 27, 1932, No. 1393,<sup>a</sup> regarding the loadline agreement between the Governments of the Netherlands

<sup>a</sup> Not printed.

and the United States and to the third paragraph of Your Excellency's letter of April 22, 1932 on the same subject, I have the honor, pursuant to instructions received from The Hague, to inform you, that, according to article 34 of the Royal Decree of 1929, referred to in articles 5, 9 and 17 of the "Schepenwet" (Netherland Merchant Shipping Act) of July 1, 1909 published in the *Staatsblad (Official Gazette)* No. 219 of said year,—of which two documents I presented you with a copy by my letter of January 20, 1931, No. 113,<sup>7</sup>—the Netherland load-line certificates are exclusively issued by the "Commissie tot Vaststelling van de minimum-Uitwatering" (Commission for the Determination of loadlines) and never by the classification societies even when recognized in accordance with the "Schepenwet".

These classification bureaux, when recognized by the Netherland Government, act on the subject of the marking of loadlines and the issuance of certificates, only in advisory capacity; however, the advice of the majority of these bureaux is generally followed.

I avail myself [etc.]

J. H. VAN ROYEN

Executive Agreement Series No. 42  
856.8561/11

*The Netherlands Minister (Van Royen) to the Secretary of State*  
No. 3031

WASHINGTON, 30 September, 1932.

SIR: By note of April 27, 1932, No. 1393,<sup>7</sup> I had the honour to inform Your Excellency that I did not fail to communicate to the Department of Foreign Affairs at The Hague the contents of Your communication of April 22, 1932, regarding the Loadline Agreement between the Governments of The Netherlands and the United States.

I am now instructed by the Minister of Foreign Affairs and take pleasure to inform Your Excellency that it is also the view of the Royal Government that said agreement for the recognition by each Government of the loadlines marked and of the certificates issued under the authority of the other Government, may now be regarded as complete.

I avail myself [etc.]

J. H. VAN ROYEN

<sup>7</sup> Not printed.

**PROPOSAL FOR THE ESTABLISHMENT OF A RECIPROCAL AIR  
NAVIGATION ARRANGEMENT BETWEEN THE UNITED STATES  
AND THE NETHERLANDS**

711.5627/54a

*The Secretary of State to the Netherlands Chargé (Van Hoorn)*

WASHINGTON, November 16, 1932.

SIR: Reference is made to the negotiations which have taken place between the Department of State and the Netherland Legation for the conclusion of a reciprocal Air Navigation Arrangement between the United States of America and the Netherlands.

It is my understanding that it has been agreed in the course of the negotiations that this arrangement shall be as follows:

**ARTICLE 1.**

For the purpose of the present arrangement (*a*) the term 'territory' shall be understood to mean the United States of America, the Netherlands and likewise possessions, territories, and colonies over which they respectively exercise jurisdiction, including territory over sea and territorial waters; and (*b*) the term 'aircraft' shall be understood to embrace private aircraft and commercial aircraft including state aircraft used exclusively for commercial purposes.

**ARTICLE 2.**

(1) Each of the Parties to this arrangement undertakes in time of peace to grant liberty of innocent passage above its territory to the aircraft of the other Party, provided that the conditions set forth in the present arrangement are observed.

(2) It is, however, agreed that the establishment and operation of regular air routes by an air transport company of one of the Parties within the territory of the other Party or across the said territory, with or without intermediary landing, shall be subject to the prior consent of the other Party given on condition of reciprocity and at the request of the Party whose nationality the air transport company possesses.

(3) Each Party to this arrangement agrees that its consent for operations over its territory by air transport companies of the other Party may not be refused on unreasonable or arbitrary grounds. The consent can be made subject to special regulations relating to aerial safety and public order.

(4) Each of the Parties to this arrangement may reserve to its own aircraft, air commerce between any two points neither of which is in a foreign country. Each Party may also reserve to its own aircraft pleasure or touring flights starting from an aerodrome in its territory and returning to the same aerodrome, for which a transportation charge would be made.

Nevertheless the aircraft of either Party may proceed from any aerodrome in the territory of the other Party which they are entitled

to use to any other such aerodrome either for the purpose of landing the whole or part of their cargoes or passengers or of taking on board the whole or part of their cargoes or passengers, provided that such cargoes are covered by through bills of lading and such passengers hold through tickets issued respectively for a journey whose starting place and destination both are not points between which air commerce has been duly so reserved, and such aircraft, while proceeding as aforesaid, from one aerodrome to another, shall, notwithstanding that such aerodromes are points between which air commerce has been duly reserved, enjoy all the privileges of this arrangement.

#### ARTICLE 3.

Each of the Parties reserves the right to require that all aircraft crossing the frontiers of its territory shall do so between certain points. Subject to the notification of any such requirements by one Party to the other Party, and to the right to prohibit air traffic over certain areas as stipulated in Article 4, the frontiers of the territories of the Parties to this arrangement may be crossed at any point.

#### ARTICLE 4.

(1) Each of the Parties to this arrangement reserves the right to forbid flights over certain areas of its territory, which are or may hereafter be designated as prohibited areas.

(2) Besides, in exceptional circumstances, each of the Parties shall have the right to restrict or to forbid flights over the whole or over parts of its territory on condition that in this respect no distinction shall be made between the aircraft of the other Party and the aircraft of any other foreign country.

(3) The restrictions and prohibitions mentioned in this Article will be notified by each of the Parties to the other Party.

#### ARTICLE 5.

(1) Any aircraft which finds itself over a prohibited area shall, as soon as it is aware of the fact, give the signal of distress prescribed in the rules of the air in force in the territory flown over and shall land as soon as possible at the nearest airport open to public use in such territory outside of the prohibited zone, provided, however, that if there has not been compliance with customs, immigration or quarantine requirements in connection with the entry of the aircraft, the commander of the aircraft shall take prompt measures to meet those requirements as contemplated by paragraphs 2, 3 and 4 of Article 6.

(2) Such aircraft must land under the same conditions and in the same manner upon being notified by the subjacent country in accordance with the prescribed signals of that country that it is flying over a prohibited area.

#### ARTICLE 6.

(1) Aerodromes open to public air traffic in the territory of one of the Parties to this arrangement shall in so far as they are under the control of the Party in whose territory they are situated be open



to all aircraft of the other Party, which shall also be entitled to the assistance of the meteorological services, the wireless services, the lighting services, and the day and night signaling services, in so far as the several classes of services are under the control of the Party in whose territory they respectively are rendered. Any scale of charges made, namely, landing, accommodation or other charge, with respect to the aircraft of each Party in the territory of the other Party, shall in so far as such charges are under the control of the Party in whose territory they are made be the same for the aircraft of both Parties.

(2) All aircraft entering or leaving the territory of either Party shall land at or depart from an aerodrome open to public air traffic and classed as a customs aerodrome at which facilities exist for enforcement of immigration regulations and clearance of aircraft, and no intermediary landing shall be effected between the frontier and the aerodrome. In special cases the competent authorities may allow aircraft to land at or depart from other aerodromes at which customs, immigration and clearance facilities have been arranged. The prohibition of any intermediary landing applies also in such cases.

(3) In the event of a forced landing outside the aerodromes referred to in the second paragraph of this article, the pilot of the aircraft, its crew and the passengers shall conform to the customs and immigration regulations in force in the territory in which the landing has been made.

(4) Aircraft of each Party to this arrangement are accorded the right to enter the territory of the other Party subject to compliance with quarantine regulations in force therein.

(5) The Parties to this arrangement shall exchange lists of the aerodromes in their territory designated by them as ports of entry and departure.

#### ARTICLE 7.

(1) The Aircraft shall bear the registration marks allocated by the competent authority of the country whose nationality they possess, as well as any other marks that may be required by the air regulations of the country whose nationality they possess.

(2) The aircraft shall be provided with certificates of registration and of airworthiness issued or rendered valid by the country whose nationality they possess, and they must carry aircraft, engine and journey log books.

(3) The pilots shall be provided with a license issued or rendered valid by the country whose nationality the aircraft possess.

(4) The other members of the crew of the aircraft, that is, all persons on board with the exception of passengers, must carry documents showing their duties on board the aircraft, their profession, identity and their nationality. In so far as they perform in the aircraft duties for which a special license is required by the country whose nationality the aircraft possesses they shall be provided with the licenses issued or rendered valid by that country.

(5) The certificate of airworthiness, certificates of competency and licenses issued or rendered valid by one of the Parties to this arrange-

ment in respect of an aircraft registered in its territory or of the crew of such aircraft shall have, as long as the aircraft shall possess the nationality of that Party, the same validity in the territory of the other Party as the corresponding documents issued or rendered valid by the latter.

(6) Each of the Parties reserves the right to refuse to recognize for the purpose of flights within the limits of and above its territory, licenses issued by the other Party to nationals of the former Party.

#### ARTICLE 8.

Without prejudice to the provisions of Article 7, and unless otherwise agreed, the crew and passengers shall be provided with the documents required for international traffic by the country flown over.

#### ARTICLE 9.

(1) No apparatus for wireless communications whatsoever shall be carried without a special license issued by the country whose nationality the aircraft possesses. The use of such apparatus above the territory of each of the Parties to this arrangement shall be in accordance with the regulations on the subject issued by the competent authority of the territory within whose air space the aircraft is navigating. Besides, such apparatus shall be used only by such members of the crew as are in possession of a special license issued for the purpose by the competent authority of the country whose nationality the aircraft possesses.

(2) The Parties to this arrangement reserve respectively the right, for reasons of safety, to issue regulations relative to the obligatory equipment of aircraft with wireless apparatus.

#### ARTICLE 10.

(1) No explosives, firearms, munitions of war, carrier pigeons nor photographic or cinematographic apparatus shall be carried by aircraft of the nationality of either country within the limits of the territory of the other country without a license or permit issued by the competent authority of the latter country. Explosives and apparatus for the maintenance and operation of the aircraft are not subject to this provision.

(2) As a measure of public safety or because of lawful prohibitions, each of the Parties to this arrangement may impose with respect to flights over its territory, restrictions in addition to those enumerated in the foregoing paragraph of this article on condition that in this respect no distinction shall be made between the aircraft of the other Party employed in international traffic and national aircraft or the aircraft of any third country so employed. Each Party shall notify the other Party of any such restrictions that may be imposed by the former.

#### ARTICLE 11.

Upon departure and upon landing of aircraft the competent authorities of each of the Parties to this arrangement shall within its

own territory have in all cases the right to examine the aircraft of the other Party and verify the prescribed certificates and documents.

ARTICLE 12.

No ballast, other than fine sand or water, shall be dropped from an aircraft in flight.

ARTICLE 13.

No discharge or dropping of objects other than ballast in the course of flight, shall take place unless by special permission of the country on whose territory the discharging or dropping takes place.

ARTICLE 14.

(1) The aircraft of each of the Parties to this arrangement, their crews and passengers, shall while within the territory of the other Party, be subject to the general legislation in force in that territory, as well as the regulations in force therein relating to air traffic in general, to customs and other duties, to prohibitions of exportation or importation, to the transport of passengers and goods and to public safety and order in so far as these regulations apply to all foreign aircraft, their crews and passengers.

(2) Each of the Parties to this arrangement shall permit the import or export of all merchandise which may be legally imported or exported and also the carriage of passengers subject to any customs, immigration and quarantine restrictions, into or from their respective territories in the aircraft of the other Party, and such aircraft, their passengers and cargoes, shall enjoy the same privileges as and shall not be subjected to any other or higher duties or charges than those which the aircraft of the country imposing such duties or charges, engaged in international commerce, and their cargoes and passengers, or the aircraft of any foreign country likewise engaged, and their cargoes and passengers, enjoy or are subjected to.

ARTICLE 15.

The Parties to this arrangement shall communicate to each other the regulations relative to air traffic in force in their respective territories.

ARTICLE 16.

The present arrangement shall become operative thirty days from the day when the ratification thereof by the Queen of the Netherlands shall be notified to the Government of the United States of America, and shall continue in force until 60 days after notice of its termination shall have been given by either Party to the other Party."

I shall be glad to have you inform me whether it is the understanding of the Government of the Netherlands that the arrangement agreed to in the negotiations is as herein set forth. If you find that the arrangement as herein set forth is as agreed upon in the

negotiations between the Government of the United States of America and the Government of the Netherlands, it will be understood that, as stipulated in Article 16, the arrangement will become operative thirty days from the day when the ratification thereof by the Queen of the Netherlands shall be officially notified to the Government of the United States.

Accept [etc.]

For the Secretary of State:  
FRANCIS WHITE

711.5627/55

*The Netherlands Chargé (Van Hoorn) to the Secretary of State*

WASHINGTON, November 16, 1932.

SIR: I have the honour to acknowledge the receipt of the note of the 16th instant in which Your Excellency communicated to me the text, agreed upon, of the reciprocal Air Navigation Arrangement between The Netherlands and the United States of America. This text, in the opinion of Your Excellency, is in accord with the understanding reached during the negotiations, now terminated, between the two countries.

The text communicated to me by Your Excellency is reproduced in the Netherland language below:

[Here follows text in Netherland language.]

I am glad to assure Your Excellency that the foregoing text is what has been accepted by my Government in the course of the negotiations and is approved by it.

It is understood that as stipulated in article 16, the Arrangement will, as stated in Your above mentioned note, become operative, thirty days from the day when the ratification thereof by the Queen of The Netherlands shall be officially notified to the Government of the United States of America.<sup>9</sup>

Please accept [etc.]

L. S. VAN HOORN

711.5627/56

*The Secretary of State to the Minister in the Netherlands (Swenson)*

WASHINGTON, December 29, 1932.

SIR: The Department refers to the negotiations which have taken place between the Government of the United States and the Government of the Netherlands for the conclusion of a reciprocal air navigation arrangement.

<sup>9</sup> Ratification notice was never received by the United States.

On December 16, 1932, Mr. B. Kleijn Molekamp, Chargé d'Affaires ad interim of the Netherlands, called at the Department of State and stated that he had received a telegram from his Government informing him that the text of the air navigation arrangement between the United States and the Netherlands as agreed to in the negotiations would be published in the Netherlands on December 17, 1932. In view of this information the Department gave the text of the arrangement to the press on December 16, 1932, in time for publication on December 17, 1932.<sup>10</sup> It was explained in the press release that the arrangement will come into force thirty days from the day when the ratification thereof by the Queen of the Netherlands is notified to the Government of the United States.

A copy of the statement given to the press on December 16, 1932, is herewith enclosed for your information.

Very truly yours,

For the Secretary of State:

FRANCIS WHITE

---

<sup>10</sup> Department of State, *Press Releases*, December 17, 1932, p. 433.

## NORWAY

### ARRANGEMENT BETWEEN THE UNITED STATES AND NORWAY REGARDING CUSTOMS TREATMENT OF IMPORTATIONS FOR CONSULAR OFFICES AND OFFICERS, EFFECTED BY EXCHANGE OF NOTES, SIGNED JANUARY 20, 1932

Executive Agreement Series No. 32  
611.57241/213

*The Secretary of State to the Norwegian Minister (Bachke)*

WASHINGTON, January 20, 1932.

SIR: I have the honor to make the following statement of my understanding of the agreement that has been reached with reference to the treatment which shall be accorded by the Government of the United States of America and the Government of Norway, respectively, to official supplies for the consular offices of the other country, and the personal property of its consular officers on the entry of such supplies and property into their respective territories:

It is agreed between the Government of the United States of America and the Government of Norway to permit the entry free of duty 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 personal property whether accompanying the officer 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 two countries may be brought into its territories.

It is understood, however, that this privilege shall not be extended to unsalaried consular officers (honorary consuls) or to consular officers who are engaged in any private occupation for gain in the countries to which they are accredited, save with respect to governmental supplies.

This agreement shall become operative on February 1, 1932.

Upon receipt of your confirmation of this understanding, the agreement will be understood as completed.

Accept [etc.]

For the Secretary of State:  
W. R. CASTLE, JR.

Executive Agreement Series No. 32  
611.57241/218

*The Norwegian Minister (Bachke) to the Secretary of State*

WASHINGTON, January 20, 1932.

SIR: With reference to your note of to-day, I have the honor, acting under instructions of the Norwegian Government to declare that it is agreed between the Norwegian Government and the Government of the United States of America to permit the entry free of duty 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 personal property whether accompanying the officer 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 two countries may be brought into its territories.

It is understood, however, that this privilege shall not be extended to unsalaried consular officers (honorary consuls) or to consular officers who are engaged in any private occupation for gain in the countries to which they are accredited, save with respect to governmental supplies.

This agreement shall become operative on February 1st, 1932.

Accept [etc.]

H. H. BACHKE

611.57241/223

*The Norwegian Minister (Bachke) to the Secretary of State*

The Minister of Norway presents his compliments to the Secretary of State and has the honor to inquire, with reference to the notes of January 20, 1932, concerning free importation privileges for Norwegian respectively American consular officials, [*sic*] if the arrangement established through the said notes is considered applicable to Norwegian consuls residing in colonies and possessions of the United States of America.

WASHINGTON, February 25, 1932.

611B.00241/4

*The Secretary of State to the Norwegian Minister (Bachke)*

WASHINGTON, May 20, 1932.

SIR: I have the honor to refer further to your notes of February 25 and April 11, 1932,<sup>1</sup> concerning the customs status of Norwegian

<sup>1</sup> Latter not printed.

consular officers in colonies and possessions of the United States under the agreement recently effected between the Norwegian and American Governments providing for the extension of the free importation privilege on a reciprocal basis to the consular officers of each in the country of the other.

The Department is advised by the Treasury Department as follows with respect to consular officers stationed in colonies of the United States the customs administration of which comes under the jurisdiction of that Department:

“The Norwegian Minister may, therefore, be advised that Norwegian consuls who are Norwegian nationals and not engaged in any private occupation for gain in the United States or its possessions, together with their families and suites, if stationed in the territories of Alaska or Hawaii, or in Porto Rico or the Virgin Islands, will be accorded the privilege of free entry for articles imported for their own use and not for sale, upon proper request for the privilege being received by the Treasury Department through the State Department.”

With respect to American Samoa and the Island of Guam, which come under the jurisdiction of the Navy Department, the Secretary of the Navy writes:

“I have the honor to inform you that there are no consular officials resident in Guam or American Samoa, which are the only dependencies of the United States under the administration of this Department.

“It would therefore appear that these possessions are not of interest in this connection.”

The Department has received a reply to its inquiry in this matter from the Secretary of War concerning the Philippine Islands, but the information given is not sufficiently definite. The Department is therefore again addressing the Secretary of War with a view to obtaining definite information concerning the customs status under the aforementioned agreement of Norwegian consular officers stationed in the Philippine Islands, and I shall have pleasure in advising you as soon as this information shall have been received.

Free entry of governmental supplies for Norwegian consular offices is accorded in all cases.

Accept [etc.]

For the Secretary of State:  
JAMES GRAFTON ROGERS



611B.00241/5

*The Secretary of State to the Norwegian Minister (Bachke)*

WASHINGTON, June 27, 1932.

SIR: I have the honor to refer to previous correspondence concerning the customs status of Norwegian consular officers in colonies and possessions of the United States under the agreement recently effected between the Norwegian and American Governments providing for the extension of the free importation privilege on a reciprocal basis to the consular officers of each in the country of the other.

The Department is now in receipt of a letter dated June 16, 1932, from the Secretary of War transmitting a copy of a radiogram from the Governor General of the Philippine Islands on this subject which reads as follows:

"Your 277. Official Consular supplies consigned by foreign governments to Consular representatives in Philippines as such are admitted free of duty. All consuls of foreign governments assigned to Philippine Islands are given full courtesies of port upon arrival and baggage and personal effects are not examined. We cannot agree to free admission of articles subsequently imported for personal use of Consular officials and their families and suites."

Therefore, in addition to the free entry of their baggage and effects upon arrival and return to their posts after leave of absence spent abroad, the privilege of importing articles for their personal use free of duty during official residence will be enjoyed by Norwegian consular officers stationed in the continental United States and all dependencies of the United States with the exception of the Philippine Islands.

Accept [etc.]

For the Secretary of State:  
WILBUR J. CARR

## RUMANIA

### ATTITUDE OF THE DEPARTMENT OF STATE RELATIVE TO MATTERS CONCERNING THE STATUS OF BESSARABIA<sup>1</sup>

761.7111/8

*The Chief of the Division of Near Eastern Affairs (Murray) to the Secretary of State*

[WASHINGTON,] February 4, 1932.

MR. SECRETARY: The Rumanian Minister intends to seek an interview with you within the next few days to discuss certain phases of the Bessarabian question which he believes may assume a prominent place in the deliberations of the Disarmament Conference now meeting at Geneva.<sup>2</sup> Mr. Davila set forth his views in detail to me and asked me to bring them to your attention.

As you are aware, there have been recent negotiations between the French and the Soviet Governments for the conclusion of a security and non-aggression pact. I am informed that a substantial agreement has been reached by the two Governments on this subject but that the coming into force of this instrument is dependent upon an agreement being reached along similar lines between the Soviet Government and the Governments of Poland and Rumania, respectively. I am furthermore informed that the agreement between the Soviet and Polish Governments has been initialed and that the only outstanding obstacle to the consummation of these pacts is the dispute between Soviet Russia and Rumania over the Bessarabian question.

Mr. Davila informs me that the Soviet-Rumanian negotiations which were being carried on until recently at Riga have been suspended but that they are to be resumed this week at Geneva between the foreign ministers of the two countries, who are the respective delegates of Soviet Russia and Rumania to the Disarmament Conference. It appears that during the negotiations at Riga the Rumanians wished to introduce into the proposed non-aggression pact an article obligating the Soviet Government to respect all territory now submitted to Rumanian sovereignty. This would of course have included the disputed territory of Bessarabia. The Russians refused to accept such an article. The Rumanians claim that a non-aggression pact between themselves and the Russians is meaningless unless

<sup>1</sup> Continued from *Foreign Relations*, 1930, vol. III, pp. 801-807.

<sup>2</sup> See vol. I, pp. 1 ff.

an agreement is reached as to what would constitute aggression on the part of the Russians. In other words, they cannot admit that an attack upon Bessarabia would not constitute aggression because of the Russian thesis that Bessarabia is not Rumanian territory.

In order to meet the above difficulty the Rumanians have devised a new formula, which I understand they propose to offer at Geneva. This formula is designed to obtain the consent of the Soviet Government to respect the integrity of all territory lying west of the Dniester River (present boundary between Bessarabia and Soviet Russia).

While Mr. Davila did not raise the question of our traditional refusal to recognize the annexation of Bessarabia by Rumania, he expressed the hope that as a contribution to peace in Europe, and hence to the success of the present Disarmament Conference, this Government would authorize its delegates at Geneva, if the necessity should arise, to express their approval of the above-mentioned formula offered by the Rumanians as a means of bringing into operation a non-aggression pact with the Russians. Mr. Davila argues that such assistance by the United States would not in any way affect our present attitude respecting the claims of Rumania to the territory of Bessarabia. Our assistance would, on the other hand, serve to neutralize one of the danger spots in the European political situation and thereby facilitate the success of the Disarmament Conference.

While we obviously do not wish to inject ourselves into purely European disputes, such as the Bessarabian question, we are at the same time deeply interested in the success of the Disarmament Conference and should, I presume, therefore be interested in the elimination of any obstacles that might contribute to the failure of that Conference. Undoubtedly the fear of Soviet Russia felt by her western neighbors is one such obstacle. On the other hand, a successful conclusion of the present non-aggression pact may serve to a considerable degree to alleviate that fear.

The question, therefore, which the Rumanian Minister will put to you shortly is whether you would be willing, if the need arises, to authorize our delegates at Geneva to express approval of the Rumanian contention that Soviet Russia in the non-aggression pact now under negotiation should agree to refrain from any acts of aggression beyond the Dniester River (present boundary between Bessarabia and Soviet Russia).

WALLACE MURRAY

761.7111/9

*Memorandum by the Secretary of State*

[WASHINGTON,] February 4, 1932.

The Rumanian Minister came in and after asking about the Shanghai situation<sup>3</sup> and being told by me that it was slightly more favorable today, owing to the removal of the Japanese outposts from the British and American sectors, he proceeded to tell me about the negotiations of Rumania with Russia in respect to a non-aggression pact. He went on to explain the different non-aggression pacts which were being negotiated by Russia with Poland, Latvia, Estonia, Finland and Rumania.

The Minister said that Mr. Litvinov of Russia, while unwilling to settle the question of the rightfulness of Rumania's occupation of Bessarabia, was nevertheless going to make a non-aggressive pact with her; but that in the negotiations they had run up against the difficulty of drawing the line where aggression should stop. He said that the outer boundary between Russia and Rumania (including in Rumania Bessarabia) is the Dniester River; that Rumania wishes to have that river constitute the line from which aggression by either Rumania or Russia would stop; that Russia is unwilling to have the river the line from which Rumania stops aggression against Russia, but wishes to draw the line further back on the other side of Bessarabia. The Minister said that here they are in a deadlock and the deadlock might have a very serious effect on their ability to disarm, and on the Disarmament Conference. He suggested how important it was to the success of the Conference and expressed a wish for an expression of my sentiments on this subject. I told him I could not express an opinion on such a subject as that except the merely general opinion that we hoped that all obstacles to the success of disarmament might be removed.

At his request I told him that I would talk the matter over with Wallace Murray, with whom he had already discussed it.

H[ENRY] L. S[TIMSON]

871A.014 Bessarabia/162

*Memorandum by the Under Secretary of State (Castle) of a Conversation With the Rumanian Minister (Davila)*

[WASHINGTON,] March 24, 1932.

The Minister came in to talk with me on the subject of Bessarabia. He talked very verbosely all around the subject, basing his remarks

<sup>3</sup> See vol. III, pp. 82 ff.

upon the Secretary's letter to Senator Borah,<sup>4</sup> and asking whether I did not feel that this agreement not to recognize changes in territory resulting from the use of force ought not to apply to a *de facto* as well as a *de jure* situation. He talked at great length about the question of Vilna and I do not know whether or not I was successful in persuading him that so far as we were concerned, the Vilna situation was a very different thing from the Bessarabia situation.

I told him that I could not possibly answer as to what our attitude would be in case Russia attacked Rumania for the sake of getting back Bessarabia. I said that naturally we should not, under the doctrine laid down by Mr. Stimson, recognize the annexation of any Rumanian territory, but that it was impossible for me to forecast what attitude we might take if Russia merely took back Bessarabia which we had never recognized as an integral part of Rumania. I pointed out to him that the situation was made even more complicated by the fact that we had not recognized Russia.

The Minister went into a rather long disposition of the general situation in Bessarabia and the apparent impossibility of ever coming to any agreement with Russia on the subject inasmuch as the plebiscite would be political, not ethnical.

I am afraid the only point he definitely got before the end of his call was that I did not propose to commit myself as to probable American action in case of a very hypothetical and improbable attack on the part of Russia.

W[ILLIAM] R. C[ASTLE, JR.]

---

871A.014 Bessarabia/170

*The Chief of the Division of Near Eastern Affairs (Murray)*  
*to the Under Secretary of State (Castle)*

[WASHINGTON,] May 13, 1932.

MR. CASTLE: I think it very likely that the Rumanian Minister will, before he leaves, take up with you again the Bessarabian question.

Mr. Davila still holds that because of our recognition of the possession of Vilna by Poland, despite the dispute which still exists between Poland and Lithuania, we should recognize Rumania's possession of Bessarabia. He is inclined, however, to disregard that phase of the question and to renew his plea for our early recognition of the Bessarabian annexation on the following grounds:

---

<sup>4</sup>Dated February 23, 1932: see telegram No. 50, February 24, 1932, to the Consul General at Shanghai, *Foreign Relations, Japan, 1931-1941*, vol. I, p. 83.

1) When Mr. Colby made his pronouncement in 1920 regarding the alienation of Russian territory as long as the Russian people had no government that was considered competent to speak for them,<sup>5</sup> the collapse of the Bolshevik régime was considered a matter of months, or at most a year or so. This collapse has not taken place, but, instead, the Bolshevik régime has thoroughly consolidated itself until few people, if any, consider its disappearance at an early date as likely. Mr. Davila argues that the time element in this case cannot be ignored and that it is only logical and just that we recognize the *status quo* in Bessarabia which has remained unchanged for more than twelve years. He will argue that even Rumania's severest critics do not claim that the Bessarabians are dissatisfied with their present incorporation in Rumania or that they desire any change in their present situation. He will probably cite the declaration made in 1856 by President Pierce to the general effect that it is no concern of ours how a change in sovereignty comes about even though such change may have been effected by the intervention of a foreign Power.<sup>6</sup>

2) Mr. Davila may make the point that by including Bessarabia in the consular jurisdiction of our Consulate at Bucharest, by our willingness to visa the Rumanian passports of persons born in Bessarabia, and by looking to the Rumanian authorities for the protection of any American interests or rights in Bessarabia, we have in fact recognized the *status quo*.

3) Mr. Davila will lay particular stress on the desirability of settling this matter in some fashion prior to American recognition of Soviet Russia. He seems to feel that due to the depression and the necessity for expanding our foreign markets a change in our attitude regarding the recognition of Soviet Russia may be near at hand. He states that if we wait until after we have recognized Soviet Russia before arriving at a solution regarding Bessarabia agitation on this question may spread to Congress. He feels that, on the other hand, if the matter were settled now in a more or less routine fashion in connection with the administration of the quota<sup>7</sup> it need excite no comment or discussion either in the United States or in Rumania.

I may add, in conclusion, that Mr. Flournoy feels that this matter could be settled in a purely administrative way by including the

---

<sup>5</sup> For Secretary Colby's position, see telegram No. 821, August 2, 1920, 5 p. m., to the Ambassador in Great Britain, and note dated August 10, 1920, to the Italian Ambassador, *Foreign Relations*, 1920, vol. III, pp. 461 and 463.

<sup>6</sup> This statement of policy was enunciated by President Pierce in a special message to Congress, May 15, 1856; see House Executive Document No. 103, 34th Cong., 1st sess., p. 5.

<sup>7</sup> The reference is to the quota allowed Rumania under American immigration laws.

Bessarabian quota in the Rumanian quota, such a procedure constituting *ipso facto* a recognition of that territory as Rumanian soil. Mr. Flournoy furthermore feels that if the matter were ever raised we could easily justify our action not only on the grounds of an administration of a quota but also because of the necessity of regularizing our consular jurisdiction in the disputed province.

This question has dragged along now for well over a decade and I, for one, would welcome an opportunity to bring it to a close if this could be done without causing any injury to American interests. I do not see that we gain anything particularly by upholding the Colby principle so rigidly in the case of Bessarabia when it has been treated somewhat lightly in other instances of the alienation of Russian territory.

I should appreciate knowing your views on the above points.

WALLACE MURRAY

---

REPRESENTATIONS TO THE RUMANIAN GOVERNMENT WITH  
RESPECT TO DISCRIMINATION AGAINST AN AMERICAN COM-  
PANY IN AWARDING A CONTRACT

671.5117/12

*The Minister in Rumania (Wilson) to the Secretary of State*

No. 916

BUCHAREST, July 13, 1932.

[Received August 4.]

SIR: I have the honor to refer to the Legation's despatch No. 867, of April 11, 1932,<sup>8</sup> concerning the difficulties experienced by American firms in securing an equal opportunity in Rumania owing to obstruction on the part of the French Government, and especially to the tender of the General Railway Signal Company, of Rochester, N. Y., for signal installation on a stretch of railway between Fetesti and Cerna-Voda Pod.

In this connection, I now have the honor to report that the Rumanian Ministry of Communications, upon the advice of the Rumanian Railway Administration, has awarded the contract for signal installation to the French firm Thomson-Houston. I am informed by Mr. Ianculescu, local representative of the General Railway Signal Company, that the final offer made by Thomson-Houston was 10,500,000 lei. As stated in the Legation's despatch No. 893, of May 23, 1932,<sup>8</sup> after the second competition for signal installation was declared null and void, the General Railway Signal Company submitted

---

<sup>8</sup> Not printed.

a new offer to the Rumanian Railway Administration in the amount of 7,500,000 lei. The representative of the General Railway Signal Company later informed the Legation that he must make a slight correction and that the amount was in fact 7,650,000 lei.

On June 20, 1932, Mr. Ianculescu called at the Legation and stated that he had been informed that the Rumanian Ministry of Communications was on the point of awarding the contract for signal installation to Thomson-Houston without considering the latest offer of the General Railway Signal Company. He requested the Legation's intervention with a view to securing an equality of opportunity for his firm. I advised Mr. Ianculescu to see the new Minister of Communications, Mr. Perieteanu, first in order to acquaint the latter with the details of the case. Mr. Ianculescu did this on June 22, 1932, and left a letter, dated June 20, 1932, with him, summing up the case. I myself called on Mr. Perieteanu on June 24, 1932, and again explained that I was asking only for an equality of opportunity for the American firm, but that nothing less than complete equality of opportunity would be satisfactory to my Government.

Mr. Perieteanu replied that he was afraid that a contract had already been signed with Thomson-Houston. I said that I hoped this was not so, since there seemed to be an undoubted case of discrimination against an American firm. I then told Mr. Perieteanu what Mr. Ianculescu had told me about the alleged pressure exercised by Mr. Leverve, French Technical Adviser to the Rumanian Railway Administration. Mr. Perieteanu replied that he was not surprised; that he had suspected some sort of intervention. He promised to look into the case thoroughly.

On June 28, 1932, Mr. Ianculescu called at the Legation to report that a contract for signal installation had been signed with Thomson-Houston on June 24th. He said that a mutual friend of Mr. Perieteanu and himself had called on the former and inquired what the real reason was for giving the contract to Thomson-Houston. Mr. Perieteanu replied that a command had come down from the King that for reasons of public policy the order must be given to the French firm. Mr. Ianculescu believes that the final word which was pronounced by the King was due to influence from one of the small circle of corrupt persons who surround the monarch. He thinks that one of this circle was "bought out."

On July 11, 1932, I called at the Foreign Office and had a long conversation with Mr. Gafencu, the new Under Secretary, in which I outlined the case to him. Mr. Gafencu admitted that French influence had been brought to bear but denied vigorously that Mr.



Leverve had used any improper influence. He said that Mr. Puaux, the French Minister, had exerted such strong pressure that the Rumanian Government could not resist. One of the principal arguments employed by Mr. Puaux was that the French Government had been very useful in furnishing loans to Rumania and that French firms expected some compensation. I reiterated that while in the opinion of the United States Government and the Legation there is no connection between loans and a contract of the kind under discussion, it was obviously unfair in the present instance to discriminate against an American company to favor a French company, since American bankers, as well as French bankers, participated in both the Stabilization Loan of 1929 and the Development Loan of 1931. I also pointed out that this discrimination in favor of the French firm had cost the Rumanian Government a sum of about 3,000,000 lei.

The instructions requested in the Legation's despatch No. 867, of April 11, 1932, are anxiously awaited, as the Legation feels that an important question of principle is involved in this case.

Respectfully yours,

CHARLES S. WILSON

671.5117/14

*The Chargé in Rumania (Sussdorff) to the Secretary of State*

No. 932

BUCHAREST, August 17, 1932.

[Received September 22.]

SIR: I have the honor to acknowledge the receipt of the Department's strictly confidential instruction No. 246, of June 21, 1932,<sup>11</sup> which reached the Legation on July 21, 1932, and which, therefore, crossed the Legation's despatch No. 916, of July 13, 1932.

Upon receipt of the Department's instruction under acknowledgment, I felt that a final effort ought to be made by the Legation to obtain the contract mentioned in the Legation's despatch No. 867, of April 11, 1932,<sup>11</sup> for the General Railway Signal Company. I, therefore, immediately sought an interview with Mr. Al. Vaida Voevod, Rumanian Prime Minister and Minister for Foreign Affairs. On July 28, 1932, accompanied by the Commercial Attaché of the Legation, Mr. Fouché, I called on Mr. Vaida Voevod and informed him that I desired to protest formally against the discrimination of the Rumanian Ministry of Communications and the Rumanian Railway Administration against an American company—the General Railway Signal Company, of Rochester, N. Y. I explained the case thor-

<sup>11</sup> Not printed.

oughly to Mr. Vaida Voevod and handed him a carefully prepared note setting forth the principal facts, a copy of which is enclosed.

The Department will observe from the enclosed memorandum of my conversation with Mr. Vaida Voevod<sup>12</sup> that the latter sought to go off into side issues in order to evade the main issue. When pinned down to facts, however, Mr. Vaida Voevod admitted that the American firm had made the best offer and that the position taken by the American Legation was a just one. He endeavored to excuse himself and his Government by explaining that the commitment vis-à-vis the French firm Thomson-Houston had been undertaken by the Iorga-Argetoianu Ministry, which, he said, was noted for its stupidities. I informed Mr. Vaida Voevod that my Government could not accept such a reason, since, in its acts vis-à-vis foreign interests, the Iorga-Argetoianu Ministry, like all other Rumanian ministries, was the Rumanian Government. At the request of Mr. Vaida Voevod, I agreed to withhold the note of protest for a few days in order to give him time to see whether he could bring about a satisfactory settlement of the case.

I saw Mr. Vaida Voevod again on August 2nd, but he said that he had not yet been able to obtain a report on the case from the Minister of Communications. On August 5th, Mr. Vaida Voevod telephoned me and asked me to call on him at the Foreign Office. Upon my arrival there, he informed me that he had taken up the case with the Minister of Communications, but that the contract had been signed and that his hands were tied.

I told Mr. Vaida Voevod that I was very sorry to receive this communication and to transmit it to my Government; that I was afraid that the continued refusal of the Rumanian Government would produce a very unfavorable impression in Washington which I was sure he would want to avoid, and that I still entertained the hope that the considered reply of the Rumanian Government to the formal note which I would now be obliged to file would be favorable.

Feeling that Mr. Vaida Voevod was too inexperienced in foreign affairs to be able to appreciate fully the importance of the principle involved in the case which I had discussed with him, I called on Mr. Gafencu, Under Secretary of State for Foreign Affairs, on August 8th, ostensibly to hand him the note of protest for Mr. Vaida Voevod, but really to explain the case to him, since I felt that Mr. Gafencu would understand far better than Mr. Vaida Voevod the international aspects of the case. Mr. Vaida Voevod, it will be recalled, is both Prime Minister and Minister for Foreign Affairs, and on ac-

---

<sup>12</sup> Not printed.

count of his occupation with internal political questions Mr. Gafencu practically runs the Foreign Office.

Mr. Gafencu said that he would give the case very careful study. He did not deny that the offer of the General Railway Signal Company was the most advantageous one which the Railway Administration had received. Mr. Gafencu was even more sensitive than Mr. Vaida Voevod about the complaint of French pressure contained in the note. Although no reference was made to it in our conversation, he knew that he was one of the four high Rumanian officials referred to in the note. Consequently, he disliked intensely the paragraph about the statement of Rumanian officials concerning French pressure. I felt, however, that it was absolutely imperative to retain this paragraph, since it really constituted the basis of our complaint. Mr. Gafencu was so anxious to keep all reference to French pressure out of the correspondence that I agreed that if he could effect a satisfactory solution of the case I would at his request withdraw the note and substitute another omitting reference to French interference. I made it plain, however, that unless a fair solution could be reached the note in its original form must be treated as filed of that day's date.

After several delays, occasioned by a reorganization of the Ministry and pressing internal affairs, Mr. Gafencu received me on August 16, 1932, to give me an oral preliminary reply. He informed me that he had received the dossier that morning from the Railway Administration; that he was not satisfied with the explanations given by the Railway Administration; and that Mr. Vaida Voevod, acting in his capacity of Prime Minister (not in his capacity of Minister for Foreign Affairs), was going to send the Legation's note of August 6, 1932, together with the dossier of the Railway Administration and an explanation of the case, to Mr. Mirto, the new Minister of Communications, for careful study, with a view to seeing whether a solution could not be reached that would satisfy the American Government and the American company.

Mr. Gafencu added that the technical explanation furnished by the Railway Administration sought to prove that the American company did not have a very well-founded complaint. The Railway Administration explained that the first competition for signal installation was annulled because the offers were too expensive and did not comply with the specifications laid down by the Technical Committee; and that in the second competition the American company did not make the lowest offer (the order with regard to price was: (1) The English firm Westinghouse; (2) A German firm; (3) The General Railway Signal Company; (4) Thomson Houston).

Mr. Gafencu then remarked again that he was not satisfied with the explanation of the Railway Administration and that the Prime Minister would send the case immediately to the new Minister of Communications. I said that I thought the explanation of the Railway Administration was very unconvincing; that it was practically common knowledge amongst persons who had followed the case that the first competition was annulled at the insistence of the French Legation. With regard to the statement of the Railway Administration that the American company did not make the lowest bid in the second competition, I pointed out that the offers of the firms which underbid the General Railway Signal Company were incomplete and were thrown out by the Technical Commission for that reason; that the contract was given to Thomson-Houston who made an offer which was 3,000,000 lei higher than the offer of the General Railway Signal Company. I added that Rumanian officials had admitted to the Legation on several occasions that the contract was awarded to Thomson-Houston because of pressure from the French Legation.

I then said that speaking quite frankly and between friends I thought there was something wrong at the Rumanian Railway Administration. I asked Mr. Gafencu to read the following item, which appeared in the *Independance Romaine* and other Rumanian newspapers of July 20, 1932:

“The French Minister, Mr. Gabriel Puaux, in the name of the President of the French Republic, presented, on Saturday at the Legation, the insignia of Commander of the Legion of Honor to General Ionescu, Director General of Railways, that of Officer of the same order to Messrs. Cezar Merutza, Assistant Director General, and Codreanu, Director of Construction, and that of Chevalier to Mr. Stoica, Chief Engineer.

“The presentation solemnly took place in the presence of the higher personnel of the Legation.

“Mr. Puaux made a short speech indicating the motives which prompted the French Government to confer these high distinctions upon General Ionescu and his assistants.

“General Ionescu thanked the French Government and the Minister of France in warm terms, bringing out the valuable assistance given by France to Rumanian railways, especially by the collaboration of Engineer Leverage and his assistant, Engineer Mange.”

I remarked that the four Rumanian officials who had just received French decorations were the very ones who had been responsible for the awarding of the contract to the French firm Thomson-Houston.

Mr. Gafencu smiled sheepishly. He asked me to have confidence in him. He said that it would probably be at least ten days or two weeks before the Rumanian Government could give any reply to my note of August 6, 1932, since the case must now be reopened and

carefully studied by the new Minister of Communications. In the meantime, he expressed the hope that the American Government and the American Legation would be patient in the matter.

---

In concluding this despatch, I desire to point out that throughout the negotiations both the Prime Minister and Mr. Gafencu freely admitted that the offer of the American company was the most advantageous one received and that neither of them made any attempt to deny that the contract had been awarded to the French company because of political pressure from the French Government.

The increasing tendency of the French and Rumanian Governments to regard concessions and public contracts in Rumania as belonging exclusively to French interests created a situation which made it seem imperative for the Legation to stand up for legitimate American interests and vigorously to protest against the treatment meted out to the General Railway Signal Company. The Legation is convinced that if the present case is not pushed to a satisfactory solution it will be virtually impossible for American companies to obtain public contracts or concessions in Rumania in the future.

The Legation will continue to press the Rumanian Government for a reply and will report any important developments promptly to the Department.

Respectfully yours,

LOUIS SUSSDORFF, JR.

[Enclosure]

*The American Chargé (Sussdorff) to the Rumanian Minister  
for Foreign Affairs (Voevod)*

No. 420

BUCHAREST, August 6, 1932.

EXCELLENCY: I have the honor to draw the attention of the Royal Rumanian Government to the following case in which the Rumanian Ministry of Communications and the Rumanian Railway Administration, under pressure from the French Legation at Bucharest, have discriminated against an American company.

On December 15, 1931, the American Legation received a letter, dated December 1931, from the Rumanian Railway Administration, a copy of which is enclosed for Your Excellency's information, stating that the Railway Administration intended to install automatic block signal equipment on the section of railway between Fetesti and Cerna-Voda Pod and that a commission designated by the Railway Administration would receive bids for this installation at 112 Calea Victoriei on January 18, 1932, at 9:30 a. m. Your Excellency will

observe that in this letter the Rumanian Railway Administration requested the Legation to furnish it with the names and addresses of all serious firms in the United States which could undertake the work in question.

Acting on the request of the Rumanian Railway Administration, the Legation instructed the American Commercial Attaché to furnish the Railway Administration with a list of American firms which were qualified to carry out the work in question. This list was transmitted to the Railway Administration by the Acting Commercial Attaché in a letter dated December 17, 1931.

The General Railway Signal Company, of Rochester, N. Y., a firm of high standing and wide experience and recognized experts in the field of railway signal installation, responded to this invitation and submitted an exceptionally advantageous offer.

The General Railway Signal Company has made a formal complaint to the Legation that despite the fact that its offer was approximately 3,000,000 lei lower than the offer of the French firm Thomson-Houston and despite the fact that it was informed by members of the Committee appointed by the Railway Administration that its offer was found by the latter to be of a truly remarkable conception and the only one which complied with the specifications laid down by the Commission, the Rumanian Ministry of Communications awarded the contract mentioned above to the French firm on account of pressure exerted by the French Legation. The American Legation understands furthermore that the General Railway Signal Company has for many years installed systems of railway block signals in many parts of the world, whereas the firm Thomson-Houston has had no experience whatsoever in this type of work and would be obliged to purchase materials from other firms which specialize in the manufacture of railway signal equipment.

In this connection, I desire to point out to Your Excellency that the American Minister and I have been informed definitely by four high officials of the Rumanian Government on four separate occasions that the French Legation at Bucharest demanded that the contract for signal installation mentioned above be granted to the French firm Thomson-Houston on the grounds that the French Government had been useful in furnishing loans to Rumania and that French firms expected some compensation in return. The officials in question categorically informed Mr. Wilson and me that the French Legation exerted such strong pressure that the Rumanian Government could not resist.

In the conversations which Mr. Wilson and I have had with Rumanian officials concerning this case, we made it clear that the

American Legation was not asking for a promise that the contract for signal installation would be given to an American company, but for an assurance that the American company would receive an equal opportunity to compete for the contract with all other companies on a fair technical basis without any political considerations entering into the matter. We explained carefully that we were asking only for an equality of opportunity for the interested American firm, but that nothing less than complete equality of opportunity would be satisfactory to the United States Government. Mr. Valcovici, former Minister of Communications, gave me a positive assurance on February 11, 1932, that equality of opportunity would in fact be accorded to the American company. Mr. Valcovici had already given a similar assurance to Mr. Wilson when the latter called on him, accompanied by Mr. Fouché, Commercial Attaché of the Legation, in October 1931.

Accepting the formal invitation of the Rumanian Railway Administration as a serious one and relying upon positive assurances given by the Rumanian Minister of Communications to the American Legation that American companies would receive an equality of opportunity in the competition, the General Railway Signal Company, acting in good faith, expended more than \$5000 in a study of the technical requirements of the situation and in bringing equipment to Rumania for demonstrations. No complaint would, of course, be made on this score if the American company had failed to obtain the contract under conditions of equality of opportunity.

In view of the fact that a formal invitation was issued to American firms through the American Legation, that an American company made the lowest and most advantageous offer, that Mr. Valcovici, former Minister of Communications, gave the American Legation a definite assurance on two occasions that the American company would receive an equality of opportunity in open competition for the contract with all other companies on a fair basis and that the contract would be awarded on the technical merits of the offers received, the Legation feels that the only equitable solution in this case would be the cancellation of a contract awarded under political pressure and the awarding of the contract to the General Railway Signal Company on the technical merits of its offer, which have already been recognized by the Technical Committee set up by the Railway Administration.

A formal indication in writing of the intentions of the Rumanian Government in this matter is requested in order that I may communicate immediately with my Government.

I avail myself [etc.]

LOUIS SUSSDORFF, JR.

671.5117/12

*The Acting Secretary of State to the Minister in Rumania (Wilson)*

No. 259

WASHINGTON, August 24, 1932.

SIR: Reference is made to the Department's telegram No. 12 of August 8, 1932, 1 p. m.,<sup>13</sup> to your despatch No. 916 of July 13, 1932, and to previous correspondence regarding difficulties experienced by American companies in endeavoring to secure an equal opportunity with competing foreign firms with respect to the conclusion of certain contracts with the Rumanian Government.

The Department has noted your observations concerning the conditions under which the French firm of Thomson-Houston was awarded the contract for railway signal installation. The Department approves your action in seeking to impress upon the Rumanian authorities the fact that nothing less than complete equality of opportunity in matters of this kind can be considered as satisfactory by this Government.

While no useful purpose would be served, presumably, by further representations regarding this particular contract, it is believed that you should seek an early opportunity to make known informally to the Rumanian Prime Minister the highly unfavorable impression which the arbitrary award of this contract has created in this and other departments of this Government. You may add that, should further instances of such inequality of treatment occur, it can hardly be presumed that Rumanian prestige in the financial and business circles of the United States will not be seriously affected. American companies which are invited to submit bids for public contracts in Rumania are necessarily occasioned considerable expense and labor, and such companies have every right, in accordance with the minimum requirements of accepted commercial practice, to expect that the various competing bids will be fairly considered and the contract fairly awarded.

Should suitable opportunity present itself in the course of any conversations you may have with the King, you may in your discretion utilize the present instruction to make known to him the views of this Government, as expressed above.

Very truly yours,

W. R. CASTLE, JR.

---

<sup>13</sup> Not printed.



671.5117/15

*The Minister in Rumania (Wilson) to the Secretary of State*

No. 964

BUCHAREST, October 14, 1932.

[Received November 4.]

SIR: I have the honor to refer to the Department's instruction No. 259 of August 24, 1932 regarding the difficulties experienced by the American firm of General Railway Signal Company in competing with the French firm of Thomson-Houston and suggesting that the Legation make known to the Prime Minister the highly unfavorable impression which the award made to the latter company had created in the State and other departments.

Upon my return from leave, a few days before the receipt of the Department's above-mentioned instruction, I called upon the Prime Minister and Minister for Foreign Affairs and had said to him practically what was contained in the Department's instruction. I did not, therefore, feel it necessary to take the matter up with him a second time. He was very apologetic, acknowledged the justice of the Legation's complaint, and tried to excuse himself by saying that the contract with Thomson-Houston had been signed by the previous cabinet and that therefore he was helpless. I suggested that as there was a Rumanian law providing that in awarding contracts the most favorable offer must be accepted, the present award was illegal according to Rumanian law and could therefore be annulled. I realized, of course, that the Government would never dare to take such a measure against a French company.

A few days after the receipt of the Department's above-mentioned instruction No. 259, I called upon Mr. Gafencu, the Undersecretary of State for Foreign Affairs, who really runs the Foreign Office. Mr. Gafencu, whom I know well and with whom my personal and official relations are especially cordial, is very friendly to the United States. It is largely, if not chiefly, due to his strong support that the International Telephone and Telegraph Company secured their Rumanian concession. I took with me the Department's instruction and read to him a translation of the next to the last paragraph, which seemed to make considerable impression. He also acknowledged quite frankly the justice of our complaint of unfair discrimination and expressed regret. He then went on to suggest that some means might and ought to be found to compensate the General Railway Signal Company by giving it another contract. He said that he would speak personally to Mr. Mirto, the Minister of Public Works and Communication, who is an intimate friend of his and who would understand better than his predecessors the justice of the American complaint and the necessity of correcting the fault committed by those

predecessors, thus removing the painful impression made upon the American Government. A few days later Mr. Gafencu telephoned me and asked me to tell Mr. Ianculescu, the representative of the General Railway Signal Company, to call on Mr. Mirto. This he did, and had what he seemed to feel was a very satisfactory conversation. The Minister asked him to call again after the close of the parliamentary session when he would be less occupied and to draw up definite plans and offers to submit to him. Mr. Ianculescu at the time of his last visit to the Legation, a few days ago, seemed hopeful that his company would secure an order.

I feel somewhat hopeful that in this special case American interests may obtain some satisfaction, but I am convinced that the French through their predominating political influence will continue by political pressure to secure commercial advantages to the detriment of American and other commercial interests.

With its instruction No. 246 of June 21, 1932, the Department enclosed a memorandum<sup>14</sup> of a conversation which the Chief of the Division of Near Eastern Affairs had on May 27, 1932 with the Rumanian Minister in Washington concerning this and other cases of discrimination against American firms in favor of French firms. In spite of Mr. Davila's statement that he intended to telegraph his Government, I learned that no report on the subject has ever been received at the Foreign Office from him. Mr. Davila arrived in Bucharest a few days ago and he may now take the matter up with his Government. I have as yet had no opportunity to discuss the matter with him. I have, however, discussed it with Mr. Boncescu, the Financial Counselor of the Rumanian Legation at Washington, who is familiar with the matter and told me that he intended to take up the whole question of unfair discrimination through political influence with Mr. Madgearu, Minister of Industry and Commerce, whom he knows very well and who is one of the most influential members of the present Government. In this connection, I have the honor to enclose a translation of an article from the *Universul* of October 6, 1932<sup>15</sup> reporting a speech made in Parliament on October 4, 1932 by Mr. Iunian, Minister of Justice in the former Maniu Cabinet, but who has just resigned as Vice-President of the National-Peasant Party and from the membership of the party owing to a difference of opinion with the Government over the modification of the Agricultural Conversion Law recently voted by Parliament (see Legation's despatch No. 962 of October 12, 1932<sup>15</sup>). In this speech

---

<sup>14</sup> Neither printed.

<sup>15</sup> Not printed.

Mr. Iunian takes the Government severely to task for having accepted the French bid for railway signal apparatus instead of the American bid, which was more favorable and cost four million lei less. This decision, Mr. Iunian charges, was due to French pressure exercised on the Government through Mr. Lerverve, French Technical Adviser to the Rumanian Railways. This charge, which was previously reported to the Department by the Legation, has, however, always been denied by members of the Government with whom I have talked. It is interesting, therefore, to find it supported by a person of the standing of Mr. Iunian, who at the time he made this charge was a member of the Government party.

The Department will be kept advised of any further developments in this case.

Respectfully yours,

CHARLES S. WILSON

## RUSSIA

### CITIZENSHIP STATUS OF AMERICAN NATIONALS EXERCISING POLITICAL RIGHTS IN RUSSIA <sup>1</sup>

861.012/31

*The Consul General at Berlin (Messersmith) to the Secretary of State*

No. 254

BERLIN, April 28, 1931.

[Received May 16.]

SIR: I have the honor to refer to despatch No. 244 of April 21, 1931 (File No. 800B),<sup>2</sup> with which was transmitted a confidential report prepared by Consul George F. Kennan, entitled, "The German Export Trade to Soviet Russia", this report being a very full and basic study of the manner in which the German export trade with Soviet Russia is carried on. In this despatch was indicated that Mr. Kennan had collected further data on the activities and citizenship status of certain Americans in Russia, which would be transmitted in the near future.

There has been a perceptibly increasing demand upon the Consulate General at Berlin for citizenship and protection services in connection with Americans residing in Russia, this probably being due to the considerable number of American specialists who have gone to Soviet Russia within the last year or two. There have been certain cases in which there has been doubt as to whether the services requested should be performed at this office, inasmuch as the persons concerned were not residing in the district of the Consulate General. It has been endeavored, whenever possible within the existing regulations and when the nature of the case indicated that the service was a desirable and proper one, to assist these Americans calling here, in view of the position of Berlin on the natural route of Americans travelling between the United States and Soviet Russia.

The Department has found it advisable to concentrate information with regard to certain Russian matters in the legation and in the consulate at Riga. Extensive files are there maintained covering Russians on whom other diplomatic and consular establishments may need information. Within recent years the granting of visas to persons holding Soviet passports and coming out of Soviet Russia to

<sup>1</sup> Continued from *Foreign Relations*, 1931, vol. II, pp. 975-977.

<sup>2</sup> Not printed.

proceed to the United States, has become to a large extent concentrated at Berlin. This is due, as has already been explained to the Department, to Berlin being on the natural and best route out of Russia to the United States, because the Soviet régime maintains here probably its largest and most active trade delegation, and also because these persons coming out of Soviet Russia naturally make for the most convenient large city in which to outfit themselves and where they may enjoy certain comforts and pleasures of which they have been deprived at the first opportunity. This Consulate General does not grant any visas to persons holding Soviet passports without communicating with the consulate at Riga, and the information on these visa cases in the files at Riga is very helpful to the Berlin Consulate General in this matter.

Just as the granting of visas to persons holding Soviet passports is becoming more concentrated at Berlin, so the demand on the part of Americans in Russia or coming out of Russia for passport and other services is becoming steadily greater. This passport and protection work by its very nature is particularly difficult. The protection work is simplified by the fact that we can really do nothing for Americans domiciled in Russia, but the correspondence from these Americans to the Consulate General is becoming increasingly greater and more difficult to handle. Some of it cannot be ignored, and without going into detail I can only say that we are doing the best we can to give Americans in Russia the information which they ask for and which it seems we can properly give.

With regard to citizenship services the question is a much more difficult one, and in this connection there will undoubtedly have to be in the not distant future a clarification of the status of American communists living in the U.S.S.R. and exercising there political rights and privileges, but holding on to their American passports for such future use which they may find desirable to endeavor to make of them. As the status of these American communists and their activities will come increasingly to the Department's attention, Consul Kennan has given this matter careful study so far as the opportunities here permit, and the information transmitted in the appended memorandum<sup>3</sup> will undoubtedly be of interest to the Department.

I am sure the Department will be interested in Mr. Kennan's memorandum which he prepared between semesters of his work here as a language officer.

Respectfully yours,

GEORGE S. MESSERSMITH

---

<sup>3</sup> Not printed.

861.012/31

*The Secretary of State to the Consul General at Berlin  
(Messersmith)*<sup>4</sup>

WASHINGTON, April 12, 1932.

SIR: The Department acknowledges the receipt of your despatch No. 254 of April 28, 1931, transmitting a memorandum prepared by Consul George F. Kennan<sup>5</sup> entitled "Memorandum on the status of American Communists residing in the U.S.S.R. and exercising political rights and privileges therein."

The Department has given very careful consideration to the memorandum prepared by Consul Kennan. However, it is obliged to say that it does not concur in all of the views expressed by him concerning the effect upon American citizens residing in Soviet Russia of the several provisions of the Soviet decree of June 13, 1930, to which he calls attention.

While Mr. Kennan in his memorandum refers to the Soviet decree of June 13, 1930, the Department has been furnished with a translation of a "Resolution of the Central Executive Committee and the Soviet of People's Commissars of the U.S.S.R. Concerning the Confirmation of the Regulation Dealing with Citizenship of the U.S.S.R." effective April 22, 1931, which, while annulling the decree of June 13, 1930, contains provisions similar to those discussed by Mr. Kennan. The Department in this communication will refer to the Soviet decree of April 22, 1931.

Section 4 of the Soviet decree of April 22, 1931, reads in translation as follows:

"Foreign citizens who have acquired the citizenship of the U.S.S.R. do not enjoy the rights and do not have to fulfill the duties connected with the citizenship of another country."

It seems clear from this section of the decree that naturalization in Soviet Russia is considered as changing the national character of the person naturalized and so far as the United States is concerned it results in expatriation of any American citizen who is naturalized in Soviet Russia. Sections 12 and 16 of the decree set forth the manner in which naturalization in Soviet Russia may be accomplished. The pertinent portion of Section 12 reads in translation as follows:

"Foreign citizens residing within the territory of the U.S.S.R. acquire the citizenship of one of the constituent republics and at the

<sup>4</sup>Copies of this instruction were sent to the Legation in Latvia and to the Consulates at Harbin, Helsingfors, Istanbul, Riga, Tallinn, and Warsaw, April 20, 1932.

<sup>5</sup>Memorandum not printed.

same time, of the U.S.S.R. by decision of the Presidium of the Central Executive Committee of the U.S.S.R. or of the presidium of the central executive committee of that constituent republic in which they reside."

The pertinent portion of Section 16 reads in translation as follows:

"The acquirement or renunciation of citizenship of the U.S.S.R., in addition to the manner prescribed in the preceding paragraphs of this resolution, is permitted in a simplified manner as follows:

(a) Upon the resolution of a kray (oblast) executive committee, the central executive committee of an autonomous republic and the executive committee of an autonomous oblast, if the applicant resides within the territory of the U.S.S.R.

(b) Upon the resolution of a plenipotentiary representative of the U.S.S.R. if the applicant resides abroad.

The central executive committees of the constituent republics may leave the decision of cases concerning the acquirement and renunciation of citizenship of the U.S.S.R., according to the simplified method, upon the application of persons residing within the territory of the U.S.S.R., to the executive committees of separate rayons, but to the city soviets in cities which form independent administrative and economic units.

The simplified method is applied in the following cases:

(a) To foreigners who are workers and peasants residing within the limits of the U.S.S.R. for the purpose of doing useful work and who wish to acquire citizenship of the U.S.S.R., and to foreigners enjoying the right of asylum on account of persecution for their revolutionary-liberal activities.

(b) Upon a change of citizenship through marriage (article 8).

*Note:* The organs stated in this article have the right to refuse to apply the simplified method to applicants, and to advise them to submit their request, in accordance with general rules, to the Presidium of the Central Executive Committee of the U.S.S.R. or of the respective constituent republic."

It is obvious from Sections 12 and 16 and the note to the latter mentioned section of the Soviet decree that ordinary as well as simplified naturalization in Soviet Russia is granted only upon the request of or voluntary acceptance by the person naturalized and any American citizen who is naturalized under either of these sections is considered to have expatriated himself under the first paragraph of Section 2 of the Act of March 2, 1907,<sup>6</sup> by being naturalized in a foreign State in conformity with its laws.

With respect to the statements made by Mr. Kennan concerning the fact that persons naturalized in Soviet Russia are not in all cases entitled to vote or exercise certain other political rights or privileges,

<sup>6</sup> 34 Stat. 1228.

it may be stated that naturalization does not necessarily confer these rights upon a person naturalized. In the United States the naturalization of an alien does not confer upon him all of the privileges enjoyed by native American citizens. For instance, under Article 2 of the Constitution of the United States no person, except a natural born citizen, is eligible to the office of President. Article 1 of the Constitution provides that no person shall be a Senator unless he shall have been a citizen of the United States for nine years. The same article also provides that no person shall be a representative unless he has been a citizen of the United States for seven years. Section 2 of the Act of March 2, 1907, also draws a distinction between naturalized and native citizens with regard to the effect of foreign residence on the right to diplomatic protection. There may be other distinctions which are drawn between the two classes of persons but it seems unnecessary to go further into this matter. It suffices to say that a person naturalized in Soviet Russia in conformity with its laws loses his American citizenship under the first paragraph of Section 2 of the Act of March 2, 1907, regardless of the fact that he may not enjoy all political rights in that country. Consequently, whenever it comes to your attention that an American citizen has been naturalized in conformity with a decree of Soviet Russia, you will consider him to have expatriated himself and as not being entitled to protection as a citizen of the United States. If he has a passport which is valid or which under ordinary circumstances might be renewed you should endeavor to take up such document and forward it to the Department with a report in the matter. You should also submit to the Department a certificate of expatriation in each such case, prepared in accordance with Section 144 of the Consular Regulations.

With reference to your observations concerning the fact that the Soviet decrees recognize no oaths of any sort and your inference that no oath of allegiance can be considered to be taken to Soviet Russia, resulting in loss of citizenship under the first paragraph of Section 2 of the Act of March 2, 1907, you are advised that whenever it comes to your attention that an American citizen, while residing in Soviet Russia, subscribed to a formal statement of any kind involving permanent subjection and allegiance to the Soviet Government you should call the case to the attention of the Department in order that it might determine whether such act may be regarded as simulating an oath of allegiance within the meaning of the first paragraph of Section 2 of the Act of March 2, 1907, thus resulting in the loss of American citizenship. The Department has in the past held that the term "oath of allegiance" as used in the section of law just referred to may in appropriate cases be applied to formal obligations not involving a religious sanction.

With regard to Section 6 of the Soviet decree of April 22, 1931, "conferring upon foreign citizens—workers and peasants, residing within the limits of the U.S.S.R. for the purpose of doing useful work" the privilege to "enjoy all political rights of citizens of the U.S.S.R.", you are advised that the Department is of the opinion that the granting of political rights to be enjoyed by particular classes of persons while residing in Soviet Russia does not constitute



naturalization. The granting of such rights may be considered as not inconsistent with the fact that a person owes a temporary allegiance while residing in a state of which he is not a national. If, however, a state should grant to aliens residing within its boundaries "all political rights of citizens" of such state and if the grant were of a permanent character and affected the national status of the aliens wherever they might be, it is probable that, so far as the United States is concerned, the grant would be considered an act of naturalization resulting in loss of citizenship under the first paragraph of Section 2 of the Act of March 2, 1907. However, it does not appear that Section 6 of the Soviet decree of April 22, 1931, has the character of permanency or affects the national status of the classes of persons concerned therein. It seems merely to confer political rights while the classes concerned therein are in Soviet Russia and such rights terminate immediately upon removal from the territory of Soviet Russia. The fact that Sections 12 and 16 of the decree of April 22, 1931, specifically prescribe how "citizenship of the U.S.S.R." may be acquired by aliens residing in Soviet Russia indicates quite clearly that Section 6 of the decree is not intended as a provision for naturalization. Moreover, the phraseology of that section refers to "foreign citizens" residing in Soviet Russia; it does not state that the national status of such persons is changed, nor does it state that they acquire citizenship in or permanent allegiance to Soviet Russia.

It would seem desirable for you to interrogate very carefully persons seeming to come within Section 6 of the Soviet decree of April 22, 1931, if they should apply for passports or protection for the purpose of ascertaining whether their allegiance appears to be to Soviet Russia rather than to the United States and particularly to ascertain whether their political ties with Soviet Russia continue to exist after they leave Russian territory. If it appears that such ties are of a permanent character, continuing to exist wherever they may be, they should be held to have ceased to be citizens of the United States under the first paragraph of Section 2 of the Act of March 2, 1907. A report in each such case, together with a certificate of expatriation prepared in accordance with Section 144 of the Consular Regulations, should be submitted to the Department. If the tie with Soviet Russia of any particular applicant for a passport or protection does not appear to have the character of permanency but it nevertheless appears that the individual regards himself as owing a moral allegiance to Soviet Russia wherever he may be, the question whether a passport or the protection of this Government should be accorded him should be referred to the Department for its determination.

Very truly yours,

For the Secretary of State:

WILBUR J. CARR

## SPAIN

### EFFORTS OF THE GOVERNMENTS OF THE UNITED STATES AND SPAIN TO ELIMINATE MUTUAL TRADE GRIEVANCES<sup>1</sup>

611.5231/626 : Telegram

*The Ambassador in Spain (Laughlin) to the Secretary of State*

MADRID, January 18, 1932—10 a. m.

[Received 1:10 p. m.]

3. Your 229,<sup>2</sup> reached me by open mail evening of January 15th. I saw Minister for Foreign Affairs late in evening of next day, Calderon being present, and followed your instructions exactly, adding suggestion for negotiation of commercial treaty. When I suggested comment the Minister replied that he could say nothing until he had time for consideration and I pressed for an early reply which he promised.

The only pointed remark he made was to inquire whether the representative designated from the Spanish Embassy in Washington could be attended by a commercial attaché as technical adviser and to this I replied that without binding you positively I could see no objection and that I felt confident you would consent to it.

LAUGHLIN

---

611.5231/629 : Telegram

*The Ambassador in Spain (Laughlin) to the Secretary of State*

MADRID, January 28, 1932—3 p. m.

[Received January 28—2:50 p. m.]

8. Your instruction 229, December 31st last; my telegram No. 7, January 23, noon.<sup>3</sup>

Calderon informs me Spanish Chargé d'Affaires has been instructed to acquaint you he is now authorized to initiate negotiations on the basis of your memorandum but must await additional instructions which will be sent him within the next few days. Am convinced Spanish Government is equally anxious to settle these outstanding questions.

LAUGHLIN

---

<sup>1</sup> For previous correspondence on the general subject of trade grievances between Spain and the United States, see *Foreign Relations*, 1929, vol. III, pp. 788 ff.; *ibid.*, 1930, vol. III, pp. 813 ff.; *ibid.*, 1931, vol. II, pp. 995 ff.

<sup>2</sup> Dated December 31, 1931, *Foreign Relations*, 1931, vol. II, p. 1002.

<sup>3</sup> Latter not printed.

611.5231/629 : Telegram

*The Secretary of State to the Ambassador in Spain (Laughlin)*

WASHINGTON, January 30, 1932—2 p. m.

6. We have made a sincere effort to answer the Spanish memorandum on "grievances"<sup>4</sup> and while this Government will in any case give sympathetic attention to whatever points in connection with our memorandum of January 16 Señor de Irujo may raise, you will appreciate that this Government is under increasing pressure as a result of the continuation of Spanish tariff discrimination, and the Department is in an increasingly difficult position in view of our not yet having supplemented your initial representations with a formal protest. I think that we made it sufficiently clear in our memorandum that, since we at present grant most favored nation treatment, Spain can only expect, generally speaking, a clarification and/or modification of administrative procedure as a result of the proposed conferences. I am therefore of the opinion that, entirely without prejudice to these conversations, we must expect to receive forthwith from Spain most favored nation treatment in return if we are going to be able to continue to accord her products the benefits of our own most favorable rates.

Please carefully weigh the foregoing and telegraph me at the earliest possible moment your opinion as to the desirability of seeking an interview with the head of the Foreign Office and Calderon, in which, putting the case to them frankly on approximately the above basis, you would add that unless Spain can give us most favored nation treatment at once, you would reluctantly be forced to submit your Government's formal protest, the text of which you might state you had already received.

STIMSON

---

611.5231/630 : Telegram

*The Ambassador in Spain (Laughlin) to the Secretary of State*

MADRID, February 2, 1932—1 p. m.

[Received 1:50 p. m.]

9. Latter part of your No. 6, January 30, 1 p. m. [*2 p. m.*], badly garbled even after service correction. To understand it exactly I must have the 10 groups following "an interview with the head of the Foreign Office".

After consideration of the rest of the message I think it would be desirable to follow the suggestion you outlined and present orally the

---

<sup>4</sup> See despatch No. 527, November 17, 1931, from the Chargé in Spain, *Foreign Relations*, 1931, vol. II, p. 1001.

general commentary you now make beginning with "I think that we made it sufficiently clear" and confirming it with an *aide-mémoire*.

I await your instructions with the necessary clarification.

LAUGHLIN

---

611.5231/630 : Telegram

*The Secretary of State to the Ambassador in Spain (Laughlin)*

WASHINGTON, February 4, 1932—noon.

10. Your telegram No. 9, February 2, 1 p. m. Please take action as outlined in the second paragraph, confirming it with memorandum if you so desire.

If it appears definite to you from the interview with the Foreign Office that Spain will not grant us most favored nation treatment, please submit the protest immediately; submit it in any event if we are not receiving most favored nation treatment by February 10 next.

No mention of the foregoing will be made to the Spanish Chargé d'Affaires, with whom the Department will take up questions only in connection with the Spanish memorandum of "trade grievances" and our reply.

STIMSON

---

611.5231/633 : Telegram

*The Ambassador in Spain (Laughlin) to the Secretary of State*

MADRID, February 7, 1932—11 a. m.

[Received 11:30 a. m.]

12. Yesterday evening I made the representations outlined in your numbers 6, January 30, 2 p. m., and 10, February 4, noon, with regard to the note of protest.

I was assured that if we wait until the conversations begin in Washington the Foreign Office will recommend to Ministry of Commerce the extension of most-favored-nation treatment. They ask for this delay in order to be able to represent to the Ministry of Commerce that the conversations are actually in progress as there are other remonstrating countries to which most-favored-nation treatment has not yet been granted and they want to be able to advance some reason for extending it to us.

I said I would telegraph this proposal at once but could not foreshadow your reply.

I feel that the Foreign Office is acting in good faith and that nothing would be lost here by holding off for the present. I shall there-

fore withhold the note of protest until you have had time to consider this report and send me further instructions.

LAUGHLIN

---

611.5231/633 : Telegram

*The Secretary of State to the Ambassador in Spain (Laughlin)*

WASHINGTON, February 8, 1932—3 p. m.

11. Your telegram No. 12, February 7, 11 a. m. The Department approves your recommendation that submission of the formal protest be postponed until the conversations on administrative provisions, et cetera, begin here. You will be informed as soon as the Chargé d'Affaires advises us of the receipt of his instructions and the discussions are inaugurated.

STIMSON

---

611.5231/639

*Memorandum by Mr. Ellis O. Briggs, of the Division of Western European Affairs, of a Conversation Between the Chief of the Division of Western European Affairs (Boal) and the Spanish Ambassador (Cárdenas)*

[WASHINGTON,] March 10, 1932.

The Ambassador called with reference to Spanish "trade grievances" to express the hope that discussions relative thereto, about which the American Ambassador at Madrid had delivered a memorandum in January last, might begin at as early a date as possible.

Mr. Boal stated that the Department of State had arranged with the Department of Agriculture and the Treasury, as well as with the Tariff Commission, so that experts were now available to discuss with representatives of the Spanish Embassy each of the eleven points of complaint outlined in the Spanish communication of November 1931. Mr. Boal said that if the Spanish Ambassador would indicate the order in which he desired to have these items taken up, we would arrange to have the experts from other Departments present to discuss them. The Ambassador said that he would give us this information and suggested that a preliminary meeting, without the experts of the other Departments, be held in the Department to which he would bring the members of his staff who will handle the Spanish end of the Washington discussions.

Mr. Boal then referred to the very great and increasing pressure to which the Department is being subjected as a result of the continuation of Spanish tariff discrimination against this country. He

intimated that unless this discrimination ceased we should be forced to deliver a formal protest and that this might inevitably constitute the first link in a chain of action resulting in our having to apply our maximum scale of duties against Spanish products. He urged therefore that the Ambassador make this clear to his Government in the hopes that, as soon as the discussions in Washington have begun, the Spanish Government should cease to discriminate against our products.

---

611.5231/641

*Memorandum by the Chief of the Division of Western European Affairs (Boal)*

[WASHINGTON,] March 16, 1932.

The Spanish Ambassador called, accompanied by Mr. Irujo of the Embassy. The Spanish Ambassador said that he was now ready to proceed with conversations on the eleven points of complaint against certain American methods of handling Spanish imports. He said he would telephone me in the course of this afternoon or tomorrow morning to say whether they had any preference as to which item of these eleven should first be taken up. The Ambassador then asked for a list of our preferences. I asked him what he meant as I had not heard any mention of any American list up to date. He said he understood that there would be certain things for which we wanted most-favored-nation treatment and that we could effect an arrangement or *quid pro quo* between his eleven points and things which we wanted to get in under most-favored-nation treatment in Spain. I told him that I thought it was a misapprehension, that we didn't propose at this time to deal with the Spanish tariff difficulties at this end but were leaving that to Ambassador Laughlin, that I could say, however, that we had no authority to effect any such type of bargain, that we had been given most-favored-nation treatment by Spain but that treatment had been discontinued and that we expected it to be restored. I added that we understood from Ambassador Laughlin that the opening of the conversations on the eleven points of complaint submitted by the Spanish Government would be the time for a recommendation from the Ministry of Commerce to the Government to restore most-favored-nation treatment to the United States. The Ambassador said that that would be impossible under the new Spanish regulations. I said that we noted that Italy was obtaining most-favored-nation treatment during the conduct of commercial negotiations with the Spanish Government. The Ambassador said Italy was not receiving such treatment on all products. I said I had

not heard there was any limitation as to what treatment Italy was getting. The Ambassador said that in any event he was prepared to go ahead with the conversations on the eleven points and we made an arrangement to meet at three o'clock on Thursday afternoon in my office with his two attachés and Mr. Irujo for the purpose of beginning these conversations.

PIERRE DE L. BOAL

---

611.5231/658

*Memorandum by the Chief of the Division of Western European Affairs (Boal)*

[WASHINGTON,] March 28, 1932.

The Spanish Ambassador called with general reference to the progress of the presentation by officials of his Embassy of the Spanish trade complaints, and to repeat his earlier suggestion for a settlement of our tariff complaints and Spain's trade complaints on a bargaining, *quid pro quo* basis.

With respect to the former, Mr. Boal stated that we anticipated that the presentation of the Spanish trade complaint cases would be concluded in two more meetings this week; that the Spanish officials had presented each case to date in the presence of the American officials technically competent to consider it and that the Ambassador could be assured that every effort would be made to meet their contentions. The Ambassador said that he hoped these complaints could be resolved promptly, adding that otherwise he did not see how his Government would be in a position to meet the American request. Mr. Boal said that he assumed that the Ambassador understood that whereas the Spanish complaints involving American administrative regulations might in several cases (which we are carefully studying) be settled without delay, the Spanish complaints against the height of the American tariff (representing four of the nine complaints discussed to date) could not be settled expeditiously for the reason that the only ways in which tariff rates may be modified are either through action of Congress or through action of the President upon recommendations made, after investigation, by the Tariff Commission. Considerable discussion ensued on this point during which the Ambassador stressed the importance to the Spanish Government of obtaining a reduction in certain of the American duties, particularly that on olive oil.

With regard to Ambassador Cárdenas' suggestion for a settlement on a bargaining basis, Mr. Boal repeated what he had already stated in conversation with the Ambassador ten days ago to the effect that

it was neither our practice nor legally possible for us to enter into bargaining negotiations, and that what we asked was the same treatment in regard to all products as most favored nation in Spain. It became evident at this point that the Ambassador's call had been caused by his receipt of a telegram from his Government inquiring as to why Ambassador Laughlin had not yet approached the Foreign Office, in view of the beginning in Washington of the trade complaint discussions.

While Ambassador Cárdenas showed very clearly that he (and probably his Government) are most anxious to reach a settlement, the Ambassador did not indicate that the Spanish Government will be prepared to extend most favored nation treatment merely because consideration of the Spanish trade complaints had begun in Washington, and before any complaints had been settled by us in their favor.

A telegram (No. 23, March 28, 3 p. m.<sup>6</sup>) has just been received from Ambassador Laughlin in which he urges that he be given authority to go to the Foreign Office and to recall the assurance given him two months ago that as soon as discussion of the trade complaints began, the Spanish Foreign Office would urge the Spanish Ministry of Commerce to give us most favored nation treatment.

PIERRE DE L. BOAL

---

611.5231/643 : Telegram

*The Acting Secretary of State to the Ambassador in Spain  
(Laughlin)*

WASHINGTON, March 29, 1932—5 p. m.

19. Your telegram No. 23, March 28, 3 p. m.<sup>6</sup> In compliance with your urgent recommendations authority is granted for you to recall to the Foreign Office its promise to you that upon the inauguration of discussion of the Spanish complaints here, the Foreign Office would urge that most favored nation treatment be extended to all American products. This authorization is given you, however, on the understanding that unless these representations are promptly successful and we are in fact receiving most favored nation treatment before the date when you wish to leave, you yourself would wish to remain in Madrid for such time as may be necessary to see the case through. You will appreciate that to make the above representations and then leave before some positive result came of your initiative would prejudice the success of our case.

---

<sup>6</sup>Not printed.



For your information. The presentation of the Spanish complaints will probably be concluded at two further meetings to be held on March 30 and 31. It will not be possible to state for several days thereafter exactly what this Government can do toward meeting the Spanish contentions, inasmuch as reports must be sent in by the various experts of other branches of the Government. With respect to complaints as to the height of our tariff the Spanish representatives understand perfectly well that the rates can only be changed either (1) by Congress or (2) by the President following an investigation of the Tariff Commission. From preliminary investigations it appears, however, that we may be able to do something for them on the complaints involving administrative regulations and/or procedure. Kindly do not communicate the substance of this paragraph to the Foreign Office since these matters will continue to be handled from Washington in order to leave the Embassy free to discuss only the question of Spanish tariff discrimination against us.

