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Foreign
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MESSAGE OF THE PRESIDENT OF THE UNITED STATES TO CONGRESS, DECEMBER 7, 1920

GENTLEMEN OF THE CONGRESS: When I addressed myself to performing the duty laid upon the President by the Constitution to present to you an annual report on the state of the Union, I found my thought dominated by an immortal sentence of Abraham Lincoln's,

“Let us have faith that right makes might, and in that faith let us dare to do our duty as we understand it,”—

a sentence immortal because it embodies in a form of utter simplicity and purity the essential faith of the nation, the faith in which it was conceived and the faith in which it has grown to glory and power. With that faith and the birth of a nation founded upon it came the hope into the world that a new order would prevail throughout the affairs of mankind, an order in which reason and right would take precedence of covetousness and force, and I believe that I express the wish and purpose of every thoughtful American when I say that this sentence marks for us in the plainest manner the part we should play alike in the arrangement of our domestic affairs and in our exercise of influence upon the affairs of the world. By this faith, and by this faith alone, can the world be lifted out of its present confusion and despair. It was this faith which prevailed over the wicked force of Germany. You will remember that the beginning of the end of the war came when the German people found themselves face to face with the conscience of the world and realized that right was everywhere arrayed against the wrong that their government was attempting to perpetrate. I think, therefore, that it is true to say that this was the faith which won the war. Certainly this is the faith with which our gallant men went into the field and out upon the seas to make sure of victory.

This is the mission upon which democracy came into the world. Democracy is an assertion of the right of the individual to live and to be treated justly as against any attempt on the part of any combination of individuals to make laws which will overburden him or which will destroy his equality among his fellows in the matter of right or privilege, and I think we all realize that the day has come when democracy is being put upon its final test. The old world is

just now suffering from a wanton rejection of the principle of democracy and a substitution of the principle of autocracy as asserted in the name but without the authority and sanction of the multitude. This is the time of all others when democracy should prove its purity and its spiritual power to prevail. It is surely the manifest destiny of the United States to lead in the attempt to make this spirit prevail.

There are two ways in which the United States can assist to accomplish this great object: First, by offering the example within her own borders of the will and power of democracy to make and enforce laws which are unquestionably just and which are equal in their administration,—laws which secure its full right to labor and yet at the same time safeguard the integrity of property, and particularly of that property which is devoted to the development of industry and the increase of the necessary wealth of the world. Second, by standing for right and justice as towards individual nations. The law of democracy is for the protection of the weak, and the influence of every democracy in the world should be for the protection of the weak nation, the nation which is struggling towards its right and towards its proper recognition and privilege in the family of nations. The United States cannot refuse this rôle of champion without putting the stigma of rejection upon the great and devoted men who brought its government into existence and established it in the face of almost universal opposition and intrigue, even in the face of wanton force, as, for example, against the Orders in Council of Great Britain and the arbitrary Napoleonic Decrees which involved us in what we know as the War of 1812. I urge you to consider that the display of an immediate disposition on the part of the Congress to remedy any injustices or evils that may have shown themselves in our own national life will afford the most effectual offset to the forces of chaos and tyranny which are playing so disastrous a part in the fortunes of the free peoples of more than one part of the world. The United States is of necessity the sample democracy of the world, and the triumph of democracy depends upon its success.

Recovery from the disturbing and sometimes disastrous effects of the late war has been exceedingly slow on the other side of the water and has given promise, I venture to say, of early completion only in our own fortunate country; but even with us the recovery halts and is impeded at times and there are immediately serviceable acts of legislation which it seems to me we ought to attempt, to assist that recovery and prove the indestructible recuperative force of a great government of the people. One of these is to prove that a great democracy can keep house as successfully and in as business-

like a fashion as any other government. It seems to me that the first step towards proving this is to supply ourselves with a systematic method of handling our estimates and expenditures and bringing them to the point where they will not be an unnecessary strain upon our income or necessitate unreasonable taxation, in other words, a workable budget system, and I respectfully suggest that two elements are essential to such a system; namely, not only that the proposal of appropriations should be in the hands of a single body, such as a single appropriations committee in each house of the Congress, but also that this body should be brought into such cooperation with the departments of the Government and with the Treasury of the United States as would enable it to act upon a complete conspectus of the needs of the Government and the resources from which it must draw its income. I reluctantly vetoed the Budget Bill passed by the last session of the Congress because of a Constitutional objection. The house of Representatives subsequently modified the Bill in order to meet this objection. In the revised form I believe that the Bill, coupled with action already taken by the Congress to revise its rules and procedure, furnishes the foundations for an effective national budget system. I earnestly hope, therefore, that one of the first steps taken by the present session of the Congress will be to pass the Budget Bill.

The nation's finances have shown marked improvement during the past year. The total ordinary receipts of \$6,694,000,000 for the fiscal year 1920 exceeded those for 1919 by \$1,542,000,000, while the total net ordinary expenditures decreased from \$18,514,000,000 to \$6,403,000,000. The gross public debt, which reached its highest point on 31 August, 1919, when it was \$26,596,000,000, had dropped on 30 November, 1920, to \$24,175,000,000. There has also been a marked decrease in holdings of government war securities by the banking institutions of the country, as well as in the amount of bills held by the Federal Reserve Banks secured by government war obligations. This fortunate result has relieved the banks and left them freer to finance the needs of agriculture, industry and commerce. It has been due in large part to the reduction of the public debt, especially of the floating debt, but more particularly to the improved distribution of government securities among permanent investors. The cessation of the Government's borrowings except through short-term certificates of indebtedness has been a matter of great consequence to the people of the country at large, as well as to the holders of Liberty bonds and Victory notes, and has had an important bearing on the matter of effective credit control. The year has been characterized by the progressive withdrawal of the Treasury from the domestic credit market and from a position of dominant influence in that market.

The future course will necessarily depend upon the extent to which economies are practiced and upon the burdens placed upon the Treasury, as well as upon industrial developments and the maintenance of tax receipts at a sufficiently high level.

The fundamental fact which at present dominates the Government's financial situation is that seven and a half billions of its war indebtedness mature within the next two and a half years. Of this amount, two and a half billions are floating debt and five billions Victory notes and War Savings certificates. The fiscal programme of the Government must be determined with reference to these maturities. Sound policy demands that government expenditures be reduced to the lowest amount which will permit the various services to operate efficiently and that government receipts from taxes and salvage be maintained sufficiently high to provide for current requirements, including interest and sinking fund charges on the public debt, and at the same time retire the floating debt and part of the Victory Loan before maturity. With rigid economy, vigorous salvage operations and adequate revenues from taxation, a surplus of current receipts over current expenditures can be realized and should be applied to the floating debt. All branches of the Government should cooperate to see that this programme is realized.

I cannot overemphasize the necessity of economy in government appropriations and expenditures and the avoidance by the Congress of practices which take money from the Treasury by indefinite or revolving fund appropriations. The estimates for the present year show that over a billion dollars of expenditures were authorized by the last Congress in addition to the amounts shown in the usual compiled statements of appropriations. This strikingly illustrates the importance of making direct and specific appropriations. The relation between the current receipts and current expenditures of the Government during the present fiscal year, as well as during the last half of the last fiscal year, has been disturbed by the extraordinary burdens thrown upon the Treasury by the Transportation Act, in connection with the return of the railroads to private control. Over \$600,000,000 has already been paid to the railroads under this Act,—\$350,000,000 during the present fiscal year; and it is estimated that further payments aggregating possibly \$650,000,000 must still be made to the railroads during the current year. It is obvious that these large payments have already seriously limited the Government's progress in retiring the floating debt.

Closely connected with this, it seems to me, is the necessity for an immediate consideration of the revision of our tax laws. Simplification of the income and profits taxes has become an immediate necessity. These taxes performed an indispensable service during the

war. The need for their simplification, however, is very great, in order to save the taxpayer inconvenience and expense and in order to make his liability more certain and definite. Other and more detailed recommendations with regard to taxes will no doubt be laid before you by the Secretary of the Treasury and the Commissioner of Internal Revenue.

It is my privilege to draw to the attention of Congress for very sympathetic consideration the problem of providing adequate facilities for the care and treatment of former members of the military and naval forces who are sick or disabled as the result of their participation in the war. These heroic men can never be paid in money for the service they patriotically rendered the nation. Their reward will lie rather in realization of the fact that they vindicated the rights of their country and aided in safeguarding civilization. The nation's gratitude must be effectively revealed to them by the most ample provision for their medical care and treatment as well as for their vocational training and placement. The time has come when a more complete programme can be formulated and more satisfactorily administered for their treatment and training, and I earnestly urge that the Congress give the matter its early consideration. The Secretary of the Treasury and the Board for Vocational Education will outline in their annual reports proposals covering medical care and rehabilitation which I am sure will engage your earnest study and command your most generous support.

Permit me to emphasize once more the need for action upon certain matters upon which I dwelt at some length in my message to the Second Session of the Sixty-sixth Congress: the necessity, for example, of encouraging the manufacture of dyestuffs and related chemicals; the importance of doing everything possible to promote agricultural production along economic lines, to improve agricultural marketing and to make rural life more attractive and healthful; the need for a law regulating cold storage in such a way as to limit the time during which goods may be kept in storage, prescribing the method of disposing of them if kept beyond the permitted period, and requiring goods released from storage in all cases to bear the date of their receipt. It would also be most serviceable if it were provided that all goods released from cold storage for interstate shipment should have plainly marked upon each package the selling or market price at which they went into storage, in order that the purchaser might be able to learn what profits stood between him and the producer or the wholesale dealer. Indeed, it would be very serviceable to the public if all goods destined for interstate commerce were made to carry upon every packing case whose form made it possible a plain statement of the price at which

they left the hands of the producer. I respectfully call your attention, also, to the recommendations of the message referred to with regard to a federal license for all corporations engaged in interstate commerce.

In brief, the immediate legislative need of the time is the removal of all obstacles to the realization of the best ambitions of our people in their several classes of employment and the strengthening of all instrumentalities by which difficulties are to be met and removed and justice dealt out, whether by law or by some form of mediation and conciliation. I do not feel it to be my privilege at present to suggest the detailed and particular methods by which these objects may be attained, but I have faith that the inquiries of your several committees will discover the way and the method.

In response to what I believe to be the impulse of sympathy and opinion throughout the United States, I earnestly suggest that the Congress authorize the Treasury of the United States to make to the struggling Government of Armenia such a loan as was made to several of the Allied Governments during the war; and I would also suggest that it would be desirable to provide in the legislation itself that the expenditure of the money thus loaned should be under the supervision of a commission, or at least a commissioner, from the United States, in order that revolutionary tendencies within Armenia itself might not be afforded by the loan a further tempting opportunity.

Allow me to call your attention to the fact that the people of the Philippine Islands have succeeded in maintaining a stable government since the last action of the Congress in their behalf, and have thus fulfilled the condition set by the Congress as precedent to a consideration of granting independence to the Islands. I respectfully submit that this condition precedent having been fulfilled, it is now our liberty and our duty to keep our promise to the people of those Islands by granting them the independence which they so honorably covet.

I have not so much laid before you a series of recommendations, gentlemen, as sought to utter a confession of faith, of the faith in which I was bred and which it is my solemn purpose to stand by until my last fighting day. I believe this to be the faith of America, the faith of the future, and of all the victories which await national action in the days to come, whether in America or elsewhere.

WOODROW WILSON

THE WHITE HOUSE,
7 December, 1920.

LIST OF PAPERS

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

GENERAL

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Mar. 16 (52)	<i>To the Chargé in Italy (tel.)</i> Instructions to decline invitations to attend either conference but to report all available information.	2
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1919 Aug. 27 (3921)	<i>From the Commission to Negotiate Peace (tel.)</i> From Polk for the President also: Conflicting theories as to whether Council of League of Nations is legally constituted to exercise powers conferred by the treaty with Germany prior to ratification by all members of Council. Request for U. S. views.	4
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INTERNATIONAL CONFERENCE ON ELECTRICAL COMMUNICATIONS

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CENTRAL AMERICAN CONFERENCE

PROPOSAL BY SALVADOR, JUNE 24, 1920, FOR A CONFERENCE TO FRAME A PLAN OF UNION—ATTITUDE OF THE GOVERNMENTS REGARDING THE TREATIES OF 1907—OPENING OF THE CONFERENCE AT SAN JOSÉ, DECEMBER 4—ATTITUDE OF THE UNITED STATES

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EMBARGO ON SHIPMENTS OF ARMS AND AMMUNITION TO CHINA

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RUSSIAN RIGHTS IN CHINA

CANCELATION BY THE CHINESE GOVERNMENT OF AGREEMENTS WITH RUSSIA AFFECTING THE STATUS OF OUTER MONGOLIA—WITHDRAWAL BY CHINA OF RECOGNITION OF RUSSIAN DIPLOMATIC AND CONSULAR OFFICERS—SUSPENSION OF THE EXTRATERRITORIAL RIGHTS OF RUSSIANS—REMONSTRANCES AND PROPOSALS BY REPRESENTATIVES OF THE POWERS IN CHINA

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PROTECTION OF THE PERSONS AND PROPERTY OF AMERICANS AND OTHER
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RESCUE OF A. L. SHELTON FROM BANDITS—QUELLING BY AMERICAN SAILORS OF A RIOT IN THE BRITISH CONCESSION AT KIUKIANG—MURDER OF W. A. REIMERT; AMERICAN INSISTENCE ON RESPONSIBILITY OF THE LOCAL MILITARY COMMANDER—REBUKE TO AN AMERICAN FOR INVOLVING HIMSELF IN NEGOTIATIONS BETWEEN CHINESE FACTIONS

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NEGOTIATIONS WITH CHINA

1920 Jan. 22 (21)	<i>From the Chargé in China (tel.)</i> Japanese notice of desire for direct negotiations with China for settlement of Shantung question; China's desire to refer matter to League of Nations if the United States is represented thereon.	814
Jan. 26 (26)	<i>From the Ambassador in Japan (tel.)</i> Japanese press statement (text printed) quoting note to China in respect to direct negotiations for retrocession of Kiaochow Bay and other reconstruction measures and protection of Shantung Railway.	814

CHINA

THE SHANTUNG QUESTION, ETC.—Continued

Date and number	Subject	Page
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Apr. 23 (197)	<i>From the Ambassador in Japan (tel.)</i> Indications that China is prepared to begin official negotiations; transfer at Berlin of title deeds and papers in regard to Shantung, and instructions to Japanese Minister to China to urge immediate conference on subject.	816
June 1 (3245)	<i>From the Chargé in China</i> Chinese note to Japan (text printed) declining to enter negotiations so long as Japan continues military occupation of Shantung.	816
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COLOMBIA

TREATY OF APRIL 6, 1914, WITH THE UNITED STATES

CONCERN OF THE COLOMBIAN GOVERNMENT OVER DELAY IN RATIFICATION BY THE UNITED STATES

1920 Jan. 17 (9)	<i>From the Minister in Colombia (tel.)</i> Denial of Colombian statement that U. S. favorable action on treaty is contingent upon contracts between Colombian Government and U. S. nationals.	823
Jan. 24 (6)	<i>To the Minister in Colombia (tel.)</i> Approval of Minister's denial of any such policy as withholding action on treaty to force Colombian concessions to U. S. nationals.	824
June 4 (28)	<i>To the Minister in Colombia (tel.)</i> Favorable Senate committee report on treaty, action upon which goes over to next Congress.	824
July 24	<i>From the Minister in Colombia</i> Message of President on convening of Congress (excerpts printed).	824

COLOMBIA
CABLE CONCESSION

DISPUTE BETWEEN THE ALL AMERICA CABLES COMPANY AND THE COLOMBIAN
GOVERNMENT

Date and number	Subject	Page
1920 Nov. 29 (498)	<i>From the Minister in Colombia</i> Account of dispute between All America Cables Co. and Colombia as to interpretation of contract for submarine cable uniting Cartagena and other Atlantic ports (text printed).	827

COSTA RICA

RECOGNITION OF THE GOVERNMENT OF COSTA RICA BY THE UNITED STATES

1920 May 9 (18)	<i>From the Consul at San José (tel.)</i> Inaugural address of President of Costa Rica (excerpt printed) expressing appreciation of U. S. recognition policy.	833
May 14 (779)	<i>From the Consul at San José</i> President Acosta's letter to President Wilson (text printed) seeking to strengthen friendly relations between the two Governments.	833
Aug. 2 (16)	<i>To the Consul at San José (tel.)</i> U. S. recognition of Government of Costa Rica.	834
Aug. 6 (823)	<i>From the Consul at San José</i> Notification to Government of U. S. recognition and reply (texts printed).	834

CONCESSIONS

CANCELATION OF THE TINOCO CONCESSIONS BY THE COSTA RICAN CONGRESS—
FORMAL PROTEST BY GREAT BRITAIN ON BEHALF OF THE AMORY CONCESSION

1920 May 7 (772)	<i>From the Consul at San José</i> Introduction in Congress of bill providing for trial of Tinoco and adherents and declaring his public acts as null and void.	836
July 16 (39)	<i>From the Consul at San José (tel.)</i> British protest (excerpt printed) against projected legislation insofar as it affects Amory contract; desirability of U. S. recognition to strengthen Costa Rican Government.	836
July 21 (43)	<i>From the Consul at San José (tel.)</i> Passage by Congress of bill nullifying Tinoco acts, including Amory concession.	837
July 28 (44)	<i>From the Consul at San José (tel.)</i> President's hesitation as to approval of bill in view of British representations regarding Amory concession and claim of Royal Bank of Canada.	837
Aug. 3 (46)	<i>From the Consul at San José (tel.)</i> President's veto of bill.	838

COSTA RICA
CONCESSIONS—Continued

Date and number	Subject	Page
1920 Aug. 11 (52)	<i>From the Consul at San José (tel.)</i> Passage of bill by Congress over veto of President.	838
Sept. 4 (62)	<i>From the Consul at San José (tel.)</i> Enumeration of concessions to foreigners which are annulled by recent act of Congress.	838
Oct. 5 (69)	<i>From the Consul at San José (tel.)</i> Costa Rican reply to British representations denying right to diplomatic intervention and pointing out availability of Costa Rican courts.	839
Dec. 31 (25)	<i>From the Chargé in Costa Rica (tel.)</i> British formal protest against vote for cancelation of Amory concession; Costa Rican concern over British attitude.	839

EFFORTS BY THE COSTA RICAN CONGRESS TO CANCEL THE PINTO-GREULICH CONCESSION—APPARENT CONFLICT BETWEEN THE TERMS OF THE CONCESSION AND THE RIGHTS OF OTHER AMERICAN ENTERPRISES

1920 May 22 (22)	<i>From the Consul at San José (tel.)</i> Report to Congress that Pinto-Greulich oil concession is not a law of Costa Rica.	839
June 4 (8)	<i>To the Consul at San José (tel.)</i> Instructions to report proceedings aimed at rescission of Pinto-Greulich oil concession, claimed by U. S. company; U. S. concern regarding proposed cancelation.	840
June 9 (27)	<i>From the Consul at San José (tel.)</i> Desire of certain officials to comply with U. S. wishes regarding oil concessions.	840
July 19 (40)	<i>From the Consul at San José (tel.)</i> Congressional resolution (excerpt printed) urging Executive to demand annulment of Pinto-Greulich contract; declaration by attorneys of legality of contract.	841
Aug. 16 (56)	<i>From the Consul at San José (tel.)</i> Passage again by Congress of resolution after refusal of President to act upon it.	841
Aug. 17 (21)	<i>To the Consul at San José (tel.)</i> Representations and inquiries regarding maintenance of lawfully acquired subsoil rights in view of apparent conflict between terms of certain concessionary rights of U. S. enterprises.	841
Aug. 30 (59)	<i>From the Consul at San José (tel.)</i> Presidential veto on technical grounds of all acts of final session of Congress.	842
Oct. 8 (70)	<i>From the Consul at San José (tel.)</i> Costa Rican assertion that subsoil rights have always belonged to the state.	843

COSTA RICA

CONCESSIONS—Continued

Date and number	Subject	Page
1920 Nov. 10 (13)	<i>From the Chargé in Costa Rica</i> Compliance by Costa Rica Oil Corp. with demand for report as to fulfillment of terms of contract; probability of rival interests being responsible for agitation for discussion of sub-soil rights; request for statement of U. S. policy.	843
Dec. 13 (7)	<i>To the Chargé in Costa Rica</i> U.S. disposition to consider claims for indemnity in case of unwarranted action against Costa Rica Oil Co.'s concession; recommendation for adjudication in Costa Rican courts of any case of invasion of rights of one U. S. company by another.	845

GENERAL

RELATIONS OF THE UNITED STATES WITH THE SUPREME COUNCIL AND THE CONFERENCE OF AMBASSADORS

763.72119/8937 : Telegram

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

[Paraphrase]

LONDON, *February 6, 1920—8 p.m.*

[Received 9:47 p.m.]

205. Should I attend prospective meeting of Premiers in London if invited and, if so, under what instructions?

DAVIS

763.72119/8937 : Telegram

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

[Paraphrase]

WASHINGTON, *February 9, 1920—5 p.m.*

124. Your 205 of February 6. The President does not wish you to attend London meeting of Premiers in any capacity even if you should be invited.

LANSING

500.C1/10 : Telegram

The Chargé in Italy (Jay) to the Acting Secretary of State

[Paraphrase]

ROME, *March 13, 1920—9 a.m.*

[Received March 14—4:38 a.m.]

113. It appears to be decided that the Council of the League of Nations will meet in Rome at the beginning of April and settled permanently that the British, French and Italian Premiers forming the Supreme Council will meet at the same time on the Italian Riviera probably at San Tribuna [*San Remo*]. I would like instructions regarding my relations and attitude toward both conferences as I understand Ambassador Johnson will not arrive here until the middle of April. Also whether I am to insist upon being kept officially fully informed and intimation as to how fully the

Department desires me to report what I hear. I suggest someone with previous practical experience of Peace Conference such as Harrison ¹ or Grew ² be detailed temporarily to assist this Embassy, if the United States is to have any official relation to either conference.

JAY

500.C1/10 : Telegram

The Acting Secretary of State to the Chargé in Italy (Jay)

[Paraphrase]

WASHINGTON, March 16, 1920—1 p.m.

52. Your 113 of March 13. The United States has not been represented at any meetings of the Council of the League of Nations at Paris or London. No representatives of this Government should be present at the meetings of the Council in Italy. You can not ask to be kept officially informed of the proceedings, but it is expected that the Embassy will report fully such information as it can gather.

If you are requested to be present at the meeting of the Prime Ministers to represent this Government for the purpose of observing, you are to express this Government's appreciation. At the same time you are to say that we are unable to avail ourselves of the invitation to be present, in view of the fact that we had not been represented in London or Paris.

POLK

123J.638/21a : Telegram

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

[Paraphrase]

WASHINGTON, April 20, 1920—4 p.m.

80. The President desires that you proceed to San Remo to attend Supreme Council meetings on behalf of the United States. You are not to participate but will act solely as an observer. You are to express no opinion and take no action on any subjects [considered] by the Supreme Council but you are to report the proceedings to the Department and await instructions on any question on which an expression of the views of this Government is desired.

COLBY

¹ Leland Harrison, Secretary of Embassy at Paris.

² Joseph Clark Grew, Counselor of Embassy at Paris.

763.72119/9718 : Telegram

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

SAN REMO, April 24, 1920—10 p.m.

[Received April 25—9:20 a.m.]

3. Harrison arrived 4 o'clock today. Upon learning from him substance of my instructions as telegraphed to him³ even though I have not yet received these instructions direct, I proceeded to conference about 4:45 and was immediately admitted to the sitting which was occupied with mandate for Palestine. I of course announced that [it] must be distinctly understood [my] status to be simply that of observer. I stated however I would be happy to transmit to the President any points upon which the conference desire his opinion. Telegram concerning subject matter of discussion follows.⁴ Am repeating this by way of Rome.

JOHNSON

763.72119/10144 : Telegram

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

PARIS, July 19, 1920—9 p.m.

[Received 9:34 p.m.]

1405. Mission. Department's 1265, July 16th, 7 p.m.⁵ Reservations in question were made in pursuance of policy consistently maintained since Conference of Ambassadors came into being; namely, in every case where it seems that United States in the event of ratifying treaties concerned might even possibly desire to adopt different attitude from that decided upon by Conference a reservation has been made. Do you require a separate telegram in such cases?

WALLACE

763.72119/10401 : Telegram

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

PARIS, September 11, 1920—3 p.m.

[Received September 12—7:12 p.m.]

1690. Mission. 72nd meeting of Conference of Ambassadors was held Friday morning September 10th, Cambon presiding.

³ In telegram of Apr. 21, 5 p. m. (file no. 123 H 243/64a); it conveyed to him the substance of the Department's Apr. 20, *supra*, and instructed him to proceed to San Remo to assist the Ambassador.

⁴ Not printed; for other reports of proceedings of the Conference of San Remo, see Turkey, *Efforts in Behalf of the Armenians*, vol. III, p. 774.

⁵ Not printed.

3d. Von Mutius, Goeppert's successor as head of German peace delegation had approached British and Italians with a suggestion stating that better results might be obtained if he could get in closer touch with Conference of Ambassadors. He felt that if he could explain orally to the conference the subject matter of some of the many German notes the small number of favorable answers from the conference might be increased. After considerable discussion it remained understood though no formal decision was taken that Cambon should tell Von Mutius that when conference desired explanation of subject matter of German notes it would summon him. Also that when he specially desired to explain a question orally to conference he should inform Mr. Cambon who would transmit his request to the conference.

WALLACE

763.72119/10401 : Telegram

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

WASHINGTON, September 21, 1920—8 p.m.

1490. Your 1690, September 11, 3 p.m. paragraph 3.

The Department is of the opinion that by refusing more direct contact with the Germans the Conference of Ambassadors may be rendering more difficult the reaching of a satisfactory understanding on the various complicated outstanding questions. While the Department does not believe that you should take the initiative in presenting this view, if the subject should again be raised or when specific requests for a hearing are presented by the Germans which you consider reasonable, you may suggest that securing direct contact with the head of the German Delegation might result in practical suggestions of value to aid the Conference of Ambassadors in its treatment of the subjects in hand.

COLBY

**CONVOCATION BY PRESIDENT WILSON OF THE COUNCIL AND THE
ASSEMBLY OF THE LEAGUE OF NATIONS**

763.72119/6430 : Telegram

The Commission to Negotiate Peace to the Secretary of State

PARIS, August 27, 1919—10 p.m.

[Received August 28—7:30 p.m.]

3921. For the President and the Secretary of State:

It appears that the American Commission, particularly as represented by Dulles on the Committee on the Execution of the Treaty

with Germany, is proceeding on an assumption different from that [adopted by] the provisional secretariat of the League of Nations in London, relative to the probable date of the constitution of the Council [of the] League of Nations.

The Committee on the Execution of the Treaty has felt that doubt existed whether the Council of the League of Nations would be legally constituted to exercise the powers conferred by the treaty prior to having the membership specifically stipulated for by article 4. This doubt arises from the belief that in the [case of] the League Council and other [treaty] bodies, the express provisions of the treaty as to membership are of the essence and that the parties to the treaty only [consented to] vest broad powers upon such bodies in reliance upon their having the membership stipulated for. In any case it was thought that there would be practical difficulties and objections to having the Council meet and act with only three members. [Accordingly] the Committee on the Execution of the Treaty has assumed that there would probably be an appreciable interval of time between the coming into force of the treaty and [the] Council of the League of Nations acting in such matters as the Saar and Dantzig. The Committee on the Execution of the Treaty has accordingly called the attention of the Supreme Council to the possibility of such an interval arising either through legal or practical difficulties in the way of immediate action by the Council and has considered provisional methods for tiding over this interval.