CASTLE

---

611.5231/645 : Telegram

*The Ambassador in Spain (Laughlin) to the Secretary of State*

MADRID, March 30, 1932—4 p. m.

[Received March 30—3:25 p. m.]

24. I am taking no action under your confidential telegram No. 19, March 29, 5 p. m., beyond noting the paragraph for my information because before it reached me Calderon informed by Commercial Attaché that he had acted on his promise reported in my telegram No. 12, February 7, 11 a. m., and had some results to communicate.

When I went to see him this morning he made the following statement: The Spanish decree of December 23, 1931, provides that the Government in all future commercial arrangements can grant most-favored-nation treatment, not as a covering provision, but on a definite list of products.

The first treaty signed by Spain under this decree has been with Italy on March 15th,<sup>8</sup> instant, on the above basis and the Spanish Government is now on the point of proceeding to a similar revision of all its commercial treaties.

The Spanish Government will therefore be willing to examine a list of products presented by the Government of the United States to which most-favored-nation treatment will be granted. There is no limitation on the number of items.

---

<sup>8</sup> For the Spanish-Italian treaty, see Spain, *Gaceta de Madrid*, Año CCLXXI, Tomo I, 26 Marzo, 1932, Núm. 86, p. 2130.

If any change is made respecting the products on the agreed-upon list with one country the same treatment will be granted by Spain to other countries having such products on their lists.

Calderon proposes that such a list be presented to the Spanish Embassy at Washington and considered there between it and the representatives of our departments concerned.

LAUGHLIN

---

611.5231/645 : Telegram

*The Acting Secretary of State to the Ambassador in Spain  
(Laughlin)*

WASHINGTON, March 31, 1932—5 p. m.

20. Your telegram No. 24, March 30, 4 p. m. The Department of course understood and believed that the Foreign Office assurance reported in your telegram No. 12, February 7, 11 a. m., referred to the extension to us of most favored nation treatment to all products. You did not make any mention of a "list" or of any suggestion that any products at present or in the future imported would be excluded from most favored nation treatment. The Department naturally assumes that no such intimations were made to you.

Complete most favored nation treatment is the only kind that this Government grants or could recognize. In view of our legislative framework we could not consider any such proposal as that outlined in your telegram No. 24. As a basis of commercial policy the American Government could not entertain a proposal for it to submit a "list" of products for which it desired most favored nation treatment, for the reason that we ourselves extend most favored nation treatment to all Spanish products and must expect to receive for our products this treatment in Spain.

Please take this up with the Foreign Office immediately making our position entirely clear on the basis of this and previous telegrams to you. The Department cannot approve the suggestion that negotiations covering both the Spanish tariff discrimination against us and Spain's alleged trade complaints against the United States be hereafter conducted simultaneously in Washington. The arrangement for separate discussion was made in order to avoid confusing the issues, and I believe that this situation still holds and that the question of Spain's tariff discrimination should continue to be handled by you in Madrid, especially since the above mentioned misunderstanding there has now come to light. This makes it obvious that you should press for fulfillment of Calderon's promise to you

on the basis of complete most favored nation treatment and should give the matter the benefit of your personal authority in negotiation until that treatment has been effectively obtained.

CASTLE

---

611.5231/660

*Memorandum by the Under Secretary of State (Castle)*

[WASHINGTON,] April 4, 1932.

The Spanish Ambassador came to talk with me, as an old friend, about the discussions which have been going on with regard to the admission of Spanish products to this country and to giving them most-favored-nation treatment.

I pointed out to him, as has been done before, that it was impossible to ask us under our system to furnish any list of products for which we wanted most-favored-nation treatment. I said that Mr. Laughlin had gathered from conversations that if we were able to meet the Spanish contention on some, at least, of the matters under discussion, Spain would then find it possible to continue most-favored-nation treatment. The Ambassador said he felt this was impossible, that it was really against the law for Spain to extend to any one general most-favored-nation treatment, but on the other hand he thought it might be possible for us to give a list of everything we exported to Spain which would then be given most-favored-nation treatment and that it could be understood that at any time if we had anything to add to this list, it would automatically be added. I told the Ambassador that there was a possibility that some formula might be worked out along these lines, but that it seemed to me very doubtful. I pointed out to him also the impossibility of meeting the Spanish contention as to the duty on certain Spanish imports except through examination by the Tariff Commission and told him I saw no reason why, if Spain felt it had a good case, it should not present these matters to the Commission. The Ambassador said that, so far as olive oil was concerned, he felt that the Americans were working more in favor of the Italians than in favor of the American product. I said that the Tariff Commission was a fact finding body and that I very much doubted whether the political influence which he suspected had anything to do with it, but that that, of course, was a matter which I could not discuss since the Tariff Commission was not under the Department of State.

W. R. CASTLE, JR.

611.5231/665

*The Chargé in Spain (Crosby) to the Acting Secretary of State*

No. 671

MADRID, April 11, 1932.

[Received April 23.]

SIR: With reference to my telegraphic despatch No. 31 of April 10, 11 a. m.,<sup>10</sup> I have the honor to transmit herewith a corrected translation of the Minister of State's Note of April 5, 1932, concerning the Spanish Government's point of view with regard to the application of Most Favored Nation Treatment to American products in Spain, which I shall ask you to be so good as to substitute for the copy forwarded you as an enclosure to the Ambassador's despatch No. 667 of April 6, 1932.<sup>10</sup>

Respectfully yours,

SHELDON L. CROSBY

[Enclosure—Translation]

*The Spanish Minister of State (Zulueta) to the  
American Ambassador (Laughlin)*

MADRID, April 5, 1932.

EXCELLENCY:

MY DEAR SIR: I have the honor to acknowledge the receipt of Your Excellency's kind memorandum of the first of this month,<sup>11</sup> in which you were so good as to state that the Government of the United States, in authorizing unconditional most favored nation treatment to products originating in Spain, is unable to accept on the part of Spain any other treatment than that which is analogous and general, since this concession, as far as it concerns the United States, is derived from the provisions established by American legislation.

At the same time Your Excellency states that his Government is unable to accept the proposal that the negotiations, either concerning the desires formulated by the United States or the petitions made on the part of Spain, should take place simultaneously in Washington.

In reply to the memorandum referred to, I have the honor to make known to Your Excellency that the legal provisions in Spain, in accordance with those established by the decree of December 23, 1931, published in the *Gaceta* of the 24th, of which Your Excellency assuredly has knowledge, and the provisions of which were communicated by our Chargé d'Affaires in Washington to the Undersecretary of State, Mr. Castle, on the 12th of January last, prohibit the general concession of most favored nation treatment, and in accord-

<sup>10</sup> Not printed.<sup>11</sup> See telegram No. 20, March 31, 5 p. m., to the Ambassador in Spain, p. 535.

ance with these regulations the Hispano-Italian Commercial Agreement was recently concluded, and there are in course of negotiation at the present moment other negotiations with different countries. That which I have set forth, I hope, will convince Your Excellency of the legal difficulty on the part of Spain to concede to the United States, in spite of its ardent desire, a general treatment of greater favor, and which if conceded would result in prejudice to other countries which have negotiated or are negotiating conventions with Spain on the basis indicated. I must, however, call the attention of Your Excellency to the fact that the Government of the Republic is disposed to concede in practice, and disregarding the question of principle, most favored nation treatment and the greatest benefits granted by Spain to other countries, to all such articles as may be of interest to the United States, leaving, as has been proposed, to the Government represented by Your Excellency the care of submitting the list of those products for which the said treatment is requested, and, adding, as an expression of the good-will animating the Spanish Government, that the latter is disposed to agree to the commitment that, if hereafter, the Government of the United States may find any product of interest to its exports which shall not have been included in the list it may, at any time formulate its desire that the product in question be included among those that enjoy the benefits of most favored nation treatment. I, therefore, desire again to indicate to Your Excellency the good-will animating this Government in its intercourse with the United States and the concessions it is disposed to make in order to reconcile the desires that Your Excellency expresses with the formal regulations of Spanish legislation.

With the same purpose, the Government of the Republic is disposed to agree that separate negotiations may be carried on, based on the requests of the United States and those that relate to the desires formulated by Spain, though the proposal that joint negotiations of both points should be carried on had been made by the Spanish Government with a desire to facilitate and expedite the conclusion of the negotiations in progress, and, therefore, in agreeing to the separation of the two discussions in conformity with the desire expressed by the Government of the United States the Government of Spain hopes that the requests that have been made by it to the Government of Your Excellency will be adjusted in the most advantageous manner possible for the Spanish products mentioned therein, inasmuch as the unfavorable commercial balance of Spain in its trade relations with the United States greatly affects its national economic situation.

I avail [etc.]

LUIS DE ZULUETA

611.5231/664 : Telegram

*The Acting Secretary of State to the Chargé in Spain (Crosby)*

WASHINGTON, April 21, 1932—2 p. m.

27. Please obtain an interview with the Minister of State, preferably in the presence of Calderon, and deliver the following note:

“Excellency: Under instructions from my Government, I have the honor to acknowledge the receipt of your courteous communication of April 6, 1932,<sup>12</sup> delivered to Ambassador Laughlin. The American Government has given careful and sympathetic study to this communication and, while the proposal outlined therein presents certain difficulties from the point of view of American tariff policy, my Government is naturally most anxious to terminate the present uncertainty that has been so damaging to the commercial interests of both countries, and has therefore authorized me to inform Your Excellency of its acceptance of the arrangement.

It is accordingly the understanding of the American Government that with respect to tariff treatment the Government of the Spanish Republic will henceforth and for such time as the American Government extends most favored nation treatment to Spanish products grant to all American products that may be specified by list submitted by the American Government to the Government of the Spanish Republic, the most favored nation treatment and the maximum benefits accorded by Spain to the similar products of other countries. The Government of the Spanish Republic also agrees to extend the same treatment and benefits to additional American products whenever notification in this sense shall subsequently be made to Spain by the American Government through the submission of further lists.

I avail myself, et cetera.”

You are authorized to make any minor changes in the address and subscription in order that the foregoing communication may conform to local usage.

At the same time you will please deliver a list which should include all those products of interest to American export trade against which Spain at present discriminates. It is the understanding of the Department that this should include all items on list B of the Franco-Spanish Commercial Agreement of November 10, 1931<sup>13</sup> (your despatch No. 524 of November 11 last),<sup>14</sup> with the exception of item No. 1395 sparkling wines: and also include sulphur and citric acid (Spanish tariff items Nos. 853, 855 and 906,) regard-

<sup>12</sup> The note, dated April 5, was handed to the American Ambassador on April 6; see *supra*.

<sup>13</sup> The Franco-Spanish agreement was signed at Paris October 23, 1931, and became effective November 10, 1931. See Spain, *Gaceta de Madrid*, Año CCLXX, Tomo iv, 10 Noviembre, 1931, Núm. 314, p. 866.

<sup>14</sup> Not printed.

ing which preferential rates were granted Italy by the Spanish-Italian Commercial Agreement of March 30, 1932.<sup>15</sup> You should confer with the Commercial Attaché in the preparation of this list and, in connection with reporting your call at the Foreign Office, you should telegraph to the Department the names of any additional items which you may have added beyond those specified above.

CASTLE

---

611.5231/669 : Telegram

*The Chargé in Spain (Crosby) to the Acting Secretary of State*

MADRID, April 23, 1932—1 p. m.

[Received April 23—11:16 a. m.]

33. Your 27, April 21, 2 p. m. Have just presented note and list to Under Secretary of State in absence of Minister in Geneva and in presence of Calderon as instructed.

After consultation and consideration with Commercial Attaché have not made any additions to list as specified by you.

I requested information as to how agreement would become effective and when. Under Secretary replied that this would have to be discussed with Ministry of Agriculture and that I would receive a reply next week. He suggested an exchange of notes or by decree. Am I authorized to execute exchange of notes on basis of note presented this morning? Should this method be adopted?

CROSBY

---

611.5231/724

*Memorandum by the Chief of the Division of Western European Affairs (Boal)*

[WASHINGTON,] April 26, 1932.

The Spanish Ambassador came in to complain about the newspaper publicity in this country with regard to negotiations between the Spanish and American Governments on commercial matters. He produced several clippings, the one to which he took particular exception being an A[ssociated] P[ress] story appearing in the *Washington Star* on April 25, which stated in effect that the American Government was on the point of persuading the Spanish Government to cease discriminating against American products.

---

<sup>15</sup> The Spanish-Italian agreement was signed at Rome March 15, 1931, and became effective March 30, 1931. See Spain, *Gaceta de Madrid*, Año CCLXXI, Tomo I, 26 Marzo, 1932, Núm. 86, p. 2130.

The Ambassador said that this was an unfair statement for the reason that it made no reference to the unfavorable treatment of Spanish goods by the American Government, which is being discussed at the same time. He added that the republication in Madrid of this story might have a most unfortunate effect upon the attitude of his Government—so much so that it might jeopardize the successful conclusion of our negotiations. Mr. Boal said that he equally deplored this premature publicity but that the Ambassador could assure his Government that no information whatever had been given out by this Government and that the stories were purely speculative, possibly based on a report originally received from Madrid which intimated that negotiations were about to terminate successfully. He told the Ambassador of a call upon him by Mr. Charles S. Smith of the Associated Press a few days ago in which he had impressed upon Mr. Smith the undesirability of premature publicity.

The Ambassador asked whether the Department would consider making a statement to the press at this time. Mr. Boal replied that he felt that such a statement far from soothing the American correspondents would merely whet their appetites and give rise to a dozen different stories in place of the few which had already appeared. He repeated his assurance to the effect that no information had been given out by officials of this Government and informed the Ambassador that he agreed entirely with the Ambassador's position as to the harmful effect which such publicity might have.

After the Ambassador had gone Mr. Boal discussed his call with Mr. McDermott who agreed that a statement to the press at this time would not have a good effect.

P[IERRE] DE L. B[OAL]

---

611.5231/674 : Telegram

*The Chargé in Spain (Crosby) to the Acting Secretary of State*

MADRID, May 6, 1932—5 p. m.

[Received May 6—4:55 p. m.]

36. Calderon has just handed me an official note signed by the Undersecretary of State requesting amplification of the list of articles for which we desire most-favored-nation treatment which I delivered to the Ministry of State in pursuance of the instructions contained in your telegram No. 27 of April 21, 2 p. m. He said that in view of the negotiations now pending between his Government and various countries on the basis of the granting of most-favored-nation treatment to determine lists of articles, the Ministry is of



the opinion that it would be more convenient if our original list should contain as far as possible all the articles for which we might conceivably desire most-favored-nation treatment so as to avoid frequent submission of additional lists of articles for which we might desire most-favored-nation treatment in the future, although we might submit such additional lists at any time if necessary.

Calderon told me that once the Ministry of State has received our new list the matter will immediately be taken up with the Ministry of Agriculture to bring it to a satisfactory conclusion by the publication in the *Gaceta de Madrid* of a statement to the effect that the United States has been accorded most-favored-nation treatment on the articles enumerated. He added that probably a week to 10 days would elapse from the receipt of our list before publication in the *Gaceta* would take place.

For my information, Calderon stated that he had received information that the course of the negotiations in Washington concerning the Spanish grievances were progressing in a most unsatisfactory manner for Spain and pointed out the difficulties he had encountered and was likely to encounter with the Ministry of Agriculture for this reason.

Spanish imports from the United States are shown in Spanish statistics of exports and imports, copies of which may be found in the Department of Commerce, and I believe that our list, which Calderon suggests consists of the Spanish tariff numbers only as was the case with the Spanish-Italian treaty (see my despatch 665 of April 4, 1932<sup>16</sup>), should include all the articles which we have exported to Spain for the past 5 years. If authorized by you I can compile such a list in conjunction with Commercial Attaché here.

Copy and translation of note in next pouch.

CROSBY

---

611.5231/712a : Telegram

*The Acting Secretary of State to the Chargé in Spain (Crosby)*

WASHINGTON, May 7, 1932—2 p. m.

29. The Spanish Ambassador called yesterday by request and was informed:

(1) In our opinion considerable progress has been made with respect to the Spanish trade complaints, fifteen in number. Of the eight complaints regarding administrative regulations and require-

<sup>16</sup> Not printed.

ments, three (mineral water, pimientos and tinned fish) seem to be entirely adjusted as a result of the discussions; regarding pharmaceutical products further information was requested; regarding Canary Island potatoes and straw braiding on garlic, we have made definite offers the acceptance of which on the bases outlined should settle these complaints; the Almeria grape embargo is still being considered and while no assurance can be made at present that it will be lifted, we are exploring every possibility; regarding the marking requirement on cork stoppers, we will communicate a definite decision shortly. The complaint as to labels is receiving attention and we assured the Ambassador that the use of any which seemed contrary to American law would be stopped. Regarding the six complaints as to the height of the tariff, we referred to the statement quoted on page 6 of the Department's instruction 229, December 31, 1931,<sup>17</sup> to Ambassador Laughlin outlining the basis on which discussions could be held, pointing out that we grant most favored nation treatment to Spanish products and that Spain well understands that adjustments in the American tariff can only be made (1) by Congress, or (2) by the President following a recommendation by the Tariff Commission. The Ambassador was informed that the door is always open for the initiation by Spain of action looking toward adjustment of rates by the Tariff Commission.

(2) The foregoing being true, the Ambassador was informed that we must now insist that Spain forthwith make effective the arrangement entered into between the Foreign Office and the American Embassy at Madrid by the exchange of notes of April 6 and April 23.<sup>18</sup>

(3) Otherwise we stated that we would have no alternative but to recommend to the President that the United States cease to accord most favored nation treatment to Spanish products, in accordance with Section 338 of the Tariff Act.<sup>19</sup>

(4) The Ambassador was likewise told that upon the receipt of information from you to the effect that Spain had made the arrangement pursuant to the exchange of notes effective, the marking requirement with respect to cork stoppers would be revoked. (Kindly do not refer to this point in any way.)

Your telegram 36, May 6, 5 p. m. We are not in the least enthusiastic about the Spanish suggestion that the American list be amplified for initial use to cover items beyond those at present

<sup>17</sup> *Foreign Relations*, 1931, vol. II, p. 1002.

<sup>18</sup> The notes were dated April 5, and April 22, but were exchanged on April 6 and April 23; *ante*, p. 537, and *post*, p. 545.

<sup>19</sup> June 17, 1930; 46 Stat. 704.

involved in Spanish discrimination. Since we have the promise of the Spanish Government to act upon subsequent articles upon our request should special preferences be given other countries in the future, this would seem to afford ample protection to our interests. For your own confidential information I may say that we feel that the Spaniards might desire to use locally such an extended list of American products as evidence that we were trying to drive an unequal bargain. If, however, the Spanish insist on this point, please let me know.

CASTLE

---

611.5231/714 : Telegram

*The Chargé in Spain (Crosby) to the Acting Secretary of State*

MADRID, May 9, 1932—3 p. m.

[Received May 9—2 p. m.]

37. Your 16 [29], May 7, 2 p. m. Have seen Calderon who informs me that submission of list as outlined in my No. 36, May 6, 5 p. m., was prompted by desire to simplify procedure in order that we might obtain most-favored-nation treatment and avoid sending in additional lists from time to time which would involve publication in the *Gaceta de Madrid*; he said he also feared that this method might lead to protests in behalf of other nations with whom Spain is now and will in the future be negotiating commercial agreements. Asked if his Government would insist on a list such as proposed in my number 36, May 6, 5 p. m. he replied in the negative but intimated that any other procedure would delay matters and might strike a snag in the Ministry of Agriculture. I have no reason to doubt this Government's *bona fides* as well as anxiety to settle this question to your satisfaction and therefore strongly urge that proposal outlined in my No. 36 be accepted unless you are definitely against it for reasons unknown to me.

CROSBY

---

611.5231/719

*The Chargé in Spain (Crosby) to the Acting Secretary of State*

No. 695

MADRID, May 10, 1932.

[Received May 20.]

SIR: I have the honor to transmit herewith for the Department's records the copy of my Note No. 405 of April 22, 1932, relative to the granting of most favored nation treatment to American products,

as well as the copy of the list of articles for which we desire such treatment,<sup>20</sup> which I handed to the Undersecretary of State on April 23rd pursuant to your telegraphic instruction No. 27 of April 21, 2 p. m., 1932. I also enclose the copy and translation of the Minister's reply, dated May 5, 1932, the receipt of which was reported in my telegram No. 36 of May 6, 5 p. m.

Respectfully yours,

SHELDON LEAVITT CROSBY

[Enclosure 1]

*The American Chargé (Crosby) to the Spanish Minister  
of State (Zulueta)*

No. 405

MADRID, April 22, 1932.

**EXCELLENCY:** Under instructions from my Government, I have the honor to acknowledge the receipt of your courteous communication of April 6, 1932, delivered to Ambassador Laughlin. The American Government has given careful and sympathetic study to this communication and, while the proposal outlined therein presents certain difficulties from the point of view of American tariff policy my Government is naturally most anxious to terminate the present uncertainty that has been so damaging to the commercial interests of both countries, and has therefore authorized me to inform Your Excellency of its acceptance of the arrangement.

It is accordingly the understanding of the American Government that with respect to tariff treatment the Government of the Spanish Republic will henceforth and for such time as the American Government extends most favored nation treatment to Spanish products grant to all American products that may be specified by list submitted by the American Government to the Government of the Spanish Republic, the most favored nation treatment and the maximum benefits accorded by Spain to the similar products of other countries. The Government of the Spanish Republic also agrees to extend the same treatment and benefits to additional American products whenever notification in this sense shall subsequently be made to Spain by the American Government through the submission of further lists.

Accept [etc.]

SHELDON LEAVITT CROSBY

<sup>20</sup> List not printed; it contains classification with respect to the following products: photographic and moving picture films; velocipedes, motorcycles, automobiles and parts; tires and tubes; silk yarns; hams; sulphur; citric acid.

[Enclosure 2—Translation]

*The Spanish Minister of State (Zulueta) to the  
American Chargé (Crosby)*

C) E.U.3

MADRID, May 5, 1932.

MY DEAR SIR: In reply to your kind Note No. 405 of April 22nd last, transmitting to me a list of articles for which your Government requested the application of most-favored-nation treatment, I have the honor to point out to your illustrious attention that the Government of the Republic considers small the number of the titles included in the above mentioned list, since according to the Spanish Customs statistics, American imports into Spain include 800 titles of the Tariff. Although, as has been agreed, the Government of the United States may request at any time the inclusion in the list referred to of other titles which are of equal interest to it, it would appear convenient, and even to the advantage of North American imports, and in order to avoid continual and repeated representations, that the list to be established contain from its inception at least those articles which are of the greatest interest to the commerce of the United States in Spain.

At the same time, and although the Government of the Republic does not consider it necessary to determine the minimum customs duty actually in force under each title as the concession of most favored treatment implies the minimum tariff which may at any time be in force for the corresponding title, I should inform you that the list which you transmitted to me with the Note under acknowledgment contained some errors, and I therefore have the honor to enclose observations relative to the errors to which I refer.<sup>21</sup>

For the reasons set forth above permit me to suggest that you bring to the attention of your Government the feasibility of amplifying at this time the list in question thus avoiding, as I have previously stated, repeated and perhaps frequent inclusions therein.

I avail myself [etc.]

(By direction)  
J. GOMEZ OGERIN

611.5231/720 : Telegram

*The Chargé in Spain (Crosby) to the Secretary of State*

MADRID, May 20, 1932—5 p. m.

[Received May 20—4:57 p. m.]

39. Reference my No. 37, May 9, 3 p. m.; at his request I called on the Undersecretary of State this morning who, while explaining

<sup>21</sup> Enclosure not printed.

the difficult situation in which his Government would find itself by granting us most-favored-nation treatment and receiving no specific concessions for Spanish products in return, handed me an informal memorandum of which the following is a translation:

"The pressure exercised by the 400 winegrowers of Almeria who have been in Madrid, the publicity given to their efforts, the justice of their demands and the grave crisis which they are going through make it difficult for the Government of the Republic to concede most-favored-nation treatment to the products in the list which the Government of the United States will present while, in exchange for this important concession on our part, so beneficial for North America, the admission of the Almeria grape into that country (even under the phytopathological regimen similar to that applied to Florida and Argentina) and the concessions for cork, are not granted."

From the outset the Ministry of State has evinced its good faith and desire to settle the matter to our satisfaction. It seems to have encountered, however, difficulties in the carrying out of this policy particularly on the part of the Ministry of Agriculture which from the beginning appears to have been averse to granting us most-favored-nation treatment with no definite concessions in return and it was for this reason that Calderon urged the speedy submission by us of a list as outlined in my No. 36, May 6, 5 p. m. The changed attitude on the part of the Ministry of State is undoubtedly the result of the very recent protest of the Almeria winegrowers mentioned in the memorandum handed me by the Undersecretary of State and possibly that of other interested elements which has strengthened the Ministry of Agriculture's objections. The Ministry of State also expresses apprehension that the matter of Spain's trade grievances against us may, as a result of action on the part of the interests concerned, be aired in the Cortes which would place it in particular and the Government in general in the political untenable position of having granted us an important concession with nothing in return.

CROSBY

---

611.5231/726

*Memorandum by the Under Secretary of State (Castle)*

[WASHINGTON,] May 21, 1932.

The Spanish Ambassador came to see me about the question of the Spanish tariff. He brought with him a telegram from his Government saying that it would be impossible, with the feeling in Spain

on account of the non-admission of Almerian grapes, to grant general most-favored-nation treatment unless we would reverse our action on the grapes. I pointed out to him that this was an entirely new issue, went over with him as patiently as possible the note from the Spanish Government agreeing to grant the best terms on such a list as we might submit of exports to Spain and on such supplementary lists as we might furnish from time to time to the Spanish Government. The Ambassador, of course, brought up the matter of the translation of his note, saying that Spain had not promised anything but had merely offered to consider. I told him that any reasonable man would realize that the Spanish note did not say this, but had merely put in diplomatic language its agreement, that Ambassador Laughlin had considered the matter finished, that we had considered the matter finished and that we had accepted, with some difficulty, the Spanish terms, only to find that Spain went back on its own suggestion. The Ambassador said it was obvious that the notes meant that Spain could do this only on condition that it got some relief in American administrative regulations. I pointed out to him that, on the contrary, the agreement was absolutely definite that the two matters should be separated, that the Spanish Government had merely stated it hoped that, after it had granted most favorable treatment to the list submitted by us, we should be able to consider in a very sympathetic way the Spanish grievances and make some readjustments. I said that with difficulty we had done this with regard to the marking of corks, that it was nonsense for him to say that we must also lower the duty on corks as he knew very well that we had no control over the Tariff Commission, that so far as the grapes were concerned this was, as I had said before, a new issue in that Spain had not at first made that any more important than any other issue. I said that, rather than to let grapes into this country which were infested with the Mediterranean fly, I should prefer not to have any trade with Spain.

The Ambassador asked me whether his experts could have another talk with the Department of Agriculture experts on the subject and I promised to speak to Mr. Boal immediately to have such a meeting arranged. I said I had no doubt the Department of Agriculture would be as friendly as possible in the matter, but I knew also that the Department would not compromise if compromise endangered the American position.

I told the Ambassador I was greatly disappointed over the whole situation because the Spanish Government had obviously changed its mind in the matter of the negotiations and that, unless we could accept the word of the Government, it was difficult to get anywhere,

that the only result might possibly be the imposition of higher duties in this country on Spanish imports. The Ambassador said that it must not come to this and I answered that it was up to Spain whether it did or not.

The Ambassador said that he and I had always been friends and that he was afraid I was angry with him personally. I told him that this was complete nonsense, that I had always been a friend of his and always intended to be, that I was not complaining about what he had done since everything he had done was obviously under instructions, but that I was complaining about the whole attitude of the Spanish Government.

W. R. CASTLE, JR.

---

811.612 Grapes-Spain/172: Telegram

*The Secretary of State to the Chargé in Spain (Crosby)*

WASHINGTON, May 25, 1932—6 p. m.

35. Your telegram 39, May 20, 5 p. m. Should the Foreign Office make any further effort to re-open the grape case, you should state that you are without authority to discuss it and should absolutely decline to do so. That is an administrative matter and not a question of tariff; moreover, information respecting the American position on the embargo is not available in Madrid. Please likewise endeavor to avoid receiving any more communications on the subject, explaining that inasmuch as the reply would have to be made in Washington, it would be more expeditious to have the Spanish Embassy there make the communication direct to the Department.

For your confidential information only: Since the receipt of your telegram the Spanish Ambassador has urgently requested that representatives of his Embassy be given another hearing on grapes with the appropriate officials of the Department of Agriculture. Although we are aware of no developments which would justify a reconsideration of the present position, we are nevertheless arranging for a further meeting.<sup>22</sup>

STIMSON

---

<sup>22</sup> See *infra*.



811.612 Grapes-Spain/175

*Memorandum by Mr. Ellis O. Briggs of the Division of Western European Affairs*

WASHINGTON, June 2, 1932.

SPANISH TRADE COMPLAINTS—EMBARGO ON ALMERIA GRAPES

Although this subject was discussed at considerable length at the time of the general trade complaint hearings in March 1932, at the urgent request of the Spanish Embassy a further meeting was held today. The following attended: Department of Agriculture, Mr. Sasser; Department of State, Dr. Wallace and Mr. Briggs; Spanish Embassy, Señor Irujo, Counselor, and Señor Echegaray, Agricultural Attaché.

The Spaniards stated that they desired to make the following proposal, based on the claim that there exist in the Province of Almeria certain areas which are entirely free from the Mediterranean fruit fly, that such areas could be segregated, and that only grapes from these areas would be shipped to the United States.

The United States should accept for shipment via New York grapes from such free areas for consumption "north of the Mason-Dixon Line", and under restriction (to be established by the Department of Agriculture) that they should not be shipped south of this Line.

In discussing this request the Agricultural Attaché offered on the part of Spain to put into effect in the grape growing region a system similar to that used in Florida several years ago during the campaign to eradicate the fruit fly, whereby, whenever a fruit fly was discovered, all fruit within a radius of one mile should be ruled out for commercial purposes, with a further quarantined radius of several miles outside the first one to insure proper protection. (See attached diagram<sup>23</sup>). Only grapes from free areas (that is, areas lying outside of the radii above mentioned) would be eligible for shipment, under strict inspection, to the United States. In other words the Spaniards would assert that only clean grapes would be packed for American trade. It was further stated that the grapes would be packed in the growing area in tight containers, so that there would be no danger of infestation of the clean packed grapes while in transit or during shipment. (In this connection Mr. Sasser said that he believed that there was in fact very small danger that picked, packed grapes could be infected during such transit.)

<sup>23</sup> Not printed.

The Agricultural Attaché pointed out that Spanish grapes used to be received in the United States only between December 1 and January 15,—that is, at a time when the Mediterranean fruit fly could not propagate in our northern states because of the cold. He added that about ninety per cent of Spanish grapes were in the past consumed in the area north of the Mason-Dixon Line between Boston, New York and Chicago. He alleged therefore that there would be no danger of the transportation of Spanish grapes to any point in the United States sufficiently far south so that, even assuming that such grapes were infected, the flies therein could propagate.

In connection with this last statement Mr. Sasscer said that the whole purpose of fruit inspection was to release into general domestic American commerce only uninfected fruit and that it would not be in any way practicable to release Spanish grapes under a restriction that they should not be moved beyond a certain point. He added that quite naturally the Department of Agriculture was not looking for opportunities to establish new restrictions and quarantines, but endeavoring to keep out any and all fruit which might be contaminated.

In connection with their foregoing request, the Spaniards also suggested that the Department of Agriculture specify any particular type of packing which it desired, either from the point of view of safety from infection during transit in Spain and embarkation therefrom, or facility in inspection after arrival at New York.

There was some conversation at this point on the subject of whether or not there are varieties of table grapes in Almeria which are not subject to infestation by the fruit fly. The Agricultural Attaché offered for examination a sheet covered with pictures of grapes accompanied by their respective scientific names. Mr. Sasscer appeared to doubt whether it had been scientifically demonstrated that any particular variety of grape was immune to the fruit fly, but he took down the various names and said he would endeavor to look the matter up in cooperation with other officials of the Department of Agriculture.

The question of sterilization was then discussed, with Mr. Sasscer subsequently outlining the American experiments at present being conducted through various chilling methods. The Spaniards made the point that their investigations indicated that for packed grapes (in boxes or small barrels) fourteen days at 28 degrees Fahrenheit would absolutely destroy any living fruit flies, eggs, et cetera. The Agricultural Attaché suggested that Spanish grapes (even though, in Spain's view, uninfected) be placed in cold storage under Department of Agriculture's supervision upon arrival at New York and prior to being released to commerce. He added that he understood

that domestic oranges from Texas were so treated upon arrival at New York. Mr. Sasscer said that he was not particularly familiar with domestic quarantines but that he did not believe that any foreign quarantines during a cold storage period had yet been adopted.

The Spanish representatives then brought up their old contention that the United States discriminates against Spain for the reason that we embargo Spanish grapes because of the existence of the fruit fly in Spain, whereas we permit the entry of Argentine grapes from non-infested areas in Argentina although the fruit fly exists in other Argentine areas. Mr. Sasscer produced his regulations and the various supplements thereto and made a very earnest effort to persuade the Spaniards that they were wrong when they claimed that by permitting the entry of Argentine grapes we broke our own regulations. The argument became rather heated and I must say that I was unable clearly to follow Mr. Sasscer's reasoning even though I was considerably more familiar with the intricacies of the English language than were either of the Spaniards present. Furthermore, whether the Department of Agriculture is "technically correct" or not in claiming that the entry of Argentine grapes is not in conformity with, instead of achieved through a warping of, our regulations, these seem to me to be so obscurely expressed and so filled with references, cross-references, and subreferences, that it is a wonderful and astonishing thing that any country can successfully surmount them and export its fruit to the United States.

In this connection I have been endeavoring for the last three months to induce the officials of the Plant Quarantine Administration to believe that it would be desirable to make such modifications in their regulations as would cover and refute the claim of "technical discrimination" which the Spaniards have so vigorously expounded. I have not altogether given it up yet, although since some legal expert of the Department of Agriculture has given the disputed point in the fruit quarantine regulations his official blessing, the difficulties inherent in coaxing the Department of Agriculture to publish regulations understandable by the American layman or the foreigner with perhaps a nontechnical knowledge of the English language, would seem to have been multiplied.

At the conclusion of the meeting I made an effort to mollify the two representatives of the Spanish Embassy by saying that I hoped and assumed that they realized that, irrespective of the merits of the regulations as documents, in admitting certain Argentine grapes we did so not because we desired to show any favoritism to Argentina, but because our experience to date indicated that these could

be imported with safety, and that similarly, in refusing to permit the importation of Spanish grapes, our only objective was the proper protection of the United States from infestation.

---

811.612 Grapes-Spain/178

*Memorandum by the Under Secretary of State (Castle)*

[WASHINGTON,] June 18, 1932.

The Spanish Ambassador came, at my request, and I handed him the note about Spanish grapes.<sup>24</sup> I told him that we should be glad to know, as soon as convenient, whether the Spanish Government would like to have an investigator from the Department of Agriculture go over to examine the situation as to infestation of the grapes in Spain. I said that such investigator would not go until September as it was necessary to be there during the harvest, but that we should be glad to be told as soon as possible whether he was wanted.

I also told the Ambassador that, in making the definite statement that, if a process of refrigeration or any other process were found which would so clearly prevent infestation that American fruits from Hawaii could be brought into this country, the same process under the same conditions would be extended to Spanish fruits, the Department of Agriculture had gone a long way. I told the Ambassador that I did not see how it would be possible for any Department of the Government to offer to a foreign country more advantageous terms than were given to a part of the United States itself. The Ambassador said that he saw this and that he felt this stand ought to have a very good effect with the Spanish Government.

W. R. CASTLE, JR.

---

611.5231/727 : Telegram

*The Chargé in Spain (Wiley) to the Secretary of State*

MADRID, June 27, 1932—noon.

[Received 4:20 p. m.]

57. Referring to the Embassy's telegram No. 36, May 6, 5 p. m., a group of local representatives of American tire companies have called on the Commercial Attaché. They informed him that the Ministry of State has told them that the only question which was holding up the granting of most-favored-nation treatment by Spain

---

\* Dated June 17; not printed.

to American products was the nonreceipt of a reply to the Spanish note of May 5 requesting an amplification of the list transmitted with the Embassy's note of April 23.

WILEY

---

611.5231/727 : Telegram

*The Secretary of State to the Chargé in Spain (Wiley)*

WASHINGTON, June 28, 1932—5 p. m.

46. Your 57, June 27, noon. Unless you perceive positive objection, please obtain an interview with the Minister of State and tell him about the information which has reached you regarding his statement mentioned in your telegram. If the Minister appears to have been correctly quoted, ask him categorically whether the only question holding up the granting of most-favored-nation treatment by Spain to American products is the non-receipt of the list requested in the Spanish note of May 5. Inform the Department by telegraph of the results of the conversation.

STIMSON

---

611.5231/728 : Telegram

*The Chargé in Spain (Wiley) to the Secretary of State*

MADRID, June 30, 1932—noon.

[Received 8:32 p. m.]

58. Your 46, June 28, 5 p. m. I saw Calderon last night; he denied knowledge of alleged statement which he will investigate but asserted categorically that nonreceipt of amplified list did not constitute any obstacle. He insisted on holding forth on trade complaints and declared that there had been no progress at all in Washington for which reason the Ministry of Agriculture had vetoed list submitted on April 23. Calderon made it entirely clear that while Spanish Government had agreed that negotiations might be separate it did not regard them as divorced. He referred with marked absence of enthusiasm to recent American proposal to send experts to examine a certain grape area which would involve considerable delay. As for cork markings Calderon volunteered the information that the question was of no particular interest as the necessary machinery had been installed at considerable expense. Continuing he employed all the arguments with which the Department is familiar. I replied appropriately impressing upon him that I had come with a specific inquiry and could not discuss the Spanish trade complaints which

were being exclusively dealt with in Washington. He then proposed acquainting me privately with the status of these complaints. I declined.

The inference I drew from Calderon's remarks was that the Ministry of Agriculture and the grape interests dominate the situation and that there is now small hope of any progress on present basis.

If the Department is not disposed at this juncture to adopt more energetic measures would it not be well to explore the possibilities of Calderon's suggestion (*vide* mail instruction 285 of May 14<sup>25</sup>) for a provisional agreement? If without sacrifice of principles we could obtain some sort of satisfactory *modus vivendi*, the chances are that it could be prolonged perhaps indefinitely. Then in the course of time various questions at issue might be conveniently disposed of or might even solve themselves.

WILEY

---

611.5231/720

*The Secretary of State to the Ambassador in Spain (Laughlin)*

No. 328

WASHINGTON, August 10, 1932.

SIR: With reference to the Department's instruction No. 277 of April 29, 1932,<sup>25</sup> concerning the item of the Spanish trade complaints which involved materials used in stringing or braiding Spanish garlic, I now enclose a copy of the Department's note of this date to the Spanish Ambassador<sup>25</sup> informing him that this case appears to have been satisfactorily adjusted.

A summary of the situation with respect to the entire series of Spanish trade complaints follows; (see Department's telegram No. 29, May 7, 2 p. m.).

Group 1. Eight complaints regarding administrative regulations and requirements. Four (mineral water, pimientos, tinned fish and braiding on garlic) adjusted. Further information requested and not yet received regarding pharmaceutical products. No reply received from the Spanish Government regarding our answer to their request concerning Canary Island potatoes. A note was sent to the Spanish Ambassador in Washington concerning Almeria grapes last June (copy to the Embassy at Madrid on June 21 [22], 1932.<sup>25</sup> This note has been acknowledged by the Spanish Ambassador, but

---

<sup>25</sup> Not printed.

the Department has not been informed as to whether the Spanish Government desires that a further inspection and investigation be made in Almeria during the coming autumn by an entomologist of the American Department of Agriculture. A confidential reference to the position of the American Government regarding the cork marking requirement appears in paragraph four of the Department's telegram No. 29 referred to above.

Group 2. Alleged simulation of Spanish labels and names. The Department hopes to be able to reply in the near future to the Spanish Ambassador regarding certain labels to which the Embassy objected.

Group 3. Tariff questions. Six complaints against the height of the American tariff. In so far as the Department is aware, no effort has been made by the Spanish Embassy since the joint discussions last March to initiate action before the Tariff Commission for the purpose of seeking reductions.

Very truly yours,

For the Secretary of State:  
JAMES GRAFTON ROGERS

---

611.5231/742 : Telegram

*The Acting Secretary of State to the Ambassador in Spain  
(Laughlin)*

WASHINGTON, October 10, 1932—5 p. m.

92. We are seriously considering the application of Section 338.<sup>29</sup> Before reaching a final decision we would like to receive your opinion as to the probable result of such action, particularly as regards possible retaliation by Spain, the effect on our trade and on other American interests in Spain. Please discuss confidentially with the Commercial Attaché and cable your reply as soon as possible.

CASTLE

---

<sup>29</sup> i.e., of the Tariff Act of June 17, 1930; 46 Stat. 704.

611.5231/743 : Telegram

*The Ambassador in Spain (Laughlin) to the Secretary of State*

MADRID, October 15, 1932—2 p. m.

[Received 8:42 p. m.]

81. Your telegram No. 93, October 14, 4 p. m.<sup>30</sup> In the event of invoking section 338 the Spanish Government would probably retaliate by applying column 1 which would exclude the major part of American products save cotton.

American products manufactured abroad would probably continue to enter Spain in much the same volume as at present. The animus raised by trade reprisals would not help American enterprises in Spain, in particular the telephone company which is already in a vulnerable position.

The foregoing observations are of necessity conjectural. More tangible factors of the present situation are: repeated prognostications of Mr. Roosevelt's election have appeared in the Spanish press and much publicity has been given to his recent interview to *Le Matin* on tariff policy with the apparent result of giving the Spanish Government the idea that whatever we may do now they might get better terms later. This, together with the possibility of modification of American prohibition laws, has somewhat increased Spanish interest in the American market.

The position of the officials within the Spanish Government has become deplorably weak. It has been confirmed to the Embassy that the Foreign Office has not dared take any energetic initiative in order to carry out proposals contained in their note of April 5th.

Calderon therefore suggests that Wiley meet Doussinague of the Department of Commerce. Latter is the key official for our negotiations and has hitherto been the stumbling block. It might be well for them to meet before final decision regarding section 338.

Foreign Office, already under fire, will be attacked either if *de facto* most-favored-nation treatment is granted us or if section 338 is invoked. In latter event, notwithstanding Calderon's assurances in telegram 37 of May 9th and 58 of June 30, Foreign Office in self-defense will attempt to put blame on us for not having complied with request for amplified list (*vide* telegram 36 of May 6th). If I now repeat Wiley's step, reported in telegram 58, Minister for Foreign Affairs may attempt to formulate an evasive reply.

Almeria has apparently convinced Government that a certain area has been entirely freed of the Mediterranean fly. Calderon privately

<sup>30</sup> Not printed.



states that chief obstacle to composing differences between the two countries is lack of confidence in Spain of good faith of application of American sanitary regulations.

Consul General Dawson has discreetly sounded Glidewell, president of the American Chamber of Commerce for Spain. Latter's unqualified opinion is that if section 338 is applied it would be extremely unfortunate and ill-advised. Commercial Attaché also believes it inopportune. Glidewell promises for end of this week a comprehensive report on Spanish-American trade relations for the confidential information of the Embassy. Anything of interest will be telegraphed.

An important résumé of exhaustive discussion with Calderon goes in next pouch.<sup>31</sup>

LAUGHLIN

---

611.523/743 : Telegram

*The Secretary of State to the Ambassador in Spain (Laughlin)*

WASHINGTON, October 21, 1932—1 p. m.

96. Your telegram 81, October 15, 2 p. m. We are pleased to authorize the suggested discussion between Wiley and Doussinague, provided you feel that such an interview might be productive. In this case, I think the following points should be borne in mind:

(1) We have been both patient and considerate with the Spanish "trade complaints", a number that Spain now characterizes as "minor" having been adjusted, and others (such as against the application of sanitary restrictions regarding mineral waters, canned sweet peppers and canned fish) clearly having been proved groundless as a result of the discussions last March.

(2) Our position respecting certain others (such as grapes, and height of the tariff) has been explained at length and in detail. There is no immediate prospect of modifying our attitude toward Spanish grapes beyond the limits described in our note dated June 17 to Ambassador Cárdenas,<sup>32</sup> and Spain is fully informed on procedure in connection with the flexible provisions of our tariff.

(3) Therefore, even assuming that we were in a position to bargain, the present elements of the situation do not appear susceptible of adaptation to that purpose.

(4) On the other hand, Spain has consistently discriminated against us to the serious injury of our commerce for nearly a year,

<sup>31</sup> Not printed.

<sup>32</sup> Not printed; see memorandum by the Under Secretary of State, June 18, p. 553.

and has refused to abide by her own commitment of April 5, confirmed and accepted by us through Crosby's note of April 23.

(5) The situation here does not permit of further extended negotiation and in fact has reached a point where prompt decision as to our course of action must be made. We urge, therefore, that you endeavor to secure unequivocal statement as to whether Spanish Government proposes to carry through commitment of April 5. Please report by telegram as soon as possible.

STIMSON

---

611.5231/747: Telegram

*The Ambassador in Spain (Laughlin) to the Secretary of State*

MADRID, November 3, 1932—3 p. m.

[Received 7:30 p. m.]

85. Pursuant to your number 96, October 21, 1 p. m., Wiley has had protracted private interview with Doussinague and Calderon in which he went over all the points enumerated therein. The conversation revealed a new departure in the Spanish viewpoint: emphasis on cork tariff instead of on Almeria grapes quarantine.

Doussinague declared that without tariff concessions from the United States the Ministry of Agriculture and Commerce would not agree to the extension of any further facilities to American trade as the present volume of Spanish exports to the United States did not justify any step which would increase American exports to Spain. If, however, the Federal Tariff Commission acted favorably to have "convincing" case formulated by Spain for reducing the duty on cork it would be possible to meet American "pretensions". He qualified this with the statement that he was speaking only in the name of his own Ministry not in that of the Spanish Government.

Doussinague further explained that the cork interests were more influential than the grape growers, better organized politically and controlled a strong minority in the Cortes.

Wiley gained the impression that the difference of opinion between the two Ministries to which I have repeatedly referred and which both Doussinague and Calderon emphasized in their remarks is largely a tactical maneuver in order to extract every possible advantage from the United States; that having progressed in respect of the grape question they are now bearing down on that of cork, there would therefore, as things now stand, be no assurance in the event of meeting Spanish wishes in respect of cork duties that some other obstacle such for example as the tariff on olive oil would not immediately arise.

As it seems in fact clear that Spanish policy is to drag out the negotiations interminably in order to win as much ground as possible before eventually approaching the question of giving us *de facto* most-favored-nation treatment, do you still wish me to press Zulueta for the unequivocal statement called for in your paragraph 5?

LAUGHLIN

---

**REPRESENTATIONS AGAINST BILLS INTRODUCED IN THE SPANISH CORTES TO ANNUL THE CONTRACT OF THE INTERNATIONAL TELEPHONE AND TELEGRAPH COMPANY<sup>33</sup>**

852.75 National Telephone Company/2 a : Telegram

*The Secretary of State to the Chargé in Spain (Crosby)*

WASHINGTON, December 10, 1931—6 p. m.

68. The International Telephone and Telegraph Company informs me that a bill has been introduced into the Cortes declaring the contract with the National Telephone Company illegal and confiscating eventually the equipment, and the Department does not yet know the other provisions. You should immediately inform the Spanish Government that the United States is interested in the rights of the American Company which controls the Spanish Company and should keep the Department closely informed as to what happens.

STIMSON

---

852.75 National Telephone Company/3 : Telegram

*The Secretary of State to the Chargé in Spain (Crosby)*

WASHINGTON, December 12, 1931—1 p. m.

70. Your telegram No. 106, December 11, noon.<sup>34</sup> I understand that the Cortes meets again on December 15 and that if the telephone company expropriation bill should reach a vote, there is considerable likelihood of its being passed. However, apparently unless the new Cabinet reintroduces the bill, the Cortes cannot act on it. I therefore desire you to obtain an interview with the Minister of State and/or the President as soon as possible and in any event not later than Monday, at which time you should inquire what the intentions of the Government are in the premises and make representations in the most vigorous possible terms, urging that the Cabinet not permit the reintroduction of this confiscatory proposal.

---

<sup>33</sup> For previous correspondence regarding American telephone interests in Spain, see *Foreign Relations*, 1924, vol. II, pp. 692 ff.

<sup>34</sup> Not printed.

Not only is it the conviction of the American Government that it would be manifestly unfair to present a bill of this kind without giving the officers of the company, both Spanish and American, an opportunity to be heard, but you should make clear that should the telephone company contract be abrogated in this manner, the American public would immediately assume that all investments in Spain were exceedingly unsafe and that the Spanish Government was prepared to deny any contractual rights acquired in good faith during the Monarchy. It would be a matter of regret to this Government should the hasty action of the Spanish Government affecting these large American interests render it necessary for this Government to support in behalf of those interests a pecuniary claim for damages.

It has been reported to me that neither the German controlled Trans-radio, nor the French, British or Italian cables, all of whose contracts were approved by the de Rivera administration, have been attacked. If the facts are as stated, you are authorized to mention these matters also, stating that should the telephone company expropriation bill be enacted, this discrimination against American property could not fail greatly to prejudice public opinion here.

Please continue to cooperate with Proctor and keep the Department closely informed.

STIMSON

---

852.75 National Telephone Company/7

*Memorandum by the Under Secretary of State (Castle)*

[WASHINGTON,] December 14, 1931.

The Spanish Chargé d'Affaires, whom I was unable to get on Saturday, came in to see me this morning and I read him the translation of the bill which has been introduced doing away with the telephone company. I pointed out to him that this was one of the most high handed performances I have ever known a government to take and told him that we could not stand passively at one side while American interests were being played with in this way. I pointed out that, when one government succeeds another government, it endorses the legal acts of the preceding government, that there was nothing in the telephone contract which was illegal at the time it was made and that, for the government now to declare it illegal and to declare those responsible for the contract also responsible for indemnification was fantastic. . . .

The Chargé said it was the opinion of his Government that any contracts made during the time of Primo de Rivera were illegal.

I said that neither we nor the rest of the world could admit that and that I thought he ought to warn his Government of two things, that if this expropriation were put through in a way which injured the American company, we should not only protest, but should have a perfect right to demand indemnity and second, that if this went through it would be certainly a staggering blow to Spanish credit in this country.

W[ILLIAM] R. C[ASTLE], JR.

---

852.75 National Telephone Company/6 : Telegram

*The Chargé in Spain (Crosby) to the Secretary of State*

MADRID, December 14, 1931—noon.

[Received December 14—11:10 a. m.]

108. I was received by the President this morning at 11 o'clock by appointment and presented the telephone company case to him precisely as outlined in the Department's telegraphic instruction No. 70. He remarked that he understood representations had already been made and I replied in the affirmative. He said that there was no government at the present time but as soon as one was formed he would bring the case immediately to their attention. In reply to my further enquiries he said that the Parliament would have to examine the manner in which the contract to the telephone company had been granted and if any illegalities were found the law would have to take its course. I pointed out to him the cases cited by the Department of the German-controlled Trans-Radio and the Italian cable concessions and he remarked that the case of the telephone contract would be judged without prejudice. He said that the Cortes would give its opinion but that the Government would be consulted before final action was taken. I called his attention to the large amount of American and Spanish money invested in the telephone enterprise and the serious interest which my Government took in the protection of the American company. On taking leave he again assured me that he would present the matter to the Government as soon as it was formed.

Further developments will be immediately reported to the Department.

CROSBY

852.75 National Telephone Co./11

*The Secretary of State to the Ambassador in Spain (Laughlin)*

No. 226

WASHINGTON, December 23, 1931.

Sir: With reference to the situation respecting the so-called National Telephone Company expropriation bill, I am pleased to enclose herewith a copy of a letter of December 18, 1931,<sup>36</sup> which has been received from Mr. Sosthenes Behn, Chairman of the Board of the International Telephone and Telegraph Corporation, in which he expresses the appreciation of his company for the assistance rendered by the Department and by the Embassy. I am also transmitting a copy of the Department's acknowledgement to Mr. Behn.<sup>36</sup>

Although your telegram No. 114 of December 21, 11 a. m.,<sup>36</sup> would indicate that the proposed measure has not yet been definitely withdrawn, the Department is in hopes that the measure may in fact be abandoned and that the necessity for further representations on your part may not arise.

Very truly yours,

For the Secretary of State:  
W. R. CASTLE, JR.

852.75 National Telephone Company/35 : Telegram

*The Ambassador in Spain (Laughlin) to the Secretary of State*

MADRID, November 18, 1932—3 p. m.

[Received 3:10 p. m.]

86. Bill of December 10, 1931 for annulation of telephone contract has been resuscitated. Company has been cited to appear before Communications Committee of Cortes this afternoon to show cause why "illegal" contract should not be abrogated. Interpellations directed against company are likewise expected. Azaña does not appear to be antagonistic but he has made it clear to Rock that position of Government is too delicate to enable him at present to afford much parliamentary protection. The outlook for the company is serious.

LAUGHLIN

852.75 National Telephone Company/36 : Telegram

*The Secretary of State to the Ambassador in Spain (Laughlin)*

WASHINGTON, November 19, 1932—1 p. m.

99. Your telegram 86, November 18, 3 p. m. In order that there may be no possible misapprehension as to our position in opposition

<sup>36</sup> Not printed.

to this confiscatory bill, I believe you should obtain an interview with Azaña at the earliest possible moment. You are entirely familiar with our views and I believe that you should concentrate upon convincing the Premier of the seriousness with which we regard this matter and upon obtaining from him an assurance that he will oppose the measure.

We would have no objection, of course, to modification of the contract, but it should be made perfectly plain that we do not propose tacitly to assent to unilateral action against the company which, if taken, you may intimate would probably result in the presentation in support of these American interests of a claim for damages.

I understand from the Embassy's report that you feel the reintroduction of the bill may in some measure represent an effort on the part of elements of the opposition to embarrass the present Government. I do not believe, however, that the local political situation in Spain should be permitted to modify the vigorousness of your representations.

Please keep the Department closely informed by telegraph.

STIMSON

852.75 National Telephone Company/39 : Telegram

*The Secretary of State to the Ambassador in Spain (Laughlin)*

WASHINGTON, November 21, 1932—4 p. m.

100. Department's telegram No. 99, November 19, 1 p. m. Frank Page, Vice President of the International Telephone and Telegraph Company, called this morning and in connection with the above instruction he stated that of course the company would have no objections to investigations on the part of the Spanish Government. He felt that it would be desirable for you to have this comment in connection with any representations which you may make to Spanish officials regarding the present situation.

STIMSON

852.75 National Telephone Company/37 : Telegram

*The Ambassador in Spain (Laughlin) to the Secretary of State*

MADRID, November 22, 1932—10 a. m.

[Received November 22—9:55 a. m.]

87. Your 99, November 19, 1 p. m. On Saturday 19th not waiting for instructions I wrote a "private" letter to Azaña expressing concern at the action in the Cortes against the telephone company,

reminding him of the declarations made by the Republican regime at its beginning regarding the respecting of previous engagements and of the American interests that will be affected by adverse action.

The same evening I spoke to the President of the Republic at dinner in the same strain and after consultation with Rock yesterday I visited Azaña in the evening and communicated the full sense of your telegram in detail exactly and forcibly but in spite of my representations I cannot regard his attitude as in any degree satisfactory. I am afraid the telephone company is facing a nullification of their contract as prejudicial to the interests of the Spanish State.

Azaña affirmed that there was no question of "confiscation" and that no confiscatory action would be taken but he spoke flatly of "nullification" of the contract in order to remake it in a form more favorable to the State. He claims that the existing contract is detrimental to Spanish interests and made a furtive allusion to illegitimacy of birth.

When I pressed him to say that he would oppose the pending bill he would say no more than that while he would be mindful of all the interests involved he would act in compatibility with the interests of the State.

LAUGHLIN

---

852.75 National Telephone Company/38 : Telegram

*The Ambassador in Spain (Laughlin) to the Secretary of State*

MADRID, November 22, 1932—1 p. m.  
[Received November 22—11:25 a. m.]

88. Your 99, and my 87. Though I communicated your representations completely and in the most serious manner and actually left with Azaña the memorandum I had made to assist me in exactitude at the interview, it occurs to me to ask if you wish me to emphasize your position still further by a formal note to the Foreign Office.

LAUGHLIN

---

852.75 National Telephone Company/43 : Telegram

*The Secretary of State to the Ambassador in Spain (Laughlin)*

WASHINGTON, November 22, 1932—6 p. m.

101. Your telegrams Nos. 87 and 88. The Spanish Ambassador called on request this afternoon and was fully informed as to our views regarding the proposed measure, in the strongest possible



terms. He will doubtless communicate by telegraph with the Foreign Office.

I have been unable to date to discuss the situation further with Frank Page. However, unless Rock should oppose this action, I think that without delay you should present a formal protest to the Spanish Government, seeking if necessary a further interview with Azaña in order to give him a copy. You should indicate in the written communication that you are acting under specific instructions from your Government. Please cable full text to the Department.

STIMSON

---

852.75 National Telephone Company/44 : Telegram

*The Ambassador in Spain (Laughlin) to the Secretary of State*

MADRID, November 23, 1932—5 p. m.

[Received 8:24 p. m.]

90. Your 101, November 22, 6 p. m. Have today addressed the following "urgent" note to the Minister for Foreign Affairs:

"Under explicit instructions from my Government, I have the honor to present its formal protest against any such action in grave prejudice to an American investment of the first importance as would result from the adoption of the bill now pending in the Cortes for the nullification of the contract of the National Telephone Company of Spain with the Spanish state.

Acting on previous instructions, I presented the views of my Government to the President of the Council of Ministers, who received me on Monday last, the 21st of this month, and I reminded His Excellency of the repeated assurances given by the Government of the Republic that engagements entered into with the previous regime would be respected. I informed him of the seriousness with which my Government viewed the situation created by the bill under consideration and I asked him to assure me that his Government would oppose unilateral action against the company.

My representations to Senor Azaña appear to have been unavailing, for I am informed that during parliamentary interpellations of last evening an announcement was made from the Government bench to the effect that the measure, when reported out of committee, would meet with the Government's approval.

Under date of August 5 last, in document No. 3-74998 issued by the Sub-Secretaryship of the Presidency of the Council of Ministers, the Prime Minister declared in connection with an appeal against an order of the Minister of Gobernación which authorized the establishment of telephone services other than those of the National Company, the following:

'That the order . . . violates the legal status of contractual character solemnly established between the state and the National Telephone Company and could, in case it were made effective, give rise to alternative indemnification by the company against the state, which should be avoided, because of their probable issue.'

Moreover, I venture to cite a passage from *Note verbale* No. 168, in the case of Godfrey J. Cook, a citizen of the United States, addressed by the Ministry of State to this Embassy under date of August 29th:

"The Minister of State may only assure the Ambassador of the United States [of] America that in no case will contractual obligations between the two countries be disavowed when they are legitimately invoked."

These two official statements by Your Excellency's Government can be taken in no other sense than as an application of principles formally enunciated during the early days of the Republic, and in these circumstances I am constrained to express surprise that legislation injurious to foreign interests in its interference with the contractual rights of the telephone company should receive the countenance of Your Excellency's Government in the consideration which the Cortes is now giving the matter, especially when legislation empowering the Government to revise all existing telecommunication contracts on a basis of mutual agreement had already been enacted and promulgated in the *Official Gazette* as late as the 20th of this month.

In virtue of the established facts of the case, my Government urgently seeks the prompt and energetic intervention of that of the Spanish Republic for the protection of the contractual rights which safeguard this American investment for whose defense my Government hopes it will not be obliged to consider independent measures.

I avail myself, et cetera."

(Passages in subquotation are in Spanish in true reading of note).  
I am requesting an interview with Azaña.

LAUGHLIN

---

852.75 National Telephone Company/46 : Telegram

*The Secretary of State to the Ambassador in Spain (Laughlin)*

WASHINGTON, November 24, 1932—2 p. m.

102. Your telegram No. 90, November 23, 5 p. m. Your representations approved.

As the press will probably be making inquiries very soon we are considering whether it would be helpful to give out the text of your note, together with a brief descriptive statement designed to emphasize the gravity with which we view the situation. We shall not do so however until we have received a further report commenting upon the effect of your communication on the Spanish Government and containing your recommendations as to publicity.

We anticipate discussing developments with Page tomorrow morning.

STIMSON

852.75 National Telephone Company/47 : Telegram

*The Ambassador in Spain (Laughlin) to the Secretary of State*

MADRID, November 25, 1932—4 p. m.

[Received 5:20 p. m.]

91. Your 101, November 22, 6 p. m. I handed Azaña copy of my note of protest last evening. I strengthened my previous representations by saying that the protection of the vast foreign investment of the United States lent added weight to your stand on present case.

Azaña spoke of finding a way out of the situation which could be accepted by both sides and explained his desire to reconcile the requirements of the State with the interests of the company. He made the reservation of "unforeseeable events" and suggested that the way out would have to be discovered and not marked out in advance; this illustrates how domestic political expediency dictates the course which the Government has followed so far. The Cortes has been given a free hand and is being ruled by mob psychology. Ministers of the Government have made conflicting and contradictory statements there in tones almost as hostile to the contract as those of the proponents of nullification. I can therefore report nothing as yet which would permit the hope that the Government, divided within itself, is either able or even willing to make an effective attempt to block legislative action, and if the bill comes to a vote the outlook is for adoption, perhaps vote unanimously.

By my instructions Wiley saw Ocerín, the Under Secretary of State, this morning and made very strong oral representations emphasizing the gravity of the situation. Ocerín replied that he could say nothing.

I will reply to your No. 102 of November 24 in a separate telegram.

LAUGHLIN

852.75 National Telephone Company/50 : Telegram

*The Ambassador in Spain (Laughlin) to the Secretary of State*

MADRID, November 26, 1932—noon.

[Received 12:35 p. m.]

92. Your 102, November 24, 2 p. m. My note of November 23 has made some impression but it seems so far to have caused more consternation and dissension in the Cabinet than constructive effort. The archenemy there of the telephone company seems to be Prieto and there is more than a possibility that he and other irreconcilables may produce a total crisis. However Azaña is supposedly still seeking some way of disposing of the nullification bill. Though his ef-

forts so far seem futile I think, after consultation with Rock, that publication of the note should be deferred in order to let the situation develop further but that you authorize me to notify the Foreign Office now that you intend to publish it before long. I shall watch the situation closely with Rock and telegraph you when the moment seems opportune here for its publication. I suggest continued action with stiffest possible attitude toward Cárdenas which would have an indirect effect here.

Scheduled meeting did not take place last night. The Cortes will not meet until Tuesday. There is therefore a breathing spell, meanwhile I am causing the report to be spread privately that your protest is the last word and that you will never accept nullification.

LAUGHLIN

852.75 National Telephone Company/55 : Telegram

*The Secretary of State to the Ambassador in Spain (Laughlin)*

WASHINGTON, November 28, 1932—2 p. m.

103. Your telegram 92, November 26, noon.

(1) In accordance with your suggestion, you are authorized to "intimate" to Spanish officials that publication of your note of November 23 may be made at any time.

(2) The Under Secretary will see the Spanish Ambassador today, give him a copy of the note, and reiterate our stand.

(3) We have just discussed the situation further with Page who believes, on the basis of Rock's report on Saturday, that action by the legislature with respect to the Bill will probably not take place until after December 3, by which date the company will have filed its brief. Hence the New York office believes that the note should not be given out yet. Should you and Rock decide that the time for publication has arrived, please inform us immediately.

STIMSON

852.75 National Telephone Company/53 : Telegram

*The Ambassador in Spain (Laughlin) to the Secretary of State*

MADRID, November 28, 1932—5 p. m.

[Received November 28—4:57 p. m.]

94. My 86, November 18, 3 p. m. On November 18 company was given 15 days to file its case with the parliamentary subcommittee. A prolongation of this period was immediately requested by the company but was refused. Should Page discuss this with you it might be well to discourage Embassy intervention for prolonga-

tion for fear of such a step being interpreted as tending toward recognition of nullification bill on which your protest of November 23 is a final stand. Rock is in agreement.

An independent bill has been introduced by a deputy of the radical party for abrogation of article 7 of contract which governs taxation. Moreover a decree is now before the Minister of Gobernación canceling telephonographic services of the company as authorized by article 12 of the contract.

I am informed that Cabinet dissension over nullification has not yet been composed and that there is an increasing possibility of a crisis over the question, also there are serious apprehensions that a general railway strike and a revolutionary uprising of extreme rights and lefts acting concertedly may shortly coincide.

LAUGHLIN

---

852.75 National Telephone Company/124

*Memorandum by the Counselor of Embassy in Spain (Wiley)*<sup>37</sup>

[Extract]

MADRID, November 28, 1932.

Pursuant to a telephonic request from Señor Ocerín, the Sub-Secretary of State, I called at 7:00 o'clock at his office. He received me with the statement that he had been charged by the Minister for Foreign Affairs to communicate through me to the Ambassador that "the Minister did not understand the unjustified alarm which was felt over the bill for the nullification of the Telephone contract; this bill had been presented in December, 1931; since then no new factor had arisen; there was nothing new, and there was no motive for alarm". Señor Ocerín had obviously memorized the Minister's statement for he repeated it without varying a single word at least three times. I replied that with all due respect to the Minister's observations, I ventured to point out that the present parliamentary situation was a new factor, the statements from the Government bench, subscribing to the bill, was a new factor, and, moreover, the resuscitation of the bill, which had been lying dormant, was in itself a new and startling development. The fact that the American Government had waited from December to November before making representation indicated only the patience and moderation with which it had acted. As for the Minister's statement that there was no motive for alarm, I could only express my thanks for this reassuring statement, but was obliged, in due frankness, to make it clear that

---

<sup>37</sup> Transmitted to the Department by the Ambassador in his despatch No. 973, December 3, 1932; received December 23.

alarm was felt. Señor Ocerín replied by repeating the Minister's words still another time. I thereupon reiterated my previous remarks and amplified them somewhat.

JOHN C. WILEY

852.75 National Telephone Company/61 : Telegram

*The Ambassador in Spain (Laughlin) to the Secretary of State*

MADRID, November 29, 1932—5 p. m.

[Received 7:37 p. m.]

95. On my instructions Wiley this morning intimated publication to Ocerín in accordance with your 103 of November 28, 2 p. m. Sub-Secretary made no comment.

Cabinet council held this morning to consider formula for a reply to your note of protest and Ocerín has asked Wiley to visit Foreign Office at 7 p. m.

I think we are making progress. However, suggest that hand-outs be prepared to make possible immediate publication of note in case of need. Should situation become acute with danger of precipitate action by Cortes, I shall send the Department a flash to go ahead. The Embassy is in constant touch with Rock and working in closest harmony with him.

No news yet in Foreign Office of Cárdenas' call yesterday on Under Secretary.

LAUGHLIN

852.75 National Telephone Company/70 : Telegram

*The Ambassador in Spain (Laughlin) to the Secretary of State*

MADRID, December 3, 1932—noon.

[Received 12:30 p. m.]

99. My 97, December 1, 6 p. m.<sup>38</sup> Zulueta asked me to come to see him yesterday evening. It became clear that he had been told to find out how much you would require and how little you would accept.

I answered that I had no word to add or to subtract from the note of protest; that you were concerned with the principle of sanctity of contract upon which there could be no discussion; that the Spanish Republican Government had already recognized this principle and the validity of the contract; that if a revision were desired the means

<sup>38</sup> Not printed.

to bring it about already existed and that you could approve no proposal based on nullification or denunciation of the contract.

The Prime Minister has been in constant conferences with opposition leaders with, I understand, a view to, (1) devising a way to "inutilize" nullification bill and, (2) to form "united front" in his support. Should we find the action decided upon by his Government inadmissible the chances for an acceptable reply to our note of November 23 are not bright. Latest reports indicate that though it may accept principle of revision by negotiation it would reserve all clauses of the contract which are "in derogation of Spanish sovereignty" such a reservation would present an impossible situation for the company.

Cabinet is now meeting in extraordinary session to study telephone question.

LAUGHLIN

---

852.75 National Telephone Company/71 : Telegram

*The Ambassador in Spain (Laughlin) to the Secretary of State*

MADRID, December 3, 1932—4 p. m.  
[Received December 3—1:50 p. m.]

101. Rock is informed by a source close to Government that if the American press were immediately to launch a rumor that I be at once withdrawn thus provoking a state of "semi-diplomatic rupture" in the event that Spain maintained an *intransigent* attitude the peseta might react to such a statement thereby exercising an important and essential influence on the Spanish position.

LAUGHLIN

---

852.75 National Telephone Company/71 : Telegram

*The Secretary of State to the Ambassador in Spain (Laughlin)*

WASHINGTON, December 3, 1932—6 p. m.

107. Your telegram No. 101, December 3, 4 p. m. It will not be possible for me to see the press until the regular conference on Monday morning. At that time I propose (unless you have recommended against it between now and then) to give the correspondents orally a thorough summary of the situation and our position, reading them the text of our note of November 23 and concluding by intimating that, should the confiscatory bill be enacted, we should consider your immediate withdrawal from Madrid. In your discretion you may in the meantime permit the rumor regarding your departure to be started locally.

We remain prepared to release the full text of our note, accompanied by the lead, immediately after the receipt of your "flash".

Your remarks to Zulueta, described in your telegram No. 99, December 3, noon, are entirely approved.

With reference to Wiley's conversation with Briggs, reporting the receipt of the Spanish reply, we shall if necessary telegraph you again as soon as we have received the text and your comments thereon.

STIMSON

---

852.75 National Telephone Co./72 : Telegram

*The Ambassador in Spain (Laughlin) to the Secretary of State*

MADRID, December 3, 1932—6 p. m.

[Received 6:40 p. m.]

102. The following is translation of text of reply just received from Minister for Foreign Affairs, No. 231 of even date:

"This Ministry has duly received the note, No. 580 of November 23, 1932, of the Embassy in the worthy charge of Your Excellency by which, in accordance with instructions from your Government, Your Excellency submitted its formal protest against any act that might cause grave prejudice to an investment of great importance of American capital, such as would result—so Your Excellency affirms—from the bill awaiting decision in the Cortes relative to the contract between the National Telephone Company of Spain and the Spanish State.

From the moment in which the matter referred to in Your Excellency's note acquired a parliamentary status the Government of the Republic has accorded it all the attention which it merits. The Government considers that it treats of a question of domestic character which has arisen between the Spanish State and a Spanish company in whose charge a public service of general interest is conducted.

The Government, with due regard to the sovereignty of the Cortes and conscious at the same time of its duties and responsibilities, has followed the developments of this matter in order to guide it towards a solution which, by joint examination by both parties, may permit the undertaking of a revision of the contract, introducing those modifications which would eliminate from it what is regarded as onerous and derogatory to the national interests and contrary to Spanish legislation.

The Government of the Republic has now examined the note to which I have above referred, the verbal representations made by Your Excellency to the President of the Council of Ministers, as well as the statements contained in a memorandum that Your Excellency was pleased to hand him, and it hopes confidently that the solution which it had foreseen and which it considers feasible will be such as to dissipate any anxiety which the Government of the United States might feel for the interests of its nationals in connection with the



Spanish telephone company. It feels all the more confidence by virtue of the fact that in the memorandum of Your Excellency it is indicated that the Government of the United States would not consider a solution of this character unacceptable.

I avail, et cetera."

The passage in my memorandum referred to in the last paragraph is as follows:

"My Government of course could not regard as unacceptable an arrangement for the revision of the contract by mutual agreement between the Spanish State and the telephone company which would preserve their respective interests; but on the other hand, unilateral action against the company would certainly lead my Government to consider measures for the protection of the American interests involved."

My comments follow.<sup>39</sup>

LAUGHLIN

---

852.75 National Telephone Company/80 : Telegram

*The Secretary of State to the Ambassador in Spain (Laughlin)*

WASHINGTON, December 4, 1932—11 a. m.

108. The Spanish reply quoted in your telegram No. 102 is utterly unsatisfactory. We can only conclude that it was drafted with an eye to its effect locally, rather than as representing any serious effort to answer the points raised by your note of November 23, your memorandum, and your various oral representations.

Thanks to your immediate and reserved acknowledgement, we are doubtful whether a further written communication from you is required at the moment. However, we leave that up to you, merely suggesting that, if you deem it expedient to submit a further note, the communication state briefly that the American Government cannot consider the Spanish communication as altering in any sense whatever the position of the American Government as set forth on November 23. You may of course expand this in oral discussion but I do not think it would be wise to permit ourselves to be drawn into written comments concerning the various specific shortcomings of the Spanish reply No. 231.

With respect to our proposed remarks to the correspondents here tomorrow (see first paragraph of our telegram No. 107, December 3, 6 p. m.), I plan to add that we have now received an "acknowledgement" to our note of November 23, but that it has not changed the American stand described therein.

STIMSON

---

<sup>39</sup> Not printed.

852.75 National Telephone Company/81 : Telegram

*The Ambassador in Spain (Laughlin) to the Secretary of State*

MADRID, December 5, 1932—6 p. m.

[Received 6 p. m.]

105. Your 108, December 4, 11 a. m. Following is text of my note of today's date:

"Supplementing my note No. 590 of December 3, 1932, which acknowledged the receipt of Your Excellency's communication No. 231 of the same day, I have the honor to apprise you that further instructions from my Government in the matter of American interests in the National Telephone Company of Spain have now reached me.

Pursuant to these instructions I regret to have to repeat that the situation remains as defined in my note of November 17th [23rd] since I am to say that my Government cannot consider Your Excellency's note of December 3rd as altering in any sense whatsoever its position as set forth therein.

I avail myself, et cetera."

LAUGHLIN

852.75 National Telephone Company/84 : Telegram

*The Secretary of State to the Ambassador in Spain (Laughlin)*

WASHINGTON, December 5, 1932—6 p. m.

109. I received the Spanish Ambassador this morning at his own request. The Under Secretary was present during the interview.

The Ambassador stated that he desired to make some explanation in regard to his Government's reply of December 3 and he stated verbally, apparently reading from instructions, that his Government desired to handle the matter in a most friendly way, and pointed out that it was trying to guide the legislation in the Cortes into a solution which, by joint examination by both parties, would permit a revision of the contract.

We told the Ambassador that we were troubled because the Spanish note referred to the situation as a purely domestic question between the Spanish Government and a Spanish corporation. We said that, on the contrary, it represented a very large American investment made by American citizens under a concession granted by the Spanish Government, which was threatened with confiscation by unilateral action on the part of the Spanish Government. I pointed out that this could not be a domestic question, but was regarded by us as a very serious international question between our Government and Spain.

Mr. Castle and I further pointed out that there is already legislation in Spain (referred to specifically in your note of November 23), under which any such concession could be revised on a basis of mutual agreement; that action under such legislation would be satisfactory to us and to the corporation; but that instead of invoking this legislation, the Spanish Government seemed to be supporting unilateral action by the Cortes, since it had announced from the Government bench some days ago that it approved the confiscatory bill now pending. We stated that the Spanish Government ought to point out to the Cortes that unilateral action was improper, and that if necessary the Spanish Government should prevent such unilateral action.

In reply to the Ambassador's statement that he did not think that the Spanish Government had any power to interfere with the action of the Cortes, I told him that he must recognize that it did not make any difference to us whether American rights were injured by the Cortes or by the Cabinet—that in either case it would equally be an injury and a violation of American rights, and that if his Government stood by and allowed the Cortes to approve unilateral action, we should be obliged to regard it in a very serious light. In conclusion we informed the Ambassador that for the foregoing reasons the Spanish note seemed to us to be an unsatisfactory answer to the American protest.

The Ambassador seemed much troubled by the situation and said he would report our remarks to his Government.

Subsequently the Under Secretary and I received the press correspondents at a special meeting. They were given a very full oral description of the development of the present situation, including a reading of the notes exchanged and of the translation of the confiscatory bill of December 10, 1931 (which I understand is identical with the one now before the Cortes). They were informed that this information was "for background purposes only" and that there was to be no direct quotation made from the notes, which they have been permitted subsequently to study. In reply to an inquiry by one of the correspondents as to what we should do in the event the Spanish Government should nevertheless take confiscatory unilateral action, I stated that we should regard this violation of contractual American rights "very seriously"; that we should have to consider the question of a direct diplomatic claim against the Spanish Government; and possibly your own withdrawal from Madrid.

STIMSON

852.75 National Telephone Company/82 : Telegram

*The Ambassador in Spain (Laughlin) to the Secretary of State*

MADRID, December 5, 1932—7 p. m.

[Received 10:50 p. m.]

106. This morning I went to Zulueta at his request. He spoke in the most cautious manner insisting repeatedly that there had been "no act" and that therefore the situation remained as it had rested during the past year which would permit of its being examined amicably by both sides to reach a solution satisfactory to both; but he always qualified this by vague allusions to the right of the state and the susceptibilities of the sovereign Cortes. He urged that time be given to modify the views of extremists. He is very anxious to avoid publication of the text of the protest of November 23.

His most important statement was to affirm emphatically that neither nullification or denunciation would occur.

This may be honestly meant now but no such merely oral assurance can be counted on to resist the effects of pertness [*sic*] and change of Government that might intervene before a final settlement.

I told him I would report his remarks to you. I did not discuss the substance of your telegram No. 108, as I wished first to deliver the note it authorized referred to in my number 105 of December 5, 6 p. m.

LAUGHLIN

852.75 National Telephone Company/95

*Memorandum by Mr. Ellis O. Briggs of the Division of Western European Affairs*

[WASHINGTON,] December 6, 1932.

Mr. Frank Page telephoned me from New York (3 p. m.) to say that he had just been informed from Madrid that Prime Minister Azaña this morning sent for one of their representatives and stated:

The Government has abandoned its position that the contract is "illegal", and will prevent the nullification bill from coming to a vote in the Cortes;

That the Government will name a commission composed of three members of the telephone interests and three representatives of Government to study revision of the 1924 contract on the basis of mutual consent.

Prime Minister Azaña added that in the event of interpellations by members of the Cortes followed by a vote of confidence, he expected that his Government would be sustained.

The same information has apparently been communicated officially to Ambassador Laughlin by the Ministry of State today, so that we shall probably receive confirmation by telegraph during the next few hours. Both Mr. Page and Colonel Sosthenes Behn, who subsequently took the phone, expressed very deep appreciation for the support and assistance given to their interests by the Department of State.

Mr. Page quotes Captain Rock as characterizing the Spanish political situation as "very serious". Captain Rock said this morning that the Government has mounted machine guns "in every important telephone exchange in Spain"; that troupes [*troops*] "of unquestioned loyalty" have just been moved into Madrid; and that a feeling of uncertainty and nervousness is widespread. A general strike is feared, although no definite date is mentioned. Captain Rock believes that although agitation comprises elements of the extreme left and extreme right, the former predominates.

---

852.75 National Telephone Company/87 : Telegram

*The Ambassador in Spain (Laughlin) to the Secretary of State*

MADRID, December 7, 1932—3 p. m.

[Received 3:20 p. m.]

107. The Cortes last night approved the Government's request to withdraw the telephone question from discussion and to "suspend any legislative action connected with the affair of the National Telephone Company until the Government shall have terminated its action". Azaña himself presented the matter in a full explanation which will be forwarded by pouch. He announced that "the Government would take the question in hand in order to settle it conclusively" when its decision would be submitted to the Cortes. His most significant phrase from our point of view was that the telephone affair "does not involve any menace to the vital interests of the nation either of a moral, economic or juridic nature". This is an important admission to which we can return when necessity for further representations arises. Azaña's speech amounted to a request for a vote of confidence which was given 101 against 11.

Your contention against nullification or unilateral treatment of the contract which Zulueta assured me would not occur (see my telegram No. 106, December 5, 7 p. m.) is now at least tacitly con-

ceded by the Cortes and a public statement from you on the present situation might be desirable in the telephone company's interest.

LAUGHLIN

852.75 National Telephone Company/111

*Memorandum by the Under Secretary of State (Castle)*

WASHINGTON, December 8, 1932.

The Spanish Ambassador came in to see me to say that he had heard we might make a statement to the press in regard to the Telephone Company that the Spanish Government had recognized that, in bringing a bill for the nullification of the contract, they had acted wrongly. He said that he hoped very much no such statement would be made because it would so seriously irritate the Cortes that the Cortes might take the bit in its mouth and put the bill through whatever happened. I told the Ambassador that we were not planning to make any statement to the press along those lines, that I understood as well as he did that we did not want to stir up bad feeling and that he need not worry about that angle of the matter. The Ambassador was evidently very worried and I think, in fact, is all the time fearful that there may be another revolution. In fact, he said that in inviting the members of the Embassy to come to a Christmas party he had put in the proviso "If we are still here."

W. R. CASTLE, JR.

852.75 National Telephone Company/88 : Telegram

*The Ambassador in Spain (Laughlin) to the Secretary of State*

MADRID, December 8, 1932—11 a. m.

[Received 3 p. m.<sup>40</sup>]

108. I have just received a note dated December 7 from the Minister of State reading in translation as follows:

"I have the honor to acknowledge to Your Excellency your notes numbers 590 and 592 of this December 3 and 5, respectively, in continuation of my note addressed to you on the 2nd of this month, I have the honor to inform Your Excellency that the Government of the Republic is putting into effect the criterion enunciated therein as follows from the statement made at yesterday's session of the Cortes by the President of the Council of Ministers and from the notification given to the National Telephone Company inviting it to

<sup>40</sup> Telegram in two sections.

designate representatives to undertake an examination and revision of the contract.

I avail myself, et cetera."

It seems to me satisfactory if the "criterion" established is to be that of "joint examination". This definition was given Wiley in a conversation he had last night with Lopez Olivan, political director of the Foreign Office.

I confined myself in a numbered note to a mere acknowledgment of receipt to avoid beginning an exchange of explanatory correspondence but in order to consolidate our position I have written Zulueta the following letter.

"As I understand you are on the point of leaving for Geneva to be absent for some little time I want to send you a word to express my best wishes for your journey and your labors in case I do not have the pleasure of seeing you again before your departure and to add for Your Excellency's information that in the comments I have sent to Washington in transmitting your last note on the telephone matter I have explained that the 'criterion' mentioned is that of 'joint examination'.

With many cordial regards, I et cetera."

LAUGHLIN

---

852.75 National Telephone Company/103 : Telegram

*The Secretary of State to the Ambassador in Spain (Laughlin)*

WASHINGTON, December 9, 1932—noon.

113. Your telegram No. 108, December 8, 11 a. m. We approve your action in sending a letter to Zulueta to tie the "criterion" mentioned in the Spanish note of December 7 to the "joint examination" in that of December 2. "Joint examination" is, of course, acceptable to us only if it is understood as meaning "with a view to revision of the contract on a basis of mutual consent"; that is, revision by bilateral rather than unilateral action. This has been our fundamental contention from the beginning.

The Spanish note of December 7 also refers to Azaña's statement to the Cortes on December 6, the full text of which we have received from Page. Are we correct in understanding that while the Cortes by its vote of December 6 bound itself to take no action in the telephone matter pending report to it by the Government on the success of the Government's "joint examination" with the company, the Government is not specifically committed against any future reintroduction of the nullification bill (or against unilateral measures in general), in the event that the contemplated joint examination should

fail to lead to a solution considered satisfactory either by the Government or by the legislature?

In raising this point I do not wish to appear unduly "technical", nor in any way to minimize the importance of the substantial victory for American interests which the present situation represents. I should like, however, to receive your comments on the foregoing in order that, should the situation suddenly develop acutely again, we may be in the best possible position for rapid action.

If you think it would be helpful at this juncture, and would not be embarrassing to Azaña, I should be pleased to have you call personally on him, and express on my behalf appreciation for his efforts in bringing about a situation wherein I am confident that it may be possible to reach a solution on a basis mutually acceptable to the Spanish Government and to the American interests affected. You may, of course, phrase this in the manner you consider best suited to our purposes, stressing "mutual consent".

In view of the precarious political situation in Spain, as well as the possibility that all may not yet be clear sailing for the company, I am still reluctant to make any "official statement" here. This is also the attitude of the executives of the I. T. & T. in New York. In this connection you will be interested to learn that Ambassador Cárdenas called on the Under Secretary on December 7, expressing the hope that we would make no statement which, when published in Madrid, might be interpreted there as indicating that we were "triumphant" at the solution. The Ambassador pointed out that such a statement would immediately be seized upon by the opponents of the present Government as proof that Azaña had "accepted foreign dictation".

STIMSON



## SWEDEN

### REFUSAL OF THE SWEDISH STATE RAILWAYS TO PAY DEXTER AND CARPENTER, INC., JUDGMENT GRANTED BY A UNITED STATES COURT<sup>1</sup>

458.11 Dexter and Carpenter, Inc./113

*The Secretary of State to the Minister in Sweden (Morehead)*

No. 96

WASHINGTON, February 23, 1932.

SIR: The Department refers to its instruction, No. 54, of May 13, 1931,<sup>2</sup> concerning the claim of Dexter and Carpenter, Incorporated, against the Government of Sweden for losses and damages sustained because of the failure of that Government to pay a court judgment rendered against the Kunglig Järnvägsstyrelsen, known as the Royal Administration of the Swedish State Railways, and in favor of the claimant corporation. Reference is also made to the note of July 18, 1931,<sup>3</sup> enclosed with your despatch, No. 305, of July 23, 1931, from the Swedish Government in reply to your representations.

It appears to the Department that the assertions and conclusions set forth in the note referred to above from the Foreign Office are not supported by complete comprehension of the rather intricate legal and factual situation out of which the claim arose. It therefore seems advisable, before proceeding to a discussion of the note under consideration, to recapitulate and explain in greater detail the facts contained in the statement of the case which was presented to the Foreign Office in the Legation's note, No. 100, of June 9, 1931.<sup>4</sup>

The original action in this case was brought by the Railways. When the Railways instituted suit it alleged that Dexter and Carpenter had breached a contract which the Railways had made with Dexter and Carpenter. In other words, the Railways asserted that there was a contract between the Railways and Dexter and Carpenter.

Judge Learned Hand, then District Judge, summarized the situation in his opinion as follows:

"The declaration is for breach of contract for the sale of coal. It alleges stripped of irrelevant matter, that the defendant sold and the plaintiff bought a cargo of coal at \$31.90 per ton, 'said price including cost, insurance and freight upon said coal prepaid to the port

<sup>1</sup> Continued from *Foreign Relations*, 1931, vol. II, pp. 1009-1018.

<sup>2</sup> *Ibid.*, p. 1009.

<sup>3</sup> *Ibid.*, p. 1014.

<sup>4</sup> Not printed.

of Malmo', the price 'to be paid against delivery in the City of New York of shipping documents, including insurance policies, bills of lading, and invoice'; that the plaintiff established a letter of credit with a New York bank, which it instructed to pay the price on receipt of the invoice, shipping documents, and 'policy or policies of insurance'; that the bank, contrary to instructions, paid the purchase price without demanding policies of insurance, and received in lieu thereof only a 'certificate of insurance' declaring under the hand of the defendant's insurance broker that insurance had been under-written in London for account of the defendant; that under the law of England such a certificate was not a policy of insurance within the meaning of such a contract of sale; that the coal was lost at sea and that the plaintiff has paid the bank; that the insurance broker had not taken out any insurance when the certificate of insurance was delivered to the bank.

"The plea makes profert of the contract, which was parol, and which provided for the sale of 150,000 tons of coal at various prices for various points of delivery, in all cases 'c.i.f.' (the letters being so written), over 30,000 were to be delivered at Malmo. It alleged that the cargo in question was shipped under the contract; that it was a universal custom in the United States, in cases of 'c.i.f.' sales, for the seller to have the option of New York or London insurance; that in case of London insurance the seller might procure it through an American broker, who would in turn through a London broker secure the actual policy, who cabled back when he had fixed it; that on receipt of such a cable the New York broker would issue such a certificate of insurance as the plea made profert of; that this custom was followed in the case at bar, the defendant paid the New York broker, endorsed the certificate and the bank accepted the papers on tender. The certificate of insurance in question recited that insurance of necessary amount had been issued by 'London underwriters' for the account of the defendant on the sum [*shipment*] in question; that policies of London underwriters would be exchanged on demand for the certificate as soon as practicable; that the insurance was placed subject in all respects to English laws and customs governing marine and war risk insurance. Various conditions applicable specifically to coal cargoes were contained in an annexed rider". (299 Fed. 991.) (Underscoring of quotations added unless otherwise noted.)

The case was before the court on the demurrer of the Administration to a plea in confession and avoidance filed by Dexter and Carpenter. The demurrer was overruled as the Court held, on the sole question presented, that where defendant contracted to sell to plaintiff a quantity of coal to be delivered in New York for shipment to Sweden, at a stated price "c.i.f.", payment to be made by a New York bank from an established credit against shipping documents, tender of a certificate of insurance issued by a New York broker calling for a policy issued by London underwriters may be good in the United States, where, a universal custom gives the seller in such cases the

option of New York or London insurance, and, if the latter is procured, authorizes the use of such broker's certificate.

This question having been determined on the pleadings, after an examination of the authorities, the case was ready to go to trial. Prior to the trial Dexter and Carpenter entered a counter-claim, alleging repudiation of the contract by the Railways and claiming damages for the breach. After Dexter and Carpenter counter-claimed, and not until after the Railways were apprised of the counter-claim, the Railways as defendants to the counter-claim alleged that the contract for the sale of the coal was not between the Railways and Dexter and Carpenter but that a third party, Beijer and Company, contracted with Dexter and Carpenter for the purchase of coal and thereafter made a separate contract with the Railways for the sale of the coal.

The case then came before the court on a motion by Dexter and Carpenter to strike out certain allegations in the replication to the counter-claim. Judge Hand in his opinion on this motion stated the facts as follows:

"The declaration alleged that the defendant made a contract with a Swedish corporation other than the plaintiff to sell it coal; that the plaintiff through a Swedish bank advanced funds to pay for the coal, which should have been paid out only on the presentation of proper policies of insurance; that the defendant presented improper insurance papers and got the money unlawfully; that the cargoes, though shipped, were lost, and the plaintiff has recovered no insurance. It demanded judgment for the purchase price advanced on the insufficient insurance.

"The counter-claim alleged that the contract set up in the declaration was for the sale of coal, and was made between the defendant and the other Swedish corporation, 'representing the plaintiff'; that the plaintiff repudiated it when partially completed, because the price of coal had fallen. It demands damages for the breach.

"In the replication the plaintiff 'appears specially' and alleges that it 'is an agency' of the king of Sweden, and that the counter-claim 'is in substance and effect an action' against him, and not maintainable here; that the plaintiff does not consent to try out the counter-claim, and protests against it 'as an invasion of the immunity' of the sovereign. These are the allegations which the defendant wishes to have stricken out. The replication also contains traverses of the allegations of the answer. It is verified by the attorney." (300 Fed. 891.)

The court granted the motion to strike out the allegations in the replication and held that when one files an action, the consequences which it may have in the place where it is filed, including such affirmative relief by way of counter-claim as is there allowed, must be accepted. It also held that when the party before the Court

claiming the immunity of a sovereign, either as claimant or as defendant, is neither the sovereign nor his ambassador, "it is now the established rule that the claim will not be recognized unless by diplomatic intervention".

The case thereafter came to trial both as a suit by the Railways against Dexter and Carpenter for money had and received and as a counter-claim by Dexter and Carpenter against the Administration for breach of contract. The court directed a verdict in favor of Dexter and Carpenter on the main issue, and the jury found a verdict in favor of the Administration on Dexter and Carpenter's counter-claim. Both parties were dissatisfied and each sued out a writ of error. The case then went to the Circuit Court of Appeals for the Second Circuit on these cross-writs of error.

The opinion of the court, delivered by Circuit Judge Manton correctly summarizes the pleadings as follows:

"The plaintiff, in its amended complaint, alleged that the defendant Dexter and Carpenter, Inc., sold to G. and L. Beijer Import and Export Aktiebolag, a Swedish corporation, 3,577 gross tons of coal c. i. f. Malmo, Sweden, at a price of \$114,106.30, payment against delivery in New York of shipping documents, including insurance policies, bill of lading, and invoices. It alleged that the coal was sold by Beijer to the plaintiff at an advance in price; that the open letter of credit in favor of Dexter and Carpenter, Inc., for the purchase of the coal, was issued payable against a bill of lading, invoice, and policy of insurance for invoice price, plus 10 per cent; that the money was transmitted by the Aktiebolaget Gotenbörigs Bank of Sweden to the National City Bank; that the National City Bank paid Dexter and Carpenter, Inc., the money on May 8, 1920, contrary to the agreement, against a certificate of insurance brokers that they had insured the coal with London underwriters in the sum of \$125,500. It alleged the coal was loaded on the steamship *Alderman* and had become a total loss, and the plaintiff had not received payment for the loss; that no insurance had been taken out on the coal by the brokers when they issued a certificate of insurance. At the trial, an amendment was made in the amount of damages demanded, and the action was transformed from one in affirmance of and breach of the contract pleaded into one of money had and received. No allegation was made of rescission of the contract, nor of restitution of consideration received thereunder."

The court points out that, under the terms of the contract for the purchase of the coal, Fairmont 3/4 screen steam coal known as pool No. 33, was to be shipped to Gothenburg, Malmo, and Stockholm; that the prices varied with each port, but all were to be c. i. f. contracts; that there was a provision that "shipments on this contract are to begin within 30 days after the raising of government embargo on export coal" and to be completed within six months

thereafter; that the shipments were to be subject to strikes and government restrictions, and that payments were to be "cash against documents, New York."

The opinion continues with a statement of the further facts presented in the case:

"In considering the plaintiff's claim to right of recovery, we are concerned with the shipment on the steamship *Alderman* made on May 12, 1920. It was on this shipment that the letter of credit was issued and money paid. The *Alderman* met with injury as she was about to sail and remained in port of Philadelphia for repairs. While there, she caught fire from spontaneous combustion of the coal, and it was damaged and what remained was sold in November, 1920. The proceeds of this sale were never received by the plaintiff. The letter of credit of the bank issued on this shipment was dated May 10, 1920, and provided for payments available by draft at sight for coal destined for either of the three places named in the contract at c. i. f. prices. The document required 'full set ocean bills of lading issued to order (blank indorsed) invoice in triplicate; insurance certificate, including war risk, must cover invoice plus 10 per cent imaginary profits.' When the money was paid by the defendant bank to Dexter and Carpenter, Inc., an insurance certificate executed by the brokers, invoice, and a certificate of inspection, with a set of bills of lading, were accepted by the defendant bank and transmitted to the Swedish bank. In turn, the Swedish bank transmitted these instruments to the plaintiff by letter dated June 29, 1920, and described the insurance certificates as 'policies'. Acknowledgment thereof was made by a letter to the Swedish bank, dated July 5, 1920. The broker's certificate, dated May 11, 1920, certified that the cargo had been insured in London. A letter of credit thus issued was a distinct contract from the underlying contract of sale." (20 Fed. (2d) 307.)

The Court held that no action for money had and received would lie against the bank and, therefore, that the judgment was properly entered against the plaintiff in favor of the defendant bank. From this point, the bank was out of the case and Dexter and Carpenter was the only defendant.

The Court held that plaintiff's claim against Dexter and Carpenter could not be maintained:

"Beijer directed Dexter and Carpenter, Inc., to place the insurance abroad and upon doing so, Beijer was notified. One method of placing the insurance was by the use of broker's certificates, which were tendered in the United States. The letter of credit required that an 'insurance certificate' be issued. A certificate of brokers was accepted in full compliance, and this was forwarded with the other documents, and actually received by the railroad company on June 5th. On that day the railroad company in writing accepted the documents unconditionally and gave notice of affirmation of the

transaction to the bank. It may not now change its position and say that it has not received proper documents. *Rand v. Morse* (C. C. A.) 289 F. 339; *Shipton v. Western*, 10 Lloyd's L. L. Rep. 762; *Dwane v. Weil*, 199 App. Div. 719, 192 N. Y. S. 393, affirmed 235 N. Y. 527, 139 N. E. 720. This acceptance of the certificate by the railroad, under the facts here disclosed, bars the maintenance of the present action, based upon the theory of money had and received."

The opinion then takes up the counter-claim of Dexter and Carpenter:

"In the original complaint filed, the plaintiff alleged that the contract was made for it by Beijer. The defendant Dexter and Carpenter, Inc., asserts that Beijer was the plaintiff's agent by proper authorization, and that it in all respects ratified the making and carrying out of the terms of the contract. The cablegrams exchanged for the preliminary negotiations leading up to the making of the formal contract between Beijer and Dexter and Carpenter, Inc., indicate that the coal was for the plaintiff's use, and it paid for the coal as delivered. The subsequent correspondence treated the contract as if the railroad company was the real party in interest. The defendant Dexter and Carpenter, Inc., has interposed a counter-claim for \$1,250,000, claiming that the contract for the sale of the 150,000 tons was breached on September 17, 1920, by formal cancellation by the plaintiff. It seeks to review the judgment rendered on this counter-claim, contending that errors were made by the trial judge in his instructions as to the terms of the contract, in his charge to the jury.

"An embargo was placed upon shipments of coal, which was not lifted until May 1, 1920. However, a permit was obtained at the end of March, which allowed Dexter and Carpenter, Inc., to ship one cargo in that month. As soon as the embargo was officially lifted on May 1st, the cargo on the ship *Alderman* was loaded, and subsequent shipments were made in May and June. In June, 1920, a strike occurred on the railroads carrying coal from the mines to tidewater, which resulted in the issuance of an order by the Interstate Commerce Commission, which became effective on June 24th and directed railroads to carry coal to tidewater only when a permit could be obtained from government officials. The effect of this order was to shut down all coal exports, except when such a permit could be obtained. This information was cabled to Beijer, and it acknowledged receipt thereof in a letter dated June 28th. By correspondence, it was arranged between the parties that bituminous coal could be and was shipped for the railroad's use. At the same time, Dexter and Carpenter, Inc., wrote on July 31st:

"We wish to acknowledge receipt of your cable No. 42 of the 29th, in which you authorize us to charter a steamer for Gothenburg for the State Railway on the basis of \$32.90 per gross ton delivered alongside. This to apply against our contract with them and the additional price to cover the cost of bringing the coal to New York, lighterage, loading, etc.'

“On August 13th, Beijer cabled:

“State railways decline further shipments over New York also decline any further run mine cargoes meantime owing overstocks all ports.”

“On August 16th, they again cabled that they were overstocked. On September 17, 1920, the railroad service order which forbade the shipment was withdrawn, and made it possible to again ship the coal under the contract. This information was cabled to Beijer, who cabled that the railroad company considered the contract canceled and directed that no further shipment be made. From the pleadings referred to, the correspondence and conduct of the parties, we are satisfied that the defendant Dexter and Carpenter, Inc., could maintain this counter-claim for breach of the contract. *Clews v. Jamieson*, 182 U. S. 461, 21 S. Ct. 845, 45 L. Ed. 1183; *Robb v. Vos*, 155 U. S. 13, 15 S. Ct. 4, 39 L. Ed. 52; *Royal Bank v. Universal Export Corp.* (C. C. A.) 10 F. (2d) 669. Assuming that the railroad company did not intend to assume liability, they in fact did intend to do the acts which constitute an affirmance of the contract and it is not necessary that there shall be actual willingness to assume the consequences of that affirmance.” (20 F. (2d) 307.)

From the last sentence quoted, we see that the court was of the opinion that, as a matter of law, there was a contract between the railways and Dexter and Carpenter.

The Court, however, found certain errors in the District Judge's charge to the jury, concerning the time within which shipments of coal could have been made and the quality of coal that was to be shipped and therefore ordered the case sent back to the District Court for retrial of the question raised by the counter-claim.

The Railways thereupon petitioned the Supreme Court of the United States to issue a writ of certiorari for the review of this decision but that petition was denied. The case then went back to the District Court for a second trial.

The facts on the second trial were substantially the same as on the first trial. The quotations above from Judge Manton's opinion give an accurate account of these facts. Dexter and Carpenter introduced evidence to show that the events leading up to the making of the contract with Beijer and Company, including the acts of the Railways' acknowledged agents, were such as to induce Dexter and Carpenter to consider the Railways the real party in interest and that the subsequent negotiations, including the communications between Dexter and Carpenter and Beijer and between Beijer and the Railways, clearly showed that Beijer was the agent of the Railways for the purchase and delivery of the coal.

District Judge Knox, in his charge to the jury said:

“In order to hold the Railways liable for an unauthorized breach of contract it is necessary for Dexter and Carpenter to convince you by the fair preponderance of evidence, of which I have already spoken, either that Beijer in making the contract acted as the agent of the Railways or that the Railways, if they did not authorize Beijer to make the contract in the first instance, learned of the existence of the contract and then adopted and ratified Beijer’s acts as the acts of the Railways. Unless this proof be before you and unless it convinces you by a fair preponderance of the evidence of the case that such is the fact, the lawsuit is over and a verdict should be rendered for the Railways.”

On these instructions the jury gave a verdict in favor of Dexter and Carpenter, thus confirming the contention of the sellers that, at the time of the breach of contract, there was a contract between the Railways and Dexter and Carpenter. No exception was taken by the Railways to that part of the charge to the jury and it was not covered by any assignment of error.

We have already seen that the Railways’ original suit was based on the allegation that the contract was between it and Dexter and Carpenter. On the second trial the court admitted this complaint as evidence tending to show privity of contract between the plaintiff and the defendant. The important allegations in the Railways’ original complaint are as follows:

“Sixth: That on or about the 6th day of April, 1920, the defendant, Dexter and Carpenter, Inc., sold to G. and L. Beijer Import and Export Akliebolag, a corporation organized and existing under the laws of the Kingdom of Sweden, which was then acting, to the knowledge of Dexter and Carpenter, Inc., in behalf of the plaintiff, and the said G. and L. Beijer Import and Export Akliebolag, so acting in behalf of the plaintiff, bought of and from the said defendant, Dexter and Carpenter, Inc., 3,577 gross tons, of 2,240 pounds to the ton, of Fairmont Screen Steam coal at \$31.90 per ton.”

“Twelfth: That the value of the coal if and when delivered at the port of Malmo, Sweden, in accordance with the contract between the plaintiff and the defendant, Dexter and Carpenter, Inc., acting through G. and L. Beijer Import and Export Akliebolag, was at least the sum of \$125,515.93.”

This complaint was verified March 20, 1923, after the attorney who verified it had represented the Railways, in connection with this matter, for almost three years.

After Dexter and Carpenter filed their counter-claim, admitting the allegation in the complaint that Beijer and Company was the



agent of the Railways, the latter served an amended complaint, verified August 6, 1923, in which the sixth article, quoted above, was altered by alleging a sale by Dexter and Carpenter to Beijer and Company. A further paragraph was added as follows:

“Seventh: That thereupon, and before the tender of the documents for the delivery of said coal under said contract between Dexter and Carpenter, Inc., and G. and L. Beijer Import and Export Akliebolag, the said G. and L. Beijer Import and Export Akliebolag sold the said coal, represented or to be represented by the documents aforesaid, to the plaintiff herein and upon the same terms and conditions except as to price.”

The Railways also omitted the allegation of agency contained in the twelfth paragraph *supra*.

The original complaint was offered in evidence by Dexter and Carpenter on two grounds: (1) that it was a ratification of the agency; (2) as evidence that Beijer was the agent of the Railways.

The Railways, on the other hand, sought to show that their attorney had no authority to make the allegation contained in the original complaint. The evidence, however, indicates the contrary.

The second decision of the District Court in favor of Dexter and Carpenter was appealed to the Circuit Court. Judge Swan delivered the opinion of the court. (32 F. (2d) 195.) After a recitation of the facts the opinion continues as follows:

“The theory of the counter-claim was that the contract of December 4, 1919, nominally between Dexter and Carpenter and Beijer and Co., was really made by the latter as agent for the Railways, or, if not originally so made, was subsequently ratified and adopted by the Railways as its contract. In opposition to this theory, the Railways contended that Beijer and Co. was an independent contractor, from whom they purchased the coal under a contract originally made on November 1, 1919, and modified by a document dated January 16, 1920. These opposing contentions were submitted to the jury, whose verdict is equivalent to a finding that the Railways either authorized or adopted the contract between Beijer and Co. and Dexter and Carpenter. Without specifying the evidence which leads us to the conclusion, it suffices to say that there was enough evidence to justify leaving the issues of agency and ratification to the jury.

“Much of the evidence relating to the agency of Beijer and Co. consisted of declarations by the agent, which by themselves would be inadmissible to establish the fact of agency. There was, however, other evidence tending to prove such fact. The original complaint of the Railways alleged the agency of Beijer and Co. and the making by them on the Railways' behalf of a contract with Dexter and Carpenter. This complaint was verified on information and belief by the Railways' attorney. After the defendant's counter-claim was

interposed, the allegations of agency were stricken from the complaint by amendment, and on the trial much evidence was introduced to prove that the attorney was not authorized to make such allegations, and that he had made them under a mistaken interpretation of the facts then known to him, and without complete information as to the relations between the Railways and Beijer and Co. The court left to the jury the determination of what weight to give to the allegations of the original complaint in the light of all the evidence.

"Error is now assigned to the receipt in evidence of the original complaint, which was offered by the defendant both as evidence of agency, and as a formal ratification of the contract. One ground of objection to its admission was lack of proof of authority of the Railways' attorney to bind his client by the averments of the pleading. Such an objection is clearly not sustainable. A pleading prepared by an attorney is an admission by one presumptively authorized to speak for his principal. See *Putnam v. Day*, 22 Wall. 60, 22 L. Ed. 764; *Shaft v. Phoenix Mut. Life Ins. Co.*, 67 N. Y. 544, 23 Am. Rep. 138; *N. E. Road Machinery Co. v. Vanderhoof*, 19 F. (2d) 331 (C. C. A. 1); *Christy v. Atchison, T. & S. F. Ry. Co.*, 233 F. 255 (C. C. A. 8).

"A further objection was based upon the fact that the complaint had been superseded by an amended pleading. This objection is likewise unavailing. When a pleading is amended or withdrawn, the superseded portion ceases to be a conclusive judicial admission; but it still remains as a statement once seriously made by an authorized agent, and as such it is competent evidence of the facts stated, though controvertible, like any other extrajudicial admission made by a party or his agent. 2 *Wigmore, Evidence* §1067; *Evans v. Daniel*, 289 F. 335 (C. C. A. 9); *Rankin v. Probey*, 136 App. Div. 134, 120 N. Y. S. 413; *Daub v. Englebach*, 109 Ill. 267; *Guy v. Manuel*, 89 N. C. 83. If the agent made the admission without adequate information, that goes to its weight, not to its admissibility. There was no error in receiving the original complaint in evidence.

"Likewise, and for similar reasons, it was proper to receive the Railways' libel against the United States for loss of the cargo of coal shipped on the steamer *Alderman*. *Pope v. Allis*, 115 U. S. 363, 6 S. Ct. 69, 29 L. Ed. 393, *Lehigh Valley R. R. Co. v. Allied Machinery Co.*, 271 F. 900 (C. C. A. 2)". (32 Fed. (2d) 195.)

After discussing various other points raised by the Railways, the opinion takes up the question of sovereign immunity. The Railways urged that error was committed in the order of May 29, 1925, which struck out, from the Railways' reply to the amended counter-claim, its assertion that the plaintiff was an agency of the Kingdom of Sweden and as such entitled to sovereign immunity. On this point the opinion contained the following statements:

"The motion to strike out was made upon all the pleadings, and the complaint alleged that the plaintiff was a Swedish corporation, an averment which remained unchanged, despite amendments of

the complaint in other respects. The amended counter-claim also alleged incorporation of the plaintiff. In its reply thereto, the plaintiff, appearing specially, shows by its attorney that 'the plaintiff is an agency of the friendly foreign sovereign government of Sweden'; that the counter-claim is in effect a suit against such government, and 'as such is not maintainable in this court without the consent of the plaintiff'; and that the plaintiff does not consent to the determination of the counter-claim. This is not an appearance by the kingdom of Sweden as a party to the suit, nor the assertion of immunity by that kingdom. It is an assertion by plaintiff corporation of a claim of sovereign immunity. But the assertion of the sovereign's immunity cannot be made by a private party litigant. . . .<sup>6</sup>

"When a private corporation is sued at law, we do not think it is enough for an attorney to appear for it and say it is a governmental agency, and in his opinion immune from suit. . . .<sup>6</sup>

"The Government must claim immunity for its agent and should do so in as formal a manner as when Government property is seized. . . .<sup>6</sup>

"If such protection is to be granted, it must be claimed in the formal and recognized mode. . . .<sup>6</sup>

"Although unnecessary, prima facie proof of incorporation was made by the introduction in evidence of the admission of this fact contained in the plaintiff's complaint. We find no proof which contradicts it. It is true that Mr. Tausen, an officer of the Railways, was appointed to his office by a royal commission; but it does not necessarily follow from this that the Railways was not a corporation. It is true, also, that Mr. Lange's affidavit, in opposition to the motion to produce papers, states that the Railways is a department of the government of Sweden, and is not an independent corporation. But this affidavit is not evidence in the case. At most it can be considered only as a suggestion by an attorney of the court that the party sued in the counter-claim is not a private corporation but a department of a sovereign government. Such a suggestion, however, as already indicated, must be made by an accredited representative of the government."

The Court found no reversible error and therefore affirmed the judgment below in favor of Dexter and Carpenter and against the Railways.

Certiorari was sought of the Supreme Court of the United States but the writ was denied. Thereafter, as we know, Dexter and Carpenter endeavored to secure payment of the judgment in its favor and failing that to have execution on the judgment. When execution on the judgment was sought the plea of sovereign immunity was properly pressed and allowed by the United States District Court. The decision was affirmed by the Circuit Court of Appeals

<sup>6</sup> Omission indicated in the original instruction.

for the Second Circuit. Certiorari was denied by the Supreme Court.

From the above it may be seen that:

(1) The Railways brought suit against Dexter and Carpenter on the contract of December 4, 1919, (ostensibly between Dexter and Carpenter and Beijer) alleging privity of contract;

(2) The Railways knowingly permitted its attorney to carry on the suit on the basis that the contract was made by Beijer, as agent of the Railways, with Dexter and Carpenter;

(3) The duly authorized legal representative for the Railways was evidently of the opinion, when he instituted suit, with full knowledge of the provisions of the contract, that the Railways was the real party in interest and that Beijer was merely the agent of the Railways;

(4) The Railways did not change its position until after it became apparent that it was greatly to the advantage of the Railways to do so, that is, after Dexter and Carpenter filed the counter-claim.

The files of the Department reveal the following additional facts:

(1) That before Beijer left Sweden for the United States, he was given a diplomatic passport by the Swedish Government and the American Minister at Stockholm was advised by the Foreign Office that Beijer had been "commissioned by the Swedish Government to proceed to Washington" where he would be "temporarily attached to the Swedish Legation in the capacity of technical adviser in order to take part in negotiations with a view to making arrangements for the purchase of coal";

(2) That after the signing of the contract on December 4, 1919, between the Railways and Dexter and Carpenter, and prior to the purported contract of January 16, 1920, between the Railways and Beijer, the Swedish Legation in Washington applied through the Department of State for permits for the exportation of the coal purchased by the Railways.

(These two facts would seem to indicate perfectly clearly that the coal was bought by and for the Railways and that the contract of January 16, 1920, had no bearing whatever on the previously established contractual relationships between other parties.)

(3) That it was no secret that the coal purchased in the United States under the contract of December 4, 1919, was destined for the use of the Railways. The purchase price exceeded \$4,500,000 and the coal which was to be shipped was locomotive coal;

(4) That the preliminary negotiations leading up to the making of the contract between Beijer and Dexter and Carpenter indicate that the coal was purchased on behalf of the Railways and for the Railways' use;

(5) That the Railways inspected and passed each cargo before shipment;

(6) That the Railways paid for the coal in the United States against delivery of shipping documents;

(7) That the correspondence subsequent to the formal contract treated it as though the Railways were the real party in interest;

(8) That the Railways only sought to repudiate its obligations when it was greatly to the advantage of the Railways to do so because of the fall in the price of coal and because the Railways had an overstock.

It is assumed that it is not necessary at this point again to summarize the course of action followed by the Railways in asserting immunity as a part of the Swedish Government. Such a summary is contained in the Legation's note of June 9, 1931, to the Minister for Foreign Affairs.<sup>7</sup> It would seem, as stated in that note, that the course followed by the Railways throughout was one of expedience; that it was willing to use the courts of the United States only so long as it was clearly to its advantage to do so and that it intended to disregard any obligation imposed by those courts.

In spite of the facts of this case as above briefly outlined and the protracted judicial proceedings in the courts of the United States, which were initiated by the Swedish State Railways, the Swedish Government refuses to recognize the justice of the claim represented, in the main, by the judgments of those courts and, as indicated in its note of July 18, 1931,<sup>8</sup> assigns the following reasons for such refusal:

*First:* That, according to the regulations governing the activities of the Swedish State Railways, it is neither authorized nor obligated, in the absence of a judgment rendered by a Swedish Court, to satisfy any claims other than those which are clear and incontestable, and the claim of the United States, based upon the above-mentioned judgments cannot be regarded "as fulfilling this condition."

*Second:* That according to Swedish law, and in the absence of any expressly formulated convention contrary thereto, judgments rendered by foreign tribunals are not executory in Sweden, and the Swedish Government stands in the same position in this respect as a private individual under the law of Sweden.

*Third:* That the question of determining whether the claim is justified depends upon the interpretation to be given to a contract made in Sweden between the Swedish State Railways and a Swedish Company, the interpretation of which can be made only in accordance with Swedish law.

*Fourth:* That the only remedy available to Dexter and Carpenter is a suit in the Swedish courts.

*Fifth:* That the Swedish Government also refuses to recognize its obligation under the judgment of the court, because the Swedish State Railways pleaded sovereign immunity from the right of execu-

<sup>7</sup> Not printed.

<sup>8</sup> *Foreign Relations*, 1931, vol. II, p. 1014.

tion on that judgment, and such immunity was recognized by the court.

The Department confidently believes that, upon careful reconsideration by the Swedish Government of the very untenable position which it has thus taken in this matter, it will desire to recede therefrom. The Department hopes that in such reconsideration careful thought will be given to the following observations concerning the points just enumerated.

*Point One.*

It is not perceived that the regulations governing the activities of the Swedish State Railways have any bearing on the subject under consideration, namely, the claim of the Government of the United States against the Government of Sweden on account of the refusal of the latter to respect its obligation to respond to the judgment of the Courts of the United States to which the Swedish State Railways appealed for an adjudication of its contract relations with Dexter and Carpenter. Neither the validity of that claim, nor the justice of the judgment upon which it is based, can be determined or affected by any administrative regulations governing the activities of the Swedish State Railways. Moreover, if it be true that under the administrative regulations controlling the Railways at that time it was not authorized to satisfy a judgment rendered by a foreign tribunal, it is difficult to understand how the Railways permitted itself to assume the anomalous position of using the courts of the United States, to enforce alleged rights, with no intention of assuming obligations which might be imposed by those courts as a result of the transaction under litigation. The litigation initiated in the United States by the Swedish State Railways was protracted and the Railways not only was afforded but took advantage of every possible recourse under the laws of the United States for the full protection and adjudication of its rights. It was not until after final judgment had been rendered against the Railways and effort was made by Dexter and Carpenter to execute that judgment that the Swedish Government pleaded sovereign immunity on behalf of the Railways. The court respected that plea, adding, however, that:

“It is regrettable that Sweden may thus escape payment of a valid judgment against it. Appellant has been misled in the belief that this plaintiff was a separate entity—apart from the government—and now, when a sufficient number of years has passed making possible a plea of limitation or laches against suing in Sweden (see letter to the League of Nations), appellee appears and pleads its sovereign immunity. Whatever may be appellant’s remedy to collect its valid judgment, it should not be necessary to resort to further

litigation. It is hoped that the judgment of our courts will be respected and payments made by the Swedish government. But we are required to affirm the order appealed from." (43 Fed. (2d) 707, 710.)

This Government is firmly convinced that the contention of the Swedish Government that the judgment of the court of the United States (from the execution of which that Government thus pleaded and was granted sovereign immunity) was not such a judgment as could create, in the circumstances, a clear and incontestable obligation, that is to say that it was a denial of justice, is thoroughly untenable.

It is believed that the adoption of such a position upon the Swedish Government the obligation of stating very specifically in what respect and for what reasons it considers that judgment a denial of justice.

*Point Two:*

If the Swedish Government were in a position successfully to demonstrate that the American courts failed to administer justice in the litigation in question, it can readily be understood why it might desire to resort to this method to avoid the obligation of that judgment.

Inasmuch, however, as, in the view of the United States, the courts did not fail properly to administer the law of the case and inasmuch as the obligation represented by the judgment was and is both a legal and moral obligation, it is difficult to understand why the Swedish Government should adopt such a course of action as is indicated in the third paragraph above for the purpose of defeating the effects of a litigation which it initiated and pursued in the courts of the United States during a period of seven years and until an effort was made by the American contestant in that litigation to execute the judgment which ultimately resulted from that protracted litigation.

This Government is unable to accede to the view that in this respect the Swedish Government stands in the same position as would a private individual, for the reason, among others, that this claim originates from the assertion by the Swedish Government of a right to sovereign immunity, which right would not, of course, attach to any private individual.

*Point Three:*

While the position of the Swedish Government in this respect is not entirely clear, it would appear to have been chosen with a view to other aspects of the situation than the facts out of which the claim arose. If the Swedish State Railways had formulated its position in this matter in accordance with what the Swedish Government now

contends the facts to be, in this respect, the Railways obviously would not have brought suit in the United States against Dexter and Carpenter for an alleged violation of their contract obligation toward the Railways but, instead, would have brought suit in Sweden against the concern which the Swedish Government now contends was the only party with which the Railways had privity of contract. In that circumstance, Dexter and Carpenter would not have been put to the inconvenience and expense of defending the protracted litigation prosecuted against them in the United States by the Railways and undoubtedly would have brought its suit for damages in the courts of Sweden.

It is not considered to be accurate to say that the question of determining whether the claim is just depends upon Swedish law. The contract on which the justice of this claim depends is the contract between the Swedish Railways and the American vendors, the same contract on which the Swedish State Railways instituted proceedings in the United States Courts. This contract was properly to be interpreted in accordance with the law of the place in which it was made and in which it was to be performed, namely, the United States.

The Department can not but believe that the adoption at this time of the attitude that the rights of the parties depend upon an entirely different and subsequent contract and upon the law of Sweden is completely out of harmony with the conduct and attitude of the Swedish State Railways during the existence of the contract and at all times prior to the development of the possibility that it might be held accountable for the cancellation of its contract obligation, and that upon reconsideration that attitude will be found to have been assumed without due regard of the facts and the justice of the case.

*Point Four:*

In point three above the Swedish Government appears to contend that there was no privity of contract between the Swedish State Railways and Dexter and Carpenter. In point four it states that the only remedy available to Dexter and Carpenter was and is a suit in the Swedish Courts. Obviously, if these contentions are correct, such a suit could only be brought by Dexter and Carpenter against the local Swedish concern with which the Railways now contend it and Dexter and Carpenter had separate contractual relationships. The note of July 18, 1931, from the Swedish Foreign Office concludes, however, with the statement that any judgment which Dexter and Carpenter might obtain in Swedish courts as a result of a suit there "would be obligatory for the said Administration", i.e., the Swedish State Railways. The obvious import of this statement is that the Swedish State Railways and Beijer and Company are, for the pur-



poses of liability in this case, one and the same. The rights of the American claimant in this case depend, of course, upon its contract of December 4, 1919, with the Swedish State Railways. Inasmuch as the question of such rights has been fully litigated in the jurisdiction where the contract of Dexter and Carpenter was made and was to be performed and, moreover, in the jurisdiction which the Railways chose for the determination of those rights, to insist now that this litigation be repeated in Sweden is to say that the judgment of the court of the United States constitutes a denial of justice or that the Swedish Government refuses to comply with the legal and moral obligation resulting from that judgment.

*Point Five:*

The recognition by the courts of the United States of the immunity of the property of the Swedish Government from the process of judicial execution in this country has no bearing, of course, upon the question of the justice of the judgment of the American court nor upon the question of the obligation of the Swedish State Railways to respect that judgment. Aside from the fact that it is conceived to be somewhat out of harmony with the relationships of the two Governments for the Swedish Government to ask immunity for a Swedish commercial institution which not only engaged in business in the United States but also chose the courts of the United States as the appropriate tribunals to adjudicate disputes arising from its own commercial undertakings in this country, the Department is of the opinion that the Swedish Government is entirely unjustified in setting up as a defense to the merits of the claim, which is founded upon the just judgment of the Courts of the United States, the fact that this Government recognized the plea of sovereign immunity from execution on that just judgment. It is believed that the Swedish Government will desire to reconsider its position in this respect.

You are requested to communicate the above to the Swedish Foreign Office and state that this Government confidently expects that the further consideration of the claim, which it hopes the Swedish Government will give to it, will lead to the conclusion that the claim should be settled by the payment of the amount of the judgment with interest.

Very truly yours,

For the Secretary of State:  
JAMES GRAFTON ROGERS

458.11 Dexter and Carpenter/117 : Telegram

*The Minister in Sweden (Morehead) to the Secretary of State*

STOCKHOLM, March 29, 1932—1 p. m.  
[Received March 29—10:40 a. m.]

16. Referring to your telegram 12, March 25 [28], 5 p. m.,<sup>9</sup> note based on Department's instruction No. 96, February 23, 1932, delivered to the Minister for Foreign Affairs on March 12th. Copy in the pouch arriving on the 31st.

Have just discussed matter this morning with the Minister for Foreign Affairs, who states that the matter has been again referred to the Ministry of Communications but that several weeks must elapse before reply. He appears unimpressed with latest note and repeated that Dexter and Carpenter must seek relief in Swedish courts.

MOREHEAD

---

458.11 Dexter and Carpenter/119 : Telegram

*The Acting Secretary of State to the Minister in Sweden  
(Morehead)*

WASHINGTON, April 12, 1932—4 p. m.

15. Your No. 16, March 29, 1 p. m. The views of the Ministry of Communications doubtless will be influenced as heretofore, by its desire to disclaim responsibility under the provisions of Swedish domestic jurisprudence without special regard to international law or the international obligations of the Swedish Government and if the case is handled in this instance as when last presented, the views of the Ministry of Communications will be passed on to this Government as representing the views of the Foreign Office. This Government cannot regard any superficial consideration of the case in the light of municipal law alone as satisfying the international obligations of the Swedish Government in the matter. Department is unable to perceive how the Foreign Office can fail to be seriously impressed with the merits of the case as stated in instruction number 96 of February 23. This Government cannot advise Dexter and Carpenter to initiate anew, in Swedish courts, judicial proceedings with respect to the violation of a contract which was made in the United States to be performed in the United States and in the jurisdiction of which the resulting controversies have been fully litigated at the instance of the Swedish Government.

<sup>9</sup> Not printed.

In order to avoid the possibility of such a response as indicated above, and a consequent waste of time in arriving at a solution of the case, you may informally communicate with the Foreign Office in the sense of the foregoing and impress upon it the necessity of a basic and fundamental consideration of the matter by the Foreign Office itself as an international claim of one Government against another.

For your confidential information—Department desires to avoid arbitration of the case but if Swedish Government persists in its views that the question must be litigated in Swedish courts there appears to be no other alternative.

CASTLE

---

458.11 Dexter and Carpenter/124

*The Chargé in Sweden (Crocker) to the Acting Secretary of State*

No. 471

STOCKHOLM, April 14, 1932.

[Received April 27.]

SIR: In compliance with the Department's telegraphic instruction No. 15, of April 12, 4 P. M., I have the honor to report that I called this morning upon Baron Hamilton, the Secretary General of the Foreign Office, in the absence of the Minister for Foreign Affairs, and had an informal and frank conversation with him in the sense of the instruction.

I told him that the American Government felt strongly that another more or less stereotyped reply from the Ministry of Communications handed on to us as representing the views of the Foreign Office, as was the case with their last reply, would not be regarded as satisfying the obligations of the Swedish Government in the matter. I said that the Ministry of Communications would probably be influenced again by its desire to disclaim responsibility under the provisions of domestic jurisprudence and without giving due regard to the matter from the point of view of international law and that we felt that the Foreign Office ought to give the matter its full attention, regarding it as an international claim of one government against another. I pointed out that the Swedish Government had chosen the American courts as the proper place in which to initiate action for breach of contract against an American concern; that the contract had been made in the United States; that the contract was to have been performed in the United States; that the matter had been fully litigated within the jurisdiction of their own choosing; and that the American Government could not under the circumstances advise Dexter and Carpenter to start action all over again in Swedish courts. I said

that when the case had gone against them in a counterclaim the Swedish Railways then claimed immunity, which was granted them, and that now the American Government regarded the matter as an international claim of one government against another. Under these circumstances the American Government felt very strongly that the matter should be given the basic and fundamental consideration by the Foreign Office itself and that I hoped he could give me assurances that the Foreign Office would give it such consideration.

Baron Hamilton said in reply that as the correspondence on the case was so voluminous and the details so numerous he regretted that he was not familiar with the case excepting in a general way. He said that he had, of course, seen our note of March 10 last (based upon the Department's instruction No. 96, of February 23, 1932) and that the matter was again being considered by the Ministry of Communications. He said that when a reply was received the Foreign Office would certainly give the consideration to the case which I had asked.

I enquired whether the Foreign Office might not wish to begin its consideration of the case independently of and prior to the receipt of the reply from the Ministry of Communications, basing its consideration upon the point of view of international law rather than that of domestic jurisprudence.

He replied that there did not appear to be such great urgency in the matter as the American Government had allowed some eight months to elapse since the last reply of the Swedish Government but that he would naturally be glad to assure me that there would be no delay beyond that necessary to a thorough consideration of the case.

I said that the American Government understood perfectly the necessity for giving a certain amount of time to the matter, but that if the Ministry of Communications intended to reply in the sense of its former reply it would be a waste of time in arriving at a final solution of the case.

Baron Hamilton said that he had noted carefully the point of view which I had expressed and that I might communicate to my Government that the Foreign Office would give the consideration to the case which I had asked.

Respectfully yours,

EDWARD SAVAGE CROCKER

458.11 Dexter and Carpenter/138

*The Chargé in Sweden (Crocker) to the Secretary of State*

No. 614

STOCKHOLM, November 16, 1932.

[Received December 7.]

SIR: With reference to the Department's instruction No. 156 of November 1, 1932,<sup>10</sup> concerning the Swedish State Railways case and directing the Legation to bring the case again to the attention of the Foreign Office with a view to expediting a reply to the Legation's note of March 10, 1932,<sup>11</sup> I have the honor to report that on November 15 I called on Mr. Malmar, the Chief of the Legal Section of the Foreign Office, stating that I had received an inquiry from my Government concerning the status of the Dexter and Carpenter case and asking when we might expect a reply to our note of March 10, 1932.

Mr. Malmar said that of course the change in Government two months ago had necessarily retarded the progress of the case considerably as it had been necessary for the new officials to familiarize themselves with the dossier in the matter, which he pointed out again was extremely voluminous, and that Professor Undén had yet to review the draft prepared by the Foreign Office. He said that unfortunately Mr. Undén was at present very occupied but that a reply was in course of preparation and would be delivered within a reasonable time.

I asked him whether he meant by this days, weeks or months and he evaded the question, saying that he could not unfortunately give a reply which could be defined by any period of time as the matter rested with Mr. Undén who now had to review the case. I then asked if I was correct in inferring that all work of the Foreign Office in the case was completed, and he said that I was. I then asked if he would be kind enough to inform Mr. Undén that my Government had instructed me to enquire when a reply might be received and he said that he would do so. He then pointed out again that we had taken some eight months before replying to their last note in the matter and I said that we were now about even as our note was sent to them last March.

I enquired whether the Government had appointed the expert advisers to which he had referred in our conversation last July and, if so, who they were. He said that the new Government had decided that it would not be necessary and that they had left the matter entirely to the Foreign Office and to Mr. Undén.

<sup>10</sup> Not printed.

<sup>11</sup> Not printed; it was based upon Department's instruction No. 96, February 23, 1932, p. 532.

The impression conveyed to me was that the Foreign Office, and he, Malmar in particular, had devoted the most painstaking and thorough attention to the preparation of the reply, taking up the points set forth in the Department's instruction No. 96 of February 23, 1932, one by one; that their work was now completed but that it had to be reviewed by Mr. Undén before it could be delivered to the Legation; that Mr. Undén would not be hurried in his review of the matter and there was nothing that could be done to hasten the matter; that it would come through only after further thorough, if not leisurely, consideration. He refused to be pinned down as to when that time might be and I felt that no good purpose would be served by pressing the matter any further.

Respectfully yours,

EDWARD SAVAGE CROCKER

---

**ARRANGEMENT BETWEEN THE UNITED STATES AND SWEDEN  
REGARDING RECIPROCAL RECOGNITION OF LOAD LINE CERTIFI-  
CATES, EFFECTED BY AN EXCHANGE OF NOTES SIGNED JANUARY  
27 AND JUNE 1, 1932**

Executive Agreement Series No. 35  
858.8561/5

*The American Minister in Sweden (Morehead) to the Swedish  
Minister for Foreign Affairs (Ramel)*<sup>12</sup>

No. 140

STOCKHOLM, January 27, 1932.

EXCELLENCY: Referring to Minister Gyllenswård's note of June 29, 1931,<sup>13</sup> expressing the willingness of the Government of the King to conclude a reciprocal load line agreement with my Government, I have the honor, acting under instructions from my Government, to inform Your Excellency that the competent executive authorities of my Government have examined the Swedish load line regulations and have found them to be effective as the United States load line regulations.

I am also instructed to state to Your Excellency that my Government is prepared to agree that, pending the coming into force of the international load line convention<sup>14</sup> in the United States and Sweden, the competent authorities of the Governments of the United States and Sweden, respectively, will recognize as equivalent the load line marks and the certificate of such marking of merchant vessels of the other country made pursuant to the regulations in force in the

---

<sup>12</sup> Copy transmitted to the Department by the Chargé in Sweden in his despatch No. 512, June 3, 1932; received June 22.

<sup>13</sup> Not printed.

<sup>14</sup> Signed at London, July 5, 1930, *Foreign Relations*, 1930, vol. 1, p. 261.

respective countries: provided, that the load line marks are in accordance with the load line certificates; that the hull and superstructures of the vessel certificated have not been so materially altered since the issuance of the certificate as to affect the calculations on which the load line was based, and that alterations have not been made so that the

- (1) Protection of openings,
- (2) Guard rails,
- (3) Freeing ports,
- (4) Means of access to crews quarters,

have made the vessel manifestly unfit to proceed to sea without danger to human life.

I am also desired to state that my Government is prepared to agree that the competent authorities of the Governments of the United States and Sweden, respectively, will recognize load lines applicable to tankers and to vessels of special type which have been determined in accordance with tanker and vessels of special type rules as set forth in the international load line convention of 1930. In this connection my Government is desirous that the Government of Sweden agree that the load line certificates of Swedish tankers and Swedish vessels of special type contain information, when applicable, to the effect that the load line marks are located in accordance with the terms and conditions of the international load line convention of July 5, 1930.

I am further desired to state that it will be understood by my Government that on the receipt by the Legation of a note from Your Excellency expressing the concurrence of the Government of Sweden in the agreement and understanding as above set forth, the reciprocal agreement will be regarded as having become effective.

I avail myself [etc.]

JOHN M. MOREHEAD

Executive Agreement Series No. 35  
858.8561/5

*The Swedish Minister for Foreign Affairs (Ramel) to the American Chargé in Sweden (Crocker)*<sup>15</sup>

[Translation]

STOCKHOLM, June 1, 1932.

MR. CHARGÉ D'AFFAIRES: By letter of January 27 last Mr. Morehead informed me that—pending the coming into force between

<sup>15</sup> Transmitted to the Department by the Chargé in Sweden in his despatch No. 512, June 3, 1932; received June 22.

Sweden and the United States of America of the international load line convention of July 5, 1930,—the United States Government is prepared to agree with the Government of the King that the competent Swedish and American authorities reciprocally recognize the load line marks of merchant vessels of the other country, determined in conformance with the regulations in force in the respective countries, as well as the load line certificates delivered in conformance with the same regulations, on condition, however, that the marks should correspond to the indications set forth in the load line certificates, that the hull and the superstructures certified shall not have undergone after the delivery of the certificate modifications of sufficient importance to affect the calculation upon which the load line was based and that alterations have not been made so that the

- 1) protection of openings,
- 2) guard rails,
- 3) freeing ports, and
- 4) means of access to crews quarters

have rendered the vessels manifestly unfit to proceed to sea without danger to human life. Mr. Morehead informed me at the same time that his Government is likewise prepared to agree with the Royal Government that the competent Swedish and American authorities reciprocally recognize load line marks for tankers and ships of special types determined in conformance with the regulations set forth by the above-mentioned convention for ships of special types; he informed me furthermore of the desire of his Government to see the load line certificates delivered in such case by the Swedish authorities bear the indication that the load line marks are determined in conformance with the rules under reference.

In reply to this courteous communication I have the honor to inform you that the Government of the King approves the arrangement set forth above and that it is ready to conform with the desire expressed by your Government concerning the indication to be carried in the load line certificates delivered for tankers and ships of special types marked in conformance with the regulations of the international load line convention of July 5, 1930.

It is understood that the present exchange of Mr. Morehead's note under reference and of the present note shall be considered as an agreement reached between our two countries on this subject.

Please accept [etc.]

**RAMEL**



## YUGOSLAVIA

### REPRESENTATIONS IN SUPPORT OF THE STANDARD OIL COMPANY OF YUGOSLAVIA IN RESPECT TO YUGOSLAV CUSTOMS DUTIES

660H.113/18

*The Minister in Yugoslavia (Prince) to the Secretary of State*

No. 1419

BELGRADE, August 8, 1932.

SIR: With reference to the Department's telegraphic instruction of May 20, 1932,<sup>1</sup> I have the honor to submit the following review of the tariff case of the Standard Oil Company of Yugoslavia.

In 1925 the Yugoslav General Customs Tariff became effective, in the form of a project. This document, as since modified from time to time, is still effective, though it has never been formally adopted. It unquestionably has the force of law, and should not in any sense be regarded as provisional more than, for example, our own or the French tariff. Its rates and stipulations, with few changes of importance, have survived many governments and even the extraordinary circumstances of this nation's abandonment of the parliamentary form of government in favor of a dictatorship in 1929, and its reversion to the parliamentary regime in 1931. The purpose of the project was to establish a tariff for revenue and for the protection of certain domestic industries. The petroleum refining industry was among those for which a definite protection was provided.

The original provision with respect to this industry is translated as follows:

	<i>Maximum</i>	<i>Minimum</i>
	<u>Gold</u>	<u>Dinars</u>
"171: Naphtha crude, black and unrefined, residue after extraction of benzine and petroleum:		
1) in tank cars or barges .....	5	4
2) in other containers .....	6	5

Remark: Naphtha crude, black and unrefined, and residue after extraction of benzine and petroleum, when imported by refineries for refining purposes, are duty free under the conditions prescribed by the Minister of Finance, until such time when crude oil will be found in sufficient quantities within the country.["]

<sup>1</sup> Not printed.

At that time the refining industry consisted of the Danitsa refinery, a primitive establishment, at Bosanski Brod, on the Sava.

Ill advised or not, the protection set up by the tariff project was designed to introduce foreign capital into the Kingdom for the further development and modernization of this industry, and this purpose was accomplished very satisfactorily.

The Standard Oil Company purchased the Danitsa refinery in 1927, and by 1931 had converted it into what is said to be one of the most modern refineries in Europe, increasing its yearly capacity from 30,000 to 100,000 tons. The British "Shell" interests entered the field the same year, as the Anglo-Yugoslav Petroleum Company, erecting a refinery at Caprag. Both companies have invested important capital in the organization of storage facilities, transportation, and distribution as well as in the actual refining industry: always on the basis of the privilege granted in the tariff project. This investment was progressive, satisfying a developing market and creating stage by stage a complex modern producing and merchandising agency beyond the ambitions or imagination of those legislators and commissioners who in 1925 decided to foster the refining industry.

Crude naphtha was brought from Rumania for refining. An interesting feature of the business, illustrative of the sometimes wasteful methods of industries artificially created, develops from the fact that Rumania, anxious to protect the perhaps more legitimate Rumanian refineries, forbids the export of naphtha that has not been refined in that country. To overcome this restriction and still obtain the benefit of the Yugoslav tariff provision, the practice was adopted of buying the refined products in Rumania, mixing them at the frontier or on the Danube, and importing the resultant synthetic crude into Yugoslavia—for refining! In justice to the companies it must be said that whenever there was a considerable crude surplus over refining capacity, the Rumanian authorities were inclined to wink at their own restrictions and allow crude to be exported.

On March 23, 1931 the Economic-Financial Committee of the Council of Ministers issued the following opinion over the signature of Srskich, then Chairman of that Committee:

"This Committee is of the opinion that the freedom from duty of crude oil and composite oil should be canceled. Mr. Djakovich has been instructed to draft a project of law in this sense and also to suggest some other possible way of solving this question, the aim being to protect the economic and financial interests of the State from abuse."

For some reason this was forwarded to the Department of Customs only on May 15th, when it became known to the refineries and to the

Legation. The ill-starred Djakovich, mentioned above, was discharged a year later in connection with this same case, along with his colleague Dr. Borisavlyevich, in the chemical section of the Ministry of Finance. Djakovich is said to have been strictly honest, but he had the great misfortune to disagree with his chief, Finance Minister Georgevich, on a matter of ethics.

On May 25th, at the urgent request of Mr. Walker, President of the Standard Oil Company of Yugoslavia, Secretary George, then Chargé d'Affaires ad interim, saw Acting Foreign Minister Kumanudi and deposited with him the Legation's note 2290 of that same date, and a copy of a memorandum jointly prepared by the two interested companies in the nature of a petition against the contemplated action. A copy of this memorandum is herewith enclosed.<sup>2</sup> The Legation's note, which was in French, is translated as follows:

"The Legation of the United States of America has the honor to transmit to the Royal Ministry for Foreign Affairs a copy of a memorandum prepared by the President of the Standard Oil Company of Yugoslavia concerning a resolution which, according to the Legation's information, will be submitted at a meeting of the Council of Ministers tomorrow, May 26, 1931, affecting the importation into Yugoslavia of crude oil, and to express the following view.

The Legation believes that the object of the legislation now in force in this connection was to establish in the country an industry for refining this crude product. Certainly this legislation had the result of introducing into Yugoslavia important American capital and the foundation of the large establishments and the extensive organization of this company. However, should the resolution be adopted, which according to the Legation's information is to be laid before the Council of Ministers tomorrow, this same American capital and the Yugoslav refining industry must seriously suffer and, the latter, perhaps be wiped out.

The Legation would be grateful to the Royal Ministry for bringing these considerations to the attention of the Council of Ministers in the event of the examination of such a resolution.

Belgrade, May 25, 1931."

Asked if he would care to state on what initiative the amendment to the tariff had been proposed, Mr. Kumanudi said "I am not a chemist and am speaking to you confidentially and quite as Mr. Kumanudi to Mr. George. I have heard it said that for years the Company has practiced a fraud at the frontier." Mr. George replied that in his opinion no fraud had been committed and that there had not even been a deception of any kind. The Company had imported for its refinery crude oil purchased from the Rumanian Government and from private sources in Rumania, and from private sources, when

<sup>2</sup> Not printed.

crude was not available, refined products. Such refined products as were purchased from time to time were mixed by the Company outside Yugoslavia and reduced to crude again, for importation here duty free. This was done openly and to the knowledge of the officials in both countries. However, even had a fraud been committed, he asked Mr. Kumanudi if he considered it advisable to stamp out so important an industry as a purely punitive measure, and suggested that it might be better, though it hardly seemed necessary, to legalize the practice explained, or, to appoint a commission of inquiry to confer with company officials with a view to arriving at some workable arrangement satisfactory to Government and companies alike. Mr. Kumanudi seemed very sympathetic and promised to present the Legation's views and the memorandum at the meeting of the Cabinet.

As a result of this conversation the Cabinet meeting held on May 26th postponed discussion of the petroleum question. Meanwhile Foreign Minister Marinkovich and Assistant Foreign Minister Fotich returned from Geneva.

On May 28th Mr. George approached the British Minister as to the advisability of joint action on the part of the two legations. The latter, who was expecting to leave Belgrade the following morning, agreed to this proposal and suggested that Mr. George try to see the Foreign Minister. He authorized him to say that his views were those of the British Minister as well, and that the British Legation was in complete agreement with the American on this question. That afternoon Mr. George saw Assistant Minister Fotich, and on the day following explained the whole matter to the Foreign Minister and Finance Minister Shvrlyuga, endeavoring to secure their support for the companies.

I returned to Belgrade on June 3, and under date of June 9, Mr. Walker wrote to me:

"Following my interviews with Mr. Shvrlyuga and Demetrovich I came to the conclusion that they understood our case and were against drastic action. It is our understanding also that the Minister of Foreign Affairs at the Cabinet meeting at which our question was discussed defended our cause."

The Legation's impression was quite different with regard to Finance Minister Shvrlyuga, and Mr. Walker was so informed. His error was confirmed three days later when he wrote:

"I am now convinced that the sudden unfavorable situation has been created by the Finance Minister himself. It is his reply to our inability to find \$10,000,000 for him at 6%."

On June 10th I called on the Foreign Minister and gained the impression that he was only mildly interested. He suggested that I

see the Finance Minister. This I did not find advisable, but on the following day visited instead both the Prime Minister and the Minister of Commerce. The former was most cordial and listened sympathetically and intelligently to my explanation, appearing to realize the necessity for a careful and expert examination of the question before legislating. He suggested the possibility of compromising in some way. The Minister of Commerce, who received the British Minister and myself simultaneously (on my initiative), was openly and emphatically favorable to our view. Demetrovich proved a staunch friend, and was later forced out of office largely on this issue. I again saw Foreign Minister Marinkovich in this connection on June 18th, just before my departure for Bled.

Secretary George saw Mr. Kumanudi, appointed to succeed Demetrovich as Commerce Minister, on June 26th, to renew our representations. The shifting of portfolios and the frequent prolonged absence from the country of Foreign Minister and Finance Minister, rendered a continuity in the negotiations almost impossible. The threads of the fabric we were trying to weave, were constantly being let fall. The appointment of Uzunovich at this same time, to substitute for Finance Minister Shvrlyuga, proved one of our most serious reverses.

In spite of all our efforts, the following law was signed on June 29th and published in the *Official Gazette*, thereby becoming effective, on June 30, 1931:

“We, Alexander I, by the Grace of God and the Will of the People,  
KING OF YUGOSLAVIA:

On the proposition of our substitute Minister of Finance, Minister without Portfolio, our Minister of Commerce and Industry, and after hearing our President of the Ministerial Council, we prescribe and proclaim the Law for the amendment of the remark following Item 171 of the Import Tariff of the General Customs Tariff Project:

#### Paragraph 1

The remark following Item 171 of the Import Tariff of the General Customs Tariff Project is modified to read:

On naphtha crude, black and unrefined, and residue of naphtha when extracting benzine or petroleum, when the refineries import them for manufacture, 3 dinars in gold shall be paid per 100 kilograms, under the conditions prescribed by the Minister of Finance, until sufficient quantities of naphtha are found in the country.

## Paragraph 2

This Law becomes effective and valid on the date of its proclamation in the *Official Gazette*.

June 29, 1931,  
in Belgrade.

Alexander["]

The Government promulgated this law without investigating the conditions under which refineries operate here and without giving the companies the hearing so earnestly sought. . . .

Supported by the Legations, the two companies immediately began working for repeal. With this end in view Mr. Walker, of the Standard Oil, and Dr. Marich, of Shell, called upon Commerce Minister Kumanudi on July 8th, and renewed their request for the appointment of a commission of inquiry. This Kumanudi flatly refused, saying it was not the Government's business to prove that the new law was a bad one. He consented to examine any data the companies might care to submit however, and at the close of the interview remarked that the Government did not intend to destroy the industry. When told that the refineries would have to close, he seemed not to believe it.

Nevertheless, following energetic representations on my part and on the part of my British Colleague, the Commerce Minister did appoint a commission of experts, on July 31, to

"ascertain the profits realized by these enterprises, examine the situation created by the introduction of the new duty on crude oil, to determine the nature of the crudes hitherto manufactured, i.e. whether the crude oil contains all the components of crude oil and whether the refineries are equipped to refine crude completely, as well as all other facts in connection with this question."

The commission began its work at Brod on August 10th, and on August 29th submitted a report highly favorable to the companies in every particular, a translation of which was forwarded to the Department under cover of despatch 1149 of September 21, 1931.<sup>3</sup>

Unfortunately Finance Minister Djurich, who had come into office meanwhile, took the stand that the result of the commission's deliberations was a matter of indifference to him, and that he would insist upon a customs tax against the companies because the State must have money as things were. And as matters have developed, the excellent report of the commission, all of whose expenses were borne by the companies, has been all but totally disregarded.

On September 11th the refinery at Brod closed. At about this time negotiations with respect to the main issue turned to a search for

<sup>3</sup> Not printed.

some sort of compromise involving an outright loan or the extension of credits by the companies, in which the Legation took no active part. The Legation's attention now concentrated on the minor question affecting the free entry of some eleven thousand tons of crude oil imported under a permit issued prior to June 30th and valid until November 25, 1931. In this connection reference is respectfully made to the Legation's despatches 1149 and 1320, of September 21, 1931, and April 22, 1932,<sup>4</sup> respectively. The last of the barges containing the crude shipped from Rumania under this permit were finally allowed to enter under the 1925 provisions, only toward the end of June this year. Finance Minister Georgevich proved as disappointing in this matter as any of his predecessors, and thoroughly unreliable.

Early in 1932 the companies again manifested a desire to press negotiations for a definite settlement of the main issue. At the beginning of March I had occasion to discuss the situation with the Yugoslav Chief of Staff, who admitted to me that the benzine shortage, owing to the inactivity of the refineries, had become serious for the Army and Navy and that he did not know what to do about it. I suggested that he might place the matter before the Minister of War in such a way as to enable this official to take an energetic stand in the Ministerial Council. . . .

On April 4, 1932 Foreign Minister Marinkovich took office as Prime Minister, and during his brief and hectic administration, interrupted by Geneva and Lausanne, and harassed by a difficult internal situation, it is not surprising that the Standard Oil case did not advance appreciably. On May 9th, after another month of futile negotiation, the Legation cabled to the Department<sup>5</sup> for instructions. On May 31st the Legation was authorized<sup>5</sup> to submit a formal note requesting a definite statement of the views of the Yugoslav Government respecting the position of the Standard Oil Company here. This note, dated June 7, 1932, submitted in French, is translated as follows:

**"Mr. Minister:** With reference to note number 2454 of March 11, 1932, submitted by this Legation to the Royal Ministry of Foreign Affairs, enclosing a copy of a memorandum prepared by the President of the Standard Oil Company of Yugoslavia, I have the honor to inform your Excellency that I have received formal instructions from my Government directing me to express to the Royal Government its embarrassment to understand the reasons for the long delay

<sup>4</sup> Neither printed.

<sup>5</sup> Telegram not printed.

in settling the question submitted by this Legation to the Royal Government for examination a year ago, and to add that I trust the Royal Government will put an end to this delay by granting prompt attention to this question.

I should be grateful to your Excellency for furnishing me for transmission to my Government a declaration showing precisely the position of the Standard Oil Company in Yugoslavia.

Please accept, Mr. Minister, etc.”

During Marinkovich's absence in Lausanne the Government was presided over by Dr. Kramer. It was unfortunate that Marinkovich had to absent himself at this time, instead of allowing Assistant Foreign Minister Fotich to head the Yugoslav delegation at Lausanne as anticipated, and some of the psychological effect of the above note was undoubtedly lost owing to the delayed presentation of the note at the Ministerial Council.

On June 22nd Mr. Walker called at the Legation and reported that he had been reliably informed that Mr. Marinkovich would not return until June 25th. He added that he was informed from the same source that Acting Premier Kramer would welcome a communication from me covering the following points:

- 1) That Mr. Marinkovich was not returning before the 25th.
- 2) That the United States Government had viewed with growing concern the delay in the settlement of the Standard Oil case and the continued loss to the Company.
- 3) That it would be impossible for the Company to execute its contracts with the Government unless the refineries were reopened in the near future.

In response to Mr. Walker's urgent request, and after pointing out to him the obvious dangers involved in such a procedure, I dictated a note in Serbo-Croatian, of which the following is a translation:

“Belgrade, June 22, 1932.

“Mr. Minister: With reference to my note submitted to H. E. Dr. Voyislav Marinkovich in June of this year, I have the honor to request that a decision be arrived at at the earliest possible moment with respect to the case of the Standard Oil Company. In this relation, the following considerations are brought to Your Excellency's attention:

The Legation has been informed by the Ministry of Foreign Affairs that the arrival of H. E. Dr. Marinkovich has been delayed for some time. In the meantime the United States Government insists upon an early decision and the Company continues to suffer heavy losses because of the closing of its refineries. Furthermore there exists the threat of fines being applied to the Company for unfulfilled contracts with the Government in connection with the deliveries of petroleum products, and these obligations can not be settled until such time as the refineries again begin operation.



I therefore have the honor to request Your Excellency once more to consider the case of the Standard Oil Company as of great urgency.

In the hope that Your Excellency will render all necessary assistance in this matter, I avail myself of this opportunity to express to Your Excellency, the assurances of my highest consideration."

That same afternoon, accompanied by Secretaries Bucknell and George, I called at the Presidency and presented this note to Dr. Kramer.

Dr. Kramer glanced hastily through the note and suggested that the matter be allowed to await the return of the Prime Minister and repeated that he had been asked by Mr. Marinkovich to hold the matter pending his return. It was then urged upon Dr. Kramer that in view of the uncertainty as to the date of Mr. Marinkovich's return to Belgrade and the increasing urgency of the case, the Prime Minister be informed by telephone of the receipt of this note and of this conversation. He promised to inform the Prime Minister but appeared uncertain as to the outcome of such action. I then asked him: "The President is not opposed to the action asked by the Legation is he?", to which Dr. Kramer replied, "No, No!" throwing up his hands in a disparaging gesture, and clearly indicating that Mr. Marinkovich was favorable to a satisfactory and speedy solution and appreciated the expense and worry occasioned by the long delays already suffered. Asked whether or not the question would be submitted at the next meeting of the Cabinet for final settlement, Dr. Kramer replied that this must await the decision of Mr. Marinkovich.

The return of the Prime Minister was followed by a cabinet crisis, and on July 3rd a new Government was formed under the presidency of Srškich.

On July 24th a shortage of gasoline began to be noticed at many of the pump stations in Belgrade. On the 25th gasoline was only being sold to taxicabs and in very limited quantities. A nation wide shortage had declared itself.

On July 26th Secretary George introduced Secretary Bucknell to the new Foreign Minister, Mr. Yeftich, and in the course of the conversation which ensued asked if there was anything new with regard to petroleum matters. Mr. Yeftich said that a temporary solution would be reached immediately to satisfy the current demand, and that the whole question would be settled at an early meeting of the new Cabinet. He volunteered his opinion that settlement has been delayed much too long, owing no doubt to obstinacy on the part of both the Government and the companies.

The Legation was subsequently informed by Mr. Walker that on the assurance of the new Minister of Commerce, Mr. Mohorich, that the duty question would be settled within a fortnight, the refinery

at Brod reopened and is now operating at capacity. It is understood that this is a temporary reopening of the refinery, only for the express period of fourteen days.

It is possible that this action on the part of the Company is also a result of a bitter press campaign which followed the acute shortage of gasoline throughout Yugoslavia, of which the following (*Politika*, Belgrade daily, of July 30th) is typical:

"It is unnecessary to emphasize the importance of this question. The experience of war is sufficient, and all countries give the utmost attention to their supplies of gasoline and petroleum: especially such countries as have no production sources of their own. The problem is twofold: 1) to maintain adequate stocks on hand, and 2) to secure an easy supply for the customer. The problem of stocks is solved by keeping large reserves of crude oil and creating domestic refineries, as the maintenance of stocks of gasoline is dangerous. A minimal duty was assessed on crude oil in order to favor the erection of domestic refineries, and thus two refineries were created. They were established by the two companies which control the bulk of the domestic demand by importing from abroad. These are affiliations of the Standard Oil and Shell.

Domestic consumers and the State have already had many opportunities to observe that their interests were not adequately protected, but it did seem at least certain that the matter of reserve stocks was settled, and that traffic and other needs were insured by a regular supply. However, the recent shortage has proved that this is not the case. At a time when the world is overflowing with gasoline, crude oil, and petroleum our country has been reduced to its last barrels! There was the danger that all cars, airplanes, and so forth would stop; that diesel motors and other engines would run short of fuel. All transportation was threatened with paralysis.

We now hear the danger has been averted, but the fact remains that it did *exist*. This is not to be forgotten as facts have shown that the problem of stocks was not solved by protection and the erection of refineries. The country is not safe in this respect, and what this means need not be explained. Everywhere this was being discussed; and the fears of the public were not for the fate of taxicabs and buses, but far more important things. The shortage of stocks is a valuable lesson from which we may draw conclusions. No security may be expected as long as the market is monopolized. This might easily have been foreseen, in view of the tendencies of the world petroleum concerns and trusts, their arbitrariness, etc. . . . To exclude petroleum trusts from the country is impossible; this has succeeded nowhere. But all countries realize that they must place themselves in such a position as to prevent being at the mercy of the trusts. . . ."

Mr. Walker spoke very feelingly of the shortage and explained that it had been due to the fact that the companies' reserves of gasoline had been exhausted, and was emphatically not an effort on the part of the companies to force the Government's hand. The crude now being utilized was taken from bonded warehouses, I am assured by

Standard Oil officials, after payment of duty at the new rate, and the refineries are therefore operating temporarily at a loss.

As the matter now stands, a committee of experts appointed by the new Government to examine a new law project, favorable to the companies, has actually approved and signed, and according to the Legation's information the project will be laid before the Ministerial Council at a meeting to be held tomorrow, August 9th. Mr. Walker has specifically requested the Legation not to intervene further at this time, and in view of the satisfactory progress reported and the great delicacy of the present situation, the Legation has adopted the unusual course of allowing its formal note of June 7, 1932, deposited with the now retired Foreign Minister Marinkovich, to remain unanswered.

Respectfully yours,

JOHN DYNELEY PRINCE

660H.113/22

*The Minister in Yugoslavia (Prince) to the Secretary of State*

No. 1558

BELGRADE, February 7, 1933.

[Received February 23.]

SIR: With reference to my despatch No. 1419 of August 8, 1932, and to previous correspondence concerning the so-called Standard Oil Company case, I have the honor to enclose for the information of the Department my last note to the Foreign Office on the subject, dated February 3, 1933. This communication was addressed to the Minister of Foreign Affairs at the request of the Company, and any developments in the situation will be promptly reported to the Department.<sup>6</sup>

Respectfully yours,

JOHN DYNELEY PRINCE

[Enclosure]

*The American Minister (Prince) to the Yugoslav Minister for Foreign Affairs (Yeftich)*

BELGRADE, February 3, 1933.

EXCELLENCY: I have the honor to invite Your Excellency's urgent attention to my notes of June 7th, and June 22nd, 1932, and to previous prolonged correspondence concerning the case of the Standard Oil Company of New York. In the first note under reference, I requested a declaration for transmission to my Government showing precisely the viewpoint of the Royal Government as regards the posi-

<sup>6</sup> Apparently no reply was received to the Minister's note of February 3, 1933.

tion of the Standard Oil Company in Yugoslavia; in the second note referred to I pointed out the importance which my Government places upon the issuance of an early decision in the matter and again requested that this case be considered as of great urgency.

As Your Excellency is aware, although six months have elapsed since the despatch of the last communication from this Legation, I have as yet not even received a reply thereto and am accordingly forced to request you personally to issue instructions that a reply be addressed to me in the matter, and that a declaration, as requested by me in June, be transmitted to me which will show precisely the viewpoint of the Royal Government as regards the position of this American Company in the Kingdom of Yugoslavia.

In making this request, in the most urgent terms possible, allow me to assure Your Excellency that I have not failed to take into consideration all of the questions involved which make it difficult for Your Excellency to arrive at a decision in the matter. It would appear, however, that a sufficient time has elapsed and that sufficient study has been devoted to the matter now to allow the Royal Government to decide the question definitely and to communicate its decision to me without further delay.

Accept [etc.]

JOHN DYNELEY PRINCE

---

**REPRESENTATIONS AS TO CITIZENSHIP AND LIABILITY FOR  
MILITARY SERVICE IN YUGOSLAVIA OF FORMER HUNGARIAN  
SUBJECT NATURALIZED IN THE UNITED STATES**<sup>6a</sup>

360H.117 Belan, John/v

*The Secretary of State to the Minister in Yugoslavia (Prince)*

No. 331

WASHINGTON, January 26, 1932.

SIR: The Department has received your despatch No. 1184 of November 4, 1931,<sup>7</sup> concerning the case of John Belan, a naturalized American citizen of Hungarian origin, on whose account taxes in lieu of military service are being levied against his father, Ivan Beljan, by the Yugoslav Government.

It is observed that the Yugoslav foreign office takes the position that Mr. Belan did not lose Hungarian nationality upon his naturalization as an American citizen since he had not resided abroad for a period of ten years as required by the Hungarian law and that he relinquished Hungarian nationality and became a subject of the King-

---

<sup>6a</sup> For previous correspondence regarding the question of liability for military service of naturalized American citizens, see *Foreign Relations*, 1931, vol. II, pp. 1050 ff.

<sup>7</sup> Not printed.

dom of the Serbs, Croats and Slovenes by virtue of Article 61 of the Treaty of Trianon<sup>8</sup> and under Yugoslav law still is a subject of Yugoslavia.

In refutation of the above contention it might be pointed out that while Article 36 of the Hungarian Nationality Law, promulgated December 20, 1879, declares that a Hungarian citizen, who is at the same time a citizen of another country, shall be considered as a Hungarian citizen until such time as he loses Hungarian nationality under the law, Article 47 of the same law in translation provides that: "Any contrary regulations contained in treaties concluded with other States shall constitute exceptions to this law". The purpose of the latter provision obviously was to save from abrogation by that law provisions of treaties dealing with nationality which had already been entered into by the Austro-Hungarian Empire such as the naturalization treaty between the United States and the Austro-Hungarian Government proclaimed August 1, 1871.<sup>9</sup>

At the time of the negotiation of the treaty with the Austro-Hungarian Government this Government was earnestly seeking to gain recognition, by European Governments in particular, of the principle enunciated in the Act of Congress of July 27, 1868, (U.S.C. Title 8, Section 15) that "the right of expatriation is a natural and inherent right of all people". This principle was accepted by the Austro-Hungarian Government in Article 1 of the Treaty mentioned in the following terms:

"Citizens of the Austro-Hungarian Monarchy who have resided in the United States of America uninterruptedly at least five years and during such residence have become naturalized citizens of the United States, shall be held by the Government of Austria and Hungary to be American citizens, and shall be treated as such."