[On the other hand,] we are informally advised that the provisional secretariat of the League in London believe the following theory of procedure to be the sound one; that as soon as the treaty with Germany comes into force the President of the United States will at once convoke the Council as provided for by article 5 of the Covenant in order that the Council may perform those duties which the treaty [requires] it to perform within 15 days after it comes into force. As soon as the intimation that this has been done reaches the Secretary General of the League he will immediately send out invitations to the nine powers who are represented on the Council informing them of the place and date of the meeting. It will then be for each of the nine governments to decide whether they will send representatives to attend the meeting of the Council and if so whether these representatives will be present in an effective or purely advisory capacity. Their lawyers hold the view that, these steps having been taken, the Council when it meets will be effectively and legally constituted even though the nine powers do not all send representatives, and upon this theory the Council at its first or second meeting can at once proceed to select the three members of the Saar Basin [Delimitation] Commission. They argue that failure to accept this view would lead to the conclusion that the Council could

not be legally constituted until all the powers specifically designated for representation on the Council have deposited their ratifications. Thus the failure of Belgium, for example, to ratify might prevent the Council from ever coming into existence or at least until Belgium's place had been filled by vote of the Assembly. They further feel that unless the Council functions as laid down in the treaty in the performance of the duties assigned to it the charge so frequently made by neutral states that it is purely an instrument of the Allied Powers will gain added strength.

The Mission on the other hand feels that though the legal position of the Secretariat of the League may perhaps be sound, yet practical and political circumstances might make it impossible for the President even to call the first meeting of the Council in advance of ratification by the United States without seriously jeopardizing the treaty and the League with the Senate. The Mission does not feel qualified to balance and decide as between these conflicting considerations. Therefore it seems desirable that the Mission have an authoritative expression of the views of the Government of the United States on this subject in order that there may not be such a divergence of views between the Peace Conference and the League of Nations group as may lead to confusion. In this connection the Mission notes the statement of the President reported in Department's 2466 August 21, 9 p.m.:⁴ "It is questionable whether it can be said that the League of Nations is in any true sense created by the association of only three of the Allied and Associated Governments." It is not, however, clear whether this constitutes more than an expression that from a broad moral aspect the Council [would fail] to serve the aims contemplated unless the membership be complete as contemplated by the treaty. Polk.

AMERICAN MISSION

763.72119/6463 : Telegram

The Secretary of State to the Commission to Negotiate Peace

WASHINGTON, September 3, 1919—5 p.m.

3023. Your 3921, August 27, 10 p.m. and 3996, September 1, 1 p.m.⁵

It is the President's view that the Council of the League of Nations ought not to come into being until at least four of the great powers and a majority of the minor powers which have membership on the Council have ratified the treaty. If the work of the League should

⁴ Not printed.

⁵ Latter not printed.

be begun by a minority there would be lack of moral authority and the organization would wear the aspect of an alliance. That should be avoided until it is certainly known how many will adhere to the treaty. When it is definitely known those adhering should go forward with the organization. The President wished me to say for your information that he is confident the United States will join the League by ratifying the treaty.

LANSING

763.72119/7349 : Telegram

The Commission to Negotiate Peace to the Secretary of State

PARIS, *October 20, 1919—12 [noon].*

[Received 2:49 p.m.]

4744. The Council of the Heads of Delegations directed the Drafting Committee to prepare and submit for their consideration the draft of a letter by which President Wilson should convoke the Council of the League of Nations for the day of the entry into force of the treaty. The Drafting Committee will submit the following for the Council's approval and I should be glad to have your views at the earliest moment possible:

“In compliance with article 5 of the pact of the League of Nations the President of the United States of America has the honor to inform the Government of (blank) that the first meeting of the Council of the League of Nations will be held at the place, date, and hour of the signature of the first *procès verbal* of the deposit of the ratification[s] of the Treaty of Versailles of June 28th, 1919.

The date upon which this act will take place will be definitely determined later by the Supreme Council of the Principal Allied and Associated Powers.

The President of the United States ventures to hope that the representative of the [Government of] (blank) will not fail to attend this meeting.

It is proposed that the President will address this note to the President [*Governments*] of the United States, the British Empire, France, Italy, Japan, Belgium, Brazil, Spain and Greece. Polk.

AMERICAN MISSION

763.72119/7349 : Telegram

The Acting Secretary of State to the Commission to Negotiate Peace

WASHINGTON, *October 24, 1919—7 p.m.*

3552. Your 4744, October 20, 12 noon.

Department feels that owing to the present political situation in this country, it would be most inadvisable for the President to send

any letter of invitation for a first meeting of the Council of the League of Nations until the treaty has actually gone into effect by virtue of the deposit of ratifications of three of the principal Allied and Associated Powers.

Accordingly the President will issue an invitation in the following sense to the nations represented on the Council on the day on which the first *procès-verbal* is drawn up by the French Government.

[Here follows, with blanks for dates and countries, the text of the invitation as transmitted in telegram number 31, January 12, 1920, to the Ambassador in Great Britain, printed on page 9.]

It is felt that the first meeting of the Council should be held on the day after the Treaty goes into effect. Your views are requested on this point.

PHILLIPS

763.72119/7557 : Telegram

The Secretary of State to the Commission to Negotiate Peace

WASHINGTON, November 4, 1919—3 p.m.

3664. For Polk.

Your 4946, November 2, 9 p.m.⁶

Attitude of Department in this matter is as follows:

1. While it is possible for the President to issue invitation for first meeting of Council before Treaty goes into effect he could not act in accordance with Article 5 of the Treaty since that Article will not become effective until Treaty does.

2. The issuance of such an invitation by the President for any reason other than because of his obligation under Article 5 would not be understood in this country and would be politically dangerous. (Confidential. Senator Hitchcock is most emphatic on this point.)

3. Since the invitation cannot be issued until the Treaty comes into force it seems a bit absurd to have the time of the first meeting coincident with the time of the invitation. The first day thereafter was consequently believed to be the earliest practicable moment. If, however, your colleagues insist on having the meeting at the moment of the drawing up of the first *procès verbal*, you might confidentially assure them that an invitation will be issued at that moment. Department could notify representatives in Washington of Spain, Belgium, Greece, and Brazil in same sense.

4. Your 4771, Oct. 22, noon.⁶ Point 5 adds nothing to alter Department's conviction that invitation should not be issued before

⁶ Not printed.

deposit of ratifications of three principal Allied and Associated Powers and Germany.

5. In view of above please inform Department at earliest possible moment of time at which your colleagues desire first meeting of Council to be held.

LANSING

763.72119/8622 : Telegram

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

PARIS, January 10, 1920.

[Received January 11—12:17 a.m.]

90. Mission. It was decided this morning that the first meeting of the Council of League of Nations will be held at the Quai d'Orsay, Friday, January 16th, at 10:30 a. m.

WALLACE

500.C1/orig. : Telegram

*The Secretary of State to the Ambassador in Great Britain (Davis)*⁷

WASHINGTON, January 12, 1920—1 p.m.

31. Please hand to Secretary of State for Foreign Affairs on Tuesday, January 13th, as of that date, the following from the President:

“In compliance with Article 5 of the Covenant of the League of Nations which went into effect at the same time as the Treaty of Versailles of June 28, 1919, of which it is a part, the President of the United States, acting on behalf of those nations which have deposited their instruments of ratification in Paris, as certified in a *procès verbal* drawn up by the French Government dated January 10, 1920, has the honor to inform the Government of Great Britain that the first meeting of the Council of the League of Nations will be held in Paris at the Ministry for Foreign Affairs on Friday, January 16th at 10.30 A.M.

The President earnestly ventures the hope that the Government of Great Britain will be in a position to send a representative to this first meeting. He feels that it is unnecessary for him to point out the deep significance attached to this meeting or the importance

⁷The same, *mutatis mutandis*, to the representatives in France (no. 82), Italy (no. 4), Japan (no. 11), Belgium (no. 3), Brazil (no. 3), and Spain (no. 2); also to the representative in Greece (no. 1), except that the first sentence reads: “If Greece has ratified Treaty of Versailles please hand to Minister for Foreign Affairs on Tuesday, January 13, as of that date, the following from the President, otherwise hold until further instructions from the Department or Am[erican] Embassy, Paris.”

which it must assume in the eyes of the world. It will mark the beginning of a new era in international cooperation and the first great step toward the ideal concert of nations. It will bring the League of Nations into being as a living force, devoted to the task of assisting the peoples of all countries in their desire for peace, prosperity and happiness. The President is convinced that its progress will accord with the noble purpose to which it is dedicated."

LANSING

500.C1/7a : Telegram

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

WASHINGTON, February 7, 1920—3 p.m.

315. Mission.

Department has received from French Ambassador a memorandum⁷ stating that a second meeting of the Council of the League of Nations will take place in London on or about February 12, and stating that from assurances previously received, the French Government hopes that the American Government will not object to this new meeting, made necessary by the urgent consideration of such questions as the appointment of an Allied High Commissioner for Danzig and the government of the Saar Region.

You may inform the Committee of Ambassadors that the United States has no objection whatsoever to the holding of the second meeting of the Council of the League of Nations, but that it is, of course, unable, for reasons which your colleagues will readily understand, to have a representative at this meeting.

The French Ambassador in Washington is being notified in the sense of the above.

LANSING

500.C1/32a : Telegram

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

WASHINGTON, July 10, 1920—2 p.m.

720. Please transmit to the Secretary General of the League of Nations the following actual text of the President's summons for the first meeting of the Assembly of the League of Nations.

"In accordance with the provisions of Article Five of the Covenant of the League of Nations and in exercise of the power therein conferred upon me and complying with the request of the Council of the League of Nations, I have the honor to summon the meeting of the Assembly of the League of Nations, which meeting shall be con-

⁷ Not printed.

vened and held in the City of Geneva on the 15th day of November, 1920, at 11 o'clock, a.m. Signed. Woodrow Wilson."

The President understands that his summons, in the terms set forth above, shall be communicated to each member of the League by the Secretary General, and you will so inform Sir Eric Drummond.

DAVIS

500.C1/33 : Telegram

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

LONDON, July 13, 1920—6 p.m.

[Received 7:02 p.m.]

1055. I delivered on yesterday to the Secretary of the League of Nations the President's summons for the first meeting of the Assembly which crossed the communication from the Council sent as my telegram number 1050, July 12, 8 p.m.⁸ The Secretary will withhold the issuance of the notification until the President has had an opportunity to consider my 1050. My attention is called to the fact that the President's summons [states] it is [sent] "complying with the request of the Council of the League of Nations." In view of the wish of the Council to meet at Brussels should not this phrase be modified or eliminated if Geneva is adhered to? Otherwise Council of League may feel called upon to issue statement of its prior attitude.

DAVIS

500.C1/33 : Telegram

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

[Paraphrase ⁹]

WASHINGTON, July 15, 1920—11 a.m.

741. Referring to your 1055 of July 13. The phrase "complying with the request [of the Council] of the League of Nations" should be construed as referring only to the Council's request that the President summon the Assembly, upon the assumption that he alone is the one to determine where the meeting shall be convened, in accordance with article 5 of the Covenant. However, to avoid the possible interpretation to which you refer, the following summons should be substituted in lieu of the former. Please deliver it to Sir Eric Drummond, Secretary General of the League.

⁸ Not printed.

⁹ Quoted sections not paraphrased.

“At the request of the Council of the League of Nations that I summon a meeting of the Assembly of the League of Nations, I have the honor, in accordance with the provisions of Article Five of the Covenant of the League of Nations, to summon the Assembly of the League to convene in the city of Geneva, the seat of the League, on the 15th day of November, 1920 at 11 o'clock. Signed. Woodrow Wilson.”

When you deliver this substitute summons please state to the Secretary General that the President's decision is deliberate, and that the request to communicate the above summons may be considered as a reply to your telegram no. 1050 of July 12.¹⁰

COLBY

DRAFTING OF THE STATUTE OF THE PERMANENT COURT OF INTERNATIONAL JUSTICE—TRANSMISSION OF THE STATUTE AND THE PROTOCOL OF SIGNATURE TO PRESIDENT WILSON

500.C114/7

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

No. 642

WASHINGTON, *March 18, 1920.*

SIR: With reference to your despatch No. 2230 of February 19,¹⁰ in which you transmitted a communication for Mr. Root from the Secretary-General of the League of Nations, the Department encloses herewith a copy of a letter recently received from Mr. Root in acknowledgment of the above communication.

I am [etc.]

FRANK L. POLK

[Enclosure]

Mr. Elihu Root to the Acting Secretary of State

NEW YORK, *March 11, 1920.*

MY DEAR MR. POLK: I am obliged to you for your note of March 9th which I have just received enclosing the letter from Sir Eric Drummond, inviting me to be a member of the Committee of international lawyers to prepare plans for the establishment of the Permanent Court of International Justice. I am today writing directly to Sir Eric Drummond accepting the invitation.

With kind regards [etc.]

ELIHU ROOT

¹⁰ Not printed

500.C114/21 : Telegram

The Minister in the Netherlands (Phillips) to the Secretary of State

THE HAGUE, *May 24, 1920—4 p.m.*

[Received May 25—6 p.m.]

87. Commission under League of Nations to discuss International Court of Justice will open session in Peace Palace at The Hague June 12. England, France, Japan, Spain, Brazil, Belgium, Holland and Servia will be officially represented. Mr. Root will also attend.

PHILLIPS

500.C114/22 : Telegram

The Minister in the Netherlands (Phillips) to the Secretary of State

THE HAGUE, *May 26, 1920—1 p.m.*

[Received 5:54 p.m.]

88. My 87 May 25th. Please advise in what capacity Mr. Root attends forthcoming international conference at The Hague.

PHILLIPS

500.C114/22 : Telegram

The Secretary of State to the Minister in the Netherlands (Phillips)

WASHINGTON, *May 29, 1920—1 p.m.*

404. Your 88, May 26, 1 p.m.

Mr. Root comes to The Hague primarily as a member of the Permanent Court of The Hague to pass upon the Portuguese arbitration regarding church property. As you know, he is also a member of the League of Nations Organizing Committee for the Permanent Court of International Justice.

COLBY

500.C114/26 : Telegram

The Minister in the Netherlands (Phillips) to the Secretary of State

THE HAGUE, *June 17, 1920—9 a.m.*

[Received 1:46 p.m.]

123. Conference for drafting new court of justice opened yesterday afternoon in the Peace Palace by the Minister for Foreign Affairs and Mr. Leon Bourgeois who came to The Hague from Paris

for the occasion. Mr. Descamps, Belgian delegate, was elected presiding officer. Legation will report all deliberations of the Conference from time to time by mail.¹²

PHILLIPS

500.C114/32 : Telegram

The Minister in the Netherlands (Phillips) to the Secretary of State

THE HAGUE, July 23, 1920—2 p.m.

[Received 2:51 p.m.]

177. My 169, July 14, noon.¹³ The final draft for the new Court of International Justice was signed this morning by all members of committee. It consists of 62 articles. It is accompanied by three *voeux*: (1) presented by Mr. Root and Baron Descamps, recommending that the Council and Assembly of the League call a third international conference at The Hague as soon as may be practicable; (2) presented by Baron Descamps, concerning the establishment of a high court of international justice to judge crimes against public international order and universal law; (3) presented by the committee as a whole, recommending that the academy of international law founded at The Hague in 1913, which has not actually functioned since the beginning of the war, shall recommence its activities as soon as possible.

The results of tests [*committee's*] work will be announced tomorrow at a public session at the Peace Palace and the majority of the members of the committee, including Mr. Root, leave for The Hague tomorrow evening.

I think it may be said that the success of the meeting has been largely through the close cooperation between Mr. Root and Lord Phillimore. The final draft as signed is in reality the Root-Phillimore plan modified somewhat in the interest of harmony.

PHILLIPS

500.C114/44

The Minister in the Netherlands (Phillips) to the Secretary of State

No. 237

THE HAGUE, August 11, 1920.

[Received August 27.]

SIR: Referring to my despatch No. 208, of July 26, 1920,¹³ transmitting the final French text of the Agreement for the creation of a

¹² Reports, which are summaries of published minutes, not printed.

¹³ Not printed.

Permanent Court of International Justice, I have the honor to enclose herewith one copy of the official English text which I have only just received.¹⁴

As the Department is aware, the project was presented to the Council of the League of Nations meeting at San Sebastian on July 30th. Confidentially, I am informed that considerable discussion arose in the Council as to certain articles of the project, especially Art. 34 dealing with the jurisdiction of the Court. The Council instructed M. Léon Bourgeois to prepare, while keeping in touch with the other members of the Council, a preliminary report on the draft prepared by the Advisory Committee of Jurists; which report is to serve as a basis for the final opinion of the Council. The Council also decided to send to the Governments concerned the draft itself, with a covering letter—a copy of which is enclosed herewith. It is to be noted that in this letter to the various Governments the Council does not express any opinion on the merits of the scheme “until they have had a full opportunity of considering it.” At the same time they make certain observations in the letter which will be of interest to the Department.

I have [etc.]

WILLIAM PHILLIPS

[Enclosure]

The Council of the League of Nations to the Governments of the States Members of the League

The Council of the League has the honour to communicate to the Government the scheme presented by the International Committee of eminent Jurists who were invited to submit plans for the establishment of a Permanent Court of International Justice, and who have recently concluded their deliberations at The Hague.

The Council do not propose to express any opinion on the merits of the scheme until they have had a full opportunity of considering it. But they permit themselves to accompany the documents with the following observations.

The scheme has been arrived at after prolonged discussion by a most competent tribunal. Its members represented widely different national points of view. They all signed the report. Its fate has, therefore, been very different from that of the plans for a Court of Arbitral Justice, which were discussed without result in 1907. Doubtless the agreement was not arrived at without difficulty. Variety of opinions, even among the most competent experts, is inevitable on a subject so perplexing and complicated. Some mutual

¹⁴ Draft convention not printed; for final text, see p. 17.

concessions are, therefore, necessary if the failure of thirteen years ago is not to be repeated. The Council would regard an irreconcilable difference of opinion on the merits of the scheme as an international misfortune of the gravest kind. It would mean that the League was publicly compelled to admit its incapacity to carry out one of the most important of the tasks which it was invited to perform. The failure would be great, and probably irreparable; for if agreement proves impossible under circumstances apparently so favourable, it is hard to see how and when the task of securing it will be successfully resumed. It is in the spirit indicated by these observations that the Council on their part propose to examine the project submitted to them by the Committee of Jurists; and they trust that in the same spirit the Members of the League will deal with this all important subject when the Council bring the recommendations before the Assembly.

500.C114/53

*The Secretary General of the League of Nations (Drummond) to
President Wilson*

GENEVA, 14 December, 1920.

SIR: As you are doubtless aware, the Council of the League of Nations instructed, by virtue of Article 14 of the Covenant, a Committee of International Jurists to prepare and to submit to the Council plans for the establishment of a Permanent Court of International Justice. The Council discussed the scheme prepared at The Hague this summer, at its Meetings in San Sebastian and Brussels, and decided to submit it in a slightly modified form to the Assembly.

The Assembly, after a thorough discussion, in its turn unanimously approved the plans, with some further modifications, as the Statute of the Permanent Court of International Justice provided for in Article 14 of the Covenant. It further decided that the Statute thus approved should be submitted to the Members of the League of Nations within the shortest possible time, for adoption in the form of a Protocol, duly ratified and declaring the recognition of the Statute. It finally decided that it should be the duty of the Council to submit the Statute to the Members.

The Council, at a Meeting held to-day, agreed upon the terms of the Protocol of Signature in question, and that this Protocol, together with the Resolution of the Assembly and the Statute of the Court, should be circulated, through my intermediary, to all the Members of the League.

I consequently have the honour to enclose:

- (a) The Resolution of the Assembly approving the Statute of the Permanent Court. (Annex 1.)
- (b) The text of the Protocol of Signature as approved by the Council with the Statute of the Permanent Court. (Annex 2.)

I, finally, have the honour to bring to Your Excellency's knowledge that, in accordance with the Resolution of the Assembly, the said Protocol will be opened at the Offices of the League of Nations in Geneva on the 16th December, and that it will remain open there for signature by the States mentioned in the Annex to the Covenant.

I have [etc.]

ERIC DRUMMOND

[Enclosure 1]

*Resolution of the Assembly of the League of Nations, Passed
December 13, 1920*

1. The Assembly unanimously declares its approval of the draft Statute of the Permanent Court of International Justice—as amended by the Assembly—which was prepared by the Council under Article 14 of the Covenant and submitted to the Assembly for its approval.

2. In view of the special wording of Article 14, the Statute of the Court shall be submitted within the shortest possible time to the Members of the League of Nations for adoption in the form of a Protocol duly ratified and declaring their recognition of this Statute. It shall be the duty of the Council to submit the Statute to the Members.

3. As soon as this Protocol has been ratified by the majority of the Members of the League, the Statute of the Court shall come into force and the Court shall be called upon to sit in conformity with the said Statute in all disputes between the Member States which have ratified, as well as between the other States, to which the court is open under Article 35, paragraph 2, of the said Statute.

4. The said Protocol shall likewise remain open for signature by the States mentioned in the Annex to the Covenant.

[Enclosure 2]

Statute for the Permanent Court of International Justice

PROTOCOL OF SIGNATURE

The Members of the League of Nations, through the undersigned, duly authorised, declare their acceptance of the adjoined Statute of the Permanent Court of International Justice, which was approved

by a unanimous vote of the Assembly of the League on the 13th December, 1920, at Geneva.

Consequently, they hereby declare that they accept the jurisdiction of the Court in accordance with the terms and subject to the conditions of the above-mentioned Statute.

The present Protocol, which has been drawn up in accordance with the decision taken by the Assembly of the League of Nations on the 13th December, 1920, is subject to ratification. Each Power shall send its ratification to the Secretary-General of the League of Nations; the latter shall take the necessary steps to notify such ratification to the other signatory Powers. The ratification shall be deposited in the archives of the Secretariat of the League of Nations.

The said Protocol shall remain open for signature by the Members of the League of Nations and by the States mentioned in the Annex to the Covenant of the League.

The Statute of the Court shall come into force as provided in the above-mentioned decision.

Executed at Geneva, in a single copy, the French and English texts of which shall both be authentic.

16th December 1920.

[Signatures]

OPTIONAL CLAUSE

The undersigned, being duly authorised thereto, further declare, on behalf of their Government, that, from this date, they accept as compulsory *ipso facto* and without special Convention, the jurisdiction of the Court in conformity with Article 36, paragraph 2, of the Statute of the Court, under the following conditions:

[Conditions and Signatures]

STATUTE FOR THE PERMANENT COURT OF INTERNATIONAL JUSTICE

ARTICLE 1

A Permanent Court of International Justice is hereby established, in accordance with Article 14 of the Covenant of the League of Nations. This Court shall be in addition to the Court of Arbitration organised by the Conventions of The Hague of 1899 and 1907, and to the special Tribunals of Arbitration to which States are always at liberty to submit their disputes for settlement.

CHAPTER I. *Organisation of the Court*

ARTICLE 2

The Permanent Court of International Justice shall be composed of a body of independent judges, elected regardless of their nationality from amongst persons of high moral character, who possess the

qualifications required in their respective countries for appointment to the highest judicial offices, or are juriconsults of recognised competence in international law.

ARTICLE 3

The Court shall consist of fifteen members: eleven judges and four deputy-judges. The number of judges and deputy-judges may hereafter be increased by the Assembly, upon the proposal of the Council of the League of Nations, to a total of fifteen judges and six deputy-judges.

ARTICLE 4

The members of the Court shall be elected by the Assembly and by the Council from a list of persons nominated by the national groups in the Court of Arbitration, in accordance with the following provisions.

In the case of Members of the League of Nations not represented in the Permanent Court of Arbitration, the lists of candidates shall be drawn up by national groups appointed for this purpose by their Governments under the same conditions as those prescribed for members of the Permanent Court of Arbitration by Article 44 of the Convention of The Hague of 1907 for the pacific settlement of international disputes.

ARTICLE 5

At least three months before the date of the election, the Secretary-General of the League of Nations shall address a written request to the Members of the Court of Arbitration belonging to the States mentioned in the Annex to the Covenant or to the States which join the League subsequently, and to the persons appointed under paragraph 2 of Article 4, inviting them to undertake, within a given time, by national groups, the nomination of persons in a position to accept the duties of a member of the Court.

No group may nominate more than four persons, not more than two of whom shall be of their own nationality. In no case must the number of candidates nominated be more than double the number of seats to be filled.

ARTICLE 6

Before making these nominations, each national group is recommended to consult its Highest Court of Justice, its Legal Faculties and Schools of Law, and its National Academies and national sections of International Academies devoted to the study of Law.

ARTICLE 7

The Secretary-General of the League of Nations shall prepare a list in alphabetical order of all the persons thus nominated. Save

as provided in Article 12, paragraph 2, these shall be the only persons eligible for appointment.

The Secretary-General shall submit this list to the Assembly and to the Council.

ARTICLE 8

The Assembly and the Council shall proceed independently of one another to elect, firstly the judges, then the deputy-judges.

ARTICLE 9

At every election, the electors shall bear in mind that not only should all the persons appointed as members of the Court possess the qualifications required, but the whole body also should represent the main forms of civilisation and the principal legal systems of the world.

ARTICLE 10

Those candidates who obtain an absolute majority of votes in the Assembly and in the Council shall be considered as elected.

In the event of more than one national of the same Member of the League being elected by the votes of both the Assembly and the Council, the eldest of these only shall be considered as elected.

ARTICLE 11

If, after the first meeting held for the purpose of the election, one or more seats remain to be filled, a second and, if necessary, a third meeting shall take place.

ARTICLE 12

If, after the third meeting, one or more seats still remain unfilled, a joint conference consisting of six members, three appointed by the Assembly and three by the Council, may be formed, at any time, at the request of either the Assembly or the Council, for the purpose of choosing one name for each seat still vacant, to submit to the Assembly and the Council for their respective acceptance.

If the Conference is unanimously agreed upon any person who fulfils the required conditions, he may be included in its list, even though he was not included in the list of nominations referred to in Articles 4 and 5.

If the joint conference is satisfied that it will not be successful in procuring an election, those members of the Court who have already been appointed shall, within a period to be fixed by the Council, proceed to fill the vacant seats by selection from amongst those candidates who have obtained votes either in the Assembly or in the Council.

In the event of an equality of votes amongst the judges, the eldest judge shall have a casting vote.

ARTICLE 13

The members of the Court shall be elected for nine years.

They may be re-elected.

They shall continue to discharge their duties until their places have been filled. Though replaced, they shall finish any cases which they may have begun.

ARTICLE 14

Vacancies which may occur shall be filled by the same method as that laid down for the first election. A member of the Court elected to replace a member whose period of appointment had not expired will hold the appointment for the remainder of his predecessor's term.

ARTICLE 15

Deputy-judges shall be called upon to sit in the order laid down in a list.

This list shall be prepared by the Court and shall have regard, firstly, to priority of election and, secondly, to age.

ARTICLE 16

The ordinary Members of the Court may not exercise any political or administrative function. This provision does not apply to the deputy judges except when performing their duties on the Court.

Any doubt on this point is settled by the decision of the Court.

ARTICLE 17

No Member of the Court can act as agent, counsel or advocate in any case of an international nature. This provision only applies to the deputy-judges as regards cases in which they are called upon to exercise their functions on the Court.

No Member may participate in the decision of any case in which he has previously taken an active part, as agent, counsel or advocate for one of the contesting parties, or as a Member of a national or international Court, or of a commission of enquiry, or in any other capacity.

Any doubt on this point is settled by the decision of the Court.