Having accepted by treaty the principle of the right of individuals voluntarily to expatriate themselves the Austro-Hungarian Government did not thereafter, to the Department's knowledge, decline to recognize the naturalization of any of its nationals as citizens of the United States after five years continuous residence in this country as resulting in the loss of Austro-Hungarian nationality. Moreover, the Government of Austria in Article 230 of the Treaty of Saint-Germain-en-Laye<sup>10</sup> and the Government of Hungary in Article 213 of the Treaty of Trianon<sup>11</sup> again affirmed their acceptance of that principle by undertaking to recognize any new nationality which had been or which might be acquired by their nationals under the laws of

<sup>8</sup> *Treaties, Conventions, etc.*, 1910-1923, vol. III, pp. 3539, 3565.

<sup>9</sup> Malloy, *Treaties*, 1776-1909, vol. I, p. 45.

<sup>10</sup> *Treaties, Conventions, etc.*, 1910-1923, vol. III, pp. 3149, 3232.

<sup>11</sup> *Ibid.*, pp. 3539, 3624.

the allied and associated powers, and in accordance with the decisions of the competent authorities of those powers pursuant to the naturalization laws or under treaty stipulations and to regard such persons as having, in consequence of the acquisition of such new nationality, in all respects severed their allegiance to their country of origin. The rights and advantages of the Articles cited above were formally accorded to the United States by the treaties establishing friendly relations with Austria and Hungary concluded August 24, 1921, and August 29, 1921, respectively.<sup>12</sup>

It is desired that you again take up the case of Mr. Belan with the Yugoslav Foreign Office setting forth the view of this Government that for the reasons stated above he ceased to be a Hungarian national upon his naturalization as an American citizen; that he did not, therefore, become a Yugoslav subject; and that military taxes which have been levied against his father on his account should be remitted.

Very truly yours,

For the Secretary of State:  
WILBUR J. CARR

360H.117 Belan, John/13

*The Minister in Yugoslavia (Prince) to the Secretary of State*

No. 1445

BELGRADE, September 6, 1932.  
[Received October 5.]

SIR: I have the honor to refer to the Department's Instruction 331 of January 26, 1932, File 360 H.117 Belan, John/8[9], concerning the case of John Belan, a naturalized American citizen of Hungarian origin, on whose account military taxes were being levied against his father by the Yugoslav Government, and enclose a translation of a *note verbale* just received from the Foreign Office which apparently disposes of this case.

Respectfully yours,

JOHN DYNELEY PRINCE

[Enclosure]

*The Yugoslav Ministry for Foreign Affairs to the American Legation*

No. 23846/7140/II

NOTE VERBALE

With reference to the *note verbale* of the Legation of the United States of America No. 2511, dated June 29, 1932, the Royal Ministry

<sup>12</sup> For the treaty with Austria, see *Treaties, Conventions, etc.*, 1910-1923, vol. III, p. 2493; for the treaty with Hungary, see *ibid.*, p. 2693.

for Foreign Affairs has the honor to communicate to it that, according to information received from the Ministry of the Interior, John Belan has been removed from the lists of persons resident in the Commune of Ribnik, and from the respective military registers as well.

BELGRADE, August 25, 1932.

# THE NEAR EAST AND AFRICA

## EGYPT

### EQUALITY OF REPRESENTATION AS AMONG THE PRINCIPAL CAPITULATORY POWERS ON THE MIXED COURTS OF EGYPT<sup>1</sup>

883.05/420 : Telegram

*The Chargé in Great Britain (Atherton) to the Secretary of State*

LONDON, January 12, 1932—6 p. m.

[Received January 12—5 : 20 p. m.]

10. In conversation today Foreign Office read me substance of a memorandum of conversation between Sir Percy Loraine and Minister Jardine on December 7th<sup>2</sup> and laid stress upon the following views indicated by the High Commissioner:

1. No country is entitled "by right" to more than three judgeships.

2. British support of particular candidate is based on qualifications and not on the principle of equality of representation.

3. The High Commissioner is not conscious of any coalition of Latin countries beyond joint representations towards extension of the mixed civil jurisdiction.

4. The pay of a mixed court judge is low and often more tempting to a highly qualified European than similar American, although in the case of Judge Wright it would appear that Egyptian Government was singularly fortunate in finding a highly qualified man who for reasons of health desired to live in Egypt.

5. Foreign Office laid stress upon reference to correct text of Sir Henry Elliot's letter<sup>3</sup> explained by Loraine apparently to Minister Jardine's satisfaction.

Foreign Office understood following points were not mentioned by Loraine:

(1) After British support had been lent in securing appointment of Judge Wright, subsequent and early vacancy was offered to a Swede. It was not until this Swede had refused the post that the judgeship was offered to the French (Foreign Office questioned whether in two vacancies occurring so near together British could in both instances have supported an American candidate). There has been under discussion for some time the next new post which is to be created at Mansourah, and in January 1931 the Egyptian Government informed the British of its intention to appoint an Austrian.

<sup>1</sup> Continued from *Foreign Relations*, 1931, vol. II, pp. 142-150.

<sup>2</sup> See telegram No. 109, December 9, 1931, 5 p. m., from the Minister in Egypt, *ibid.*, p. 147.

<sup>3</sup> Dated May 26, 1873; *ibid.*, 1873, vol. II, p. 1118.



British made no objection at the time and Foreign Office does not feel they can raise a "kick" these months after.

(2) Subsequent to the appointment of this Austrian in any vacancy arising, which Foreign Office admits is somewhat indefinite, the British High Commissioner will be prepared to lend his benevolent support to an American candidate (note: Foreign Office points out usual practice is for interested country to nominate two or three candidates and I infer from my conversation that British support would be far stronger to American candidate whose qualifications were admittedly able) provided (I quote Foreign Office words)

"(a) In giving this conditional promise we are in no way committing Egyptian Government nor pledging ourselves to exert any undue influence on the latter which will be contrary to our policy in matters of this kind since 1922.

(b) As we are speaking of a hypothetical appointment in a hypothetical future we must safeguard ourselves by stipulating that we would not wish to use any influence on the Egyptian Government at a time or in a manner which would seem to amount to an attempt to impose upon them the doctrine of parity or of right in these appointments, and still less to prejudice their chances of securing the consent of the interested powers to that substantial modification of the capitulations which we at some future time hope to be able to assist them to obtain."

In amplification of above proviso (a) Foreign Office stated that possibly influenced by the fact that they were allies, appointments had been given to French and Italians during the war when Egypt was a British protectorate and conditions there different from today, since British position versus Egypt had changed since 1922 with Egyptian declaration of independence. Today any drastic British intervention in Egyptian affairs was reserved for matters arising under four reserved points.

Foreign Office stated proviso (b) was made envisaging action under some possible future British Egyptian treaty to seek agreement from powers concerned of capitulatory modifications.

Repeated to Cairo.

ATHERTON

883.05/416

*The Secretary of State to the Chargé in Great Britain (Atherton)*

No. 1046

WASHINGTON, January 19, 1932.

SIR: Reference is made to the Department's telegraphic instruction No. 346 of December 22, 1931, 4 p. m.,<sup>4</sup> informing you of the views of the British High Commissioner at Cairo, as reported by the

<sup>4</sup> *Foreign Relations*, 1931, vol. II, p. 148.

American Minister to Egypt, relative to the Department's request for the High Commissioner's assistance in procuring the appointment of an additional American judge on the Mixed Courts of Egypt.

In amplification of the statement in the telegraphic instruction under reference, that the records of the Department indicate that the British Government has on more than one occasion taken an interest in or intervened in the appointment of judges, there is enclosed for your information and such discreet use as you may consider desirable, a memorandum prepared in the Division of Near Eastern Affairs<sup>5</sup> describing in detail the evidence found in the Department's records, of the activities of British officials between 1906 and 1921 in connection with the appointment of American judges to the Mixed Courts of Egypt.

Your attention is particularly called to the quotation from the British Foreign Office's note of October 12, 1920,<sup>6</sup> in which it is maintained that the British Government had advised the Egyptian Government "to proceed forthwith to the appointment of an American judge to succeed Judge Tuck", and to the reference to a note of June 22, 1921, from the British Embassy at Washington,<sup>7</sup> informing the Department that Mr. Ellery Cory Stowell, who had been nominated in the Secretary of State's note of May 10, 1921,<sup>8</sup> was unacceptable to the British Government.

The above-mentioned incidents alone would appear to leave no doubt as to the direct part taken in the past by the British Government in the general question of the appointment of a judge of American nationality, as well as in connection with the nomination of particular individuals.

Very truly yours,

For the Secretary of State:  
W. R. CASTLE, JR.

883.05/438

*The Minister in Egypt (Jardine) to the Secretary of State*

No. 414

CAIRO, February 24, 1932.

[Received March 24.]

SIR: I have the honor to refer to my despatch No. 368 of December 23, 1931,<sup>5</sup> in the matter of the obtainment of the appointment of an additional American judge to the Mixed Courts of Egypt and to

<sup>5</sup> Not printed.

<sup>6</sup> *Foreign Relations*, 1920, vol. II, p. 226.

<sup>7</sup> Not printed; see note of September 20, 1921, to the British Ambassador, *ibid.*, 1921, vol. I, p. 915.

<sup>8</sup> *Ibid.*, p. 914.

transmit herewith a copy of a communication of February 20, 1932, which I have received from the British High Commissioner to Egypt, as well as a copy of my reply thereto of February 23, 1932.<sup>10</sup>

When I mentioned to the Assistant Judicial Adviser that the support of the Residency to the American contention for an additional judge had been promised under certain conditions I was informed that no difficulty was to be envisaged so far as the Egyptian authorities were concerned.

The Assistant Judicial Adviser added that suggestions made to the Minister of Justice by the Judicial Adviser in the matter of the appointment of foreign judges to the Mixed Courts were equivalent to nomination, as the Ministry of Justice invariably consulted the Judicial Adviser in connection with the filling of vacancies on the Mixed Courts. It was stated that the desire of the Egyptian Government to defer to the recommendations of the Judicial Adviser in the matter of the choice of a nominee was sometimes even embarrassing and it was oftentimes only with difficulty that the Ministry of Justice could be persuaded to exercise its discretion in the making of an appointment from the list of candidates submitted to the Egyptian Government.

The control exercised by the British Government through the Judicial Adviser over appointments to the Mixed Courts and the fact, as stated in the enclosed communication from the High Commissioner that the seat finally accorded a fifth French judge in 1931 had been originally offered to Sweden, may explain a remark made recently to me by my French colleague that the Scandinavian judges were little more than satellites to the Anglo-Egyptian influence on the Courts.

Respectfully yours,

W. M. JARDINE

883.05/456

*The Minister in Egypt (Jardine) to the Secretary of State*

No. 514

CAIRO, June 16, 1932.

[Received July 16.]

SIR: I have the honor to transmit herewith a copy of a communication dated June 12, 1932, addressed to me at my request by Justice Jasper Y. Brinton,<sup>11</sup> containing an examination of the situation as regards British representation in the legislative activities of the Mixed Court of Appeals created by the presence of three British justices on the bench of that Court.

<sup>10</sup> Neither printed.

<sup>11</sup> Not printed.

With the retirement of Sir Ralph Cator, President of the Mixed Court of Appeals, on November 1, 1932, as reported in my despatch No. 498 of June 1, 1932,<sup>12</sup> and in the event of the vacancy thus created being filled by a British justice, the question is likely to arise, as Justice Brinton has pointed out, as to the nature of the limitations to be imposed on such a third British justice in legislative matters.

I understand that Judge John S. Blake-Reed, British member of the Cairo Mixed Court of First Instance, has been nominated to fill the vacancy created by the retirement of Justice Sir Ralph Cator. In the event of the actual appointment of Judge Blake-Reed, it is possible as Justice Brinton suggests, that the British Government "may endeavor to establish a right to be represented by all three British judges" in the Legislative Assembly of the Mixed Court of Appeals, as well as the perpetuation of the privilege of three British justices to participate in the proceedings of the General Assembly of the Court. As the Department is aware, inclusive of Sir Ralph Cator, there are at present three British justices on the Mixed Court of Appeals, namely Justices Cator, Vaux and McBarnett, and four British judges on the Mixed Court of First Instance, namely, Judges Preston, Blake-Reed, Graham and Barne.

In view of the recently expressed views of my Belgian, French and Italian colleagues, I am of the opinion that not only would their Governments be disposed to contest any claim of Great Britain to be represented by three justices in the proceedings of the Legislative Assembly of the Mixed Court of Appeals, but that the Governments in question may consider it appropriate to raise the question of the plural character of British representation in the General Assembly of the Mixed Court of Appeals, if not indeed the broader issue of the plural British representation on the Mixed Court of Appeals itself or the preponderant British representation on the Mixed Courts generally.

While, in the light of the Department's instruction No. 108 of October 25 [28], 1931,<sup>13</sup> and of my conversations with the High Commissioner, as reported to the Department in my despatches Nos. 368 and 414 of December 23, 1931 and February 24, 1932,<sup>14</sup> we are estopped from raising the question of the present preponderant British representation, I do not consider that we are bound in any respect to admit any right which might be claimed by Great Britain to be represented on either the General or Legislative Assembly of the Mixed Court of Appeals by three British justices, nor that we may be considered as estopped from questioning such a right.

<sup>12</sup> Not printed.

<sup>13</sup> *Foreign Relations*, 1931, vol. II, p. 144.

<sup>14</sup> Despatch No. 368 not printed.

I have considered it desirable to present the foregoing facts to the Department in the belief that the Department might deem it appropriate to instruct me as to its views which I might communicate informally to Justice Brinton and on the basis of which I might guide myself in any informal conversations on the subject which I might have occasion to have with my interested colleagues.

Respectfully yours,

W. M. JARDINE

883.05/438

*The Secretary of State to the Minister in Egypt (Jardine)*

No. 168

WASHINGTON, September 10, 1932.

SIR: The Department refers to your despatch No. 414 of February 24, 1932, enclosing a copy of a communication of February 20, 1932, from the British High Commissioner to Egypt,<sup>15</sup> regarding the support which the British Government will be prepared to accord to the appointment of an additional American judge to the International Mixed Tribunals; to your despatch No. 442, dated April 7, 1932,<sup>16</sup> informing the Department that the British High Commissioner had not offered a new explanation of Sir Henry Elliot's letter to Nubar Pasha, dated May 26, 1873; and to other correspondence on the subject of equality of representation of the principal capitulatory Powers on the Mixed Court judiciary.

The Department has noted particularly the intimation contained in your despatch No. 414 to the effect that in view of the promise of British support no resistance was to be envisaged from Egyptian sources to the appointment of an additional American judge. While the Department is gratified to learn that the Egyptian authorities are not likely to oppose the proposed appointment, it is of the opinion that it would be desirable, in order to complete the record, to make a formal request for such an appointment to the Minister for Foreign Affairs.

Therefore, unless you perceive some objection, it is requested that you seek an early occasion to leave with the Minister for Foreign Affairs a formal note in reply to his communication of June, 1931,<sup>17</sup> a copy of which was enclosed with your despatch No. 196 of June 11, 1931.<sup>18</sup> Your note should read substantially as follows:<sup>19</sup>

<sup>15</sup> Enclosure not printed.

<sup>16</sup> Not printed; it repeated the substance of the oral communication by the British Foreign Office to the Chargé in Great Britain, reported in the Chargé's telegram No. 10, January 12, 6 p. m., p. 621.

<sup>17</sup> *Foreign Relations*, 1931, vol. II, p. 143.

<sup>18</sup> Not printed.

<sup>19</sup> This note, dated December 2, 1932, was acknowledged by the Egyptian Foreign Office on December 11.

“Adverting to Your Excellency’s note of June, 1931, setting forth the views of the Egyptian Government regarding the question of the principle of equality of representation of the principal Capitulatory Powers on the Mixed Tribunals, I am instructed to make the following communication :

The American Government notes with regret that the Royal Government, in its communication of June, 1931, has not acknowledged the clear interpretation of Sir Henry Elliot’s letter of May 26, 1873, to Nubar Pasha, and that it has failed to respond to the American Government’s repeated requests for copies of the documents upon which it relies to negative the sense of that letter. Under the circumstances the Government of the United States of America can not accept the Egyptian statement of June, 1931, as a convincing or satisfactory reply to its repeated representations on this subject. Animated as it is, however, by the friendliest sentiments toward the Royal Government, the United States will refrain at this time from continuing to press its point of view. It finds itself under the necessity, nevertheless, of making a full reservation of its position with respect to the principle of equality of representation on the Mixed Courts.

In view of the friendly attitude which it has adopted in this matter, the American Government trusts that the Egyptian Government will see its way clear to acquiesce in the formal request, which is hereby made, for the appointment of an additional American judge on the bench of the Mixed Tribunals at the earliest opportunity. The American Government wishes to make clear that this request is motivated by its desire to see removed the existing discrimination to which the United States is subject because of its numerically inferior representation on the courts as compared with that of the other principal Capitulatory Powers.”

At an appropriate moment after delivery of this note to the Minister for Foreign Affairs, you should seek an interview with the British High Commissioner and inform him of your action, leaving with him if you consider it desirable a copy of your note to the Minister for Foreign Affairs. At the same time you should recall to the High Commissioner’s attention the conditional promise of British support conveyed in his communication to you dated February 20, 1932.

You should report promptly to the Department the results of your conversations in this matter, sending a copy of your despatch to the American Embassy at London, in order that an appropriate account of your representations may be presented by the Embassy to the Foreign Office.

A copy of the present instruction is being transmitted to the Embassy in order that it may be prepared to take appropriate action upon receipt of your report. The Embassy’s attention is at the same time being directed to the fact that, contrary to the statement in its telegram No. 10 of January 12, 1932, no explanation of Sir Henry

Elliot's letter was made to you by the High Commissioner, in the thought that the Embassy may, if it considers such action desirable, intimate to the Foreign Office that this Government has never received any explanation of Sir Henry Elliot's letter which would invalidate the conclusion which has been drawn therefrom in the past.

Very truly yours,

For the Secretary of State:  
W. R. CASTLE, JR.

---

883.05/465 : Telegram

*The Acting Secretary of State to the Minister in Egypt (Jardine)*

WASHINGTON, November 7, 1932—3 p. m.

27. Your 40, October 27.<sup>20</sup> Although the Department does not consider itself estopped from raising the question of the extent of British participation in the legislative activities of the Mixed Courts, it would not wish to take such action unless the other interested Powers had taken the initiative and there appeared clear reasons for joining them.

In view of the statements on pages 325-326 of Justice Brinton's book, *The Mixed Courts of Egypt*, the Department had considered that the British representation on the General Assembly was not likely to be injurious to American interests. Moreover, having raised no objection to this plural representation during the past 11 years, and having no evidence of any injury to American interests as a result thereof, it would appear difficult to raise the question at this time.

The Department would, however, be inclined to view with disfavor the creation of a new precedent by permitting three British judges to sit on the Legislative Assembly. Should there be in your opinion any possibility that such a course is contemplated the Department would upon your recommendation be prepared to consider favorably instructing you to inquire of the High Commissioner whether your Government is correct in assuming that the British Government has no intention of causing the number of British judges participating in the Legislative Assembly to be increased. The Department would, however, first wish to know what, if any, action the other principal Capitulatory Powers might be contemplating in the circumstances, as it would be reluctant to take the lead in such a matter.

CASTLE

---

<sup>20</sup> Not printed.

APPOINTMENT OF AN AMERICAN REPRESENTATIVE ON THE  
INTERNATIONAL QUARANTINE BOARD AT ALEXANDRIA <sup>21</sup>

883.12/56

*The Minister in Egypt (Jardine) to the Secretary of State*

No. 354

CAIRO, November 24, 1931.

[Received December 16.]

SIR: I have the honor to acknowledge the Department's instruction No. 84 of August 27, 1931,<sup>22</sup> directing me, in the absence of a favorable reply to my representations on the subject of the appointment of an American representative on the International Quarantine Board of Alexandria, to bring this matter once more forcibly to the attention of the Egyptian Government and to ascertain and report the reasons for the delay in this matter.

I forwarded the Department in my despatch No. 298 of September 14, 1931,<sup>22</sup> a record of my conversation on the subject which I had on September 3, 1931, with the Acting Minister for Foreign Affairs. On November 17, 1931, when calling on the Minister for Foreign Affairs on the day assigned for the reception of members of the diplomatic corps, I had intended to bring up again the question of American representation on the International Quarantine Board, which I had been prevented from doing by the Minister's illness, but he anticipated the subject by raising the question himself.

The Minister for Foreign Affairs stated that he had studied the question at length and that he had discussed the subject with the Prime Minister and that they had come to the conclusion that they could not accede to the wishes of the United States as they regarded the question as a purely domestic matter and that it was the intention of the Egyptian Government not only to avoid the appointment of new members but to abstain from the filling of any vacancies which might occur in the future with a view to the eventual transformation of the Board from an international to an Egyptian institution.

The Minister for Foreign Affairs stated that there were countries bordering on the Mediterranean at present unrepresented on the Board which were asking for representation, a fact which I have previously reported to the Department.<sup>23</sup> He added that, if a formula might be devised whereby a means might be found for the Egyptian Government to appoint an American representative without opening representation on the Board to the other countries seeking represen-

<sup>21</sup> Continued from *Foreign Relations*, 1928, vol. II, pp. 773-781.

<sup>22</sup> Not printed.

<sup>23</sup> The countries referred to were Rumania, Germany, and Turkey (883.12/54).



tation, the Egyptian Government would be pleased to give further consideration to the question of American representation.

I inquired if I might regard the Minister's reply as a definitive reply to my Government's inquiry. He stated that he would not go so far as to say that his answer represented the last word on the part of the Egyptian Government but that he had brought the matter up in order that I might be apprised in general of the Egyptian Government's position and that he would prefer to have a further opportunity to discuss the question with me before giving me a definite answer and that he would be pleased to hear and to take into consideration any further arguments which I might desire to advance in support of my request for American representation.

In a conversation which I had with the British High Commissioner on November 21, 1931, on a number of subjects I mentioned to the High Commissioner the fact that my Government had repeatedly made representations to the Egyptian Government with regard to the appointment of an American representative on the International Quarantine Board and that my Government had been promised at one time that it would be accorded such representation<sup>25</sup> but that in a conversation which I had had very recently with the Egyptian Minister for Foreign Affairs I had been informed that the Egyptian Government could not accede to the wishes of the American Government in this respect for the reason that it regarded the matter as a domestic question and since the Egyptian Government intended to make the Quarantine Board an Egyptian body by refraining from the appointment of representatives of foreign powers either in the form of additional members or to fill any vacancies which might subsequently arise.

I inquired if the Egyptian Government had the support of the Residency in the attitude which it had taken. The High Commissioner informed me that the question had not been discussed with him at all, but that in his opinion it was out of the question to consider the conversion of the International Quarantine Board from an international to a purely Egyptian institution. He added that he regarded the matter as one of considerable importance and as one which he proposed to examine without delay.

In view of the foregoing I have thought it desirable to postpone any further representations on the subject to the Egyptian Government until I might discuss the question further with the High Commissioner after he had studied the question and had made himself acquainted with the question involved of the eventual transfer of the functions of the International Quarantine Board to an Egyptian

---

<sup>25</sup> See note of June 21, 1928, from the Egyptian Minister for Foreign Affairs to the American Chargé, *Foreign Relations*, 1928, vol. II, p. 777.

Board, as I have felt that I would be better prepared to continue my representations or to make recommendations to the Department on the basis of the attitude which the Residency was likely to adopt.

Respectfully yours,

W. M. JARDINE

883.12/57

*The Minister in Egypt (Jardine) to the Secretary of State*

No. 400

CAIRO, February 9, 1932.

[Received March 10.]

SIR: I have the honor to refer to my despatch No. 354 of November 24, 1931, on the subject of American representation on the International Quarantine Board and to transmit herewith a copy of a note of February 4, 1932, which I have received from the Minister of Foreign Affairs on that subject in reply to my note of May 11, 1931,<sup>26</sup> which the Department authorized me to present to the Egyptian Government. There are also enclosed a suggested translation of the Minister's note, as well as a copy of my acknowledgment.<sup>27</sup>

Following my conference of November 21, 1931, with the British High Commissioner as reported in my despatch No. 354 of November 24, 1931, I had occasion a few days subsequently to see him on other subjects at which time he informed me that he had taken pains to go at some length into the question of the proposed abolition of the Board. In my conversation with him he gave me the impression that his Government did not envisage concurrence in the near future with the Egyptian Government's expressed desire for the Board's transformation into an Egyptian institution as it was not considered that the Egyptian authorities were as yet sufficiently competent to apply independently the measures of public health and quarantine now confided to the International Quarantine Board. The High Commissioner added that his Government would welcome American representation on the Board and that should he find an opportune occasion he would take the opportunity to intimate to the Egyptian Government the desirability of American representation.

A few days subsequently Major Gilmour, President of the Quarantine Board, called on me and stated that the High Commissioner had suggested that he call and give me such informal assistance as he might find possible and appropriate towards the obtainment of American representation on the Board.

Major Gilmour explained that he had always favored American representation but was precluded, as an Egyptian official, from tak-

<sup>26</sup> Note of May 11 not printed.

<sup>27</sup> Acknowledgment not printed.

ing any official action to that end. He suggested, however, that the Egyptian Government was not justified in considering the American request for representation in the same category with similar requests on the part of Germany and Turkey for the reason that Germany had renounced its title to representation by the Treaty of Versailles, while similar renunciation had been made by Turkey in the Treaty of Lausanne.<sup>28</sup>

On December 26, 1931, I called on the Minister of Foreign Affairs, by appointment, to discuss with him further the question of American representation which had been the subject of a previous conversation as reported in my despatch No. 354 of November 24, 1931. In reiterating the reasons which my Government had previously presented through me in justification of my Government's desire for representation I added the further argument that my Government's request for representation was properly distinguishable from similar requests of the Governments of Germany and Turkey which had severally renounced in formal treaties any right which they might have claimed to representation. For these reasons and in view, moreover, of the fact that the Foreign Office in its note of June 21, 1928,<sup>29</sup> had accepted in principle my Government's request for representation on the Board, I stated that my Government was at a loss to understand the reason for further delay in the appointment of an American representative.

The Minister of Foreign Affairs sought to persuade me to request my Government to engage itself to support the Egyptian Government's desire to suppress the international character of the Board in return for representation. He stated that both he and the Prime Minister were sympathetic to my Government's request but unless it was possible for my Government to agree in advance to give its cooperation to the realization of the Egyptian Government's purpose to transform the Board into an Egyptian institution it was doubtful if parliamentary support could be obtained in favor of American representation.

I referred to my Government's note No. 124 of July 13, 1929,<sup>30</sup> in which my Government's position had been clearly set forth in regard to a similar proposal, a position which I stated was still adhered to.

The Minister replied that the Foreign Office in its note of June 21, 1928, had exceeded its authority in according its agreement in principle to American representation since such an agreement should only

---

<sup>28</sup> For the German renunciation, see sec. VI, art. 152, of the Treaty of Versailles, *Treaties, Conventions, etc.*, vol. III, pp. 3329, 3397; for the Turkish renunciation, see pt. I, sec. I, art. 17, Treaty of Lausanne, Great Britain, Cmd. 1929, Treaty Series No. 16 (1923), p. 21.

<sup>29</sup> *Foreign Relations*, 1928, vol. II, p. 777.

<sup>30</sup> Not printed.

have been given following approval by the Council of Ministers. It may be noted that this is included amongst other arguments presented in the enclosed note of February 4, 1932 of the Minister for Foreign Affairs.

In my despatch No. 298 of September 14, 1931,<sup>21</sup> in reporting on the subject under reference I noted particularly the increasing restiveness of the Egyptian Government towards the capitulatory regime and expressed the opinion that, in view thereof, American representation on the Board would only be conceded grudgingly, if at all. The present note of the Egyptian Government fully confirms the point of view expressed by me in September and I may add that a further consideration which has affected the present conclusions of the Egyptian Government has been, I have reason to believe, the knowledge that any decision to accord unconditional assent to American representation would subject the Government to the embarrassing criticism of Nationalist elements.

Moreover, as the Foreign Office has observed in its note of February 4, 1932, no new representatives have been added to the Board since its establishment, while a similar Board established at Constantinople has been abolished by the Treaty of Lausanne.

So far as I am aware no charges have ever been raised against any acts of discrimination on the part of the Board against American interests in the application of its public health measures, since such charges might well afford the strongest possible argument for American participation in the decisions of the Board. In the event the Public Health Service of the Treasury Department is desirous of establishing more intimate and direct contact with the Board I am of the opinion the Egyptian Government would be most receptive to the approval of any suggestions on the part of the Public Health Service looking to the fullest possible cooperation on the part of the Board as now constituted with the competent American authorities.

With the growing realization of all capitulatory Powers of the increasingly anachronistic character of the capitulatory regime, and with the example of Turkey constantly adduced by Egyptians as affording an all too painful contrast with the regime to which Egypt is compelled to submit, and in consideration of the deepening sensitiveness of Egypt to any extension of any institution suggestive of the limitation of Egyptian sovereignty, I am of the opinion that further action on the subject of American representation on the International Quarantine Board would be ill-advised and that the results which might be obtained would be incommensurate with the loss of that good will which further insistence might well entail. Moreover, there is the additional consideration that such insistence is

---

<sup>21</sup> Not printed.

calculated, however mistaken the interpretation, to provoke an imputation of motives foreign to the reputation for sympathetic consideration of the aspirations of non-autonomous nations now and long enjoyed by the United States in Egypt.

So long as the Board is functioning efficiently, and of that I do not believe there is any question, I consider far more may be gained in good will by refraining from any further pressing of the question of American representation than from any advantages which might possibly be acquired by the appointment of an American representative.

Respectfully yours,

W. M. JARDINE

[Enclosure—Translation<sup>22</sup>]

*The Egyptian Minister for Foreign Affairs (Yehia) to the American Minister (Jardine)*

No. 14

CAIRO, February 4, 1932.

MR. MINISTER: I have the honor to refer to the Legation's note dated May 11, 1931,<sup>23</sup> as well as to the conversations which I have had with Your Excellency, on the subject of representation of the United States of America on the Sanitary, Maritime and Quarantine Board.

The relations which I have had the pleasure of maintaining with Your Excellency have convinced you, I am persuaded, of the friendship which I personally have for you and for the great country which you have the honor to be representing here, and of my eagerness to settle in this spirit of cordiality the questions capable of disturbing directly or indirectly the friendly relations which have always existed between our two countries. I may add in this connection, that I have only followed in the footsteps of my predecessors, all animated to the same degree by the desire faithfully to reflect the sentiments which His Majesty the King, my August Master, and the Egyptian Nation feel towards the Government of the American people.

Nothing could better illustrate the efforts of the Royal Government in this matter than its attitude towards the question of the representation of the United States on the Sanitary, Maritime and Quarantine Board of Egypt concerning which permit me to remind Your Excellency of the following phases:

In the first part of 1924 (January 3, to be exact), the Minister of the United States at Cairo informed my Department of the desire of the Government of the United States to be represented on the Sanitary, Maritime and Quarantine Board of Egypt, with a view on the one

<sup>22</sup> File translation revised.

<sup>23</sup> Not printed.

hand, of assuring protection for its maritime commerce which continued to increase in the Eastern Mediterranean and, on the other hand, to help protect the country against the risk of infection from diseases which might be introduced into its ports by the numerous vessels coming from the Near East.

The request of the United States having been transmitted to the Ministry of the Interior for decision, my Department was able to reply, on June 21, 1928, to the American Legation that the Royal Government would be pleased to consent, in principle, to representation of the United States on the Sanitary, Maritime and Quarantine Board.

Now, it is the duty of the Council of Ministers to decide definitely on the acceptance of representation of the United States, as well as to the form of such representation. In fact, the Sanitary, Maritime and Quarantine Board was created in 1881, by Decree,<sup>34</sup> in accordance with a decision of the Council of Ministers. It was by Decree that the General Sanitary Administration, predecessor of the Sanitary, Maritime and Quarantine Board, was established in 1843. It was likewise by Decrees, in accordance with decisions of the Council of Ministers, that changes have been made in the bylaws and composition of the Sanitary, Maritime and Quarantine Board (Decrees of June 19, 1893, December 25, 1894, and December 28, 1898).

And it was for the purpose of obtaining the approval of the Council of Ministers, with a view to a Royal Rescript according American representation, that on October 14, 1928, the Minister of the Interior presented to the Council of Ministers a proposed rescript in this sense. In the explanatory note accompanying the proposed rescript, the Minister of the Interior stated, that, in order to reconcile the acceptance of American representation with the point of view of the Egyptian Government looking to the suppression of the Board and the transfer of its duties to the Egyptian Department of Public Health, he proposed to indicate clearly to the American Government at the time of the notification of the Royal Rescript, that the Egyptian Government, in complying with the American request, although it had received several similar requests from other Powers, gave proof of a very particular friendship for the American Government,—counted upon that Government for its support when the suppression of the Board should come up for discussion. On October 27, 1928, the said Note and the proposal were submitted to the Council of Ministers, which decided to postpone the matter in order to make a new examination of the question.

<sup>34</sup> Egypt, *Bulletin des lois et decrets, année 1881*. (Port-Saïd Imprimerie française J. Serrière, 1881), pp. 12-21.

On February 11, 1929, the Ministry of the Interior informed this Ministry that His Excellency the Prime Minister and Minister of the Interior was of the opinion that the Ministry for Foreign Affairs should take the necessary steps to obtain from the United States, previous to the obtainment of representation, an engagement in the sense above indicated. This opinion was transmitted to the Minister of the United States by letter dated March 4, 1929.<sup>35</sup>

This decision of His Excellency the Prime Minister and Minister of the Interior is in strict conformity with the attitude of the Egyptian Government as regards the Sanitary, Maritime and Quarantine Board, an attitude definitely held for the past thirty years. If the international character of the Sanitary, Maritime and Quarantine Board and of similar organizations which have preceded it might have been justified in the past, it is at present an anomaly in that it no longer fits in with the progress of the country, and constitutes at the same time an unjustified mark of inferiority and incompetence, considering the important stages which we have so quickly passed through towards improvement in the department of sanitation, an improvement unanimously recognized by the Medical Conference held at Cairo in 1928.

Already in 1903 Egypt made itself heard in the International Sanitary Conference held in Paris,<sup>36</sup> by requesting the abolition of the Sanitary, Maritime and Quarantine Board. This request was renewed in 1912,<sup>37</sup> and in 1926<sup>38</sup> at the International Sanitary Conference held in the same city.

The Council of Ministers had already decided on July 9, 1925, that "the existence of the Sanitary, Maritime and Quarantine Board of Egypt is no longer justified by any necessity, inasmuch as the reasons which brought about its establishment have disappeared, and that the Egyptian Government can easily assume the responsibility of taking the necessary health and maritime quarantine measures for the protection of all commercial and maritime interests in Egyptian ports".

This point of view of the Egyptian Government is shared by Parliament. The President of the Chamber of Deputies, on the occasion of considering the opening of an additional credit of L.E. 21, 230 in the budget of the Ministry of Public Works for quarantine

---

<sup>35</sup> Not printed.

<sup>36</sup> See France, Ministère des affaires étrangères, *Conférence sanitaire internationale de Paris, 10 octobre-3 décembre 1903, Procès-verbaux* (Paris, Imprimerie nationale, 1904).

<sup>37</sup> *Ibid.*, 7 novembre 1911-17 janvier 1912, *Procès-verbaux* (Paris, Imprimerie nationale, 1912).

<sup>38</sup> *Ibid.*, 10 mai-21 juin 1926, *Procès-verbaux* (Paris, Imprimerie nationale, 1927); see also *Foreign Relations*, 1926, vol. I, pp. 174 ff.

buildings, addressed a letter, dated March 5, 1927, to His Excellency the Prime Minister, informing him that "the Chamber had decided to request the Government to take the necessary steps to discontinue the international character of the Sanitary, Maritime and Quarantine Board, inasmuch as this character was no longer justified".

Since the establishment of the Sanitary, Maritime and Quarantine Board in 1881, that is to say for more than fifty years, no country which was not represented on the Board at that time, has been granted representation on the Board.

Furthermore, the Peace Treaties have already given particular recognition to the Egyptian point of view on this question, that is, the disappearance of the international character of the Sanitary, Maritime and Quarantine Board. Germany, Austria, Hungary have given up their representation on the Board (Treaties of Versailles,<sup>39</sup> St. Germain<sup>40</sup> and Trianon<sup>41</sup>). Turkey likewise renounced its representation thereon by the Treaty of Lausanne. Russia is no longer represented because of the rupture of diplomatic relations with that country. It is equally to be noted that the new countries created by the Peace Treaties are not represented on the Board. Therefore, the Sanitary, Maritime and Quarantine Board has, in a great measure, lost the international character which constituted the direct object of its creation and justified its existence in the past.

Before concluding I would like to call the attention of Your Excellency to the fact that the Sanitary, Maritime and Quarantine Board of Constantinople was abolished by the Treaty of Lausanne, although the motives which occasioned its creation were the same as those which caused the establishment of a similar organization in Egypt.

I trust that I have made sufficiently clear the Egyptian point of view and that the American Government, in conducting a new examination of the question, will adhere to this point of view.

Please accept [etc.]

The Minister for Foreign Affairs:

A. YEHIA

883.12/57

*The Secretary of State to the Minister in Egypt (Jardine)*

No. 204

WASHINGTON, February 21, 1933.

SIR: Reference is made to your despatch No. 400, dated February 4 [9], 1932, with which you enclosed a copy of Note No. 14 of February

<sup>39</sup> See *Treaties, Conventions, etc.*, 1910-1923, vol. III, p. 3397.

<sup>40</sup> See *ibid.*, p. 3185.

<sup>41</sup> See *ibid.*, p. 3571.



4, 1932, from the Egyptian Minister for Foreign Affairs on the subject of American representation on the International Quarantine Board at Alexandria.

The Department has noted that in your opinion the Egyptian Government, while reluctant to make a new appointment to the International Quarantine Board so long as that Board retains its present international status, would be receptive to any proposals looking to the fullest possible cooperation between the Board as now constituted and the competent American authorities. The Department has accordingly been exploring, in consultation with the Surgeon General of the United States Public Health Service, the possibility of achieving the practical objects of representation on the Board by some informal method of collaboration between the Board and the American Public Health authorities.

As these efforts have not led to any solution, the Department desires you, in acknowledging on its behalf the latest Egyptian note on this subject, to make a complete reservation of the position of the United States Government in the matter. At the same time the Department wishes to take exception to the apparent contention of the Egyptian Government that a written undertaking, signed by the Egyptian Minister for Foreign Affairs and delivered to the American diplomatic representative at Cairo, acknowledged by the latter and subsequently confirmed by the Egyptian Minister for Foreign Affairs in a formal note, can be cancelled on the ground that it was not authorized by the Egyptian Council of Ministers.

Accordingly, unless you perceive some objection, the Department desires you to deliver the following note to the Egyptian Minister for Foreign Affairs, after having verified the specific references made therein. It is not desired that you convey to the Egyptian authorities any reference to the Department's efforts to seek a solution through informal collaboration, as mentioned in the preceding paragraph, nor is it desired that after delivering this note you make any further representations to the Egyptian authorities on the subject without first obtaining the Department's further instructions.

"In acknowledging your predecessor's Note No. 14 of February 4, 1932, regarding American representation on the International Quarantine Board at Alexandria, I am instructed to state that my Government finds itself in some doubt as to the precise meaning intended to be conveyed by certain of the statements made therein. These statements would appear to imply that the Egyptian Government was seeking to contest the validity of an undertaking entered into by an Egyptian Minister for Foreign Affairs, on the ground that this undertaking was not authorized by the Council of Ministers. This contention appears to be advanced in spite of the fact that the undertaking in question was made in a formal written note, No.

40-3/10 (46), addressed to the American Chargé d'Affaires at Cairo on June 21, 1928, by an Egyptian Minister for Foreign Affairs,<sup>42</sup> acknowledged by the Chargé d'Affaires by his note of August 24, 1928, and further confirmed by a formal written note, No. 40-3/10 (14),<sup>43</sup> addressed by a succeeding Egyptian Minister for Foreign Affairs to the American Minister at Cairo on March 4, 1929.

"The American Government is reluctant to believe that the Egyptian Government, in its note under acknowledgment, actually intended to imply that a commitment made by an Egyptian Minister for Foreign Affairs is not valid, for if such were the case my Government would find itself under the necessity, before it could repose confidence in the statements and commitments made in any formal communication received through official channels from an Egyptian Minister for Foreign Affairs, of seeking to ascertain whether the Minister had in fact obtained in advance the approval of the appropriate Egyptian authorities. Such a procedure would be manifestly impracticable. My Government consequently assumes that the implication contained in the Egyptian Government's note under reference is purely the result of an ambiguity of expression.

"Under the circumstances the American Government, in expressing its surprise and regret that the Egyptian Government has not yet seen fit to give effect to the commitment which it made in 1928, is under the necessity of making a complete reservation of its position with respect to American representation on the International Quarantine Board."

The Department recalls the interest which the British Residency has in the past expressed in connection with this matter, and authorizes you, after delivering the foregoing note, to make a copy of it available to the Residency, together with a copy of the Egyptian note under acknowledgment.

Very truly yours,

For the Secretary of State:  
W. R. CASTLE, JR.

---

[Action initiated by this Government in 1937 (883.12/77) brought no results. The Sanitary, Maritime and Quarantine Board of Egypt was abolished and its functions transferred to the Egyptian Ministry of Public Health by a Royal Decree of September 14, 1939, effective November 1, 1939 (883.12/90).]

<sup>42</sup> *Foreign Relations*, 1928, vol. II, p. 777.

<sup>43</sup> Neither printed.

**REPRESENTATIONS AGAINST EGYPTIAN DECREES RESTRICTING  
AUTOMOTIVE TRAFFIC AND INCREASING TAXES ON MOTOR  
VEHICLES**

883.512 Motor Vehicles/14

*The Minister in Egypt (Jardine) to the Secretary of State*

[Extract]

No. 437

CAIRO, April 1, 1932.

[Received April 25.]

SIR: I have the honor to inform the Department that, in view of the situation which has developed during the past few months in respect of the arbitrary restrictions imposed by the Egyptian authorities upon automotive vehicular traffic of a character seriously to jeopardize vested American interests and in view, moreover, of the failure of persistent efforts to obtain from the Egyptian Government any assurances of a clearly defined road transport policy in conformity with existing legislation and custom, I have considered it necessary to address a communication on the subject to the Ministry for Foreign Affairs, of which a copy is enclosed.

There are likewise enclosed copies of notes which the French, Greek and Italian Legations have addressed to the Ministry for Foreign Affairs on the same subject, together with suggested translations thereof.<sup>44</sup>

The situation, as it has developed, is an exceedingly complex one comprising various phases; and, in consideration of the virtual impossibility of presenting the facts and circumstances heretofore completely to the Department with a recommendation of the action which I considered it advisable to pursue, I have deemed it advisable to act at my discretion in the belief that a consideration of the motives necessitating such action will commend my action to the Department's approval.

Respectfully yours,

W. M. JARDINE

[Enclosure]

*The American Legation to the Egyptian Ministry for Foreign  
Affairs*

No. 236

The Legation of the United States of America presents its compliments to the Royal Egyptian Ministry for Foreign Affairs and has the honor to refer to the decision of the Council of Ministers

<sup>44</sup> None printed.

published in the *Journal Officiel* No. 17 of February 29, 1932, that no new licenses or permits shall be granted for autobusses or trucks beyond the traffic needs of each Moudirieh or Governorate and that decisions in respect of new licenses or permits or renewals thereof shall be made upon the recommendation of the Commission appointed by decision of the Council of Ministers of December 31, 1931.

The American Legation is constrained to observe that the Ministerial Decision in question is of a character to cause and that it is in fact causing serious prejudice to the interests of American nationals who have imported important stocks of motor vehicles on which customs dues have been paid in good faith and who now find themselves precluded by administrative acts of the Royal Egyptian Government from obtaining the circulation of such vehicles over Egyptian roads. Moreover, although the above mentioned Ministerial Decision affirms that it does not alter the Arrêté of July 16, 1913, concerning the circulation of automobiles, it would appear to be directly in contradiction with that Arrêté.

For some time, even before the publication of the Ministerial Decision of February 29, 1932, the Legation had received complaints from representatives of the American motor car industry established in Egypt concerning the inexplicable difficulties made on the part of the Ministry of Communications and of local authorities in so far as concerned the issuance of new permits or the renewal of existing permits for the circulation of motor vehicles for hire, notwithstanding that the applicants had conformed strictly with the duly promulgated automobile regulations.

It has happened that the Egyptian authorities have refused to accept the payments that applicants were prepared to make in order not to deliver permits which were requested in a strictly legitimate manner in conformity with the Automobile Regulations of July 16, 1913, as modified by the Arrêtés of November 14, 1915, June 30, 1917, and September 3, 1930.<sup>45</sup>

It is probably in accordance with a like policy that the Municipality of Alexandria has also refused, without any justification, and contrary to the above regulations, to renew the traffic permits of many motor vehicles for hire.

Despite numerous informal interventions which have been made with the Ministry of Communications and otherwise before the publication of the Ministerial Decision in question, with a view to directing attention to the serious inconveniences and losses suffered by American interests as a result of administrative acts of the Egyp-

---

<sup>45</sup> For the decree of September 3, 1930, see Egypt, *Journal Officiel du Gouvernement Egyptien*, No. 85, 8 Septembre 1930, p. 8.

tian authorities, in apparent conflict with existing legislation, such informal representations have achieved no practical result, and, moreover, have not precluded what would appear to be a formal sanctioning of such administrative acts by the decision of the Council of Ministers of February 29, 1932. Although this decision, not having been submitted either to the Legislative or to the General Assembly of the Mixed Court of Appeals, cannot be considered as applicable to the nationals of the capitulatory Powers, it is effectively so, owing to the restrictions imposed upon the issuance of traffic permits for automobiles intended for hire.

Accordingly the American Legation is under the necessity of observing, in connection with the administrative acts which are being exercised in seeming conflict with existing legislation and as sanctioned by the Ministerial Decision of February 29, 1932, that:

1—Limitation of the freedom of circulation of automobiles was admitted, in so far as concerns foreigners, by the Regulations of July 16, 1913, with the approval of the General Assembly of the Mixed Court of Appeals, and only in the sense that such a right of free circulation would be subject to the obtainment of a permit (Article 2), having a validity of one year (Article 11), and upon payment of a tax and inspection fee (Article 12), and to certain special provisions for motor vehicles intended for hire;

2—The right of causing motor vehicles to circulate for public hire, subject to the single condition of the obtainment of a special permit and payment of an increased tax, was confirmed by the Arrêté of September 3, 1930, constituting a modification, *inter alia*, of Articles 12 and 35 of the Arrêté of July 16, 1913, as approved by the Mixed Court of Appeals on June 13, 1930;

3—The Arrêtés of September 9, 1913, and December 30, 1929,<sup>46</sup> concerning which the Mixed Court of Appeals was not consulted, concerned exclusively conditions having to do with the solidity and security of motor vehicles which, under Article 4 of the Regulations of July 16, 1913, the Ministry of the Interior was given the authority to prescribe;

4—While Article 35 of the Regulations of July 16, 1913, grants authority to Governors or Mudirs to change the conditions of the special permit required for autobusses so far as concerns the tariff, security and public health, no authority would appear to be given to change the conditions of the special permit for autobusses in a manner to militate against the interest of traffic or to withhold in general the issuance of special permits in the case of the fulfillment of the conditions mentioned. In the case of motor vehicles destined for the transportation of merchandise, the special permit which Governors or Mudirs are authorized to grant is subject to the single restriction of the indication on the permit of the weight, height and maximum bulk of load as well as the character of the wheels.

<sup>46</sup> For the decree of December 30, 1929, see Egypt, *Journal Officiel*, No. 4, 6 Janvier 1930, p. 4.

In viewing the question in general it may be said that the right, on the part of foreign nationals, to circulate their motor vehicles on Egyptian public highways for whatever legitimate use is a consequence of the principle of the freedom of traffic, a principle formally recognized by the Egyptian Government which, for the purpose of legislation in the matter, has considered it appropriate to have recourse to the authority of the General Assembly of the Mixed Court of Appeals. Consequently, it follows, that such a right may not suffer abridgement or limitation unless sanctioned by the Mixed Court of Appeals in Legislative or General Assembly, or directly by the Powers. Any like limitation is an infringement of a right consecrated by custom and usage.

In the hope that the Ministry for Foreign Affairs may be good enough to give appropriate consideration to the foregoing observations, the Legation of the United States of America avails itself of this opportunity to renew to the Royal Egyptian Ministry for Foreign Affairs the assurance of its high consideration.

CAIRO, March 31, 1932.

---

883.512 Motor Vehicles/19

*Memorandum by the Minister in Egypt (Jardine)*<sup>47</sup>

CAIRO, June 2, 1932.

I made a friendly call upon Sidky Pasha, the Prime Minister, this morning to pay my respects prior to moving to Alexandria for the summer. Mr. Merriam accompanied me in order that I might introduce him to the Prime Minister.

During our conversation I took occasion to remind the Prime Minister that he had not obtained any relief for our automobile dealers, though he had promised me during my last conversation with him that he would look into the matter with the serious intention of alleviating some of our difficulties. I drew his attention to the fact that during the first four months of this year there had been only 47 permits issued for trucks and busses, as compared with some 240 for the same period in 1931; that all the dealers handling American made trucks and busses were complaining that they were being slowly put out of business because they were unable to obtain permits to operate their busses and trucks; that manufacturers of American made cars were also complaining that their business was practically at a standstill since no dealer would purchase a new one until he had

---

<sup>47</sup> Transmitted to the Department by the Minister in his despatch No. 497, June 1; received July 5.

obtained a permit from the Government which, under existing restrictions was almost impossible to secure.

I told him that I wanted to be frank with him and advised him that unless and until the very reasonable relief which I had requested had been obtained, it was very doubtful if my Government's consent to the levying of additional taxes on motor vehicles would be forthcoming.

The Prime Minister stated that the crisis was responsible for the policy which his Government was pursuing, just as, probably for the same reason, my Government had increased the tariff on Egyptian cotton, manganese ore and onions to the disadvantage of Egypt. However, he assured me that the policy which the Egyptian Government is following in granting licenses or permits to operate motor vehicles is not in any way directed towards any Government or particular make of car; his Government is simply endeavoring to find the most practical means of obtaining revenue to meet the requirements of the Government.

There was nothing in what the Prime Minister said to me to encourage me to believe that this policy would be altered in any particular in the near future.

W. M. JARDINE

---

883.512 Motor Vehicles/21

*The Minister in Egypt (Jardine) to the Secretary of State*

[Extracts]

No. 518

CAIRO, June 17, 1932.

[Received July 16.]

SIR: I have the honor to refer to my despatch No. 497 of June 1, 1932,<sup>48</sup> and previous despatches regarding the restrictions imposed upon the operation of commercial motor vehicles in Egypt, and to transmit herewith a copy of Note No. 268 of June 13, 1932, on this subject, which I handed personally to the Minister for Foreign Affairs on that date.

Similar action has been or is being taken by my French, Italian and Greek colleagues. There is enclosed a copy of the French note, together with a suggested translation, the Italian and Greek Notes following substantially the same text.<sup>49</sup>

---

<sup>48</sup> Not printed.

<sup>49</sup> None printed.

There is enclosed a record of my conversation with the Minister for Foreign Affairs on June 13th, during which it may be observed the Minister made the interesting and significant admission that one of the purposes of the restrictive measures imposed by the Government was that of enabling monopolies or concessions to be granted for truck and bus transportation. There is thus obtained for the first time official confirmation of an intention of the Government which I had previously reported to the Department as doubtless inspiring in part the application of the restrictive measures imposed recently.

Respectfully yours,

W. M. JARDINE

[Enclosure 1]

*The American Legation to the Egyptian Ministry for Foreign Affairs*

No. 268

The Legation of the United States of America presents its compliments to the Royal Egyptian Ministry for Foreign Affairs and has the honor to refer to its Note No. 236 of March 31, 1932, in which the Royal Ministry was requested to be good enough to call the attention of the Ministry of Communications to the inapplicability, in so far as concerns American nationals, of Ministerial Decree No. 17 of February 29, 1932,<sup>50</sup> having to do with the conditions affecting the circulation of automotive vehicles intended for public hire, as well as to the serious prejudice caused American nationals by its application.

The Legation has not as yet received any reply regarding this question of outstanding importance to its nationals, and the complaints which continue to be received warrant the conclusion that the measures in question are still being applied to its nationals. Moreover, the Legation has been called upon to consider protests concerning the payment of a tax by the Department of Roads and Bridges which has been collected from owners of motor vehicles intended for the transportation of merchandise. Since the application of such a tax to American nationals has not been sanctioned by the Government of the United States of America, the Legation of the United States of America cannot admit the application of it to its nationals.

The Legation is persuaded that, in the light of the foregoing, the Royal Ministry for Foreign Affairs will desire to intervene with the Ministry of Communications in order that measures which have practically estopped the freedom of circulation of commercial motor vehicles, thereby infringing upon the liberty of commerce recognized

<sup>50</sup> Egypt, *Journal Officiel*, No. 17, 29 février 1932.



by accords in force and consecrated by custom, will cease to be applied to its nationals.

It would hardly appear necessary for the Legation to observe in this connection that the solution which may be reached of the question under reference cannot but affect consideration of such eventual modifications as may be proposed of the legislative regime in this matter.

The Legation of the United States of America avails itself, etc.

CAIRO, June 13, 1932.

[Enclosure 2]

*Memorandum by the Third Secretary of the Legation in Egypt  
(Merriam)*

[CAIRO,] June 13, 1932.

I accompanied the Minister to the Ministry of Foreign Affairs this morning, where he presented a second note regarding the restrictive regulations on the circulation of automobile trucks and busses, acting as interpreter during the interview.

Mr. Jardine first spoke of his purpose in calling and then observed that he had received no reply to his first note on this subject. He said that in itself the problem did not seem to be a difficult one but that gradually it was assuming more and more importance because, while the Government had taken no action, the situation of persons in the automobile business was becoming more and more difficult.

Yehia Pasha said that the first note on the subject had been duly transmitted to the competent authorities but that no reply had been received. When it arrived it would be promptly communicated. He said that the Government was spending large sums of money for the construction and maintenance of roads and that it was necessary to raise funds for this purpose by taxing automobiles; that money so raised would be used exclusively for road construction and maintenance.

Mr. Jardine replied that it was not now a question of taxation. He personally was inclined to be sympathetic to increased taxation if fairly applied, but until the repressive and discriminatory regulations now in force were removed it would be most difficult for him to give favorable consideration to such proposals. Automobiles already paid large sums in customs duties; under present conditions once they were in the country, duty paid, they were not allowed to circulate and consequently could not be sold by the importers.

Yehia Pasha said the Government could not allow trucks and busses to circulate on the highways to an indefinite number, many of them in unsafe condition, maintained and operated by persons or

concerns on a shoestring basis without adequate financial or moral responsibility. This was unsafe for the passengers and unsafe for the pedestrians. Frightful accidents had continually been happening to both. It was the Government's intention to grant bus and truck concessions for all the important roads of Egypt to companies who would give adequate guarantees for the proper exploitation of the routes.

Mr. Jardine asked whether such concessions were to be granted to one or two favored companies as had been the case in the few concessions granted thus far. If that should be the policy, American companies would be absolutely finished.

Yehia Pasha replied that bids for the routes would be asked for, and that concessions would be granted without favoritism.

GORDON P. MERRIAM

883.512 Motor Vehicles/23

*Memorandum by the Minister in Egypt (Jardine)*<sup>51</sup>

LAURENS, RAMLEH, July 2, 1932.

I called on the Minister for Foreign Affairs this morning at his request.

He brought up the question of increased taxation on automobiles, stating that the Egyptian Government was spending L.E. 500,000 on the maintenance of roads alone, and an additional L.E. 450,000 on the construction of new roads. Present taxation on automobiles brought in only L.E. 200,000, consequently the Government had been forced to draw on its general funds. The Government thought it reasonable that automobiles should pay their way more than they had in the past since they caused by far the greatest amount of wear and tear to the highways. The Government, however, was making a very modest request. It asked only for taxes which would cover road maintenance and was leaving the question of providing for new roads outside the scope of the proposed taxes.

In reply, I referred to the two notes which I had sent him regarding the restrictions on motor traffic which had been put into effect, and said that while I was disposed to give favorable consideration to new taxes, I was hardly in a position to do so before the question of the restrictions should be settled.

Yehia Pasha replied that the question of the restrictions was an entirely separate matter, and that each question should be settled on its own merits. My notes concerning the restrictions were being

<sup>51</sup> Transmitted to the Department by the Minister in his despatch No. 526, July 9; received July 26.

considered by the Ministry of Communications, and in this matter he was merely serving as an intermediary between me and the Minister of Communications.

I said that nothing would please me more than to be able to consider the taxation proposals on their own merits. In all fairness, the Egyptian Government should be in a position to tax automobiles to the same extent that they are being taxed in Europe. The Egyptian Government was making assent to new taxes difficult, however, by the arbitrary restrictions on motor traffic. These restrictions were illegal and confused; it was impossible to find out exactly what they were because they did not appear in the *Journal Officiel* and they were constantly changing.

Yehia Pasha again asserted that the restrictions were a different question, and emphasized the modest nature of the taxes proposed.

I said I would be very glad to submit the proposed taxes to my Government for its consideration. I warned him, however, that I had kept my Government fully informed regarding all the aspects of the question and I had every reason to expect that my Government would link the two questions and consider them together. I added that it would have been much easier for me to obtain favorable action six months, or even three or four months ago, before the restrictions were felt so severely as they are being felt at present.

Yehia Pasha handed me a printed *aide-mémoire* containing the tax proposals in detail.<sup>52</sup>

W. M. JARDINE

---

883.512 Motor Vehicles/24

*The Egyptian Ministry for Foreign Affairs to the American Legation in Egypt*<sup>53</sup>

[Translation]

No. 54.5/7 (56)

CAIRO, July 6, 1932.

NOTE

The Ministry for Foreign Affairs has the honor to refer to the Notes of the Legation of the United States of America dated March 31 and June 13, 1932, Nos. 236 and 268, on the subject of the Decision of the Council of Ministers published in *Journal Officiel* No. 17 of February 29, 1932, making the granting or renewal of authorizations and permits for autobuses, trucks, etc. . . . dependent upon

<sup>52</sup> *Aide-mémoire* dated May 1932; not printed.

<sup>53</sup> Copy transmitted to the Department by the Minister in Egypt in his despatch No. 527, July 9; received July 26.

the traffic requirements in each Moudirieh or Governorate according to the opinion of a special commission which has its seat at the Ministry of Communications.

Although the Decision above-cited incontestably derives from the powers of the Egyptian Government, and although it is occasioned by situations for which it alone assumes responsibility, this Government has no difficulty in furnishing clarifications or explanations designed to give the Legation of the United States of America every satisfaction.

As it was easy to foresee, the Decision in question gave rise to a certain emotion in both Egyptian and foreign circles interested in transportation by automobiles, in view of the repercussions which inevitably resulted therefrom.

But the situation is badly understood unless we return to its origins. In truth, the traffic problem has been preoccupying the Egyptian Government for several years. Commissions were successively formed to propose recommendations rendered necessary by the acuteness and complexity of the problem, as well as by the multiple interests involved therein. But no decision was taken before April 1, 1927, when, to prepare the ground for the granting of a concession for a public transportation service in the city of Cairo, the Council of Ministers authorized the Ministry of the Interior to publish a notice announcing that authorizations and permits for autobuses circulating in that city could no longer be granted, nor could they be renewed at their expiration for a period later than October 31, 1928. Various circumstances of a purely administrative nature, however, delayed the drafting of the Specifications of the eventual concession. It was not until February, 1931, as the result of an adjudication, that a foreign Company was authorized to exploit seven lines. The other lines were provisionally maintained under the system of annual authorizations and permits. Nevertheless, seven of them are about to be made the object of a concession.

The adoption of the concession system in Egypt for public transportation has thus been rather tardy. In other capitals and in many cities less important than Cairo, this system, or another more or less similar, has long been in use. But it is evident that this circumstance is without any influence on the rights of the State in this matter.

During several years, in Egypt, the competent administrative services, swept along by the torrent of demands which came to them from all sides, were unable to resist it. They therefore did not cease to distribute authorizations and permits, only concerning themselves with the conditions of strength and safety of the vehicles.

The net result of this facility resulted in an unbearable encumbrance of traffic, and the establishment of transport services under conditions deplorable from every point of view. The Administration was of the opinion that it must react and contemplate the substitution of the system of concessions for that of authorizations. This substitution, whose first landmark was the notice of April 1, 1927, was effected in Cairo almost without a jar, and it is in process of completion to the general satisfaction.

On that occasion, as now on the occasion of the Decision of the Council of Ministers published February 29, 1932, a so-called acquired right was invoked deriving from the Regulation of 1913. Thus, any person would have the right to cause an automobile to circulate upon payment of the fees of examination and control without the administrative authority being able to refuse to grant or renew the authorization or the permit if the car fulfils, on the one hand, the conditions of strength and safety required by Article 4 of the Regulation and, on the other hand, the special conditions provided for by Article 38.

Such a contention is evidently inadmissible. If the so-called acquired right of foreigners derives only from the Regulations of 1913, and not from a convention or treaty special to foreigners, the same right must apply to Egyptians, the Regulations being of general application.

However, the Egyptian Government has never considered that these Regulations could create, to the profit of anyone, Egyptians or foreigners, a right of this nature which would involve renunciation of one of the essential attributes of the sovereignty of the State over the public domain. It is in fact a matter of principle that in the matter of permits granted for the use of this domain, the discretionary power of the Administration is absolute. Many applications of this principle were admitted by the administrative jurisprudence in France.

The decree of 1913 being only a policy regulation, it can not be considered as prejudging the question and raising an obstacle to every Governmental act or act of sovereignty done either by the supreme organ of executive power, that is, the Council of Ministers, or by the legislative authority.

The fact that it was approved by the General Assembly of the Mixed Court of Appeal has no other significance than that it is not derogatory, in the eyes of the said Assembly, of any of the rules established by Article 2 of the Decree of January 31, 1889 and that the sanctions therein provided for are, consequently, applicable to foreigners.

Basing itself on these principles, the Council of Ministers took the Decisions of 1927, 1928 and 1929 which prepared the way for the concession of public transportation service in Cairo and the last Decision, published February 29, 1932.

As far as the city of Cairo is concerned, where the question is almost entirely settled, the question has not been difficult to resolve. From the beginning, the organization of the service of public transportation on the concession basis imposed itself as being at the same time the most natural and the easiest.

The matter is a good deal more difficult when it is a question [of] remedying the present state of traffic congestion in the other cities and localities. In fact, the traffic problem has given considerable embarrassment up to the present time to those countries which have had to solve it. They have tried out the most varied means and measures to conciliate all the interests which it placed in conflict. It is not at all astonishing, then, that Egypt, where the problem is not less complex than elsewhere, is studying, for its part, the different means and measures with a view to finding the most appropriate solution.

But while waiting, if it is not desired that the situation become aggravated to the point of rendering the eventual solution almost inadaptable, or that the prejudices which would undoubtedly result upon its adoption become much greater than it is possible for them to be at the present time, it is necessary to consider urgent measures designed to arrest the harm or at least to attenuate its effects.

Among these measures, none suggested itself more strongly than the institution of an organism which, by the importance and the representative character of its members, by the uniformity of its views and its spirit of consistency, by the authority of its decisions, could present the most ample guarantees of distributive justice commanding the respect of all.

Even though the Commission to which the Council of Ministers confided this task fully responds to this order of ideas, the Council was careful to trace its rules of conduct. It recommended to it to take into account, both in the granting and renewal of authorizations and permits, the exigencies of the traffic, a necessary criterion to safeguard both the public interest and that of the grantees themselves and without which the public streets would be exposed to ruin and the traffic to anarchy.

Some have sought to see in the Decision of February 29 an infringement either of the freedom of circulation or of the liberty of commerce or profession. This is to misappreciate the truth strangely. Transportation by automobiles can not be compared with other forms of

commerce. For its essential and indispensable instrument it has the use of the public domain, streets or roads. Thus the Government can not disinterest itself in the manner in which this commerce may be exercised, nor deliver the road to the initiative or to the enterprise of whomsoever desires a remunerative business through its use.

Freedom of travel, the form and modality of individual liberty, has nothing to do with the question. It being a question of a commerce engaged in by means of the use of the public domain, to affirm the right of individuals to use it in all liberty is to affirm a new right, that of the freedom of causing to travel. Freedom of travel understood in this sense would be the abdication by the Government of its authority over the public domain.

To contemplate the Decision published February 29 only from the special point of view of the provisions of the Regulations of 1913, it would certainly be admitted that the powers conferred upon the Commission which sits at the Ministry of Communications are not different from those which accrue to the Moudirs and Governors by virtue of the said Regulations.

In concentrating the exercise of this power relating to the whole of the country in the hands of a single commission, the Council of Ministers had in view the advantages already mentioned and besides it was of the opinion that, in view of the ease with which automobiles can move this power would be exercised from the standpoint of distributive justice, in a more efficient manner and in a manner more beneficial to the interests of the grantees.

Up to the present the Commission has accomplished its task with as much vigilance as good will and despite the inevitable claims of discontented persons, many of whom have profited largely from the preceding state of laxity, there is every reason to believe that it will carry on its mission in the same spirit.

From what goes before, it is evident that the Government has acted within the scope of its powers in taking urgent restrictive measures pending the solution finally to be adopted, and that in supposing that the Regulations of 1913 do not authorize the Moudir or the Governor to refuse the granting or the renewal of the authorizations or permits, which can by no means be affirmed, these Regulations cannot be an obstacle to the exercise by the Council of Ministers of those powers which derive from the nature of things. By the Regulations of 1913, the only source claimed for the so-called acquired right of foreigners, the Minister of the Interior could not derogate the common law in respect of administrative authorizations, nor create new capitulatory privileges by delivering the public domain to the free enterprises of individuals.

The Egyptian Government sincerely regrets that the Decision of February 29, which affects Egyptians much more than foreigners, can entail prejudice to persons interested in transportation by automobiles, but no Government, acting in the public interest, can prevent that from time to time the most salutary measures have prejudicial repercussions on certain situations.

In any case it is certain that the Government's action, entirely justified, has been taken with the greatest prudence and circumspection and that it injures no acquired right. For the rest, the case of those who may have had to undergo a certain prejudice resulting from the execution of the Decision of February 29 cannot be invoked without recalling that most of them have for a long time benefited largely from the delay in the adoption of a definitive solution to the transport question.

It may be, likewise, that some of them have already paid customs duties on merchandise which, as the result of the Decision of February 29, runs the risk of not finding a buyer. But it is very difficult, in the stagnation of the transportation business, to distinguish between the part which is attributable to the action of the Government and the part which is attributable to the crisis or to the exaggerated extension which this commerce had taken. Furthermore, the Government intervened only when the necessities of intervention could no longer suffer any delay. It was thus impossible to provide for a fixed period or to postpone the measure to a later date.

The Egyptian Government is pleased to hope that the explanations and clarifications which precede will convince the Legation of the United States of America that the Decision of February 29 is unassailable from the point of view of both legality and expediency. It has the satisfaction to state that the opinions which the Commission is daily called upon to give are marked with the stamp of great good will. Thus, pending the early adoption of a definitive solution of the transportation question, the Government has every reason to hope that the action of the Commission will allow this stage to be passed in the most satisfactory manner and under the most satisfactory conditions.

The Ministry for Foreign Affairs, etc.



883.512 Motor Vehicles/33

*The American Legation in Egypt to the Egyptian Ministry for Foreign Affairs* <sup>54</sup>

AIDE-MÉMOIRE

The Legation of the United States of America has the honor to refer to the Royal Ministry's *Aide-Mémoire* of May, 1932,<sup>55</sup> embodying a revised schedule of motor car taxes which the Royal Egyptian Government proposes to substitute for the present municipal motor car taxes and for the license fees provided in Article 12 of the Automobile Regulations of July 16, 1913, as subsequently amended by Decree of September 3, 1930, and duly approved by the General Assembly of the Mixed Court of Appeals.

The Legation, having duly transmitted the proposals of the Royal Ministry for Foreign Affairs to the Department of State, Washington, D.C., has been requested by the Department to inform the Royal Egyptian Ministry for Foreign Affairs that the Department of State considers the question regarding the circulation of trucks and busses, which was the subject of the Legation's Notes Nos. 236 and 263 [268] of March 21 [31] and June 13, 1932, to the Royal Ministry, and the proposed new taxes as component and inseparable parts of one question.

The Legation has been further directed to remark that the Government of the United States of America considers that the restrictions imposed upon the circulation of trucks and busses have no warrant in existing Egyptian legislation and are in violation of the rights of the United States and detrimental to American interests. While the Government of the United States of America is prepared to give sympathetic consideration to acquiescing in the application of the proposed new motor taxes to American nationals, when the Government of the United States of America has been given the opportunity of examining them in the form of a draft law modifying the text of Article 12 of the Automobile Regulations of July 16, 1913, it cannot do so until the situation in respect of the circulation of trucks and busses has been satisfactorily settled, both as regards the modifications introduced in the Automobile Regulations of July 16, 1913, without the assent of the General Assembly of the Mixed Court of Appeals, as well as regards the taxes or fees imposed by the Roads and Bridges Department of the Ministry

<sup>54</sup> Copy transmitted to the Department by the Minister in Egypt in his despatch No. 594, November 14; received November 29.

<sup>55</sup> Not printed.

of Communications, the application of which to American nationals has never been sanctioned by the Government of the United States of America.

CAIRO, October 22, 1932.

---

883.512 Motor Vehicles/36

*The Secretary of State to the Minister in Egypt (Jardine)*

No. 192

WASHINGTON, December 6, 1932.

SIR: The receipt is acknowledged of your despatch No. 594 of November 14, 1932,<sup>56</sup> enclosing a copy of the *aide-mémoire* which you handed on October 22, 1932, to the Under Secretary of State for Foreign Affairs, with regard to the recent proposals of the Egyptian Government respecting the taxation of motor vehicles in Egypt.

The Department takes this opportunity to inform you of its approval of your action in this matter and to advise you that it will give further consideration to the Egyptian proposal concerning the taxation of motor vehicles as soon as it shall have received evidence that the Egyptian Government has discontinued the illegal restrictions and taxes on public carrier vehicles and has otherwise satisfactorily adjusted this question.

Very truly yours,

For the Secretary of State:  
W. R. CASTLE, JR.

---

**REPRESENTATIONS AGAINST HIGH DUES AND CHARGES AT THE  
PORT OF ALEXANDRIA**

883.843/5

*The Minister in Egypt (Jardine) to the Secretary of State*

No. 568

LAURENS, RAMLEH, September 15, 1932.

[Received October 5.]

SIR: I have the honor to inform the Department that on September 13, 1932, I addressed a note to the Ministry for Foreign Affairs requesting that the high dues and charges now prevailing in the port of Alexandria be called to the attention of the Ministry of Finance with a view to consideration of their reduction by the latter. A copy of the note in question is enclosed herewith.

This action was requested by Mr. J. L. McCormack, District Manager of the Export Steamship Corporation, in a letter dated July

<sup>56</sup> Despatch not printed.

26, 1932, a copy of which is enclosed together with a translation of a memorandum transmitted with his letter<sup>57</sup> which gives the present status and the background of this question.

My Greek, French, German and Italian colleagues have sent similar notes to the Foreign Office. I understand that the Residency will likewise take action although I am unable to state in exactly what form.

As the matter is of particular interest to two American steamship lines—the Export Line whose vessels call at Alexandria once each week, and the Dollar Line whose vessels call once every fortnight—I venture to hope that the Department will approve of my action.

Respectfully yours,

W. M. JARDINE

[Enclosure]

*The American Legation to the Egyptian Ministry for Foreign Affairs*  
No. 312

The Legation of the United States of America presents its compliments to the Royal Egyptian Ministry for Foreign Affairs and has the honor to draw the attention of the Royal Ministry to the conditions affecting the steamship companies serving Alexandria which are the result of the high port dues and charges applicable to commercial vessels.

The scale of these dues and charges was established in 1877. At that time the average tonnage of ships which touched at the port of Alexandria was not greater than 2,000 tons, while at the present time the average is 5,000 tons and many ships carrying mail which have weekly services exceed 7,000 tons.

In 1929 a reduction of 40% in the light-house dues occurred, but for a ship of 5,000 tons this decrease represents a reduction of the order of six pounds only, whereas the amount of the charges payable for a vessel of this tonnage amounts to more than 220 pounds.

Moreover, although since 1920 the port dues have been reduced by 50% for tourist ships, this relief applies only to a small minority of the vessels calling at Alexandria, practically all of which continue to pay the charges established in 1877.

It thus appears that the dues levied upon shipping no longer correspond to the present situation and call for a readjustment. In point of fact, these charges are at the present time higher than in all principal Mediterranean and European ports and, in consequence, constitute a serious handicap to shipowners whose vessels use Alexandria

<sup>57</sup> Neither printed.

and particularly to steamship companies whose vessels give regular services and which make frequent, in many cases weekly, calls.

Consequently the Legation of the United States of America would be grateful if the Ministry for Foreign Affairs would be good enough to explain this situation to the Ministry of Finance—a situation which has already been the subject of correspondence exchanged between the President of the *Chambre Internationale de Navigation d'Alexandrie* and that Department—requesting it to examine the possibility of a reduction in shipping charges in the port of Alexandria.

It should further be observed that measures taken in this sense, while permitting the shipping companies to continue regular services to Alexandria under normal conditions, in the end would be favorable to the city of Alexandria, which would thus avoid an eventual diminution in its maritime traffic to the benefit of other Near Eastern ports which are infinitely cheaper.

Finally, and without prejudice to a general reduction in the present dues, it would appear just to adopt, after the example of numerous other ports, a reduced tariff for vessels which regularly touch at Alexandria and which consequently contribute to the economic development of Egypt in a very special manner.

In asking the Royal Ministry to be good enough to draw the attention of the Ministry of Finance in particular to this last point, the Legation of the United States of America, etc.

LAURENS, RAMLEH, September 13, 1932.

---

883.843/5

*The Secretary of State to the Minister in Egypt (Jardine)*

No. 186

WASHINGTON, November 8, 1932.

SIR: The Department refers to your despatch No. 568, dated September 15, 1932, enclosing a copy of a note addressed by you to the Egyptian Ministry for Foreign Affairs in which you call attention to the desirability of a reduction in the high port dues and charges levied on vessels touching at Alexandria.

As a general principle the Department does not consider that such dues and charges afford a basis for representations on behalf of American interests unless there is evidence of discrimination against those interests, such as does not appear to be the case at Alexandria. In this instance, however, since you were merely joining in the action taken by several of your colleagues, since it appears clear that the dues and charges in question are very high, since the level of such

dues and charges at American ports is generally considered to be reasonable, and in view of the moderate nature of your note, the Department is of the opinion that it may appropriately approve the action you have taken, and does so. The Department desires, however, that before making any further official representations in this matter, you inform it of the circumstances with your recommendations and request its instructions.

The Department would be interested in learning whether the Egyptian Government derives any financial benefit from the port dues and charges levied at Alexandria.

Very truly yours,

For the Secretary of State:  
W. R. CASTLE, JR.

## ETHIOPIA

### COOPERATION BY THE UNITED STATES IN EFFORTS TO EFFECT A REFORM OF THE SPECIAL COURT AT ADDIS ABABA<sup>1</sup>

884.05/18

*The Minister in Ethiopia (Southard) to the Secretary of State*

No. 899

ADDIS ABABA, February 16, 1932.

[Received March 16.]

SIR: I have the honor to refer to the Legation's No. 852 of November 9th, 1931, forwarding for the information of the Department copies of four documents<sup>2</sup> containing Ethiopian proposals (presumably drafted by the Swiss Jacques Auberson as adviser to the Special Court) for reform in procedure and administration of the Ethiopian Special Court—or Tribunal as it is often called—in Addis Ababa.

Nothing more has been heard of these documents but the Legation has heard by underground route that the attitude of the British, French and Italian legations has so annoyed Maître Jacques Auberson, as he likes to be called, that he has influenced his Ethiopian superiors to suspend for a while consideration of any change in the Special Court.

I have known, and have made brief reference accordingly in previous reports,<sup>2</sup> that my British, French and Italian colleagues have instructed their Consular officers to refrain from further attendance at the Special Court until some progress could be made in procuring execution on judgments previously given and until there should be appointed a judge sufficiently honest and instructed to permit a fair trial of cases coming before the Court. My colleagues have accused the Ethiopian judge of on occasion combining his judicial functions with activity as lawyer or counsellor for the Ethiopian party to the case. I am inclined to believe that my colleagues have reason in the premises.

At any rate a meeting of the Diplomatic Corps occurred on February 13th, 1932, at which the three colleagues mentioned brought up this subject and invited the Belgian, German and American representatives to join them in their "strike" against the Special

<sup>1</sup> For previous correspondence, see *Foreign Relations*, 1929, vol. II, pp. 986 ff.

<sup>2</sup> None printed.

Court. The British and French Ministers also took the Italian Chargé d'Affaires to task for having recently permitted his Consul to attend the Special Court in violation of the informal and confidential agreement between the three. The Italian plead special circumstances, but promised that he would not again permit his Consul to attend the Special Court unless by agreement with his colleagues. After some discussion of the proposal for united action by the Diplomatic body I represented that the British, French and Italians had so many more cases and so much more to complain about and that as I had no *specific* complaint to date I didn't feel that I could join in the "strike" at present. My Belgian colleague felt the same way about the situation. My German colleague was willing to join. However, as unanimous action didn't seem practicable the British, French and Italians decided to continue the "strike" as a three-party one until further developments.

Respectfully yours,

ADDISON E. SOUTHARD

884.05/17

*The Secretary of State to the Minister in Ethiopia (Southard)*

No. 230

WASHINGTON, March 8, 1932.

SIR: Reference is made to your despatch No. 852 of November 9, 1931,<sup>3</sup> regarding the organization and reform of the judiciary in Ethiopia, and to previous despatches on the same subject.

The unsatisfactory functioning of the Special Court at Addis Ababa, before which are tried certain cases between foreigners and Ethiopians, has for some time been a source of concern to the Department. Your despatch under reference indicates that the situation is even more unsatisfactory than the Department had realized and appears clearly to establish the necessity of prompt remedial action to insure the adequate judicial protection of the persons and property of American nationals in cases which arise between them and Ethiopian subjects.

The Department desires, therefore, that you seek an audience with the Emperor at an early date and express to him the concern with which this Government regards the unsatisfactory functioning of the Special Court and its apprehension that a continuance of the present unsatisfactory conditions may result in incidents tending to embarrass the relations of the two Governments.

You should emphasize that the Government of the United States is animated by the friendliest feelings for the Government of His

<sup>3</sup> Not printed.

Imperial Majesty and his people, referring in this connection particularly to the sympathetic attitude which the American Government adopted toward the recent fiscal measures of the Ethiopian Government.<sup>4</sup> You should add that this Government's concern over the matter of judicial reform in Ethiopia is not confined to the protection of American nationals and their interests in that country but is motivated also by a sincere desire that success may attend His Majesty's present endeavors to modernize and improve the judicial administration of the country and that thereby not only American and other nationals may benefit but that the Ethiopians themselves may advance along the road of progress marked out for them by their enlightened sovereign.