ARTICLE 18

A member of the Court cannot be dismissed unless, in the unanimous opinion of the other members, he has ceased to fulfil the required conditions.

Formal notification thereof shall be made to the Secretary-General of the League of Nations, by the Registrar.

This notification makes the place vacant.

ARTICLE 19

The members of the Court, when engaged on the business of the Court, shall enjoy diplomatic privileges and immunities.

ARTICLE 20

Every member of the Court shall, before taking up his duties, make a solemn declaration in open Court that he will exercise his powers impartially and conscientiously.

ARTICLE 21

The Court shall elect its President and Vice-President for three years; they may be re-elected.

It shall appoint its Registrar.

The duties of Registrar of the Court shall not be deemed incompatible with those of Secretary-General of the Permanent Court of Arbitration.

ARTICLE 22

The seat of the Court shall be established at The Hague.

The President and Registrar shall reside at the seat of the Court.

ARTICLE 23

A session of the Court shall be held every year.

Unless otherwise provided by rules of Court, this session shall begin on the 15th of June, and shall continue for so long as may be deemed necessary to finish the cases on the list.

The President may summon an extraordinary session of the Court whenever necessary.

ARTICLE 24

If, for some special reason, a member of the Court considers that he should not take part in the decision of a particular case, he shall so inform the President.

If the President considers that for some special reason one of the members of the Court should not sit on a particular case, he shall give him notice accordingly.

If in any such case the member of the Court and the President disagree, the matter shall be settled by the decision of the Court.

ARTICLE 25

The full Court shall sit except when it is expressly provided otherwise.

If eleven judges cannot be present, the number shall be made up by calling on deputy-judges to sit.

If, however, eleven judges are not available, a quorum of nine judges shall suffice to constitute the Court.

ARTICLE 26

Labour cases, particularly cases referred to in Part XIII (Labour) of the Treaty of Versailles and the corresponding portions of the other Treaties of Peace, shall be heard and determined by the Court under the following conditions:

The Court will appoint every three years a special chamber of five judges, selected so far as possible with due regard to the provisions of Article 9. In addition, two judges shall be selected for the purpose of replacing a judge who finds it impossible to sit. If the parties so demand, cases will be heard and determined by this chamber. In the absence of any such demand, the Court will sit with the number of judges provided for in Article 25. On all occasions the judges will be assisted by four technical assessors sitting with them, but without the right to vote, and chosen with a view to ensuring a just representation of the competing interests.

If there is a national of one only of the parties sitting as a judge in the chamber referred to in the preceding paragraph, the President will invite one of the other judges to retire in favour of a judge chosen by the other party in accordance with Article 31.

The technical assessors shall be chosen for each particular case in accordance with rules of procedure under Article 30 from a list of "Assessors for Labour cases" composed of two persons nominated by each Member of the League of Nations and an equivalent number nominated by the Governing Body of the Labour Office. The Governing Body will nominate, as to one-half, representatives of the workers, and as to one-half, representatives of employers from the list referred to in Article 412 of the Treaty of Versailles and the corresponding Articles of the other Treaties of Peace.

In Labour cases the International Labour Office shall be at liberty to furnish the Court with all relevant information, and for this purpose the Director of that Office shall receive copies of all the written proceedings.

ARTICLE 27

Cases relating to transit and communications, particularly cases referred to in Part XII (Ports, Waterways and Railways) of the Treaty of Versailles and the corresponding portions of the other Treaties of Peace shall be heard and determined by the Court under the following conditions:

The Court will appoint every three years a special chamber of five judges, selected so far as possible with due regard to the pro-

visions of Article 9. In addition, two judges shall be selected for the purpose of replacing a judge who finds it impossible to sit. If the parties so demand, cases will be heard and determined by this chamber. In the absence of any such demand, the Court will sit with the number of judges provided for in Article 25. When desired by the parties or decided by the Court, the judges will be assisted by four technical assessors sitting with them, but without the right to vote.

If there is a national of one only of the parties sitting as a judge in the chamber referred to in the preceding paragraph, the President will invite one of the other judges to retire in favour of a judge chosen by the other party in accordance with Article 31.

The technical assessors shall be chosen for each particular case in accordance with rules of procedure under Article 30 from a list of "Assessors for Transit and Communications cases" composed of two persons nominated by each Member of the League of Nations.

ARTICLE 28

The special chambers provided for in Articles 26 and 27 may, with the consent of the parties to the dispute, sit elsewhere than at The Hague.

ARTICLE 29

With a view to the speedy despatch of business, the Court shall form annually a chamber composed of three judges who, at the request of the contesting parties, may hear and determine cases by summary procedure.

ARTICLE 30

The Court shall frame rules for regulating its procedure. In particular, it shall lay down rules for summary procedure.

ARTICLE 31

Judges of the nationality of each contesting party shall retain their right to sit in the case before the Court.

If the Court includes upon the Bench a judge of the nationality of one of the parties only, the other party may select from among the deputy-judges a judge of its nationality, if there be one. If there should not be one, the party may choose a judge, preferably from among those persons who have been nominated as candidates as provided in Articles 4 and 5.

If the Court includes upon the Bench no judges of the nationality of the contesting parties, each of these may proceed to select or choose a judge as provided in the preceding paragraph.

Should there be several parties in the same interest, they shall, for the purpose of the preceding provisions, be reckoned as one

party only. Any doubt upon this point is settled by the decision of the Court.

Judges selected or chosen as laid down in paragraphs 2 and 3 of this Article shall fulfil the conditions required by Articles 2, 16, 17, 20, 24 of this Statute. They shall take part in the decision on an equal footing with their colleagues.

ARTICLE 32

The judges shall receive an annual indemnity to be determined by the Assembly of the League of Nations upon the proposal of the Council. This indemnity must not be decreased during the period of a judge's appointment.

The President shall receive a special grant for his period of office, to be fixed in the same way.

The Vice-President, judges and deputy-judges, shall receive a grant for the actual performance of their duties, to be fixed in the same way.

Travelling expenses incurred in the performance of their duties shall be refunded to judges and deputy-judges who do not reside at the seat of the Court.

Grants due to judges selected or chosen as provided in Article 31 shall be determined in the same way.

The salary of the Registrar shall be decided by the Council upon the proposal of the Court.

The Assembly of the League of Nations shall lay down, on the proposal of the Council, a special regulation fixing the conditions under which retiring pensions may be given to the personnel of the Court.

ARTICLE 33

The expenses of the Court shall be borne by the League of Nations, in such a manner as shall be decided by the Assembly upon the proposal of the Council.

CHAPTER II. *Competence of the Court*

ARTICLE 34

Only States or Members of the League of Nations can be parties in cases before the Court.

ARTICLE 35

The Court shall be open to the Members of the League and also to States mentioned in the Annex to the Covenant.

The conditions under which the Court shall be open to other States shall, subject to the special provisions contained in treaties in force, be laid down by the Council, but in no case shall such

provisions place the parties in a position of inequality before the Court.

When a State which is not a Member of the League of Nations is a party to a dispute, the Court will fix the amount which that party is to contribute towards the expenses of the Court.

ARTICLE 36

The jurisdiction of the Court comprises all cases which the parties refer to it and all matters specially provided for in Treaties and Conventions in force.

The Members of the League of Nations and the States mentioned in the Annex to the Covenant may, either when signing or ratifying the protocol to which the present Statute is adjoined, or at a later moment, declare that they recognise as compulsory *ipso facto* and without special agreement, in relation to any other Member or State accepting the same obligation, the jurisdiction of the Court in all or any of the classes of legal disputes concerning:

- (a) The interpretation of a Treaty.
- (b) Any question of International Law.
- (c) The existence of any fact which, if established, would constitute a breach of an international obligation.
- (d) The nature or extent of the reparation to be made for the breach of an international obligation.

The declaration referred to above may be made unconditionally or on condition of reciprocity on the part of several or certain Members or States, or for a certain time.

In the event of a dispute as to whether the Court has jurisdiction, the matter shall be settled by the decision of the Court.

ARTICLE 37

When a treaty or convention in force provides for the reference of a matter to a tribunal to be instituted by the League of Nations, the Court will be such tribunal.

ARTICLE 38

The Court shall apply:

1. International conventions, whether general or particular, establishing rules expressly recognised by the contesting States;
2. International custom, as evidence of a general practice accepted as law;
3. The general principles of law recognised by civilised nations;
4. Subject to the provisions of Article 59, judicial decisions and the teachings of the most highly qualified publicists of the various nations, as subsidiary means for the determination of rules of law.

This provision shall not prejudice the power of the Court to decide a case *ex aequo et bono*, if the parties agree thereto.

CHAPTER III. *Procedure*

ARTICLE 39

The official languages of the Court shall be French and English. If the parties agree that the case shall be conducted in French, the judgment will be delivered in French. If the parties agree that the case shall be conducted in English, the judgment will be delivered in English.

In the absence of an agreement as to which language shall be employed, each party may, in the pleadings, use the language which it prefers; the decision of the Court will be given in French and English. In this case the Court will at the same time determine which of the two texts shall be considered as authoritative.

The Court may, at the request of the parties, authorize a language other than French or English to be used.

ARTICLE 40

Cases are brought before the Court, as the case may be, either by the notification of the special agreement, or by a written application addressed to the Registrar. In either case the subject of the dispute and the contesting parties must be indicated.

The Registrar shall forthwith communicate the application to all concerned

He shall also notify the Members of the League of Nations through the Secretary-General.

ARTICLE 41

The Court shall have the power to indicate, if it considers that circumstances so require, any provisional measures which ought to be taken to reserve the respective rights of either party.

Pending the final decision, notice of the measures suggested shall forthwith be given to the parties and the Council.

ARTICLE 42

The parties shall be represented by Agents.

They may have the assistance of Counsel or Advocates before the Court.

ARTICLE 43

The procedure shall consist of two parts: written and oral.

The written proceedings shall consist of the communication to the judges and to the parties of cases, counter-cases and, if necessary, replies; also all papers and documents in support.

These communications shall be made through the Registrar, in the order and within the time fixed by the Court.

A certified copy of every document produced by one party shall be communicated to the other party.

The oral proceedings shall consist of the hearing by the Court of witnesses, experts, agents, counsel and advocates.

ARTICLE 44

For the service of all notices upon persons other than the agents, counsel and advocates, the Court shall apply direct to the Government of the State upon whose territory the notice has to be served.

The same provision shall apply whenever steps are to be taken to procure evidence on the spot.

ARTICLE 45

The hearing shall be under the control of the President or, in his absence, of the Vice-President; if both are absent, the senior judge shall preside.

ARTICLE 46

The hearing in Court shall be public, unless the Court shall decide otherwise, or unless the parties demand that the public be not admitted.

ARTICLE 47

Minutes shall be made at each hearing, and signed by the Registrar and the President.

These minutes shall be the only authentic record.

ARTICLE 48

The Court shall make orders for the conduct of the case, shall decide the form and time in which each party must conclude its arguments, and make all arrangements connected with the taking of evidence.

ARTICLE 49

The Court may, even before the hearing begins, call upon the agents to produce any document, or to supply any explanations. Formal note shall be taken of any refusal.

ARTICLE 50

The Court may, at any time, entrust any individual, body, bureau, commission or other organisation that it may select, with the task of carrying out an enquiry or giving an expert opinion.

ARTICLE 51

During the hearing any relevant questions are to be put to the witnesses and experts under the conditions laid down by the Court in the rules of procedure referred to in Article 30.

ARTICLE 52

After the Court has received the proofs and evidence within the time specified for the purpose, it may refuse to accept any further oral or written evidence that one party may desire to present unless the other side consents.

ARTICLE 53

Whenever one of the parties shall not appear before the Court, or shall fail to defend his case, the other party may call upon the Court to decide in favour of his claim.

The Court must, before doing so, satisfy itself, not only that it has jurisdiction in accordance with Articles 36 and 37, but also that the claim is well founded in fact and law.

ARTICLE 54

When, subject to the control of the Court, the agents, advocates and counsel have completed their presentation of the case, the President shall declare the hearing closed.

The Court shall withdraw to consider the judgment.

The deliberations of the Court shall take place in private and remain secret.

ARTICLE 55

All questions shall be decided by a majority of the judges present at the hearing.

In the event of an equality of votes, the President or his deputy shall have a casting vote.

ARTICLE 56

The judgment shall state the reasons on which it is based.

It shall contain the names of the judges who have taken part in the decision.

ARTICLE 57

If the judgment does not represent in whole or in part the unanimous opinion of the judges, dissenting judges are entitled to deliver a separate opinion.

ARTICLE 58

The judgment shall be signed by the President and by the Registrar. It shall be read in open Court, due notice having been given to the agents.

ARTICLE 59

The decision of the Court has no binding force except between the parties and in respect of that particular case.

ARTICLE 60

The judgment is final and without appeal. In the event of dispute as to the meaning or scope of the judgment, the Court shall construe it upon the request of any party.

ARTICLE 61

An application for revision of a judgment can be made only when it is based upon the discovery of some fact of such a nature as to be a decisive factor, which fact was, when the judgment was given, unknown to the Court and also to the party claiming revision, always provided that such ignorance was not due to negligence.

The proceedings for revision will be opened by a judgment of the Court expressly recording the existence of the new fact, recognising that it has such a character as to lay the case open to revision, and declaring the application admissible on this ground.

The Court may require previous compliance with the terms of the judgment before it admits proceedings in revision.

The application for revision must be made at latest within six months of the discovery of the new fact.

No application for revision may be made after the lapse of ten years from the date of the sentence.

ARTICLE 62

Should a State consider that it has an interest of a legal nature which may be affected by the decision in the case, it may submit a request to the Court to be permitted to intervene as a third party.

It will be for the Court to decide upon this request.

ARTICLE 63

Whenever the construction of a convention to which States other than those concerned in the case are parties is in question, the Registrar shall notify all such States forthwith.

Every State so notified has the right to intervene in the proceedings: but if it uses this right, the construction given by the judgment will be equally binding upon it.

ARTICLE 64

Unless otherwise decided by the Court, each party shall bear its own costs.

500.C114/54

*The Secretary General of the League of Nations (Drummond) to
President Wilson*

GENEVA, 4 February, 1921.

[Received March 1.¹⁶]

The Secretary-General of the League of Nations has the honour to forward herewith to the Government of the United States of America a certified copy of the Protocol of Signature relating to the Statute of the Permanent Court of International Justice, provided for by Article 14 of the Covenant of the League of Nations, together with the signatures already affixed by the representatives of the Members of the League, and the declarations relating to the optional clause concerning compulsory jurisdiction.¹⁷

The Secretary-General of the League of Nations has the honour, at the same time, to draw the attention of the Government of the United States of America to the importance of ratifications being deposited as speedily as possible.

According to the terms of para. 3 of the resolution relating to the establishment of a Permanent Court of International Justice,¹⁸ which was adopted by the Assembly of the League of Nations at its meeting on December 13th, 1920, the Statute of the Court will not come into force, and the Court will not be called upon to sit, in conformity with the said Statute, until this Protocol has been ratified by the majority of the Members of the League. The satisfactory fulfilment of this condition will alone enable the Assembly of the League of Nations at its next meeting (which is to take place in September, 1921) to proceed to elect the Judges, and thus to enable the Court to be formed and to enter upon its duties at the beginning of next year.

Further signatures to the Protocol will be notified to the Government of the United States of America as and when they are appended.

The same procedure will be observed in the case of communications addressed to the Secretariat by the various signatory Powers with regard to their ratification of the Protocol.

Certified copies of the various documents containing the ratifications will be communicated to the Government of the United States of America as and when they are deposited with the Secretariat.

¹⁶ At the White House; referred to the Department of State Mar. 2, 1921.

¹⁷ See *supra*.

¹⁸ *Ante*, p. 17.

500.C114/54

The Secretary of State to the Secretary General of the League of Nations (Drummond)

The Secretary of State of the United States of America has received, by reference from the President, the communication dated February 4, 1921, by which the Secretary General of the League of Nations forwards to the Government of the United States, as the Government of a State mentioned in the Annex to the Covenant of the League, a certified copy of the Protocol of Signature relating to the Statute of the Permanent Court of International Justice provided for by Article XIV of the Covenant.

In this communication the attention of the Government of the United States is drawn to the importance of the ratifications of the Protocol being deposited as speedily as possible.

With respect to this it is proper to remark that the Protocol has not been ratified by the United States.

WASHINGTON, *August 15, 1921.*

**APPOINTMENT OF AN AMERICAN REPRESENTATIVE ON THE
ÅLAND ISLANDS COMMISSION OF THE COUNCIL OF THE
LEAGUE OF NATIONS**

758.6114AI/84 : Telegram

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

LONDON, *July 14, 1920—3 p.m.*

[Received 3:22 p.m.]

1062. The Council of the League of Nations now in session in London has unanimously adopted the following resolution, the representatives of Finland and Sweden adhering:

“That a commission of three international jurists shall be appointed to give to the Council on the following questions an advisory opinion with the least possible delay. 1. Does the Swedish case as presented to the Council on the question of the Aaland Islands arise out of a matter which by international law is solely within the domestic jurisdiction of Finland within the meaning of paragraph 8 of article 15 of the Covenant? 2. What is the present state of the international obligations regarding the demilitarization of the Aaland Islands?”

These questions would have been placed by the Council before the Permanent Court for International Justice for its advisory opinion had that body been established. I am asked whether I would consent to act as one of the members of this Commission. Have made it clear that I could only do so with the permission of my Government and unless some good reason is perceived to the

contrary I shall decline to serve. Please advise. Other names under consideration are Max Huber of Switzerland and Struycken of Holland.

I think it would be helpful if America could be represented on this Commission by some person of repute not in Government service. Have you any suggestions? DAVIS

758.6114AI/87 : Telegram

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

LONDON, July 21, 1920—6 p.m.

[Received July 21—3:09 p.m.]

1100. In the absence of reply to my 1062, July 14, 3 p.m., I have assumed that Department does not desire me to sit on Aaland Islands Commission and have declined to do so. Swedish and Finnish representatives are pressing League to appoint commission without delay. I still think unofficial American participation would be helpful to cause of League with American public. DAVIS

758.6114AI/84 : Telegram

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

[Paraphrase]

WASHINGTON, July 21, 1920—7 p.m.

765. Your telegram No. 1062 of July 14, 3 p.m. The President defers to your desire not to serve on the League of Nations Commission which is to report to the Council on the Åland Islands question. He would like to have Mr. Henry White serve on the Commission as one of its members. You are instructed, therefore, to convey to the Council an intimation of the President's choice.

Mr. White is believed to be at present in Europe. It is suggested that you get in touch with him on this matter. It is thought that he is either in England or at Scheveningen, the Netherlands.

COLBY

758.6114AI/90 : Telegram

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

[Paraphrase]

LONDON, July 22, 1920—2 p.m.

[Received July 22—11:30 a.m.]

1103. Department's No. 765, July 21, 7 p.m. I have conferred on this matter with Mr. Henry White. He says that if he were selected he would not be able to serve. DAVIS

758.6114AI/135 : Telegram

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

PARIS, October 5, 1920—9 p.m.

[Received October 6—2:56 a.m.]

1778. Professor Mantoux of the League of Nations has inquired, informally on behalf of Leon Bourgeois, whether you would be prepared to nominate an American whom Bourgeois might appoint on a special committee to be set up under the following resolution taken by the Council of League at its last meeting of September 20:

“The Council of the League of Nations, having been invited by Great Britain to examine the question of the Aaland Islands, having considered the advisory report furnished at its request by a commission of international jurists, recognizing the duties imposed upon it by articles 11 and 4 [14?] of the Covenant in the supreme interest of peace between nations, declares itself in accordance with the conclusions of the report ‘competent to make any recommendation[s] which it deems just and proper in the case’ and appoints (blank) to furnish the Council, in the shortest time required for the necessary consultation[s], and having regard to the legitimate interests of all parties concerned, with a report which will enable it to frame a final or provisional settlement of the question and to establish conditions favorable to the maintenance of peace in that part of the world.”

Baron Beyens, former Minister for Foreign Affairs of Belgium, has accepted; Ferraris of Italy is willing to accept but has not yet received the consent of his Government; Axinneer [*Calonder?*] of the Swiss Foreign Office has not yet replied but his Government is willing that he should serve.

Mantoux tells me that Bourgeois and Balfour are very anxious to have an American as fourth member of the committee.

If these three are finally appointed it is hoped they can commence their preliminary labors here in ten days; they will alone constitute the committee if no American is appointed.

Work of committee will not be confined to considerations of law or theory. They should seek to find an acceptable compromise based on considerations of common sense and political expediency.

It is desired American nominee should have these qualifications and also be a man of international reputation.

Work of committee will probably last two months and require a visit to Sweden, Finland, and possibly the Aaland Islands. Committee's report should be ready for the probable meeting of the Council shortly before Christmas. Please instruct as soon as possible.

WALLACE

758.6114AI/135a : Telegram

*The Acting Secretary of State to the Ambassador in France
(Wallace)*

WASHINGTON, October 9, 1920—2 p.m.

1546. Your 1778, October 5, 9 p.m.

You may informally advise Professor Mantoux that the President would consider favorably request to nominate an American for appointment on the Committee.

DAVIS

758.6114AI/134 : Telegram

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

PARIS, October 13, 1920—7 p.m.

[Received October 14—1:16 p.m.]

1808. Referring to your telegram 1546, October 9, 2 p.m., Bourgeois officially requests the United States Government to suggest the name of an American citizen to be appointed by him, as president of the Council of League of Nations, to the Aaland Commission. His request was presented orally, other powers concerned were approached in the same manner.

The commission met today and began its preliminary studies of the question. Commission will probably leave Paris at the end of the month.

WALLACE

758.6114AI/114a : Telegram

*The Acting Secretary of State to the Ambassador in France
(Wallace)*

[Paraphrase]

WASHINGTON, October 30, 1920—1 p.m.

1593. Your telegram No. 1808 of October 13, 7 p.m. You are instructed to inform M. Bourgeois that responding to his request President Wilson presents for appointment to the Åland Island Commission the name of Mr. Abram I. Elkus. Mr. Elkus has been Ambassador to Turkey and is at present a judge on the highest tribunal of New York State, the Court of Appeals. It is requested that the nomination of Mr. Elkus be not announced before November 2. It will not be made public here prior to that date. Mr. Elkus could leave for Europe within a week, but not later than November 11.

DAVIS

758.6114AI/120 : Telegram

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

PARIS, November 6, 1920—6 p.m.

[Received November 7—2:38 a.m.]

1893. Referring first paragraph my number 1884 November 4, 5 p.m.,¹⁸ following is English translation of letter from League of Nations.

“Mr. Ambassador: Mr. Hymans acting President of the [Council] of the League of Nations directs me to inform you that the Council of the League of Nations is happy to designate, upon the recommendation of the United States Government, your compatriot Mr. Elkus, former Ambassador, to form part of the Commission of the Aland Islands.¹⁹

He will be very grateful if you would kindly inform Mr. Elkus that it is expedient that he should join his colleagues as soon as possible.

The members of the Commission have doubtless already reached the Grand Hotel at Stockholm and it would perhaps be desirable that Mr. Elkus enter into direct telegraphic communication with Mr. Nielsen, Secretary of the Commission, who could keep him informed of the latter's decisions.

Kindly accept, Mr. Ambassador, etc. Signed P. Denis, member of the Political Section of the League of Nations”.

WALLACE

[The report of the Commission was published by the League of Nations in 1921, as Council Document B 7, *The Aland Islands Question, Report submitted to the Council of the League of Nations by the Commission of Rapporteurs.*]

THE TESCHEN DISPUTE BETWEEN POLAND AND CZECHOSLOVAKIA

Proposal by the Conference of Ambassadors to Settle the Dispute by Arbitration—Decision by the Allied Governments to Assume Directly the Responsibility of Making Delimitations—Agreement of July 28, 1920, between the Representatives of Czechoslovakia, Poland, and the Principal Allied Powers Providing for a Settlement—Desire of the United States to Have a Voice in the Final Settlement, but Without Signing the Agreement of July 28; Assent of the Allied Powers

763.72119/8549b : Telegram

*The Secretary of State to the Minister in Czechoslovakia (Crane)*²⁰

WASHINGTON, December 31, 1919—5 p.m.

39. Since the various peace treaties have not yet been ratified the United States will not at present have representatives on the several

¹⁸ Not printed.¹⁹ Other members of the Commission were Baron Beyens of Belgium, Maggiorino Ferraris of Italy, and Felix Calonder of Switzerland.²⁰ The same, *mutatis mutandis*, to the Minister in Poland, as no. 261 (file no. 763.72119/8549c).

delimitation and plebiscite commissions. In the case of the Teschen Commission, however, you may informally and confidentially suggest to the Czechoslovak Government that if they should care to express a definite wish for the appointment of an American on the Commission, this Government would be willing to consider the suggestion.²¹

LANSING

763.72119/8819 : Telegram

The Minister in Czechoslovakia (Crane) to the Secretary of State

PRAGUE, January 27, 1920—4 p.m.

[Received 5:45 p.m.]

20. Your number 39, December 31, 5 p. m. I received today following communication dated January 17, 1920, from Czecho-Slovak Minister of Foreign Affairs.

[Translation]

“Mr. Minister. I have the honor to apply to Your Excellency with the following request: The Government of the Czecho-Slovak Republic would be very glad if the Government of the United States could take part in the regulating of the plebiscite in Teschen, Silesia, and appoint a representative on the commission that is to regulate and direct the plebiscite proceedings. The Czecho-Slovak Government desires to have that question settled on the basis of the rules and principles of utmost justice and believes that the assistance of representative of the United States will certainly contribute to having the plebiscite performed on that basis. I therefore beg you, Mr. Minister, kindly to communicate the foregoing to your Government. Be pleased to accept, Mr. Minister, the expression of my highest consideration. Dr. Edouard Benes.”

Please see my 183, September 29th, to American Mission.²²

CRANE

763.72119/9212 : Telegram

The Minister in Poland (Gibson) to the Acting Secretary of State

WARSAW, February 20, 1920—3 p.m.

[Received February 22—2:29 p.m.]

88. Department's 261, December 31, 5 p.m.²³ I am today in receipt of a formal appeal from Minister for Foreign Affairs that the United

²¹ The Department had been informed Dec. 10, 1919, through the Ambassador in France: “Both Governments, either formally or orally, have expressed their hope for the participation of the United States on this Plebiscite Commission.” (File no. 763.72119/8211.)

²² Not printed.

²³ See footnote 20, p. 36.

States assign an American representative to the plebiscite commission at Teschen.

In view of the Department's telegram and of the confidence which would be inspired here by such an appointment I trust the Department will see its way to meet the wishes of the Polish Government. As the plebiscite may take place in a short time the Department may desire to assign some one now in Europe.

GIBSON

760c.80f/15

Memorandum by Mr. William R. Castle, Jr., Division of Western European Affairs, Department of State

[Extract]

[WASHINGTON,] *May 25, 1920.*

Memorandum on the Appointment of an American Representative on the Teschen Plebiscite Commission

On March 6th Mr. Polk signed a letter to the President²⁶ on the subject, asking whether he wished to appoint an American representative on this commission.

On April 20th Mr. Colby signed a second letter to the President²⁶ requesting a decision on the subject of the appointment of an American Commissioner.

During these months the Plebiscite Commission, with a British, French, Italian and Japanese member, had been organized and had taken up the administration of the Teschen area with 1,200 Allied troops. Serious strikes and riots had occurred and both the Poles and the Czechs were carrying on intensive propaganda. The situation was becoming daily more complicated and explosive, partly through the fact that the Inter-Allied Commission had not sufficient troops to enforce its regulations and partly because of the inherent difficulties of carrying out a plebiscite in one of the most thickly populated districts in Europe.

By the end of April it looked as though the late appointment of an American representative on a commission which had already been functioning for some months would be unwise. Mr. Gibson on his return from Poland strongly endorsed this opinion. He pointed out that an American joining the Commission at this stage could not be fully cognizant of the work already done; that he would be

²⁶ Not printed.

forced to make decisions on insufficient knowledge; that the old members of the Commission would be only too glad to make the new American member shoulder the blame for all unpopular decisions, and that the American member would undoubtedly be made Chairman of the Commission in accordance with the understanding in Paris and would therefore be compelled to assume the responsibility whereas he would be really in a weaker position than his colleagues because he would have no troops back of him.

This information was summarized in a new letter to the President with the suggestion that under the circumstances it might be wiser that the United States should not appoint a representative at this time. This letter was not sent but a few days later the Secretary wrote to the President telling him what Mr. Gibson thought and adding a few names for consideration should the President still desire to appoint someone on the commission.²⁷

The President answered that he wished an appointment to be made.

During the last few days the situation in Teschen has become acute and the Commission has even found it necessary to declare martial law. This being so, it would seem essential to refer the matter once more to the President, pointing out strongly the danger that would be involved in appointing an American on the commission under the circumstances, since his task would be almost impossible and since this country would inevitably be blamed by Poland or Czechoslovakia or both, for any decisions taken in the past or to be taken in the future.

W. R. C[ASTLE], Jr.

123 D 68/40a : Telegram

The Secretary of State to the Commissioner at Berlin (Dresel)

WASHINGTON, May 26, 1920—noon.

330. For Dolbeare.²⁸

You should make preparations at once to proceed to Teschen as American representative on the plebiscite commission on receipt of instructions which will follow shortly.

COLBY

²⁷ This letter and the President's reply not found in Department files.

²⁸ Frederic Russell Dolbeare, of the American Commission at Berlin; on receipt of further instructions Dolbeare proceeded to Paris, where he remained until the abandonment of the plebiscite in July.

760c.60f/6 : Telegram

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

PARIS, June 5, 1920—9 p.m.

[Received June 6—1:06 a.m.]

1252. Mission. Conference²⁹ having been informed that neither Poland nor Czechoslovakia is willing to abide by results of Teschen plebiscite and that local situation is so acute that armed conflicts may break out at any minute, took the following decision at its 48th meeting held this afternoon: If an affirmative answer from the Government of the United States is received, to suggest officially arbitration to Polish and Czecho-Slovak Governments; in the meantime through the dean of the diplomatic corps in Warsaw to ascertain unofficially if Polish Government would be disposed to accept such arbitration (Czecho-Slovak Government [has] already intimated that it would welcome such procedure) and through same channel in Brussels to ascertain unofficially if King Albert would be willing to act as arbitrator should such proposed arbitration materialize.

In view of urgency of question would appreciate instructions as soon as possible.

WALLACE

760c.60f/11 : Telegram

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

PARIS, June 12, 1920—6 p.m.

[Received 8:51 p.m.]

1279. Mission. See my telegram 1252, June 5, 9 p.m. Decision as finally drafted reads as follows:

“It was decided: (1) that the Ambassadors should request their respective Governments to sound unofficially the Polish and Czecho-Slovak Governments as to whether the latter would accept the proposed arbitration in order to determine the attribution of the Duchy of Teschen, thus renouncing the proposed plebiscite; (2) to ask the dean of the diplomatic corps at Brussels to approach unofficially His Majesty King Albert in order to find out whether he would be willing to accept the role of arbitrator of the differences dividing Poland and Czechoslovakia; (3) to charge the Secretariat General of the Conference with the drafting of a note to the Czecho-Slovak and Polish delegations by which the latter would be officially requested to have recourse to arbitration for the settlement of the Teschen question.

²⁹ Conference of Ambassadors.

Said note would only be communicated to the interested parties in the event of a favorable outcome of the above unofficial negotiations and [further] only in the event that the American Ambassador is able to get a favorable reply from His Government."

If Department approves idea of arbitration, respectfully request that appropriate instructions be given our Ministers at Warsaw and Prague.

WALLACE

760c.60f/14 : Telegram

The Minister in Czechoslovakia (Crane) to the Secretary of State

PRAGUE, June 15, 1920—noon.

[Received June 21—7:25 a.m.]

151. My telegram number 141, June 5th.³⁰ Feeling against abandonment of plebiscite in Teschen is shared by all Czech parties and numerous non-partisan mass meetings have been held in protest. Imposed arbitration is considered a moral violation of the treaty of Saint Germain. Both Czech and German press support this stand. *Právo Lidu*, official organ Social Democratic Party, after speaking of definite agreement between Poland and Hungary by which Magyars are to assist Poland in securing Teschen, Spis and Orava in return for Polish aid in return of Slovakia says: "How will those Entente powers who today fail to take a firm attitude in the conflict between two so-called allies later deal with a possible united Russian-Czech-German front on the one side and a Polish-Magyar on the other side," and warns France that she must beware of underestimating the importance of Teschen. On the question of Poland-Magyar agreement the Government is convinced that at least an understanding exists. Evidence of this has been submitted to me, which I am having carefully examined, and if I believe it is authentic will transmit. Czechoslovakia agreed to a plebiscite with great reluctance and the feeling is expressed that the Allies are chargeable with bad faith and favoritism to Poland, first in not maintaining order in the plebiscite area by which recent Polish tactics for the defeat of the plebiscite were not interfered with and, second, in furthering the project for arbitration. Czernowitz [*Czechs?*] believe Poles are trying to avoid plebiscite as they have felt for some time they would lose owing chiefly to superior economic conditions of Czechoslovakia. France alleged proportionally [*sic*] supporting Poland as ally in compensation for loss of Russia. This question during the past ten days has overshadowed Cabinet crisis and Presi-

³⁰ Not printed.

dent Masaryk's negotiations with the German leaders which will be reported by despatch.

CRANE

760c.60f/12 : Telegram

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

PARIS, June 15, 1920—4 p.m.

[Received 8:15 p.m.]

1290. Mission. Referring to my 1252, June 5, 9 p.m. Patek³¹ called upon me with Polish Minister in Paris and informed me that he had held a conference with Benes regarding submission of Teschen question to arbitration. Patek had urged that it be mutually agreed to exclude communes in which either Czechs or Poles were in a majority of 80 percent. Benes had demurred and had urged that question in its entirety be submitted to the arbitrator. Patek consented. Benes had then asked if Patek had consulted and had obtained full authority from the Commission of Foreign Affairs of the Diet. As Patek answered in the affirmative Benes stated that he would have therefore to consult with his Commission for Foreign Affairs whose consent he confidently expected to obtain. Benes is leaving for Prague and has promised to let Patek have a definite answer by Sunday.

WALLACE

760c.60f/11 : Telegram

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

WASHINGTON, June 15, 1920—6 p.m.

1117. Your telegram 1279, June 12th, 6 P.M.

This Government has no objection to decision of the conference of Ambassadors in regard to the plan of arbitration to determine the attribution of the Duchy of Teschen thus renouncing plebiscite provided governments of Poland and Czechoslovakia agree. The Department has so informed Legations at Prague and Warsaw.

COLBY

760c.61/66 : Telegram

The Secretary of State to the Minister in Czechoslovakia (Crane)

WASHINGTON, June 18, 1920—6 p.m.

77. Recent reports indicate that trains of ammunition presumably bought by Polish Government have been held in Czechoslovakia.

³¹ Stanislas Patek, Polish Minister for Foreign Affairs.

You are instructed to very discreetly obtain facts. Department's information is not sufficiently full to warrant direct inquiries.

COLBY

760c.61/83 : Telegram

The Minister in Czechoslovakia (Crane) to the Secretary of State

PRAGUE, July 3, 1920—noon.

[Received July 8—1:49 p.m.]

162. Your telegram number 77. Having been informed by DuBois⁸² on [apparent omission] that Foreign Office told him munitions destined for Poland are being held over by Czech transportation employees, I inquired directly from Minister Benes. He confirmed information and stated that while in Paris he had informed Polish Minister Patek that Government would not intervene in this matter. First, because Foreign Affairs Committee of Polish Parliament had passed resolution in favor breaking off relations with Czechoslovakia and, second, because Polish press continually stating that Teschen question would be settled by force of arms. If Poland could control hostile attitude of press and Parliament he would then take up the matter. To attempt to do so now would greatly strengthen chauvinistic and radical demonstrations in their fight against the Government here.

CRANE

760c.60f/28 : Telegram

The Acting Secretary of State to the Minister in Czechoslovakia (Crane)

WASHINGTON, July 9, 1920—5 p.m.

83. Your 162, July 3, noon.

The Department is unable to understand the attitude of Minister Benes. As you must be aware, the Polish Diet resolution, which he refers to as having been passed to break relations with Czechoslovakia, was an irresponsible movement which was not acted upon by the Polish Government. The Department does not consider that the statements published in the Polish press regarding the Teschen plebiscite are to be taken any more seriously than statements on the same question published in the press of Czechoslovakia, which is quite as exaggerated in its antipathy as that of Poland.

You will discreetly intimate to Benes that his attitude at a time so critical in the political life of Poland can scarcely be understood.

⁸² Arthur Wood DuBois, Special Representative of the Department of State for duty in Central Europe.

You might further suggest to him that the support of Poland is vital to the welfare of Czechoslovakia. You will furthermore intimate to him that any attitude which he now adopts toward Poland in this great crisis will be likely to affect the sympathy which has been felt for his country.

DAVIS

760c.60f/18 : Telegram

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

PARIS, July 12, 1920—6 p.m.

[Received 9:51 p.m.]

1387. Mission. I have just heard from my British colleague of the decision taken at Spa with regard to the settlement of the Teschen question and I have received from him a copy of the telegram sent to you by the Supreme Council through the Allied representatives in Washington; ³³ this telegram was based on the following resolution taken by the Supreme Council on the 11th instant:

“The question of Teschen, Spitz and Orava has reached a stage at which any immediate solution is surrounded with the greatest difficulty. In view of the objection raised first by one and then by the other of the parties it appears impracticable to proceed either to a plebiscite in accordance with the decision of the Supreme Council of September 27, 1919, or to arbitration as had been recently proposed. The issue is, however, too grave to permit of any further prolongation of a dispute which reacts upon the general situation, affects injuriously the interests of Europe and endangers the peace of the world. It is essential that normal amicable relations be promptly restored between the Republic[s] of Czechoslovakia and Poland.

It is on the strength of these considerations that the Inter-Allied Commission at Teschen has strongly recommended that the Ambassadors' Conference should take the initiative in making a decision which the interested parties objecting to either plebiscite or arbitration have been unable to arrive at by agreement between themselves.

In these circumstances the representatives of the British, French, Italian and Japanese Governments at Spa assembled consider that it is now for the Supreme Council to take upon itself the responsibility of making definite settlement as regards the disposal of the territories in dispute between the two Republics both in the Duchy of Teschen and in the districts of Spitz and Orava. Such a decision appears all the more opportune as the Polish and Czecho-Slovak Ministers for Foreign Affairs actually present at Spa on hearing of the intentions of the Allied Governments have, by a declaration dated July 10th, 1920, notified that they are ready to accept any definite settlement of the dispute which the Allied Powers might decide upon.

³³ See note no. 430, July 14, from the British Ambassador, *infra*.

It is accordingly resolved by the representatives of the four powers that their decision of such settlement made by the Supreme Council shall be immediately communicated to the Polish and Czecho-Slovak Ministers for Foreign Affairs with an intimation that the delegates of the Allied Powers in the Ambassadors' Conference at Paris will forthwith be authorized after hearing the two parties interested to elaborate with the least possible delay in a decision *in curia* of the Supreme Council.

It is understood that the decision accordingly to be made shall be based upon the following indications which shall be communicated confidentially by each of the four Allied Powers to their respective delegates in the Ambassadors' Conference.

1. The Duchy of Teschen shall be divided between Czechoslovakia and Poland by a line running from the northwest to the southeast starting east of the village of Prstna and drawn so as to leave to Czechoslovakia the town of Frystat then running south in the direction of Teschen along the river Olsa and then southeast in such a way as to leave to Czechoslovakia the whole of the railway running north and south but including in Poland the town of Teschen.

2. To divide the regions of Spitz and Orava so as to leave to Poland the northeastern part of Orava and the northwestern part of Spitz according to lines approximately shown on the map hereto annexed.

3. The Conference of Ambassadors shall take such measures in consultation with the representatives of the Republics of Czechoslovakia and Poland as will ensure the satisfactory settlement of all economic questions including that of the distribution of coal and of transport between the two countries."

The Department will note that the following appears in the Supreme Council's telegram: "The Allied Governments at Spa assembled are immediately communicating foregoing resolution to the United States. They are assured that it will agree thereto et cetera." I was struck by this statement and asked my British colleague whether he knew what was the authority therefor. He explained that the phraseology was perhaps misleading and added that during the discussion in the Supreme Council he had himself expressed the belief that the decision of the Supreme Council would meet [with] your approval. I might add that I have been careful to give him no grounds for any such expectation. In addition to the foregoing Lord Derby gave me the following as a statement of the present status of the question.

"Representatives of Poland and Czechoslovakia have agreed with regard to the Teschen question to accept any line which may be delimited, they have signed document to this effect and have so informed Supreme Council asking Council to decide frontier. The Supreme Council have however referred the matter to Ambassadors' Conference where America is represented. Though general frontier is laid down actual line not yet delimited but will be decided by Ambassadors' Conference after hearing Polish and Czecho-Slovakian representative[s] on the 19th instant.["]

760c.60f/20

*The British Ambassador (Geddes) to the Secretary of State*³⁴

No. 430

WASHINGTON, July 14, 1920.

SIR: I have the honor, on instructions from my Government, to inform you that the attention of the Representatives of the British, French, Italian and Japanese Governments assembled at Spa has been called to the increasing gravity of the situation in the Duchy of Teschen. The refusal of the Czecho-Slovaks on the one hand to agree to arbitration and on the other hand the categorical objection of Poland in advance to accept the plebiscite add to the local ferment and tend to show that far from leading to the reestablishment of friendly relations between the two countries the plebiscite which is to take place shortly can only in the circumstances multiply the causes of disagreement and the necessity for an intervention on the part of the Powers. In these circumstances the Polish and Czecho-Slovakian Delegates at Spa have intimated to the Representatives of the Four Governments that the only means of ensuring the prompt reestablishment of good relations between their two Governments which they themselves earnestly desire, will be for the Allied Powers to take upon themselves the responsibility of determining the frontier line in the regions of Teschen Spitz and Orava and that they undertake in advance to accept whatever decision may be made.

At the same time the Inter-Allied Commission at Teschen have on their part recommended that the Ambassadors Conference should take the initiative in making a decision which the interested parties have been unable to arrive at between themselves, they having successively opposed both the plebiscite and arbitration. The interests of Europe and of peace do not allow of any further delay.

The Representatives of the Four Allied Powers have accordingly authorized their Representatives on the Conference of Ambassadors assembled in Paris to elaborate a decision on bases on which they have already come to a unanimous agreement, and which have been communicated to their Delegates on the Conference of Ambassadors. These bases are as follows:

1. The Duchy of Teschen shall be divided between Czecho-Slovakia and Poland by a line running from North West to South East starting East of the Village of Prstna and drawn so as to leave to Czecho-Slovakia the town of Frystat; then running South in the direction of Teschen along the river Olsa and thence South East in such a way as to leave Czecho-Slovakia the whole of the railway running North and South, but including in Poland the town of Teschen.

³⁴ Similar notes, July 14, from the Italian and the Japanese Embassies, and, July 13, from the French Embassy.

2. To divide the regions of Spitz and Orava so as to leave to Poland the North Eastern part of Orava and North Western part of Spitz.

3. The Ambassadors shall take such measures in consultation with the Representatives of the Republic[s] of Czecho-Slovakia and Poland as will ensure the satisfactory settlement of all economic questions including that of the distribution of coal and of transport between the two countries.

These particulars must necessarily remain absolutely confidential and must not be communicated either to the Poles or to the Czecho-Slovaks until the Conference of Ambassadors has made a definite pronouncement. The Allied Governments consider that they are entitled to expect that a decision based on these particulars will be loyally accepted by the two parties to each of whom will accrue certain important advantages: to Poland as regards the village of Teschen and the ceded territories in the Spitz and Orava districts and to Czecho-Slovakia in respect of Karvin.

The Allied Governments assembled at Spa are immediately communicating their resolutions to the United States Government. They are assured that it will agree thereto and as a consequence send urgent instructions in this sense to the United States Representative on the Conference of Ambassadors in Paris. It is indeed of the utmost importance that the question be settled without delay for events which are at the moment taking place in Eastern Europe may in the Teschen district have results the consequence[s] of which are incalculable. It is highly desirable in the first instance to confront the interested parties with a definite decision.

The Conference of Ambassadors will meet on July 15th and sit until July 25th, on which date it will adjourn until September 1st. The Teschen question must therefore be settled before July 25th. It is accordingly of the utmost importance that the necessary instructions reach the United States Ambassador without delay.

I have [etc.]

A. C. GEDDES

760c.60f/24 : Telegram

The Minister in Czechoslovakia (Crane) to the Secretary of State

PRAGUE, July 16, 1920—5 p.m.

[Received July 16—3:17 p.m.]

171. Your telegram number 93 [83], July 9, and my telegram number 162, July 3. Beneš informed me 14th that at Spa he and Prime Minister Grabski⁸⁵ signed an agreement covering all points in dispute between Czechoslovakia and Poland and that a cordial and complete understanding had been reached. This was published July

⁸⁵ President of the Council of Ministers of Poland.

15th. On account of garbled condition of your telegram number 93 [83], July 9, and the urgency of the situation, I was only able to state in a general way to Benes the effect of his attitude on arms embargo as reported in my telegram number 162, July 3, noon, on sentiment in the United States.

He informed me that an understanding has been reached with Grabski on this point. The Roumanians have not completely evacuated sub-Carpathian Ruthenia and they are to remain and control the railroad running north and south in that country. This will permit munitions to go to Poland. In the meantime the Government will endeavor to change attitude railroad workers on the subject of arms embargo but this will necessarily take time. It should be clearly understood that this action of the workers was purely voluntary and that the Government is weak. Therefore the matter must be handled carefully. Benes leaves for Paris 17th to take matter up with Council of Ambassadors and in view of extreme gravity of the situation it might be advisable that I proceed to Paris in order that Ambassador Wallace may be thoroughly informed as to the situation here. In a subsequent telegram I will endeavor to inform the Department the important factor [*facts?*] of the situation. It should be understood clearly, however, that in coming to this agreement with Poland after Parliament had instructed Benes to stand for plebiscite, he is risking his political future and also is affecting the position of President Masaryk.

CRANE

760c.60f/34 : Telegram

*The Minister in Czechoslovakia (Crane) to the Secretary of State*⁵⁶

PRAGUE, July 17, 1920—3 p.m.

[Received July 21—6:54 p.m.]

172. The proper settlement of the Teschen question will do more towards stabilizing conditions in Central Europe than any one act which Council of Ambassadors can perform. As the dispute is largely due to the economic value of the country, proper guarantees for the distribution of coal should be enacted. The following facts in the case should be taken into consideration in coming to a decision.

1. Czechoslovakia, in the beginning, was forced to accept plebiscite for territory which her statesmen claimed as an historic right.

2. All parties including the Germans now opposed to its abandonment and consider that the Allies have thus twice favored the Poles as against them. Because situation now is extremely favorable for Czechs in Teschen.

⁵⁶ Via the Embassy at Paris.

3. Benes who is supported by Masaryk risked political future in signing agreement with Grabski. Their one aim for past two months was to settle question immediately and come to an agreement with the Poles. In this they were opposed by all chauvinistic elements, also by Socialists friendly to Soviet Russia, that is by the Right and the Left.

4. Since opening Parliament President's position greatly weakened owing to opposition of Czech Clericals and Nationalists, headed by Kramar; agitation due to the sincere effort of the Government to come to reconciliation with the Germans. Opponents of the President now state only object of catering to the Germans was to get their votes in Teschen. Also on account of food shortage, poor economic conditions in cure [*sic*] of the Government and too much politics over Teschen, the church question ethical [*sic*].

5. Result—continued increase in radical sentiment here during past few months. See my number 159, June 26.³⁷ Recent reports from east Slovakia and Ruthenia show great increase in Communist agitation there.

6. In submitting Teschen question to Council of Ambassadors contrary to wish of people and orders of Parliament a sincere proof of good will and desire to settle affairs with Poland has been shown.

7. This country, largely through statesmanship of Masaryk, has shown greater stability than any one new or old in Central Europe. Since my arrival in May, 1919, there have been no serious disorders and the same Prime Minister and coalition of parties has been in control for a year. I consider it the keystone of the Central European situation. Masaryk policy has been one of moderation and conciliation towards neighbors and minorities.

If the partition of Teschen by the Conference reacts unfavorably in Czechoslovakia the position of Benes and Masaryk will be greatly weakened and strong reaction towards Russia will set in. I cannot over-emphasize the seriousness of the situation here in this event.

CRANE

760c.60f/25 : Telegram

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

PARIS, July 19, 1920—8 p.m.

[Received 9:57 p.m.]

1404. Mission. Following is a translation of the declaration signed by the delegates of Poland and Czechoslovakia at Spa Conference relative to question of Teschen.

³⁷ Not printed.

“Spa, July 10, 1920. Spa Conference. Declaration of the delegates of Poland and Czechoslovakia at the Spa Conference concerning the question of Teschen, Silesia.

For 18 months a bitter struggle has been going on in Teschen, Silesia, between our two nations; this struggle inspired, it is true, by patriotic sentiments on both sides has often been carried on by regrettable means, acts of violence have been committed, accusations have been launched, and threats have been abundant.

At first an attempt was made to settle the problem of Teschen, Silesia, of Spis and of Orawa by the plebiscite, afterwards arbitration was proposed. Unfortunately it did not seem that either procedure could succeed in [establishing ?] titles and both would rather excite passion than appease it.

In these circumstances undersigned delegates being aware of the decision of the Allies to take the Czecho-Slovak Polish question again into their hands met at Spa and after long discussions decided to accept the definite settlement [by] the Allied Powers of the question at issue, consequently in the name of their respective Governments they consent to the plebiscite of Teschen, Spis and Orawa being suspended and to the Allies, after they have heard the two sides, taking the measures necessary for definitely settling the dispute.

The Czecho-Slovak and Polish Governments both undertake to execute loyally the decision which is arrived at.

At the same time we promise to take immediately the measures necessary to ensure that the present state of things comes to an end at once in order that normal peaceful and friendly relations may be reestablished in the plebiscite territory in order that all those who have suffered or have been injured by illegal proceedings during the plebiscite campaign may, by common agreement between the two Governments, be justly compensated.

The delegates of the two Governments express their conviction that the Supreme Council, guided by sentiments of justice and equity, will take into account the true interests of the two sister nations. They consider the moment of the signature of this declaration as the point of [departure for] new relations true, cordial, and friendly between Poland and Czechoslovakia.

Signed at Spa July 10, 1920.

In the name of the Government of the Polish Republic: Signed
Ladislas Grabski.

In the name of the Government of the Czecho-Slovak Republic:
Signed Doctor Ed Benes.”

WALLACE

760c.60f/26 : Telegram

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

[Paraphrase]

WASHINGTON, July 21, 1920—1 p.m.

1278. Your 1387, 1394, 1404, and 1407.³⁸ This Government has received identic notes from the British, French, Italian and Japa-

³⁸ Nos. 1394 and 1407 not printed.

nese Embassies in the United States communicating the resolutions taken at Spa by the Supreme Council upon the question of the division of Orava, Spis, and Teschen, and expressing at the same time the assurance that the Government of the United States will acquiesce in its decision and will instruct you to act accordingly.

This Government has consistently held the attitude that questions in regard to disputed territory should be settled either by arbitration, by impartial judges, or by plebiscites fairly conducted, and not by imposing boundaries upon weaker powers by the principal powers. From the declaration of the Czechoslovak and Polish delegates to the conference at Spa, it would appear that they agreed only with reluctance to accept the decision reached or imposed by the Supreme Council in determining the line of the frontier in the disputed regions. Apart from the fact that the Government of the United States could not, without facts to justify its action, depart from the policy stated above, it could not determine without more detailed examination whether or not the specified arbitrary boundaries proposed to the Council of Ambassadors by the Supreme Council are just and expedient. Realizing, however, that the situation in the Duchy of Teschen is grave, and that it is desirable from every point of view to settle speedily this perplexing problem, this Government is disposed temporarily to accept as a basis for examination and rectification in the future the lines of demarcation indicated in your telegram 1407, July 19, 11 p.m.

Acting under the authority of the declaration of Poland and Czechoslovakia as contained in your telegram 1404, July 19, 8 p.m., you may consent to the Conference of Ambassadors' fixing temporarily the proposed boundaries on the condition that the question be then submitted to an impartial Commission for such rectifications as may be deemed fair and expedient by it, the ultimate decision of which Commission it is hoped that the Governments of Czechoslovakia and Poland will now agree to accept freely and without reservations. The Department feels that such an arrangement as that stated above should accomplish the object that the Supreme Council seemingly had in view, and should provide for the rectifications which may be necessary without causing any undue delay. Therefore, you may express the desire of this Government for such an arrangement to the Conference, and you may propose that a Commission be designated by England, France and the United States with the consent of Czechoslovakia and Poland, or as an alternative, that the Commission be designated by the League of Nations at the request of the Governments of Czechoslovakia and Poland. No Pole or Czechoslovak shall be a member of the Commission. The decision of the Conference of Ambassadors shall be referred to the Commission whatever the manner of its appointment

as a basis of study for the final and definite determination of the boundary line of Orava, Spis, and Teschen, and the decision of the Commission shall be reached not later than September 15, 1920.

COLBY

760c.60f/33 : Telegram

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

[Extract]

PARIS, July 21, 1920—7 p.m.

[Received July 22—10:32 p.m.]

1424. Mission. At its 63d meeting Conference of Ambassadors this morning considered report of special committee appointed to determine frontier line in regions of Teschen, Spitz and Orava. Committee submitted following lines in these three regions:

[Here follows a detailed description of the proposed frontier lines.]

I informed Conference that I had still received no instructions from my Government and I requested that no decision be taken until they had been received. All of my colleagues however felt that matter was one of the greatest urgency and that if decision is not taken immediately further bloodshed is inevitable. They also pointed out that in the telegram sent from Spa Conference to Department it had been stated that it was essential that Teschen affair be settled before July 25th. It was therefore decided subject to my reservation to accept line submitted by committee and to inform Teschen commission unofficially and in strictest confidence of line agreed upon, at the same time asking it to take necessary military measures to prevent disorder and also asking when it thought Allied troops could be withdrawn. The feeling was that this should be within three months at the latest.

Tomorrow drafting committee will submit to Conference an agreement to be signed by Principal Allied and Associated Powers, Poland and Czechoslovakia, relative to protection of minorities and exports of coal to Poland from region thus given to Czechoslovakia. After consideration of this agreement Conference will summon Polish and Czecho-Slovak representatives before it on Friday morning, inform them of frontier line determined upon, and invite them to sign said agreement.

I earnestly hope that I may have instructions by Friday July 22, 10 a.m.

WALLACE

760c.60f/34a : Telegram

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

[Paraphrase]

WASHINGTON, July 22, 1920—7 p.m.