You should express the confidence of this Government that His Imperial Majesty will appreciate the importance and desirability of a prompt reorganization of the Special Court at Addis Ababa and of the rules of its procedure in order that it may function as an efficient and impartial tribunal in fulfillment of the international obligation of the Ethiopian Government to afford adequate facilities for the proper determination of judicial matters involving Ethiopian subjects and American nationals.

Finally, you may, in your discretion, either at the proposed audience or on some other appropriate occasion, intimate discreetly but clearly to the Emperor that this Government cannot continue indefinitely to subject its nationals to the jurisdiction of a tribunal so clearly inadequate as the Special Court at Addis Ababa.

The Department will await with interest the receipt of a prompt report setting forth the results of your representations in this matter.

Very truly yours,

For the Secretary of State:  
JAMES GRAFTON ROGERS

---

884.05/19

*The Minister in Ethiopia (Southard) to the Acting Secretary of State*

No. 952

ADDIS ABABA, May 4, 1932.

[Received June 1.]

SIR: I have the honor to acknowledge receipt of the Department's No. 230 of March 8th, 1932, indicating the views of the Department on the subject of the unsatisfactory functioning of the Special Tribu-

---

<sup>4</sup>The reference is to the refusal of the United States to join Great Britain, France, and Italy in protesting against an Ethiopian tax law of March 30, 1931, which the protesting powers held infringed upon the rights enjoyed by foreigners under the Franco-Ethiopian treaty of 1908. (884.512 Consumption/7-52)



nal in Addis Ababa and requiring that I place these views before the Emperor.

Several days ago I mentioned this subject to the Emperor and he asked that I discuss it with the Minister of Foreign Affairs.<sup>5</sup> I then had a long discussion with the latter official who promised that steps were being actively considered for the initiation of the reform of the Special Tribunal. He has by instruction of the Emperor just sent to the Dean of the Diplomatic Corps a copy of a Decree on the subject. Translation of this Decree from Amharic into French has been made for study and consideration by the Corps. Copy of the French translation is herewith enclosed.<sup>6</sup>

This Decree includes many of the points covered in the enclosures with the Legation's No. 852 of November 9th, 1931,<sup>6</sup> and other points will, according to the Minister of Foreign Affairs, be covered either in subsequent decrees or in later communications to the Diplomatic Corps.

The Legation believes that the issuance of this Decree is a distinct step forward in the light of local conditions and difficulties. It will be considered at an early date by the Diplomatic Corps, and report will be made to the Department of the attitude and recommendations of that body.

Respectfully yours,

ADDISON E. SOUTHARD

884.05/24

*The Minister in Ethiopia (Southard) to the Secretary of State*

No. 1023

ADDIS ABABA, August 15, 1932.

[Received September 13.]

SIR: I have the honor to refer to the Legation's No. 1014 of July 26th, 1932,<sup>6</sup> reporting the Diplomatic Corps discussion of the latest Ethiopian proposal for the reorganization of the Special Tribunal—the court in which mixed cases are tried.

The committee appointed to draft a statement of principles to the Ethiopian Government—said committee being composed of my British, French and Italian colleagues—has now completed its effort. The communication to be addressed to the Ethiopian Government has been completed in somewhat more elaborate form than

<sup>5</sup> Bellaten Guetá Herouy.

<sup>6</sup> Not printed.

originally intended. Copy of the original French draft is herewith enclosed, and there is included a free translation into English.

This draft note has received the definite adherence of five of the six members of the local Diplomatic Corps. This Legation, the sixth member,<sup>7</sup> has given tentative adherence to be confirmed or withdrawn upon receipt of Departmental instructions. Should this Legation hold entirely aloof there would result undesirable delay in bringing this counter-proposal before the Ethiopian Government. On the basis of the Department's attitude as I interpret it from the Department's No. 230 of March 9th [*8th*], 1932, to this Legation, on the general subject of its concern over the defective organization of the Special Tribunal, our tentative adherence to the attached draft note has been given. I await the Department's instructions before making our adherence final.

In the light of local experience and requirements the Legation is unable to recommend for the Department's consideration any amendments to the attached note. The Legation considers it admirably drawn for the purpose either of initiating real cooperation from the Ethiopians or of developing a definite refusal to go ahead on a reasonable basis. In the latter event I suspect that my British, French and Italian colleagues may be authorized to take a firmer stand. It is evident to this Legation that the situation is becoming intolerable, at least to them, and that something must be done.

This note could be criticised because of various omissions which are intentional. There is, however, a special technique in dealing with the Ethiopians in the preparation of notes of the kind. There must be left for later consideration certain details which are likely to distract Ethiopian attention from the main issue. Elaboration is best done piecemeal in a series of notes after there shall have been obtained agreement or cooperation in the main issue involved. Also notes must be composed and phrased to adapt them to translation into the comparatively poor and inelastic Ethiopian (Amharic) language. In expressing our approval of the form and content of this note the Legation has considered these special points of local practice.

As may be noted from the synopsis of past negotiations, with which the attached note opens, the Diplomatic Corps has long and patiently endeavored to arrive at some solution for this problem. The Ethiopian Government has shown no sincere disposition to cooperate. Its attitude has grown much more difficult since the

---

<sup>7</sup>The other five members were Great Britain, France, Italy, Germany, and Belgium.

injection of the influence of its often insufficiently well informed foreign advisers into the situation.

On page two of the attached note will be found an incomplete tabulation of unexecuted judgments as between the Special Tribunal and the various local Legations and Consulates. Complete data are not yet available and will be provided later for filling in the blanks.<sup>8</sup> We have decided that it is best not to delay forwarding this draft note while the missing data are being assembled. The British Legation is one of the most efficient here and has its figures completed. My French and Italian colleagues indicate that their figures may approach the British in size and importance. For unexecuted judgments in favor of American citizens I have given the MT\$700.00 won by Daniel R. Alexander, an American negro, against one Zaudi. This is not strictly an unexecuted judgment as Alexander had never pushed for payment pending his consideration of an appeal. He had never yet arranged an appeal, when Zaudi became suddenly no longer liable. Zaudi was an actor in the recent Ras Hailu-Lij Yasu treason and was shot to death. The claim against his estate might be sustained but as the Government has, in the usual manner, confiscated the estate of this traitor there would probably result various complications. The new development may also permit Alexander to arrange an appeal and procure what he considers should be a much larger judgment—MT\$7,000 was the original basic amount claimed.

Immediately following the tabulations in the attached note is an important paragraph requiring a disposal of these unexecuted judgments. The Paragraph (11) on page 2 of the attached note is also important in requiring that the proposed Bureau of Execution should deal only against Ethiopian defendants. As previously reported<sup>9</sup> the Diplomatic Corps has feared (possible violation of Klobukowsky Treaty,<sup>10</sup> etc.) to accept an Ethiopian Bureau of Execution having authority to execute judgments also against foreign defendants. The intention of the Corps is to provide its own machinery for the execution of judgments against foreigners, and to establish a sort of clearing house which will balance payments of Ethiopian judgments against foreign judgments. The intentions of the Diplomatic Corps in these respects have been purposely

---

<sup>8</sup> A new tabulation was transmitted to the Department by the Minister in Ethiopia in his despatch No. 1040, September 12; received October 11 (884.05/25).

<sup>9</sup> Despatch No. 1014, July 26, 1932; not printed.

<sup>10</sup> Treaty of Friendship and Commerce Between Ethiopia and France, signed at Addis Ababa, January 10, 1908, *British and Foreign State Papers*, vol. CI, p. 997.

omitted from the attached draft note. . . . These intentions are proposed for discussion in a separate note which will depend upon the Ethiopian reply to the present note.

For this same reason . . . the initial procedure headed "Ordinary Civil Cases" on page 3 of the attached note has been made quite simple. Various obviously essential details have been omitted with the thought of bringing them in later. The desire of the Corps is first to obtain Ethiopian consent to and cooperation on certain basic and elementary principles of functioning of the Special Tribunal.

The most important of all litigation between foreigners and Ethiopians comes, naturally, under the heading of "Ordinary Civil Cases." There has very rarely been a mixed case of criminal kind. However, in the attached note, page 4, there is inserted a brief paragraph under the heading of "Criminal Cases" which the Corps does not consider commits it to any definitely prescribed course of procedure but provides merely a basis for future discussion. The "Ethiopian Code of 1912" therein referred to (as applicable to Ethiopian defendants) appears to be more or less vague to all Legations other than the British. My British colleague brought up in a meeting of the Diplomatic Corps that he had in his files such a publication—no other Legation appeared to have any knowledge of it. The British Legation was for many years the only one here having as Oriental Secretary (Interpreter, Translator, etc.) one of its own nationals. Naturally it has been more efficiently and thoroughly served in the collection of material from Amharic sources which is never much advertised and which is more often obscurely issued. This Legation will endeavor to obtain and translate this alleged "Code." My British colleague said that his translation of the "Code" had cost him "sixteen guineas and was hardly worth it." We could not, of course, afford that. This "Code" is also understood not yet to have come into use in the Special Tribunal.

In the third from the last paragraph of the attached note there is a parenthetical reference to Greece and Egypt. This may be explained by stating that the Greek Diplomatic representative (Zervos) is honorary and does not participate in the deliberations of the Diplomatic Corps. The Egyptians are represented only by a Consul (Moussa) who on the basis of his rank is not included in the meetings of the Corps. . . . Naturally in an affair of this kind affecting the foreign community as a whole both the Greek and the Egyptian will be consulted by the Dean of the Corps.

In the penultimate paragraph of the attached note emphasis is given to the intention of the Diplomatic Corps to require a com-

pletion within six months of all pending unexecuted judgments. This Legation considers that desirable and necessary.

The Diplomatic Corps holds this note eminently fair and reasonable under the circumstances and as one which will elicit such cooperation as the Ethiopians may honestly intend. . . .

Respectfully yours,

ADDISON E. SOUTHARD

[Enclosure—Translation]

*The Diplomatic Body to the Ethiopian Government*

[ADDIS ABABA, undated].

The Diplomatic Body has the honor to acknowledge the receipt of the communication from the Ethiopian Government dated April 12th, 1932, of certain proposals for the improvement of the Special Tribunal.

It is now ten years since this question first came under discussion with the communication to the Dean in June, 1922, of Provisional Rules for the Court, to which in November, 1923, the Dean suggested certain amendments.

In February and March, 1924, further notes were addressed by the Dean on the subject of the inadequacies of the Court, and a reply was received to the effect that the question would be dealt with on the return of the Emperor (then the Heir Apparent) from his visit to Europe.

In July, 1926, Revised Rules were communicated to the Dean who again suggested amendments.

In March, 1928, further proposals were addressed to the Dean, who replied in May, 1928, drawing attention to, among other things, the urgent necessity for the enforcement of definite Rules for the Court.

In December, 1928, and February, 1929, the Ethiopian Government proposed the appointment of a foreign judge for the Tribunal and in July, 1929, the Dean submitted a detailed scheme whereby such a proposal could be suitably carried out.

The Ethiopian Government replied in July, 1930, with a very brief note giving a counter proposal, whereupon the Dean at once—on July 31st, 1930—asked for a more complete answer.

In the meanwhile the Ethiopian Government proposed the adoption of a code of civil procedure as well as the establishment of a commercial section of the Special Tribunal; both of these proposals were discussed but never put into effect.

In January, 1931, the Dean asked for a reply to his Note of July 31st, 1930, and in May, 1931, the Ethiopian Government replied with a proposal for a new Court of Appeal pending the early submission

of counter proposals for the Tribunal as a whole. The Dean replied orally accepting the principle of a Court of Appeal but expressing a lively desire to receive the promised counter proposals as soon as possible.

During the year which has since elapsed no proposals have been received and the state of the Tribunal has become so defective that judgments given but unexecuted now amount to the approximate figures given below:

In favor of French	plaintiffs	.....	MT\$	
“ “ “ British	“	.....	MT\$	141,000.00
“ “ “ Italian	“	.....	MT\$	
“ “ “ German	“	.....	MT\$	6,270.00
“ “ “ Greek	“	.....	MT\$	
“ “ “ Egyptian	“	.....	MT\$	
“ “ “ American	“	.....	MT\$	700.00

On the other hand judgments unexecuted in favor of Ethiopian plaintiffs are approximately as follows:

Due by French	defendants	.....	MT\$	
“ “ British	“	.....	MT\$	4,800.00
“ “ Italian	“	.....	MT\$	
“ “ German	“	.....	MT\$	300.00
“ “ Greek	“	.....	MT\$	
“ “ Egyptian	“	.....	MT\$	
“ “ American	“	.....	MT\$	None

In the opinion of the Diplomatic Corps, therefore, the first requirement is to deal effectively with the question of these unexecuted judgments and while welcoming the present proposal (which is in effect the ninth put forward by the Ethiopian Government) it considers that application can best be made in the following manner:

(i) The mixed commission proposed by the Ethiopian Government should occupy itself first with the question of unexecuted judgments before proceeding to deal with the question of a law of procedure.

(ii) The proposed Bureau of Execution should deal with the execution of judgments delivered in the future, confining itself of course to execution against Ethiopian defendants.

(iii) The institution of special sittings for deliberation in the form proposed by the Ethiopian Government would be unnecessary if the following simple rules were observed provisionally, namely:

#### ORDINARY CIVIL CASES

##### A. DEPOSIT OF COMPLAINTS

###### 1. *Foreigner against Ethiopian.*

The complaint in writing is sent to the Consulate of the foreigner in three copies with translation in Amharic (three copies).

The Consulate will not collect fees of its own but will collect the fees required by the Tribunal and send them to the Cashier of the Tribunal together with the complaint in two copies.

2. *Ethiopian against foreigner.*

The complaint is sent to the Special Tribunal in three copies in Amharic. The Special Tribunal sends to the interested Consulate two copies with translation in French. On each copy of the complaint transmitted to the Consulate will be indicated that the amount of the court fees has been paid to the Clerk's Office, with mention of the number and date of the receipt delivered by the Clerk of Court.

B. SUMMONS

1. *Foreigner against Ethiopian.*

One copy of the complaint is sent to the defendant by the Special Tribunal which will require from him a written reply in three copies within fifteen days, the reply to be in the language of the defendant.

2. *Ethiopian against foreigner.*

One copy of the complaint is sent to the defendant by the Consulate, which will require a written reply within fifteen days, in the language of the defendant. This reply should be sent in three copies accompanied by translations in Amharic.

C. DOCKETING

After the exchange of these documents the dossier is completed and takes a date in the office of the Tribunal. The cases are then to have a number of order which will be given by the Tribunal and communicated to the Consulate and which will determine the order in which each case is to be called. This status may not be changed excepting by mutual consent of the two judges.

D. HEARINGS

The affair called, there will first be heard the complainant and his witnesses, with or without deposit of the (lawyer's) brief as may be decided by the Tribunal. The Tribunal will give judgment or will adjourn for deliberation. In the latter case the judgment should be given within fifteen days. The judgment will be given in consultation between the two judges alone and signed forthwith by them.

E. RECORD OF MINUTES OF HEARINGS

The minutes of the hearing should be written in ink in a numbered register and completed during the hearing. They shall be signed by the Clerk of Court and countersigned by the two judges.

## MINOR CASES

If the amount in dispute is thirty thalers or less there may be employed a brief procedure. The case shall be taken up on the demand of the Consul or of the Ethiopian representative of the Tribunal according to whether the plaintiff is foreigner or Ethiopian. The Tribunal issues a summons, ordering the defendant to pay failing which he should be called before the Tribunal at a fixed date. The case will be given a hearing and judged summarily on the spot.

## CRIMINAL CASES

Criminal cases will be considered as urgent and will be recorded in a special calendar with the warrant of arrest. There will particularly be considered criminal those cases recognised and punished by the Ethiopian Code of 1912 [1930].<sup>11</sup>

The Diplomatic Corps also takes note of the fact that the Ethiopian Government has recently appointed a new Chief Judge of the Special Tribunal in the person of Belatta Ayela Gabré and, being desirous of responding as fully as possible to the desire expressed by the Ethiopian Government for collaboration with a view to the improvement of the administration of justice in mixed cases, it is prepared to issue the necessary identic instructions forthwith to its Consular representatives (in which it is understood that the representatives of Greece and Egypt will be included) for the bringing into effect of the three proposals above mentioned.

It is, however, well understood that this Agreement for Six Months will be ended six months from the date of the resumption of the work of the Special Tribunal and that the situation may be submitted to a new examination after this period. It is equally well understood that during this period all the judgments previously pending shall be executed (excepting in case of insolvency proved on the part of the debtor) and that a mixed commission, composed of representatives of the Ethiopian Government and of the Diplomatic Corps, shall complete a study for the reorganization of the Special Tribunals as a whole.

The Diplomatic Corps has confidence that the Ethiopian Government will give the above proposals its earnest attention and return an early reply in order that the negotiations on this important subject may in the end produce a definite and practical result as much in the interest of foreigners as in that of the Ethiopians.

---

<sup>11</sup> Corrected by the Minister in Ethiopia in his despatch No. 1040, September 12; received October 11.



884.05/24 : Telegram

*The Secretary of State to the Minister in Ethiopia (Southard)*

WASHINGTON, September 17, 1932—2 p. m.

19. Your despatch 1023, August 15. Upon the understanding that the "Ethiopian Code of 1912", referred to in the draft note of the diplomatic corps, would not be applicable to American citizens in contravention of the provisions of Article 7 of the Klobukowski Treaty, the Department authorizes you to make definitive your tentative adherence to the note in question.

The Department would also be glad to have you take an early opportunity to sound out your colleagues as to the advisability of the diplomatic corps making joint and vigorous representations in the spirit of the Department's instruction No. 230 of March 8, 1932, in the event that the Ethiopian response to the proposed note is unsatisfactory.

If at any time you should learn that the Ethiopian Government is likely to denounce Article 7 of the Klobukowski Treaty, you should immediately inform the Department by telegraph and request instructions.

STIMSON

884.05/31

*The Diplomatic Corps in Ethiopia to the Ethiopian Ministry for Foreign Affairs*<sup>12</sup>

[Translation]

## MEMORANDUM

The Diplomatic Corps acknowledges receipt of the Ethiopian Government's note concerning the improvement of the Mixed Court, which it received October 29th, last.<sup>13</sup>

The Diplomatic Corps is pleased to observe some progress toward betterment in Mixed Court procedure in the proposals of that note.

The Diplomatic Corps is particularly happy to observe that the Ethiopian Government attaches the greatest importance to judgments handed down and not executed. It is pleased to see that the Ethiopian Government is prepared to execute these judgments.

The Diplomatic Corps, animated by the admitted necessity of carrying out unexecuted judgments, agrees that an Ethiopian official be specially designated to confer with the various interested consuls

<sup>12</sup> Copy transmitted to the Department by the Minister in Ethiopia in his despatch No. 1092, December 3, 1932; received January 4, 1933.

<sup>13</sup> Not printed.

in order to have the judgments in question executed. It is understood that a period of 6 months will be allotted for this execution.

In case of difference of opinion between the Ethiopian official and the consul, the Mixed commission concerned at the same time with studying rules of procedure will be called upon to decide. It is clear that this agreement is applicable only to those judgments remaining unexecuted at the date the Special Court resumes its work.

As regards the execution of judgments thereafter, the Diplomatic Corps is of opinion that this question should be considered in the work of the mixed commission designated to study the rules of procedure.

The Diplomatic Corps agrees to initiate the formulation of a draft code of civil and commercial law, on the basis of the plan presented by the Special Court on May 14th, 1929.<sup>14</sup>

The Diplomatic Corps will not fail to assign its own delegates for this commission as soon as the Ethiopian Government has approved the formation of a mixed commission to study a plan of complete reorganization of the Special Court.

The Diplomatic Corps does not in principle object to the utility of special trial hearings; it even considers them indispensable in most trials. In those cases where circumstances require it, however, the Diplomatic Corps would consider it preferable to limit the trial sessions to a previous understanding between the consul and the judge. The judgments themselves could, moreover, be drafted in these sessions. The latter should be so arranged as to permit executing the judgments at most two weeks after the last trial hearing, a proposal already contained in the plan of a six months *modus vivendi*.

Finally the Diplomatic Corps desires to repeat its proposal to put into force at once the provisional rules already outlined for the period of the *modus vivendi*.

ADDIS ABABA, November 26, 1932.

---

<sup>14</sup> Draft plan was never put into execution (884.05/19).

## IRAQ

### INSISTENCE OF THE UNITED STATES ON ITS RIGHT TO BE CONSULTED REGARDING THE CONDITIONS OF IRAQ'S ADMINISTRATION UPON THE TERMINATION OF THE MANDATORY RELATIONSHIP

890G.01/292 : Telegram

*The Secretary of State to the Ambassador in Great Britain (Mellon)*

WASHINGTON, February 26, 1932—5 p. m.

75. Department's mail instruction 1045, January 14, 1932.<sup>1</sup> After having given further consideration to this matter the Department has reached the conclusion that, though by the terms of Article 6 of the Tripartite Convention of January 9, 1930,<sup>2</sup> the United States waived its right with respect to consultation regarding the termination of the "special relations" between Great Britain and Iraq, it retains the right to demand consultation with respect to the conditions under which Iraq is to be administered upon the cessation of the mandatory relationship.

This conclusion is based upon the fact that through correspondence in 1921 with the Council of the League of Nations and with the various mandatory Powers, this Government established the principle that its "approval was essential to the validity of any determination which may be reached with respect to the mandates" and that it concededly had "an equal voice in their disposition". (For examples of this correspondence see Section 2 of the pamphlet entitled "Mandate for Palestine" originally issued by the Department in 1927). Since the termination of a régime in a mandated territory necessarily involves the "disposition" of the territory and affects the interests of American nationals therein, the right of the United States to be consulted with respect to the conditions under which the territory is subsequently to be administered is on precisely the same basis as its right to be consulted with regard to the establishment of a mandatory régime.

In view of the foregoing it is desired that you make inquiry of the Foreign Office as to whether this Government is correct in assuming that it is to be consulted by the British Government with

---

<sup>1</sup> Not printed.

<sup>2</sup> *Foreign Relations*, 1930, vol. III, p. 302.

respect to the conditions under which Iraq is to be administered upon the termination of the "special relations" between that country and Great Britain.

In this connection it is pertinent to add that in a telegram dated January 30, 1932,<sup>3</sup> the Consul at Geneva reported that he had learned from confidential sources that the position seemed to be that the Council of the League would not consult the United States in the case of Iraq but would assume that Great Britain as mandatory Power had already done so or would do so and would see that all interests in the mandate whether inherent, expressed or implied were properly considered.

It is considered to be particularly important to establish the principle of the right of this Government to be consulted in this case in order that a precedent may be established which can be invoked when the question of the termination of other mandates, such as Syria, comes up for consideration.

STIMSON

---

890G.01/303

*The Chargé in Great Britain (Atherton) to the Secretary of State*

No. 2716

LONDON, April 5, 1932.

[Received April 13.]

SIR: Referring to the Department's strictly confidential mailed instruction No. 1045 of January 14, 1932<sup>3</sup> and cabled instruction No. 75 of February 26, 5 p. m., I have the honor to transmit herewith a copy of the informal communication which in compliance with the latter was on March 1 left with the Foreign Office in an inquiry as to whether the Government of the United States is correct in assuming that it is to be consulted by the British Government with respect to the conditions under which Iraq is to be administered upon the termination of the "special relations" between that country and Great Britain and a copy of the reply under date of April 1, with enclosures, which has just been received.

It will be observed that the Foreign Office undertakes to "communicate to the United States Government for their information copies of the actual assurances (to be given to the League of Nations by Iraq as a condition precedent to the termination of the mandatory régime as from Iraq's admission to the League) as soon as it is possible for them to do so." This would appear to constitute notification after action, rather than acknowledgement of a right to

---

<sup>3</sup> Not printed.

prior consultation regarding the conditions under which Iraq is to be administered upon the cessation of her mandatory relationship with Great Britain, as the assurances in question will presumably define those conditions.

Respectfully yours,

RAY ATHERTON

[Enclosure 1]

*The American First Secretary of Embassy (Cox) to Mr. C. W. Baxter of the Eastern Department, British Foreign Office*

LONDON, March 1, 1932.

DEAR BAXTER: AS I told you today in our conversation, the Department of State is of the opinion that although by the terms of Article 6 of the Tri-partite Convention of January 9, 1930, between the United States, Great Britain and Iraq, the United States waived its right with respect to consultation regarding the termination of the "special relations" between Great Britain and Iraq, it nevertheless retains the right to demand consultation with respect to the conditions under which Iraq is to be administered upon the cessation of the mandatory relationship.

Since the termination of a régime in a mandated territory necessarily involves the "disposition" of the territory and affects the interests of American nationals therein, the right of the United States to be consulted with respect to the conditions under which the territory is subsequently to be administered is on precisely the same basis as its right to be consulted with regard to the establishment of a mandatory régime.

The Department of State has learned of the likelihood that the Council of the League of Nations would not consult the United States in the case of Iraq but would assume that Great Britain as mandatory Power had already done so or would do so and would see that all interests in the Iraq mandate, whether inherent, expressed or implied, were properly considered.

The Department of State has asked the Embassy to inquire of the Foreign Office as to whether the United States Government is correct in assuming that it is to be consulted by the British Government with respect to the conditions under which Iraq is to be administered upon the termination of the "special relations" between that country and Great Britain. I should be grateful if you would let me know the views of the Foreign Office in this matter in order that the Embassy may communicate them to the Department of State.

Yours sincerely,

RAYMOND E. COX

[Enclosure 2]

*The Head of the Eastern Department, British Foreign Office  
(Rendel), to the American First Secretary of Embassy (Cox)*

No. E 1431/9/93

[LONDON,] 1 April, 1932.

DEAR COX: In your letter of March 1st to Baxter you raised the question of consultation with the United States Government regarding the conditions under which Iraq is to be administered upon the cessation of her mandatory relationship with Great Britain.

In our opinion Articles 6 and 7 of the Tripartite Convention signed in London on January 9th, 1930, set out quite clearly what the position of the United States is in connexion with the termination of the mandatory régime in Iraq. Article 6 reads as follows:

"No modification of the special relations existing between His Britannic Majesty and His Majesty the King of Iraq, as defined in Article 1 (other than the termination of such special relations as contemplated in Article 7 of the present Convention) shall make any change in the rights of the United States as defined in this Convention, unless such change has been assented to by the Government of the United States."

Under this Article the assent of the United States is required before the rights of the United States, as defined in the Convention, can be affected by any modification in the special relations existing between His Britannic Majesty and His Majesty the King of Iraq, but the termination of these special relations, which is the case now under consideration, is expressly excepted from the provisions of this Article, and dealt with in Article 7.

Paragraph 1 of Article 7 then provides that the termination of these special relations shall cause the Convention of 1930 to cease to have any effect, and the second paragraph lays down what is to be the position when this event happens. Paragraph 2 of Article 7 reads as follows:—

"On the termination of the said special relations, negotiations shall be entered into between the United States and Iraq for the conclusion of a treaty in regard to their future relations and the rights of the nationals of each country in the territories of the other. Pending the conclusion of such an agreement, the nationals, vessels, goods and aircraft of the United States and all goods in transit across Iraq, originating in or destined for the United States, shall receive in Iraq the most-favoured-nation treatment; provided that the benefit of this provision cannot be claimed in respect of any matter in regard to which the nationals, vessels, goods and aircraft of Iraq, and all goods in transit across the United States, originating in or destined for Iraq, do not receive in the United States the most-favoured-nation treatment, it being understood that Iraq shall not be entitled to claim

the treatment which is accorded by the United States to the commerce of Cuba under the provisions of the Commercial Convention concluded by the United States and Cuba on the 11th day of December, 1902,<sup>5</sup> or any other commercial convention which may hereafter be concluded by the United States with Cuba or to the commerce of the United States with any of its dependencies and the Panama Canal Zone under existing or future laws, and that the United States shall not be entitled to claim any special treatment which may be accorded by Iraq to the nationals or commerce of neighbouring States exclusively.”

To put it shortly, it provides for two things, (a) for the commencement of negotiations between the United States and Iraq for the conclusion of a treaty in regard to their future relations, and the rights of the nationals of each country in the territory of the other, and (b) subject to certain conditions, for the grant of most-favoured-nation treatment in Iraq to the nationals, vessels, goods and aircraft of the United States, pending the conclusion of such agreement. While, therefore, it appears that the rights of the United States in this eventuality are fully defined and safeguarded by the provisions of Article 7 of the Convention, and that these provisions do not confer on the United States any rights to be consulted as to the obligations which the League of Nations may require Iraq to undertake as conditions of the termination of the mandatory régime, and of her election as a member of the League of Nations, I am authorized by the Secretary of State to let you know that His Majesty's Government will be happy to keep the United States Government informed of the progress of events in regard to the termination of the mandatory régime in Iraq. Let me first explain exactly what is at present under consideration. It was the belief of His Majesty's Government that the mandatory régime would automatically terminate with the admission of Iraq to membership of the League of Nations. They regard present conditions in Iraq as justifying the termination of the mandatory régime and have therefore declared their intention of supporting her candidature for membership of the League at the Assembly of the League in September next.<sup>6</sup> The Council of the League have ruled, however, that, before the candidature of Iraq for membership can be considered by the Assembly, it is for the Council to decide whether the mandatory régime can in fact be terminated. To assist it in coming to this decision, it asked the Permanent Mandates Commission of the League to advise, first as to the conditions which

---

<sup>5</sup> *Foreign Relations*, 1903, p. 375.

<sup>6</sup> The British Government on November 4, 1929, advised the Council of its intention to recommend the admission of Iraq to the League in 1932; see League of Nations, *Official Journal*, February 1930, p. 74.

must in general be fulfilled before a mandatory régime can be brought to an end, and afterwards as to the application of those general conditions to the special case of Iraq.<sup>7</sup> On the basis of the reports by the Permanent Mandates Commission<sup>8</sup> the Council on January 28th last declared itself in principle prepared to pronounce the termination of the mandatory régime as from the date of Iraq's admission to the League, provided that Iraq first gave certain assurances.<sup>9</sup> The purpose of these assurances is solely to discharge the responsibilities of the League, as trustee, towards racial, linguistic and religious minorities in Iraq and towards legitimate foreign interests in the country. They are still in process of elaboration by direct negotiation between the Council of the League and the Government of Iraq on the basis of the reports of the Permanent Mandates Commission to which I have already referred. Copies of those reports together with a copy of the Resolution adopted by the Council of the League on January 28th last are enclosed herein, and His Majesty's Government will be glad to communicate to the United States Government for their information copies of the actual assurances as soon as it is possible for them to do so.

Your Government are already aware of the terms of the Anglo-Iraqi Treaty of Alliance which was signed on June 30th, 1930 and of which a copy as published in the Treaty Series (Cmd. 3797) was communicated to your Embassy on March 2nd, 1931. The Treaty will of course only enter into force when once Iraq has become a member of the League of Nations.

Yours sincerely,

G. W. RENDEL

---

890G.01/303

*The Acting Secretary of State to the Ambassador in Great Britain  
(Mellon)*

No. 84

WASHINGTON, June 17, 1932.

SIR: The Department has received your despatch No. 2716 of April 5, 1932, enclosing a copy of a communication dated April 1, 1932, from the Foreign Office in reply to the informal representations which the Embassy made regarding the right of the United States to be consulted in connection with the termination of the special relations between Great Britain and Iraq.

---

<sup>7</sup> See par. 6 of the Council resolution of January 13, 1930, *ibid.*, p. 77.

<sup>8</sup> League of Nations, *Permanent Mandates Commission*, Minutes of the Twentieth Session, June 9-27, 1931, pp. 12, 13, 113, 149, 177, 189; see also *ibid.*, Minutes of the Twenty-first Session, p. 221.

<sup>9</sup> See League of Nations, *Official Journal*, March 1932, p. 471; for text of the Council resolution of January 28, see *ibid.*, p. 474.



Subsequent to the receipt of the above mentioned despatch, the Department received from the American Consulate at Geneva the text of the declaration which it is proposed that Iraq should sign as a condition to the termination of the mandate and entrance into the League of Nations.<sup>10</sup> An examination of this declaration, to the benefits of which nationals of the United States will be entitled under the terms of Article 7 of the Tripartite Convention of January 9, 1930, indicates that the rights of the United States and its nationals in Iraq will be adequately safeguarded upon the termination of the special relations between that country and Great Britain.

Under these circumstances it is not perceived that any useful purpose would be served by continuing the discussion with the Foreign Office with regard to the right of the United States to be consulted upon the termination of the mandatory régime. At the same time the Department does not wish to leave the Foreign Office with the impression that the American Government acquiesces entirely in the contentions set forth in Mr. Rendel's letter of April 1, 1932. It is therefore desired that you seek an early occasion to bring to the attention of the appropriate British authorities the viewpoint of this Government as set forth below.<sup>11</sup>

The Government of the United States appreciates the offer of the British Government to furnish it with copies of the assurances which Iraq is to furnish to the Council of the League of Nations as a preliminary to the termination of the mandatory régime and entrance into the League of Nations. From information which it has already received from other sources the American Government is satisfied that these assurances, to the benefits of which American nationals will be entitled under the provisions of Article 7 of the Tripartite Convention of January 9, 1930, will afford adequate protection to legitimate American interests in Iraq upon the termination of the existing special relations. Accordingly this Government considers that no useful purpose would be served by continuing the discussions which the Embassy at London has undertaken with the British authorities concerning the right of the United States to be consulted with regard to the conditions under which Iraq is to be administered upon the termination of the mandatory relationship. At the same time the American Government desires to place on record the declaration that it cannot fully accept the interpreta-

---

<sup>10</sup> For text of the declaration, see League of Nations, *Official Journal*, July 1932, p. 1347.

<sup>11</sup> The remainder of this despatch was used as an *aide-mémoire* by the American Embassy and left with Mr. G. W. Rendel of the Foreign Office on July 8.

tion of the position of the United States vis-à-vis Iraq as set forth in Mr. Rendel's letter of April 1, 1932. Thus, while the American Government concedes that by the terms of the Tripartite Convention it waived its right to consultation with respect to the actual termination of the mandate, it considers that the right was retained to be consulted with respect to the conditions under which Iraq is to be administered upon such termination. This Government is therefore of the opinion that in addition to the most-favored-nation treatment which, by virtue of the provisions of the Tripartite Convention of January 9, 1930, it will enjoy in Iraq upon the termination of the special relations, it is also entitled to a voice in the determination of the conditions upon which that most-favored-nation treatment is to be based.

Accordingly the American Government desires to make a full reservation of its position in this matter and, with a view to avoiding any possible misconception which may arise in the future, to make clear that its action in refraining from insisting upon a fulfillment of its rights in the case of Iraq is not to be construed as an abandonment of the principle established in 1921 that the approval of the United States is essential to the validity of any determination which may be reached regarding mandated territories.

Very truly yours,

W. R. CASTLE, JR.

---

890G.01/317

*The Chargé in Great Britain (Atherton) to the Secretary of State*

No. 244

LONDON, July 22, 1932.

[Received August 1.]

SIR: I have the honor to refer to the Department's instruction No. 84 of June 17, 1932, and to report that the viewpoint of the United States Government as set forth therein was duly brought to the attention of the British authorities by an *aide-mémoire* which on July 8 was left with Mr. G. W. Rendel, Chief of the Eastern Department at the Foreign Office.

This afternoon there has been received from the Foreign Office, in duplicate, a note<sup>12</sup> enclosing a copy of a declaration by the Iraqi Government<sup>13</sup> which on June 27 was communicated to the League of Nations through the British Government and a copy of the report,<sup>14</sup> dated May 7, 1932, of the Committee appointed by the

<sup>12</sup> *Infra.*

<sup>13</sup> League of Nations, *Official Journal*, July 1932, p. 1347.

<sup>14</sup> *Ibid.*, p. 1342.

Council of the League in order to prepare the draft of a declaration of guarantees. The duplicate copy of this note and its enclosures is being forwarded herewith by to-day's pouch, as I believe that the Department would prefer to have it as promptly as possible rather than that I should delay its transmission in order to make the usual number of copies, especially as it appears that the Department has already received the text of these enclosures from Geneva.

Respectfully yours,

RAY ATHERTON

[Enclosure]

*The British Secretary of State for Foreign Affairs (Simon) to the American Chargé (Atherton)*

No. E 3644/408/93

[LONDON,] 22 July, 1932.

SIR: In a semi-official letter (No. E 1431/9/93) of April 1st to Mr. Cox of the United States Embassy on the question of the impending release of Iraq from the Mandatory régime, it was stated that His Majesty's Government would be glad to communicate to the United States Government, for their information, as soon as it was possible to do so, copies of the Assurances to be given by Iraq to the Council of the League of Nations, prior to the termination of the Mandatory régime, in connexion with the protection of racial and religious minorities and of legitimate foreign interests in Iraq. These Assurances were incorporated in a Declaration of Guarantees which was approved by the Council of the League on May 19th,<sup>15</sup> and the Declaration, having been signed by the Iraqi Prime Minister and ratified by His Majesty the King of Iraq, was duly communicated to the League through His Majesty's Government in the United Kingdom on June 27th. I now have pleasure in enclosing (Enclosure No. 1) a copy of this Declaration<sup>16</sup> which I shall be glad if you will communicate to the United States Government in accordance with the undertaking of April 1st referred to above.

2. You will observe that Article 12 of the Declaration of Guarantees has the effect of prolonging for ten years, from the date of the admission of Iraq to the League, the Judicial régime instituted by the Anglo-Iraqi Judicial Agreement of March 4th, 1931.<sup>17</sup> You will recollect that, in your note No. 1255 of June 19th, 1931,<sup>18</sup> you informed Mr. Arthur Henderson that the United States Govern-

<sup>15</sup> See League of Nations, *Official Journal*, July 1932, pp. 1212-1216.

<sup>16</sup> *Ibid.*, p. 1347.

<sup>17</sup> Great Britain, Cmd. 3933, Treaty Series No. 33 (1931).

<sup>18</sup> Not printed.

ment, under the terms of Article 6 of the Tripartite Convention of January 9th, 1930, consented to the substitution of that Agreement for the previous Anglo-Iraqi Judicial Agreement of March 28th, 1924,<sup>19</sup> and to the application of the new Agreement to nationals of the United States in Iraq, upon its entry into force and in accordance with its terms. The new régime to be established under Article 12 of the Iraqi Declaration of Guarantees will apply to all foreigners and Iraqis alike, and will involve no modification to the detriment of foreign interests of the régime set up under the Anglo-Iraqi Judicial Agreement of 1931.

3. I also enclose (Enclosure No. 2), for the information of the United States Government, a copy of the Report<sup>20</sup> of the Committee appointed by the Council of the League in order to prepare, in consultation with a representative of the Iraqi Government, the draft of a Declaration of Guarantees. In recommending the Council to approve the text of the draft Declaration of Guarantees, the Committee pointed out, with particular reference to Article 12 of that Declaration in regard to the judicial régime, that, in the absence of explicit renunciation, the capitulatory rights possessed in the former Ottoman Empire by certain States would automatically revive in Iraq on the termination of the Mandatory régime. So far as concerns States members of the League, those rights, as the United States Government are aware, were suspended in the following manner. By the Resolution of the Council of the League of September 27th, 1924,<sup>21</sup> certain undertakings set out in that Resolution given by His Majesty's Government in the United Kingdom to the Council, together with the Anglo-Iraqi Treaty of Alliance of October 10, 1922,<sup>22</sup> were accepted by the Council as giving effect to the provisions of Article 22 of the Covenant of the League,<sup>23</sup> and as ensuring the observance of the principles which His Britannic Majesty's acceptance of the Mandate for Iraq had been designed to secure. In the relevant part of that Resolution, the Council decided "that the privileges and immunities, including the benefits of consular jurisdiction and protection formerly enjoyed by capitulation or usage in the Ottoman Empire, will not be required for the protection of foreigners, so long as the Treaty of Alliance (i.e. of 1922) is in force". Capitulatory rights and privileges have accordingly so far as these Powers are concerned been suspended in Iraq during the

<sup>19</sup> The agreement was signed March 25, 1924; see League of Nations Treaty Series, vol. xxxv, p. 131.

<sup>20</sup> League of Nations, *Official Journal*, July 1932, p. 1342.

<sup>21</sup> *Ibid.*, October 1924, p. 1346.

<sup>22</sup> League of Nations Treaty Series, vol. xxxv, p. 13.

<sup>23</sup> *Treaties, Conventions, etc., 1910-1923*, vol. III, p. 3336.

continuance of the Mandatory régime, the interests of foreigners in judicial matters being safeguarded at first by the Anglo-Iraqi Judicial Agreement of March 25, 1924, subsequently by the new Anglo-Iraqi Judicial Agreement of March 4, 1931, and now by Article 12 of the Iraqi Declaration of Guarantees referred to above.

4. The Committee's Report was considered by the Council on May 19, and in view of their statement regarding the possibly automatic revival of the capitulatory rights possessed in the former Ottoman Empire by certain States, the Council recommended, in a Resolution dated May 19, a copy of which is enclosed for convenience of reference (Enclosure No. 3),<sup>24</sup> "that the Powers concerned, whose nationals enjoyed capitulatory rights in the former Ottoman Empire, renounce, before the admission of Iraq to the League of Nations, the maintenance of these former jurisdictional privileges in favour of their nationals in future", and requested the Secretary General of the League "to communicate this recommendation to the Governments of States, which the British Government, in accordance with the present Resolution, will approach, with a view to the proposed renunciation". The Secretary General of the League, in view of this Resolution, and in accordance with the Council's request, duly approached the Governments of the Powers members of the League which formerly possessed capitulatory rights in the Ottoman Empire, and His Majesty's Government have now approached those Powers officially with a similar request.

5. The position of the United States in the matter is regulated by the Tripartite Convention of January 9, 1930. Article 7 of that Convention provides that the Convention shall cease to have effect on the termination of the special relations existing between His Britannic Majesty and His Majesty the King of Iraq in accordance with the Treaty of Alliance of 1922<sup>25</sup> and the Treaty of 1926.<sup>26</sup> It further provides (1) that, on the termination of the said special relations, negotiations shall be entered into between the United States and Iraq for the conclusion of a Treaty in regard to their future relations and the rights of the nationals of each country in the territories of the other and (2) that pending the conclusion of such an Agreement United States citizens, and United States interests in general, will enjoy most-favoured-nation treatment. Consequently pending the conclusion of a new agreement United States citizens in Iraq will be entitled to enjoy the same

<sup>24</sup> League of Nations, *Official Journal*, July 1932, p. 1212.

<sup>25</sup> League of Nations Treaty Series, vol. xxxv, p. 13.

<sup>26</sup> *Ibid.*, vol. XLVII, p. 427.

judicial privileges as those enjoyed by the nationals of the most favoured foreign country.

6. In these circumstances, and in view of the impending termination of the Mandatory régime, although the rights of United States citizens in judicial matters, as indicated above, are fully protected, not only by the arrangements described in paragraph 2 of the present note, but also by the most-favoured-nation rights secured to the United States by Article 7 of the Tripartite Convention, the United States Government will no doubt consider the desirability of taking the necessary steps to negotiate the new Agreement, provided for in paragraph 2 of Article 7 of the Tripartite Convention with the Iraqi Government direct.

I have [etc.]

(For the Secretary of State:)

G. W. RENDEL

---

890G.01/330

*The American Chargé in Great Britain (Atherton) to the British Secretary of State for Foreign Affairs (Simon)*<sup>27</sup>

No. 251

LONDON, September 20, 1932.

SIR: I have the honor to refer to my note No. 219 of August 26 last<sup>28</sup> and to previous correspondence regarding the release of Iraq from the mandatory régime, and in compliance with instructions which I have received from my Government, to enquire, in connection with the forthcoming vote on the admission of Iraq as a member of the League of Nations, whether it is the intention of His Majesty's Government to lay before the appropriate body of the League the recent exchange of correspondence regarding the right of the Government of the United States to be consulted with respect to the conditions under which Iraq is to be administered upon the termination of the mandated régime.

In explanation of this enquiry I am desired to state that if His Majesty's Government does not intend to take the action indicated my Government will wish to do so in view of the importance which it attaches to having its position in the matter made clear to the members of the League.

I have [etc.]

RAY ATHERTON

---

<sup>27</sup> Copy transmitted to the Department by the Chargé in his despatch No. 368 of the same date; received September 30.

<sup>28</sup> Not printed. This note merely expressed the Department's appreciation for the information supplied by the Foreign Office in its note of July 22.

890G.01/331

*The British Secretary of State for Foreign Affairs (Simon) to the American Chargé in Great Britain (Atherton)*<sup>29</sup>

No. E 4804/9/93

[LONDON,] 24 September, 1932.

SIR: I have the honour to acknowledge the receipt of your note No. 251 of September 20, in which you enquired whether it was the intention of His Majesty's Government in the United Kingdom to lay before the appropriate body of the League of Nations the recent exchange of correspondence regarding the right of the United States Government to be consulted with respect to the conditions under which Iraq is to be administered upon the termination of the mandatory régime.

2. I presume that the correspondence to which you refer in your note is the following: Mr. Cox's letter of March 1st to Mr. Baxter, Mr. Rendel's reply (No. E 1431/9/93 of April 1st) to that letter, the memorandum left at the Foreign Office by Mr. Thaw on July 8th,<sup>30</sup> my note to you No. E 3644/408/93 of July 22nd, and your reply of August 26th<sup>31</sup> to that note.

3. The position, as His Majesty's Government understands it from the memorandum communicated by Mr. Thaw on July 8th is that the United States Government do not wish to raise any difficulties in the particular case of Iraq, but are none the less concerned to preserve the right, which in their opinion they possess, to be consulted with regard to the termination of mandates in general and the conditions upon which they shall be terminated.

4. It had not originally been the intention of His Majesty's Government to communicate the correspondence in question to the League of Nations, but they readily agree to do so, in view of the fact that the United States Government have expressed a desire that that correspondence should be brought to the notice of the League. In the opinion of His Majesty's Government, the appropriate organ of the League is the Permanent Mandates Commission, and on the receipt of confirmation by you that the correspondence which the United States Government have in mind is that enumerated in paragraph 2 of this note, I shall be pleased to take the necessary steps to ensure that copies of the correspondence in question are communicated to the Permanent Mandates Commission, in order that the

<sup>29</sup> Copy transmitted to the Department by the Chargé in his despatch No. 385, September 27; received October 5.

<sup>30</sup> See footnote 11, p. 678.

<sup>31</sup> Not printed.

claim of the United States Government to be consulted on certain questions relating to the termination of mandates may be on record with the appropriate body of the League.<sup>32</sup>

I have [etc.]

(For the Secretary of State:)

G. W. RENDEL

---

<sup>32</sup> By agreement between the American and British Governments, the first three documents listed in paragraph 2 were transmitted by the British Government on October 11, 1932, to the Secretary General of the League of Nations, with a request that they be communicated to the Permanent Mandates Commission. These documents were published by the Department of State in *Press Releases*, November 5, 1932, pp. 300-305.



## LIBERIA

### PROPOSED INTERNATIONAL COMMITTEE OF CONTROL IN LIBERIA AND CONTINUED NONRECOGNITION OF THE BARCLAY ADMINISTRATION<sup>1</sup>

882.01 Foreign Control/182a : Telegram

*The Secretary of State to the Consul at Geneva (Gilbert)*

WASHINGTON, January 8, 1932—6 p. m.

5. For Reber. Unless you perceive some specific objection for so doing, I suggest in accordance with arrangement by telephone just before you sailed that you ascertain whether or not the Secretariat has made any move to inform Firestones and/or the Finance Corporation that a meeting will shortly be held to discuss the report<sup>2</sup> wherein their interests are specifically mentioned. You should be careful not to give the impression that this Government wishes to request that such notification be made, as I would wish to avoid the possibility of stirring up technical considerations or objections which might later be used as arguments to obscure the main issue of the meeting. There is, of course, no objection from the point of view of this Government to such notification by the Secretariat, which would be very welcome to the American interests mentioned.

The following is for your own information only:

Under date of January 7, the Department addressed a letter to the Finance Corporation the pertinent part of which is as follows:

“Inasmuch as the report of the experts makes numerous references to your interests in Liberia and your possible participation in such reform measures as may be recommended by the Committee, I believe you would wish to be informed of the forthcoming meeting, since it may become advisable to have your views promptly available to the Committee through a representative if they should request them.”

It is understood that Hines, representing Firestones, and Howe, representing the Finance Corporation, will probably sail on the *Olympic* January 12. As soon as the Department is informed as to

<sup>1</sup> Continued from *Foreign Relations*, 1931, vol. II, pp. 651-699.

<sup>2</sup> i.e., Report of the Experts designated by the Committee of the Council of the League of Nations appointed to study the Problem raised by the Liberian Government's Request for Assistance; for text, see League of Nations, *Official Journal*, July 1932, p. 1359 (document C./Liberia/4(1)).

the major features of a possible revision of the loan contract<sup>3</sup> which the Finance Corporation would be willing in the event of request by Liberia or the Committee, to consider, you will be informed by telegraph for your own confidential information.

STIMSON

---

882.01 Foreign Control/184 : Telegram

*The Consul at Geneva (Gilbert) to the Secretary of State*

GENEVA, January 11, 1932—1 p. m.

[Received January 11—1 p. m.]

9. From Reber. Arrived this morning. Committee meeting postponed until January 25th.

GILBERT

---

882.01 Foreign Control/185a : Telegram

*The Secretary of State to the Consul at Geneva (Gilbert)*

WASHINGTON, January 13, 1932—6 p. m.

9. For Reber. Department's telegram No. 5, January 8, 6 p. m., last paragraph. The Finance Corporation has submitted a confidential statement of conditions in which it might be willing to advance further funds to Liberia, incorporated for convenience in the form of a Supplementary Agreement between the Finance Corporation and the Liberian Government. The draft provides for the administration of Liberia during a period of rehabilitation through the establishment of a Commissioner Generalship, and the plan of administration in general follows the recommendation contained in the Report of the Experts, except that various provisions have been considerably tightened. In view of experience with adviserships in the past, the Department is in entire sympathy with this attitude and feels moreover, that unless complete executive and administrative control is granted for a period of probably 10 years, no genuine reforms or rehabilitation could be achieved.

The essential features are as follows, certain comments on the part of the Department by which you should be guided being given hereafter.

I. Introduction. An administration by foreign officials under the direction of an American citizen as Commissioner General, who would exercise all the authority of the Financial Adviser under the

---

<sup>3</sup>The 1926 agreement signed by the Finance Corporation of America and the National City Bank of New York with the Liberian Government, *Foreign Relations*, 1926, vol. II, p. 574.

1926 Agreement, plus the additional authority provided by the Supplementary Agreement. His authority would extend over the foreign officials and subordinate employees of the several branches of administration, and that authority would be exclusive of any exercise of authority by any official of the Liberian Government.

II. The Commissioner General would be designated by the President of the United States to the President of Liberia and immediately appointed to office by the latter. The President of the United States alone would cause the removal of the Commissioner General and only upon complaint by the President of Liberia, or the Finance Corporation of America for sufficient cause shown. (Commented upon hereafter).

III. The Commissioner General would appoint the foreign administrators subordinate to him, and they would be removable only by the Commissioner General.

IV. The officials of the Commissioner Generalship would exercise exclusive control over fiscal matters and the budget both as to collection and distribution of all funds; over county, hinterland and tribal administration; over the judiciary including controlling voice in court procedure and provisional suspension of jury systems; over public health, quarantine and sanitation; and over the Frontier Force acting as constabulary and not as military, the executive officer of which would be responsible to the Commissioner General alone.

V. The Commissioner General would be empowered to delegate any or all of his authority to subordinate administrators. Provision is made for an Acting Commissioner General with full authority during absence or incapacity of Commissioner General.

VI. Financial provisions. These relate to the suspension of paragraph 5 Article X of the Loan Agreement and cover the extension of \$1,000,000 face value of bonds during 5 years, taken up at 90. A provision is included that none of the funds obtained as above be applied to the payment of arrears of salary due Liberian Government officials and/or employees, or other accumulated unpaid accounts of floating debts.

VII. The Government of Liberia would agree that during the life of the Supplementary Agreement and of the Agreement of 1926 it would not enter into any treaty or agreement or grant any concessions which would impair the rights of the Finance Corporation or the Fiscal Agent under the 1926 or Supplementary Agreements, or which would prevent or hinder the fulfillment by the Government of Liberia of its obligations thereunder.

VIII. The determination of the Commissioner General would be final as to any question of interpretation of the meaning of the Sup-

plementary Agreement or the Loan Agreement of 1926 which might arise between the Government of Liberia and himself.

IX. Any disputes between the Government of Liberia and the other parties to the Supplementary Agreement or the Loan Agreement of 1926 to be submitted to the Secretary of State of the United States of America who would appoint a referee to render a decision. (Commented upon hereafter)

X. The expiration of the Supplementary Agreement would coincide with the expiration of the Loan Agreement of 1926, provided that at the end of a pre-determined period, say 10 years, the Commissioner Generalship could be reviewed upon application by either Liberia or the Finance Corporation, and upon such review might with the consent of the bondholders be modified or dispensed with by direction of such agency as should be designated for the purpose by the Secretary of State. Provided that if in the foregoing circumstances the administrative organization of the Commissioner Generalship should be dispensed with, the administrative provisions of the Loan Agreement of 1926 would continue in full force.

While the Department has not expressed approval or disapproval of the proposal as a whole, the following confidential memorandum was given to Mr. Howe after consultation with the President of January 11 last, the former being informed that the text would be transmitted to you:

"Inasmuch as the Liberian question is at present being handled by the League of Nations, the President would be unwilling to accept responsibility in the matter except upon request by the League of Nations.

However, the Liberian question is essentially a matter of international concern and consequently, while should the League so request the President might name a Commissioner General to exercise supervisory functions during a period of Liberian rehabilitation, he believes that jurisdiction during this time should be exercised by the League through an international committee on which the United States would be represented, and that the American member of this committee might refer any final major actions to this Government."

This refers particularly to paragraphs 2, 9 and 10 of the foregoing.

STIMSON

882.01 Foreign Control/187

*Memorandum by the Chief of the Division of Western European Affairs (Boal)*

[WASHINGTON,] January 14, 1932.

Mr. Osborne, of the British Embassy, called and presented the attached note regarding Liberia.<sup>4</sup> I told him that Mr. Reber would be present at the meeting of the Committee and he said that that answered the question and not to bother to write an answer.

Mr. Osborne said that he wanted to tell me orally and informally that he understood from London that the British members of the Committee (I suppose he meant Cecil) felt that the Liberian matter was one which primarily concerned the United States rather than the League; that the American member of the Committee was really the one who should be the most interested in the matter and that they rather felt that it was up to the United States to deal with the situation rather than the League. Mr. Osborne confessed ignorance of the Liberian matter and said it was a matter with which he did not wish to become acquainted.

I said that among the many things that could be said in reply to his information on the feeling in London, I would say only one at this time, namely that Liberia was a member of the League of Nations and it certainly seems up to the other members, in accordance with their general theory of international relationship, to extend a friendly and memberly hand to Liberia. I said that the situation in Liberia was exceedingly bad and that I felt that nothing short of competent white assistance equipped with adequate authority in Liberia for some time to come would straighten it out; that it really seemed that it was up to the League to help Liberia to achieve progress in that direction.

Mr. Osborne said he quite understood that the United States was not prepared to extend the Monroe Doctrine to Africa, to which I replied that he was quite right. He said he was just talking informally and did not intend to report to his Government on anything but the answer made to his note, namely that Mr. Reber would be present.

PIERRE DE L. BOAL

---

<sup>4</sup>Not printed.

882.01 Foreign Control/190 : Telegram

*The Consul at Geneva (Gilbert) to the Secretary of State*

GENEVA, January 18, 1932—10 a. m.

[Received January 18—7:40 a. m.]

16. From Reber. Department's 9, January 13, 6 p. m., and 10, January 14th.<sup>5</sup> Should Grimes arrive in Geneva in time for the meeting it is now thought its character may be changed and a fuller discussion take place.

In connection with the Firestone draft there are certain points regarding which I should appreciate further instructions for my confidential information and guidance. It is my understanding that the Department does not desire me to take the initiative in Firestone views, among them, suggesting the nomination by the President of American citizen as Commissioner General. Should, however, this factor be considered as an essential point and by Firestone a condition precedent to the advance of further funds, even if such nomination should be made at the request of the League, its presentation may lead to complications in securing the acceptance of the plan and ultimately result in the United States again assuming responsibilities in Liberia. It seems desired here that the responsibility for the administration of any plan of reform be placed in the hands of an international body on which the United States could be represented. Although possibly not as effective a method of control, this would appear preferable in view of the Department's desire to maintain the international aspect of the problem. It might be possible to arrange that this group nominate an American citizen acceptable to the United States if such procedure is deemed advisable. With regard to the nationality of the foreign administrators, reference is made to the discussion of this matter contained in the Consulate's despatch No. 197, December 23.<sup>6</sup> The Department's views would be appreciated in this connection specifically with regard to the advisability of appointing "neutrals". [Reber.]

GILBERT

<sup>5</sup> Latter not printed.

<sup>6</sup> Not printed.

882.01 Foreign Control/191 : Telegram

*The Consul at Geneva (Gilbert) to the Secretary of State*

GENEVA, January 18, 1932—1 p. m.  
 [Received January 18—12:50 p. m.]

19. From Reber. Consulate's 11, January 14, 9 a. m.<sup>7</sup> I have today received a letter from Renthe-Fink which reads in part as follows:

"In order to make headway it would be desirable to have an official statement to the effect that the American Finance Corporation is in principle prepared to consider a readjustment of the terms of the loan agreement and in particular the conditions for the release of the second portion of the loan—provided of course that all necessary guarantees for the security of the loan are given.

As a result of his conversation with you Mr. Sugimura has consulted the president of the Committee and is instructed by him to request you to be good enough to ascertain unofficially in time for the meeting the attitude of the Finance Corporation as, under the terms of the loan agreement, no financial program can be undertaken without the consent and participation of the Finance Corporation.

You will I am sure agree that it is important, in view of the fact that the experts' report has not yet been discussed, that the statement should be made in the Committee without any reference to the experts' report. The president sees no objection, however, if the full contents of the experts' report were communicated confidentially by the State Department to the Finance Corporation."

In discussing this matter I have made it clear that in transmitting this request I am doing so as a member of the Committee acting under instructions from the president. Should the Department prefer I can reply that in our opinion this information should be obtained by the Committee direct from the Finance Corporation.

It was stated that if the Finance Corporation's reply should prove favorable a representative will be invited to discuss the terms of revision with the Committee probably at the April meeting. [Reber.]

GILBERT

882.01 Foreign Control/191 : Telegram

*The Secretary of State to the Consul at Geneva (Gilbert)*

WASHINGTON, January 20, 1932—1 p. m.

17. For Reber. Your telegram No. 16, January 18, 10 a. m. Your assumption that the Department does not desire you to take the initiative regarding the Finance Corporation draft transmitted in

<sup>7</sup> Not printed.

Department's telegram No. 9 is correct. The draft was sent for your information only, and because Firestone interests were specifically mentioned in the report of the experts to the International Committee.

The Department has expressed no opinion regarding it, other than to point out that certain features which would immediately involve the United States in Africa would be unacceptable to this Government, in order that the Finance Corporation, in the event of request by the International Committee for a statement of the bases on which it would consent to advance further funds, should make no proposal which this Government could not support in its capacity as member of the International Committee. The Department assumes that the Finance Corporation will modify these points (specifically paragraphs 2, 9 and 10 of the Department's summary) after the extent and scope of the Committee's work at this meeting is more clearly determined, but if there appears to be any doubt on the subject in the minds of Hines or Howe, you are authorized to inform them that your Government would oppose the inclusion of any provisions, either by them or by the International Committee, which would lead to exclusive responsibilities by this country in Liberia.

The following for you only: The first paragraph of the confidential memorandum given Howe (quoted at the end of the Department's telegram No. 9) represents the farthest which the Department would wish to have to go, rather than what the Department would consider the most desirable solution.

In view of our unwillingness to assume exclusive responsibility ourselves and the impossibility of our granting a priori approval to a scheme for its assumption by any other single power, the most desirable solution from the point of view of this Government would be the setting up of some form of international administrative control in Liberia during a period of rehabilitation, American participation in which to be on the basis of our representation on an international committee whose instrument would be an organization in Liberia approximating the proposed Commissioner Generalship. (See second paragraph of memorandum to Howe)

The Department would therefore be prepared to approve the general plan of the Finance Corporation draft (if as or when brought up before the International Committee at its request) in so far as this plan relates to the powers and functions of the Commissioner Generalship. I feel, moreover, that without complete control no useful purpose would be served; that there would be no profit in further discussions of "adviserships" which have been amply tried in the past. The Department feels strongly that an American should



head such an organization, and it does not believe that the nationality of his subordinates is so important as their being appointed by and responsible to the head of the organization, since in order to function efficiently most decisions would have to be made on the spot and should be binding upon his staff and/or Liberian officials.

Your telegram No. 19, January 18, 1 p. m. Please express appreciation to Von Renthe-Fink for his communication, and suggest that, inasmuch as this would appear to be a matter for decision between the International Committee and the Finance Corporation, it be taken up direct with the latter. You may add that you have been informed that the Finance Corporation will have a representative shortly in Geneva. You should also state that in accordance with the request of the President of the International Committee, the Department is forwarding to the Finance Corporation for its confidential information a copy of the report of the experts.

STIMSON

---

882.01 Foreign Control/194 : Telegram

*The Secretary of State to the Consul at Geneva (Gilbert)*

WASHINGTON, January 22, 1932—7 p. m.

22. For Reber. Mr. Mitchell has telegraphed the Department the full text of the "detailed observations" with which Barclay has submitted the report of the experts to the Liberian legislature.<sup>8</sup> Open debate began on January 18 and the Minister believes that Barclay's observations will probably be adopted. Since it is assumed that they will also form the basis of the instructions to Grimes and Sottile, a summary is transmitted to you herewith for your information:

1. The appeal of Liberia to the League was based upon a desire for development of the country along specified lines, that is native administration, finance and economics, and sanitation, and he alleges that the experts went beyond the terms of reference.

2. Barclay makes many references to the claim that no basis exists in Liberian constitution or laws for a program such as the experts outlined.

3. Barclay alleges that an acceptance of the recommendations would be inconsistent with the sovereignty and independence of the Republic.

In connection with further advisers, Barclay suggests that four foreigners be employed (or at the most six), three of whom would

<sup>8</sup> Telegram No. 10, January 19, 9 a.m., not printed.

be Provincial Commissioners (Europeans specified) to assist in native administration, subordinate to and responsible to the Liberian Secretary of the Interior, and a fourth as sanitation and health expert; these to be in addition to the present Financial Advisership staff.

In conclusion Barclay states that anything proposed at Geneva "must be subject to the approval of the Liberian legislature".

The Department's views on these matters have already been communicated to you.<sup>9</sup> Mr. Mitchell is being requested to keep the Department informed as to local developments.

STIMSON

---

882.01 Foreign Control/191 : Telegram

*The Secretary of State to the Consul at Geneva (Gilbert)*

WASHINGTON, January 25, 1932—3 p. m.

23. For Reber. Department's telegrams No. 9 January 13, 6 p. m. and No. 17, January 20, 1 p. m. In discussing the situation with the Messrs. Firestone on January 22, an agreement was reached as to the advisability of leaving for later determination the disputed points in the draft already submitted to you (specifically paragraphs 2, 9 and 10 as enumerated in telegram No. 9), in order that you, in informal discussion with the members of the International Committee and Hines and Howe, in response to request by the Committee for expression of opinion, might support identical general principles as to the most effective plan for Liberian rehabilitation. Thus the matters covered in the three paragraphs cited above, all of which come under the heading of technical procedure, could be held completely in abeyance pending decision of the basic question of a general plan within the framework of the report of the experts.

The Department does not desire you to advocate the remainder of the draft as such (in the sense that it might be identified as the American plan or the Finance Corporation plan), but merely to support the general principles appearing therein as items, explicit or implied, drawn from the recommendations of the experts, whose report will of course have to form the basis for such action as the International Committee may take, presumably through a recommendation to the Council.

STIMSON

---

<sup>9</sup> *Supra.*

882.01 Foreign Control/197: Telegram

*The Consul at Geneva (Gilbert) to the Secretary of State*

GENEVA, January 25, 1932—9 p. m.  
 [Received January 25—8:35 p. m.]

31. From Reber. Renthe-Fink on Saturday called on Howe and Hines in order to ascertain the attitude of the Finance Corporation with regard to the advance of further funds. The following statement received from Howe contains the substance of his reply:

"The Finance Corporation is not unwilling to discuss a modification of the 1926 loan agreement but could lend only if most thorough administrative safeguards are assured and if the situation does not change in Liberia in such a manner as to alter the basis of discussion possible at the present time.

"It has been tentatively arranged that this expression of their attitude as regards further financing will be explained to the committee by the experts who have consulted with them.["]

From informal conversations with Howe and Hines it appears that they are not at this time prepared to modify their draft proposal but are willing to make every effort to avoid discussion of the control factor for the moment. I understand that Howe has explained their position in confidence to Brunot and has expressed the hope that it will not be necessary at present for him to express his opinion with regard to the establishment of an international committee of control in view of his instructions from his principals. [Reber.]

GILBERT

882.01 Foreign Control/202: Telegram

*The Consul at Geneva (Gilbert) to the Secretary of State*

GENEVA, January 26, 1932—6 p. m.  
 [Received January 27—12:37 a. m.]

37. [From Reber.] With little further discussion it was decided at the meeting today that the preliminary reading of the report<sup>10</sup> should be begun and that after that had taken place the Committee could decide as to its procedure. The experts were first called upon to make introductory statements and in general these statements followed the main lines of the report.

Lighthart in concluding his explanation of the deplorable situation of Liberian finance stated that foreign financial aid essential. He

<sup>10</sup> The report of the experts, League of Nations, *Official Journal*, July 1932, p. 1359.

then explained that he understood the Finance Corporation would not be unwilling to discuss a modification of the loan agreement and to examine the possibility of advancing further funds under adequate guarantee.

During the reading of the report Liberia contended that the experts did not study the situation in close touch with its Government and were influenced by the discontented element. Brunot denied this unequivocally. In discussing the danger existing, owing to the opposition between the Americo-Liberians and the natives, Grimes minimized this and stated that there was little unrest or trouble.

Brunot emphatically claimed that a very serious danger to Liberia existed and charged that the Liberian Government was oppressing and maltreating its indigenous population. In fact he asserted he had evidence to show that reproach [*reprisals?*] had been committed upon natives who had given testimony not only to the International Commission of Inquiry but to his own Committee of Experts. He then presented evidence to support his charges.

Grimes denied that his Government had taken any measures of reprisals whatsoever and expressed the hope that any information which would lead the Committee to entertain contrary views would be submitted.

At this point the meeting was adjourned to meet tomorrow morning.

I learn, however, that the British Government has submitted for circulation tomorrow to the Committee a summary of information received by His Majesty's Government regarding the unrest in 1931 in the Kru country of Liberia which concludes with the following statement:

"Really satisfactory investigation is hardly practicable, but it would seem impossible to acquit the Government authorities on the spot of both ruthlessness and incompetence".

I consider that it might be of considerable advantage at this point if I be permitted to present to the Committee as a communication from my Government a similar summary which would include reports received from Monrovia and charges made against the Government by representatives of the native tribes.<sup>11</sup> Unless some such communication is presented at the earliest possible opportunity it may give the appearance that the American Government as a member of the Committee accepts the denials made by Grimes and

---

<sup>11</sup> See telegram No. 11, January 20, 1931, 2 p. m., from the Consul at Geneva, *Foreign Relations*, 1931, vol. II, p. 660.

Sottile. I propose at tomorrow's meeting merely to explain that reports from Monrovia indicate considerable [unrest?] among the native tribes who are awaiting with impatience the results of this Committee's investigations and proposals. This statement may be elaborated somewhat but will not include any reference to reprisals or ruthless activities of the Liberian Government until further instructions are received. [Reber.]

GILBERT

---

882.01 Foreign Control/202 : Telegram

*The Secretary of State to the Consul at Geneva (Gilbert)*

WASHINGTON, January 27, 1932—4 p. m.

27. For Reber. Your telegram No. 37, January 26, delayed in transmission. In connection with the inquiry contained in the last paragraph, you are authorized to make the suggested statement on behalf of this Government, summarizing the recent reports from Mr. Mitchell as to reprisals and brutality of the Frontier Force, petitions from the natives, et cetera.

STIMSON

---

882.00/917 : Telegram

*The Secretary of State to the Consul at Geneva (Gilbert)*

WASHINGTON, January 28, 1932—1 p. m.

31. For Reber. Following telegram just received from Mr. Mitchell which you may use in your discretion:

"12, January 27, 2 p. m. Additional evidences of continued depredations on Kru coast resulting in loss of life, burning of towns, et cetera, constantly reach the Legation. Recent advices of chiefs refute evidence to be given at Geneva regarding their satisfaction with the present government. British Chargé d'Affaires also making representation to his government that all statements should be verified as to accuracy. Continued strife means great loss to Kru tribe if reports are correct."

STIMSON

---

882.01 Foreign Control/207 : Telegram

*The Consul at Geneva (Gilbert) to the Secretary of State*

GENEVA, February 1, 1932—6 p. m.

[Received February 1—2:40 p. m.]

66. From Reber. The drafting of the Committee's report<sup>12</sup> was concluded at today's meeting and submitted to the *rapporteur*.

---

<sup>12</sup> League of Nations, *Official Journal*, March 1932, p. 523.

It is considered as a second progress report and is unsatisfactory in that it voices no definite opinion regarding the nature of the reforms to be adopted or acceptance of the experts' report but merely gives utterance to certain of the experts' comments such as the advisability of designating a central administration head for the organization "to be chosen by the League". It implies no request to Liberia to accept the report but merely notes the advisability of making rapid progress and the promise of Liberia to submit its own plan at the next meeting.

Upon Madariaga's insistence an amendment was inserted to the effect that certain of the members recognize the existence of a powerful financial organization as constituting one of the difficulties of the problem and recommends that some effort be made to recognize the interests of Liberia with the development of the plantation reducing to a minimum compatible with Liberia's best interests the over-head of any present or future loan, slowing up the speed of the reforms if necessary for this purpose. To this statement was added a phrase that other members of the Committee did not now desire to express opinion on this but reserved it for the next meeting.

At the private request of the Secretariat and the President I permitted the insertion of a clause stating that the American member "was glad to continue his collaboration in the work of the Committee and expressed the hope that a practical scheme of reform may speedily be devised by the Committee".

No reference is contained in the report to the alleged oppressive methods of the Liberian Government. I have ascertained confidentially that this was left out in order to gain agreement by all members to the draft of the report but public mention may be made of it at the Council sessions. I have been asked privately by members of the League Secretariat whether I desire that publicity be given to the memorandum of recent events on the Kru Coast which I submitted to the Committee. If no change incident thereto is made of this matter in public session of the Council it might be considered advisable that I allow a certain amount of publicity to be given to that through the Secretariat.

The Committee has adjourned its session to meet again at the call of the president prior to the next session of the Council. [Reber.]

GILBERT

882.01 Foreign Control/207 : Telegram

*The Secretary of State to the Consul at Geneva (Gilbert)*

WASHINGTON, February 3, 1932—noon.

36. For Reber. Penultimate paragraph your telegram 66, February 1, 6 p. m. There is no objection to permitting in your discretion that publicity be given to your memorandum, provided the same procedure is followed with respect to any others on this subject which may have been submitted by other members. Under Geneva date line the *New York Times* yesterday reported your submission of the memorandum together with an apparently accurate summary. Please send full text by mail.

When do you anticipate the *rapporteur* will report to the Council?

STIMSON

882.01 Foreign Control/214 : Telegram

*The Consul at Geneva (Gilbert) to the Secretary of State*

GENEVA, February 6, 1932—11 p. m.

[Received February 6—9:52 p. m.]

75. From Reber: The report of the Liberian Committee was presented to the Council this afternoon.<sup>13</sup> Grimes, in thanking the Committee for its efforts in Liberia's behalf, called attention to the fact that any assistance acceptable to Liberia must not envisage changes in its Constitution.

Lord Cecil offered two observations:

1. The importance of effecting a practical plan of aid offered on the Council's terms; and,
2. The existence of alleged measures of retaliation. He mentioned Brunot's charges and the supporting statements of the British, French and American members of the Committee. He spoke of this as a problem to be considered by the Council.

Grimes again denied their existence categorically and stated the local political situation made it difficult for foreigners to obtain a true picture of the situation. He said time alone would show that he was correct.

Madariaga, in bringing up his contention that the League should consider the difficult problem presented by the existence of the powerful capitalist organization in a weak state, criticized the

<sup>13</sup> For Council discussions, see League of Nations, *Official Journal*, March 1932, pp. 525-528.

"Christy report"<sup>14</sup> as being too prejudiced and laying too much stress upon the existence of slavery.

The Panaman representative said he hoped that Liberia would be permitted to show how far it could go to help itself and that if any aid were to be advanced it should be limited to the abolition of slavery and forced labor and not now to general improvements.

Sottile took that occasion to insist repeatedly that slavery and forced labor had been abolished and no longer existed in Liberia.

The Committee's report was then adopted. [Reber.]

GILBERT

882.01 Foreign Control/219

*The American Representative on the International Committee on Liberia (Reber) to the Secretary of State*

GENEVA, February 8, 1932.

[Received February 24.]

SIR: Supplementing the Consulate's recent telegrams relating to the meetings of the Committee appointed to examine the problem raised by the Liberian Government's request for assistance, I have the honor to submit herewith a somewhat more considered report summarizing the session and general discussions in this regard held at Geneva.

As during the London meetings,<sup>15</sup> Viscount Cecil presided. There were present at the seven meetings of the Committee, in addition to the President, the Count de Saint Quentin, Chief of the African Section of the French Foreign Office; Baron von Weizsäcker [*Weizsacker*], the German representative at the present session of the Council; M. Rosso, representative of Italy at the Council; M. Garay, representative of Panama; M. Zaleski, Polish Foreign Minister and *rapporteur*; Señor de Madariaga, Spanish Ambassador at Paris; the Liberian representatives, Mr. Grimes, M. Sottile, and Count Bogaerde, Liberian Minister in Paris; and the American representative. The three experts<sup>16</sup> appointed by the Committee at its London meeting likewise participated in the discussions and explained their report.

<sup>14</sup> i.e., report of the commission headed by Dr. Cuthbert Christy; see Department of State, *Report of the International Commission of Inquiry Into the Existence of Slavery and Forced Labor in the Republic of Liberia, Monrovia, Liberia, September 8, 1930* (Washington, Government Printing Office, 1931).

<sup>15</sup> i.e., the February-March, 1931, meetings of the International Committee on Liberia. See *Foreign Relations*, 1931, vol. II, pp. 675 ff.

<sup>16</sup> Lighthart, Brunot, and Mackenzie.



Prior to the opening meeting on January twenty-fifth, the Secretariat of the League had indicated the general belief that the opposition of the Liberian Government, even to a discussion of the experts' report, would block any real progress at this session. It was proposed that the report be read and discussed and that the Committee would then adjourn to await the Liberian Government's alternate plan which was promised by the next session. The Committee would therefore not be called upon to evolve any definite scheme of assistance until that time. During these informal discussions with the Under-Secretary-General and Mr. von Renthe-Fink, in charge of this question at the League, it was learned that the Secretariat hoped, with the support of the British and French members, to create some arrangement for the control of the foreign specialist assistants similar to the scheme established for the reconstruction loan to Austria,<sup>17</sup> which set up an international committee of control composed of the powers guaranteeing the League loan and whose powers were set forth in a protocol adhered to by these states and Austria. It was anticipated that through the advance of further funds, Liberia's consent to such an arrangement might be gained.

In order to secure these funds, it was of course evident that the consent of the Finance Corporation of America would have to be secured. In fact, it was considered that this company would be the only source of the additional money required. Therefore, an indication of its attitude was judged to be an important factor without which no further progress could be made. This was given in an informal conversation between Mr. von Renthe-Fink and Mr. Walter Bruce Howe, representative of the Corporation, as described in the Consulate's telegram No. 31, January 25, 9 p. m. It was later presented to the Committee by a member of the financial section of the League and Mr. Lighthart, who had been empowered to request this information in the name of the Committee. A reference thereto appears in the report to the Council.

The representatives of the Finance Corporation and of the Firestone Plantation Company likewise explained their position to the experts. Although they stated in confidence that they preferred the nomination by the President of the United States of the principal foreign specialist, they expressed the hope that this point need not be raised at the present time as there appeared to be many other more basic questions to be arranged first, including gaining the consent of the Liberian Government to any plan derived from the

---

<sup>17</sup> See *Foreign Relations*, 1930, vol. 1, pp. 391 ff.

report. A further description of the Corporation's attitude is contained in the attached letter from Mr. Howe<sup>18</sup> to which no formal reply was deemed necessary, as it was explained to him that the Committee's work had not progressed sufficiently to present the danger he feared.

The discussions which took place during the meetings have already been summarized in the Consulate's recent telegrams and a complete review of them appears in the provisional minutes, which are being forwarded to the Department under a separate cover.<sup>18</sup>

It will be seen from these that the majority of the members had no real understanding of the situation and were interested principally in the juridical problems arising out of the nature of assistance which the League could grant to a member state. Many felt and expressed the opinion privately that if Liberia did not wish to accept the League's plan when concluded, there would be no method of compelling it to do so. The Spanish representative, as previously explained, was primarily concerned with the theoretical problem presented by the existence of the strong Firestone interests within a weak and feeble state. This he considered the root of the problem and for that reason was opposed to anything which might further the financial dominance of a single private organization. Señor de Madariaga's opinions, however, it is believed, are not so much based on a knowledge of conditions in Liberia or any other state, as derived from new Spanish theories of government and his well-known opposition to what he has at other times called "capitalist imperialism."

Other members of the Committee, including possibly the *rappor-teur*, appear to believe that the present loan agreement constitutes too heavy a burden upon Liberia's resources and that it should be modified before further advances are made. They appear not to have studied the elements of security required before funds can be lent under the unstable conditions there existing, although this point was at one time explained by the financial expert. Liberia's expressed opposition to the present loan and attack upon it evidently impressed one or two members, such as the Spanish and Panaman representatives, but it is felt gained little support from either Great Britain or France. The others did not appear greatly interested in any phase of the discussions.

The principal concern expressed to me both by Lord Cecil and M. de Saint Quentin is to gain Liberia's acceptance to a practical plan. The former feels very strongly that no scheme should be devised by

---

<sup>18</sup> Not printed.

the Committee which is not essentially capable of fulfillment. He believes no responsibility should be accepted by the Committee or the League for any plan which in itself does not contain the germ of success. Adequate powers in the hands of the principal foreign official who would be responsible to the League are deemed essential by him. This opinion is shared by the French representative and officials of the Secretariat. In summarizing his observations on the report, Lord Cecil in the Committee brought out these factors; and when Liberia's objections to any plan which might change its Constitution were stated at the Council, he explained that the Committee was devising its own project of assistance to be granted Liberia and for that reason would have to retain full liberty in preparing it. Whether it was acceptable to Liberia was another question.

In reply to questioning by the Chairman, the unanimous view of the experts was expressed to the effect that the plan which they had outlined did not go far enough in that it contained no provision for any general control by the League of Nations. This provision had not been inserted in their report, since it was considered that their terms of reference did not envisage any proposals affecting the central government.