1284. The Department feels that some ill feeling may be caused if Italy and Japan are not included among the Governments to choose the Commission that I proposed in telegram 1278, as we now understand that they were represented on the Teschen Commission. . . . You may therefore suggest as indicated that the Commission be composed of five members, who will select as president of the Commission one of themselves. You may suggest that the Commission be also the commission to delimit the frontier on the spot, but that, in view of the nature of the territory to be delimited, it have larger discretionary powers than such a body is usually allowed.

To separate the Teschen question from the solution of the general coal question in Central Europe is extremely difficult, especially as regards Upper Silesia. The amount of coal that the Poles should be granted from Teschen would be influenced by the amount that they receive from Upper Silesia; until the determination of the plebiscite in Upper Silesia, no final definition of coal deliveries to Poland should be reached.

COLBY

760c.60f/20

*The Secretary of State to the British Ambassador (Geddes)*³⁰

WASHINGTON, July 23, 1920.

EXCELLENCY: I have the honor to acknowledge the communication of July 14, 1920, No. 430, in which you have been good enough to inform me that the representatives of Great Britain, France, Italy, and Japan, assembled at Spa, on account of the gravity of the situation in the Duchy of Teschen and because of the inability of the Czechoslovaks and Poles to accept a solution to be reached through arbitration or by plebiscite, had resolved to authorize their representatives at the Conference of Ambassadors assembled at Paris, to reach a decision which shall determine the frontier in Teschen, Orava, and Spicz.

At the same time you inform me that the delegates at Spa of Czechoslovakia and Poland had undertaken to accept whatever deci-

³⁰ The same, *mutatis mutandis*, to the Italian and Japanese Ambassadors and the French Chargé.

sion may be reached by the Conference of Ambassadors and you express the assurance that it will be agreeable to the Government of the United States to instruct its representative in the Conference of Ambassadors at Paris to agree to the resolutions which have been arrived at by the Allied representatives at Spa.

This Government has consistently maintained that the disposition of the territory in dispute should be settled by arbitration, by impartial judges or by a fairly conducted plebiscite, and has opposed arbitrary boundaries being imposed by the Great Powers. While the Czechoslovak and Polish delegates to the conference at Spa have agreed in the name of their governments to abide by the decision which the Conference of Ambassadors may make in determining the boundary lines in question, nevertheless it appears that their offer to accept this decision has been made only with great reluctance. The Government of the United States does not therefore consider that without the presentation of further facts to establish the justice of the proposed settlement, it could permit itself to depart from the policy which it has heretofore followed in this matter as indicated above, or unqualifiedly accept the frontier line suggested.

Nevertheless, realizing the desirability from every standpoint of reaching a speedy settlement of this perplexing problem, I beg to inform your Excellency that my Government is disposed to accept temporarily as a basis for future examination and rectification, the lines of demarcation in the Duchy of Teschen, in Orava and in Spicz, which you were good enough to indicate in the above-mentioned communication. I have therefore instructed the American Ambassador at Paris that inasmuch as the Czechoslovaks and Poles have authorized the Allies to fix boundaries in those regions, he should consent to the decision of the Conference upon condition that the question will then be submitted to an impartial commission for such rectification as may be deemed fair and expedient. It is earnestly hoped that the ultimate decision of this commission will be freely and without reservation accepted by the Governments of Czechoslovakia and Poland.

It is felt that this arrangement will accomplish the object which the Supreme Council assembled at Spa had in view without causing any undue delay in rectifying and settling this vexatious question.

The American Ambassador at Paris has been instructed to propose to the Conference that with the consent of Czechoslovakia and Poland, such a commission be designated either by those Great Powers which have more especially interested themselves in the settlement of the Teschen question, or that the Governments of Czechoslovakia and Poland should request the League of Nations to designate such a commission. He was further instructed to state

that no member of the commission should be either a Czechoslovak or a Pole, and that the decision which the Conference of Ambassadors might reach be referred to the commission, however appointed, to be used as a basis for study in determining finally and definitely the boundary lines in question. This Government is of the opinion that the commission suggested above might very properly also serve as the commission to delimit on the spot the frontier in Teschen, Orava, and Spicz, and that, if possible, its decision should be reached not later than September 15, 1920.

Accept [etc.]

BAINBRIDGE COLBY

760c.60f/35 : Telegram

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

PARIS, July 23, 1920—5 p.m.

[Received July 24—3:52 a.m.]

1434. Mission. At 65th meeting this morning I made statement to Conference of Ambassadors explaining fully arrangement for settlement of question of Teschen, Spisz and Orava in accordance with Department's instructions. Bonin said that before discussing merits of solution proposed he wished immediately to take exception to suggestion that boundary commission be designated by England, France, and the United States. Italy he said is vitally interested in settlement of this question and such commission should be designated by five Principal Allied and Associated Powers. Matsui concurred. Bonin asked me please to seek an explanation for this exclusion of Italy and Japan. This has since been covered by Department's 1284, July 22, 7 p.m. Derby then said that my Government must have been under some misapprehension. He reviewed the history of Teschen question showing that though Poles had been unwilling to accept plebiscite they had been ready to accept arbitration which is what present proposed decision is. At Spa there was no question of "imposing" frontier line upon Poles and Czechoslovaks. They came forward of their own accord and asked Conference to take their views and then signed an agreement that that decision would be respected and obeyed. Solution proposed by Washington, he continued, at first sight seemed only slight modification of decision arrived at by Conference (see [my] 1424 July 21, 7 p.m.) but in reality it might change whole idea underlying that decision. Poland, Czechoslovakia might well refuse to accept authority of commission proposed by Washington whether designated by League of Nations or otherwise saying that this is not the authority whose decision they agreed to accept. What they agreed to

accept was the decision of Supreme Council or Conference of Ambassadors arrived at if necessary, Derby presumed, by majority vote. If my Government's idea was that proposed commission should have such powers that it could attribute for instance Karwin or railroad running north and south along left bank of Olsa to Poland, he could not agree; but if proposed commission were to be a boundary commission charged only with delimiting frontier and with adjusting on principles [of] geographic and economic interests small local injustices, and he thought that my Government's proposal could be so interpreted, he would agree.

. . . Derby then proposed that Conference adhere to its decision which should at once be communicated to interested parties and that a boundary commission should immediately be appointed which, while adhering in the main to line as decided upon, should serve for Conference as an act [*sic*] of readjustments which it thought should be made in view of economic and geographical communal interests bordering on said frontier line. He also proposed that Conference take a resolution stating that it was abundantly clear that initiative in the matter came from Polish and Czecho-Slovak representatives, that they desire that Conference decide upon a frontier line and that they have formally agreed to accept and abide by same. It is a fact though perhaps not clearly brought out in my 1410, July 20, 3 p.m. and my 1411, July 20, 4 p.m.,⁴³ that both Benes and Paderewski when appearing before Conference formally and unhesitatingly agreed loyally to accept and abide by decision of Conference. Cambon pointed out that if United States proposals were accepted it would merely mean postponing a final decision until September 15th and he again laid [emphasis?] on urgency of question. Indeed if proposed commission composed of five representatives of Principal Allied and Associated Powers is to take line heretofore decided upon by Conference as basis and guide for its decisions I believe that with the exception of rectifying local injustices it would arrive at practically the same decision as the one Conference now desires to take.

During discussion it was several times stated, I think by Derby, Cambon, Bonin and La Roche, that they would greatly regret if [action?] were taken by majority vote and earnestly hoped that United States would concur in a unanimous decision.

Result of discussion which occupied whole session was that Cambon on behalf of Conference should write me a letter explaining fully what had taken place in connection with this question since it arose at Spa and making it irrefutably clear that Poland and Czechoslovakia of their own free will had taken the initiative in

⁴³ Neither printed.

requesting that Conference of Ambassadors reach a final decision of this question. I expect to receive said letter late this evening and will immediately telegraph it in full.

WALLACE

760c.60f/37 : Telegram

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

PARIS, July 23, 1920—6 p.m.

[Received July 24—10:34 p.m.]

1435. In accordance with the decision taken by my colleagues at the meeting of the Conference this morning (see my telegram number 1434), Cambon has sent me the following note.

“It would appear from the telegram which you were good enough to bring to the knowledge of the Conference of Ambassadors this morning that in the mind of the United States Government it was the Supreme Council of the Allied Powers assembled at Spa which has taken the initiative of imposing upon the Polish and Czecho-Slovak Governments the delimitation of the frontier in the region of Teschen, Spitz, and Orava.

I have been advised to confirm to you that if such is really the opinion of the Federal Government this opinion rests upon a misunderstanding.

The representative[s] of the Allied Governments reunited at Spa merely discussed the question of Teschen in response to the desire expressed by the Polish and Czecho-Slovak Governments. The latter having proven the impossibility of reaching an undisputed solution either by direct understanding or through a plebiscite, or through arbitration, had mutually agreed that the only solution acceptable to both interested parties was that which would leave to the Principal Powers the responsibility of tracing the frontiers themselves. Consequently Mr. Grabski, President of the Council of Ministers of Poland, and Mr. Benes, Minister for Foreign Affairs of Czechoslovakia, communicated this point of view to the Allied representatives meeting at Spa. After having ascertained that this view met with their assent they addressed a letter to Mr. Millerand ⁴⁴ under date of July 10 in which they declared to the Supreme Council that owing to the impossibility of settling the questions of Teschen, Spitz, and Orava by the means previously contemplated, the Polish and Czecho-Slovak Governments left the definite settlement of the point at issue to the Allied Powers and bound themselves loyally to carry out the decision to be reached. They added that, convinced as they were that the Supreme Council would take into account the real interests of the two sister nationals, they considered the moment of the signature of that declaration as the starting point of new and sincerely cordial and amicable relations between Poland and Czechoslovakia.

⁴⁴ President of the Supreme Council.

It was only after having received in their hands this formal declaration that the representatives of the Principal Allied Powers took cognizance of the question and decided to assume the responsibility of delimiting the frontier of the said regions. As a matter of fact they made reference in their decision to the spontaneous declaration which had thus just been made to them.

Thus it was that, desirous of securing in this matter the collaboration [of] the United States, the representatives of the Principal Allied Powers delegated to the Conference of Ambassadors upon which the American Government is represented the duty of settling this question, while at the same time requesting directly the Government at Washington to kindly cooperate in this task by sending the necessary instructions to its Ambassador at Paris.

It is to be feared that some material mistake altering the meaning of the telegram despatched by the French Government to its Ambassador at Washington may have led the United States Government to believe that the solution adopted at Spa was imposed upon the Polish and Czecho-Slovak Governments. The preceding explanations will demonstrate that this was not the case.

Moreover you have been able to see for yourself, my dear colleague, that Mr. Benes, in the name of the Czecho-Slovak Government, and Mr. Paderewski, in the name of the Polish Government, have specifically renewed before the Conference the engagement undertaken by their respective Governments loyally and unreservedly to accept the decision of the Conference of Ambassadors.

Under these circumstances I trust that you will be in a position to enlighten the United States Government as to the actual character of the decision reached at Spa and to secure with the utmost despatch the necessary instructions allowing you to associate yourself at the latest on the morning of July 27th, with the decision of the Conference of Ambassadors.

I am happy to confirm to you that in order to meet the views of your Government the Conference has decided to grant to the Commission of Delimitation necessary powers for proposing such rectifications to the frontier line with which you are familiar as it may deem justified by special local conditions."

After careful consideration of all the circumstances and particularly in view of the importance of settling frontiers between Poland and Czechoslovakia at the earliest moment on account of the gravity of the situation in the East and the possible consequences it may entail for the peace of Central and even Western Europe, I most respectfully urge the acceptance of the solution proposed by the Conference, that is to say, the boundaries as set forth in detail in my number 1424, July 21st, 7 p.m., together with the agreement mentioned in said telegram and in my 1433, July 22nd, midnight,⁴⁴ with such modifications as I [may be] able to secure on the question of coal, having in mind instructions contained in your 1284, July 22nd, 7 p. m., [regarding] other questions of detail which I may

⁴⁴ No. 1433 not printed.

deem susceptible of amelioration, and the appointment of a Delimitation Commission composed of representatives of the Principal Allied and Associated Powers with powers as stated in Cambon's letter quoted above.

WALLACE

760c.60f/37 : Telegram

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

WASHINGTON, July 26, 1920—7 p.m.

1302. Your 1434, 1435, 1436,⁴⁵ July 23rd.

First. Our position regarding settlement of Teschen, Spis and Orava question was not based primarily upon impression that proposed method of settlement had been imposed upon the Poles and the Czechoslovaks. It was based, to a great extent, upon questions of principle and procedure. In the first place, both countries voluntarily requested a plebiscite. Although we have received intimations that one or more of the Allied Powers did not desire to have the plebiscite carried out as planned, we have never received any information from Poland or Czechoslovakia that they had changed their views or that they would not abide by the results of the plebiscite. The Spa Council without consultation with us decides to proceed to a settlement of the question. We are then informed of the arbitrary decision of the Council which is apparently transmitted to the Council of Ambassadors, with instructions to adopt it with the mere notification to us of their decision and with the expressed assumption that we will accept it and instruct our representative on the Council of Ambassadors to act accordingly.

Second. While we do not recognize the propriety of such disposition being made without consulting or obtaining our approval, and while we do not recognize that this question requires such hasty settlement as to make it impracticable to consult us upon the contemplated action, we nevertheless did realize the desirability of disposing of this matter as soon as possible and our counter proposal was made with the distinct purpose of avoiding any unnecessary delay. The argument that the procedure proposed by us might not be acceptable to the Poles and to the Czechoslovaks is not well founded. Our view is that such a plan could be carried out within the limitations of the agreement executed by both Governments at Spa because any Commission designated by the Council of Ambassadors would act as its agent.

⁴⁵ No. 1436 not printed.

Third. After making our position clear as above indicated you are then authorized to act along the lines of the recommendation of the last paragraph of your 1435 as regards the territorial solution. Our reservations as to the powers of the boundary commission to make such changes and rectifications in the provisional line as might be found just and practicable are not based upon any concrete views as to whether or not any specific property should go to either one of the countries but is based primarily upon the wish that our representative on the Commission should have an equal voice in the final determination of a frontier which as yet the Allied Powers alone have been instrumental in fixing.

The Department has not yet full details of the economic settlement outlined in your 1433,⁴⁵ and, while in complete accord on the principle that an agreement of such a nature should be accepted by Poland and Czechoslovakia, desires to reserve final approval especially as regards signature by the United States. Meanwhile, it would at least be important to secure Polish and Czechoslovak undertaking to accept economic agreement to be later submitted to them to adjust the question of coal deliveries, et cetera. You may collaborate in the drawing up of a tentative agreement as indicated in last paragraph of your 1435, and work for modifications as you suggest. In connection with coal question, you might find it desirable to consult Boyden and Logan of Reparations Commission.

COLBY

760c.60f/37 : Telegram

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

WASHINGTON, July 28, 1920—6 p.m.

1305. In interview with British Ambassador today he informed me of the receipt from his Government of despatches showing concern regarding our position in settlement of Teschen question fearing that any delay caused by our suggested plan may have adverse effect and cause spread of Bolshevism in Poland. Department would like your views as to what if any effect proposed settlement of Teschen boundaries would have on Poland going Bolshevik. Ambassador further stated his Government hoped we would not maintain any position which would delay settlement of this perplexing question. I explained to him that his despatches were undoubtedly sent without full knowledge of our position which had been more clearly defined in Department's 1302 to you July 26, 7 p.m. He also stated there had been no desire or intention not to consult this Gov-

⁴⁵ Not printed.

ernment, but that as we were not represented at Spa where it seemed necessary to take immediate action, it had been impossible to consult this Government. I explained to him that as to the inability to consult this Government, this Teschen question was taken out of hands of the Council of Ambassadors to be taken up at the meeting of the Supreme Council at Brussels, in spite of your calling attention to the fact that this Government would not be represented at Brussels. In spite of this, however, our desire had been to facilitate rather than impede the settlement and that in our cable of July 26 to you we had in substance instructed that after explaining the principles and position of this Government, you should acquiesce in the proposed arrangement subject to the changes if any made by the boundary committee to be named by the Council as explained in our instructions to you. I furthermore pointed out that as the decisions of the Council would probably be unsatisfactory to both Poland and Czechoslovakia, the shock produced in these two countries would be less sharp if at the same time the provisional boundary is announced it were explained that this boundary is the basis of settlement and subject to such changes as the Boundary Commission determines as just and practicable. I think the British Ambassador finally realized that our suggestion in no way impedes a prompt settlement of this question, but that the suggestion of the Department for the boundary committee is decidedly a constructive suggestion.

COLBY

760c.60f/40 : Telegram

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

PARIS, July 28, 1920—11 p.m.

[Received July 28—7 p.m.]

1462. Mission. Teschen question was settled at 69th and 70th meetings of Conference of Ambassadors held last night and to-night in a most satisfactory manner. The agreement which was signed this afternoon by Benes and my four colleagues [amply] covers and safeguards all points and interests contained in Department's 1302, July 26th, 7 p. m., and also includes modifications which I referred to in my 1435, July 23, 6 p. m. Full text of agreement will be telegraphed to-morrow. Paderewski was absent from town today but Polish delegation assured Foreign Office that he would be here and sign on Friday.⁴⁶

WALLACE

⁴⁶ The Department was informed by the Ambassador's despatch no. 1511 of Aug. 13 that Mr. Paderewski signed the agreement on July 30 (file no. 760c.60f/53).

760c.60f/42 : Telegram

The Chargé in France (Harrison) to the Secretary of State

PARIS, July 29, 1920—8 p.m.

[Received July 30—5:50 p.m.]

1468. Mission. See my 1462, July 28th, 11 p.m. Following is the translation of text of Teschen agreement:⁴⁷

“The United States, the British Empire, France, Italy, and Japan, Principal Allied and Associated Powers,

Having by a decision dated at Paris September 27th, 1919, resolved to provide the former Duchy of Teschen and the territory of Orava and of Spisz with a political status by proceeding to a plebiscite, presenting all the necessary guarantees of loyalty and sincerity,

But considering that the measures in execution of that decision with a view to permitting this plebiscite to be realized under the conditions recalled above have remained without result;

Considering that there is in the interest of general peace urgent [necessity] for settling the fate of these territories;

Considering that the Governments of Poland, of Czechoslovakia, have declared by act dated at Spa, July 10th, 1920, that they agree that their respective frontiers in the said territories should be determined by the Principal Allied and Associated Powers,

Have charged the Conference of Ambassadors with the settlement of this question,

Consequently the Conference of Ambassadors has decided as follows:

I. The limits of the sovereignty of Poland and of Czechoslovakia, respectively, over the former Duchy of Teschen and over the territories of Orava and Spisz shall be fixed by a frontier line determined as follows (see annexed maps)”, (description of frontier line follows, for which see my 1424, July 21, 7 p.m.⁴⁸). “Consequently the United States of America, the British Empire, France, Italy and Japan, decide and declare by these presents that, dating from the present day, the sovereignty of Poland and the sovereignty of Czechoslovakia, respectively, shall extend over the territories situated on either side of the frontier line herein above described.

II. A Boundary Commission composed of a representative of each of the Principal Allied and Associated Powers as well as of Poland and Czechoslovakia shall be constituted within one month after the present decision to trace on the spot the frontier line described above.

The decisions of this Commission, which are obligatory upon the interested parties, shall be taken by a majority vote, the President having the casting vote in case of a tie.

⁴⁷ Bracketed corrections and changes in paragraphing have been made in order to bring the text as telegraphed into conformity with the official French text of the agreement, of which printed copies were transmitted to the Department by the Ambassador in France on Aug. 13 (file no. 760c.60f/54).

⁴⁸ Description of frontier omitted from telegram no. 1424 as printed on p. 52.

The Commission [shall] have full power to propose to the Conference of Ambassadors such modifications as may seem to it to be justified by the interests of individuals or of communities in the neighborhood of the frontier line taking into account special local circumstances.

The [expenses] of the said Commission [shall] be borne half by Poland and half by Czechoslovakia.

III. (1) Individuals having previously to January 1st, 1914, nationality (*pertinenza*, *heimatsrecht*) in the territory of Teschen, Spisz, Orava over which the sovereignty of Poland or of Czechoslovakia, respectively, has been recognized will *ipso facto* acquire Polish or Czecho-Slovak nationality respectively. The same will apply to individuals who, without having nationality, may have been domiciled in the said territories since a date prior to January 1, 1908.

Individuals having acquired nationality in the said territories after January 1st, 1914, will only acquire, according to the case, Polish or Czecho-Slovak nationality on the condition that they obtain authority for this from Poland or Czechoslovakia; if this authorization is not requested or is refused these persons will preserve Austrian or Hungarian nationality as the case may be. The same thing will apply to individuals who without having nationality may have been domiciled in the said territory since a date prior to January 1st, 1908.

(2) Individuals upwards of 18 years of age acquiring *ipso facto* Polish or Czecho-Slovak nationality, according to their respective cases, by virtue of clause 1, will have the right for a period of one year from the coming into force of the present treaty to opt for Czecho-Slovak or Polish nationality respectively.

[Wherever individuals are concerned] whose nationality in the territories of Teschen, Spisz, or Orava dates from a time subsequent to January 1st, 1914 or who without having [nationality] there have had their domicile there since a date subsequent to January 1st, 1908, the acquisition of Polish or Czecho-Slovak nationality by way of option will be subordinate to the authorization of the Polish or Czecho-Slovak Government as the case may be. If [this] authorization is refused these individuals will be governed by the second paragraph of clause 1 of this article.

Option by a husband will cover his wife and option by parents will cover their children under 18 years of age.

Persons who have exercised the right of option mentioned above must within the ensuing 12 months transfer their place of residence to the state in favor of which they have opted.

They will be entitled to retain the immovable property which they own in the territory of the other state in which they were habitually resident before opting.

They may carry with them their movable property of every description, no export or import duties may be imposed upon them in connection with the removal of such property.

(3) Individuals who have nationality in a territory attributed to Poland or to the Czecho-Slovak state by virtue of the present decision but who are of different race or language from the majority of the population, may within six months from the present day opt for that one of the countries which formed part of the former Austro-Hungarian Monarchy or which has received territories of the said monarchy in which the majority of the population is composed of persons speaking the same language and having the same race as themselves. The provisions of clause 2 concerning the exercise of the right of option shall be applicable to the exercise of the right recognized by the present clause.

(4) No obstacle shall be placed in the way of the exercise of the right of option granted by the present decision and permitting interested parties to acquire any other nationality which may be open to them.

(5) Married women will take the status of their husband, and children less than 18 years of age that of their parents in so far as everything relating to the application of the preceding provision is concerned.

IV. None of the inhabitants of the former Duchy of Teschen or of the territories of Spisz and Orava shall be annoyed or molested either by reason of their political attitude since July 28th, 1914, up to the taking possession by Poland and Czechoslovakia, respectively, especially with respect to acts connected with the settlement of the rights of sovereignty or by reason of the settlement of their nationality by virtue of the present decision.

V. The proportion and the nature of the financial charges of the former Austro-Hungarian Monarchy and as the case may be of the former Austrian Empire or of the former Kingdom of Hungary which Poland and Czechoslovakia will have to bear by reason of the acquisition of the said territories, shall be regulated as the case may be in conformity with articles 203, part IX (financial clauses) of the peace treaty with Austria or 186, part IX (financial clauses) of the peace treaty with Hungary.

VI. Poland and Czechoslovakia should respectively recognize the rights and interests of all kinds, especially land rights, concessions and privileges acquired by individuals or companies particularly by mining or industrial companies in the former Duchy of Teschen or in the territories of Orava and Spisz. For 25 years no legislative measure of a mining, industrial or commercial character shall be put into force in the said territories which will not be equally applicable in the whole of the territory of Poland and Czechoslovakia respectively.

VII. A special convention between Poland and Czechoslovakia shall be concluded within two months which will regulate on the bases herein after set forth, the reciprocal deliveries of these two countries in coal and naphtha.

Czechoslovakia must undertake to insure to Poland annual supplies of coal which in quantity and quality shall not be inferior to those delivered during the year 1913, to territory which today is Polish, by the coal districts of the former Duchy of Teschen over which Czecho-Slovak sovereignty is henceforth recognized. However, if [in any] year the production of these districts should be less than that of the year 1913, the said supplies [for] that same

year [may] be reduced proportionately to the said decrease of production. Under the same conditions Poland must undertake as far as possible to furnish annually by way of [payment] to Czechoslovakia, if she requires it, a quantity and quality [of] naphtha corresponding to an equitable equivalent of the coal received. If at the expiration of the said two months period the said convention has not been concluded, the questions herein above set forth shall be settled by the Principal Allied and Associated Powers whose decision shall be binding upon Poland and Czechoslovakia; this convention should remain in force until [the] plebiscite in Upper Silesia has taken place; the Principal Allied and Associated Powers reserve the right then to reexamine the question, taking into account the new situation resulting therefrom.

Subject to the provisions of articles 224 of the treaty of peace with Austria and 287 of the treaty of peace with Hungary, and in order to take into account the general coal situation in Europe, an agreement will be concluded between the Principal Allied and Associated Powers and Czechoslovakia for an apportionment of the coal of the Teschen basin in conformity with the general policy of the Principal Allied and Associated Powers in this respect. Provisionally and until this agreement is concluded Czechoslovakia should satisfy every demand for the supply of coal which may be made to her by the Reparations Commission in the name of the Principal Allied and Associated Powers in favor of a power or of a territory which in 1913 received coal from the said coal mine districts. Nevertheless, Czechoslovakia shall not be bound to supply quantities and qualities superior to those supplied during the year 1913 as determined by the Reparations Commission.

Until the conclusion of the said convention or in default thereof until the decision of the Principal Allied and Associated Powers, existing agreements and contracts shall remain in force.

VIII. Within the same two months provided by article VII Poland and Czechoslovakia shall reach an agreement to guarantee all facilities of transit of Polish traffic both in general and especially on the Oderberg-Petrowitz Railway and likewise to facilitate transit and access to the railway station of Teschen; in default of an understanding within the said period these questions shall be settled as stated in article VII [by] the Principal Allied and Associated Powers whose decision shall be binding upon Poland and Czechoslovakia.

IX. All other questions financial, judiciary or administrative shall be settled by special arrangement between Poland and Czechoslovakia according to the principles adopted in the peace treaties with Austria and Hungary, the Principal Allied and Associated Powers reserving the right to intervene, if necessary, in case of disagreement in order to facilitate a settlement.

Done at Paris July 29[28], 1920.

The undersigned representatives, [duly authorized,] of the Polish and Czecho-Slovak Governments express by these presents in conformity with their declaration of July 10th, 1920, the full acceptance by their respective Governments of the preceding clauses.

Done at Paris July 28th, 1920."

In accordance with instructions contained in Department's last telegram on the subject, the following changes were secured in draft

agreement considered by Conference at its 68th, 69th and 70th meetings: first, in article II, paragraph 1, original draft provided that Delimitation Commission should be constituted within 15 days; second, paragraph 3 of article II did not figure at all in original draft; third, the wording of paragraph 3, article III, was made more clear than that in original draft; fourth, after the words "might [*may*] be reduced proportionately to the said decrease of production," article VII in the original draft read as follows:

"in exchange and under the same conditions Poland must undertake to furnish annually to Czechoslovakia, if she requires it, a quantity and quality of naphtha corresponding to an equitable equivalent of the coal received.

If at the expiration of the said two month period the said agreement has not been concluded, the above mentioned questions shall be settled by the Principal Allied and Associated Powers whose decision shall be binding upon Poland and Czechoslovakia.

During the five years following the conclusion of the said convention or in default thereof, the decision of the Principal Allied and Associated Powers and without prejudice to the provisions of article 224 of the peace treaty with Austria and 207 of the peace treaty with Hungary, Czechoslovakia must satisfy every demand for the supply of coal which may be made upon her by the Principal Allied and Associated Powers in favor of a power which in 1913 received coal from the said mining districts or by any one of the Principal Allied and Associated Powers which itself in 1913 received coal from the said mining districts. However, Czechoslovakia shall not be bound to supply quantities and qualities superior to those supplied during the year 1913.