The Liberian representative's objections to the report, criticisms of the experts and general opposition to their work, have made clear that Liberia does not propose to accept any practical scheme which may be based on the present report. Grimes constantly referred to the scheme which his own Government was preparing and asked that Liberia be allowed to help itself in its own way as much as possible. . . . No one has as yet, however, suggested a method of enforcing the Committee's project upon Liberia, especially when it means the advance of further funds. No recommendation to accept the experts' report was contained in the Committee's report to the Council nor is it believed that Liberia will feel any compulsion to do so. The only danger it runs in its own eyes will be the refusal of the League to grant any aid, and this will not be a great deterrent, it is feared, to continued abuses and oppression of the natives. The advantage of securing further funds to re-establish its economic and financial position will not in all probability be judged a sufficient inducement for it to accept stricter international supervision. This will not take place except through united action on the part of the most interested powers.

The administrative expert, M. Brunot, described the opposition existing between the natives and the present Liberian administration and emphasized the disturbed condition in the country. He charged the Liberian Government with adopting measures of reprisal against

natives who had testified not only before the International Commission of Inquiry, but before his own group of experts. This statement, without further elaboration, was set before the Council by the President of the Committee, who added that it had been supported by statements from the British, American and French members of the Committee. Copies of the memorandum which was circulated in connection with my statement before the Committee is herewith enclosed.

In the above connection, M. Brunot pointed out that the League had assumed a certain responsibility in taking the interest in Liberia it had already displayed and that if it did not accomplish effective reforms, then it would have inculcated a spirit of revolt among the natives, whose hopes had been aroused.

There are also enclosed copies of the second preliminary report of the Committee.<sup>20</sup> It will be noted that a reference is contained therein to the services of the Financial Committee which are to be lent for the purpose of assisting in the financial negotiations. Mr. Loveday of the Committee has informed me he proposes to draft a scheme which will be shown to me during the course of the next few weeks.

I shall keep the Department informed of further developments.

Respectfully yours,

SAMUEL REBER, JR.

[Enclosure]

*Memorandum by the American Representative on the International Committee on Liberia (Reber)*

GENEVA, [January 30, 1932.]

During recent months the American Government has received reports of continued unrest and disturbances along the Kru Coast of Liberia, which would lead to the conclusion that methods employed to effect an adjustment of differences arising between the native tribes and the Government have been those of force and brutality on the part of frontier force soldiers. These soldiers it appears were under the command of a Special Commissioner to the Kru Coast, Colonel T. Elwood Davis, who had been despatched to patrol the area, investigate and report the sources of grievance and to re-establish Government authority. It is understood that the instructions addressed to him included orders to discourage and put down every act showing lack of discipline, including brutality, looting, or raiding on the part of either soldiers or officers and that for every breach of these orders he was to be held strictly accountable.

<sup>20</sup> League of Nations, *Official Journal*, March 1932, p. 523.

Yet it is said that during November, after a delegation of chiefs from the Kru Coast had returned from Monrovia where they were alleged to have presented protests against the action of the patrol, soldiers occupied Nana Kru, flogged and arrested persons who refused to carry loads for them. Five persons including women are reported to have died there as a result of this treatment.

In towns belonging to the Petey tribe it appears that soldiers expropriated property of the townspeople who were driven from their homes and forced to carry loads for the soldiers to Nana Kru where some were jailed. Similar reports are received from Tiempoh which was burnt together with eight other towns in the district.

Although it is stated a special appeal was sent to Monrovia from Sasstown to ask that Colonel Davis be recalled on account of his actions along the coast, this is reported to have been refused by the authorities in Monrovia who were alleged to have replied on November 4 that the Government could not accept such conditions and that the people of Sasstown must submit immediately to the Commissioner's direction. He arrived in Sasstown on November 5 and was received by the Paramount Chief. A meeting was set for November 9 to discuss recent disturbances and the chiefs called upon to surrender guns and ammunition. The Paramount Chief denied the existence of these weapons. It was therefore alleged that fighting broke out on the following night and the towns of Sasstown, Niffo and other smaller villages were destroyed.

In other cases the Commissioner is reported to have armed certain tribes known to be hostile one to another without regard to the consequences of such an act. This is reported to have led to several cases of bloodshed and inter-tribal clashes. One of the alleged reasons for plundering on the part of the soldiers of the force has been delayed payment of salaries and inability to subsist without forced levies upon the tribespeople.

Other villages are reported to have been pillaged, their inhabitants killed or driven into the bush by soldiers in the detachment commanded by Col. Davis. In addition to these depredations it is stated that others have been committed by the local officials of Maryland County, who have permitted soldiers to plunder villages, demanding food and carriers, arresting and flogging persons who refused to carry out their orders.

It has been claimed that even officials in Monrovia have admitted that Liberian frontier force soldiers are engaged in ruthless and unwarranted attacks upon the natives. Although it appears difficult, owing to the difficulties of communication between various parts of the Liberian coast, to determine the exact spread of these measures

of repression or the total number of lives lost, there would seem to exist no doubt that a serious situation exists in this region which if it should spread to other parts of the country might lead to serious consequences and diminish the administrative control of the central Government.

It has been determined that in spite of the charges raised against Col. Davis and presented to the central Government he left Monrovia to return to the Kru Coast on December 23rd. On this trip he was again accompanied by Major Grant and is reported to have carried a further supply of ammunition.

Additional reports received as late as this month give further evidence of continued depredations on the Kru Coast resulting in loss of life and in the burning of towns. A prolongation of this strife along the coast means great loss to the native peoples.

---

882.00/921

*The British Embassy to the Department of State*

AIDE-MÉMOIRE

The United States Government will no doubt have received information, through their representatives in Liberia and on the Liberian Committee of the League of Nations, regarding the conduct of Liberian officials in the Kru country. On the 18th instant His Majesty's Government in the United Kingdom instructed His Majesty's Representative at Monrovia, after allowing a delay not exceeding a fortnight in order that his United States and French colleagues might be enabled to receive similar instructions, to make, if necessary alone, the following communication to the President of Liberia:—

“His Majesty's Government in the United Kingdom are satisfied that the proceedings of the Liberian Frontier Force under Colonel Davis in the Kru country last autumn were tyrannical and high-handed in an inexcusable degree.

“According to information which His Majesty's Government cannot disregard, although they equally cannot as yet regard it as confirmed, these proceedings are being repeated at the present time and are exposing the Kru population to personal violence and outrage and destruction of property.

“The Liberian Representative denied before the Council of the League on February 6th that these events in any way represented reprisals upon people who had given evidence before the League Commissions.<sup>21</sup> His Majesty's Government must, however, irrespective of the motives underlying the measures which have been taken

<sup>21</sup> See League of Nations, *Official Journal*, March 1932, p. 526.

against the Kru, ask for an explicit assurance that such proceedings will be discontinued immediately pending the conclusion of an arrangement between the League, the United States and Liberia for the future administration of the country".

Mr. Graham was further instructed at the same time as follows:—

"Notwithstanding that your United States colleague and you are not in official relations with the Liberian Government, it would be preferable that all three representatives should seek a joint interview with the President for the purpose of making the communication. In the event of this being refused, the communication should be made by joint or identic notes at the discretion of yourself and your colleagues. As soon as the message has been delivered you should despatch a reliable agent to the Kru country to report on conditions there and on the effect produced by your representations."

His Majesty's Government earnestly hope that the United States Government will instruct their representative at Monrovia to associate himself with Mr. Graham in the above-mentioned action. A similar request has been addressed to the French Government.

WASHINGTON, 19 February, 1932.

---

882.00/921

*The Secretary of State to the British Ambassador (Lindsay)*

WASHINGTON, March 2, 1932.

EXCELLENCY: I have the honor to acknowledge the receipt of the *aide-mémoire* of the British Embassy, dated February 19, 1932, in which the suggestion was made, with reference to recent reports of renewed oppression of the Kru peoples by the Liberian Frontier Force, that joint representations in protest against these alleged atrocities be made by the British, French and American representatives in Monrovia.

The attitude of the American Government with respect to social conditions in Liberia and the imperative need of reforms is I believe well-known to Your Excellency. It will be recalled that in the latter part of 1930, after the receipt of the unanimous report of the International Commission of Inquiry, two communications were made to the Liberian Government by the American diplomatic representative in Monrovia,<sup>22</sup> and that these communications were shortly thereafter transmitted to the Secretary General of the League of Nations for the information of the Governments parties to the International

<sup>22</sup> See telegram No. 97, November 3, 1930, 3 p. m., to the Chargé in Liberia and memorandum of November 17, 1930, to the Liberian Consulate General at Baltimore, *Foreign Relations*, 1930, vol. III, pp. 365 and 369.

Slavery Convention of 1926.<sup>23</sup> Moreover, in the conviction that the deplorable social conditions in Liberia ought rightly to be matters of international concern, the American Government accepted the invitation to participate in the work of an International Committee on Liberia established by the Council of the League in January 1931, and a few weeks ago the American representative at the meeting of this Committee then in session was instructed to call to the attention of that body reports of abuses by the Liberian Frontier Force similar to those on the basis of which the British Government now proposes direct representations at Monrovia.

The American Government, which shares the belief of the British Government that the recent activities of the Liberian Frontier Force have been brutally and inexcusably oppressive, is giving careful consideration to the suggestion of the British Government in the foregoing connection and is in entire sympathy with the end in view. In order, however, that the efforts to protect the natives of Liberia and subsequently to bring about a rehabilitation of the administration of the country may not be diffused because of any possible misapprehension as to the direction in which they could best be expressed, I should appreciate your confirming my understanding that the proposed joint action would be taken in line with, and as a means of strengthening the work of the International Committee, to which the American representative would, with his British and French colleagues, anticipate reporting these representations and their result. In this connection it is suggested that the British Government may wish to consider the inclusion in the proposed action of the representative of Germany, in order that there may be unanimous action on the part of all Powers represented in Monrovia which are also members of the International Committee. The American Government believes that in the circumstances it would be desirable if possible for the German representative to participate.

A telegram has been sent to the American Minister at Monrovia<sup>24</sup> asking him to inform his British and French colleagues that the American Government would instruct him in this matter as soon as possible, and requesting him to state that he would appreciate their delaying action on their instructions pending the arrival of his own from Washington.

Accept [etc.]

For the Secretary of State:  
FRANCIS WHITE

<sup>23</sup> *Foreign Relations*, 1928, vol. I, p. 419.

<sup>24</sup> No. 18, February 28, 2 p. m.; not printed.



882.00/924 : Telegram

*The Secretary of State to the Minister in Liberia (Mitchell)*

WASHINGTON, March 4, 1932—5 p. m.

21. Your telegram No. 23, March 1, 4 p. m.<sup>25</sup> You are instructed to make the following communication to Edwin Barclay first consulting with your British and French colleagues and ascertaining that their communications are to approximately the same effect:

“The American Government is satisfied that the proceedings of the Liberian Frontier Force under Colonel Davis in the Kru country last autumn were tyrannical and high-handed in an inexcusable degree.

According to information which the American Government cannot disregard, although it equally cannot as yet regard it as confirmed, these proceedings have very recently been repeated and are exposing the Kru population to personal violence and outrage and destruction of property.

The Liberian representative denied before the Council of the League of Nations on February 6 that these events in any way represented reprisals upon people who had given evidence before recent official investigators under international auspices.

The American Government must, however, irrespective of the motives underlying the measures which have been taken against the Kru, ask for an explicit assurance that such proceedings will be discontinued immediately.”

The Department leaves it to you and your British and French colleagues to determine the manner in which your respective communications should be made. It is felt that a joint interview, with each representative reading his communication, would probably be the most effective, copies in the form of *aide-mémoire* to be delivered at the same time as a matter of record. If this course is pursued, you are authorized to add orally that your Government makes the foregoing statement, notwithstanding the fact that it has not recognized the Liberian régime, and without bearing upon that matter.

Should an interview be denied, the communication may be made by joint or separate notes, at the discretion of yourself and your colleagues.

The Department suggested that the British Government obtain the cooperation of the German Government, through its representative at Monrovia. The British Government stated that while having no objection in principle to German participation, they were unwilling to incur the further delay. The Department is informing the British Government today that it hopes the British Government may

---

<sup>25</sup> Not printed.

nevertheless take up the matter with the German Government to the end that the German representative may if possible be instructed to make a similar communication subsequently.<sup>26</sup>

Report fully by telegraph.

STIMSON

882.00/928 : Telegram

*The Minister in Liberia (Mitchell) to the Secretary of State*

MONROVIA, March 7, 1932—2 p. m.

[Received 7:26 p. m.]

29. Your telegram No. 21, March 5, 2 p. m. [*March 4, 5 p. m.*] In company with my British and French colleagues we called upon Mr. Barclay at the mansion 10:30 a. m. today. Barclay started conversation by saying that a rather anomalous situation confronted him, i.e., receiving official messages from unaccredited representatives was a little out of line; nevertheless, we might proceed. The *aide-mémoire* were then read. The British and French messages varied only in the addition of the following:

“Pending the conclusion of an arrangement between the League, the United States and Liberia for the future administration of the country.”

I also added the oral portion of the telegram as directed.

Barclay stated that he would take the matter under consideration and make reply as soon as possible.

MITCHELL

882.00/930 : Telegram

*The Minister in Liberia (Mitchell) to the Secretary of State*

MONROVIA, March 9, 1932—11 a. m.

[Received 10:26 p. m.]

30. My telegram No. 29. The following memorandum was read and then presented in person to me by Assistant Secretary of State J. Edmund Jones:

“In the *aide-mémoire* which Mr. Mitchell claims to have been directed by the Government of the United States of America to hand Mr. Barclay, certain allegations with respect to the activities of the

<sup>26</sup> In note No. 96, March 14, the British Embassy informed the Department that the British Government had been advised by the German Government that, if outrages were found to exist, the German Government would associate itself with the representations already made by Great Britain, France, and the United States (882.00/938).

Liberian Frontier Force under Colonel Davis last autumn in the Kru country are set out as satisfying that government that these activities were tyrannical and high-handed in an inexcusable degree. The Government of the United States of America would appear to have received further unconfirmed information that these alleged proceedings are being repeated at the present time and are exposing the Kru population to personal violence and outrages and destruction of property. The Government of the United States of America, therefore, irrespective of motives underlying the measures which have been taken against the Krus, demand explicit assurances that such activities will cease, pending the conclusion of certain arrangements between the United States, the League and Liberia for the future administration of the country.

As no action justifying the unconfirmed information which is claimed to have satisfied the Government of the United States of America has in the past or is now being taken against the Krus by the Liberian Frontier Force under Colonel Davis the question of an explicit assurance that such action should cease does not arise.

Explicit assurance is, however, hereby given that no action will be taken against the Kru tribes concerned so long as they refrain from attacking neighboring peaceful tribes and threatening foreign interests established under the protection of the Liberian Government. Executive Mansion, Monrovia, March 8, 1932."

The foregoing not right.

Paragraph 1 as contained in Barclay's memorandum is a repetition of fact as included in the British and French notes but no reference—either written or oral—was made by the American Minister in this connection.

The replies to my British and French colleagues are identical.

MITCHELL

---

882.00/937 : Telegram

*The Minister in Liberia (Mitchell) to the Secretary of State*

MONROVIA, March 11, 1932—11 p. m.

[Received March 12—11 p. m.]

34. By direction of His Majesty's Government the British Chargé d'Affaires is sending Vice Consul Rydings to the Kru country to make certain observations and report on conditions. He will proceed via the *Wolfram* on or about the 14th instant. The British Chargé d'Affaires has been instructed to approach me with an invitation to my Government to share the expenses of Rydings' tour, estimated as probably 150 pounds. He would be glad to have the reaction of my

Government to the proposition and its cooperation in connection therewith.<sup>27</sup>

MITCHELL

---

882.00/941 : Telegram

*The Minister in Liberia (Mitchell) to the Secretary of State*

MONROVIA, March 21, 1932—4 p. m.

[Received 9 : 27 p. m.]

39. In an endeavor to adjust the Kru Coast situation Barclay is sending a commission composed of Winthrop Travell, one of the American loan officials, with Reverend F. A. K. Russel, a Grebo, and J. F. Coleman, editor of the *Weekly Mirror*, to investigate and report on the alleged outrages. If conditions do not warrant the presence of soldiers, the Government promises to withdraw them immediately.

MITCHELL

---

882.00/950 : Telegram

*The Minister in Liberia (Mitchell) to the Acting Secretary of State*

MONROVIA, April 20, 1932—10 a. m.

[Received 4 : 49 p. m.]

49. Referring to the Legation's telegram 39, March 21, 4 p. m., Travell arrived Monrovia April 19th from Kru Coast, reported to Barclay who requested written report by April 23rd. Travell and his commission spent 6 days of conference with Government side; 5 days in interior conference with native War Council followed by 2-day conference with friendly natives on Government side at Sasstown. Saw all chiefs, both friendly and belligerent, as well as Liberian army officers. Estimated number of natives living in bush 12 to 15 thousand. Great shortage of food owing to loss of crops and cessation of farm work. Estimated number of warriors 2,500. Ruling chief Juah Nimley.

Nimley, strongly supported by his people, refuses to return to the coast towns unless the soldiers are withdrawn. It is thought such a move would imperil the lives of the friendly tribes, particularly the Niffu, Sobo and New Sasstown peoples, who are regarded as traitors by rebellious tribes.

---

<sup>27</sup> In telegram No. 33, April 25, 1 p. m., the Acting Secretary of State authorized the Minister to draw a draft, not to exceed \$300, in favor of the British Chargé to cover the American share of the investigation expenses (882.00/951).

The war began November 10th. Colonel Davis used every precaution to avoid conflict. His leniency gave natives idea that the Government was weak. Natives had been misled by the spreading of propaganda that the coming of International Commission meant end of Liberian Government authority. Davis found natives so hostile and defiant of Government that conflict was practically unavoidable. Representations of atrocities on Kru Coast have been greatly exaggerated in reports by the press. Colonel Davis believes that these exaggerations have been stirred up by propagandists living in Monrovia.

Casualties Government side 5 soldiers killed, 39 wounded, 1 officer slightly wounded. Casualties to friendly natives 32 men, 13 women, 7 children killed. Casualties to rebellious tribes 81 men, 49 women and 29 children killed. Government found 86 bodies of enemy. Statistics of wounded rebels not available. Approximately one-third of rebel casualties were women and children killed by stray shots and burned in villages. Number of villages burned 44—22[21] large, 23 small; all villages Sasstown tribes as well as Boro, Wisapo, and Dio tribes burned except 12 small towns and 1 large town in Boro interior.

Colonel Davis maintains that burning of the villages was military necessity in order to bring Nimley and his people under subjugation in accordance with orders of November 21st confirmed by Barclay December 23rd after ultimatum from Davis to Nimley that all guns, spears and cutlasses [be] surrendered. Colonel Davis went as special commissioner with civil authority to settle the many outstanding disputes between tribes. He made no demands for taxes. No evidence to show that retaliation was intended on account of evidence given to International Commission although some of the native leaders may have feared this. Number of soldiers originally on patrol 200, later increased to 300 after hostilities commenced. Sixty thousand round[s] of ammunition used, much of which misfired. Full report of Commission by mail.<sup>28</sup> Copy to Reber by airmail.

MITCHELL

<sup>28</sup> In his despatch No. 177, April 23 (882.00/962), the Minister transmitted to the Department copies of two reports of the Commission: (1) the majority report, prepared by the two Liberian members, Messrs. Coleman and Russell, and (2) the minority report, drafted by the Chairman, Mr. Travell.

882.00/956 : Telegram

*The Minister in Liberia (Mitchell) to the Acting Secretary of State*

MONROVIA, April 30, 1932—2 p. m.

[Received May 1—1:48 a. m.]

54. Referring to Department's telegram No. 30, April 20, 5 p. m.,<sup>29</sup> British Vice Consul's report on Kru situation is treated under the following headings:

- (a) Organization and characteristics of Kru tribes.
- (b) Conditions and events on the Kru Coast preceding the arrival of Colonel Davis.
- (c) Colonel Davis expedition and events leading up to the outbreak of hostilities.
- (d) Military operations.
- (e) Outrages, excesses and oppressive acts.
- (f) Destruction of property and loss of life.
- (g) Present situation on the Kru Coast.
- (h) Summary and general observations.

The salient points are as follows:

- (1) Historical background of Kru people.
- (2) Recital of cause and effect of the International Commission's visit on the Coast and the subsequent propaganda stirred up by Americo-Liberians and natives to the effect that the whites were coming to take over the country.
- (3) Designation of Colonel Davis as Civil Commissioner by the President to patrol the Coast, investigate and settle the disturbance.
- (4) Describes at length the skirmishes at Sasstown, the retirement of the natives to the bush and burning of towns and villages.
- (5) Gives in detail outrages, excesses and oppressive acts of the Liberian frontier force.
- (6) Describes area laid waste by Liberian soldiers and gives statistics as to the loss of life which are approximately same as those given in Liberian report.
- (7) Describes preparation and his effort to interview Chief Nimley and the stern resistance on the part of the natives to surrender.

In his summary he describes causes of unsettled conditions prior to visit of International Commission. He criticises the present and past administrative authorities of the country and cites with deep concern that the Americo-Liberian does not possess requisite moral qualities, intelligence or training necessary to govern the primitive tribes at present under their charge. Cognizance is also taken of the fact that some of the natives were [apparent omission] in their acclaim for British rule.

<sup>29</sup> Not printed.

Full copy follows by regular mail steamer May 4th to Reber and Department.<sup>30</sup>

MITCHELL

882.01 Foreign Control/238: Telegram

*The Consul at Geneva (Gilbert) to the Acting Secretary of State*

GENEVA, May 2, 1932—1 p. m.

[Received 1:15 p. m.]

166. From Reber. A memorandum of the Government of Liberia on the report of the experts has just been circulated to the Committee and contains the program for reform promised by Grimes at the last meeting.

Before presenting this program a brief historical survey of events leading up to the experts' mission has been inserted for the purpose of justifying Liberia's position and of criticising the report which it is claimed fails to set out the evidence upon which its conclusions were reached, goes beyond the terms of reference and appears an effort to change the whole organization of the Government rather than to aid in putting into effect reforms. Since the suggestions of the report, if adopted, would in the opinion of the Liberian Government adversely affect its independence, it feels itself unable to accept without modification the plan of the experts.

As regards the first section of the report "present position" the memorandum charges many inaccuracies exist.

With reference to the "program of assistance" the memorandum contains five subdivisions as follows:

(1) The memorandum considers that the experts' report appears to defer the improvement of the educational system which should form the basis for all reforms and improvement.

(2) Interior administration. The Liberian Government differs with the experts as to the subordinate division of the administrative provinces. After listing the steps by which slavery and enforced labor have been "effectively" abolished the policy of the Liberian Government is explained as one which never proposed the withdrawal of the native populations from under the direct administration of Liberian citizens of whom there are a sufficient number to create competent administrators for that territory. The Government, however, proposes to employ a limited number of foreign assistants whose role would be that of advisers whose appointments would be made by the Liberian Government and whose duties and responsibilities and pay would likewise be fixed by Liberia. The appointment of three of these men recommended by the League and appointed by the

<sup>30</sup> The British Vice Consul's report was transmitted to the Department by the Minister in his despatch No. 188, May 3 (not printed).

President as provincial commissioners is proposed. They would be responsible to the chief executive through the Secretary of the Interior to whom their reports would be sent and copies furnished the League. The Government guarantees for a period not exceeding 5 years spontaneously to give these officials every facility and power necessary to carry on the work assigned them.

(3) Financial assistance. It is admitted that one of the most pressing needs of the country is that of obtaining more money but it is claimed that the second installment of the loan if advanced would create an even heavier burden and would render the financial problem more acute. Three remedies are proposed for the improvement of the economic situation which deal with the general improvement of economic conditions and negotiations with the Finance Corporation for such modification of their agreements as will result in an amelioration of their terms and for readjustments thereof. This section is rather vague in its definite recommendations.

(4) Health and sanitation. This section of the memorandum refers to the reorganization of the health and sanitation service under Dr. Fuscek<sup>31</sup> and to the new tax imposed to provide funds for this purpose.

(5) Judiciary. The judicial system of government is considered purely a domestic problem without the terms of reference of the experts whose recommendations in this connection would violate the Liberian constitution.

In conclusion the memorandum reviews the recommendations of the Christy commission and states all have either been put into effect or provision made for them except those which manifestly did not apply.

The foreign fiscal officers of the present loan agreement will remain in the service of the Republic unless arrangements for reducing their number can be made directly between the contracting parties for the moral support of the League and in addition one director of health and sanitation, three provincial commissioners, all nominees of the League, are provided for by the present memorandum.

The full text of the memorandum is being mailed today.<sup>32</sup> [Reber.]  
GILBERT

---

882.01 Foreign Control/239a : Telegram

*The Acting Secretary of State to the Consul at Geneva (Gilbert)*

WASHINGTON, May 4, 1932—6 p. m.

72. For Reber. The Department notes from the minutes of the meetings of the International Committee last January and February

---

<sup>31</sup> Dr. R. G. Fuscek, who, as director of Public Health, took over sanitation work in Liberia following the departure of Dr. Howells in July of 1931.

<sup>32</sup> League of Nations, *Official Journal*, July 1932, p. 1405 (C./Liberia/13).



that considerable criticism was made of Firestone rights and activities by certain members. Should this occur again I believe that you should immediately seek the opportunity to state on behalf of and under instructions from your Government that:

(1) The United States seeks no special advantage or position in Liberia and desires only the welfare and development of the Liberian people, and the proper protection of American nationals and their investments;

(2) While it is not customary for the American Government to identify itself with private organizations other than to insist on full protection for their legitimate activities, a repetition before the International Committee of the irrelevant and mischievous criticism expressed last January has impelled us to state our belief that the Firestone enterprise was honestly conceived and has been prosecuted, under very great difficulties, with admirable restraint and goodwill. The troubles between the Financial Advisership and the local administration have been caused by the constant attempt of the latter to break down and vitiate the contract, whereas reasonable cooperation with the competent loan officials would in our opinion have gone a long way toward solving Liberian fiscal problems. We therefore regard efforts to place the blame for present conditions on the alleged "onerous terms" of the loan contract as maneuvers to sidetrack the main issues. We regard such efforts as particularly inappropriate in view of the offer made by the Finance Corporation to the Committee last January sympathetically to consider such proposal as the Committee might wish to make to the Corporation, involving a modification of the contract, provided "thorough administrative safeguards are assured".

Please discuss this phase of the matter with Gilbert, informing the Department by telegraph should you have any comments.

CASTLE

---

882.01 Foreign Control/242 : Telegram

*The Consul at Geneva (Gilbert) to the Acting Secretary of State*

GENEVA, May 5, 1932—9 p. m.

[Received May 5—7: 55 p. m.]

172. From Reber. Upon Grimes' request today we had a long conversation relating to the next meeting of the Committee. At first this discussion, in the presence of Renthe-Fink, turned on the method of handling the problems as they arose in the Committee. (See my

telegram 171, May 5).<sup>33</sup> Grimes was most conciliatory in his attitude but made no definite commitments.

After Renthe-Fink's departure Grimes brought up the subject of financial negotiations and said the Liberian Government wished to negotiate with the Finance Corporation without involving the Committee in this matter and asked for my views as well as those of the American Government in this respect. As this appeared to me an effort, similar to Barclay's suggestion made last summer of a trip to the United States and in line with other recent developments, to deal direct with the United States rather than through the Committee I told him it was my personal belief that since the whole question of financial, administrative and social reforms had been referred to this Committee preliminary discussion should take place here in Geneva. The Committee, I thought, would feel entitled at least to express its opinion regarding the future negotiations to be undertaken and it would be a mistake in the interests of a solution satisfactory to all parties if any attempt were made to initiate individual and private discussions without some accord on the general reform program being reached. I therefore expressed the belief that the best opportunity of a permanent and lasting settlement lay in the continuance of discussions here, the close cooperation of all parties with the work of the Committee and the acceptance of the Committee's final decision.

As far as the views of my Government were concerned I told him that I would endeavor to ascertain them in this respect and inform him later.

Grimes also explained that Dennis, Secretary of the Treasury, had been instructed to discuss modification of the loan contract with the Financial Corporation while on his trip to the United States. I should greatly appreciate any information regarding the progress of these negotiations as I feel it essential to the success of the Committee that we do not work at cross purposes particularly during this next session.

The understanding of the Committee is that any modification of the Firestone contract or the loan agreement is at present dependent upon Liberia's acceptance of the experts' report as a basis for discussion. Should a separate agreement be reached between the two parties before this report can be accepted it might therefore tend to an abandonment of the task already under way here and tend to throw the responsibility for a solution of the Liberian question upon the United States and American interests. [Reber.]

GILBERT

---

<sup>33</sup> Not printed.

882.01 Foreign Control/242 : Telegram

*The Acting Secretary of State to the Consul at Geneva (Gilbert)*

WASHINGTON, May 6, 1932—1 p. m.

76. [For Reber.] Your telegram 172, May 5, 9 p. m. You may use the personal statement of opinion made to Grimes as representing the view of your Government.

We have no information as to the arrival of Dennis although we understand that he is coming to this country for a church conference. You will be informed of any developments. We are likewise informing the Firestones of our views as to the desirability of having the International Committee reach an agreement with Liberia as to the main outlines of a program of rehabilitation prior to direct discussion between Liberia and the Finance Corporation as to possible modification of the terms of the loan contract.

We shall instruct you as to our attitude toward the Liberian reply to the report of the experts upon receipt of your recommendations in response to the Department's telegram 73, May 5, noon.<sup>35</sup>

CASTLE

882.01 Foreign Control/243 : Telegram

*The Consul at Geneva (Gilbert) to the Acting Secretary of State*

GENEVA [undated].

[Received May 6, 1932—3 p. m.]

175. From Reber. Department's 73, May 5, 4 p. m. [noon.]<sup>35</sup> The present tendency of the Committee appears to be a desire to conciliate insofar as possible the views set forth both by the Committee of Experts and in the Liberian memorandum. It is recognized that any concessions to the Liberian point of view should not however be of such a nature as to prevent any scheme of reform from becoming effective. As explained in my summary of this morning's committee meeting<sup>36</sup> there seems to be a desire to reduce where possible the number of foreign specialists called for in the experts' report. In my opinion this will help to secure Liberia's acceptance and should not prove an obstacle to our acceptance of a compromise scheme provided that adequate powers are granted the foreigners appointed.

There are in my opinion two notable omissions in the Liberian memorandum. One relates to the appointment of a single coordi-

<sup>35</sup> Not printed.

<sup>36</sup> Telegram No. 176, May 6, 6 p. m.; not printed.

nating official who as Cecil suggested this morning might not necessarily have executive powers but on the other hand would not be a subordinate official of the Liberian Government. In this connection it will be important I believe in the committee to insist upon the powers of all foreign officials being defined prior to their appointment. The other point to which the memorandum fails to give adequate consideration relates to reforms in the judiciary which, while it might be considered to exceed the strict terms of reference, seems to be an important one.

As far as the individual points raised in the memorandum are concerned there should be no difficulty in reconciling the educational program proposed by both parties. The number of three foreign provisional [*provincial?*] commissioners seems to be inadequate although it might be possible to reduce in number the eight proposed by Brunot. In addition to the appointment of these officials it would seem logical that one be considered the principal foreign administrative specialist who should not be thoroughly subordinate to the Secretary of the Interior. The question of financial assistance depends very largely upon the negotiations in the committee between the committee and the Finance Corporation and Liberia's acceptance of a workable plan of reform.

The program of the experts relating to point 4, health and sanitation, might be reduced during the present financial crisis but more than one foreign sanitary official should be provided and his powers carefully defined.

I feel that this memorandum provides a field for negotiation here which may lead to acceptance of the report by Liberia. I am however strongly of the opinion that too great concessions should not be made to gain this adherence. It might be possible, as suggested to me by Lord Cecil this morning, to devise a scheme whereby a temporary moratorium on loan charges will be granted Liberia on condition that it would immediately cease if the conditions of the agreement were not thoroughly complied with. In this way some funds could be diverted from the loan charges for a certain specified period to cover the expenses of reform but would later be repaid in full.

Do the Firestone interests still consider their draft proposal as establishing a condition precedent to any modification of their agreement? [Reber.]

GILBERT

882.01 Foreign Control/245 : Telegram

*The Consul at Geneva (Gilbert) to the Acting Secretary of State*

GENEVA, May 7, 1932—11 a. m.  
[Received May 7—9:10 a. m.]

177. From Reber. At the close of a private meeting of the Liberian experts last night a draft proposal to reduce to a minimum the program of assistance was shown to me. This will be presented to the President and the *rapporteur* but not to the Committee until some time next week to give time for further private discussions concerning it.

It proposes three administrators and three assistants, three medical officers, one legal adviser, the three financial officers as provided in the report and a reduction of expenditures for surveys, public health, roads, et cetera, a total of \$184,000. In addition there is also provision for a principal adviser attached to the central government and a secretary. The total cost of the new program would be \$200,000 a saving of \$198,000.

The experts consider that if the Finance Corporation would accept a moratorium renewable from year to year this moratorium would not permit the application of the \$279,000 of loan contract charges to the cost of maintaining this program. In order to start such a plan it is thought possible that the remainder of the first installment of the loan might be applied to the expenditures of the first year or if necessary held in reserve. The experts' plan is based on the supposition that the average annual revenues will be approximately \$650,000. Should revenues exceed that sum the excess could be applied to paying off the loan charges.

Although not provided in the experts' draft report, it is understood that any failure of the Liberian Government to maintain this program or failure on its part to give its full cooperation would cause an immediate suspension of the moratorium and a removal of the foreign advisers.

It would be greatly appreciated if the views of the Department as well as of the Finance Corporation in this respect could be transmitted to me as soon as possible for it is hoped to present the final report of the committee to the Council during the course of next week. While this compromise plan is not thoroughly satisfactory it would appear, in view of present financial difficulties everywhere, it might afford a possible solution. The presence of the central adviser who will report regularly to the Liberian Committee may help to serve as a psychological check upon further abuses.

While the number of financial officers is placed at three rather than the five provided under the present loan agreement this was done in order not to increase the program provided in the experts' report but the experts appear willing to increase this number if it is considered essential by the Finance Corporation. I personally expressed to them the view that three would not be sufficient and they thought there would be no great difficulties involved in this connection. [Reber.]

GILBERT

---

882.01 Foreign Control/243 : Telegram

*The Acting Secretary of State to the Consul at Geneva (Gilbert)*

WASHINGTON, May 8, 1932—1 p. m.

77. [For Reber.] Your telegram No. 175 seems to cover the situation both as to the Liberian memorandum and to the problem in general. However, we specifically desire to emphasize the absolute necessity, if we are to vote in favor of any compromise plan developed, of having the question of authority immediately and properly defined. With the experiences of the past 20 years with "adviserships" we could not support any proposal which did not give adequate authority. We feel that arguments about "sovereignty" and "the constitution" should not be permitted to obscure either this basic necessity or the present intolerable chaos prevailing in Liberian administration. Furthermore you may point out that the purpose of Liberian rehabilitation to be achieved via a period of assistance is fundamentally to provide for the benefit of the Liberian people precisely that independence about which the Liberian representatives profess to show such solicitude.

Carrying these premises to the outline described in your telegram No. 177, we believe that it would be most unfortunate for the International Committee to be faced with another detailed "plan" without first having settled the vital principle of authority. If Liberia is going to refuse to delegate adequate powers it would be much better in our view for this to be ascertained in the beginning, without wasting time negotiating details, even if Liberia's refusal deadlocks proceedings and causes the Committee to report no progress to the Council. A recognition of no progress now would be preferable to adoption by the Committee of an unworkable program whose shortcomings would be discovered 6 months or a year later when initial apparent acquiescence might have changed in Monrovia to opposition comparable to that which has faced the present Financial Ad-

visership during the past 2 years. Nor would we be impressed with a proposal to base the functioning of any program upon a "promise of cooperation" with suspension of the operation of the plan and/or the proposed moratorium, in the event that cooperation should not be forthcoming.

The foregoing represents the requirement which would have to be met to secure the support of the Department. Although it has not been possible to date directly to discuss the matter with the Firestones, Howe is of the opinion that they would require similar clarification of the principle of authority before agreeing to consider details. Should the principle be settled, he believes they would not insist upon the details of draft plan outlined to you last January<sup>37</sup> but on the contrary would be sympathetic to any proposal conceived in a spirit of "the realities of the situation."

Aside from the question of authority, the Department is gratified to observe the effort to reduce the personnel and more especially the cost of a program, since \$400,000 a year would clearly represent an impossible initial burden for a country whose present revenues (due in considerable measure to chaos and administrative ineptitude to be sure) are only approximately half a million dollars. We would therefore like to see considered a further large reduction from the \$200,000 a year program discussed in your telegram No. 177, on the theory that a start could be made (and much progress could be achieved provided Liberia cooperated) with a much more modest organization. Given the present Financial Advisership plus one thoroughly competent general administrator with adequate authority, we believe that improvement would be rapid and that the organization could gradually be enlarged on a self-supporting basis. A further advantage of this proposal would be that it might entail almost no modification of the loan contract,—probably none if the League would itself defray the expenses of the first year.

CASTLE

---

882.01 Foreign Control/243 : Telegram

*The Acting Secretary of State to the Consul at Geneva (Gilbert)*

WASHINGTON, May 8, 1932—9 p. m.

78. For Reber. The substance of Department's telegram No. 77, May 8, 1 p. m., has been communicated to Harvey Firestone, Junior. He stated that our opinion as to the requirements precedent to serious discussion by them of any proposal involving either a modification

<sup>37</sup> See telegram No. 9, January 13, 6 p. m., to the Consul at Geneva, p. 687.

of the loan contract or further advances represented in his view a "conservative estimate".

CASTLE

---

882.01 Foreign Control/249 : Telegram

*The Consul at Geneva (Gilbert) to the Acting Secretary of State*

GENEVA, May 10, 1932—5 p. m.

[Received May 10—12:50 p. m.]

184. From Reber. I have been shown a copy of Ryding's report concerning his trip on the Kru Coast which bears out the allegations of cruel and oppressive treatment of the natives. The Department has doubtless received a summary of this report from Mr. Mitchell.<sup>39</sup>

In discussing how this report should be brought before the Committee today with the British we reached the conclusion that it might be well for the four Governments interested, namely, United States, Great Britain, France and Germany to submit a joint memorandum to the Committee summarizing the more important findings of this report. This would center more attention upon the situation than if the report which is a long opinion were to be circulated *in toto*. Should the Department agree to this method we will summarize the report here and present it jointly.

Should the French and Germans, whose representatives are not today in town, be adverse to this procedure it might be well for the British and ourselves to submit similar but not identic memoranda inasmuch as Ryding's trip may be said to have been made at the instigation of the three Governments interested. I do not foresee any difficulty in gaining the French or German acceptance of this proposal but as time is short merely suggest this is a possible alternative procedure.

It is hoped to have this memorandum ready for presentation by Thursday if the Department concurs in this action. [Reber.]

GILBERT

---

882.01 Foreign Control/249 : Telegram

*The Acting Secretary of State to the Consul at Geneva (Gilbert)*

WASHINGTON, May 11, 1932—noon.

81. For Reber. Your telegram 184, May 10, 5 p. m. You are authorized to use any method which seems the most desirable in cooperating with the British, French and possibly the German repre-

---

<sup>39</sup> See telegram No. 54, April 30, 2 p. m., from the Minister in Liberia, p. 715.



sentatives in bringing the Rydings report before the Committee. If a joint statement is submitted, I believe it should clearly state that the findings are entirely the work of a British official and should describe the origin of his investigations.

The Firestones recently received a radio from Hines to the effect that he had been told that the Rydings report contained certain unfriendly references to Firestone interests in Liberia. Mr. Mitchell's telegraphic summary to us on April 30 makes no reference whatever to any mention of the Firestones, and we accordingly told them that we thought Hines had been misinformed. I mention this matter to you merely in order that you may definitely ascertain that nothing of this sort is contained in the report prior to your participation in any joint submission which could not fail to indicate a general agreement on our part with the text.

CASTLE

---

882.01 Foreign Control/255 : Telegram

*The Consul at Geneva (Gilbert) to the Acting Secretary of State*

GENEVA, May 14, 1932—6 p. m.

[Received May 14—5:45 p. m.]

190. From Reber. My telegram 189, May 14, 5 p. m.<sup>39</sup> The statement I made in the Committee this morning was along the following lines:

[Here follows the substance of the first two paragraphs of Department's telegram No. 77, May 8, 1 p. m., printed on page 723.]

GILBERT

---

882.01 Foreign Control/259

*Memorandum by Mr. Ellis O. Briggs of the Division of Western European Affairs*

[WASHINGTON,] May 17, 1932.

Mr. Reber telephoned at 3:30 Washington time to report, with reference to the Department's telegraphic instructions No. 83, May 14, 3 p. m., and No. 85, May 16, 8 p. m.,<sup>40</sup> that in spite of his constant objections the International Committee in today's session had adopted for submission to the Council on May 19 a program which represented in his opinion a thoroughly unworkable and impractical plan. He stated that he had discussed the matter with Mr. Hugh

<sup>39</sup> Not printed.

<sup>40</sup> Neither printed.

Wilson and Mr. Marriner and that they agreed that it would be necessary for us to submit a formal reservation, inasmuch as we cannot agree with the Committee's plan.

I told Reber that I believed the Department would agree as to the necessity for an American reservation and asked whether he had formulated any draft. Mr. Reber then dictated the following text:

[Mr. Reber's text is substantially the same as the American reservation included in the report adopted by the Committee on Liberia May 20. For text of the reservation, see telegram No. 200, May 21, noon, from the Consul at Geneva, printed on page 731.]

He said that he was very anxious if possible to receive instructions from the Department regarding the above draft in time for use on May 18 in a final effort to block the submission of the program which we oppose. I told him that we would accordingly try to transmit instructions to him during the course of the evening Washington time.

(Such an instruction was sent: Department's 87, May 17, 9 p. m.)<sup>41</sup>  
E[LLIS] O. B[RIGGS]

882.01 Foreign Control/264: Telegram

*The Consul at Geneva (Gilbert) to the Secretary of State*

GENEVA, May 19, 1932—9 p. m.

[Received 9:05 p. m.]

198. From Reber. After the presentation of my memorandum and reservation described in my 196, May 18, 7 p. m.,<sup>42</sup> and upon the request of Italian and Spanish members of the Committee who wished to present reservations of a juridical character, the President decided to reconvene the Committee this afternoon for a final examination and approval of the report.

It was accepted after considerable discussion as to the wording of the text. It reviews the work of the Committee through its three sessions and recommends the general principles of the plan to be adopted along the lines of the Cecil proposal (see my 191, May 15, 10 a. m. [11 a. m.]<sup>41</sup>) with certain changes and the amendment that in the event of difficulty in the application of the plan of assistance provision is made for the possibility of recourse to the Council. It concludes its main section with the statement that the Committee can only lend its support to work which will be efficient

<sup>41</sup> Not printed.

<sup>42</sup> Not printed; for text of the reservation included in the report of the Committee, see telegram No. 200, May 21, noon, from the Consul at Geneva, p. 731.

and is of the opinion that the general limitations which it has indicated are a minimum below which it would appear impossible to go. At the same time it adds that the Committee cannot recommend with any hope of success the opening of negotiations with the American groups concerned if the latter are not given legitimate guarantees under the plan.

Following this section are reservations: the Liberian which states that the plan must be submitted for the approval of the Government in Monrovia; the Italian and Spanish relating to procedure in the Council and the necessity for obtaining the approval of Liberia; and the American.

In the first draft the Committee had recommended simultaneous presentation of the plan to the Firestone groups and Liberia but after my urgent representations in private conversations and in view of our general reservation it was agreed to suppress this version of the text and to substitute a statement to the effect that the Government of Liberia is requested to make known at the earliest possible opportunity its decision as to the plan of assistance. If it accepts the principles of the plan the Committee considers it would be desirable that negotiations be started between the representatives of the interested parties supplied with full powers. The Committee will meet as soon as the Liberian reply can be received, in any case not later than the month of August. In view of this change and upon the urgent request of the *rapporteur* I withdrew from the written section of the reservation the phrase relating to our unwillingness to accept the proposal of simultaneous transmission although making it clear in the discussion that this was our attitude.

It was not felt that our suggestion relating to the appointment of a subcommittee was acceptable by the full Committee except in the form above set forth since the Liberian representative was insistent upon the necessity of receiving the prior approval of his Government before continuing. Therefore, I made no change in the memorandum as circulated but merely referred to it and made mention in the discussions of our urgent desire that some machinery for continued negotiations be set up.

The conclusion of the report sets out in brief the situation on the Kru Coast and suggests that the Council authorize the immediate despatch, as an emergency measure, of an individual to act as conciliatory agent and for the restoration of peaceful conditions. It was determined that the choice of this individual should be left to negotiations between the President of the Committee and the Liberian representative.

The German representative<sup>44</sup> at the end of our discussions mentioned a meeting reported to have taken place in Monrovia between the representatives of the British, French, German and American Governments relating to the serious health situation and the lack of funds for continuance of necessary sanitary work. He said a decision had been reached in this meeting to urge the American Government to use its good offices to procure further funds. I replied that I had not been informed of the results of this meeting but felt that this situation only emphasized our desire that the Committee continue to work with the least delay possible for I felt that as soon as an acceptable plan was adopted funds could be secured. It was determined to make some mention of this health situation in the transmitting statement for our report to be made tomorrow at the Council by the *rapporteur*.

The Committee adjourned today to meet again upon the call of the President when the Liberian reply has been received.

A full text of this report and of the *rapporteur's* statement will be mailed before the close of this week.<sup>45</sup> [Reber.]

GILBERT

882.01 Foreign Control/265 : Telegram

*The Consul at Geneva (Gilbert) to the Secretary of State*

GENEVA, May 20, 1932—2 p. m.  
[Received May 20—11:15 a. m.]

199. From Reber. The Council this morning accepted with almost no discussion the report of the Liberian Commission and approved the suggestion to send a special representative to try to handle the Kru situation.<sup>46</sup> The question of funds available for this purpose was raised and it was stated that the Liberian Government should meet the expenses of this special agent. While it was recognized that they might have difficulty in finding a sufficient amount at the moment, any advances made, possibly by the League, would eventually have to be repaid by Liberia.

The *rapporteur's* statement mentioned the health situation in the following terms:

"The sanitary work begun by Dr. Howells has been hindered owing to lack of funds and in view of the fears raised by the present situation the German, British and French representatives at Monrovia have

<sup>44</sup> Herr von Kamphövener.

<sup>45</sup> For text of the Committee's report, submitted to the Council May 20, see League of Nations, *Official Journal*, July 1932, p. 1355; for text of the *rapporteur's* statement, see *ibid.*, p. 1222.

<sup>46</sup> For the Council discussions, see League of Nations, *Official Journal*, July 1932, pp. 1222-1224, 1259-1263.

expressed their desire that the attention of the Government of the United States should be called to the existing state of things with a view to the release by the American Finance Corporation of loan funds for the health work begun at Monrovia.

I think I am faithfully interpreting the wishes of the members of the Council in emphasizing the interest attaching to the sanitary work undertaken by Liberia and in expressing the hope that means will be found to carry forward this very important work."

With regard to the suggestion made in the Department's telegram 89, May 19, 5 p. m.,<sup>47</sup> inasmuch as I explained the Department's views contained in its earlier telegram to Lord Cecil yesterday I felt that it might be well at the present time not to raise the question of the subsequent appointment of the Commissioner General particularly in view of the fact that the Committee and the Council have now decided that the present appointment to be made is purely one of an emergency nature and solely for the purpose of seeking a peaceful solution of the Kru situation.

Cecil explained to me that the British Government thought it preferable to withdraw its suggestion regarding the appointment of an official from one of the neighboring colonies and will leave the choice of a man to the Secretary General of the League. He said there was no possibility that a Frenchman will be chosen but that in his capacity as a League official Dr. Mackenzie, the health expert, might be entrusted with this mission. He has had considerable experience with tropic countries and while primarily not an administrator it is thought that his known connection with the League will give him adequate prestige among the natives and that he will be satisfactory to all parties. I will be informed of the definite choice made. I have opposed no objections up to the present time but should this appointment be judged unsatisfactory I shall immediately present any objections the Department may wish to have me make.

Upon the request of the Secretariat I have said they may give what publicity they believe advisable to the American memorandum and the Rydings report, provided the consent of the British and French is gained for the latter. [Reber.]

GILBERT

---

<sup>47</sup> Not printed.

882.01 Foreign Control/266 : Telegram

*The Consul at Geneva (Gilbert) to the Secretary of State*

GENEVA, May 21, 1932—noon.

[Received May 21—8:50 a. m.]

200. From Reber. Department's telegram No. 90, May 20, 3 p. m.<sup>48</sup>

The full text of our reservation as included in the report of the Committee reads as follows:

“The American representative stated that his Government believes that the delegation of adequate authority by Liberia to a single official of an international agency would be the most genuinely practical solution of the problem. This would leave the details of a programme of complete rehabilitation to be put into effect step by step and on a self-supporting basis and would take advantage of all existing machinery with a minimum of lost time and a maximum of results at the smallest initial cost to Liberia. The American Government would, however, be prepared to study a proposal involving more initial changes in Liberian organization and consequently much greater initial expense provided it were clearly understood that there would be the requisite delegation of authority by Liberia as an indispensable preliminary to any adjustment of the present financial situation. In the light of the above the American Government would not be willing to recommend to the Finance Corporation, which is the interested party, any financial negotiations until a satisfactory administrative plan had been agreed to by Liberia. The foregoing constitutes a full reservation of the position of American Government on the points mentioned. It is based upon many years of experience in endeavoring to induce the governing elements in Liberia to improve the condition of the country through ‘advisers’ and upon the conviction that no plan can succeed until it is founded upon principles which will insure its practicability.”

The text of the Committee's report has been circulated to the members of the Council and has been made available for the press here. In order to give our reservation greater emphasis I believe, however, it might be well to give its full text publicity in the United States.<sup>49</sup>  
[Reber.]

GILBERT

<sup>48</sup> Not printed.

<sup>49</sup> The text of the reservation was released to the press in the United States May 21. See Department of State, *Press Releases*, May 21, 1932, p. 515.

882.01 Foreign Control/276 : Telegram

*The Minister in Liberia (Mitchell) to the Secretary of State*

MONROVIA, May 26, 1932—11 p. m.

[Received May 27—4:30 p. m.]

59. The Legation transmits at the urgent request of Liberia a declaration of its firm intentions regarding proposals made at Geneva on May 20.

“26 May 1932.

1. The Liberian Government will not accept proposal of League re personnel. Desires United States Government nominate for appointment three American citizens, white or black, to serve as provincial commissioners. Commissioners to be responsible, through Interior Department, but will have right of direct contact with the President when necessary and requisite.

2. The Government does not intend to modify in any degree the terms of Firestone planting agreement.<sup>50</sup> Will, however, ask United States Government to support certain modifications of loan agreement<sup>51</sup> which experience proves to be necessary.

3. The Government will not accept any further investigation of Kru Coast conditions which are purely internal affair.

4. If United States Government will be good enough to support Liberian attitude as outlined above, Liberian Government will be able to reply in a definitive sense to suggestions of the League when Mr. Grimes' official report reaches us; and future policy will be based upon close cooperation with the United States Government and legitimate American interests established in Liberia. Edwin Barclay.”

MITCHELL

882.00 Foreign Control/276 : Telegram

*The Secretary of State to the Minister in Liberia (Mitchell)*

WASHINGTON, May 27, 1932—5 p. m.

36. Your telegram 59, May 26, 11 p. m. We do not consider it necessary to make any reply for the present to this latest approach. Upon the receipt by Barclay from Grimes of the League proposal together with the American reservation and memorandum (referred to in the Department's telegram 35, May 23, 6 p. m.<sup>52</sup>) it is assumed that the position of this Government will be made clear to him.

For your confidential information I may state that Gabriel Dennis, Secretary of the Treasury in the Barclay administration, was received informally by Mr. Boal today. In response to his inquiry as to the

<sup>50</sup> *Foreign Relations*, 1925, vol. II, pp. 450-463.

<sup>51</sup> *Ibid.*, 1926, vol. II, p. 574.

<sup>52</sup> Not printed.

attitude of the American Government, he was informed that we anticipated continuing cooperation with the League and that we felt that no solution was possible unless Liberia delegated sufficient authority to render effective a plan of reorganization. No specific reference was made either to the report by the Committee to the Council or to the American reservation or memorandum.

No reference was made to the contents of your telegram 59 or to Barclay's communication quoted in your telegram 53, April 29, 9 p. m.<sup>53</sup>

STIMSON

---

882.01 Foreign Control/268 : Telegram

*The Acting Secretary of State to the Consul at Geneva (Gilbert)*

WASHINGTON, May 28, 1932—2 p. m.

96. For Reber. Your telegrams 201 and 203.<sup>54</sup> We have given careful thought to the suggestion advanced by the League for us to ascertain from the Finance Corporation its attitude in the event that Liberia should approach it about repaying a possible League advance to subsidize sending an investigator to the Kru Coast. We have come to the conclusion that we will not ask for an expression of opinion from the Finance Corporation. Instead, we authorize you to make a statement in reply along the following lines:

The American Government feels that should the League desire to make an advance to Liberia for the specific purpose of sending a representative to the Kru Coast, the question of repayment might better be left in abeyance until such time as it would be possible to consider it in connection with general financial matters.

For your own confidential information: It appears from informal discussion with Howe that in the event we requested such an expression of opinion, the Finance Corporation would probably feel constrained to reply to the effect that

"Liberia is entirely at liberty to assume the obligation of reimbursing the League if and when funds are available, without in any way infringing the terms of the Loan Agreement of 1926. There is no provision in the loan agreement which would prevent Liberia from including in its regular budget such an item to be paid out of unassigned revenues at any time after Liberia had paid defaulted obligations under the Loan Agreement, and if revenues originally assigned under Loan Agreement are sufficient to take care of current service of the loan."

---

<sup>53</sup> Telegram No. 53 not printed.

<sup>54</sup> Neither printed.



In our opinion, since the assigned revenues at present are manifestly insufficient to cover the loan charges, this sort of reply would merely beg the question and might inject into discussion the question of priority of the loan. We would much prefer to have this matter kept off the books until Liberia accepts or rejects the League administrative proposal. In any case it appears probable from Barclay's communication reported to you in our telegram No. 95<sup>55</sup> that Liberia will refuse the League's suggestion, for the despatch of a "special representative."

CASTLE

882.51/2154

*The Secretary of State to the Minister in Liberia (Mitchell)*

No. 58

WASHINGTON, June 11, 1932.

SIR: I enclose herewith for your information a copy of a letter from the Finance Corporation of America addressed to the Liberian Secretary of the Treasury and the Financial Adviser on June 3, 1932, with reference to the attitude of the Finance Corporation toward the default by Liberia of amounts due under the loan agreement. A copy of this communication was received by the Department from the Finance Corporation.

Very truly yours,

For the Secretary of State:  
W. R. CASTLE, JR.

[Enclosure]

*The President of the Finance Corporation of America (Wm. P. Belden) to the Liberian Secretary of the Treasury (Dennis) and the Financial Adviser (McCaskey)*

[NEW YORK CITY,] June 3, 1932.

DEAR SIR: We have the honor to invite your attention to certain matters relevant to the Loan Agreement of September 1, 1926 occasioned by defaulted interest and sinking fund payments.

This situation has assumed further seriousness by the failure of the Liberian Government to effect a budget for 1932 in balance with the estimated revenues for such period and we are advised that there has been no plan promulgated for liquidating these items in default, or for assuring the payment of all current obligations for 1932.

On January 1, 1932 there was due interest in the amount of \$76,720.00 and a sinking fund payment in the amount of \$31,542.00. The funds which the Government of the Republic of Liberia had de-

<sup>55</sup> Not printed.

posited with the National City Bank of New York, Fiscal Agents, under Article V of the Loan Agreement and which were paid upon these obligations were only \$15,059.04, all of which were applied against interest leaving a deficit of \$61,660.96 on account of interest and the entire sinking fund payment of \$31,542.00, or a total of \$93,202.96 in default as of January 1, 1932.

We now understand that the total current liabilities of the Republic of Liberia known and estimated as of March 31, 1932 are approximately \$400,000.00.

We are informed of Treasury Department's circular of September 22, 1931 providing that all revenues accruing from Hut and Real Estate taxes from the first day of October 1931 will be earmarked for application towards the payment of interest, sinking fund and other services of the Loan, which the assigned revenues are at present inadequate to meet, these being in addition to the Customs and Headmonies heretofore assigned.

Notwithstanding the above additional assigned revenues we are advised by the National City Bank of New York, Fiscal Agents, that since January 1, 1932 and up to and including May 2, 1932, no remittances have been made for the interest and sinking fund for the first six months of 1932, all of which are due for deposit with the Fiscal Agents on or prior to May 1, 1932.

The economic crisis in Liberian Fiscal affairs was pointed out to the Liberian Government by the Finance Corporation of America in our letter of December 16, 1930 through National City Bank of New York, Fiscal Agents, but irrespective of this, the advice of the Financial Adviser in the reduction of the Government budget was not accepted and expenditures were continued during 1931 using as a basis the last previously approved annual budget. As a result the expenditure of the Liberian Government in 1931 totalled \$702,194.12, while its revenues from all sources for 1931 totalled only \$482,028.73.

This same situation again prevails for the calendar year 1932. We are in receipt of copies of letters of January 22, 1932 and February 16, 1932 from the Financial Adviser to the Honorable Secretary of the Treasury, together with other correspondence pertaining thereto, in which the insufficiency, omissions and irregularities of the proposed 1932 budget were pointed out by the Financial Adviser, and his approval, therefore, necessarily withheld. We understand that subsequently on March 15th a budget was approved by the Liberian Government for the ten months March to December 1932 totaling \$674,948.30, which for the same reasons stated the Financial Adviser was unable to approve, and the budget for 1930 again had to be used for the purpose of checking expenditures for the year 1932.

In view of such critical financial situation Finance Corporation is naturally greatly concerned as to the security of the outstanding bonds under the Loan Agreement.

We have the honor to request your advice as to the benefits that have thus far accrued to the prior obligations under the Loan Agreement by allocation of Hut taxes and Real Estate taxes since October 1, 1931, in addition to the previously assigned revenues of Customs duties and head-monies, and your advice as to the further steps that are being taken in order to balance the current budget for 1932.

Under the present circumstances we deem it necessary to protest the failure of the Liberian Government to provide for the prompt carrying out of all its obligations under the Loan Agreement, and must hereby respectfully request that the Government allocate from its other revenues, not now specifically assigned, such further sums as shall be sufficient to make up the deficiencies cited above, in accordance with Article VII of the Loan Agreement. We respectfully request the Liberian Government to directly advise us on these points and what it proposes to do to relieve these conditions of default and what further steps it will take to insure for the Government that state of its finances as will permit it to continue to maintain its obligations under the Loan Agreement.

We have [etc.]

FINANCE CORPORATION OF AMERICA  
[WM. P. BELDEN,] *President*

882.01 Foreign Control/283: Telegram

*The Minister in Liberia (Mitchell) to the Secretary of State*

MONROVIA, June 14, 1932—5 p. m.

[Received June 15—7:27 a. m.]

61. The Liberian Government has been informed today by confirmatory notification from the British Chargé d'Affaires at Monrovia, though the League is communicating arrangements direct to the Government of Liberia, that Dr. Mackenzie acting as League Special Commissioner to assist in the pacification of the Kru country will arrive in Monrovia on H.M.S. *Rochester* about June 28th subject to obtaining satisfactory written assurances from the Liberian Government that,

- (1) Liberian frontier force will be under his control.
- (2) Arrests of natives will be subject to his consent and,
- (3) There will be no reprisals.

He will be domiciled on board H.M.S. during his stay on Kru Coast. An escort of three police, an interpreter, and a cook are

being furnished by the Governor of the Gold Coast and will meet Mackenzie in Freetown. The League expects Liberia to defray the expenses of this mission when money is available.

To this, I am reliably informed, the Liberian Government will make a vigorous protest to the League and considers it an aggressive act by Great Britain upon her sovereignty and autonomy.

MITCHELL

---

882.01 Foreign Control/288

*Memorandum by the Chief of the Division of Western European Affairs (Boal)*

[WASHINGTON,] June 16, 1932.

The British Ambassador called to ask about Liberia. He said he had received notice from his Government suggesting that he endeavor to persuade us to ask the Liberians and the Finance Corporation to cooperate in obtaining acceptance of the League Committee's plan in Liberia. I told him that this was out of the question as far as we were concerned; that we considered both parts of the League plan to be bad, the first part was impracticable and the second was unjust. I said that we had not even transmitted the financial part of the plan to the Finance Corporation.

I pointed out that we had made certain reservations to the League Committee's report and that particularly we had stated that unless some adequate solution was reached by autumn we would feel free to obtain our liberty of action.

We then discussed adviserships a little in theory. The Ambassador seemed to agree fully that to institute another series of adviserships of limited scope involving constant bickering with the Liberian authorities and a constant lack of authority in the hands of the advisership would be folly. I told him the League Committee's plan was too expensive for a country like Liberia which was unorganized and had few revenues. I told him that we had felt right along that the sensible thing was to entrust administrative power to an individual and let him pick his own assistants. The Ambassador said that he felt that the League Committee was probably trying to make jobs for a number of their nationals. He said that in Sierra Leone and elsewhere the administrative control through one man who had pretty broad authority in organizing his own force was a practice and a successful one. He felt that the League Committee was not so constituted as ever to be able to work out a plan which would be feasible in our sense of the word; that

any plan they made would be subject to all kinds of checks and reviews from the League as well as from the Liberian Government. I said that we might have to face the fact of a failure to get a plan which is workable on the part of the League Committee, especially as the Liberians themselves had been unwilling to agree even to that. In that case when the time came I said we might have to have a talk among those principally interested to see what could be done. He agreed, and we discussed the possibility that the British, the French and ourselves would in that event have to discuss matters with a view to preserving Liberian sovereignty by providing Liberia with an administration that would run the place properly more or less regardless of any initial consent by the Liberians.

When he left I had the very distinct impression that he himself felt very favorably toward the idea of an administration under one man's leadership with a very flexible scope of work.

PIERRE DE L. BOAL

---

882.01 Foreign Control/288a : Telegram

*The Secretary of State to the Minister in Liberia (Mitchell)*

WASHINGTON, June 18, 1932—9 p. m.

39. Since the American Government considers the Liberian situation essentially an international problem and since we are now cooperating with the League in endeavoring to bring about a solution, it would naturally be altogether out of the question for us to enter upon or discuss any direct negotiations with Liberia (such as suggested by Barclay and reported in your telegrams No. 53, April 29, 9 p. m.,<sup>56</sup> and No. 59, May 26, 11 p. m.) To do so would expose our action to misinterpretation and might serve to undermine the efforts, in which we ourselves are participating, to achieve a just and lasting solution through international means.

Moreover, we believe that the Americo-Liberian administration has brought the present difficulties upon itself by its own ineptitude, by its own indifference to its responsibility to the country as such and to the native peoples therein whom it has abused and exploited, and by its refusal to take advantage of the counsel of the American advisers.

We have been led inescapably to the conclusion that no improvement can be anticipated unless a plan of assistance is predicated upon

---

<sup>56</sup> Not printed.

the delegation by Liberia over a period of years of ample and adequate authority both administrative and executive to enable an international Commissioner Generalship (or whatever it may be called) to function without interference. No arguments about "sovereignty" or "independence" can obscure this basic requisite; moreover, as we have already pointed out in our memorandum submitted to the International Committee,<sup>57</sup> we are striving for the adoption of a practical program which would secure for the Liberian people, both Americo-Liberian and native, precisely that sovereignty and independence about which there has been so much irrelevant discussion.

Bearing the foregoing in mind, we believe that perhaps it might be possible for you to contribute something toward indicating an exit for Liberia from the present situation, should you desire to do so, entirely upon your own responsibility, through seeking a frank, informal and unofficial conversation with Barclay upon somewhat the following lines:

1. You could say to him that a state of national emergency exists. The Liberian administration should recognize this emergency and to meet it the legislature should immediately empower Barclay to request the League of Nations to appoint one properly qualified foreigner as "Commissioner General", to whom, for a definite term of years and under appropriate guarantees from the League, Liberia would delegate authority and control, administrative and executive, for him to effect the reorganization and rehabilitation of the country, taking as a basis the administrative recommendations of the experts and putting them into effect progressively on a self-supporting schedule, as conditions improved.

2. If Barclay should wish to make this proposal to the League contingent upon the appointment by the League of an American citizen as "Commissioner General" you might desire to add that you would, upon your own responsibility, undertake urgently to recommend to your Government that it support such an arrangement and that, when this arrangement entered into operation, your Government use its good offices with the Finance Corporation to obtain certain adjustments regarding the loan contract.

3. You might say that you believe that the alternative will be a deadlock between Liberia and the League, leading to independent action toward Liberia by one or another of the powers whose interests in Africa cannot fail to be affected by the continual disorders, social disintegration and health menace provided by Liberia in its present condition. In view of the indifference shown by Liberia toward American efforts to be of assistance in recent years and widely published reports of intolerable conditions there, you believe that such independent action, if taken, might not be opposed by American public opinion. In the circumstances therefore, and assuming that Liberia would desire to have American participation on the single

---

<sup>57</sup> See telegram No. 190, May 14, 6 p. m., from the Consul at Geneva, p. 726.

basis which you think might be acceptable to your Government (namely, participation jointly with other powers, under the auspices of the League) you are having this personal talk with Barclay in an effort to indicate a solution which you sincerely believe would be to the best interests of the Liberian people.

4. Finally, should Barclay be empowered by the Legislature to solicit a League Commissioner Generalship to be administered by an American citizen with completely adequate powers and authority, you are of the opinion that the decision should be taken at once, or you fear that it will be too late.

No memorandum or other record should be left by you. If your Secretary has any knowledge of this message, you should warn him that he must say nothing about it to anyone.

We may be wrong as to our analysis of the Liberian apprehension created by the knowledge of the impending arrival of Mackenzie. If your estimate of the situation indicates that a conversation with Barclay as outlined above would be unproductive, you should of course do nothing until you have explained your views to the Department by telegraph.

STIMSON

---

882.20/377

*Memorandum by Mr. Ellis O. Briggs of the Division of Western European Affairs*

[WASHINGTON,] June 18, 1932.

Colonel George W. Lewis, Adviser to the Liberian Frontier Force under the terms of the Loan Agreement of 1926, called at the Department on June 16 to state that he had resigned, effective July 15, 1932.

He said that his work in Liberia had been very discouraging for the reason that he had been unable to exercise any real authority and that as a result little or no improvement in the Frontier Force had been brought about during his time in Liberia. A large part of his time was spent in preparing a manual of regulations, which the Liberian Government has not printed.

Mr. Boal asked him whether, in the event that some new arrangement for an American adviser should be made, sufficient authority would accrue to such adviser if he himself actually received the money direct and himself paid it out to officers and enlisted men. Colonel Lewis said that that would certainly be desirable but that he felt that unless the adviser actually commanded the Frontier Force, it would be very difficult to do an effective job. He cited many instances drawn from his own experience to develop this idea and urgently recom-

mended that if and when a new arrangement should be made, the adviser be given absolute command and in addition receive and disburse all Frontier Force money.

E[LLIS] O. B[RIGGS]

882.124/36

*Memorandum by Mr. Ellis O. Briggs of the Division of Western European Affairs*

[WASHINGTON,] June 21, 1932.

LIBERIA—GERMAN INTEREST IN HEALTH SITUATION

Doctor Leitner, Counselor of the German Embassy, called this afternoon with an instruction from his Foreign Office for the Embassy to endeavor to enlist the support of the Department of State toward using its good offices with the Finance Corporation to the end that the latter might consent to advancing certain funds for the specific purpose of carrying on sanitary work in Liberia. The Foreign Office enclosed a copy of a despatch on the subject from the German Consul at Monrovia, describing joint discussions with his British, American and French colleagues.

In carrying out his instructions, Doctor Leitner said that while he himself was not particularly familiar with the Liberian situation, he knew in a general way of the work of the International Committee of the League and he felt that the German Government was very much concerned over the health menace provided by Liberia at the present time.

In reply, I outlined in considerable detail the history of sanitation since the outbreak in 1929,<sup>58</sup> which resulted in the death of our Minister at Monrovia.<sup>59</sup> I described the unfortunate experiences of Doctor Smith<sup>60</sup> and pointed out that, while I was not speaking for the Finance Corporation, nevertheless I had the distinct impression that they had never been unsympathetic to the importance of sanitation or to requests for funds. On the contrary, the Finance Corporation had expressed a willingness to cooperate, contingent only upon the supplying by Liberia of adequate authority, without which it felt that no sanitary campaign could be effective. I added that, as far as the Department was concerned, we also believed that the crux of the matter was authority. Unless and until Liberia is willing to

<sup>58</sup> The outbreak of yellow fever. For correspondence on the general subject of American interest in Liberian sanitation, see *Foreign Relations, 1929*, vol. III, pp. 316 ff.

<sup>59</sup> William T. Francis; he died of yellow fever July 15, 1929.

<sup>60</sup> See *Foreign Relations, 1930*, vol. III, pp. 415 ff.



provide this authority, we feel that it would largely be a waste of money for anyone to advance funds for this purpose.

Doctor Leitner took copious and methodical notes and said that he would report the substance of my remarks to his Government.

I subsequently called up Mr. Howe and told him about the conversation. Mr. Howe said that he had written several letters regarding sanitation to the Firestones since the end of the International Committee meetings on May 20th. He has not yet received a reply. Mr. Howe stated that he felt that it would be very desirable for the Firestones to be in a position to make a prompt decision as to whether or not they cared to advance further funds, and if so, in what circumstances, for the reason that he agrees that further manoeuvres on the part of other governments may shortly be made.

E[LLIS] O. B[RIGGS]

882.20/378 : Telegram

*The Secretary of State (Stimson) to the Minister in Liberia (Mitchell)*

WASHINGTON, June 21, 1932—1 p. m.

40. The Department is in receipt of a letter from Colonel Lewis informing it that he has "tendered to the President of Liberia his resignation as military adviser of the Liberian Frontier Force", effective July 15, 1932.

You may inform McCaskey informally. As you are aware, in view of our not having recognized the present administration, we would not be in a position to designate a successor.

STIMSON

882.01 Foreign Control/289 : Telegram

*The Minister in Liberia (Mitchell) to the Secretary of State*

MONROVIA, June 24, 1932—11 p. m.

[Received June 25—4:25 p. m.]

66. Department's telegram 39, June 18, 9 p. m. In an informal confidential talk with Barclay confirmed June 23rd he stated that he fully appreciates the situation but finds himself unable to take definite action without prior authorization by the Legislature. To this end he is summoning extraordinary session of the Legislature early in July to whom he will submit the plan. His suggestion to the Legislature will take the form of acceptance in principle of the League plan, provided the chief adviser shall be an American citizen

recommended by the President of the United States, nominated by the League and accepted by the President of Liberia, who will be attached to central government as a minister without portfolio and whose powers will be as extensive as provided in the League plan except to judicial functions which cannot be granted to executive officials.

The term of his services will be definite as provided in the League's plan.

Barclay feels that if his proposal of an American as chief adviser is acceptable to the League that this official should be promptly appointed and proceed to Monrovia at once, examine the situation on the spot and elaborate a practical plan of procedure. His idea is that the chief adviser could progressively carry out a plan within the limits of the League proposal; that is to say, that the personnel shall be employed only in such numbers as and when requisite until the required number has been reached.

He considers, however, he would have to be assured in advance that the Finance Corporation and the Firestone Plantations Company would accept the principles of the League proposal with such modifications as may be arranged between the companies and the Liberian Government. The Liberian Government would be unwilling to take the initiative in proposing amendments to contracts to which they are legally and morally bound unless they are assured the companies themselves are in harmony with the plan.

MITCHELL

---

882.01 Foreign Control/300

*Memorandum by the Under Secretary of State (Castle)*

[WASHINGTON,] June 28, 1932.

I told the British Ambassador that I wanted to talk with him about a telegram we had received from Monrovia. I said that the Minister had had a conversation with Mr. Barclay and I then outlined to him with proper expurgations the contents of telegram No. 66 of June 24th from Monrovia. The Ambassador was very much interested with this suggestion on the part of Mr. Barclay. He said that he could not imagine his Government opposing the appointment of an American as adviser. He agreed with me that, on the whole, Barclay's attitude was more favorable than might have been expected. I told him that, if this proposal came through and was agreeable to the League, we were inclined to try to put it into effect, on condition that the adviser should be given clear and unmistakable powers; I pointed out to him that our original objection to the

League plan had been that the principal adviser had not been given sufficient authority, that it was altogether too expensive and that we felt the details could be better worked out in Liberia by an adviser who had authority to act; I said that since this suggestion of Mr. Barclay might lead to giving sufficient authority to the adviser and seemed to meet our other objections, it would be favorably considered by this Government, on condition that it appealed to the League. The Ambassador said he was sure that his Government would be in favor of it and that it seemed to him more sensible than anything so far suggested; he said he was quite sure that the League would not be opposed to having an American in charge since it was a case where nobody wanted to attempt to get any advantage over anybody else.

W. R. CASTLE, JR.

---

882.01 Foreign Control/295 : Telegram

*The Consul at Geneva (Gilbert) to the Secretary of State*

GENEVA, June 30, 1932—3 p. m.

[Received June 30—1:05 p. m.]

213. From Reber. I have just been informed that the Liberian Government has accepted Dr. Mackenzie's mission as special agent to the Kru Coast with the understanding that he will be accompanied by an official of the Liberian Government designated for that purpose.

In submitting this reply the Liberian Government expressed regret that it was considered necessary to send Dr. Mackenzie on a British warship. [Reber.]

GILBERT

---

882.01 Foreign Control/289 : Telegram

*The Secretary of State to the Minister in Liberia (Mitchell)*

WASHINGTON, July 19, 1932—5 p. m.

46. Your 66, June 24, 11 p. m. Careful consideration has been given to the substance of your telegram. As you are aware this Government deems it imperative that, in the interest of Liberia itself, ample and adequate authority both administrative and executive be delegated by Liberia to the international "Commissioner Generalship" to enable it to function effectively.

Barclay's plan as reported by you in your telegram under reference is not clear on this vital point. Without such a delegation of powers any plan of rehabilitation would in our opinion be destined to failure. Unless Barclay's plan fully conforms to this principle it will not meet with our approval.

If it is the wish of the Liberian Government and people that Liberia's acceptance of the League report, with the delegation of ample and adequate authority, be contingent upon the appointment of an American citizen to the post of "Commissioner General" this Government will not interpose any objection to it.

You should inform Barclay of the foregoing orally.

You may acquaint Hines with the action taken.

STIMSON

---

882.01 Foreign Control/325a : Telegram

*The Acting Secretary of State to the Minister in Belgium (Gibson)*

WASHINGTON, August 3, 1932—4 p. m.

35. For Reber. The following summary of developments at Monrovia during the past month is transmitted for your information:

Barclay called a special meeting of the Legislature on July 18th for the purpose of considering the "League plan". It was apparently his intention that the Legislature should enact a law to make it possible to put the plan into effect, but with certain modifications in the direction of less authority. Barclay nevertheless approached Mitchell with the request that the Department undertake to define "ample and adequate authority" with reference to the proposed chief adviser. The Department declined to do this, stating to the Minister that our memorandum and reservation submitted last May together with numerous messages to him on that subject should leave no grounds for doubt.

We have heard nothing from the Minister on the subject since July 22, although we understand that the Legislature is still in session.

The following is the text of a telegram sent Mitchell August 2nd.

"Dennis was received informally at his request today in the Western European Division. He stated that he had been instructed by Barclay to request an interpretation of the phrase 'ample and adequate authority', in connection with the powers of a principle foreign official. He was given the following orally:

(1) The Department will not undertake a definition but would be willing, if so requested by Liberia, to examine any proposed legislative draft with a view to expressing an opinion as to whether it met the requirements.

(2) The importance of the delegation of complete authority exclusive of Liberian officials, over a term of years and under guarantees from the League, was stressed as forcefully as possible. Copies of our reservation and memorandum of last May to the League Committee were given to Dennis.

The foregoing is for your information, since Dennis will doubtless report to Barclay by telegraph.

Have there been any developments since your 74, July 22, 11 a. m.?<sup>617</sup>

The Minister sails on home leave on August 9. Shantz, Foreign Service Officer Class V, who has been on duty in the Western European Division during recent months has been designated Second Secretary at Monrovia and will act as Chargé d'Affaires ad interim upon his arrival about September 4. He sails from New York Steamship *Manhattan* August 10 and the Department is endeavoring to arrange to have you instructed to proceed to England to confer with him for a few days prior to his departure from Liverpool.

CASTLE

882.01 Foreign Control/325 : Telegram

*The Chargé in Great Britain (Atherton) to the Secretary of State*

LONDON, August 4, 1932—1 p. m.  
[Received August 4—8:35 a. m.]

234. From Reber. I have today received two letters from the League Secretariat, one asking my agreement to September 19 as the date for the next meeting of the Liberian Committee.

The other states that Lord Cecil considers it is of the utmost importance that not only the Liberians should be present but also representatives of the Finance Corporation and the Firestone Plantations Company with full powers to discuss all questions arising out of the Committee's scheme.

I plan to be in England for the next 10 days should the Department desire to communicate with me. [Reber.]

ATHERTON

882.01 Foreign Control/325 : Telegram

*The Secretary of State to the Chargé in Great Britain (Atherton)*

WASHINGTON, August 10, 1932—2 p. m.

215. For Reber. Your telegram 234, August 4, 1 p. m. Please acknowledge the first letter stating that you have been instructed by your Government to say that you will again represent the United States at the meeting of the International Committee on Liberia opening September 19. Please inform Ambassador Gibson and Gilbert by mail.

<sup>617</sup> Not printed.

You may use your discretion as to whether it would be desirable to acknowledge the second letter. The Department understands that at present the Firestones do not intend to have a representative at the next meeting. This is based upon their desire to have the essentials of a "plan" and the question of "authority" definitely accepted by Liberia as a prerequisite to negotiations by either the Finance Corporation or the Plantations Company with Liberia. As you know the Department is in entire sympathy with this point of view, so that on the whole we believe it would be better either to make no acknowledgment of the second letter or to limit your reply to a brief statement of receipt.

Your transportation expenses and a per diem of \$6.00 which includes all tips are approved from Brussels to Geneva, while there, and return. Accounts chargeable to transportation of Foreign Service officers. You are authorized to proceed to Geneva a few days in advance of the meeting, should that be necessary.

STIMSON

---

882.01 Foreign Control/334 : Telegram

*The Chargé in Liberia (Hunt) to the Secretary of State*

MONROVIA, August 19, 1932—5 p. m.

[Received August 20—12:18 a. m.]

85. Department's telegram No. 60, August 16, 7 p. m.<sup>62</sup> The second extraordinary session of the legislature was characterized by a wide divergence of opinion between the House and Senate on the League plan of assistance. A joint resolution was passed authorizing the President to adopt annex 3 of the plan of assistance<sup>63</sup> as a basis upon which the League of Nations will render assistance to the Republic of Liberia, copies of which are being sent to the Department and Reber. Outstanding points of the resolution summarized are as follows:

"Section 2. That in the event the alterations suggested by the League of Nations in the agreement between the Government and the Finance Corporation and the Firestone Company are agreed upon, the \$247,000 balance due on the first block of the loan shall be deposited with a reliable banking concern designated jointly by the Officier du Liaison, the Financial Adviser and the Government of Liberia as the official depository as initial fund for the operation of the scheme of assistance."

<sup>62</sup> Not printed.

<sup>63</sup> For text of annex 3, see League of Nations, *Official Journal*, July 1932, p. 1419 (C./Liberia/17(1)).