Until the conclusion of the said convention or in default thereof until the decision of the Principal Allied and Associated Powers, the existing agreements and contracts shall remain in force."

After securing the foregoing modifications the position of the United States in the matter was stated pursuant to Department instructions. Conference took note thereof and after observing that satisfaction had been given to view of the American representative with respect to the agreement, expressed earnest hope that after examination of its text the Government of the United States would authorize its representative to sign.

HARRISON

760c.60f/54 : Telegram

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

[Paraphrase]

WASHINGTON, August 27, 1920—5 p.m.

1410. Your telegram no. 1468, July 29, and despatch no. 1509, August 13.⁴⁹ Referring to Teschen question, inform Department by

⁴⁹ Despatch not printed.

telegraph as to present status. Do the Allied Powers still expect this Government to sign the agreement of July 28?

The Department has given careful consideration to the economic provisions of the proposed agreement and in principle approves them, especially as it is clearly understood that after the Upper Silesian plebiscite has been held they shall be open to revision. This Government holds the opinion that artificial arrangements likely to produce friction in administration should be avoided, but in the present case it recognizes that there are special factors which render an agreement of limited duration desirable between the Czechs and the Poles.

While this Government is willing to signify its approval of the agreement of July 28, it prefers to avoid signing and thereby assuming possibly a moral obligation to supervise the execution of the terms of the agreement. If it is your opinion, however, that this Government should join in signing the Teschen agreement as a result of the attitude taken in the matter, the Department desires you to telegraph your views.

In regard to the formation of the Commission for delimiting the Teschen boundary, the Department desires to be informed as to whether the Allies have designated members to serve on it, and the date when it is expected that this Commission will proceed to Teschen. The Department will be glad to receive recommendations from you in regard to a possible American delegate.

COLBY

760c.60f/57 : Telegram

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

[Paraphrase]

PARIS, *September 4, 1920—4 p.m.*

[Received September 5—1:26 a.m.]

1653. The only new development in the Teschen question since my last cables and the Embassy's mail despatches numbered 1503 and 1511 of August 12 and 13, respectively,⁵⁰ has been the selection, August 5, of the British, French, Italian, and Japanese members of the Polish-Czechoslovak Delimitation Commission to serve as the representatives of their respective Governments on the Teschen Commission to be established under the provisions of article 2 of the agreement of July 28. I have been informed that the work of the Delimitation Commission will be completed on or about September 15, and that the said Allied representatives will then be available to begin work on Teschen.

⁵⁰ Despatches not printed.

There has been no action taken as yet to execute the other provisions of the agreement. The withdrawal of the troops of occupation has been effected and the administrative powers have been turned over.

I am strongly of the opinion that the Allied Governments still expect the Government of the United States to sign the agreement. I base my assumption that signature is expected on the facts that the United States was a party to the plebiscite agreement of last September which the present agreement supersedes, that this latter agreement names the Principal Allied and Associated Powers throughout as parties to it, and because it was only upon the desire expressed by the Government of the United States that the agreement be amended that it was finally accepted in its present form. I did not commit myself during the final discussions in the Council but it was very evident that the Allied representatives expected that upon the adoption of the agreement of July 28 I would sign then.

I was very careful to reserve your final approval but I feel strongly that we should sign, especially as my colleagues gave me satisfaction in regard to the economic provisions of the agreement and in view of the fact that we agreed to take part in the decision; also we have a moral obligation to sign as a result of the attitude we have taken and because our participation would contribute, as always in such cases, the element of impartiality and justice. A final reason is that the Government of Poland apparently does not desire to reopen the Teschen decision, and they would therefore undoubtedly desire the adhesion of the Government of the United States as a guarantee to Poland in the matter.

For the reasons stated I respectfully recommend that instructions be sent me to sign the Teschen agreement without waiting for the next meeting of the Conference of Ambassadors at which meeting I feel certain that I shall be asked whether I have received authorization to sign.

It would seem advisable to appoint an Army officer to the Delimitation Commission, thus following the usual practice of the Allies, in view of the fact that the principal work of the Commission will be of a technical character. I respectfully make the suggestion that, as this Commission has a special mandate, an Army officer of high rank, experienced in dealing with foreigners, be appointed. As the representative of the United States on the Commission, I highly recommend either Lieutenant Colonel Cheney, who was formerly the American representative on the Niessel Mission,⁵¹ or Col. Charles H. McKinstry, retired, who was formerly attached to the American Peace Mission.

WALLACE

⁵¹ Inter-Allied Military Commission for the Evacuation of Courland (Oct. 10, 1919-Jan. 20, 1920), of which General Niessel was president.

760c.60f/58 : Telegram

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

[Paraphrase]

PARIS, *September 7, 1920—8 p.m.*

[Received September 8—2:18 a.m.]

1666. My 1653 of September 4. We were misinformed by the Foreign Office in regard to the date on which the Polish-Czechoslovak Boundary Commission would begin its work of delimiting Teschen, Spitz, and Orava. It seems that the first meeting was held August 22 at Orava.

WALLACE

760c.60f/57 : Telegram

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

[Paraphrase]

WASHINGTON, *September 22, 1920—6 p.m.*

1493. Your telegrams no. 1653, September 4, and no. 1666, September 7. The Department is astonished to learn that you have not been advised that the Commission constituted under the Teschen agreement of July 28 has already begun its labors. This Government intends to be represented on the Commission and is instructing Dresel that Foster should report in Paris immediately that he may proceed to join the other members of this Commission at the very earliest date possible.⁵² You should advise him fully of the attitude that this Government has taken in the matter, emphasizing this Government's desire that the line which was accepted tentatively at Spa should be subject to modification by a Delimitation Commission.

Your signature to the Teschen agreement is not essential at this time, for the Department feels that this decision goes no further than to embody the conclusions of the Conference of Ambassadors in which you have taken part, and in which you may now state that you concur with the understanding that the recommendations made by the Commission of Delimitation will be accepted by the Conference of Ambassadors.

Ascertain if you can and then report the date on which the Commission of Delimitation is going to commence its work in the Teschen district, as well as the approximate time that will be required to complete its task.

⁵² Reginald C. Foster, of the American Commission at Berlin; the Department withdrew the assignment after a protest from the Commissioner at Berlin that it would seriously deplete his staff.

Give Foster all possible assistance in securing the personnel necessary to his mission.

The Department feels that there has not been a willingness on the part of the Allies to consider this Government's impartial and disinterested opinion of this question and that there has been a persistent tendency to try to carry through a settlement of it without due regard for this Government's views. The Department is not disposed to be oblivious to this attitude, and desires through its representative on the Commission to have a voice before the final settlement of the Teschen question takes place.

COLBY

760c.60f/60 : Telegram

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

[Paraphrase]

PARIS, September 25, 1920—3 p.m.

[Received 6 p.m.]

1751. After careful consideration of all the circumstances referred to in the second paragraph of the Department's telegram no. 1493, I must respectfully venture to point out both the difficulty and the delicacy of urging the appointment of an American member of the Delimitation Commission upon the Conference of Ambassadors if at the same time I am to withhold my signature to the agreement under which the Commission is constituted, and by virtue of which alone our participation would be secured.

There would, furthermore, seem to be a conflict with the wording and intent of article 2 in demanding that the Conference undertake to accept the Commission's recommendations in advance; in all probability such a demand would be refused, and our position in the Conference of Ambassadors, with regard to points in which we might be interested, would be rendered much more difficult.

I am investigating the questions raised by the Department in its telegram, first sentence, third paragraph. It seems that the Allied members of the former Commission for the Poland-Czechoslovakia boundary completed their labors sooner than anyone had expected. The Foreign Office itself was astonished to learn that a meeting had been held August 22 by the members of the Commission acting as the Teschen Commission. Investigation made by the Foreign Office and by me has failed to reveal what took place at this meeting or possibly subsequent meetings. From information at hand it would appear that there have been one or two other meetings of a preliminary character for the purpose of organization, but that nothing has

been done other than to ask for instructions as to personnel and salaries, and to decide that the Commission will take up its work first in the district of Teschen.

WALLACE

760c.601/60 : Telegram

*The Acting Secretary of State to the Ambassador in France
(Wallace)*

[Paraphrase]

WASHINGTON, *September 28, 1920—4 p.m.*

1515. Your no. 1751 of September 25. The Department considers that unless the United States were represented on the Teschen Commission, you would not be in a position properly to pass upon recommendations which the Commission might submit to the Conference of Ambassadors. Therefore your colleagues should be informed that an informal American member will be appointed to represent the United States on this Commission immediately. (The Department is telegraphing to Vienna for DuBois to report in Paris at once to assume this duty, inasmuch as it appears that Foster is not available.)

The Department notes that you hesitate to take this action while you withhold your signature to the Teschen Agreement. You may, in this connection, point out to your colleagues if necessary that the United States has not yet ratified the Austrian treaty under which by article 91 Teschen is apparently ceded to the Allied and Associated Powers. This Government would be reluctant to sign an agreement which may supplement, in effect, the Austrian treaty, on account of this technical difficulty. The Department does not believe that your colleagues would desire this Government to be prevented by this technicality from taking part in the establishment of a just and permanent settlement of the question.

Referring to second paragraph of your telegram, the Department took the position, you will recall, that authority to make rectifications in the Spa line should be given the Delimitation Commission itself, but that this view was not accepted in the agreement of July 28. The Department desires that it be clearly understood that the Government of the United States considers that the recommendations of the experts who have studied the problem of frontier delimitation on the spot should prevail over considerations of politics which otherwise might influence your colleagues in fixing this boundary; at the same time the Department will not insist that the Conference of Ambassadors shall agree in advance to accept the recommendations of the Teschen Commission.

DAVIS

763.72119/10524 : Telegram

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

[Extract]

PARIS, October 5, 1920—3 p.m.

[Received October 6—2:37 a.m.]

1775. Mission. Seventy-sixth meeting of the Conference of Ambassadors was held Saturday morning October 2d, Cambon presiding.

First. Pursuant to instructions in Department's 1515 September 28, 4 p.m. I explained to Conference that my Government, while concurring in decision of Conference resulting in Teschen agreement, does not feel that my signature to this agreement is essential at the present time; but pointed out that as my colleagues would readily understand I would not be in a position properly to pass upon recommendation which will be submitted to Conference [by] Teschen Commission unless the United States were represented thereon. I added that if my colleagues concurred in this view an informal American representative would be immediately appointed to this Commission. My colleagues did concur as indicated in my 1770, October 2 [1], 2 p.m.⁵⁴

WALLACE

760c.60f/85 : Telegram

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

WASHINGTON, March 3, 1921—5 p.m.

131. For DuBois. You are instructed to withdraw as the American unofficial representative on the Teschen Boundary Commission. In announcing this to your colleagues on the Commission you should make the following statement: "I am instructed by my Government to withdraw as the unofficial American representative on the Teschen Boundary Commission for the following reasons: Since the United States is no longer represented on the Council of Ambassadors, to which body the Commission reports, my Government considers that American representation on the Commission is no longer justifiable; as first constituted, furthermore, this Commission was granted unusually wide powers to adjust the boundary in a comprehensive manner in accord with political and economic requirements, whereas now under later instructions from the Council of Ambassadors its function has become merely the technical one of making minor adjust-

⁵⁴ Not printed.

ments in a line already drawn and tracing on the ground a prescribed boundary. Under these circumstances it is felt that little helpful and constructive assistance can be rendered by an American representative. In withdrawing from the Commission my Government desires me to express to my colleagues its appreciation of the uniformly courteous and cooperative spirit which they have shown in the prosecution of our common labors."

COLBY

760c.60f/86 : Telegram

The Commissioner at Vienna (Frazier) to the Secretary of State

VIENNA, March 11, 1921—1 p.m.

[Received 3:53 p.m.]

"Department's telegram March 3, 5 p.m., via Paris, reached me at Teschen March 8th. Announced my withdrawal to Boundary Commission March 9th, have returned to Vienna to resume my regular work. Repeat to Secretary of State. DuBois."

FRAZIER

**TREATY BETWEEN THE UNITED STATES AND OTHER POWERS
RELATING TO SPITZBERGEN**

850d.00/344

The Department of State to the British Embassy

The Department of State acknowledges the receipt of the Memorandum dated March 30, 1918,⁵⁵ from the British Embassy, stating that in view of the fact that the Treaty of Peace between Russia and Germany contains a clause relative to Spitzbergen,⁵⁶ the British Embassy has been instructed to inquire whether as it is understood that the American Company there has disposed of its holding, the United States Government has any interest in the question of Spitzbergen, and whether it wishes to communicate to the British Government any expression of views on this subject.

In reply the Department begs to state that it is not at present in a position to state whether it may in the future have an interest in the settlement of the affairs in relation to Spitzbergen.

WASHINGTON, April 13, 1918.

⁵⁵ Not printed.

⁵⁶ Chapter IX of the agreement, supplementary to the treaty of Brest Litovsk, *Foreign Relations*, 1918, Russia, vol. I, p. 455.

850d.00/359 : Telegram

*The Minister in Norway (Schmedeman) to the Acting Secretary of State*CHRISTIANIA, *March 10, 1919—1 p.m.*

[Received 7:57 p.m.]

1615. Minister for Foreign Affairs informed me confidentially today that it has been tentatively decided by Foreign Affairs Committee of the Storting and by the Government to instruct the Norwegian Minister at Paris to make representations to representatives of the Associated Governments there with a view to having sovereignty over the island of Spitzbergen accorded to Norway. Minister for Foreign Affairs added that when the matter was finally decided he would advise me of nature of the proposed representations. Repeated to Am[erican] Mission as number 35. Copy to London.

SCHMEDEMAN

850d.00/361a : Telegram

*The Acting Secretary of State to the Commission to Negotiate Peace*WASHINGTON, *April 5, 1919—4 p.m.*

1458. For Secretary Lansing from Phillips.

Norwegian Minister called this morning under instructions from his Government to request that the Government of the United States lend its support to the representations which the Norwegian representatives in Paris are now making regarding Spitzbergen, which Norway desires to have recognized as Norwegian territory. I assured the Minister that I would not fail to communicate his request to you.

PHILLIPS

850d.00/362 : Telegram

*The Commission to Negotiate Peace to the Acting Secretary of State*PARIS, *April 19, 1919—4 p.m.*

[Received April 19—2:12 p.m.]

1688. Your 1458. For Phillips. You may say to the Norwegian Minister that unless there are American interests involved of which I am not now advised I shall be glad to support the desire of Norway to extend sovereignty over Spitzbergen in the event that the status of the archipelago becomes a subject of discussion here. Lansing.

AM[ERICAN] MISSION

763.72119/5830 : Telegram

The Commission to Negotiate Peace to the Secretary of State

PARIS, July 26, 1919—12 p.m.

[Received July 27—9:35 a.m.]

3336. Present plans of Committee on Spitzbergen contemplate short treaty between Principal Allied and Associated Powers on one hand and Norway on other hand with possible addition of few interested neutral nations as contracting parties. Provision will be made for adherence by other states. Norway will give guarantee[s] regarding private rights and other powers will recognize Norwegian sovereignty. It is requested that if it is desired United States should be signatory to treaty, authorization together with power to some one to sign be transmitted. In view previous participation our Government in solution Spitzbergen question⁵⁶ and since our recognition of Norwegian sovereignty must presumably be given in some other way if we do not sign proposed treaty and since we incur no obligations apart from recognition Norwegian sovereignty, all other [obligations] being on part Norway, it is suggested our participation as signatory may be desirable.

AMERICAN MISSION

763.72119/6486a : Telegram

The Secretary of State to the Commission to Negotiate Peace

WASHINGTON, August 27, 1919—3 p.m.

2963. Papers announce that treaty as to Spitzbergen is under consideration and that there will be little or no opposition to granting the sovereignty of the islands to Norway. When in Paris I assured the Norwegian Minister that this Government would favor Norwegian sovereignty. Please advise me if the subject has been discussed. If it has or if it should be raised you should support Norway in her claim to the islands.

LANSING

763.72119/6487 : Telegram

The Commission to Negotiate Peace to the Secretary of State

PARIS, September 2, 1919—8 p.m.

[Received September 3—12:55 a.m.]

4004. Your 2963, August 27th, 3 p.m. Our 3337 [3336], July 26th, unanswered, contained forecast in some detail of action of

⁵⁶ See *Foreign Relations*, 1914, pp. 974 ff.

Spitzbergen committee and a request for instructions regarding signing of a treaty. In light of recent developments there is no urgency for instructions, since treaty will not be signed before about two months. Draft treaty was completed few days ago along lines indicated in telegram July 26th; United States, Great Britain, Denmark, France, Italy, Japan, Norway, Netherlands and Sweden are proposed signatories. Full sovereignty is recognized in Norway. Stipulations similar to those found in commercial treaties secure to nationals of contracting parties equality in all important matters. Existing rights are recognized, and a procedure is prescribed for arbitration conflicting claims. Draft has been laid before Supreme Council for approval for submission to interested governments, which must signify within six weeks whether they will sign.

AMERICAN MISSION

763.72119/6487 : Telegram

The Acting Secretary of State to the Commission to Negotiate Peace

WASHINGTON, September 6, 1919—5 p.m.

3051. Your 4004, September 2d, 8 p.m. This Government is not averse on principle to sign treaty on lines indicated except Government unwilling to assume any positive obligations under treaty. Definite decision must await submission of final draft of treaty to Department.

Please forward draft in pouch.⁵⁷

PHILLIPS

850d.00/373

The Minister in Norway (Schmedeman) to the Secretary of State

No. 1385

CHRISTIANIA, November 12, 1919.

[Received December 9, 1919.]

SIR: I have the honor to report that the Foreign Minister has informed me that the Norwegian Government has accepted Spitzbergen on the conditions named by the Supreme Council at Paris. He stated a short time ago that a telegram had been sent to the Norwegian Minister at Paris requesting information as to whether or not the interpretations of certain sections of the Protocol as made by the Norwegian Government were correct. The Minister at Paris replied stating that the interpretations which had been given to the sections in question were in accordance with the meaning of the Supreme Council.

⁵⁷ Copies of draft treaty, in French and English, were forwarded on Sept. 12, 1919, by the Commission to Negotiate Peace (file no. 763.72119/7020); not printed. For final text, see p. 78.

Great satisfaction is expressed here by the press and the public over the fact that Spitzbergen will come under the sovereignty of Norway, and the Minister for Foreign Affairs requested me to express the appreciation of the Norwegian Government through him of the friendly attitude shown by the United States in enabling Norway to acquire possession of the archipelago.

Enclosed herewith is a clipping with translation taken from *Tidens Tegn* of November sixth,⁵⁸ which indicates the general feeling of the Norwegian people towards the acquisition of the new territory.

I have [etc.]

A. G. SCHMEDEMAN

850d.00/375 : Telegram

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

PARIS, January 21, 1920—3 p.m.

[Received January 22—3:43 a.m.]

205. My mail despatch 609 of December 3 [5] last.⁵⁸

The Foreign Office asks for an immediate reply concerning the views of the American Government on the convention concerning Spitzbergen and in the event that it is decided to take part therein to inform the Foreign Office of the name of the American plenipotentiary at the earliest possible moment.

WALLACE

850d.00/375 : Telegram

*The Acting Secretary of State to the Ambassador in France
(Wallace)*

WASHINGTON, January 26, 1920.

193. Your 205, January 21, 3 p.m.

Following full power has been signed by the President: "Woodrow Wilson, President of the United States of America, To All To Whom These Presents Shall Come, Greeting: Know Ye, That reposing special trust and confidence in the integrity, prudence and ability of Hugh C. Wallace, Ambassador Extraordinary and Plenipotentiary of the United States to France, I have invested him with full and all manner of power and authority for and in the name of the United States to meet and confer with any person or persons duly authorized by the Governments of Great Britain, Denmark, the French Republic, Italy, Japan, Norway, The Netherlands, and Sweden, being invested with like power and authority, and with them, to negotiate,

⁵⁸ Not printed.

conclude and sign a Convention recognizing the sovereignty of Norway over the Archipelago of Spitsbergen, including Bear Island, and providing these territories with an equitable régime, in order to assure their development and peaceful utilization, the same to be transmitted to the President of the United States for his ratification, by and with the advice and consent of the Senate thereof. In Testimony Whereof, I have caused the seal of the United States to be hereunto affixed. Seal. Given under my hand at the City of Washington, this twenty-second day of January, in the year of our Lord one thousand nine hundred and twenty, and of the Independence of the United States of America the one hundred and forty-fourth. Signed. Woodrow Wilson. By the President: Signed. Robert Lansing, Secretary of State." Original document being forwarded by mail.

POLK

850d.00/376 : Telegram

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

PARIS, February 9, 1920—5 p.m.

[Received February 10—2:37 a.m.]

415. Mission. Spitzbergen treaty was signed this afternoon in the Clock Room at the Quai d'Orsay by the representatives of America, France, Denmark, Norway, Holland, and Sweden. A note was also signed to enable the powers who had not affixed their signatures to text [to do so] up to April 8. Mr. Millerand read a note from the British Embassy stating that Lord Derby would sign the treaty upon his return from London, also a note from the Italian delegation stating that Count Ferraris had left to attend the meeting of the Council of the League of Nations in London and would sign the treaty upon his return. Millerand stated the Japanese representative had likewise left for London and that he would no doubt sign the treaty upon his return.

WALLACE

Treaty Series No. 686

*Treaty between the United States and Other Powers Relating to Spitzbergen, Signed at Paris February 9, 1920*⁶⁰

THE PRESIDENT OF THE UNITED STATES OF AMERICA; HIS MAJESTY THE KING OF GREAT BRITAIN AND IRELAND AND OF THE BRITISH DO-

⁶⁰ In English and French; French text not printed. Ratification advised by the Senate, Feb. 18, 1924; ratified by the President, Mar. 4, 1924; ratification of the United States deposited with the French Government, Apr. 2, 1924; proclaimed, June 10, 1924.

MINIONS BEYOND THE SEAS, EMPEROR OF INDIA; HIS MAJESTY THE KING OF DENMARK; THE PRESIDENT OF THE FRENCH REPUBLIC; HIS MAJESTY THE KING OF ITALY; HIS MAJESTY THE EMPEROR OF JAPAN; HIS MAJESTY THE KING OF NORWAY; HER MAJESTY THE QUEEN OF THE NETHERLANDS; HIS MAJESTY THE KING OF SWEDEN,

Desirous, while recognising the sovereignty of Norway over the Archipelago of Spitsbergen, including Bear Island, of seeing these territories provided with an equitable régime, in order to assure their development and peaceful utilisation,

Have appointed as their respective Plenipotentiaries with a view to concluding a Treaty to this effect:

THE PRESIDENT OF THE UNITED STATES OF AMERICA:

Mr Hugh Campbell Wallace, Ambassador Extraordinary and Plenipotentiary of the United States of America at Paris;

HIS MAJESTY THE KING OF GREAT BRITAIN AND IRELAND AND OF THE BRITISH DOMINIONS BEYOND THE SEAS, EMPEROR OF INDIA:

The Right Honourable the Earl of Derby, K.G., G.C.V.O., C.B., His Ambassador Extraordinary and Plenipotentiary at Paris;

And

for the DOMINION OF CANADA:

The Right Honourable Sir George Halsey Perley, K.C.M.G., High Commissioner for Canada in the United Kingdom;

for the COMMONWEALTH OF AUSTRALIA:

The Right Honourable Andrew Fisher, High Commissioner for Australia in the United Kingdom;

for the DOMINION OF NEW ZEALAND:

The Right Honourable Sir Thomas MacKenzie, K.C.M.G., High Commissioner for New Zealand in the United Kingdom;

for the UNION OF SOUTH AFRICA:

Mr. Reginald Andrew Blankenberg, O.B.E., Acting High Commissioner for South Africa in the United Kingdom;

for INDIA:

The Right Honourable the Earl of Derby, K.G., G.C.V.O., C.B.;

HIS MAJESTY THE KING OF DENMARK:

Mr. Herman Anker Bernhoft, Envoy Extraordinary and Minister Plenipotentiary of H. M. the King of Denmark at Paris;

THE PRESIDENT OF THE FRENCH REPUBLIC:

Mr. Alexandre Millerand, President of the Council, Minister for Foreign Affairs;

HIS MAJESTY THE KING OF ITALY:

The Honourable Maggiorino Ferraris, Senator of the Kingdom;

HIS MAJESTY THE EMPEROR OF JAPAN:

Mr. K. Matsui, Ambassador Extraordinary and Plenipotentiary of H. M. the Emperor of Japan at Paris;

HIS MAJESTY THE KING OF NORWAY:

Baron Wedel Jarlsberg, Envoy Extraordinary and Minister Plenipotentiary of H. M. the King of Norway at Paris;

HER MAJESTY THE QUEEN OF THE NETHERLANDS:

Mr. John Loudon, Envoy Extraordinary and Minister Plenipotentiary of H. M. the Queen of the Netherlands at Paris;

HIS MAJESTY THE KING OF SWEDEN:

Count J.-J.-A. Ehrensward, Envoy Extraordinary and Minister Plenipotentiary of H. M. the King of Sweden at Paris;

Who, having communicated their full powers, found in good and due form, have agreed as follows:

ARTICLE 1

The High Contracting Parties undertake to recognise, subject to the stipulations of the present Treaty, the full and absolute sovereignty of Norway over the Archipelago of Spitsbergen, comprising, with Bear Island or Beeren-Eiland, all the islands situated between 10° and 35° longitude East of Greenwich and between 74° and 81° latitude North, especially West Spitsbergen, North-East Land, Barents Island, Edge Island, Wiche Islands, Hope Island or Hopen-Eiland, and Prince Charles Foreland, together with all islands great or small and rocks appertaining thereto (see annexed map⁶¹).

ARTICLE 2

Ships and nationals of all the High Contracting Parties shall enjoy equally the rights of fishing and hunting in the territories specified in Article 1 and in their territorial waters.

Norway shall be free to maintain, take or decree suitable measures to ensure the preservation and, if necessary, the re-constitution of the fauna and flora of the said regions, and their territorial waters; it being clearly understood that these measures shall always be applicable equally to the nationals of all the High Contracting Parties without any exemption, privilege or favour whatsoever, direct or indirect, to the advantage of any one of them.

Occupiers of land whose rights have been recognised in accordance with the terms of Articles 6 and 7 will enjoy the exclusive right of hunting on their own land: (1) in the neighbourhood of their habitations, houses, stores, factories and installations, constructed for the purpose of developing their property, under conditions laid down by the local police regulations; (2) within a radius of 10 kilometres round the headquarters of their place of business or works; and in both cases, subject always to the observance of regu-

⁶¹ Map not reproduced.

lations made by the Norwegian Government in accordance with the conditions laid down in the present Article.

ARTICLE 3

The nationals of all the High Contracting Parties shall have equal liberty of access and entry for any reason or object whatever to the waters, fjords and ports of the territories specified in Article 1; subject to the observance of local laws and regulations, they may carry on there without impediment all maritime, industrial, mining and commercial operations on a footing of absolute equality.

They shall be admitted under the same conditions of equality to the exercise and practice of all maritime, industrial, mining or commercial enterprises both on land and in the territorial waters, and no monopoly shall be established on any account or for any enterprise whatever.

Notwithstanding any rules relating to coasting trade which may be in force in Norway, ships of the High Contracting Parties going to or coming from the territories specified in Article 1 shall have the right to put into Norwegian ports on their outward or homeward voyage for the purpose of taking on board or disembarking passengers or cargo going to or coming from the said territories, or for any other purpose.

It is agreed that in every respect and especially with regard to exports, imports and transit traffic, the nationals of all the High Contracting Parties, their ships and goods shall not be subject to any charges or restrictions whatever which are not borne by the nationals, ships or goods which enjoy in Norway the treatment of the most favoured nation; Norwegian nationals, ships or goods being for this purpose assimilated to those of the other High Contracting Parties, and not treated more favourably in any respect.

No charge or restriction shall be imposed on the exportation of any goods to the territories of any of the Contracting Powers other or more onerous than on the exportation of similar goods to the territory of any other Contracting Power (including Norway) or to any other destination.

ARTICLE 4

All public wireless telegraphy stations established or to be established by, or with the authorisation of, the Norwegian Government within the territories referred to in Article 1 shall always be open on a footing of absolute equality to communications from ships of all flags and from nationals of the High Contracting Parties, under the conditions laid down in the Wireless Telegraphy Convention of July 5, 1912, or in the subsequent International Convention which may be concluded to replace it.

Subject to international obligations arising out of a state of war, owners of landed property shall always be at liberty to establish and use for their own purposes wireless telegraphy installations, which shall be free to communicate on private business with fixed or moving wireless stations, including those on board ships and aircraft.

ARTICLE 5

The High Contracting Parties recognise the utility of establishing an international meteorological station in the territories specified in Article 1, the organisation of which shall form the subject of a subsequent Convention.

Conventions shall also be concluded laying down the conditions under which scientific investigations may be conducted in the said territories.

ARTICLE 6

Subject to the provisions of the present Article, acquired rights of nationals of the High Contracting Parties shall be recognised.

Claims arising from taking possession or from occupation of land before the signature of the present Treaty shall be dealt with in accordance with the Annex hereto, which will have the same force and effect as the present Treaty.

ARTICLE 7

With regard to methods of acquisition, enjoyment and exercise of the right of ownership of property, including mineral rights, in the territories specified in Article 1, Norway undertakes to grant to all nationals of the High Contracting Parties treatment based on complete equality and in conformity with the stipulations of the present Treaty.

Expropriation may be resorted to only on grounds of public utility and on payment of proper compensation.

ARTICLE 8

Norway undertakes to provide for the territories specified in Article 1 mining regulations which, especially from the point of view of imposts, taxes or charges of any kind, and of general or particular labour conditions, shall exclude all privileges, monopolies or favours for the benefit of the State or of the nationals of any one of the High Contracting Parties, including Norway, and shall guarantee to the paid staff of all categories the remuneration and protection necessary for their physical, moral and intellectual welfare.

Taxes, dues and duties levied shall be devoted exclusively to the said territories and shall not exceed what is required for the object in view.

So far, particularly, as the exportation of minerals is concerned, the Norwegian Government shall have the right to levy an export duty which shall not exceed 1% of the maximum value of the minerals exported up to 100,000 tons, and beyond that quantity the duty will be proportionately diminished. The value shall be fixed at the end of the navigation season by calculating the average free on board price obtained.

Three months before the date fixed for their coming into force, the draft mining regulations shall be communicated by the Norwegian Government to the other Contracting Powers. If during this period one or more of the said Powers propose to modify these regulations before they are applied, such proposals shall be communicated by the Norwegian Government to the other Contracting Powers in order that they may be submitted to examination and the decision of a Commission composed of one representative of each of the said Powers. This Commission shall meet at the invitation of the Norwegian Government and shall come to a decision within a period of three months from the date of its first meeting. Its decisions shall be taken by a majority.

ARTICLE 9

Subject to the rights and duties resulting from the admission of Norway to the League of Nations, Norway undertakes not to create nor to allow the establishment of any naval base in the territories specified in Article 1 and not to construct any fortification in the said territories, which may never be used for warlike purposes.

ARTICLE 10

Until the recognition by the High Contracting Parties of a Russian Government shall permit Russia to adhere to the present Treaty, Russian nationals and companies shall enjoy the same rights as nationals of the High Contracting Parties.

Claims in the territories specified in Article 1 which they may have to put forward shall be presented under the conditions laid down in the present Treaty (Article 6 and Annex) through the intermediary of the Danish Government, who declare their willingness to lend their good offices for this purpose.

THE PRESENT TREATY, of which the French and English texts are both authentic, shall be ratified.

Ratifications shall be deposited at Paris as soon as possible.

Powers of which the seat of the Government is outside Europe may confine their action to informing the Government of the French Republic, through their diplomatic representative at Paris, that their ratification has been given, and in this case, they shall transmit the instrument as soon as possible.

The present Treaty will come into force, in so far as the stipulations of Article 8 are concerned, from the date of its ratification by all the signatory Powers; and in all other respects on the same date as the mining regulations provided for in that Article.

Third Powers will be invited by the Government of the French Republic to adhere to the present Treaty duly ratified. This adhesion shall be effected by a communication addressed to the French Government, which will undertake to notify the other Contracting Parties.

In witness whereof the above-named Plenipotentiaries have signed the present Treaty.

Done at Paris, the ninth day of February, 1920, in duplicate, one copy to be transmitted to the Government of His Majesty the King of Norway, and one deposited in the archives of the French Republic; authenticated copies will be transmitted to the other Signatory Powers.

(L.S.) HUGH C. WALLACE
 (L.S.) DERBY
 (L.S.) GEORGE H. PERLEY
 (L.S.) ANDREW FISHER
 (L.S.) TH. MACKENZIE
 (L.S.) R. A. BLANKENBERG
 (L.S.) DERBY
 (L.S.) H. A. BERNHOFT
 (L.S.) A. MILLERAND
 (L.S.) MAGGIORINO FERRARIS
 (L.S.) K. MATSUI
 (L.S.) WEDEL JARLSBERG
 (L.S.) J. LOUDON
 (L.S.) J. EHRENSVARD

ANNEX

1

(1) Within three months from the coming into force of the present Treaty, notification of all claims to land which had been made to any Government before the signature of the present Treaty must be sent by the Government of the claimant to a Commissioner charged to examine such claims. The Commissioner will be a judge or

jurisconsult of Danish nationality possessing the necessary qualifications for the task, and shall be nominated by the Danish Government.

(2) The notification must include a precise delimitation of the land claimed and be accompanied by a map on a scale of not less than 1/1,000,000 on which the land claimed is clearly marked.

(3) The notification must be accompanied by the deposit of a sum of one penny for each acre (40 ares) of land claimed, to defray the expenses of the examination of the claims.

(4) The Commissioner will be entitled to require from the claimants any further documents or information which he may consider necessary.

(5) The Commissioner will examine the claims so notified. For this purpose he will be entitled to avail himself of such expert assistance as he may consider necessary, and in case of need to cause investigations to be carried out on the spot.

(6) The remuneration of the Commissioner will be fixed by agreement between the Danish Government and the other Governments concerned. The Commissioner will fix the remuneration of such assistants as he considers it necessary to employ.

(7) The Commissioner, after examining the claims, will prepare a report showing precisely the claims which he is of opinion should be recognised at once and those which, either because they are disputed or for any other reason, he is of opinion should be submitted to arbitration as hereinafter provided. Copies of this report will be forwarded by the Commissioner to the Governments concerned.

(8) If the amount of the sums deposited in accordance with clause (3) is insufficient to cover the expenses of the examination of the claims, the Commissioner will, in every case where he is of opinion that a claim should be recognised, at once state what further sum the claimant should be required to pay. This sum will be based on the amount of the land to which the claimant's title is recognised.

If the sums deposited in accordance with clause (3) exceed the expenses of the examination, the balance will be devoted to the cost of the arbitration hereinafter provided for.

(9) Within three months from the date of the report referred to in clause (7) of this paragraph, the Norwegian Government shall take the necessary steps to confer upon claimants whose claims have been recognised by the Commissioner a valid title securing to them the exclusive property in the land in question, in accordance with the laws and regulations in force or to be enforced in the territories specified in Article 1 of the present Treaty, and subject to the mining regulations referred to in Article 8 of the present Treaty.

In the event, however, of a further payment being required in accordance with clause (8) of this paragraph, a provisional title only will be delivered, which title will become definitive on payment by

the claimant, within such reasonable period as the Norwegian Government may fix, of the further sum required of him.

2

Claims which for any reason the Commissioner referred to in clause (1) of the preceding paragraph has not recognised as valid will be settled in accordance with the following provisions:

(1) Within three months from the date of the report referred to in clause (7) of the preceding paragraph, each of the Governments whose nationals have been found to possess claims which have not been recognised will appoint an arbitrator.

The Commissioner will be the President of the Tribunal so constituted. In cases of equal division of opinion, he shall have the deciding vote. He will nominate a Secretary to receive the documents referred to in clause (2) of this paragraph and to make the necessary arrangements for the meeting of the Tribunal.

(2) Within one month from the appointment of the Secretary referred to in clause (1) the claimants concerned will send to him through the intermediary of their respective Governments statements indicating precisely their claims and accompanied by such documents and arguments as they may wish to submit in support thereof.

(3) Within two months from the appointment of the Secretary referred to in clause (1) the Tribunal shall meet at Copenhagen for the purpose of dealing with the claims which have been submitted to it.

(4) The language of the Tribunal shall be English. Documents or arguments may be submitted to it by the interested parties in their own language, but in that case must be accompanied by an English translation.

(5) The claimants shall be entitled, if they so desire, to be heard by the Tribunal either in person or by counsel, and the Tribunal shall be entitled to call upon the claimants to present such additional explanations, documents or arguments as it may think necessary.

(6) Before the hearing of any case the Tribunal shall require from the parties a deposit or security for such sum as it may think necessary to cover the share of each party in the expenses of the Tribunal. In fixing the amount of such sum the Tribunal shall base itself principally on the extent of the land claimed. The Tribunal shall also have power to demand a further deposit from the parties in cases where special expense is involved.

(7) The honorarium of the arbitrators shall be calculated per month, and fixed by the Governments concerned. The salary of

the Secretary and any other persons employed by the Tribunal shall be fixed by the President.

(8) Subject to the provisions of this Annex the Tribunal shall have full power to regulate its own procedure.

(9) In dealing with the claims the Tribunal shall take into consideration:

- (a) any applicable rules of International Law;
- (b) the general principles of justice and equity;
- (c) the following circumstances:

(i) the date on which the land claimed was first occupied by the claimant or his predecessors in title;

(ii) the date on which the claim was notified to the Government of the claimant;

(iii) the extent to which the claimant or his predecessors in title have developed and exploited the land claimed. In this connection the Tribunal shall take into account the extent to which the claimants may have been prevented from developing their undertakings by conditions or restrictions resulting from the war of 1914-1919.

(10) All the expenses of the Tribunal shall be divided among the claimants in such proportion as the Tribunal shall decide. If the amount of the sums paid in accordance with clause (6) is larger than the expenses of the Tribunal, the balance shall be returned to the parties whose claims have been recognised in such proportion as the Tribunal shall think fit.

(11) The decisions of the Tribunal shall be communicated by it to the Governments concerned, including in every case the Norwegian Government.

The Norwegian Government shall within three months from the receipt of each decision take the necessary steps to confer upon the claimants whose claims have been recognised by the Tribunal a valid title to the land in question, in accordance with the laws and regulations in force or to be enforced in the territories specified in Article 1, and subject to the mining regulations referred to in Article 8 of the present Treaty. Nevertheless, the titles so conferred will only become definitive on the payment by the claimant concerned, within such reasonable period as the Norwegian Government may fix, of his share of the expenses of the Tribunal.

3

Any claims which are not notified to the Commissioner in accordance with clause (1) of paragraph 1, or which not having been recognised by him are not submitted to the Tribunal in accordance with paragraph 2, will be finally extinguished.

**INTERNATIONAL FINANCIAL CONFERENCE AT BRUSSELS,
SEPTEMBER 24 TO OCTOBER 8, 1920**

Invitation, April 15, by the Council of the League of Nations to the Government of the United States to Participate in the Conference; Acceptance, May 28, by the United States—Reports of Committees

551.A1/1 : Telegram

The Ambassador in France (Wallace) to the Acting Secretary of State

[Extract]

PARIS, *March 19, 1920—midnight.*

[Received March 21—6:15 p.m.]

773. R-444 for Davis.⁶²

1st. At informal conference of delegates March 19 Poincaré confidentially informed me of unofficial talk he had had with Bonin and Balfour regarding proposed calling of Conference by financial section of League of Nations, the object being to discuss economic and financial situation of world but without power to make decisions whose report would be either transmitted direct to the Governments or through Council of the League of Nations either with or without proposals. Invitation to attend Conference was to be addressed to South Africa, Australia, Brazil, Canada, Chile, Denmark, Spain, United States, France, Greece, Italy, Japan, New Zealand, Poland, Argentine, Portugal, Roumania, Great Britain, Sweden, Czechoslovakia, Yugoslavia and possibly other countries. Poincaré pointed out that undoubtedly German and Austrian economic and financial situation would be examined and that Reparation Commission under the treaty was vested with power in regard to Germany and Austria. He pointed out that neutral countries might be considered as bound by treaty if they joined League of Nations. He dwelt upon probability of proposed conference wherein neutrals were represented taking different views in regard to Germany and Austria than might be taken by Reparation Commission. It had been suggested that Conference might ask advice Reparation Commission as to requirements and assets of Germany and not go into details of figures furnished by Reparation Commission. He pointed out two objections: (a) that Reparation Commission had until May 1922 to determine regarding Germany and could not be hurried in its work; (b) that if inquiry was made by both bodies there would be a great duplication of work and possibly divergence in views as above stated. He suggested that *modus operandi* should be found to regulate unofficial relations between the Reparation Commission and Council. The

⁶² Norman H. Davis, Assistant Secretary, U. S. Treasury, from Nov. 1919 to June 1920; assumed duties as Under Secretary of State, June 15, 1920.

chairman's own opinion was that it would be difficult for Conference to work without trespassing on functions of Reparation Commission and he suggested that contact should be maintained unofficially through chairmen of respective bodies.

2d. Delegates were then asked to express their opinions informally, it being understood that they did not bind their Governments and that they were at liberty to change their first impressions as stated on further consideration. Belgians favored unofficial contact as suggested. Pointed out that Conference would probably make recommendations which would not be agreeable to Reparation Commission and suggested it might be possible to at least limit agenda for first meeting of Conference by excluding consideration of German position in order to prevent conflicts between Conference and Reparation Commission. Italians pointed out it would be difficult to establish unofficial relations, that there was no possibility of cooperation and that it would be a mistake for Reparation Commission to undertake any work for proposed council. British stated the Governments having decided on experiment calling Conference, it was impossible for Reparation Commission to do anything until result of experiment was ascertained. The Conference would examine financial and economic clauses of treaty and that examination must be free and full if any useful purpose was to be obtained. Felt that Reparation Commission should not take part in examination or attempt to control it; that if such examination was to take place it would have reflex action on policy of Reparation Commission and would make it advisable to expedite work of Commission *vis à vis* Germany. I stated my position was difficult as United States was not a member of League of Nations nor officially represented on Reparation Commission and that I was not informed of the construction which my Government put upon the clauses of the treaty under which it was proposed to call the International Conference and therefore could only give my first personal impressions. Felt that this action as well as the fact that attempts of bodies or government offices to deal with matters covered by reparation clauses of treaty should be regarded as handwriting on wall inevitably pointing to disappearance of Reparation Commission as factor under the treaty if it did not make progress on sound and economic solution of problems with which it was charged; that it would only be possible to work out reparation provisions of the treaty by fixing Germany's obligation for reparations at a definite amount and that before that was done agreement should be reached between powers concerned as to their proportionate share in amount of reparations to be paid by Germany. I had understood some months ago, considerable progress had been made regarding fixing of percentages but of late had heard nothing of matter.

3d. It was agreed to delay matter for one week in order to give delegates opportunity to present matter to their respective Governments and receive their views and instructions. I trust it will be possible for you to send instructions on this subject at once.

Rathbone⁶³
WALLACE

551.A1/1 : Telegram

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

WASHINGTON, April 3, 1920—6 p.m.

679. For Rathbone from Davis. Treasury R-318.

Reference your R-444, my R-300.⁶⁴ For your information our personal views regarding an international conference are substantially as follows: It is now generally accepted that loans from Government to Government with the resultant continued control by the borrowing government over private activities should cease. Problems requiring solution such as the supply of credits, etc., can only be worked out by private initiative with governmental moral support. A conference of governmental representatives would be unable to speak for the financial and business interests of the respective countries, and they would also be reluctant to make any recommendations which would not be pleasant or acceptable to the governments they represent. On the other hand, a conference of representative business interests of the various countries would be free to make such recommendations as they may consider sound, to devise if possible means for private cooperation and to recommend to the governments such measures as would facilitate private activities. While such a conference might not accomplish as much as anticipated, it would probably have a good psychological effect in creating a better understanding and would show that efforts were being made to find solutions to the various existing difficulties. While we have no objection to offer to a governmental conference as I have heretofore explained, I am not sure that we would be able to attend it, or that such a conference would be effective, and if members of the Chamber of Commerce should attend a conference where all the other delegates represent governments, they would be placed in an unprecedented and probably embarrassing position. Assuming that a conference of private business interests as above indicated would

⁶³ Albert Rathbone, Assistant Secretary, U. S. Treasury, in Europe to handle matters relating to reparations; unofficial representative on the Reparation Commission.

⁶⁴ Latter not printed.

be more practicable and feasible, the question is how to call it. We cannot make any proposal but it occurs to me that the League of Nations might to advantage take the position that after further consideration of the questions involved they have, for reasons as above indicated, come to the conclusion that a conference of the representative business interests of the respective countries would be more practicable and effective, and that the various governments should therefore be requested to convey to the representative business organization or organizations of each country such as the United States Chambers of Commerce, an invitation from the League to send delegates to a conference to be called immediately. This, of course, could be done by a neutral country, but I doubt if the principal powers would care for a neutral country to obtain the moral advantage of leadership in such a move. While we cannot instigate [*sic*] such a plan it would seem that this might be a graceful and practical way out of the existing embarrassment of governmental complications and the only way in which some good might result. I understand that some members of the United States Chamber of Commerce are making suggestions on above lines to British business interests.

COLBY

551.A1/9

The Ambassador in Great Britain (Davis) to the Secretary of State
No. 2686

LONDON, April 19, 1920.

[Received May 1.]

SIR: I have the honor to refer to my telegram No. 627 of April 16th,⁶⁵ transmitting an invitation from the Council of the League of Nations to the United States Government to be represented or associated in the coming International Conference to study financial conditions. The full text of the invitation is transmitted herewith.⁶⁶

I have [etc.]

JOHN W. DAVIS

[Enclosure 1]

The Council of the League of Nations to the Government of the United States

LONDON, 15 April, 1920.

The Council of the League of Nations begs to inform the American Government of the following resolution adopted during the meetings of the Council held in London, February 11th-13th, 1920.

⁶⁵ Not printed.

⁶⁶ The two enclosures printed *infra* were transmitted by the Secretary General of the League of Nations to the American Ambassador in Great Britain in a covering letter dated Apr. 15 (not printed).

Article I.—The League of Nations shall convene an International Conference with a view to studying the financial crisis and to look for the means of remedying it and of mitigating the dangerous consequences arising from it.

Article II.—A Commission composed of Members of the Council, nominated by the President, is instructed to summon the States chiefly concerned to this Conference, and to convene it at the earliest possible date.

This Conference will be held at Brussels about the end of May, 1920.

The Council invites the following countries to send delegates to this Conference:—⁶⁷

Argentine Republic,	Japan,
Australia,	New Zealand,
Belgium,	Norway,
Brazil,	Poland,
Canada,	Portugal,
Chile,	Roumania,
Czecho-Slovakia,	Serb-Croat-Slovene State,
Denmark,	South Africa,
France,	Spain,
Greece,	Sweden,
Holland,	Switzerland,
India,	United Kingdom.
Italy,	

Other States, Members of the League, will be invited to send to the Council, as soon as possible, any proposals which they would like to have considered by the Conference.

The Council of the League is informing the United States Government of the proposed Conference, and is inviting them to send representatives to the Conference or to be associated with the work of the Conference.

The Council may invite States not included in the above list to communicate to the Conference full information regarding their financial and economic situation, and, if necessary, it will decide under what conditions these States may be heard.

The Council therefore has the honour to invite the American Government to send to the Conference not more than three delegates, conversant with public finance and banking as well as with general economic questions. The Council requests that the names of these delegates may be notified to the Secretary-General of the League of Nations.

⁶⁷ Thirty-nine countries were eventually included in the Conference.

[Enclosure 2]

The Council of the League of Nations to the Government of the United States

[LONDON,] 15 April, 1920.

The Secretary-General of the League of Nations is instructed by the Council of the League of Nations to communicate to the United States Government the text of an invitation to an International Financial Conference, which the Council is addressing to the States, Members of the League of Nations.

The world is at this moment in a condition of economic and financial disorder, with results which are, at present, so serious and may in the future become so dangerous, that the League of Nations cannot ignore them without failing in its most essential duties.

In taking the initiative of convening a Financial Conference to meet at Brussels within the next few weeks, the Council of the League fully realises the difficulty of the problem under consideration, and it does not ask the Conference for a complete solution. It desires that the present situation should be discussed from an international point of view; and the Delegates meeting at Brussels will be invited to conduct the debate on a higher plane than the mere consideration of the special problems and interests of each State.

The purpose of the Conference is not to recast the economic system of the world, but to obtain suggestions for its improvement by the impartial examination of the present situation and the formulation of practical conclusions by the best qualified experts in each country.

Recognising the economic and financial importance of the United States, the Council of the League of Nations expresses the earnest hope that the United States Government will wish to avail itself of the opportunity of the United States being represented at the Conference, or of being associated with its work.

551.A1/19: Telegram

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

WASHINGTON, May 28, 1920—5 p.m.

562. Your 627, April 16th.⁶⁸

You will transmit to Sir Eric Drummond following reply to invitation to United States Government of League of Nations to be represented at the coming International Financial Conference in Brussels:

“The Government of the United States acknowledges receipt of the text of an invitation, addressed by the Council of the League

⁶⁸ Not printed.

of Nations to the States Members of the League, to an International Financial Conference to be held at Brussels, and transmitted to this Government under date of April 20 [15], 1920 by the Secretary-General of the League of Nations through the American Ambassador to England, expressing the hope that the United States Government will wish to avail itself of the opportunity of being represented at the Conference or being associated with its work.

The United States is intensely interested in the restoration of stable conditions throughout the world and hopes that an exchange of views and information by experts may assist in the betterment of existing conditions.

It is not clear to this Government whether the suggestion as to the United States taking part in the Conference refers to the appointment of an official delegation representing the Government, or the appointment of unofficial delegates. This Government would not see its way to appoint an official delegation, but the Secretary of the Treasury will be glad to designate one or more unofficial representatives to attend the Conference. While these delegates will not be authorized to bind or commit this Government in any way, they will be authorized to take part in the discussions of the Conference, for the purpose of giving information as to the financial and economic conditions in this country and for the purpose of obtaining similar information in respect to the other countries.["]

COLBY

551.A1/20 : Telegram

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

LONDON, June 8, 1920—7 p.m.

[Received June 8—2:23 p.m.]

913. Your 562, May 28, 5 p.m., communicated to Drummond May 29th. He replies that Conference will probably not take place before middle of July.

DAVIS

551.A1/34 : Telegram

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

LONDON, August 13, 1920—1 p.m.

[Received August 13—9:50 a.m.]

1222. My 1015, July 2, noon.⁶⁹ Drummond now informs me date of Brussels International Financial Conference has been fixed for September 24th.

DAVIS

⁶⁹ Not printed.

551.A1/40a : Telegram

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

WASHINGTON, September 17, 1920.

1480. For Boyden⁷⁰ from Houston.⁷¹ Treasury B-117.

First: Have not been able to obtain satisfactory unofficial delegation from here for Brussels Conference.

Second: I have, therefore, with consent of Department of State, designated you an unofficial representative to attend the Conference and to report concerning the same. You are authorized to take such part as you may deem advisable in the discussions of the Conference for the purpose of giving information as to the financial and economic conditions in this country and for the purpose of obtaining similar information in respect to other countries, but you are not authorized to bind or commit this Government in any way.

Third: Replies to a questionnaire and supplementary memorandum issued by the League of Nations have been sent to the Secretariat of the League of Nations through Department of State and Embassy in London.⁷² Suggest you communicate with Embassy for purpose of obtaining this material.

Fourth: Understand Committee in charge of Conference desires head of each delegation to make brief statement of financial and economic conditions in his country. You are authorized to make such statement on behalf of the United States in case you consider it advisable to do so.

Fifth: Understand Advisory Committee, on matters relating to the Conference, has proposed that questions of reparations and cancellation of war debts be not dealt with at the Conference except in form of statement from Chairman, and that such statement would not be open to discussion. We understand Germans and Austrians are now expected to attend Conference, and assume, in view of their presence, above-mentioned questions will not be brought up. It is view of United States Treasury that such matters as further governmental loans by United States, cancellation of some or all of obligations of European governments held by United States Government, and deferring of obligations of foreign governments held by the United States to liens created in favor of loans subsequently made for reconstruction purposes, are clearly not appropriate for

⁷⁰ Roland W. Boyden assumed duties, Apr. 1, 1920, as American unofficial representative on the Reparation Commission, succeeding Albert Rathbone.

⁷¹ David F. Houston, Secretary of the Treasury, Feb. 1920-Mar. 1921.

⁷² Not printed.

consideration of Conference. You are, therefore, not authorized to enter into discussions regarding the obligations of foreign governments held by the United States, or further advances by this Government to other governments. These matters, together with the exchange of the demand obligations held by the United States Government for long-time obligations, and the deferring of the collection by the United States of interest during the reconstruction period are, in my opinion, matters resting exclusively between the Treasury of the United States and the treasuries of the respective governments whose obligations we hold.

Sixth: Referring to proposed agenda, you will note that information contained in replies to questionnaire covers many of the matters referred to. This Government has no external debt. Information concerning currency and external loans is set forth in replies to questionnaire. Federal taxes imposed by existing legislation are calculated to yield an annual revenue of about \$4,000,000,000. It is the policy of the Treasury that taxes in this amount should continue to be raised, but that incidence of taxation should be somewhat changed with view to acceleration of production and accumulation of capital. With exception of tariff of duties upon imports and restrictions upon importation of certain dyestuffs, and with exception also of certain restrictions upon exchange transactions with territory under control of so-called bolshevik government of Russia, foreign trade and the exchanges are unrestricted, and it is present policy of this Government that they should continue unrestricted. It is policy of Treasury and of existing legislation that Federal Government begin forthwith paying off its war debts; measures are being taken to halt increase of inflation of credit and to encourage production and saving. In opinion of Treasury these ends can best be attained in this country by avoiding so far as possible governmental restriction and control and by leaving private enterprise free to produce surplus necessary for reducing our national debt, and for supplying Europe with materials requisite for its reconstruction. Attention should be called to fact that in addition to taxes imposed by Federal Government, State and local taxation is estimated to amount to not less than \$2,000,000,000 annually. It should be remembered also that although European governments are indebted to this Government in amount approaching \$10,000,000,000 there remains in hands of European holders investment in property in United States amounting to several billion dollars.

COLBY

551.A1/54

The Ambassador in Belgium (Whitlock) to the Secretary of State

No. 973

BRUSSELS, *September 28, 1920.*

[Received October 12.]

SIR: I have the honor to transmit herewith an account of the first two meetings of the International Financial Conference which took place on September 24th and 25th respectively.

This Conference was called by the Council of the League of Nations during its meeting in London last February for the purpose of devising means of averting the financial crisis that appears to be so threatening at the present time.