It is recommended that provisional [*provincial?*] commissioners and other staffs provided for should be Liberians, whose salaries and allowances should not exceed \$30,000. The President is not authorized to organize a *gendarmerie*, as provided in article No. 3, however each of the commissioners shall have 45 messengers. The official appointed by the League is accepted for a period of 5 years; he will be minister without folio privileged to attend Cabinet meetings, his salary fixed at \$10,000 and \$2,000 allowance for secretary. The President with the financial committee of League empowered to commence negotiations with Firestone and Finance Corporation respecting modifications in their contracts as suggested in the League plan.

Grimes sails tomorrow for Switzerland.

HUNT

---

882.01 Foreign Control/342

*The Under Secretary of State (Castle) to the British Chargé  
(Osborne)*

WASHINGTON, August 27, 1932.

DEAR OSBORNE: I am enclosing some papers, which are self-explanatory, about our attitude toward the Liberian Joint Resolution regarding the League "Plan of Assistance." I am sending you this because I feel it only fair that your Government should know how we feel in the matter prior to the next meeting on Liberia to be held in Geneva.

I have handed the same memorandum to the Italian Ambassador and to the French and German Chargés d'Affaires.<sup>64</sup>

Sincerely yours,

W. R. CASTLE, JR.

[Enclosure]

*The Department of State to the British Embassy*

MEMORANDUM

In a memorandum submitted to the International Committee on Liberia at the close of its third session last May the American Government stated its belief that the purpose of a plan of Liberian rehabilitation to be achieved through a period of assistance, under appropriate international guarantees, would be finally to provide for the benefit of the Liberian people precisely that sovereignty and

---

<sup>64</sup> Copies of the memorandum were also transmitted to Edwin Barclay and to the Secretary General of the League of Nations. Later the text was released for publication in American newspapers. (882.01 Foreign Control/344a, 344b.)

independence which had so frequently been discussed by the Committee in connection with the apparent reluctance of Liberia to delegate ample and adequate authority, without which no plan of assistance could succeed.

The American Government added that the United States sought no special advantage or position in Liberia, but only the welfare and development of the Liberian people and the proper protection of American nationals and investments, and that it was convinced that the deplorable conditions prevailing in that country, together with the inability or unwillingness of the present administration to remedy them, were rightly matters of international concern, to be solved through sustained international cooperation. The United States has not abandoned this policy.

With respect to the "plan of assistance"\*, however, adopted by the Council of the League on May 20, 1932, and subsequently transmitted to Liberia, the American Government submitted a formal reservation reading in part as follows:

[Here follow extracts from the reservation printed in full in telegram No. 200, May 21, noon, from the Consul at Geneva, page 731.]

The full text of the American reservation is attached.

The American Government understands that a joint resolution with respect to the plan of the International Committee was passed by the Liberian legislature in special session on August 18, 1932. From the text of the resolution, a copy of which is appended,<sup>65</sup> it appears that this instrument would still further and very materially weaken the plan, which was unacceptable to the American Government in its original form because of its basic weakness regarding the question of the delegation of authority.

In the event that this resolution should be presented by Liberia at the next meeting of the International Committee, scheduled to begin on September 19, next, the American Government would manifestly be unable either to approve the plan, and the restrictive resolution based thereon, or to consent to transmit them to the Finance Corporation of America and the Firestone Plantations Company as the bases for a relinquishment or diminution of their present rights in Liberia.

WASHINGTON, August 25, 1932.

---

\* League Document C./Liberia/17 (I), "*Annex Three*." [Footnote in the original.]

<sup>65</sup> Not printed; see telegram No. 85, August 19, 5 p. m., from the Chargé in Liberia, p. 747.



882.01 Foreign Control/344

*The British Chargé (Osborne) to the Under Secretary of State  
(Castle)*

WASHINGTON, 30 August, 1932.

MY DEAR CASTLE: Many thanks for your letter of August 27th and the accompanying exposition of the attitude of the United States Government towards the Liberian Joint Resolution on the League Plan of Assistance. I am both telegraphing the substance, and forwarding the full text, to London.

Meanwhile I have been instructed to inform your Government that His Majesty's Government understand that the League Secretariat are writing direct to the Firestone Company, inviting them to appoint a representative to be present at Geneva during the forthcoming session of the Liberia Committee of the Council, which is to meet not later than September 22nd, and of the Council itself. I am to add that His Majesty's Government attach great importance to the presence at Geneva of such a representative since, unless the negotiators on behalf both of the Liberian Government and of the Finance Corporation have full powers to conclude a final and binding settlement, they foresee serious risk that the forthcoming meeting may only result in a further postponement of a solution of the problem. They hope, therefore, that the United States Government will be prepared to use their influence to persuade the Firestone Company, not only to take advantage of the League's invitation, but to allow their representative the widest possible powers.

Yours sincerely,

D. G. OSBORNE

882.01 Foreign Control/344

*Mr. Ellis O. Briggs of the Division of Western European Affairs  
to the British Chargé (Osborne)*

WASHINGTON, August 31, 1932.

DEAR OSBORNE: I have your letter of August 30, acknowledging the receipt of our Memorandum on the Liberian situation.

With respect to the communication from your Government urging the acceptance by the Finance Corporation of America of an invitation from the League to be present in Geneva at the time of the next meeting of the Committee on Liberia, I believe that you will find this point covered by implication in the final paragraph of our Memorandum.

While we share your Government's earnest hope that a solution of the problem may not again be postponed, we are of the opinion

that in this case the responsibility should not be allowed to appear to rest upon the American company, which has already expressed its willingness to cooperate, but should rest squarely upon the present administration in Liberia, which has thus far declined to grant the authority necessary to the successful execution of any "plan of assistance". We believe that this question of authority is the crux of the matter, and that it would be futile to continue discussions of the details of a "plan" in Geneva, or for the company to send a representative to Geneva to discuss them, unless and until, as a preliminary measure, adequate authority had been delegated by Liberia, under appropriate international guarantees.

I should be pleased to talk over this latter phase of the matter with you in greater detail at an early date, particularly with reference to any steps which might be taken jointly by the Governments principally interested with a view to inducing the Liberian administration satisfactorily to settle the question of the delegation of authority.

Sincerely yours,

E[LLIS] O. B[RIGGS]

---

882.01 Foreign Control/346

*The President of the Finance Corporation of America  
(Wm. P. Belden) to the Secretary of State*

CLEVELAND, OHIO, 2 September, 1932.

[Received September 6.]

SIR: We are herewith transmitting for the information of the Department of State copy of an invitation received from The Secretary General of the League of Nations, dated August 24th, 1932, together with our reply, dated September 2nd, 1932.

Yours very truly,

FINANCE CORPORATION OF AMERICA  
WM. P. BELDEN, *President*

[Enclosure 1]

*The Secretary General of the League of Nations (Drummond) to the  
Finance Corporation of America*

GENEVA, August 24, 1932.

Council Committee on Liberia meeting September 19th, Geneva, discuss definitive arrangements regarding scheme of assistance Liberia. As your Corporation is aware, recommendations made last May by Committee include certain suggestions affecting Loan Contract with Liberian Government.

President Council Committee requests me to inform you that Committee would appreciate opportunity of consulting your corporation and securing general agreement in the interest of all parties and accordingly to invite you to send representative.

[ERIC DRUMMOND]

*Secretary General, League of Nations*

[Enclosure 2]

*The Finance Corporation of America to the Secretary General of the League of Nations (Drummond)*

NEW YORK, September 2, 1932.

Appreciate courtesy your invitation to have representative present at next Liberian meeting. However, since American Government has not endorsed a plan for assistance to Liberia, we do not believe that any practical results could be accomplished by our sending a representative to Geneva until a satisfactory foundation for useful negotiation has been laid.

FINANCE CORPORATION OF AMERICA

882.01 Foreign Control/345

*The Firestone Plantations Company to the Secretary of State*

AKRON, OHIO, September 2, 1932.

[Received September 3.]

SIR: We are herewith transmitting for the information of the Department of State copy of an invitation received from The Secretary General of the League of Nations, dated August 24th, 1932.<sup>67</sup>

No reply has been made to this message.

Yours very truly,

FIRESTONE PLANTATIONS COMPANY  
B. M. ROBINSON, *Secretary*

882.01 Foreign Control/367 : Telegram

*The Consul at Geneva (Gilbert) to the Secretary of State*

GENEVA, September 20, 1932—3 p. m.

[Received September 20—1:45 p. m.]

250. From Reber. While willing to insert as strong provisions as possible to secure adequate authority for principal adviser Cecil attaches equal importance to the choice of the individual. He explained

<sup>67</sup> Not printed; it was similar to the one sent to the Finance Corporation of America, p. 751.

that without a suitable appointee no machinery however well devised will be adequate.

He told me that the British Government was prepared to advocate the choice of a neutral for this position. Appreciating the objections to the selection of a British, French or Dutch national the choice of any one of whom he will oppose he feels that his Government cannot support the appointment of an American citizen. He advanced this thesis voluntarily and explained that he felt that such an increase in American participation, inasmuch as the American fiscal officers will remain, would be incompatible with the functions of the International Committee which, rather than the American Government, would be responsible for the execution of its scheme. He added that should the American Government be disposed to accept full responsibility for the execution of any scheme his Government would consider that the best solution and he personally would be willing to recommend to the Council of the League that Liberia be left to American administration. He wished to assure me that Great Britain was not desirous of seeking any special position nor was it opposing in any manner the American interests in Liberia but he felt that if the question of Liberian councilors were to be maintained a subject of international concern, so dominant an American supervision would be unacceptable to the Committee. With this understanding he was pleased to support any position we chose to adopt at the Committee meetings.

The German representative has assured me of the support of his Government to secure adequate authority for the Chief Adviser. He expressed the hope, however, that the United States will support a neutral for the position.

Other members notably Spain, Panama and Poland have also manifested the same desire if an extension of authority is to be granted the Chief Adviser. [Reber.]

GILBERT

---

882.01 Foreign Control/367 : Telegram

*The Secretary of State to the Consul at Geneva (Gilbert)*

WASHINGTON, September 21, 1932—4 p. m.

132. For Reber. Your 250, September 20, 3 p. m., was received after the dispatch of our No. 130.<sup>68</sup>

Your message makes it appear that the Committee is endeavoring to exact our approval of a "neutral" Chief Adviser as the price of support for our position with reference to the necessity of the delega-

<sup>68</sup> No. 130 not printed.

tion of authority. We query, as stated last night, whether the question of the nationality of the principal official should properly come up at this time. If the Committee insists upon bringing it up, and if you are unable to reserve our position thereon, you will have to state that your Government, the interests of whose nationals represent by far the most important investment in Liberia, would energetically support the appointment of an American citizen.

STIMSON

---

882.01 Foreign Control/367 : Telegram

*The Secretary of State to the Consul at Geneva (Gilbert)*

WASHINGTON, September 21, 1932—6 p. m.

133. For Reber. Our telegram No. 132 September 21, 4 p. m. We are disturbed by Cecil's insistence on a point which we feel may well result in breaking up the meeting of the Committee,—a possibility which he cannot fail to have foreseen. Moreover he is perfectly well aware that the American Government is not "disposed to accept full responsibility" but believes that the problem deserves "sustained international cooperation."

We should like to receive your interpretation of his activities, together with confidential comment as to whether you would favor direct immediate discussion in London or Washington, initiated by us, for the purpose of pointing out to the British:

(1) That we consider the injection by Cecil of the nationality question at this time, prior to the receipt by the Committee from Liberia of any sort of satisfactory "delegation of authority" is quite likely to jeopardize the prospects of any accomplishment. (We might add that, in view of the predominant American investment in Liberia, we do not believe that the insistence of the interested company that an American citizen head the proposed organization is unreasonable, or that our support is in any way incompatible with our announced position in favor of continued international cooperation);

(2) That Cecil's thesis (as understood from your 250) that the only alternative methods of handling the problems are on the basis of "all League" or of "all American" participation, impresses us as unsound. It seems obvious that our policy throughout vis-à-vis the Liberian situation has been in the expectation of full and cordial participation with League agencies. Our insistence upon the preliminary delegation of authority by Liberia is and has been founded on the desire to avoid difficulties which our experience indicates would inevitably ensue unless the "plan" were thoroughly practicable.

STIMSON

882.01 Foreign Control/371 : Telegram

*The Consul at Geneva (Gilbert) to the Secretary of State*

GENEVA, September 22, 1932—8 p. m.

[Received 11 p. m.]

262. From Reber. Department's 132, September 21, 4 p. m.; and 133, September 21, 6 p. m.

Although I am endeavoring to postpone any discussion of the nationality of the Chief Adviser there is an overwhelming sentiment already existing in the Committee that the person selected should be a neutral, which would exclude a national of any state having African possessions or specific interests in Liberian products. This attitude receives additional support from the general understanding that neither British, French, nor Dutch nationals would be acceptable.

I am informed on excellent authority that should a vote be taken at the present time the United States would remain alone in its support of an American candidate. A number of members consider that inasmuch as the United States has made the question a matter for international cooperation the League cannot accept direct supervision of an international plan by a country having specific interests in Liberia. It has been directly contrary to League procedure in other cases to appoint at the head of similar administrative commissions citizens of countries directly concerned.

In this connection Cecil told me he must stress the fact that the Council of the League will not agree to the appointment of a citizen of any single country having predominant interests in Liberia.

Members of the Committee have been led to believe, presumably from Liberian sources, that American policy in this matter centers upon the appointment of an American citizen as Chief Adviser to draw up a plan which would principally concern and benefit Firestone interests. I have reason to think that recent activities in Monrovia have induced Barclay to inform other members of the Committee that the United States has been endeavoring to persuade Liberia to advocate the appointment of an American citizen and that even should Liberia suggest this nomination other members of the Committee would reject it.

I do not believe Cecil is particularly animated in this connection by pro-British interests. He seems primarily anxious to keep the question upon an international basis, and the mere fact that an American citizen is not Chief Adviser does not in his opinion preclude American participation in sharing with the League the responsibility for the success of the plan. He feels that American financial interests can be adequately protected through the Financial Adviser.

He stated to me this morning that he feared it might not be possible to prevent the question of nationality from being discussed in connection with the determination of the neutrality of the Chief Adviser.

With reference to the Department's inquiry as to the possibility of discussing this matter directly with the British Government, I can only say that Cecil has told me that he has been given a free hand by his Government to effect a settlement of this matter along general international lines and I fear that a change in British policy in this respect might be difficult to obtain.

Although I have made it clear the United States at the present time desires to reserve the question of nationality, this point has been raised in several discussions I have had with other members of the Committee and the sentiment against an American citizen as Chief Adviser is one which cannot be disregarded. Insistence upon this point will in my opinion result in a break-up of the meeting without solution. Inasmuch as some report must be made by the Committee to the Council, I have received intimations that in such an event a recommendation might be made that in view of American position the solution of the Liberian problem should be assumed by the United States. [Reber.]

GILBERT

---

882.01 Foreign Control/369 : Telegram

*The Minister in Switzerland (Wilson) to the Secretary of State*

GENEVA, September 22, 1932—10 p. m.

[Received 10:20 p. m.]

1. Cecil came to see me today to say that matters in the Liberian Commission had reached such a crucial point that he thought I ought to be apprised of the situation.

He explained he was in sympathy with the American position that adequate authority should be delegated to the Chief Adviser but he felt that the Committee could only permit this to be inserted in the framework of its own plan. In the first place it would not be prepared to give an unlimited mandate to a single individual to prepare a scheme of administrative reform and second it felt its own plan had been evolved during months of work and discussion and with assistance of as competent experts as could be obtained and presented at least the framework of the best solution possible.

He also told me of similar adverse sentiment on the part of the Committee to the appointment of an American as principal adviser. This was incompatible with League practice which would be to

select for such an administrative position a national of a country having no important interests in the territory affected. To place an American at the head of the plan of reform would be to give him the power of arbiter between an American concern and the Liberian Government and would amount to practical administration of the country being centered in American hands. It has been made clear to him that the sentiment in the Committee was strongly adverse to this position of the United States and he added not only that it would be impossible to gain acceptance of our views but that he himself would be obliged to oppose the appointment of an American. He added that if the American Government would assume entire responsibility he himself and he thought the other members of the Commission would be happy to confide the mandate to America but that a League commission could not create a situation in which the fate of a member state was in effect confided to a private company.

From other sources I learn that there is a certain feeling of exasperation among members of the Commission at our attitude and I fear that we are facing a situation where we must make a definite choice. Having caused this matter to be taken up by the League we must now choose between working with a League commission in customary League procedure or having this entire matter dropped by the League and put back to our responsibility.

Since dictating the foregoing Simon has spoken to me regarding this matter. He desired me to convey a personal message to the Secretary of State to the effect that I could assure the Secretary of State that he had personally investigated the matter in his own Foreign Office and had assured himself that there was no British interest involved in this matter. He added that he thought that the Liberian question offered an admirable opportunity for the United States and Great Britain to stand shoulder to shoulder in an unselfish and humanitarian effort. He would welcome the appointment of the national of any country which had not direct interests involved and who had certain administrative experience and was not contemplating urging the appointment of any British subject.

Reber has seen this telegram.

WILSON



882.01 Foreign Control/376a : Telegram

*The Secretary of State to the Acting Chairman of the American Delegation at the General Disarmament Conference (Gibson)*

WASHINGTON, September 25, 1932—3 p. m.

3. For Wilson. Please see Sir John Simon and Lord Cecil and read them the following personal message for me:

"Since receiving the messages you sent me through Mr. Wilson, I have given personal study to the situation which you presented. I have always felt that the deplorable condition in Liberia could best be corrected by international cooperation, and I am fully aware of the useful preparatory work which has been accomplished to date under the auspices of the Liberian Committee.

However, I am frankly disturbed at the possibility that even before the vital question of delegation of adequate authority has been disposed of, the controversial question of the nationality of the chief advisor should be interjected. I feel quite strongly that this point should not be brought up till later. If, however, the point must be raised, Reber will not insist on behalf of this government in favor of the appointment of a chief advisor of any given nationality.

But I think we must look one step further. If I am rightly informed, once this government has endorsed the plan and forwarded it to the Firestone interests it will still require the modification of the latter's contract to become effective. The Firestones, whose assent and sacrifice is thus necessary to the consummation of the plan, feel very strongly from their viewpoint the necessity of having an American chief advisor. While officially we shall not urge this course, I confess to considerable sympathy with it as possibly the best solution in a region which although situated in another continent has many ties of tradition with America. But I certainly shall not be willing to urge a contrary decision upon the Firestones in a matter directly concerning their contractual rights legitimately acquired. I have followed with some care the record of Mr. Firestone's enterprises in Liberia. They embody the only major center of civilisation in an undisciplined region which tends without outside pressure to revert to chaos. If in direct negotiations with the Firestone interests, the League can persuade them to modify their insistence on the question of nationality which they at present forecast, the problem ceases to be acute. If, on the other hand, the League should ask me to suggest an American for the post, I should give my personal attention to selecting a man of such integrity that there could be no suspicion of his backing any form of political or commercial imperialism. I put it to you in all fairness whether, if the situation were reversed, you would not find great difficulty in putting pressure on a British corporation that was the only real influence for civilisation in an ill-governed tropical community, to modify its contracts and advance yet further money in support of a plan until they were fully satisfied that their interests would be adequately protected. I am so exercised at the way matters are developing that I am sending you this personal message as I should be reluctant to see our collaboration weakened.

I feel that by tackling the second step before the satisfactory disposal of the all-important first step, namely the delegation of adequate authority, an attempt is being made to drive a wedge between us which will profit none, least of all the Liberians."

Please show this telegram to Reber.

STIMSON

---

882.01 Foreign Control/400

*The American Representative on the International Committee on Liberia (Reber) to the Secretary of State*

GENEVA, 29 September, 1932.

[Received October 10.]

SIR: Supplementing the Consulate's recent telegrams concerning the September session of the International Committee on Liberia, I have the honor to submit herewith more detailed observations with regard to the Committee's work and its programs for the future.

The Minutes and documents of these meetings will be transmitted to the Department as soon as a full set can be received.<sup>69</sup> I am, however, enclosing three copies of the document setting forth the general principles of the Plan of Assistance,<sup>70</sup> which were accepted by Liberia on September 27, 1932 and adopted by the Committee on that date.

Acting upon the Department's telegraphic instructions, I arrived in Geneva several days prior to the date of the meeting set for September 19th in order that I might have an opportunity to discuss with various members of the Committee and the League Secretariat the Liberian reservations to the program of reform outlined at the May session and to ascertain their views concerning the Department's memorandum of August 25th. It was understood during these preliminary discussions that the Liberian reservations were unacceptable to the majority and in particular to the President, Lord Cecil, who, as has previously been telegraphed, was prepared to support satisfactory provisions insuring the grant of adequate authority to the Chief Adviser.

<sup>69</sup> They were transmitted to the Department under covering letter of October 17 (not printed). For texts of the documents printed, see League of Nations, *Official Journal*, December 1932, pp. 2037 (C.662.M.319.VII), 2051 (C.720.1932.VII), 1936 (C.721.1932.VII), and 1935 (C.722.1932.VII).

<sup>70</sup> For revised text of the "General Principles of the Plan of Assistance" and the accompanying "Observations Regarding Certain Clauses of the Plan," see League of Nations, *Official Journal*, December 1932, pp. 2053 and 2055. The "General Principles" are also printed in Department of State, *Press Releases*, October 15, 1932, p. 240.

It was in connection, however, with the appointment of this official that the question of his nationality was raised by Lord Cecil in the preliminary discussions. His views in this connection were outlined to the Department in telegram No. 250, September 20, 3 p. m. This position was supported by other members of the Committee, who were not adverse to granting an extension of this official's powers but felt that he should be a neutral, that is to say, a national of a State having no specific interests in Liberia or in the development of any of its products. During the course of these private discussions it became manifest that any suggestion for the appointment of an American would be unacceptable if proposed. In view of this sentiment it was considered most important that no reference to this question be permitted in the Committee during the course of its deliberations, and with the support of the President and the *rapporteur* it was possible to avoid such a discussion on the ground that until the man's functions had been determined it would be unwise to consider his selection.

In spite of this decision to delay consideration of the nationality of the Chief Adviser, the British representative, Lord Cecil, felt this matter was of extreme importance and that an effort should be made to harmonize the views of the American and British governments on this subject, for he thought it necessary that the two governments should agree concerning this individual before any proposals could be submitted to the Committee. In this connection references are made to the exchange of telegrams regarding the intervention of Sir John Simon and Lord Cecil. Lord Cecil's letter to Mr. Wilson in reply to the message transmitted in pursuance to the Department's No. 3<sup>71</sup> is enclosed at the Minister's request.

When the Committee met on September 19th it recommended that any changes in its program (Annex III. Document C469.M.238, 1932 VII) should be presented in the shape of amendments to this text. In spite of the American proposal that the whole question of Liberian reforms could be more adequately and successfully solved through the appointment of a single individual, who would thus be in a position to prepare a satisfactory plan according to the principles already developed in the Committee, to insure the effective application of reforms, and through collaboration with the Liberian Government to reduce the preliminary expenses involved in setting up the necessary machinery, all the other members, except the Liberian who was opposed in general to any American suggestion, felt that any such departure from their program would endanger

---

<sup>71</sup> *Supra.*

the application of the principles provided in other sections of the plan. It was felt that the appointment of the three provincial commissioners and their deputies, which was considered to be of vital importance, would be jeopardized by the suggestion.

Since the Committee realized, however, that the American Government had certain objections to the annex, it was prepared to consider these if changes could be wrought within its framework; otherwise it was feared that the whole work of the Committee up to the present time would be abandoned. Very serious opposition to this grant of power to a single individual was raised.

In order to counteract this and an impression which, probably originating from Liberian sources, seemed to be gaining ground in the Committee to the effect that the American desire to augment the powers of the Chief Adviser was largely inspired by the hope of appointing an American to reorganize the country along lines principally beneficial to the Firestone interests, it was considered wise to solicit the Department's permission to press its objections in the form of amendments to Annex III inasmuch as they seemed principally concerned with the lack of power granted the Chief Adviser and certain aspects of the financial changes suggested. To meet these views, references to the Financial Adviser in Chapter 3 were tentatively placed to one side pending the results of the discussions with the American financial interests. Likewise Section 2 of the Annex III relating to the suggested changes in the loan and plantations contracts was omitted upon the understanding that it contained only suggestions to be taken into account during the course of the direct financial negotiations between the Liberian Government and representatives of the American groups.

In spite of the many amendments to the draft of the Plan of Assistance, (C. Liberia/27) presented by the Liberian representatives, the details of which will be seen from the Committee documents, few of these were accepted by the Committee, which determined primarily under Chapter 1 to retain the text as originally drafted. Although the original proposal of the experts had envisaged the exclusion of Monrovia from the administrative control of the foreign commissioners, this point was apparently overlooked by the Liberian delegation when it withdrew its proposal to exclude the counties from the application of the Plan of Assistance. It is now definitely understood by the Committee (reference thereto is to be inserted in the final report) that the whole territory of the Republic is to be included within the three provinces, no exception being specified.

As regards the Liberian proposal to admit only Liberians as deputy commissioners, the final decision on this point was reserved

for the Chief Adviser. Other changes in the first two chapters do not seem to require comment, save as regards the proposed *gendarmerie*, placed under the orders of the provincial commissioner. The Committee was willing to change the name of this corps to that of messengers in accordance with existing practice in other territories of West Africa. Their functions and numbers will be arranged by the Chief Adviser.

The final drafting of Chapter 3 of the document in question is postponed.

With reference to Chapter 4, it will be seen that the appointment of the Chief Adviser by the Council of the League of Nations with the acceptance of the Liberian President is envisaged. Chapter 6, however, contains a general provision that all powers exercisable by the Council may be exercised by a standing committee appointed by it, except as regards determination of the duration of the scheme, a function which cannot be delegated by the Council to any other body. This arrangement will permit the United States to have a voice in the selection of the official or to exercise its veto should the individual chosen not be satisfactory, since the unanimity rule will be exercised in this case. Inasmuch as the appointment will have to be accepted by Liberia before coming into force, the Committee did not deem it possible to apply the provisions of paragraph 5 of Article 2 in this case. I was assured by the President during the meetings that the Committee would have first to agree upon this official, and that the Council would not wish to select anyone whose appointment was not acceptable to one of the States particularly interested.

The clauses in paragraph 3 of Article 1, relating to the documents and official reports to be supplied the Chief Adviser, were retained in the draft for two reasons. The first of these, which was made apparent in the Committee, was that Liberia wished to restrict this function and to make these reports available only in cases where a dispute had arisen between him and the Government. As explained to me, the second of these reasons which seems of importance, relates to the power thereby granted him of investigating judicial processes and court proceedings. This would seem an important provision, as otherwise no mention is made in this plan to reforms of the judiciary, except under the general clauses to the effect that the Chief Adviser in drawing up progressive details of the Plan of Assistance should take into account the discussions that have taken place in the Committee.

In addition to supervising the execution of the scheme of assistance, the Chief Adviser is empowered to prepare the progressive details of

the Plan of Assistance. This will permit him the certain necessary elasticity in applying the program of rehabilitation. Paragraph 3 of the first Article of this chapter contains an agreement on the part of the Liberian Government not only to comply with the recommendations of the Chief Adviser but to grant him sufficient and ample authority for the effective execution of the Plan of Assistance. The sole reservation to this agreement to act in accordance with his advice is contained in paragraph 2 of Article 2, which permits the Council to suspend the execution of the Chief Adviser's recommendations. This decision can be reached only, at the Council's or Committee's discretion, in cases involving violation of the existing constitution and does not permit Liberia to do other than comply with the recommendations made by the Chief Adviser, unless the unanimous decision of the Council,—Liberia's vote not counting—should so permit.

While it is recognized that the full text is not perfectly satisfactory, it would seem that the main principles which the Department has considered of importance are embodied therein. The Chief Adviser has adequate authority to supervise the execution of the plan. His recommendations must be carried out, except when the Council may decide to suspend them in the case of violation of the constitution; and no final decisions have been taken upon a recommendation made concerning the financial sections or the clauses relating to changes in existing contracts, since these are left open for direct negotiations with the interested financial groups—the Finance Corporation of America and the Firestone Plantation Corporation.

It was therefore determined upon the receipt of the Department's telegram No. 140, September 26,<sup>72</sup> which stated that the revised draft with certain modifications later inserted appeared acceptable, to concur in the Committee's adoption of this report upon its acceptance by the Liberian representative.

The Committee has expressed the desire that negotiations should be immediately begun between the American groups and the Liberian representatives in order that a final report may be drawn up for the Council as soon as possible. During these negotiations the services of the financial section of the League will be made available to the interested parties. I do not, however, anticipate that it will be necessary for me to take part in these negotiations unless otherwise instructed, but shall be available should the Department consider that the participation of the American representative is necessary.

Respectfully yours,

SAMUEL REBER, JR.

---

<sup>72</sup> Not printed.

[Enclosure]

*The President of the International Committee on Liberia (Cecil) to  
the American Minister in Switzerland (Wilson)*

GENEVA, 27 September, 1932.

MY DEAR WILSON: I was extremely grateful to you for showing me the message from Mr. Stimson yesterday. I appreciate very much his courtesy in the matter, and reciprocate to the full his anxiety that nothing should be done in the Liberian affair which can possibly cause any difference of view between our two Governments.

I am glad to say that this afternoon we have finally settled, with the approval of Mr. Reber, all the administrative provision[s] of the plan of assistance which the League Committee proposes. It is now for the Firestone interests to tell us whether on that plan they are prepared to make such financial arrangements as will enable the Liberian Government to put the plan into operation. As you know, the plan provides for a Chief Adviser, to whom is now given ample power, on paper, to carry the plan into execution. It does not touch any of the financial arrangements now in existence except so far as may be agreed upon by the Firestone interests. Under these financial arrangements the nominee of the Firestone interests has complete control, as I understand it, of all receipts and expenditure by the Liberian Government in a sufficient degree to secure the debt due from Liberia to them. The Committee were advised that, for whatever reason, the result of this financial arrangement had been not favourable to the Liberian financial position, mainly no doubt through the folly of the Liberian Government, apparently not checked, or not sufficiently checked, by the Financial Adviser appointed by the Firestone people. It is to be one of the duties of the Chief Adviser in any question that may be raised as to expenditure affecting the plan of assistance, to arbitrate between the Financial Adviser and the Liberian Government, but the Chief Adviser will have no power, as I understand it, to insist on any payments by Liberia without the consent of the Financial Adviser.

It is obvious that if this machinery is to work satisfactorily to Liberian opinion, the Chief Adviser must be not only independent but clearly and obviously independent of any bias in favour of the Financial Adviser. He must be and must seem to be, absolutely impartial as between Liberia and the Firestone people.

That is one of the reasons why it seems to me rather difficult to agree that the Chief Adviser should be of American nationality. A more important reason, however, is that if the Chief Adviser were American, the complete administration of Liberia in every respect

would be placed in American hands, since the Financial Adviser is American also. That might be for the best from the point of view of Liberian Administration; I can see many advantages in it; but I think it would be impossible for the League to agree to hand over the administration of one of its members entirely to individuals of one nationality, unless there were serious international guarantees for their good administration. What I mean is that if the proposal were that the American Government should undertake the responsibility for the administration of Liberia through a Chief Adviser and a Financial Adviser appointed with the concurrence of the League of Nations, that would be a proposal which from the League point of view would have much to recommend it. They would cease to have any serious responsibility except such as they have in a mandated country, and they would have the conviction that the guarantees resulting from American official administration would be fully present.

I myself should be glad to support such a solution, though I am afraid it would meet with very vehement opposition from the present Liberian Government. But unless the American Government is prepared to take the responsibility in the matter, I do feel that it is almost impossible for the League to agree to hand over Liberia to two private American individuals, one of whom would be the nominee of a commercial company, and I am pretty certain that it would be almost impossible to persuade the present League Committee, or any other League Committee, to agree to such a solution. I think they would certainly agree that the Chief Adviser should be chosen from some nation which could not be suspected of any rivalry of the United States or any unfairness to American interests. They would be quite ready to exclude, for instance, British, French and Dutch nationals. They would accept a Scandinavian or practically any other Western nationality that was approved by the American Government, but I do not see how they could be expected to go further than that, and if the Firestone people insist on an American Chief Adviser, I am afraid that the whole negotiation will break down, unless some other source can be found from which the relatively small sum necessary for starting the reforms can be obtained.

I have ventured to put the matter rather fully and I hope clearly to you, but of course you must understand that I am writing without having had the opportunity of submitting my observations to the British Government, and, though I have no reason to suppose that they would differ from them, yet it must be understood that I am not in any way committing them.

Yours very sincerely,

CECIL



882.01 Foreign Control/381 : Telegram

*The Consul at Geneva (Gilbert) to the Secretary of State*

GENEVA, September 29, 1932—5 p. m.  
 [Received September 29—12:50 p. m.]

274. From Reber. My 271, September 28, noon.<sup>73</sup> I have been asked to inform the chairman how soon the Firestone interests are prepared to negotiate the financial clauses of the plan of assistance, the administrative sections having been accepted by the Liberian representatives. Harvey Firestone, Jr. is in Paris without word from Akron regarding decision there. Please instruct. [Reber.]

GILBERT

882.01 Foreign Control/381 : Telegram

*The Secretary of State to the Consul at Geneva (Gilbert)*

WASHINGTON, September 30, 1932—6 p. m.

144. For Reber. After informing Mr. Firestone, Senior, of your telegram No. 274, Howe stated that Mr. Firestone said that the Finance Corporation had no intention of considering "negotiating" unless and until the new annex 3 had been (1) fully accepted by Liberia, and (2) transmitted officially to the Finance Corporation by the Department. Mr. Firestone added that he would inform his son to this effect.

What will be the approximate date of arrival of the text by mail?

STIMSON

882.01 Foreign Control/392

*Memorandum by the Chief of the Division of Western European Affairs (Moffat) of a Conversation With the British Chargé (Osborne)*

WASHINGTON, October 3, 1932.

Mr. Osborne stated that he had received an instruction from the Foreign Office asking him to urge the American Government to persuade the Firestones to start private negotiations with the League officials just as soon as was humanly possible as they were anxious to close up the whole matter during this session of the Council.

I told Mr. Osborne the story in brief of the negotiations at Geneva. I said that we had always maintained the position that before transmitting the League plan to the Firestone interests, we must be

<sup>73</sup> Not printed.

assured (1) that adequate authority was delegated to the principal advisers, and (2) that the Liberian Government had agreed to this delegation of authority. As far as point 1 was concerned we were now satisfied; point 2, however, remained in some doubt. Reber, our Delegate, had written a letter to Lord Cecil asking him if the acceptance of the report by the Liberian Delegate constituted a binding obligation on the Liberian Government. No answer had as yet been received and until we were satisfied on that point, we did not feel that we could transmit the document to the Firestones.

PIERREFONT MOFFAT

882.01 Foreign Control/388 : Telegram

*The Consul at Geneva (Gilbert) to the Secretary of State*

GENEVA, October 4, 1932—5 p. m.

[Received October 4—2 p. m.]

282. From Reber. My telegram No. 276, October 2 [1], p. m.<sup>74</sup> The President of the Liberian Committee informs me that the Liberian representatives have "accepted the plan on behalf of their Government subject to a successful outcome of negotiations with the American group interested."<sup>75</sup>

Inasmuch as a modification of the Finance Corporation's contract will be required to make effective this scheme and provide the funds for its execution this last clause was considered essential.

With this understanding the Government of Liberia has accepted the plan of assistance as adopted by the Committee.

In his telegram of reply the President likewise has asked me to inform him as soon as possible when the Finance Corporation representatives could be expected to commence the negotiations. [Reber.]

GILBERT

882.01 Foreign Control/396 : Telegram

*The Consul at Geneva (Gilbert) to the Secretary of State*

GENEVA, October 7, 1932—1 p. m.

[Received October 7—10:55 a. m.]

288. From Reber. The Secretariat informs me that it will be necessary to reconvene the Liberian Committee early next week,

<sup>74</sup> Not printed.

<sup>75</sup> See League of Nations, *Official Journal*, December 1932, p. 2051.

probably October 12th, in order that another interim report may be presented to the Council before the latter adjourns.

A certain display of resentment by the Committee and possibly the Council over the delay in commencing the financial negotiations may be difficult to avoid unless before that time some definite date may be fixed for these negotiations or unless further reasons for the continued absence of the Finance Corporation representative from Geneva can be advanced.

Early instructions would be appreciated as to the attitude I should adopt at this meeting.

Firestone, Junior, now in Spain, appears to be under the impression that the selection of an American as Chief Adviser is the next step before he commences the direct negotiations. [Reber.]

GILBERT

---

882.01 Foreign Control/396 : Telegram

*The Secretary of State to the Consul at Geneva (Gilbert)*

WASHINGTON, October 7, 1932—5 p. m.

150. For Reber. Your 281, October 2 [3], 3 p. m. [2 p. m.]<sup>76</sup> and 288, October 7, 1 p. m. The revised text was sent to the Finance Corporation on October 5, under cover of a letter<sup>77</sup> containing the following paragraph:

“In the opinion of the Department these general principles are susceptible of use as a basis for the further development of the Liberian problem through direct negotiations between the Finance Corporation and Liberia. In making the text available to you the Department accordingly endorses in this sense the general principles contained therein”

The company was also informed of the urgent desire of the Committee to learn whether or when a Finance Corporation representative would be available for direct negotiations, and we offered to transmit through you the company's reply.

You may inform the Committee and/or the Secretariat, dating your letter October 8 but arranging that it arrive only on Monday morning, October 10.

Is the text being held confidential? The Department is in receipt of numerous requests for copies, information as to progress, etc., from philanthropic and racial groups. On the whole, we should prefer to have the initial publicity from Geneva, not earlier than

<sup>76</sup> Not printed.

<sup>77</sup> For text of the letter of October 5 and its enclosures, see Department of State, *Press Releases*, October 15, 1932, pp. 239-244.

Monday, following which we would expect to release the text here, together with our transmitting letter to the Finance Corporation.

We can see no justification for resentment by the Committee or the Council over the delay in commencing the financial negotiations. The text was only transmitted by us to the Firestones on October 5, the earliest date on which we were satisfied that the delegation of authority was adequate and that the acceptance of the plan by the Liberian representative constituted a binding obligation.

You may, in your discretion and if necessary, point out the foregoing to the Committee.

STIMSON

---

882.01 Foreign Control/399

*The President of the Finance Corporation of America (Wm. P. Belden) to the Secretary of State*

CLEVELAND, OHIO, October 8, 1932.

[Received October 10.]

SIR: Receipt is acknowledged of a letter dated October 5, 1932 with the enclosure of copies of the revised text of the "General Principles of the Plan of Assistance to Liberia" adopted by the International Committee of the League of Nations September 27, 1932 and copy of a communication from Viscount Cecil to the American Representative.<sup>78</sup> The Department suggests that this revised text may be susceptible of use as a basis for negotiations between Finance Corporation and Liberia and offers to transmit our reply.

The text of the "General Principles" grants authority to the Chief Adviser to advise and coordinate and to supervise the execution of the Scheme of Assistance, but it does not grant him authority to administer it, nor does it give him any authority over the Provincial Commissioners and their Deputies. Thus he would have responsibility without authority.

The "General Principles" provide that the Chief Adviser shall be appointed by, responsible to and removable by the Council of the League and that the other officials called for by the Plan shall be designated and replaced by the Council, and that any question which may arise from start to finish may be referred for decision by the Council.

The lack of machinery in the League of Nations to administer the affairs of Liberia and a plan of assistance has been recognized by Viscount Cecil, who stated to the House of Lords March 16, 1932—"I should be altogether opposed to any attempt on the part

---

<sup>78</sup> Department of State, *Press Releases*, October 15, 1932, pp. 239-244.

of the League of Nations to administer this country themselves. They have no machinery for doing it and they would only make an awful mess of it." <sup>79</sup>

The Plan does not allow the United States of America any part in these matters or in the settlement of any question which may arise from the operation of the Plan, and there is no provision as to the nationality of the Chief Adviser.

The Plan does not take into account the colonization of Liberia by Americans more than a century ago and the long tradition which connects America with the Liberian Republic founded in 1847, and the sacrifices by philanthropic Americans who have assisted the Liberian people through their missionary societies and large sums of money spent each year for the religious instruction and education of the natives of Liberia. The importance of the rubber plantation development and the sums of money used in developing better social and living conditions for the natives and increasing Liberia's commercial opportunities have been overlooked.

American institutions of learning, Harvard and Yale Universities among others, have financed and directed scientific expeditions to Liberia and have published their reports, covering the fields of tropical medicine and sanitation, forestry, plant and agricultural resources, etc.

Firestone Plantations Company has spent many million dollars in the development of their rubber plantations in Liberia and Finance Corporation of America has advanced over two million dollars, of which more than half was devoted to refunding pre-existing Liberian foreign loans and substantially [*sic*] of the remainder of the payment of Liberian internal debts.

In view of these circumstances it would appear that the exclusion of the American Government from participation in the rehabilitation of Liberia would not be in the interests of Liberia and would be inconsistent with such reasonable assurances as the Finance Corporation may expect.

If the Plan of the League of Nations should be changed to include participation by the American Government in the Plan of Assistance to Liberia, the designation by the President of the United States, and appointment of, an American citizen as Chief Adviser and the assurance to the Chief Adviser of ample and adequate administrative power by Legislative act from the Liberian Government, we would be willing to enter into direct negotiations with the duly authorized representatives of Liberia concerning financial assistance for Liberia.

Very respectfully,

WM. P. BELDEN

<sup>79</sup> Great Britain, *Parliamentary Debates* (House of Lords), vol. 83, p. 934.

882.01 Foreign Control/399

*The Acting Secretary of State to the Chairman of the Firestone Tire & Rubber Company (Harvey S. Firestone)*

WASHINGTON, October 10, 1932.

MY DEAR MR. FIRESTONE: I have received Mr. Belden's letter of October 8, 1932, declining on behalf of the Finance Corporation of America to enter into direct negotiations on the basis of the "General Principles of the Plan of Assistance to Liberia", which was endorsed by this Government and transmitted to the Finance Corporation by my letter of October 5. I also refer to your conversation with the Secretary of State at Woodley on September 24, last,<sup>80</sup> and to his letter to you of October 4,<sup>81</sup> in which he carefully outlined the position of the American Government with respect to the Liberian problem. You will recall that in this communication he stated very clearly that the solution of the problem was an international obligation and that, although it would be altogether opposed to American policy and objectives for the United States to undertake exclusive responsibilities in Africa, we were nevertheless willing to assume our fair share of an international responsibility, providing there was an assurance by Liberia in advance that Liberian officials would themselves cooperate.

This Government has no intention whatever of independent action toward Liberia. It is convinced that while the American people have a keen interest in that country to which they are bound by certain historic ties of association and sympathy, and have been sincerely disturbed and disappointed at the frequent reports of disorders and social injustices there, they would not countenance any assumption by the United States of direct accountability for a country on the African continent, even at the request of the inhabitants themselves.

In furtherance of our policy of international cooperation with respect to Liberia, we have participated in four meetings held under the auspices of the League of Nations. During this period we have declined to enter into formal relations with the Liberian administration and we have focused our efforts upon obtaining through the International Committee of the League the acceptance by Liberia of principles embodying a sufficient delegation of authority, under international guarantees, so that the rehabilitation of the country could really be effected when a program based upon these principles was put into effect.

<sup>80</sup> Memorandum of conversation not printed.

<sup>81</sup> Not printed.

We believe that the foundations for such a program are contained in the "General Principles" adopted by the International Committee on September 27, 1932. This document is not the product of hasty decision, but of carefully considered negotiations between the responsible officials of a number of Governments. We have discussed the various points involved through the medium of our own Representative on the International Committee and, in many instances, directly with the central authorities of the participating Governments through their diplomatic representatives in Washington.

When, therefore, the American Government accepted the "General Principles", it did so because we felt that, having been agreed to by Liberia, these principles would provide a framework within which there would be ample latitude for direct negotiations and within which your legitimate interests could be protected. In essence the "General Principles" constitute a Liberian declaration to promote an international effort to rehabilitate the country and sincerely to cooperate therein. The details were omitted in response to the direct request of this Government because we believed that it would be preferable and more practicable for them to be elaborated in consultation with your interests, inasmuch as these interests, through the investment in Liberia by the Finance Corporation, were directly concerned.

While this Government would not be an interested party in such direct negotiations and would in fact decline to be brought into any discussions which involved the modification of your own contractual rights, the American Government has been interested in bringing about a situation where we considered that direct negotiations might be entered into by your interests with a reasonable expectation of working out a solution beneficial to all. If our views are too optimistic and such a position has not been brought about, your negotiations themselves would show it.

Mr. Belden's communication, however, constitutes a refusal to accept as a basis for negotiation the "General Principles" which were endorsed to the Finance Corporation by this Government after a year and a half of patient effort. The decision, I appreciate, rests with you. But I feel I should make it clear that such a decision, declining even to explore through direct negotiations the possibilities of the plan, entails a responsibility to public opinion both in this country and abroad which the American Government is not prepared to assume on your behalf.

Should Mr. Belden's letter represent, contrary to our hopes, your final view of the matter, the Department will as indicated telegraphically inform the American Representative on the Committee,

which has already been apprised of the American endorsement of the "General Principles" and of their transmission to you, of your answer, namely that the Firestone interests decline to negotiate. Although it would of course be in order, should you desire to do so, for you to transmit Mr. Belden's letter upon your own responsibility directly to Viscount Cecil, the President of the International Committee, this Government could not be put in the position of appearing to endorse the contents of your letter by transmitting its text.

Sincerely yours,

W[ILLIAM] R. CASTLE, JR.

882.01 Foreign Control/402 : Telegram

*The Secretary of State to the Consul at Geneva (Gilbert)*

WASHINGTON, October 11, 1932—4 p. m.

157. For Reber. Department's 150, October 7, 5 p. m. and your 291, October 8, 6 p. m.<sup>82</sup> The following telegram has just been received from the Finance Corporation of America:

"Referring to your letter of October 5<sup>83</sup> with enclosures of general principles and communication from Viscount Cecil to the American representative.

"The general principles are receiving our careful study and although we are not satisfied that the general principles are as yet in form to afford a solution, we are willing to send a representative to Geneva to explore in negotiation the possibility of agreement on a plan mutually acceptable and that will be of practical benefit to Liberia and her people."

The Department is informed that the corporation will not have completed its studies or be in a position to send an instructed representative to commence negotiations before Midnovember. You may so inform the Committee.

STIMSON

882.01 Foreign Control/404 : Telegram

*The Consul at Geneva (Gilbert) to the Secretary of State*

GENEVA, October 12, 1932—3 p. m.

[Received October 12—11:15 a. m.]

297. From Reber. Department's 150, October 7, 5 p. m.; and 157, October 11, 4 p. m. At its meeting today the Liberian Committee

<sup>82</sup> Latter not printed.

<sup>83</sup> Department of State, *Press Releases*, October 15, 1932, p. 239.



considered its report containing the administrative sections of the plan of assistance to be submitted to the Council tomorrow.<sup>84</sup>

Although I had informed the Committee of the contents of the Department's letter to the Finance Corporation and of the latter's reply considerable discussion arose over the necessity for such delay and regret was expressed by the President and other members over any further postponement of the final solution of Liberian problem. Expression was given to hope that it would be possible to conclude these negotiations in time to submit the final plan to the special session of the Council beginning November 14th.

The report will mention the delay and include the declaration I made this morning based on the telegrams under reference.

The League Secretariat informs me that it will make public this evening the text of the administrative sections of the plan as contained in document C Liberia 27 forwarded as an enclosure to my despatch of September 29 but not the observations to be included in the report which are likewise contained in the document under reference. [Reber.]

GILBERT

---

882.01 Foreign Control/404 : Telegram

*The Secretary of State to the Consul at Geneva (Gilbert)*

WASHINGTON, October 13, 1932—6 p. m.

160. For Reber. Your telegram 297, October 12, 3 p. m. We released last night the revised text of the "General Principles" (without the "observations" appearing on pages 8 and 9 of League document C/Liberia/27) and the communications exchanged between the Department and the Finance Corporation on October 5 and 11, in order that publication might be simultaneous here and in Geneva.

While we can appreciate the desire of the Committee to have the negotiations begin at once and while we sympathize with the view of the Committee that it would be desirable to commence such negotiations as soon as possible, we do not believe that it would be reasonable for the Committee to show irritation over the "delay", or at all useful to incorporate in the report to the Council any observation which might render the negotiations themselves more difficult. When it is remembered that it took over a year and a half to reach an agreement upon the general principles I do not see how the Firestones can or should be blamed for desiring to give the matter the most thorough preliminary study. I am so convinced that negotiations will be much

<sup>84</sup> For text of report, see League of Nations, *Official Journal*, December 1932, p. 2051 (C.720.1932.VII).

more difficult in the event that the Committee or Council has taken any action which might be construed by the company as censure that you are authorized in your discretion to give currency to these views in Geneva. The very earliest date on which a representative of the company could sail would apparently be about November 1.

STIMSON

---

882.01 Foreign Control/408 : Telegram

*The Consul at Geneva (Gilbert) to the Secretary of State*

GENEVA, October 14, 1932—9 a. m.

[Received October 14—7:10 a. m.]

298. From Reber. At its session yesterday afternoon the Council adopted the Liberian Committee's reports relating the plan of assistance and approving the work of Dr. Mackenzie.<sup>85</sup> With regard to the latter warm expressions of congratulations were approved by the Council.

Cecil expressed his regret over any further argument in concluding the final settlement of the Liberian problem. In a long speech Grimes stated his Government would loyally abide by the commitments agreed upon and expected that in the choice of specialists, care would be taken to select persons free from racial prejudice. In referring to the "enormous charges" of the loan agreement and the unfortunate results of the delay in the financial negotiations, he maintained that persons representing themselves as interested in the companies concerned had recommended that Liberia reject the League's plan and adopt a new scheme which was exhibited in Monrovia. This was coupled he said with a threat that unless the latter were adopted no money would be forthcoming.

Zaleski the *rapporteur* pointed out the American representative had explained that his Government had forwarded the text at the earliest possible moment to the Finance Corporation and that he would transmit to his Government the Committee's wish that negotiations be begun as soon as possible.

The Council agreed to consider the Liberian question again at its special session in November. [Reber.]

GILBERT

---

<sup>85</sup> For the Committee's reports, see League of Nations, *Official Journal*, December 1932, pp. 2051 (C.720.1932.VII), 1936 (C.721.1932.VII), and 1935 (C.722.1932.VII). For Dr. Mackenzie's report, see *ibid.*, p. 2037 (C.662.M.819.1932.VII).

882.01 Foreign Control/415½

*The President of the Finance Corporation of America (Wm. P. Belden) to the Under Secretary of State (Castle)*

CLEVELAND, OHIO, October 26, 1932.

SIR: We acknowledge receipt of your letter of October 20th<sup>86</sup> regarding the Council of the League adopting the report of the Committee as to the "General Principles" of the Plan of Assistance to Liberia and we note that Mr. Reber was advised of the desire of the Committee that direct negotiations between our company and representatives of Liberia begin as soon as possible.

Before undertaking such negotiations we deem it necessary to send a representative to Liberia to obtain adequate information of conditions on the ground in order that we may be fully and accurately advised before entering upon these negotiations.

It is our purpose to send such representative to Liberia at an early date and to complete our investigations as expeditiously as possible and thereupon designate our representative for the purpose of these negotiations.<sup>87</sup>

Very truly yours,

FINANCE CORPORATION OF AMERICA  
WM. P. BELDEN, *President*

882.01 Foreign Control/425

*Memorandum by the Chief of the Division of Western European Affairs (Moffat)*

[WASHINGTON,] November 10, 1932.

The British Ambassador came to talk about the Liberian situation. He said that as he understood it, the Liberian Committee in Geneva had adopted a plan which had been accepted by the Liberians and approved by us, but was still dependent upon certain financial details which must be worked out directly with the Firestone interests. I told him that this was substantially correct and that the Firestones, although not entirely satisfied with the plan, were nevertheless prepared to explore the possibilities it offered for a rewriting of their contracts. He replied that it was quite evident that the Firestones were "shy".

His Government had directed him to find out when the Firestone representatives would be ready to negotiate. I said that this was a point of considerable difficulty, that they had at first hoped to negoti-

<sup>86</sup> Not printed.

<sup>87</sup> By telegram No. 172, November 10, 5 p. m., the Department advised Mr. Reber that he might "inform the interested parties" of the contents of this letter in such manner as he considered "most appropriate" (882.01 Foreign Control/421a).

ate some time in November, but that more recently they felt that before they could envisage financial changes in their contractual rights, they would have to send some people to study the situation in Liberia, which might delay it further. I added that we had not yet forwarded this information on to Geneva, but would probably have to do so in the course of the next day or two, if there were no change, as the Council wished to make an interim report of progress on or about November 14th.

Sir Ronald Lindsay gave the impression that he hoped we would put pressure on the Firestones to hurry their negotiations. I answered that we felt we could hardly do this as, with the amount of money that they had legitimately put into their project, the matter of whether or not they were satisfied that the plan would protect them in advancing more money and rewriting the contracts they now had, was a matter which they alone could decide. I told him that the Secretary had looked into the whole question himself last September and had sent a personal message to Cecil pointing out the complete financial independence of the company, which would make it impossible for us to bring pressure on them.

PIERREPONT MOFFAT

---

882.01 Foreign Control/422: Telegram

*The Consul at Geneva (Gilbert) to the Secretary of State*

GENEVA, November 11, 1932—4 p. m.  
[Received November 11—2:15 p. m.]

321. From Reber. Department's 172, November 10, 6 [5] p. m.<sup>88</sup> Prior to informing the members of the Liberian Committee on the contents of the Finance Corporation's letter I venture to submit the following considerations as to its possible repercussions here.

As the Department is aware it was the expressed unanimous desire of the Committee that the financial negotiations should begin as soon as possible and after having received the Department's telegram No. 157, October 11, 4 p. m., I explained that the Finance Corporation's representative expected to be present in Geneva during the month of November. It has been possible in a measure to check the spread of propaganda adverse to the American interests by pointing out that the delay specified was relatively short and that the subject had been placed on the agenda of the extraordinary session of the Council to be held in November. In the same manner it was possible to prevent the insertion in the report of expressed censure over this delay.

---

<sup>88</sup> Not printed; see footnote 87, p. 776.

With the understanding that a representative of the Finance Corporation would probably be in Geneva in mid-November, the Liberian representative has remained in Europe.

Furthermore, the Committee remembers that in January the representatives of the Finance Corporation and the Firestone Company had stated that they would be prepared upon certain conditions to examine proposals carefully and in a sympathetic spirit.<sup>89</sup> I therefore believe that an expressed evidence of their willingness to enter promptly into negotiations here, which need not commit them to definite acceptance of the plan, will go far towards dispelling a general impression that the American groups are not prepared to accept any form of international supervision as a basis for amending their contracts and are endeavoring to block successful application of the only international scheme of assistance which it has been possible to evolve. This impression has been gaining ground and will be difficult if not impossible to contradict in other ways.

In view of the delay now proposed it will be impossible for the Council to take any action on the report prior to its May session. During this period it cannot now be forecast what decisions may be reached by this body, since it may feel, after having understood that the negotiations would begin in November, that the delay is too great to make it possible to await the results of the investigation on the spot. In addition to raising charges of bad faith on the part of the company this may result in a recommendation to abandon the idea upon the grounds that it was impossible to obtain financial assistance from the Firestones in time to be of any value or to seek financial aid elsewhere. It will also be recalled that the truces established by Dr. Mackenzie, whose mission was in part inspired by American insistence upon the urgency of improving the conditions existing on the Kru Coast and elsewhere in Liberia, will have expired by that time and that there will have been manifested in Liberia no definite proof of progress.

I am obliged to bring these considerations to the attention of the Department although I fully realize that the latter is undoubtedly aware of the danger inherent in this latest proposal of the American companies.

Unless I am instructed to the contrary I shall, however, inform the members of the Committee of this decision early next week without comment as to the American Government's views in this regard. [Reber.]

GILBERT

---

<sup>89</sup> See telegram No. 31, January 25, 9 p. m., from the Consul at Geneva, p. 696.

882.01 Foreign Control/422 : Telegram

*The Secretary of State to the Consul at Geneva (Gilbert)*

WASHINGTON, November 13, 1932—9 p. m.

175. For Reber. The substance of your telegram No. 321 November 11 4 pm was communicated to the Finance Corporation, which has submitted the following statement supplementing its letter quoted in our No. 172 November 10, 5 pm.<sup>90</sup>

“With further reference to our letter of October 26, 1932 we wish to advise that Mr. Lyle, Vice President of Finance Corporation of America, is proceeding to Liberia within a few days and will arrive there on December 11, 1932.

Finance Corporation of America has in no way changed its position as expressed last January and is now, as it was then, prepared to carefully examine in a sympathetic spirit any proposal designed for the betterment of the people of Liberia.

It is therefore with this in mind that Mr. Lyle is proceeding at once to Liberia to obtain at first hand an intelligent and comprehensive knowledge of the current situation in Liberia which is an indispensable requisite to a satisfactory discussion of the financial aspects of any program of assistance to Liberia.

Furthermore, the necessity of such a course is emphasized by the submission to Finance Corporation of America on October 18, 1932 of a proposal signed by J F Dunbar, Acting Secretary of the Treasury of Liberia,<sup>91</sup> and approved by Edwin Barclay, President of Liberia, in which the Liberian Government outlines a plan for stabilizing the financial structure of the Republic of Liberia, which includes suggestions for the modification of the Loan Agreement of 1926.

The views of the Liberian Government as contained in this proposal are of such a nature that it would be impossible for Finance Corporation of America to adequately express an opinion with regard to them without a thorough knowledge and understanding of the existing conditions in Liberia through personal observation.

It is natural to conclude that any representative of the Liberian Government at Geneva could do no more than to reiterate the suggestions of the Liberian Government for financial readjustments as submitted to Finance Corporation of America on October 18, 1932, and it therefore appears to Finance Corporation of America that the discussions between a representative of Liberia and a representative of Finance Corporation of America at Geneva at this time could in no way be expected to result in conclusive action and that the course which Finance Corporation of America has determined upon will serve to hasten rather than to delay the ultimate results hoped to be obtained.”

You may send to the League and/or the Committee the text quoted in our telegram No. 172, together with the foregoing text, or make

<sup>90</sup> See footnote 87, p. 776.

<sup>91</sup> *Post*, p. 783.

them available in any manner you see fit, making however no comment thereon and of course no reference to your telegram No. 321.

STIMSON

---

882.01 Foreign Control/427 : Telegram

*The Consul at Geneva (Gilbert) to the Secretary of State*

GENEVA, November 17, 1932—5 p. m.

[Received November 17—2:05 p. m.]

325. From Reber. In pursuance of the Department's telegrams 172, November 2 [10], 5 p. m.,<sup>92</sup> and 175, November 13, 9 p. m., I have informed the Secretariat of the League of the contents of the Finance Corporation's letters. This information will be circulated to the members of the Committee as an explanatory note from the Secretariat rather than as a communication from the American Government.

After presenting this information to the League I saw Sugimura last night and making no comment upon the substance of the letters asked him what procedure he considered would now be adopted with respect to the Committee meeting scheduled to be held for the purpose of making a report during the forthcoming session of the Council. He explained that in his opinion it might not be necessary to reconvene the meeting at this time if assurances could be received that,

(1) Any financial negotiations whether undertaken in Liberia or in Geneva would not run counter to the principles embodied in the plan as accepted by the committee.

(2) That Mr. Lyle's trip to Monrovia would in reality hasten the financial negotiations rather than create an unnecessary delay and that negotiations would be undertaken as early as possible.

(3) That if these negotiations should be carried on in Monrovia and no agreement result directly between the Finance Corporation and the Liberian Government the former would be willing to continue them in Geneva as a second step with the aid of the financial section of the League.

I agreed to telegraph his statements and to request that replies thereto be received as soon as possible.

As no information is available here regarding the nature of the new Liberian proposals of October 18, Sugimura feels that it would be premature for the members of the Committee to express any opinion regarding this new procedure. [Reber.]

GILBERT

---

<sup>92</sup> Not printed.

882.01 Foreign Control/428: Telegram

*The Consul at Geneva (Gilbert) to the Secretary of State*

GENEVA, November 18, 1932—1 p. m.  
[Received November 18—8:50 a. m.]

326. From Reber. My telegram No. 325, November 17, 5 p. m. In response to a telegraphic inquiry by Grimes concerning the nature of the "new" Liberian proposals of October 18, his Government stated that it has no intention of settling the financial provisions of the plan of assistance except under the "aegis of the League of Nations".

It has authorized McCaskey, who is returning on leave to the United States to discuss certain adjustments relating to the budget of 1933 but his instructions did not include discussion of arrangements to be made with the Finance Corporation affecting the plan of assistance, these it contemplated should be made by means of direct negotiations at Geneva, which it still hopes may be begun as soon as possible. [Reber.]

GILBERT

882.01 Foreign Control/430: Telegram

*The Secretary of State to the Consul at Geneva (Gilbert)*

WASHINGTON, November 22, 1932—8 p. m.

181. For Reber. Your telegram No. 325 November 17th, 5 p. m. The following letter dated November 21st has just been received from Finance Corporation of America:

"In reference to your letter of November 19, 1932<sup>93</sup> we desire to inform you that Mr. L. T. Lyle, Vice-President of Finance Corporation of America left the United States for Liberia Saturday November 19th and will arrive in Liberia on December 11th.

It is our definite opinion that his trip to Liberia will in reality hasten rather than delay any part which Finance Corporation of America may be called upon to play in any program of assistance for Liberia, and that Mr. Lyle's report on the financial, economic and other conditions in Liberia is a necessary prerequisite to any decision on the part of Finance Corporation of America as to whether the General Principles embodied in the plan as accepted by the Committee will lend themselves in all respects to any financial negotiations which may be undertaken. Moreover, Finance Corporation of America could not possibly now predict its further course without the benefit of Mr. Lyle's report, and without reference to the attitude of the other interested parties at the time, should there be negotiations carried on in Monrovia and should these negotiations result in failure.

<sup>93</sup> Not printed.



With assurances of our continuing sympathetic attitude toward all matters pertaining to the effective rehabilitation and progress of Liberia, we remain."

The foregoing is in response to a letter from the Department summarizing your telegrams 325 and 326, in which we quoted in full Sugimura's three points. You may give the above text to the appropriate official of the League.

STIMSON

---

882.01 Foreign Control/432

*The Secretary of State to the American Representative on the International Committee on Liberia, at Geneva (Reber)*

WASHINGTON, November 23, 1932.

SIR: With reference to the Department's telegram No. 181, November 22, 8 p. m., I enclose for your records copies of the Department's letter of November 19 to the Finance Corporation of America,<sup>94</sup> and of the company's reply, dated November 21.<sup>95</sup>

For your confidential information I may state that considerable difficulty was encountered in obtaining any reply whatever in time to transmit to you by November 23, the day on which you had informed the Department that the *Rapporteur* would make an interim report to the Council.

The company has recently shown a marked reluctance in all matters pertaining to their cooperation with the International Committee in connection with the "General Principles" adopted by the Committee and subsequently endorsed to the company by the Department as a basis for direct negotiations.

Very truly yours,

For the Secretary of State:  
W. R. CASTLE, JR.

---

882.01 Foreign Control/433

*The Secretary of State to the American Representative on the International Committee on Liberia, at Geneva (Reber)*

WASHINGTON, November 23, 1932.

SIR: With reference to the Department's recent telegram concerning the decision of the Finance Corporation of America to send Mr. L. T. Lyle to Liberia, I am enclosing for your information a copy of

<sup>94</sup> Latter not printed.

<sup>95</sup> See *supra*.

the communication from Liberia to the Finance Corporation and the Fiscal Agent, delivered by the Acting Financial Adviser on October 18, last. Although this communication is undated, it is understood from Mr. McCaskey that it was written in Monrovia just prior to his departure on September 24, 1932.

I do not believe that it would be desirable to furnish a copy of this letter to League officials in Geneva, since it should be obtainable by them from the Liberian representative.

Very truly yours,

For the Secretary of State:  
W. R. CASTLE, JR.

[Enclosure]

*The Liberian Acting Secretary of the Treasury (Dunbar) to the Finance Corporation of America*

[MONROVIA, undated.]

GENTLEMEN: Reports of this Government to the Fiscal Agent during the past two years indicate a large continuing falling-off in the revenues of the Republic. This has necessitated a heavy decrease in operating expenses and particularly so in the Budget proposed for the Fiscal Year 1933. In this proposed Budget only absolutely necessary operating expenses are included, and drastic reductions have been made in salaries and number of employees, nevertheless, without assistance, it is impossible to enact a balanced budget and for this reason the Government appeals to the Finance Corporation of America and the Fiscal Agent for necessary assistance in financing and stabilizing the Government of the Republic.

The consent of the Finance Corporation of America and the National City Bank of New York, who together with the Government of the Republic of Liberia, comprise the parties to the Loan Agreement of 1926, is earnestly solicited for the following modifications of certain of the terms of the Loan Agreement:

1. The rate of interest to be reduced from 7% to 4%.
2. A moratorium on sinking fund, or amortization, be granted for a period of five years.
3. The elimination of two American officers for the Liberian Frontier Force.
4. The elimination of the American Assistant Auditor.
5. Equalizing the salary of the Supervisor of Customs with that of the Auditor and the Supervisor of Internal Revenue.
6. A reduction of 25% on the salaries of the Fiscal Officers.
7. A reduction of 25% on the salary of the Financial Adviser.
8. The elimination from the Budget of provision for payment of outstanding bills and commitments, and agreement to the plan of the Government for the issue of approximately \$500,000.00 Internal 3%

Bonds payable within twenty (20) years from date of issue of them, this in order to fund the current floating indebtedness of the Government.

Should the modifications of certain of the terms of the Loan Agreement, mentioned above, be accepted by the other parties to the Loan Agreement, the Government will be able by rigid economy to balance the proposed Budget for 1933, meet its current obligations, and relieve the extreme distress caused by declining receipts. A copy of the *pro-forma* Budget which will be presented to the National Legislature at the ensuing session for enactment is attached hereto,<sup>96</sup> and an examination thereof will show clearly the strict economy in expenditure to which the Government of Liberia proposes to adhere.

Both the Finance Corporation of America and the National City Bank of New York are familiar with the heavy financial burden with which the Liberian Government is faced, and it is earnestly hoped that, as parties to the Loan Agreement of 1926, they will render this assistance which the Government of Liberia so sincerely seeks.

I have [etc.]

J. F. DUNBAR

---

882.01 Foreign Control/431 : Telegram

*The Consul at Geneva (Gilbert) to the Secretary of State*

GENEVA, November 24, 1932—11 a. m.

[Received November 24—9:55 a. m.]

335. From Reber. At the close of the Council's session last night the progress report of the Liberian Committee was presented.<sup>97</sup> In summary it expresses the regret for the further delay caused by the trip of the Finance Corporation representative but hopes that the establishment of direct contact by Mr. Lyle's visit will facilitate later agreement. It also points out that the Committee had approved the Liberian Government's desire that principal financial negotiations should take place in Geneva with the assistance of the financial organization of the League.

In a short speech Grimes explained that his Government was not responsible for this further delay, pointed out the serious condition of Liberian finances but accepted the delay on condition that no final commitments except in Geneva could be made by his Government regarding the general aspects of the plan of assistance.

---

<sup>96</sup> No copy found in Department files.

<sup>97</sup> League of Nations, *Official Journal*, December 1932, p. 1948.

A very brief discussion followed during the course of which at Madariaga's suggestion, an amendment expressing further regret in respect to the delays which have occurred and stressing the urgency of the situation was inserted.

GILBERT

---

882.01 Foreign Control/442

*The Under Secretary General of the League of Nations (Sugimura) to the American Representative on the International Committee on Liberia (Reber)*<sup>98</sup>

GENEVA, December 5, 1932.

SIR: As you are aware, no meeting of the Liberian Council Committee was held, as anticipated, during the November session of the Council. This decision was reached in view of the information received from the Finance Corporation of America to the effect that the Company considered it necessary to send a representative to Monrovia to obtain information on the spot before entering into a discussion of the financial aspects of any programme of assistance to Liberia.

The members of the Council Committee are naturally most anxious that this enquiry be terminated as quickly as possible and that the representative of the Finance Corporation of America be designated to carry on the financial negotiations which it is hoped will take place in Geneva. The Liberian delegate, before leaving Geneva, expressed the wish that these negotiations should be held here, as soon as possible and, in any case, not later than next spring. It would, therefore, be most helpful if you would keep the members of the Council Committee informed of all developments in this connection and of the intentions of the Finance Corporation.

The next meeting of the Committee will of course depend upon these developments. The President of the Council Committee would consider it particularly desirable if he were in a position during the January meeting of the Council to give some indication as to the future course of the Committee's work, and for this purpose any information you may be able to supply by that time would be much appreciated.

I have [etc.]

Y. SUGIMURA

---

<sup>98</sup> Copy transmitted to the Department by the American representative as an enclosure to his despatch of December 7; received December 22.

**882.01 Foreign Control/438 : Telegram***The Minister in Liberia (Mitchell) to the Secretary of State*

MONROVIA, December 16, 1932—4 p. m.

[Received 9:55 p. m.]

109. Lyle received by Barclay yesterday. Cooperation of government offices was assured Mr. Lyle in any endeavor to bring about an amelioration of economic conditions. In reply to inquiry whether Barclay had any program or suggestions to submit which would aid Mr. Lyle in his survey he stated that he had none but he and his Cabinet would get together and consider the making up of a program before Mr. Lyle started his work.

In the meantime a bill has just been passed by both Houses of the legislature reducing the personnel and salaries of the fiscal officers, suspension of interest on the loan for 2 years, and also a moratorium on loan payments (see League plan).<sup>99</sup> This is [apparent omission] of the administration and it is believed for political effect Barclay may veto same or allow it to become law without his signature.

This act would appear to be in contravention to the loan agreement.

MITCHELL

**882.01 Foreign Control/438 : Telegram***The Acting Secretary of State to the Minister in Liberia (Mitchell)*

WASHINGTON, December 19, 1932—6 p. m.

76. We have received from the Finance Corporation of America the full text of the bill or Joint Resolution referred to in your telegram No. 109, December 16, 4 p. m.

You are instructed to obtain an immediate interview with Barclay and to inform him orally, making it clear that you are speaking with the full authority of your Government, that the American Government cannot admit the right of Liberia to repudiate by unilateral action its contractual obligations, a measure which could not be taken by any civilized government.

The action of the Legislature was taken on almost the same day on which, in response to a Liberian request for financial assistance, a representative of Finance Corporation of America reached Monrovia with a view to discussing this assistance, as well as its relationship to the program of the International Committee of the League of Nations. If this bill should become effective it would be construed by the American Government not only as an attempt to repudiate a

<sup>99</sup> See footnote 70, p. 759.

legitimate contract, but also to nullify Liberia's engagements made in Geneva.

Finance Corporation states that if this measure is enacted it will have no other course than to withdraw its representative from Monrovia at once. With this view the American Government entirely concurs. You should make it plain to Barclay that in these circumstances we should inform the League that Liberia's action would effectively block any further participation by this Government in international efforts to rehabilitate the country. Moreover, the American Government would be prepared to make representations against the extension of financial assistance to Liberia from whatever source, unless and until the prior rights of Finance Corporation of America had either been met in full or the contract had been modified on a basis of mutual consent.

CASTLE

882.01 Foreign Control/440 : Telegram

*The Minister in Liberia (Mitchell) to the Secretary of State*

MONROVIA, December 21, 1932—4 p. m.

[Received December 22—2:07 a. m.]

110. Called on Barclay at 2:30. After reciting to him the contents of the Department's 76, December 19, 6 p. m., Barclay and Grimes, who was also present, stated that they could not act on a verbal representation but would be glad to give it consideration if such information were submitted in the form of an *aide-mémoire*.

MITCHELL

882.01 Foreign Control/440 : Telegram

*The Secretary of State to the Minister in Liberia (Mitchell)*

WASHINGTON, December 22, 1932—3 p. m.

77. Your telegram No. 110, December 21, 4 p. m. We assume that you made the position of this Government abundantly clear by your oral representations on the basis of the Department's No. 76, December 19, 6 p. m. Do not deliver any written communication except under specific instructions.

Please report by telegraph the status of the legislative bill. We understand that in the absence of a veto it would have become "law" 5 days after passage.

STIMSON

882.01 Foreign Control/441 : Telegram

*The Secretary of State to the Minister in Liberia (Mitchell)*

WASHINGTON, December 23, 1932—noon.

78. Your telegrams 112 and 113.<sup>1</sup> I have no objection to your explaining orally to your British, German and French colleagues (or any of them) the attitude of this Government regarding attempts by Liberia to repudiate or modify the Loan Agreement by unilateral action. We feel that it would be better for them to receive an accurate and authoritative statement from you than to obtain the information, possibly distorted, from other sources.

You are therefore authorized in your discretion to make oral statements to your colleagues that "under instructions from your Government you called on Barclay on December 21 to make representations against unilateral action by Liberia concerning its contractual obligations". You may then read (but should not leave copies of) the last two paragraphs of the Department's telegram 76, December 19, 6 p. m. You should make clear that your Government's opposition is to any unilateral action.

STIMSON

882.01 Foreign Control/440 : Telegram

*The Secretary of State to the Minister in Liberia (Mitchell)*

WASHINGTON, December 23, 1932—3 p. m.

79. Your telegram 110, December 21, 4 p. m. You are authorized in your discretion to deliver the following letter to Barclay:

"My dear Mr. Barclay: Referring to my call on December 21 last I should like to assure you that the American Government would view with very deep concern any action by Liberia leading to repudiation or unilateral modification of Liberia's contractual engagements with an American company.

My Government is informed that action on the part of the Liberian legislature to that end was promoted on almost the same day on which, in response to a request by Liberia for financial assistance, a representative of the Finance Corporation reached Monrovia with a view to discussing this assistance, as well as its relationship to the program of the International Committee of the League of Nations. If this should become effective it would be construed by the American Government not only as an effort by Liberia to repudiate a legitimate contract, legitimately acquired, but also to nullify the engagements made by Liberia in Geneva.

In these circumstances the American Government would feel that Liberia was blocking further American participation in international

<sup>1</sup> Neither printed.

efforts to assist your country. Moreover, the American Government would be prepared to make representations against the extension of financial aid to Liberia from whatever source, unless and until the prior rights of American citizens had either been met in full, or the existing contract had been modified on a basis of mutual consent.

Sincerely yours,

(Signed) Charles E. Mitchell  
(No Title) ["]

Report by telegraph action taken and its result.

STIMSON

**882.01 Foreign Control/444 : Telegram**

*The Minister in Liberia (Mitchell) to the Secretary of State*

MONROVIA, December 24, 1932—4 p. m.

[Received 10:11 p. m.]

115. Your telegram No. 78, December 23, noon, and 79, December 23, 3 p. m. Letter delivered to Barclay at 11:30. British, French and German colleagues made acquainted with the position of my Government. French and German in accord with position taken. British undoubtedly sympathetic with Liberia.

MITCHELL

**882.01 Foreign Control/449 : Telegram**

*The Minister in Liberia (Mitchell) to the Secretary of State*

MONROVIA, December 24, 1932—5 p. m.

[Received 9:33 p. m.]

116. Liberian House of Representatives submitted law to Acting Financial Adviser to which he as Adviser replied December 20th. This joint resolution authorized Barclay to suspend payment of interest on loan, et cetera. The Financial Adviser replied legally and courteously that such an act would be unconstitutional and in contravention to loan agreement. House then passed resolution that communication of Adviser be referred to Executive Government for investigation with strict instructions that if Adviser fails to justify his position taken in the communication he be immediately relieved of his official position.

Every effort is being made by the Liberian Government to discredit all officials connected with the Finance Corporation. The injustice and indignity now being imposed by the Liberian Government are



not only disgraceful but strike directly at the rights which American citizens should enjoy when working in foreign countries.

MITCHELL

---

882.01 Foreign Control/445a : Telegram

*The Acting Secretary of State to the Chargé in Great Britain  
(Atherton)*

[Extract]

WASHINGTON, December 29, 1932—6 p. m.

302. For Reber.

It is clearly apparent that the present Liberian maneuvers result from misinterpretation of statements reported by Grimes and Dennis to have been made to them in Geneva by various European members of the International Committee and possibly by the Secretariat; these have evidently convinced Barclay that he can repudiate Liberia's engagements with the Finance Corporation and subsequently obtain support in Geneva.

The British Ambassador<sup>2</sup> called at my request this morning and I discussed the situation with him at length. I told him that while we put little credence in whatever Barclay thinks his agents were informed while in Europe, we feel sure that the British Government, particularly in present circumstances, would be the last to condone unilateral action against a valid contract, and would moreover sincerely deplore seeing Liberia take such action on the basis of a misconception of the British position. I accordingly urged that the British representative in Monrovia be instructed to inform Barclay without delay that his Government entirely disapproved of the Liberian effort to repudiate its obligations. I requested Sir Ronald to inform me regarding the decision of his Government.

Please arrange to see Cecil at the earliest possible opportunity, explaining the situation to him orally along the foregoing lines. You may give him a copy of Mitchell's letter to Barclay,<sup>3</sup> and also a copy of the "law" received from Firestone. The following points should in our judgment be especially emphasized:

1. Liberia's intemperate attitude will, if persisted in, destroy any chance whatever of useful cooperation between the Finance Corporation and the International Committee. In this we should be prepared to support the company to the utmost. (See last paragraph of Mitchell's letter to Barclay).

<sup>2</sup> Sir Ronald Lindsay.

<sup>3</sup> See telegram No. 79, December 23, 3 p. m., to the Minister in Liberia, p. 788.

2. Section 4 of the Liberian "law", taken in connection with the assurance given Cecil last October by Grimes that he had plenary powers, certainly requires explanation. Cecil will doubtless recall also that it was on the basis of his written assurance to you that Liberia had in fact accepted the plan, that the American Government consented to endorse it to Finance Corporation as a basis for negotiations.

CASTLE

---

882.01 Foreign Control/447 : Telegram

*The Minister in Liberia (Mitchell) to the Secretary of State*

MONROVIA, December 30, 1932—7 p. m.

[Received 10:11 p. m.]

118. Department's telegram No. 79, December 23, 3 p. m., first paragraph my telegram No. 115, December 24, 4 p. m. Note from Executive Mansion tonight signed by Cyril Johnson one of Barclay's secretaries reads in part:

"No one can reasonably expect Mr. Barclay, in his private character, to reply to a note involving such important principles of governmental policy."

The note goes on in substance to say:

(1) Government has no intention of repudiating or modifying unilaterally any contractual engagements.

(2) American Government incorrectly informed that Liberian Government asking Finance Corporation for assistance independent of the League.

(3) Lyle did not come for the purpose of discussing such assistance and its relationship to League program but only for investigation. That there is no disposition on the part of the Liberian Government to nullify any engagements with League, on the contrary Liberian delegation informed League that their Government would only undertake to give information to Lyle without making commitments leaving all negotiations to be conducted in Geneva.

(4) Present condition of Liberian people necessitates Government pursuing policy of which joint resolution in question is an expression.

MITCHELL

882.01 Foreign Control/446 : Telegram

*The Chargé in Great Britain (Atherton) to the Secretary of State*

LONDON, December 31, 1932—11 a. m.

[Received December 31—9 a. m.]

349. Department's 302, December 29, 6 p. m. Following from Reber:

I saw Lord Cecil last night and explained to him the Department's views regarding the new Liberian "law", leaving with him copies of it and of the letter presented by Mr. Mitchell.

While expressing strong disapproval of the recent Liberian action he felt that it must be motivated by a feeling that Liberia could obtain money from sources other than the Finance Corporation. He said that he had never given any encouragement to this thought and he was at a loss to know where other funds might be obtained. He was also sure that no such encouragement had been given in Great Britain.

He felt that he was not in a position to be of much assistance at the present time but should the Committee be reconvened he would not lend support to a unilateral infringement of the loan contract.

Unless instructed to the contrary I propose to return to Geneva on Monday January 2nd and should the Department so desire I can make similar representations to the League Secretariat.

ATHERTON

---

882.01 Foreign Control/446 : Telegram

*The Secretary of State to the Consul at Geneva (Gilbert)*

WASHINGTON, January 3, 1933—4 p. m.

1. For Reber. Your telegram 349, December 31, 11 a. m. from London. You may use your discretion as to whether or not it would be useful to discuss the situation with League and/or Committee officials, or furnish them with copies of the "law" and Mitchell's letter to Barclay.

On December 30 Mitchell reported the receipt of a "note from Executive Mansion signed by Johnson one of Barclay's secretaries" which was offensive in tone and endeavored to take issue with the statements contained in Mitchell's letter. Mitchell has been instructed to have the clerk of the Legation return the communication and to inform the sender that the "American Minister declines to accept a communication of this nature."

STIMSON

## PERSIA

### REPRESENTATIONS FOR CONCESSIONS EQUIVALENT TO THOSE GRANTED BY PERSIA TO THE SOVIET UNION BY THE CONVENTION OF OCTOBER 27, 1931

661.9131/77

*The Minister in Persia (Hart) to the Secretary of State*

No. 936

TEHERAN, November 16, 1931.

[Received December 10.]

SIR: Continuing my current series of despatches on the Perso-Soviet convention, now known to be entitled "Convention of Establishment, Commerce and Navigation", signed at Teheran on October 27, 1931,<sup>1</sup> I have the honor to report that, with the exception of one important development which will be recorded below, the last fortnight may be characterized, insofar as concerns the action of my diplomatic colleagues, as a period of marking time.

During this period, however, there has become available a considerably larger amount of detailed knowledge regarding the provisions of the convention. This information has been gleaned from various sources, both among my colleagues and in local commercial circles, but by far the most complete details have been obtained by the British Legation. I shall return to this point later.

The important development in the situation to which I referred above was the action taken on October 29, 1931, by the newly arrived British Minister, Mr. Hoare, in discussing with the Persian Minister for Foreign Affairs the British Government's understanding of the discriminatory features of the situation which will be created by the entry into force of the convention and, in particular, the effect of those discriminatory features on British trade with Persia.

I am informed that Mr. Hoare limited his remarks almost entirely to a reiteration of the carefully drafted points made in an *aide-mémoire* which he left with the Minister for Foreign Affairs. A copy of that *aide-mémoire* in the original French has most kindly been given me by its author, the Commercial Attaché of the British Legation, Mr. Lingeman. Copies are enclosed.<sup>2</sup>

<sup>1</sup> *British and Foreign State Papers*, vol. civ, p. 1026.

<sup>2</sup> Not printed.

The greater part of Mr. Lingeman's early schooling, I may interpolate, was had in France. He is, practically bilingual in French and English. He tells me that no English translation of the *aide-mémoire* has been made but that, if made, he will be pleased to supply me with a copy. I have not, therefore, had a translation prepared in the Chancery.

The argument of the British Government as set forth in this *aide-mémoire* is based on two principal points, i.e., that the new Perso-Soviet Convention "accords to Soviet commerce two considerable advantages, not envisaged in the (Persian Trade) Monopoly Law and supplementary regulations; the guarantee of a fixed proportion of certain import quotas, and the exemption from the requirement of applying for an export certificate before effecting the desired importation".

With respect to the first of these two advantages, the British *aide-mémoire*, after pointing out the results, harmful to Persia, which would follow the extension to other countries of the system of guaranteeing definite percentages of imports permitted under the quota system, says: "that His Majesty's Government has not, therefore, for the moment, the intention of requesting the Imperial Government to reserve for its commerce a determined proportion of the Persian import quotas which interest it particularly".

On the second point, it is said that "it is only too evident that British trade will be placed in an extremely disadvantageous situation if the exemption which the Imperial Government proposes to concede to Soviet trade is not also conceded to it". With a view to avoiding the discrimination which would thus result the British Government requests the Persian Government "to give its very special attention" to three specified suggestions.

These three suggestions, considered as a whole, are but a careful restatement, revised to meet the changed situation resulting from the signature of the new convention, of the suggestion made some months ago and since frequently reiterated by Mr. Lingeman.

This latter was reported in my despatch No. 799 of August 19, 1931.<sup>3</sup> Expressed briefly it would, if adopted, permit the Persian importer of foreign merchandise to apply for and receive an import permit without first exporting Persian merchandise or purchasing an export certificate to attach to his application for import permit; this, however, to be contingent upon the prospective importer's undertaking either to export Persian products or to produce an export certificate at the time of or prior to the clearance through the Persian customs of the merchandise ordered abroad.

<sup>3</sup> Not printed.

In its present revised form this suggestion takes into practical consideration, as I have already implied, the treatment to be accorded Soviet trade under the new convention. In this connection the following points may be specially noted:

1) As the convention requires a balancing of Soviet imports and exports every six months, the British suggestion is that the Persian importer be required to export or produce an export certificate within six months of the date on which an import permit is granted him; this, generally speaking, to be irrespective of whether the foreign goods ordered under that import permit have arrived in and have been cleared through the Persian customs.

2) As the trade monopoly laws permit, upon the export of Persian goods, a delay of eight months within which the exporter may either import an equivalent amount of permitted foreign merchandise or, alternatively, sell to the Government an equivalent amount of foreign exchange, the British suggestion is that the exporter be granted a delay of "eight months from the date of loading to sell the foreign exchange".

3) Envisaging the possibility that a similar concession might not be extended to local importers of merchandise originating in countries other than the British Empire, the British suggestion proposes the further condition that no priority or preference shall be granted to applications for permits to import such non-British goods as against applications to import British goods.

The concluding paragraph of the *aide-mémoire* reads, in translation, as follows: "His Majesty's Government is pleased to hope that the Imperial Government will recognize the essentially reasonable character of these suggestions which it would like to see incorporated into a provisional accord. Applied to import trade in general—exception being made of Soviet imports—they would without any doubt alleviate the situation of the merchant, and this for the greatest good of the national economy, while respecting the principle of a balanced trade which is the basis of the Monopoly Law" (Legation's underlining).

I had thought of reporting by telegraph the substance of this British *aide-mémoire*, with a view to soliciting instructions as to whether the Department might wish me to make similar representations to the Persian Government on behalf of American trade. Upon reflection, however, I deemed such action both unnecessary and undesirable. If the British suggestions are accepted, we should, I believe, have no difficulty in obtaining their application to American trade, which, under the American-Persian exchange of notes of May 14, 1928,<sup>4</sup> enjoys most-favored-nation treatment.

<sup>4</sup> *Foreign Relations*, 1928, vol. III, pp. 724-728.

Further, were we to make representations similar to those of the British Government, such representations would not in my opinion materially affect the situation. British influence in Persia, while not what it has been in the past, is still strong. The British suggestions are reasonable, this without a shadow of a doubt. Therefore, both because British influence is strong and because the British position is sound, I consider it highly probable that the suggested procedure will be adopted, if and when ratifications of the Soviet convention are exchanged.

Consequently, I should, in the circumstances as they now appear, prefer to reserve my own representations in the matter for the time when the situation has become somewhat more clarified than is today the case. I shall not, however, fail to mention the subject to the Minister for Foreign Affairs as soon as an appropriate informal occasion presents itself. In any such informal conversation, it is my present intention to inform the Minister that I am advised regarding the British suggestions, that I have reported them to my Government, and that to me personally they appeared to be of a nature so reasonable and so calculated to remove certain of the difficulties incurred by local importers of foreign goods trading under the Monopoly Law that I cannot but feel he will give them full and sympathetic consideration.

I may add that I was yesterday informed by First Secretary Dodd of the British Legation that the full text of the British *aide-mémoire* had been telegraphed to Teymouratche, Minister of the Court, now in Europe, as reported in recent despatches. I need not elaborate my reasons for saying that, without the latter's approval, no definite action can be taken by the Persian Government on the British suggestions.

Respectfully yours,

CHARLES C. HART

661.9131/79 : Telegram

*The Secretary of State to the Minister in Persia (Hart)*

WASHINGTON, February 17, 1932—5 p. m.

1. Consulate's report No. 12 of November 28<sup>5</sup> and your recent despatches on the subject of the Perso-Soviet Convention of October 27, 1931.

The Department is substantially in accord with the views expressed by the British Legation in its *aide-mémoire* to the Minister for For-

<sup>5</sup> Not printed.

eign Affairs of October 29 and considers that the most-favored-nation clause of the provisional agreement of May 14, 1928 between the United States and Persia<sup>6</sup> entitles American trade to privileges equivalent to those accruing to the Soviets under the above-mentioned convention. In connection with the British suggestions respecting the granting of import permits, the Department considers that a closer and more practical equivalent of the concession to Soviet trade in respect of export certificates might properly involve the granting of import permits subject to the production of requisite export certificates within 6 months after the date of actual importation. If this more liberal concession cannot be obtained, the terms set forth in the British memorandum would be acceptable.

It is important to stipulate in this connection that applications for import permits enjoying the proposed privileges should not be less favorably treated than applications not similarly favored.

With respect to the import quota percentages reserved to Russia, as well as the entire monopolization of certain quotas and the possible extension of such monopolization to the direct injury of American exports to Persia, the Department is not now prepared to assert a definite policy. It desires to associate itself with the British reservation on this point, letting it be clearly understood that failure to protest the monopolization or percentage allotment of quotas does not imply acceptance of such practices as compatible with the most-favored-nation principle.

From the Consulate's analysis, it appears that the quota percentages reserved to Russia will result in an adverse effect on American shipments of automobile tires and possibly machinery. Subject to official verification of the Consul's statement that tires are included in the quota for rubber goods and not, as the Department had understood, in the quota for vehicles and spare parts, it would appear that the allotment to Russia of 23 per cent of the rubber goods quota entails a restriction of the normal American share of Persian tire imports and therefore a discrimination against American trade with Persia.

Unless there are objections which have not yet come to the Department's attention, you should take an early opportunity to bring the views above outlined to the attention of the Persian Government. It is desired that you telegraph briefly the results of your representations.

STIMSON

---

<sup>6</sup> See paragraph No. 3, *Foreign Relations*, 1928, vol. III, p. 727.



661.9131/89

*The American Legation in Persia to the Persian Ministry for  
Foreign Affairs*<sup>1</sup>

## AIDE-MÉMOIRE

[TEHERAN, February 29, 1932.]

The Government of the United States of America considers that the most-favored-nation clause of the Provisional Agreement of May 14, 1928, between the United States and Persia entitles American trade with Persia to privileges equivalent to those accruing to Soviet trade under the Perso-Soviet Convention of October 27, 1931, if and when ratifications of the latter are exchanged.

In its consideration of this question the American Legation has been directed by its Government to exchange views with the British Legation at Teheran. In that exchange the American Legation was informed of representations made some months ago by the British Legation and of the subsequent dependent negotiations which have ensued and are still continuing between that Legation and the competent authorities of the Imperial Government. With the views thus expressed by the British Legation the American Government is substantially in accord.

In particular the Government of the United States concurs in the suggestion that in future the Imperial Department of Commerce grant import permits without requiring the prior submission of export certificates but upon the submission in lieu thereof of a responsible bank or otherwise acceptable guarantee.

In this latter connection the Government of the United States considers, as an abstract proposition, that a closer and more practical equivalent of the concession to Soviet trade might properly involve the granting of import permits subject to the production of requisite export certificates within six months after the date of actual importation. But there is no disposition to press this point should the Imperial Government believe, for reasons of control, that its adoption would prove impracticable.

The Government of the United States is, at the same time, confident that the Imperial Government will realize the importance of a stipulation to the effect that applications for import permits enjoying the proposed privileges should not be less favorably treated than applications, if any, not similarly favored.

<sup>1</sup> Transmitted to the Department by the Minister in Persia in his despatch No. 1077, March 8; received April 1.

With respect to the import quota percentages reserved to Soviet trade, as well as the entire monopolization of certain quotas and the possible extension of such monopolization, to the direct injury of American exports to Persia, the Government of the United States is not now prepared to assert a definite policy. It desires to associate itself with the British reservation on this point, with the clear understanding that any failure on its part to protest regarding these phases of the matter (i.e., monopolization and percentage allotment of quotas) does not imply acceptance of such practices as compatible with the most-favored-nation principle.

From the American Government's study of the said Convention from the viewpoint of its probable effects on the volume of American exports to Persia, it appears that the quota percentages reserved to Soviet trade will result in an adverse effect on American shipments of automobile tires and possibly machinery.

In particular, it would appear that the allotment to Soviet trade of twenty-three per cent (23%) of the "Rubber Goods" quota entails a restriction of the normal American share of Persian imports of tires for automobiles and motor trucks and might, therefore, be considered to be, in fact, a discrimination against American trade with Persia. On this point the American Legation ventures to add that, on the authority of the latest official statistics published by the Imperial Customs Administration (i.e., those for the year 1309 [1930?]) American tires constituted approximately fifty-seven per cent (57%) of total Persian imports of that commodity, while tire imports from Soviet Russia amounted to but six per cent (6%) of that total.

---

661.9131/89 : Telegram

*The Acting Secretary of State to the Minister in Persia (Hart)*

WASHINGTON, April 6, 1932—1 p. m.

7. Your despatch No. 1077, March 8, 1932.<sup>8</sup> The Department greatly regrets the manner in which you have brought to the attention of the Persian Government by your *Aide-Mémoire* of February 29 the substance of the Department's telegraphic instruction No. 1 of February 17. 5 p. m.

In informing you in the Department's above-mentioned telegram that the Department was substantially in accord with the views expressed in the British *aide-mémoire* of October 28, the Department did not of course expect you to inform the Persian Government that

---

<sup>8</sup> Not printed; for its enclosure, see *supra*.

"the American Legation has been directed by its Government to exchange views with the British Legation in Teheran" nor to refer specifically to the British representations on this subject as being the viewpoint of this Government. The Department had intended that you would merely use the British thesis in setting forth the views held by this Government on the subject under reference.

Furthermore, the Department considers it regrettable that you should refer to the practical equivalent suggested by this Government in return for the concessions granted Soviet trade as "an abstract proposition" which would not be insisted upon if found "impracticable" by the Persian Government. And, finally, the Department being wholly unaware until now of the proposed "bank or otherwise acceptable guarantee" in lieu of export certificates, has not and cannot authorize you to state that it concurs in this suggestion until the matter has been given further study.

In view of the above, it is desired that you request permission of the Foreign Minister to withdraw the *aide-mémoire* in question and to substitute a memorandum modified in the sense indicated above.

CASTLE

---

661.9131/93 : Telegram

*The Chargé in Persia (Wadsworth) to the Acting Secretary of State*

TEHERAN, April 8, 1932—noon.

[Received 2:55 p. m.]

10. Department's telegram No. 7, April 6. I deeply regret Department's telegram and say the fault is mine as the Minister had assigned question for my particular study.

Reference to British proposals was made only after weighing advantages. Minister for Foreign Affairs possesses little detailed knowledge of trade monopoly regime but he did know these proposals and had expressed approval thereof. They were in fact generally known and used as point of departure in general informal diplomatic discussion.

It did not therefore seem amiss to mention them in *aide-mémoire* when on presenting and discussing that paper it was made clear that while the Legation had cognizance of and had reported them the American position had been arrived at quite independently thereof and that their use was solely to simplify phraseology and furnish needful basis of discussion. Particular emphasis was laid on the word substantially.

Under the circumstances does the Department approve substitution of memorandum modified as follows?

Paragraphs 1, 5, 7 and 8 to remain. Paragraph 2 to be replaced by following:

“Confident that the Imperial Government shares this point of view the American Government has authorized the American Legation at Teheran to proceed with the Imperial Ministry of Foreign Affairs to an exchange of views which would have as its object the definition of what has been referred to above as ‘privileges equivalent to those accruing to Soviet trade’ any such definition thus arrived at to be of course communicated to and subject to the approval of the American Government.”

Paragraph 3 to be introduced by “in the formulation and definition of such equivalent privileges it is believed that particular consideration should be given to” then continue from “the suggestion” but with final clause regarding bank guarantee omitted. Paragraph 4 to omit “as an abstract proposition” and final sentence.

In paragraph 6 at end of first sentence semicolon instead of period and “this however” in the preamble first clause of next sentence.

WADSWORTH

---

661.9131/93 : Telegram

*The Acting Secretary of State to the Minister in Persia (Hart)*

WASHINGTON, April 11, 1932—5 p. m.

9. Your No. 10, April 8, noon. Proposed changes in memorandum approved, except as follows:

1. Add to paragraph 3 “The Government of the United States considers that a practical equivalent of the concession to Soviet trade in this respect would permit the production of export certificates within 6 months after the date of actual importation”. Bank guarantee clause of course to be omitted.

2. Omit paragraph 4.

3. The Department believes that the last sentence of paragraph 8 would be strengthened by the use of the figures contained in the Consulate’s Quarterly Automobile Tire Report of January 28, 1932, rather than the customs statistics for the year 1309 [1930?]. You should therefore substitute for that sentence the following: “On this point the American Legation ventures to add that according to reliable estimates approximately 75 per cent of the tires now found on the Teheran market are imported from the United States, while but 5 per cent are of Soviet Russian manufacture”.

CASTLE

661.9131/106

*The American Legation in Persia to the Persian Ministry for  
Foreign Affairs*<sup>9</sup>

[TEHERAN, April 14, 1932.]

## MEMORANDUM

I. 1) The Government of the United States of America considers that the most-favored-nation clause of the Provisional Agreement of May 14, 1928, between the United States and Persia entitles American trade with Persia to privileges equivalent to those accruing to Soviet trade under the Perso-Soviet Convention of October 27, 1931, if and when ratifications of the latter are exchanged.

2) Confident that the Imperial Government shares this point of view, the American Government has authorized the American Legation at Teheran to proceed with the Imperial Ministry of Foreign Affairs to an exchange of views which would have as its object the definition of what has been referred to above as "privileges equivalent to those accruing to Soviet trade", any such definition thus arrived at to be, of course, communicated to and subject to the approval of the American Government.

3) In the formulation and definition of such equivalent privileges it is believed that particular consideration should be given to the suggestion that in future the Imperial Department of Commerce grant import permits without requiring the prior submission of export certificates. The Government of the United States considers that a practical equivalent of the concession to Soviet trade in this respect would permit the production of export certificates within six months after the date of actual importation.

4) The Government of the United States is, at the same time, confident that the Imperial Government will realize the importance of a stipulation to the effect that applications for import permits enjoying the proposed privileges should not be less favorably treated than applications, if any, not similarly favored.

II. 5) With respect to the import quota percentages reserved to Soviet trade, as well as the entire monopolization of certain quotas and the possible extension of such monopolization, to the direct injury of American exports to Persia, the Government of the United States is not now prepared to assert a definite policy; this, however, with the clear understanding that any failure on its part to protest regarding these phases of the matter (i.e., monopolization and percentage allot-

---

<sup>9</sup> Transmitted to the Department by the Minister in Persia in his despatch No. 1159, June 15; received July 14.

ment of quotas) does not imply acceptance of such practices as compatible with the most-favored-nation principle.

6) From the American Government's study of the said Convention from the viewpoint of its probable effects on the volume of American exports to Persia, it appears that the quota percentages reserved to Soviet trade will result in an adverse effect on American shipments of automobile tires and possibly machinery.

7) In particular, it would appear that the allotment to Soviet trade of twenty-three per cent (23%) of the "Rubber Goods" quota entails a restriction of the normal American share of Persian imports of tires for automobiles and motor trucks and might, therefore, be considered to be, in fact, a discrimination against American trade with Persia. On this point the American Legation ventures to add that according to reliable estimates approximately seventy-five per cent (75%) of the tires now found on the Teheran market are imported from the United States while five per cent (5%) are of Soviet Russian manufacture.

---

661.9131/89

*The Acting Secretary of State to the Minister in Persia (Hart)*

No. 159

WASHINGTON, May 5, 1932.

SIR: Reference is made to your despatch No. 1077 of March 8, 1932,<sup>10</sup> regarding your representations to the Persian Government on the subject of the Perso-Soviet Convention of October 27, 1931, and its effect on American trade with Persia. You enclosed with your despatch a copy of an *aide-mémoire* which you left with the Persian authorities and which, by its telegram No. 7 of April 6, 1932, the Department instructed you to retract for the purpose of making certain alterations both in contents and phraseology.

From your despatch above referred to, the Department learned for the first time of a proposal whereby importers in Persia would be required to furnish, in lieu of the hitherto required export certificate, an adequate bank guarantee the amount of which, according to the position taken by the Persian Government, was to be 100 per cent of the value of the import permit granted. In your *aide-mémoire* you informed the Persian Government that "the Government of the United States concurs in the suggestion that in future the Imperial Department of Commerce grant import permits without requiring the prior submission of export certificates but upon the submission in lieu thereof of a responsible bank or otherwise acceptable guarantee." For the

<sup>10</sup> See footnote 7, p. 798.

reasons elaborated below, the Department was unable to uphold your action in this respect and directed you to omit all references to a bank guarantee in the modified *aide-mémoire* which you were to submit to the Persian Government.

In its study of this question, the Department reached the conclusion that while the plan of furnishing a bank guarantee to insure the importation of and payment for foreign merchandise might on its face appear to be advantageous to American exporters, it would, by placing an additional burden upon importers in Persia, actually tend to restrict importations from the United States. The cost of such a bank guarantee, according to the Directing Manager of the Imperial Bank of Persia, was estimated at one per cent in the case of firms with respect to which it could be said that the bank would assume no risk whatever, the cost rising in proportion to the risk involved, and, in many cases, the desired bank guarantee perhaps being refused altogether. It would appear to be open to question as to how many firms in Persia, under existing circumstances, could secure such a guarantee without being charged an excessive premium, the amount of which would undoubtedly outweigh the present cost of tying up in the purchase of an export certificate a certain amount of capital, later recoverable through the sale of the imported merchandise. In this connection it might be pertinent to compare the current selling price of an export certificate with the price obtaining prior to the removal of the exchange restrictions, and the Department would appreciate being informed in this regard.

In furnishing a bank guarantee the importer apparently would be subjected to the serious disadvantage of having to forfeit, in case of non-importation, the entire face value of his import permit, an amount which the bank would be compelled to endeavor to collect from him. Furthermore, such a bank guarantee apparently would not relieve the importer from the requirement to supply an export certificate within six months, or upon importation of his goods. Not only would he contract through this form of bond to import and pay for his merchandise, but he would undertake as well to supply an export certificate, failing which the penalty would likewise be forfeiture of the amount of his bank guarantee. Far from safeguarding the process of authorized importation thereby, it is believed extremely doubtful whether importers would be willing or able to incur a heavy liability of this kind for the privilege of importing goods into Persia.

In view of the Persian Government's established policy of strictly limiting imports on the one hand and encouraging the export of Persian products on the other, the Department is somewhat at a loss to understand the concern of the Minister of the Court lest importers

in Persia fail to bring into the country the merchandise to which they are entitled under duly authorized import permits. While it is admitted that considerable inconvenience might result if Persia were deprived, through failure of importers to act on their import permits, of certain articles "of prime necessity," it seems difficult to reconcile with the previously avowed aims of Persia's foreign commercial policy the unexpected desire which seems to be implied in your despatch to insure the actual importation of all permitted commodities by means of a 100 per cent bank guarantee with its triple penalty of forfeiture in case of non-importation, non-payment for the permitted goods, or non-production of an export certificate.

It would appear to the Department from a perusal of the regulations already in force for the execution of the Trade Monopoly law that these regulations in themselves, or with appropriate modifications, would be adequate to insure the eventual utilization of all import permits which may be issued, and that the risk of Persia suffering from a lack of articles for which there is a legitimate demand, whether "of a prime necessity" or not, would be a minimum one. It is the understanding of the Department that the primary object of the Trade Monopoly is to make the import into Persia of foreign goods strictly contingent on the export of Persian produce in like value, and that whereas the law involves an obligation to export it does not in any way contemplate a similar obligation to import foreign commodities. Unless the Trade Monopoly is no longer successfully fulfilling its purpose, the Department is accordingly unable to perceive that a necessity exists for assuring Persia of the receipt, through adoption of the bank guarantee principle, of all the imports which that country may require.

You should of course in your discussions with the Persian authorities carefully avoid any reference to the observations and comments of the Department as contained in the immediately preceding paragraph.

The Department has noted the recognition by the Minister of the Court of the fact that governments of foreign countries, "not being organized on the socialistic basis of the Soviets, could not, practically," give guarantees similar to those given by the Soviets, and that the Persian Government was prepared to continue as in the past the system of individual applications for import permits and to accept from applicants bank guarantees in lieu of export certificates. However, the Department does not consider that the bank guarantee proposal, for countries in the position of the United States, can be construed as being properly "equivalent to" the import privileges ac-



corded to Soviet Russia under the terms of the Perso-Soviet Convention.

In your further conversations with the Persian authorities on this subject, you should make it clear that contrary to the statement in your *aide-mémoire*, the Government of the United States has not concurred in any suggestion looking toward the submission of a bank guarantee as a prerequisite to import. You should explain that this Government still is of the opinion that a practical equivalent of the import concession to Soviet trade would allow the production of export certificates, unencumbered by such additional requirements as the bank guarantee proposal, within six months after the date of actual importation.

Very truly yours,

W. R. CASTLE, JR.

---

661.9131/106

*The Secretary of State to the Minister in Persia (Hart)*

No. 174

WASHINGTON, August 2, 1932.

SIR: The Department has received your despatch No. 1159 of June 15, 1932,<sup>11</sup> on the subject of the Perso-Soviet Convention of October 27, 1931, and your representations to the Persian Government as to the attitude of this Government with respect thereto. The presentation of a substitute memorandum, as directed by the Department's telegram No. 7 of April 6, for an *aide-mémoire* previously left with the Persian Minister for Foreign Affairs,<sup>12</sup> particularly the manner in which this presentation was effected by the Secretary of the Legation, has been noted by the Department with satisfaction.

Careful consideration has been given to the views of the Persian Government concerning the importation of merchandise prior to the production of export certificates and the necessity for a bank guarantee in this connection. The Department, however, has not altered its opinion as to what it considers to be privileges equivalent to those accruing to Soviet trade under the above-mentioned Perso-Soviet Convention, nor has it changed its belief that American trade is entitled to such privileges through the most-favored-nation clause of the Provisional Agreement of May 14, 1928. In any further conversations you may have with the Persian authorities on this subject, you should reiterate the views of this Government as contained in the substitute memorandum left at the Persian Foreign Office on April 14, placing equal weight on the question of monopolization and per-

<sup>11</sup> Not printed.

<sup>12</sup> *Ante*, p. 798.

centage allotment of quotas, especially those quotas affecting American trade, as discussed in the same memorandum.

It would be of interest to the Department to know the present attitude of your British colleague on these questions and whether, in the light of the bank guarantee proposal, there has been any disposition on his part to modify the views formerly expressed to the Persian Government.

With respect to the second note you propose to present to the Persian Government in the event that no action is taken to meet the Department's position prior to exchange of ratifications of the Convention, the Department believes that no useful purpose would be served by repeating the reasons for submitting a substitute memorandum as outlined in the second paragraph thereof. The Department also believes that an appropriate moment for presenting this second note would be immediately following ratification of the Perso-Soviet Convention by Russia, and before exchange of ratifications has taken place, at which time you are authorized to present the note in question with the change mentioned above.

Very truly yours,

W. R. CASTLE, JR.

---

661.9131/107a : Telegram

*The Acting Secretary of State to the Minister in Persia (Hart)*

WASHINGTON, August 5, 1932—6 p. m.

18. Your press review June 30.<sup>13</sup> The Department has been surprised to learn that ratifications of the Perso-Soviet Convention were exchanged at Moscow on June 22, 1932, and regrets that the Legation did not consider it necessary, if this information is correct, to advise the Department thereof immediately by telegraph.

It was furthermore assumed from the last paragraph of your despatch No. 1159 of June 15<sup>13</sup> that in accordance with your own suggestion you would, if necessary, request telegraphic instructions regarding your proposed note to the Ministry for Foreign Affairs. Since the Department had hitherto not been informed of the ratification by Russia of the Convention, an instruction mailed August 2 authorized you to present your note in slightly modified form immediately following ratification by the Soviet Government and before exchange of ratifications took place.

You should now telegraph the substance of the representations, if any, which you made to the Persian authorities upon the exchange of ratifications, and the present attitude of the Persian Government

---

<sup>13</sup> Not printed.

with respect to the Department's position in the matter. It is assumed that with the exchange of ratifications the Convention has legally entered into force.

CASTLE

---

661.9131/109 : Telegram

*The Minister in Persia (Hart) to the Secretary of State*

TEHERAN, August 11, 1932—noon.

[Received 8 p. m.]

20. Department's telegram number 18, August 5, 6 p. m.

Brief report by telegraph would have been misleading as to local situation.

I have made no further representations and do not perceive urgent need therefor. We are faced by *fait accompli*. Further protest may be made within [*sic*] any reasonable delay.

Persian Government virtually ignores Department's position as well as past representations of my colleagues. The latter have done nothing since exchange of ratifications and accept situation on the ground that Persia has but yielded to the inevitable.

Believing matter warrants Department's careful study, please await receipt current despatches.

[File copy not signed.]

---

661.9131/111

*The Secretary of State to the Minister in Persia (Hart)*

No. 198

WASHINGTON, November 14, 1932.

SIR: The Department refers to your despatch No. 1203 of August 11, 1932,<sup>14</sup> regarding discrimination against American trade with Persia resulting from the Perso-Soviet Convention of October 27, 1931, and to your despatch No. 1202 of August 8, 1932,<sup>14</sup> in which you discuss the question as to whether Article 8f2 of the new Persian trade monopoly law accords American trade with Persia facilities equivalent to those accorded Soviet trade by the Convention just mentioned.

A careful examination of the new foreign trade monopoly law has led the Department to the conclusion that neither Article 8f2 above referred to nor any other provision of the law in question affords American trade with Persia facilities equivalent to those granted to Russian trade under the terms of the Perso-Soviet Convention.

<sup>14</sup> Not printed.

While due note has been taken of the lack of any disposition on the part of your colleagues to protest at the apparent violation of their countries' most-favored-nation rights in Persia, the Department is in agreement with you that this Government should file with the Persian Government a formal statement of its position in the matter. There is accordingly enclosed a draft of a first-person-note which, unless you perceive some objection, you should now present to the Minister for Foreign Affairs<sup>15</sup> as a further expression of this Government's views on the subject.

In this connection, the Department's attention has been drawn by the National Automobile Chamber of Commerce to certain other privileges said to be accorded to Soviet importers in Persia which are held to be discriminatory by American automotive interests. It is alleged that under Article 10(4) of the Perso-Soviet Convention, import licenses in so far as they may be required by Soviet importers are valid at all Persian customs ports, whereas import licenses issued to non-Soviet importers are limited to specific ports of entry. Furthermore, it is said, Soviet importers are granted the privilege of leaving their goods in the Persian customs for an indefinite period free of demurrage charges, while all other importers are required to pay the regular fees in this connection.

If you should find that these assertions are founded in fact and that they constitute additional discrimination against American trade with Persia, you may if you deem it advisable incorporate a reference thereto in the above mentioned draft note to the Persian Government. The Department does not contemplate instructing you further in this matter for the present, and although it has no objection to your discussing with the Persian authorities at any appropriate opportunity the question of discrimination against American trade, it does not desire you to make additional formal representations on the subject of the Perso-Soviet Convention without prior instructions.

Very truly yours,

For the Secretary of State:  
W. R. CASTLE, JR.

---

661.9131/121

*The Minister in Persia (Hart) to the Secretary of State*

No. 1323

TEHERAN, January 12, 1933.

[Received February 10.]

SIR: I have the honor to acknowledge the receipt of the Department's special written instruction No. 198 of November 14, 1932, file

<sup>15</sup> Same as note No. 411, January 5, 1933, p. 811.

No. 661.9131, and telegram No. 27 of December 30, 4 p. m.,<sup>16</sup> directing me to dispatch to the Persian Minister for Foreign Affairs a first person note protesting formally in the matter of the discrimination against American trade with Persia resulting from the Perso-Soviet Convention of October 27, 1931.

As a matter of record, I enclose a copy of the note, No. 411, which in accordance with those instructions, I addressed to the Persian Foreign Minister under date of January 5, 1933.

Permit me, at the same time, to refer to the following passages of the written instruction under acknowledgment:

[Here follow paragraph 3 and the first sentence of paragraph 4 of instruction No. 198, printed on page 808.]

I shall comment briefly on the points raised in the second and third of the above quoted paragraphs, to the end that the Department may be informed of my reasons for not incorporating reference thereto in my above-mentioned note.

Under the first point I found, after consultation with local representatives of American automotive interests, that no discrimination in fact, prejudicial to their interests or to those of their principals, results from the privilege in question. Practically all of their importations are, in the ordinary course of the trade, made either through Mohammerah or via Baghdad through Kermanshah. And I have not been able to learn of any specific case where the Persian port quotas have prevented their making such importations by way of such port as, in any particular instance, they may have preferred. Further, these port quotas are flexible figures, used rather as a guide than as a fixed "control" factor. Frequently one sees reported in the local press notice of the increase of one port's quota together with a corresponding decrease in that of another. This, I am reliably informed, is to facilitate the normal movement of imported goods.

On the second point I was unable to ascertain any facts whatsoever tending to substantiate the report of the National Automobile Chamber of Commerce. I believe that report may have had its origin in the fact that at Pahlevi the Soviet Trade Delegation (Torgpred) has constructed at its own expense and is permitted to use its own bonded warehouses. Obviously, on merchandise in such warehouses the Persian Customs Administration makes no demurrage charges, whereas on goods in its Government-built-and-owned warehouses such "service" charges are levied.

Respectfully yours,

CHARLES C. HART

---

<sup>16</sup> Latter not printed.

[Enclosure]

*The American Minister (Hart) to the Persian Minister for  
Foreign Affairs (Foroughi)*

No. 411

TEHERAN, January 5, 1933.

HIGHNESS: I am instructed by my Government to refer once again to the subject of the Perso-Soviet Convention of October 27, 1931, and its effect on American trade with Persia, and in particular to the views of the American Government on this matter as set forth in a memorandum presented to the Under Secretary of State for Foreign Affairs on April 14th last. To date no reply has been received from the Persian Government either to the memorandum in question or to the Legation's oral representations on the subject.

The Government of the United States has taken cognizance of the fact that with the exchange of ratifications on June 22, 1932, the Perso-Soviet Convention has now fully come into force. As the Persian Government has previously been informed, my Government considers that the most-favored-nation clause of the Provisional Agreement of May 14, 1928, between the United States and Persia entitles American trade with Persia to privileges equivalent to those accruing to Soviet trade under the Perso-Soviet Convention, and in my Government's judgment it does not appear that such privileges are accorded to American trade under any of the provisions of the present trade monopoly regulations of Persia. In particular, after a careful examination of the recently amended foreign trade monopoly law, my Government is of the opinion that the so-called bank guarantee plan incorporated in Article 8f2 of that law fails to afford American trade with Persia, if such was its intent, facilities equivalent to those granted to Russian trade under the terms of the Perso-Soviet Convention.

From the standpoint of the American exporter, my Government finds especially burdensome the two essential requirements conditioning the issue of import permits under the Persian trade monopoly law which Soviet importers in Persia are not required to fulfill and which therefore appear to be of a nature discriminatory against American trade with Persia: namely, the requirement to export Persian goods before importing an equivalent amount of foreign goods; and the requirement to sell to the Persian Government foreign exchange to the value of such exports. Furthermore, it appears that under the newly amended trade monopoly law an importer not wishing to avail himself of the bank guarantee plan may import goods only up to 95 per cent of the value of his export certificate, a stipulation not applied in the case of Soviet trade and therefore also dis-

criminary in fact against American trade with Persia. In addition, mention may be made of the flexibility enjoyed by Soviet commerce in the matter of balancing exports against imports, in contrast to the provisions of Article 8f2 above referred to, under which importers of American goods must effect such a balance within six months not from the date of actual importation but from the date of receiving an import permit.

My Government desires me to reiterate at this time its view that the monopolization and percentage allotment of import quotas in favor of Soviet trade is incompatible with the most-favored-nation principle and that to the extent that this practice results in an adverse effect on American trade it regards such monopolization and percentage allotment of quotas as constituting additional discrimination against American trade with Persia. I am instructed to add that an early expression of the Persian Government's views in the above matters would be appreciated.

Accept [etc.]

CHARLES C. HART

## INDEX





# INDEX

- Agreements. *See* Treaties, conventions, etc.
- Albania, naturalization treaty with United States, signed *Apr. 5*, 115-117
- "All Quiet on the Western Front," Austrian opposition to showing of, 118-120
- American Chamber of Commerce in France, opposition to French quota system, 210, 211-212, 214, 215
- Anglo-Persian Oil Co., interest in oil concession in Kuwait. *See* Great Britain: Petroleum concession.
- Argentina, attitude concerning German proposal of tariff arrangements with Rumania and Hungary, 338, 339, 340, 341, 343
- Austria, 118-133  
"All Quiet on the Western Front," Austrian opposition to the showing of the motion picture, 118-120
- American Jews enrolled in University of Vienna, U. S. representations against mistreatment of, 120-133
- Account of abuses and U. S. efforts to obtain protection for students, 120-129, 131
- Austrian expressions of regret and assurances of protection, 121, 122-123, 125, 126, 128-129, 132-133; attitude of Austrian press, 129-131, 132
- National Socialist students, clash with Jewish students on Vienna campus. *See* American Jews, *supra*.
- Aviation, arrangements between United States and—  
Belgium, reciprocal recognition of certificates of airworthiness for imported aircraft, exchange of notes signed *Oct. 22*, 138-140
- Canada, governing certain flights of military aircraft, exchange of notes signed *Sept. 16*, 98-101
- Germany: Air navigation arrangement, exchange of notes signed *May 27, 30, and 31*, 352-358; reciprocal recognition of certificates of airworthiness for imported aircraft, exchange of notes signed *May 27, 30, and 31*, 349-351
- Aviation, arrangements, etc.—Cont.  
Netherlands, proposed, 492-498
- Bahamas, U. S. efforts to obtain from Bahaman authorities information concerning vessels suspected of smuggling liquor into United States, 45-52
- Belgium, 134-140, 659-660, 662-669, 670-671
- Arrangements with United States regarding reciprocal recognition of—  
Certificates of airworthiness for imported aircraft, exchange of notes signed *Oct. 22*, 138-140
- Load line certificates, exchange of notes signed *Oct. 7, 1931, Feb. 4 and Apr. 9, 1932*, 134-138
- Ethiopian Special Court at Addis Ababa, cooperation with other countries in efforts to effect a reform of, 659-660, 662-669, 670-671
- Bessarabia, controversy between Russia and Rumania concerning, 503-508
- Brazil, attitude toward British proposal to grant a preference to Palestinian produce imported into United Kingdom, 31, 35
- Bulgaria, provisional agreement with United States with respect to commercial relations, effected by exchange of notes signed *Aug. 18*, 141-145
- Cameroons, 32
- Canada, 63-113
- Agreements with United States. *See* Aviation, Radio broadcasting, and Unperfected treaty relating to the Great Lakes—St. Lawrence deep waterway, *infra*.
- Aviation, arrangement with United States respecting reciprocal blanket permission for flights of military aircraft, effected by exchange of notes signed *Sept. 16*, 98-101

- Canada—Continued.
- Discrimination against American tug boats in Canadian waters, U. S. representations regarding, 105-111; Canadian reply, 112-113
  - Doctors desiring to enter United States to serve as internes, Canadian representations to United States on behalf of, 102-104; U. S. reclassification of internes under Immigration Act of 1924, 104-105
  - Great Lakes—St. Lawrence deep waterway. *See* Unperfected treaty with United States, *infra*.
  - Josephine K.*, case of. *See* Seizure, *infra*.
  - Radio broadcasting, arrangement with United States effected by exchange of notes signed May 5, 92-98
    - Texts of notes, 92-95
    - Transmittal of information to Mexico concerning arrangement, 95-98
  - Seizure by U. S. Coast Guard of Canadian vessel *Josephine K.*, 78-92
    - Information concerning seizure, 78-81
    - Position of Canadian Government:
      - Insistence that seizure was violation of liquor-smuggling convention of Jan. 23, 1924, 81-85, 87-88
      - Unwillingness to accept jurisdiction of U. S. District Court, 86-87
      - U. S. defense of seizure, 86, 88-92
  - Shipping regulations. *See* Discrimination against American tug boats, *supra*.
  - St. Lawrence Waterway. *See* Unperfected treaty with United States, *infra*.
  - Unperfected treaty with United States relating to the Great Lakes—St. Lawrence deep waterway, 63-78
    - Report of Joint Board of Engineers, Apr. 9, 63-69; submittal to Senate along with text of treaty, 63*n*
    - Text signed July 18, 69-78
  - Capitulations. *See* Egypt: Mixed Courts.
  - Citizenship (*see also* U. S. citizens):
    - Status and liability for military service in Yugoslavia of former Hungarian subject naturalized in
- Citizenship—Continued.
- United States, question of, 617-620; status of U. S. nationals exercising political rights in Russia, 521-526
  - Claims. *See* Finland; Great Britain: Agreement with United States; *and under* Germany.
  - Coasting regulations, Canadian, 105-113
  - Commercial treaties and agreements:
    - Great Britain—Italy, commerce and navigation (1883), cited, 33
    - Great Britain—Spain (1922), 37
    - Perso-Soviet convention of establishment, commerce and navigation (1931). *See* Persia.
    - Spanish agreements with France and with Italy (1931), cited, 539, 540, 542
    - Tariff arrangements of Germany with Rumania and with Hungary (1931). *See* Germany: Tariff arrangements.
  - U. S.—Bulgaria, provisional agreement signed Aug. 18, 141-145
  - U. S.—Cuba (1902), cited, 144
  - U. S.—Denmark, friendship, commerce and navigation (1826), cited, 153
  - U. S.—France, *modus vivendi* of 1927, cited, 196, 198, 208, 221, 222, 228, 243, 255, 348
  - U. S.—Germany, friendship, commerce and consular rights (1923), 141, 142, 143, 338, 362-363, 375-376, 382
  - U. S.—Great Britain (1815), cited, 29, 30, 32
  - U. S.—Persia, provisional agreement of 1928, 795-798, 802, 806, 811
  - Communists, relation to political parties in Germany, 304-306, 316, 320
  - Customs. *See* Norway; *and under* Yugoslavia.
  - Czechoslovakia, restrictions on importation of American tractors, U. S. representations against, 146-152; Czechoslovak reply, 152
- Danubian Confederation, 338, 342-343, 345
- Denmark (*see also* Iceland), 153-175
- Exchange Control Board. *See* Trade discrimination, *infra*.
- Load line certificates, arrangement with United States regarding reciprocal recognition of, exchange of notes signed Jan. 16, 173-175

## Denmark—Continued.

- Trade discrimination in respect to American commerce on part of Danish Exchange Control Board, U. S. representations against, 153-173
- Cases of discrimination against U. S. trade reported and U. S. protest that discrimination violates treaty of 1826, 153-160, 162-166, 167-170
- Danish defense of "mutual trade balance" and censure of U. S. tariff, 158-162, 166-167, 170-173
- Diplomatic and consular officers. *See* Italy: U. S. citizens; Norway.
- Disarmament Conference, 503, 504, 505
- Discrimination. *See* Denmark: Trade discrimination; Estonia; France: Double taxation *and* Quotas; Germany: Import quotas; Greece: American loan *and* Foreign currency; Persia; *also under* Canada, Rumania, *and* Spain: Trade grievances.
- Double taxation. *See under* France.
- Dual nationality, 440-441, 443-448

## Egypt, 621-658

- Decrees restricting automotive traffic and increasing taxes on motor vehicles, U. S. representations against, 640-646, 648, 654-655; Egyptian position, 644, 645, 646-653
- Mixed Courts, U. S. interest in principle of equal representation among principal capitulatory powers, 621-628
- Appointment of an additional American judge to Mixed Courts, U. S. desire for, 622-623, 624-628; information concerning British and Egyptian positions, 621-622, 623-624
- British influence and representation on Mixed Courts, observations concerning, 623, 624, 624-626, 628
- Port of Alexandria, U. S. representations concerning high dues and charges, 655-658
- Sanitary, Maritime and Quarantine Board. *See* U. S. representation on, *infra*.
- U. S. representation on International Quarantine Board at Alexandria, U. S. efforts to obtain, 629-631, 632, 633-634, 637-639; British

## Egypt—Continued.

- and* Egyptian positions, 629-630, 631-633, 634-637
- Estonia, U. S. representations against discriminations in respect to American commerce under import license system, and Estonian consideration of new trade control system based on higher import duties, 176-185
- Ethiopia, 659-671
- Franco-Ethiopian treaty of *Jan. 10, 1908* (basic treaty governing Ethiopian relations with foreign powers), 664, 670
- Reform of Special Court at Addis Ababa, U. S. cooperation with other countries in efforts to effect, 659-671; Ethiopian proposals, 662, 666-667, 670
- Fascism: Alleged pro-Fascist activities of Italian vice consuls in New York, 452-458; comparison with Nazism, 279-281
- Finance Corporation of America. *See* Liberia: Financial crisis *and* International control.
- Finland, representations to United States in support of claims arising from detention of Finnish ships in U. S. harbors, 186-187, 188-192; U. S. position, 187-188, 192-194
- Firestone Plantations Co. *See* Liberia: International control: Plan of Assistance: Finance Corporation of America *and* Firestone interests.
- France (*see also* Rumania: Discrimination against American company), 31, 34-35, 195-275, 281, 285-286, 291, 343, 348-349, 386, 389, 391, 392, 477-478, 659-660, 662-669, 670-671
- American Chamber of Commerce in France, opposition to French quotas, 210, 211-212, 214, 215
- British proposal to grant a preference to Palestinian produce imported into United Kingdom, attitude toward, 31, 34-35
- Commercial relations with United States. *See* Commercial treaty, Double taxation, *and* Quotas, *infra*.
- Commercial treaty with United States, U. S. efforts to forward negotiations, 202, 227-228, 228, 231, 237-238, 240-242, 242-243, 243-244, 244-250, 250-255, 256, 257, 258-259, 261-262, 348-349; French attitude, 227, 230, 243-244, 244-245, 247, 253, 256

## France—Continued.

- Copper interests, American, U. S. protests regarding discrimination resulting from Franco-Belgian tax agreement, and French attitude, 238, 240, 242, 243, 250, 254, 255-256, 256-258, 260-261
- Double taxation, U. S.—French negotiations:  
 Convention and protocol:  
 Resumption of negotiations, 262-267; French acceptance of U. S. draft of *Dec. 18, 1931*, 267-268  
 Text signed *Apr. 27*, 268-273
- Discrimination against American trade (particularly copper) as result of Franco-Belgian tax agreement, U. S. protests and French attitude, 235-238, 237-239, 240, 242, 243, 244, 250, 255-256, 256-258, 260-261
- Quotas on imports of American goods, relation to double taxation question, 206, 209, 215, 219, 219-220, 221
- Ethiopian Special Court at Addis Ababa, cooperation with other countries in efforts to effect a reform of, 659-660, 662-669, 670-671
- Germany, French attitude toward Nazi movement, 281, 285-286, 291; toward proposed German tariff arrangements with Rumania and Hungary, 343
- Greece: American loan of 1929, French cooperation with United States to secure equitable treatment for, 399, 407-409, 418, 421; default in payment on Refugee Loan of 1924, French representations against, 386, 389, 391, 392
- Memel territory, controversy between Lithuania and Germany over, attitude concerning, 477-478
- Most-favored-nation treatment, U. S. efforts to negotiate commercial treaty based on. *See* Commercial treaty, *supra*.
- Quotas adversely affecting American trade, 195-262
- American Chamber of Commerce in France, resolution against, 211-212; French attitude, 215
- Double taxation question, relation to U. S.—French quota negotiations, 206, 209, 215, 219, 219-220, 221

## France—Continued.

## Quotas, etc.—Continued.

- U. S. efforts to forward negotiations on commercial treaty, 202, 227-228, 229, 231, 237-238, 240-242, 242-243, 243-244, 244-250, 250-255, 256, 257, 258-259, 261-262
- U. S. representations against:  
 Contentions as to unfair basis of quotas and need for consultation with American industries prior to fixing of quotas (*see also* Modifications, *infra*), 195-204, 206-211, 219, 240; French position, 200, 201, 202, 204-206, 212-216, 217-218
- Modifications proposed by United States in French quota practice:  
 List of changes, 216-219; negotiations and French counterproposals, 219-231
- Rules adopted by French Government as temporary measure, 232-234
- Motion picture industry, U. S. representations concerning restrictions affecting, 234-235, 237, 260
- Résumé by U. S. Ambassador of existing problems, 206-209, 239-240
- Retalatory measures based on Smoot-Hawley tariff, possibility of, 196, 213-214, 217, 220-221, 236, 238, 242, 243
- Quotité imposable*, 207, 264, 266
- Taxation. *See* Double taxation, *supra*, and U. S. Embassy employees, *infra*.
- Trade restrictions, U. S. grievances and proposals concerning. *See* Commercial treaty and Quotas adversely affecting American trade, *supra*.
- Treaties with United States:  
 Commercial *modus vivendi* of 1927, 196, 198, 208, 221, 222, 228, 248, 255, 348
- Commercial treaty, negotiations for. *See* Commercial treaty, *supra*.
- Convention and protocol on double taxation. *See under* Double taxation, *supra*.
- U. S. Embassy employees in France, exemption from French income tax on basis of reciprocity, 273-275

- Germany, 276-383, 659-660, 662-669, 670-671
- Arrangements with United States regarding—
- Air navigation, exchange of notes signed *May 27, 30, and 31, 352-358*
  - Certificates of airworthiness for imported aircraft, reciprocal recognition of, exchange of notes signed *May 27, 30, and 31, 349-351*
  - Debts. *See* Debt agreement, *infra*.
- Claims payments under War Claims Act of 1928, U. S. consideration of revision in priorities due to uncertainty of Germany's future ability to pay, 334-336; German position, and U. S. decision to withhold recommendation temporarily, 336-337
- Commercial treaty with United States (1923), 141, 142, 143, 338, 362-363, 375-376, 382
- Communists, relation to principal political parties, 304-306, 316, 320
- Danubian Confederation, German attitude, 338, 342-343, 345
- Debt agreement with United States of *June 23, 1930*, postponement of payments under:
- Misunderstanding between United States and Germany over German reservation contained in notice of postponement of the *Sept. 30* payment:
    - Refusal of United States to accept reservation, and request for statement of future intentions, 323-327; German defense of position, 327-329, 330-332
    - Settlement of difficulty upon receipt of German assurances, 330, 332-334
  - Notifications of postponement, 332-333, 337-338
- Election results. *See under* Political developments, *infra*.
- Ethiopian Special Court at Addis Ababa, cooperation with other countries in efforts to effect a reform of, 659-660, 662-669, 670-671
- Foreign motion picture films in Germany, U. S. representations against German restrictions on, 367-374
- Germany—Continued.
- Hitler. *See under* Political developments: National Socialist Party, *infra*.
- Import quotas on agricultural products, proposed, 358-367
- Efforts of United States to check imposition of quotas as adversely affecting American imports, 358-360, 361-362, 364, 365-367; German position, 360-361, 365, 366-367
  - German intention to discuss proposal with interested European countries, 362-363, 364-365; U. S. position, 364
- Interest rates on certain obligations held by U. S. citizens, U. S. representations against German decree reducing, 376-378, 381-383; German position, 379-381
- Lausanne Conference, German representation, 297, 301, 317
- Memel territory, conflict with Lithuania concerning. *See* Lithuania.
- Mixed claims, U. S.—Germany. *See* Claims payments, *supra*.
- Monarchy, rumors as to possible restoration of, 295-296, 298-299
- Motion picture films, foreign, U. S. representations against German restrictions, 367-374
- National Socialist Party. *See under* Political developments, *infra*.
- Political developments, 276-323
- Election results, reports of and analysis of political situation based on, 278-279, 287-288, 290-291, 302-303
  - Hitler. *See under* National Socialist Party, *infra*.
  - National Socialist Party:
    - Discord among Nazi leaders, 320-323; Strasser's bolt from Party, significance of, 321-323
    - Election results, analysis of Party strength based on, 278-279, 287-288, 290-291, 302-303
    - French attitude toward Nazi movement, 281, 285-286, 291
    - Goebbels, conception of Party aims, 282-285
    - Goering, conception of Party aims and undertakings, 285, 315

## Germany—Continued.

- Political developments—Continued.
- National Socialist Party—Cont.
  - Hitler, leadership in Party (*see also* Nazi program, *infra*):
    - Political future, speculation concerning, 276-288, 295-297, 299-300, 309-313, 314, 316-317, 323
    - Program and strength of following, 276-277, 313
    - Mussolini, comparison with, 277, 279-281
  - Illegal political activities including acts of treason, alleged, 288-290; dissolution of Nazi military groups by von Hindenburg government as punitive measure, 291-293
  - Nazi program (*see also* Hitler, *supra*), observations concerning popularity and substance of:
    - Aims of Party, 282-285, 299, 304-305, 315, 320
    - Fascism, comparison with, 279-281
    - Industrialists, backing of Party by, 280, 292-293, 295, 301-302, 315, 316, 320
    - Relationship to von Hindenburg government. *See* von Hindenburg government, *infra*.
    - Trade unions, strong opposition from, 280, 315
    - Polish attitude toward Nazi movement, 281, 285
    - Terrorism, renewed Nazi activities resulting in, 306-308; disciplinary decrees issued, 308-309
  - Versailles Treaty, possibility of repudiation by Germany, 296
  - von Hindenburg government:
    - Cabinet leadership, shift in, observations concerning:
      - Bruning cabinet, 291, 293-294, 298, 300-302, 311
      - von Papen cabinet, 293-295, 297, 303-306, 310, 312, 313-316, 317-319
      - von Schleicher cabinet, 318-319, 320-322
    - Presidential elections, support of government evidenced by, 287-288
  - Reparations, likelihood of repudiation by Germany, 296
  - Tardieu Plan, German attitude, 338, 342-343, 345

## Germany—Continued.

- Tariff arrangements with Rumania and Hungary in conflict with German-American commercial treaty of Dec. 8, 1923, 338-349
- Attitude of Argentina, India, Russia, and Turkey, 338, 340, 341, 343
- Status of negotiations with Rumania and Hungary, 343, 344-345
- U. S. position: German interpretation of U. S. silence as acquiescence, 338, 341-342, 344, 345; withholding of acquiescence based on treaty rights, 339-342, 344, 345-349
- Versailles Treaty, possibility of repudiation by Germany, 296
- von Hindenburg government. *See under* Political developments, *supra*.
- War debts to United States. *See* Claims payments and Debt agreement, *supra*.
- Workmen's Compensation Act of Illinois with respect to alien beneficiaries, German representations concerning, 374-376; U. S. reply, 376
- Great Britain (*see also* Egypt: Mixed Courts and U. S. representation on International Quarantine Board at Alexandria; Iraq), 1-62, 386, 389, 390-391, 392-393, 399, 408, 413-414, 420, 422-423, 429, 471, 477-478, 480, 482, 659-660, 662-669, 670-671, 793-796
- Agreement with United States to submit to an American commission claims arising from use of British inventions, 52-59
  - Discussion and negotiations leading to agreement, 52-57
  - Establishment of commission and awarding of claims, 57-59
- Anglo-Persian Oil Co., interest in oil concession in Kuwait. *See* Petroleum concession, *infra*.
- Claims of British inventors against U. S. Government. *See* Agreement with United States, *supra*.
- Cooperation between British North Borneo and the Philippine Islands in the protection of turtle fisheries, 59-62
- Ethiopian Special Court at Addis Ababa, cooperation with other countries in efforts to effect a reform of, 659-660, 662-669, 670-671

## Great Britain—Continued.

Greece: American loan of 1929, British cooperation with United States to secure equitable treatment for, 397-399, 410-411, 413-417, 420, 421-423; default in payment on Refugee Loan of 1924, British representations against, 386, 389, 390-391, 392-393

Memel territory, controversy between Lithuania and Germany, attitude concerning, 471, 477-478, 480, 482

Palestinian produce imported into United Kingdom, proposal to grant a preference to, 29-37

British communications to United States, 29-30, 31-32

Position of United States (based on commercial treaty of 1815), 30-31, 32; of other countries, 31, 33-37

Status of question as of Jan. 1934, 37

Perso-Soviet Convention of Oct. 27, 1931, representations against discriminatory features, 793-796

Petroleum concession from the Sheikh of Kuwait, U. S. efforts in support of American interests seeking, 1-29

Informal representations against inclusion in contract of "British nationality clause," 1-7, 8, 10-11; British position, 8-10

Formal representations, 11-13; British assurances of willingness to omit nationality clause with consent of Sheikh of Kuwait, 13-16

Draft concessions submitted by American interests and British interests, delay in reaching settlement:

U. S. representations for equal treatment of American interests and for expediting settlement, 16-17, 19-23, 26-28, 29; British explanation of situation, 17-19, 23-26, 28

Nonacceptance by Sheikh of either draft, 29*n*

Turtle fisheries under jurisdiction of British North Borneo, protection of, 59-62

U. S. destroyers, representations to United States against reconditioning by private owners for commercial purposes of four U. S. destroyers, 38-40; U. S. review of circumstances and

## Great Britain—Continued.

satisfactory disposition of the matter, 40-44

U. S. efforts to obtain information from authorities in the Bahamas regarding vessels suspected of smuggling liquor into United States, 45-52

Great Lakes—St. Lawrence deep waterway. *See* Canada: Unperfected treaty with United States.

Greece, 384-448

American loan of May 10, 1929, apparent discrimination against, in service of external debt, 396-429

Information concerning Greek intentions to service League of Nations loans while requesting postponement of Nov. 10 payment on U. S. loan, 396, 400, 409

U. S. insistence on equality of treatment in service of loans:

Cooperation of governments represented on International Financial Commission:

Negotiations with France, 399, 407-409, 418, 421; with Great Britain, 397-399, 410-411, 413-417, 420, 421-423; with Italy, 411-412

Provision for equal treatment of U. S. loan, 424

Representations to Greek Government, 396-397, 399-401, 409-410, 417-418, 418-419, 427; Greek attitude, counterproposals, and final settlement of matter, 401-407, 412-413, 419-420, 423-424, 424-429

Foreign currency, decree forcibly converting into drachmas, 430-436

Details of decree and information concerning its probable effect, 430-431, 432-433

U. S. representations against decree as having elements of confiscation and discrimination, 431-432, 434-435; Greek attitude and consideration of an amendment to decree, 435-436

Greek Stabilization and Refugee Loan of 1928, service of. *See* American loan of May 10, 1929, *supra*.



- Greece—Continued.
- International Financial Commission. *See* American loan of *May 10, 1929, supra, and* Refugee Loan of *1924, infra.*
- Loans. *See* American loan of *May 10, 1929, supra, and* Refugee Loan of *1924, infra.*
- Military service of U. S. citizens of Greek origin visiting Greece, status with respect to, 437-441
- Monks-Ulen and Co., contract of *Oct. 20, 1928*, efforts of Greek Government to modify, 442-443
- Refugee Loan of *1924*, default in payment on, protests of United States and other powers, 384-386, 387-388, 389-393, 395-396; Greek explanation of necessity for action taken, 386, 388, 392, 393-395
- Registration of Basil and Theodore Petrides (U. S. citizens), as Greek subjects, U. S. representations against, 443-444, 445-447; Greek position based on Greco-Turkish Treaty of *1930*, 444-445, 447-448
- Struma Valley contract of *Oct. 20, 1928*, U. S. assistance to Monks-Ulen and Co. in opposing efforts of Greek Government to modify, 442-443
- U. S. citizens. *See* Military service and Registration of Basil and Theodore Petrides, *supra.*
- Gulf Oil Corporation, interest in oil concession in Kuwait. *See* Great Britain: Petroleum concession.
- Hitler, Adolf. *See under* Germany: Political developments: National Socialist Party.
- Hungary:
- Citizenship status in Yugoslavia of former Hungarian subject naturalized in United States, question of, 617-620
- German proposal of preferential customs agreement. *See* Germany: Tariff arrangements.
- Iceland, arrangement with United States regarding reciprocal recognition of load line certificates, effected by exchange of notes signed *Jan. 16, 1924*, 449-451
- India, attitude toward proposed German tariff arrangements with Rumania and Hungary, 338, 340, 341
- Immigration Act of *1924*, cited, 104-105
- International Financial Commission. *See* Greece: American loan of *May 10, 1929, and* Refugee Loan of *1924.*
- International Rules of the Road, 91
- Iraq, U. S. insistence on right to be consulted regarding Iraq's administration upon termination of mandatory relationship with Great Britain, 672-685
- Communication of U. S. position to Great Britain, 672-674; British opinion, and U. S. reservation of position, 675-679
- Iraq Declaration of Guarantees, British transmittal to United States, 679-683
- Transmittal of U. S.—British correspondence to League of Nations, 683-685
- Italy, 31, 33, 35-36, 277, 279-281, 386, 389, 391, 392, 411-412, 422, 452-465, 477-478, 659-660, 662-669, 670-671
- Alleged pro-Fascist activities of Italian vice consuls in New York, Italian protests against unofficial charges, 452-453
- Details concerning riot, and charges made by anti-Fascist Italo-American groups, 452-455; Italian position, 455-456
- U. S. investigation clearing vice consuls, 457-458
- British proposal to grant a preference to Palestinian produce imported into United Kingdom, attitude toward, 31, 33, 35-36
- Ethiopian Special Court at Addis Ababa, cooperation with other countries in efforts to effect a reform of, 659-660, 662-669, 670-671
- Fascist activities in United States. *See* Alleged pro-Fascist activities, *supra.*
- Greece: American loan of *1929*, Italian cooperation with United States to secure equitable treatment for, 411-412; default in payment on Refugee Loan of *1924*, Italian representations against, 386, 389, 391, 392
- Load line certificates, arrangement with United States regarding reciprocal recognition of, effected by exchange of notes signed *Sept. 8, 1931, and June 1, 1932, 463-465*

## Italy—Continued.

- Memel territory, controversy between Lithuania and Germany over, attitude concerning, 477-478
- Mussolini: Agreement to dissolve Fascist groups in New York City, 457; comparison with Hitler, 277, 279-281
- U. S. citizens arrested in Italy, right to communicate with U. S. consular officers, 458-459, 461-463; U. S. statement of corresponding practice, 459-461

Jewish students enrolled in University of Vienna, mistreatment of. *See* Austria: American Jews enrolled in University of Vienna.

*Josephine K.*, case of. *See* Canada: Seizure.

Kru Coast natives. *See under* Liberia.

Kuwait, oil concession in. *See* Great Britain: Petroleum concession.

Lausanne Conference, reference to, 297, 301, 317, 345, 393, 394

Lausanne treaty, 445, 448, 633, 637

League of Nations. *See* Iraq; Liberia: International control.

## Liberia, 686-792

Barclay administration, U. S. continued nonrecognition of, 711

Finance Corporation of America, activities of. *See* Financial crisis and International control, *infra*.

## Financial crisis:

Instability of fiscal affairs, 696-697, 703, 717, 734-736, 779

Loan Agreement of 1926, Liberian efforts to obtain modification of, 696, 779, 782-784, 786, 787, 789-790, 791; U. S. attitude, 786-787, 788-789, 790-791, 792

Frontier Force, resignation of adviser to, 740-741, 742

Kru Coast natives, investigation and League action concerning alleged reprisals by Liberian Government against, 697-698, 699, 700, 704-716, 725-726, 728, 729, 730, 733-734, 736-737, 775, 778; Liberian position, 697, 700-701, 711-712, 744

International control for rehabilitation of Liberia, proposed, activities of the League of Nations Committee on Liberia concerning:

## Liberia—Continued.

International control, etc.—Cont.

Experts' report to Committee (*see also* Plan of Assistance, *infra*):

Discussions and revisions, 686-687, 696-697, 698-699, 701-705, 720-723, 726-727, 746-747

Finance Corporation of America proposals, 687-689, 702-703, 724-725; U. S. attitude, 689, 691, 692-694, 695, 717-719

Liberian Government's objections and offer of alternate proposals, 694-695, 697, 704, 716-717, 732, 742-743, 745; U. S. attitude, 718-720, 723-724, 732-733, 738-740, 744-746

Financial aspects, 692, 699

Résumé of report, 727-729

U. S. attitude concerning—  
Experts' report, 689, 690-691, 723-724

Finance Corporation proposals, 689, 691, 692-694, 695, 717-719

Liberian Government's proposals, 718-720, 723-724, 732-733, 738-740, 744-746

Plan of Assistance adopted by League Council, *May 20*, as result of Experts' report:

Finance Corporation of America and Firestone interests, consideration of plan:

Criticism of organization, 751-752, 766, 769-770, 773, 779, 782; U. S. position, 750-751, 768, 771-773

Investigation of Liberian situation, and League impatience over delay, 767-768, 773-774, 776-780, 781-782, 784-785; U. S. attitude, 769, 774-775

Liberian attitude, 775, 781, 786

Liberian criticism of plan and final acceptance, 732, 742-743, 745, 747-748, 767

U. S. arguments concerning administration of plan, and final approval, 731, 737-738, 743-744, 744-746, 748-749, 750-751, 753-754, 758-759, 766-767, 768-769, 771-773; attitude of Great Britain and other countries, 743, 744, 750, 752-753, 755-757, 759-761

- Liberia—Continued.  
 International control, etc.—Cont.  
   Reports on work of Committee, 701-705, 759-765, 775, 784-785  
   U. S. participation. *See* Experts' report *and* Plan of Assistance, *supra*.  
 Sanitation, discussion of, 729-730, 741-742  
 Liquor smuggling into United States:  
   Seizure by U. S. Coast Guard of Canadian vessel *Josephine K*. *See under* Canada.  
   U. S. efforts to obtain information from Bahamas regarding vessels suspected of, 45-52  
 Lithuania, conflicting interests of Lithuania and Germany in Memel territory, 466-486  
   Conditions involved in dispute, information concerning, 466-474, 475-476, 478-479, 482-483; easing of tension, 484-486  
   Formation of all-Lithuanian Directorate, and German attitude, 472-473, 480, 481-482  
   Position of United States, 475, 483-484; of other countries, 471-472, 477-478, 480, 481-482  
 Load line certificates, reciprocal recognition of, arrangements effected by exchange of notes between United States and—  
   Belgium, 134-138  
   Denmark, signed *Jan. 16*, 173-175  
   Iceland, signed *Jan. 16*, 449-451  
   Italy, signed *Sept. 8, 1931*, and *June 1, 1932*, 463-465  
   Netherlands, 487-491  
   Sweden, signed *Jan. 27* and *June 1*, 603-605  
 Load Line Convention, International (1930), 135-138, 173-175, 449, 450, 465, 487, 489, 490, 603-605  
 Loans. *See* Greece: American loan of *May 10, 1929*, and Refugee Loan of *1924*; Liberia: Financial crisis.  
 Mandates. *See* Iraq; Great Britain: Palestinian produce imported into United Kingdom.  
 Memel territory. *See* Lithuania.  
 Mexico, U. S. transmittal of information concerning U. S.-Canadian arrangement on radio broadcasting, 95-98  
 Mixed claims, U. S.—Germany. *See* Germany: Claims payments.  
 Monks-Ulen and Co., 442-443  
 Most-favored-nation treatment. *See* Bulgaria; France: Commercial treaty *and* Quotas; Great Britain: Palestinian produce imported into United Kingdom; Persia; *and under* Spain: Trade grievances.  
 Motion picture industry:  
   Austria, opposition to showing of "All Quiet on the Western Front," 118-120  
   France, regulations affecting, U. S. representations concerning, 234-235, 237, 260  
   Germany, restrictions on foreign films, U. S. representations against, 367-374  
 Mussolini, Benito, 277, 279-281, 457  
 National Socialist Party. *See under* Germany.  
 Naturalization treaty between United States and Albania, signed *Apr. 5*, 115-117; Austria-Hungary (1871), cited, 618  
 Netherlands, 487-498  
   Air navigation arrangement with United States, proposed, 492-498; U. S. failure to receive ratification notice from Netherlands, 497*n*  
   Load line certificates, arrangement with United States for reciprocal recognition of, effected by exchange of notes, 487-491  
 North Borneo, British, cooperation of Philippine Islands in protection of turtle fisheries, 59-62  
 Norway, arrangement with United States regarding customs treatment of importations for consular offices and officers, 499-502  
   Application of arrangement to all U. S. possessions except Philippine Islands, 500-502  
   Exchange of notes signed *Jan. 20*, 499-500  
 Oil interests. *See* Great Britain: Petroleum concession; Yugoslavia: Customs duties.  
 Palestine. *See* Great Britain: Palestinian produce imported into United Kingdom.  
 Persia, commercial convention of *Oct. 27, 1931*, with the Soviet Union, 793-812  
   British representations against discriminatory features, information concerning, 793-796

## Persia—Continued.

- U. S. representations for concessions equivalent to those granted to the Soviet Union, 796-808, 808-812; Persian attitude, 808
- Petroleum interests. *See* Oil interests.
- Philippine Islands, cooperation with British North Borneo in protection of turtle fisheries, 59-62

Quarantine. *See* Egypt: U. S. representation on International Quarantine Board.

Quotas, embargoes, etc. *See* France: Quotas; Germany: Import quotas; Persia.

*Quantité impossible*, 207, 264, 266

Radio. *See* Canada: Radio broadcasting.

Reciprocity (*see also* Most-favored-nation treatment):

Arrangements between United States and other countries. *See* Aviation; Load line certificates.

U. S. Embassy employees in France, exemption from French income tax on basis of reciprocity, 273-275

## Rumania, 503-520

Bessarabia, controversy between Russia and Rumania concerning, 503-508; U. S. attitude, 504, 505, 506-508

Discrimination against American company in awarding contract, 508-520

Awarding of contract to French firm and charges of French political pressure involved, 508-510

U. S. representations against, 509, 510, 510-520

German proposal of preferential customs arrangement. *See* Germany: Tariff arrangements.

## Russia, 338, 340, 341, 477, 503-508, 521-526

Bessarabia, controversy between Russia and Rumania concerning, 503-508

Citizenship status of U. S. nationals exercising political rights in Russia, information concerning, 521-526; Soviet decree of *Apr. 22, 1931*, 523-526

German tariff arrangements with Rumania and Hungary, attitude toward proposal of, 338, 340, 341

## Russia—Continued.

Memel territory, controversy between Lithuania and Germany over, attitude concerning, 477

Negotiations with France, Poland, Latvia, Estonia, Finland, and Rumania for conclusion of non-aggression pacts, reference to, 503, 505

Perso-Soviet convention of *Oct. 27, 1931*. *See* Persia.

Shipping charges and regulations. *See* Canada: Discrimination; Egypt: Port of Alexandria.

Smoot-Hawley Tariff, possibility of use against French quota system, 196, 213-214, 217, 220-221, 236, 238, 242, 248

## Spain, 31, 36-37, 527-581

British proposal to grant a preference to Palestinian produce imported into United Kingdom, attitude toward, 31, 36-37

International Telephone and Telegraph Co. contract, introduction in Spanish Cortes of bill providing for annulment of, 560-581

Representations by United States against possibility of annulment of contract, 560-563, 563-571, 573, 574-576; Spanish position, 561, 562, 563, 565, 568, 570-571, 572, 573-574, 575, 576, 577

Spanish suspension of legislative action and appointment of commission to consider possible contract revisions, 577-580; U. S. attitude, 580-581

Trade grievances, efforts of United States and Spain to eliminate, 527-560

Discriminatory tariffs on U. S. goods, U. S. efforts to settle Spanish trade grievances as preliminary step toward gaining removal of, 527-528, 530-533, 534, 542-543, 547, 549-553, 555-559

Most-favored-nation treatment, U. S. insistence on (*see also* Discriminatory tariffs, *supra*): Data concerning, 528-530, 531, 533

Spanish compromise proposal: Explanation of proposal, 534-535, 536, 537-538; U. S. attitude, 535-536

Final U. S. acceptance of plan and beginning of negotiations, 539-542, 543-547

- Spain—Continued.  
 Trade grievances, etc.—Cont.  
 Most favored-nation, etc.—Cont.  
 Spanish compromise, etc.—Cont.  
 Spanish decision to withdraw proposal, 547-548, 553-555; U. S. attitude, 548-549, 559, 560
- St. Lawrence Waterway. *See* Canada: Unperfected treaty with United States.
- Standard Oil Co. of Yugoslavia, 606-617
- Sweden, 582-605  
 Load line certificates, arrangement with United States regarding reciprocal recognition of, effected by exchange of notes signed *Jan. 27* and *June 1*, 603-605  
 State railways, refusal to pay Dexter and Carpenter, Inc., judgment granted by U. S. court, review of case and U. S. representations to Swedish Government, 582-601; delay in Swedish reply to representations, 601-603
- Tanganyika, 32
- Tardieu Plan, 338, 342-343, 345
- Tariff discriminations. *See* Germany: Tariff arrangements; Spain: Trade grievances.
- Taxation. *See* Egypt: Decree; France: Double taxation and U. S. Embassy employees.
- Territorial questions. *See* Lithuania; Rumania: Bessarabia.
- Territorial waters, case of the *Josephine K.*, 78-92
- Togoland, 32
- Trade restrictions. *See* Czechoslovakia; Denmark: Trade discrimination; Egypt: Decrees; Estonia; France: Quotas; Germany: Import quotas; Persia; Spain: Trade grievances; Yugoslavia: Customs duties.
- Treaties, conventions, etc.:  
 Anglo-Iraq judicial agreements, 1924 and 1931, cited, 680-682  
 Aviation. *See* Aviation.  
 Commercial treaties and agreements. *See* Commercial treaties and agreements.  
 France-Belgium, tax agreement signed *June 18*, 235-236, 237-239, 240, 242, 243, 244, 250  
 France-Ethiopia, treaty of 1908, 664, 670
- Treaties, conventions, etc.—Cont.  
 France-Great Britain, accord of confidence, issued *July 13*, 239-240  
 Greece-Turkey (1930), cited, 445, 446, 447-448  
 International convention for the abolition of import and export prohibitions and restrictions (1927), cited, 217  
 International load line convention (1930), 135-138, 173-175, 449, 450, 465, 487, 489, 490, 603-605  
 Judicial agreements, Great Britain-Iraq, 1924 and 1931, cited, 680-682  
 Klobukowski treaty, 664, 670  
 Lausanne, treaty of, 445, 448, 633, 637  
 Load line certificates. *See* Load line certificates.  
 London naval treaty (1930), cited, 38-44 *passim*  
 Memel convention of 1924, 467, 469-470  
 Naturalization treaties between United States and—  
 Albania, signed *Apr. 5*, 115-117  
 Austria-Hungary (1871), cited, 618  
 Neuilly, treaty of, cited, 142  
 St. Germain, treaty of, cited, 618, 637  
 Trianon, treaty of, 618, 637  
 U. S.—Albania, naturalization treaty signed *Apr. 5*, 115-117  
 U. S.—Austria, treaty establishing friendly relations (1921), cited, 619  
 U. S.—Austria-Hungary, naturalization treaty of 1871, cited, 618  
 U. S.—Belgium. *See* Belgium: Arrangements with United States.  
 U. S.—Bulgaria, provisional commercial agreement signed *Aug. 18*, 141-145  
 U. S.—Canada:  
 Military aircraft, arrangement covering flights of, signed *Sept. 16*, 98-101  
 Radio broadcasting, arrangement effected by exchange of notes signed *May 5*, 92-98  
 Unperfected treaty with United States relating to the Great Lakes-St. Lawrence deep waterway *See under* Canada.  
 U. S.—Cuba, treaty of 1902, cited, 144

## Treaties, conventions, etc.—Cont.

- U. S.—Denmark: Arrangement for reciprocal recognition of load line certificates, 173-175; commercial treaty of 1826, 153
- U. S.—France. *See under* France.
- U. S.—Germany. *See* Germany: Arrangements *and* Commercial treaty.
- U. S.—Great Britain: Commercial treaty of 1815, cited, 29, 30, 32; liquor-smuggling convention of 1924, 82, 85, 87, 89-91
- U. S.—Hungary, treaty establishing friendly relations (1921), cited, 619
- U. S.—Iceland, arrangement for reciprocal recognition of load line certificates, 449-451
- U. S.—Iraq—Great Britain (1930), cited, 672-683 *passim*
- U. S.—Italy: Consular convention (1878), cited, 460; load line certificates, arrangement for reciprocal recognition of, 463-465
- U. S.—Netherlands, arrangement for reciprocal recognition of load line certificates, 487-491
- U. S.—Norway, customs arrangement effected by exchange of notes signed Jan. 20, 499-500
- U. S.—Persia, provisional commercial agreement of 1928, 795-798, 802, 806, 811
- U. S.—Sweden, arrangement for reciprocal recognition of load line certificates, 603-605
- Versailles Treaty, 296, 637
- Washington naval treaty (1922), cited, 38-44 *passim*
- Turkey: Attitude toward proposed German tariff arrangements with Rumania and Hungary, 341; Greco-Turkish treaty of June 10, 1930, cited, 445, 446, 447-448
- Turtle fisheries under jurisdiction of British North Borneo, protection of, 59-62
- Union of Soviet Socialist Republics. *See* Russia.
- U. S. citizens:
- Citizenship status of U. S. nationals exercising political rights in Russia, 521-526
- Greece: Military service of U. S. citizens of Greek origin visiting Greece, status with respect to, 437-441; registration of Basil

## U. S. citizens—Continued.

- and Theodore Petrides (U. S. citizens) as Greek subjects, U. S. representations and Greek position, 443-448
- Liability for military service in Yugoslavia of former Hungarian subject naturalized in United States, U. S. representations concerning, 617-619; Yugoslav action, 619-620
- Right of American citizens arrested in Italy to communicate with U. S. consular officers, 458-459, 461-463; U. S. statement of corresponding practice, 459-461
- U. S. students. *See* Austria: American Jews enrolled in University of Vienna.
- U. S. commercial interests:
- Dexter and Carpenter, Inc., refusal of Swedish State railways to pay judgment granted by U. S. court, 582-603
- General Railway Signal Co., failure to receive Rumanian contract, U. S. representations regarding, 508-520
- Gulf Oil Corporation, interest in oil concession in Kuwait. *See* Great Britain: Petroleum concession.
- International Telephone and Telegraph Co. *See under* Spain.
- Monks-Ulen and Co., 442-443
- Standard Oil Co., 177, 606-617
- U. S. destroyers reconditioned by private owners for commercial purposes, British representations and U. S. position, 38-44
- Versailles Treaty, 296, 637
- Vilna, question of, 485, 506
- War debts to United States. *See* Germany: Claims payments *and* Debt agreement.
- Yugoslavia. 606-620
- Citizenship and liability for military service of former Hungarian subject naturalized in United States, U. S. representations concerning, 617-619; Yugoslav action, 619-620
- Customs duties, U. S. representations on behalf of Standard Oil Co. of Yugoslavia, 606-617
- Zealandia case, 191













HARPER RESERV

*U. S. Dept. of State*

1591875