On September 24th at three o'clock in the afternoon, the Conference began its first meeting in the Chamber of the House of Representatives of the Belgian Parliament.

Twenty-nine States are taking part in the work of the Conference which is presided over by Mr. Ador, former President of the Swiss Confederation. In addition, the United States is also represented and Finland, Luxemburg, Estonia, Livonia [*Latvia?*], and Lithuania have been invited to follow these debates. Germany has sent three representatives.

The Committee of organization is composed of Mr. Ador, the President of the Conference, four Vice-Presidents, including Mr. Wouters d'Oplinter, the Belgian Minister of Economics, and eight others.

On September 24, Mr. Ador made his opening address, stating that the Council of the League of Nations should be thanked for its happy thought in calling this Conference, as this action proves that the League of Nations is determined to play an important part in the affairs of the world. Europe, which has so cruelly suffered and has been impoverished by many years of warfare, and by huge loss of life, has also been overwhelmed with a great financial disorder due to the rising prices, heavy taxes, the diminution of production and the difference in purchasing power of the various currencies in different countries.

Therefore, continued Mr. Ador, one should not imagine that the many causes of the diseases with which humanity is now suffering will disappear in a day. Nevertheless a conscientious study of the economic and financial situation should be made, as well as an attempt to encourage an increase in production, to remedy a situation which, if prolonged, would ruin the world.

Mr. Ador then described the program of the Conference which consists of:

1.—A general statement by each country of its foreign debts and the balancing of its receipts and its expenses as well as the status of its commerce and finance.

2.—Following this a study should be made of the great problems. This will form the constructive part of the work of the Conference.

3.—The determination of the principles that must govern the handling of public finances, especially those that are peculiar to the very difficult period which we are now traversing.

4.—The examination of the questions of fiduciary circulation, of the inflation of paper money, and of the restriction of the use of gold, which have such a very great influence on the rise in prices and the depreciation of foreign exchange.

5.—In order to relieve the exchange situation, an attempt should be made to find means to increase production, develop exports, and to stimulate private initiative.

Mr. Ador added that he hoped that elimination of economic barriers would give all the opportunity to devote themselves to work and thus relieve their own situation.

Following this he made a definite statement to the effect that the Conference will not be permitted by the Council of the League of Nations to interfere with certain questions which have arisen from the war, or with certain settlements provided by the peace treaties, which are still in suspense and which are being negotiated by the Governments affected thereby. The Financial Conference should preserve strictly a character of an assembly of technical experts.

Mr. Delacroix, the Belgian Prime Minister made a short speech of welcome in the name of the King, the Government and of all Belgium, adding that he hoped that the Conference would complete a durable work.

On Saturday morning the second meeting was held, at which the various representatives of the countries that were neutral during the war gave a statement of the finances of these States.

Mr. Gluckstadt, the Danish representative, remarked that while Denmark has not contracted any foreign obligations during the war, the taxes have been increased on account of economic and social complications that have arisen therefrom. Although the internal debt has arisen from 87 million kroner in 1914 to 518 million kroner in 1919, there has been not much increase in paper money. Nevertheless a decrease has occurred in the foreign trade of Denmark which affects the country adversely, and has depreciated the value of the crown in comparison with British and American money.

Mr. Patyn, representative of the Netherlands, stated that the national debt of his country has arisen from 1.162 million florins

in 1913 to 2.679 million florins in 1920, while the public expenses have tripled in this period. This has occasioned a great increase in taxes so that persons with large income are paying out about one half of their revenue to the Government. Although the florin has maintained its value very well, nevertheless it is at present declining in common with other European moneys in comparison with those of the United States and South America.

Mr. Volckmar, the Director of the Norwegian Bank of Commerce, pointed out that his country is also suffering from the enormous increase in State expenditure which has jumped from 166.7 million kroner in 1913, to 759.8 million in 1920. Taxes on income and capital are the principal sources on [of] income for the State.

Mr. Marcus Wallenberg, Director of the Stockholm Enskilda Bank followed Mr. Volckmar. He remarked that Sweden obtained her principal revenue in the same manner as Norway, and that the State's expenses had also greatly increased. In common with other countries the Swedish exports have decreased.

Mr. de Haller, the Swiss representative, former Director of the Swiss National Bank, stated that the purchasing power in Switzerland had greatly decreased and that the cost of living is two and a half times as much as in 1914. The high rate of Swiss exchange affects the countries [*country's*] industries as it injures Swiss exports.

At the afternoon session, Mr. de Cortina, the Spanish representative stated that his country is also traversing a difficult period. The receipts of the Government are far insufficient to meet the budget expenses, and no means have been devised for doing so. This condition has been caused by the effects of the war and by the inflation of the currency. In comparison with the United States, the Spanish money has depreciated about 30%. During this last year, the foreign commerce has shown an unfavorable balance of 16 million pesetas, while the commerce with the United States showed a considerable increase of imports and a diminution of exports.

Finally the delegates of Finland, Czechoslovakia, Esthonia, Lettonia [*Latvia?*], Servia and Poland reported in detail concerning the manner in which the war had ravaged their countries, indicating the difficulties that these countries were encountering in the restoration of their national industries. They were most insistent that this Conference find the means of equalizing and stabilizing the means of exchange.

The Polish delegate, Mr. Ladislas Clyrobski [*Grabski?*], the Minister of Finance, stated that in his country, the old taxes have already been increased tenfold and yet they are insufficient, as Polish money is depreciating more rapidly than the taxes are increasing.

I have [etc.]

BRAND WHITLOCK

551.A1/45 : Telegram

*The Ambassador in Belgium (Whitlock) to the Secretary of State*BRUSSELS, *September 30, 1920—3 p.m.*

[Received October 1—1:32 a.m.]

128. For Davis from Boyden. B-281.

1st. Kept quiet until Tuesday when seemed rather desirable say something in connection with presentation of figures particularly as President Ador urged this. Emphasized that except figures presented had no governmental authority: merely expressed personal opinion. For governmental policy regarding credits referred convention to Glass January letter ⁷³ which is printed in one of documents before convention: also mentioned confirmation of Glass statement by Houston. In view of this cutting off of Government credit, American [credit to] Europe would be confined to charity and private business credits. Expressed personal opinion American private charity would still be interested in Europe but that business relations depended on whether Europe could convince American business that Europe was good business risk. Emphasized fact that our people not accustomed to send money abroad and required education and that obstacles in the way were first, the war itself which had shaken confidence in Europe and second, the lack of economic union and harmony, and [that the] political hostility which was manifest even now seemed to constitute great deterrent to American business. Urged some endeavor at economic cooperation and effort towards general harmony, congratulating League on taking one needed step by inviting representatives of vanquished countries to Conference.

2d. Sending above merely because some indication a few reporters have twisted some statements. I note one man who makes me say that America was eager to help Europe provided guarantees were furnished. Another reporter seems to have the idea that I recommended the immediate formation of a United States of Europe. These two statements due either to misunderstanding or unbridled imagination. Boyden.

WHITLOCK

551.A1/50 : Telegram

*The Ambassador in Belgium (Whitlock) to the Secretary of State*BRUSSELS, *October 6, 1920—noon.*

[Received 7:25 p.m.]

132. B-283 for Davis from Boyden.

1st. Delacroix scheme for new international bank evidently impresses delegates as too ambitious, too complicated and slow to be

⁷³ In a letter of Jan. 28, Carter Glass, then Secretary of the Treasury, stated to the President of the U. S. Chamber of Commerce that the Treasury Department was opposed to participating officially in an international financial conference.

practical, not likely to be considered seriously for these and other reasons.

2nd. Ter Meulen of Holland makes proposal more likely [to] meet **approval convention**. In substance proposes any government whose nationals because of disturbed situation cannot get raw material on personal credit may segregate certain assets or revenues against which government may issue bonds. Such bonds given to its nationals to use as collateral to obtain credit for import transactions. Such transactions must meet approval of government concerned. Such bond issues and their security, also transactions, all approved by central commission acting under League of Nations. My impression this scheme neither very useful nor very objectionable. Any government can now do same thing, machinery proposed merely adds sanction of central commission to transaction and to bonds. This gives bonds better credit but seems cumbrous and not well adapted to business transaction; also slow in operation and probably [would be?] operated too conservatively to accomplish large results. Such transactions might affect United States because assets or revenues used to secure proposed bonds would be by version process [*sic*] become unavailable for payment other indebtedness of country issuing bonds. This does not seem serious for any country which would avail itself of such machinery would obviously be in position where receivers certificates were only remedy.

3rd. Reid of India⁷⁴ accepts foregoing principles but wishes to have such government bonds issued to central commission and used as collateral for bond[s] issued by central commission but those last bonds handed to governments to be delivered to their nationals for use as collateral as above described. Central commission bonds would be supported by guaranty of all governments who chose to participate in guaranty or even by large corporations or trade associations which wished to participate. All participation voluntary and each guaranty limited to definite amount but amount of bonds actually issued by central commission could obviously much exceed total guaranty. This would create a much better bond, Reid's purpose being to get a bond which would be of real use to selling exports, as collateral with banks or otherwise. The idea seems good but doubt how far they would obtain guarantees though India seems to have substantial sum available for use in this or any other way to help their exports which seem to be congested. From United States point of view recommendation by convention of any such scheme involves pressure on United States to join in guaranty but this difficulty inherent in whole situation and probably cannot be avoided if convention recommends anything. This scheme is not direct drive at

⁷⁴ Sir Marshall Frederick Reid, formerly member of the Council of the Secretary of State for India.

United States, therefore we should be in bad position to try to stop it merely because United States may not want to participate and at same time may not want to be obliged to refuse. Boyden.

WHITLOCK

551.A1/53 : Telegram

The Ambassador in Belgium. (Whitlock) to the Secretary of State

BRUSSELS, October 9, 1920—1 p.m.

[Received October 10—2:15 a.m.]

135. B-285. For Davis for Houston.

1st. Conference adjourned today,⁷⁵ leave for Paris tomorrow. Resolution[s] adopted cabled by press.⁷⁶ Have already forwarded texts all resolutions also copies most important papers read. Shall forward later official report of proceedings, also practically complete sets papers printed by League before Conference, also statements presented and explanatory statements by different countries. Good deal of valuable material worth study by your experts, a few in regard to Cassels' study of exchange problem worth personal examination.

2d. Will write after return to Paris but no detailed report necessary. Conference hamstrung from start by failure to fix German indemnity earlier. Has accomplished all that could reasonably be expected which was first, make beginning of harmonious discussion and cooperation between nations, emphasis this thought increased continually, whole feeling of Conference excellent; next, emphasize fundamental principles. Strong determination evident among all delegates not be led into politics or recommendation hasty experiments. Determined do no harm even if could not do much immediate good.

3d. More general recognition than might have been expected that United States could not be expected to finance whole world and that first essential was for Europe help itself. This was influenced considerably without doubt by recognition of danger of emphasizing hope for United States aid during election. What I said also had good effect in this direction and was intentionally inserted for this purpose at time when national statements submitted, all emphasizing great need for outside credit, were rolling up sort of cumulative effect which might have led to some more specific expression.

4th. Resolutions and recommendations sound useful as far as they go. Obvious omission to deal with what shall be done for states now bankrupt or so [nearly] bankrupt that they could not possibly revert to principles sound finance, but this omission intentional and seems

⁷⁵ The Conference closed its final session Oct. 8, 5:45 p.m. Boyden's telegram was probably written the same evening but not dispatched until the next day.

⁷⁶ See the Ambassador's despatch no. 990, *infra*.

wise now though problem remains. Ter Meulen scheme may help a little. Critical examination will show a few hints to United States but harmless and no real drive was made at us such for instance as Italians made at British export price of coal.

BOYDEN
WHITLOCK

551.A1/57

The Ambassador in Belgium (Whitlock) to the Secretary of State

No. 990

BRUSSELS, *October 12, 1920.*

[Received October 26.]

SIR: I have the honor to report as follows concerning the final sessions of the International Financial Conference held on October 7th and 8th, 1920.

The session of October 7th, was devoted to the reading of the reports on:

1. Public Finances
2. International Credits
3. International Commerce
4. Money and Exchange.

Lord Chalmers, of the British delegation, read the report of the Committee on Public Finances, as follows:

Thirty nine Nations have presented their financial status to the Conference. Three quarters of these countries and eleven out of twelve of the European States which have thus reported acknowledge a deficit in their budget for the current year. It is therefore important to call public attention to the fact that a lowering of prices and the re-establishment of prosperity depend entirely upon an increase of production and also that the deficit in the various budgets constitutes one of the most serious obstacles to this increase as it causes, sooner or later, the following results:

- a) A new inflation of credit and of the fiduciary circulation.
- b) A diminution in the purchasing power of national currencies and an instability in foreign exchange.
- c) A further rise in prices and in the cost of living.

Therefore, the first financial reforms, should be directed toward:

- a) Reducing the ordinary expenses to a size which can be covered by ordinary receipts.
- b) Strictly reducing armament expenses as low as compatible with national safety.
- c) Giving up all extraordinary and non-productive expenditures.

An examination of the situation as indicated by each of the States represented at the Conference enables it to state that about twenty per cent of national expenses are being used for armaments.

It appears to the Conference that the world cannot continue to support this type of expenditure, therefore, the formal wish is expressed that the Council of the League of Nations should confer as soon as possible with the various Governments in order to obtain a general agreement for the reduction of the increasing war expenditure.

The Conference considers further that the various Governments should abandon as soon as possible all measures contrary to ordinary economic laws, for instance, the artificial reduction of the price of bread through fixing a sale price to the public lower than the purchase price. The railway and postal rates should be maintained at a sufficient height to cover the expenses of these services.

If, however, the ordinary receipts are not sufficient to cover the ordinary expenses, the deficit should be filled by taxation.

Following Lord Chalmers, Vice-President Vissering read the report of the Committee on money and exchange. The Committee reached the following conclusions:

1. It is very important to put an end to further inflation. This could be accomplished by increasing the real value of the reserves on which fiduciary circulation is issued.
2. Governments should regulate their expenses by their receipts.
3. Banks of issue should be managed on business lines.
4. Governments and municipalities should refrain from further increasing their floating debts and attempt to either consolidate or reimburse them.
5. In order to stop the increase in inflation it is necessary to augment production and to diminish consumption.
6. Commerce should be liberated from Government control as rapidly as possible.
7. The gold standard should be re-established in countries which have abandoned it.
8. It is at present impossible to fix a definite relation between the actual fiduciary circulations and their nominal value in gold as a return to a gold standard would necessitate a tremendous deflation.
9. Deflation should be undertaken with the greatest care. Otherwise a great disturbance in credit and commerce might follow.
10. The Committee does not believe in the issuance of an international currency as this could not overcome the difficulties of exchange.
11. In countries where there is no central bank of issue, there should be created one.

Every attempt to establish an artificial control of fluctuations in exchange is useless and harmful as these efforts falsify the market and thus tend to eliminate the natural correctives brought about by the fluctuations.

The Committee proposed the following:

A Commission should be formed to continue to assemble all useful financial statistics which have been presented at this Con-

ference and to continue the study of a definite policy in regard to monetary circulation.

Mr. Ador, the Chairman, then called on Mr. Wouters d'Oplinter to present the resolutions of the International Trade Committee which are as follows:

The Committee affirms that any amelioration in the financial situation depends in general on the re-establishment of good relations between the various countries and particularly endorses the views of the Supreme Council made on the 8th of March to the effect that it is necessary to re-establish complete international cooperation and to organize an unrestricted exchange of merchandise among the States created or enlarged by the war, so that the essential unity of European economic life may not be compromised by artificial economic barriers.

The Committee expresses the wish that each country will attempt to re-establish gradually the liberty of commerce which existed before the war. Furthermore, the Committee asserts its conviction that the instability of exchange seriously injures the return of normal foreign trade.

The Committee will accept with great eagerness any measure which might be taken by the League of Nations to permit those countries which are not able to buy certain products necessary for their rebuilding, to obtain temporarily commercial credits on approved lines. The Committee also expresses the conviction that it is necessary to improve and to utilize the various railway systems, especially those in the countries affected by the war. This is of vital importance in the re-establishment of international commerce.

Mr. Celier, then read the report of the Committee on International Credits, the important point[s] of which are as follows:

To permit impoverished nations to obtain credits otherwise unobtainable, there will be created an International Commission formed of bankers and business men named by the Council of the League of Nations. This Commission can create sub-Committees. Countries desiring to adhere to this project will notify the Commission what material guarantees they can give in return for commercial credits. The Commission will then fix the value in gold of these credits. The Government of the borrowing country will be authorized to prepare bonds equal to the value in gold of the collateral approved by the Commission. These obligations will be further secured by the revenue from the above collateral. This revenue will be administered by the borrowing Government or by the International Commission as may be determined. The borrowing Government may lend these bonds to its nationals who may use them to effect imports. The importer must prove to his Government that he has first obtained the permission of the International Commission to make this importation; after which he gives these bonds to the exporter to guarantee the operation as long as it may last. After its termination, the exporter returns the bonds to the importer who will in turn return them to his Government, which will cancel them and may replace them with other obligations up to an equal amount. The

revenues from the collateral will be devoted to the foreign obligations of the importing State, as for instance to pay the coupons or to amortize the obligations up to 10% of their value. At the end of each year, any excess after paying the amounts above mentioned is at the disposition of the borrowing Government.

A Government however, may use its own obligations for its own imports, provided the Commission gives its permission to make the importation.

The Committee believes that every Nation which accepts the above principles will not be obliged to borrow in order to meet its ordinary expenses, except those nations which have been devastated by the war. The Committee thinks that it is necessary to fund the floating debts which are now weighing so heavily on the markets of the world, both internal and external. As regards external debts, the Committee believes that it is to the interest of the creditor Nations to accord every facility to the debtor nations to enable them to consolidate their floating debt.

In order to permit Governments to return to a sane basis of public finance, all classes in each nation should bring their utmost collaboration. Industry should be organized in such a manner so as to encourage the workman to exert himself as much as possible in his labors, as it is only thus that the return to normal conditions will be rendered possible. On the other hand, the richer classes should be ready to submit voluntarily to abnormal taxes, in order to put an end to the present situation. It is a patriotic duty of every citizen to practise the greatest economy and to contribute his entire effort to fill the abyss which for several years will separate the wish for return to normal conditions from its accomplishment.

Private initiative is the necessary basis for fiscal measures indispensable to the restoration of public finance.

The first condition to bring about a return of normal commerce is a re-establishment of real peace and the ending of wars which are still raging.

The reports of the four Committees were unanimously carried. The Conference then closed for the day.

The final meeting of the Conference was held on Friday afternoon October 8th.

The President, Mr. Ador, read the draft report which, I have the honor to observe accompanies this despatch.⁷⁷ This report is addressed to the League of Nations. It reviews the general financial situation and draws general conclusions concerning the remedies to be adopted.

Mr. Ador congratulated the delegates for their broad-minded attitude as they have pointed the ways which the Nations must follow in order to rehabilitate themselves. The importance of the work of the Conference cannot yet be realized.

⁷⁷ Draft report not printed; for final report, see *International Financial Conference, Brussels, 1920: Proceedings of the Conference, vol. 1, Report of the Conference*, printed for the League of Nations, Brussels.

Finally Mr. Delacroix, expressed the gratitude of the Conference to Mr. Ador for his able leadership. He paid his respects to the League of Nations, to whose initiative the calling of the Conference was due. Mr. Delacroix called this action a master stroke which proves the faith of the League in future international co-operation.

I have [etc.]

BRAND WHITLOCK

INTERNATIONAL CONFERENCE ON ELECTRICAL COMMUNICATIONS

Invitation, February 10, 1920, by the United States to a Preliminary Conference of the Principal Allied and Associated Powers at Washington—
Invitation, March 30, to a Subsequent General Conference; Indefinite Postponement of the General Conference

574.D1/3a

*The Secretary of State to the Senior Delegate to the EU-F-GB-I
Radiotelegraphic Commission (Bullard)⁷⁸*

WASHINGTON [undated].⁷⁹

SIR: In your capacity as delegate to the Military and Naval Conference on radio telegraphy,⁸⁰ which will have its next meeting on Monday, August 25, you are authorized to urge that the delegates of the other governments recommend to their respective governments favorable action upon the note addressed by me to the other members of the Council of Five in Paris, and which provided for the convocation of an International Congress to consider all international aspects of communication by land telegraph, cable, or wireless telegraphy. A copy of my letter is enclosed herewith. Your attention is directed to the underscoring of the word Powers. It is understood that this means the Principal Allied and Associated Powers. Cable and wireless telephony should probably also be included in the scope of the Congress.

I am [etc.]

ROBERT LANSING

[Enclosure]

*The Secretary of State to the French Minister of Foreign Affairs
(Pichon)⁸¹*

PARIS, June 4, 1919.

MY DEAR MR. PICHON: It is my understanding that during the course of the discussions in the Council of Five regarding the dis-

⁷⁸ William H. G. Bullard, Rear Admiral, U. S. N.

⁷⁹ Attached to the file is a rough draft of this letter dated July 30, 1919.

⁸⁰ The official title of this Conference is as given in the heading of this document, the initials standing for the names, in French, of the countries represented.

⁸¹ The same letter to the Italian Minister of Foreign Affairs (Sonnino), the British Secretary of State for Foreign Affairs (Balfour), and the Japanese Delegate (Makino).

position to be made of the German cables the following agreement was reached:

“The Principal Allied and Associated Powers shall as soon as possible arrange for the convoking of an International Congress to consider all international aspects of communication by land telegraphs, cables or wireless telegraphy, and to make recommendations to the Powers⁸¹ concerned with a view to providing the entire world with adequate facilities of this nature on a fair and equitable basis.”

I feel that the importance of this Congress is scarcely to be overestimated and that steps should be taken to convoke a conference on this subject at the earliest possible moment. I am, therefore, bringing the matter informally to your attention in order that I may have the benefit of your views as to the advisability of taking the necessary preliminary measures in preparing the work of this Congress and in this connection I venture to suggest the possibility of arranging an initial meeting in October of this year in Washington.

I am [etc.]

ROBERT LANSING

574.D1/5 : Telegram

The Commission to Negotiate Peace to the Secretary of State

PARIS, August 28, 1919—11 a.m.

[Received 2:54 p.m.]

3928. Am informed by Admiral Bullard that the four principal Allies have accepted in principle invitation of State Department to meet in Washington for the purpose of study of facilities for world wide communications. October is considered too early. All consider it advisable and desirable to make a preliminary study of subjects to be discussed. Suggest that despatches might be sent to the four powers requesting meeting of representatives in Paris early in September to prepare a report [*agenda*] for later meeting and to be given authority to fix the date of meeting. Request authority be given Rear Admiral Bullard to represent Navy Department. [Commercial interests] should be represented and Rear Admiral Bullard will attempt to arrange to have proper commercial interests represented such as cable, telegraph, telephone, etc., and Colonel Truesdell here can represent War Department. Mr. Kolster now here can represent Commerce Department. State Department can authorize representative to attend.

This suggested Conference to have no executive or administrative powers but only to agree on certain topics for consideration of the meeting in Washington. Italy proposes Washington Conference

⁸¹ Amended to “Principal Allied and Associated Powers” before adoption.

should be clothed with powers to determine final status former German cables. Request instructions on this point. Polk.

AMERICAN MISSION

574.D1/5 : Telegram

The Secretary of State to the Commission to Negotiate Peace

WASHINGTON, *September 4, 1919—6 p.m.*

3034. For Polk.

Your 3928, August 28, 11 A.M.

Preliminary study of facilities for world wide communications is to be at Washington meeting. No preliminary meeting necessary. You are referred to the text of the resolution adopted by the principal powers, which sets forth the matters to be considered and provides that the Washington meeting is to be for discussion and recommendation to the principal powers and makes it plain that it is expected to be the first meeting. Under the circumstances you will appreciate that we do not care to participate in a preliminary conference.

The discussion of persons to be appointed as delegates is consequently unnecessary at present. I understand that the President has some definite ideas as to who our representatives shall be.

There will be no objection on the part of the United States to the discussion at the Washington meeting of the topic which Italy wishes to bring up.

If October is too early the meeting may be postponed till the end of November, but we consider it desirable that the Conference shall be held in Washington rather than in Paris.

LANSING

574.D1/7c : Telegram

*The Acting Secretary of State to the Ambassador in Great Britain (Davis)*⁸²

WASHINGTON, *September 26, 1919—6 p.m.*

The International Conference to consider all aspects of international methods of communication which was agreed to in principle by the Foreign Ministers of the Principal Allied and Associated Powers at Paris last June [*May*] will be held as soon as can be arranged. This Government prefers that the conference take place in Washington. The matter has been referred to Congress to get its consent to the convening of the conference. Congress has not yet acted upon the request. You will be informed as soon as the

⁸² The same telegram, *mutatis mutandis*, to the representatives in France, Italy, and Japan.

authority has been granted. It will obviously be impossible to hold the conference in October as originally suggested, particularly in view of the objections to that date raised by the British and French Governments. It is not desirable, however, to postpone the conference longer than may be necessary. This is for your information. Similar telegrams have been sent to your colleagues at Paris, Rome and Tokyo.

PHILLIPS

862.73/13a : Telegram

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

WASHINGTON, December 22, 1919—4 p.m.

Please see the President personally with regard to the captured German submarine cable between Brazil and Liberia.⁸³ Article 244 and Annex VII thereto of the German Peace Treaty provides that Germany shall renounce in favor of the Principal Allied and Associated Powers all rights to the submarine cables including that between Monrovia and Pernambuco. I understand that this cable was cut during the war and has since been moved and replaced and repaired by the French but that no license for its operation has as yet been granted by either Brazil or Liberia.

This Government expects to call a World Conference on International Communications during the coming year in pursuance of an agreement reached in Paris during the Peace Conference. Among other matters to be settled by that conference will be the disposition of the captured German cables, which is to be treated as a precedent for the general rights of belligerent nations in submarine cables in time of war. The purpose of this Government in calling the conference is to establish a régime for all kinds of international communications which will be in the interest of all nations looking toward the prevention of monopoly by any one nation or group of nations. In view of this purpose and of the specific provision of the Peace Treaty, whereby the five principal powers are made trustees of the cable in question, it is considered most important that the Brazilian Government should not grant any license for the operation of the cable to Liberia or take any other action with regard to it which will in any way prejudice the determination of the Conference.

Please present this matter to the President as fully as you think wise and report by wire.

LANSING

⁸³ For previous correspondence on this subject, see *Foreign Relations*, 1919, vol. II, pp. 504 ff.

574.D1/15d : Telegram

*The Secretary of State to the Ambassador in Great Britain (Davis)*⁸⁴

WASHINGTON, February 10, 1920—6 p.m.

See Department's telegram September 26, 6:00 p.m. regarding the International Conference to consider all aspects of international communications.

Last May the representatives of the Principal Allied and Associated Powers in Paris made the following agreement: "The Principal Allied and Associated Powers shall as soon as possible arrange for the convoking of an International Conference to consider all international aspects of communication by land telegraphs, cables and wireless telegraphy and to make recommendations to the Principal Allied and Associated Powers with a view to providing the entire world with adequate facilities of this nature on a fair and equitable basis". The representatives of the same Powers subsequently agreed that the Conference should be held in Washington at the earliest convenient date, though October, 1919, which was the date originally proposed by this Government, was considered too soon.

In view of the above agreements, this Government feels that the proposed Conference should be held in the near future and suggests May 1st, 1920 as a suitable date, subject, of course, to the convenience of the other four Powers.

The Congress of the United States has authorized the President to call a general international conference to consider all aspects of international communications by cable, telegraph, telephone and wireless. This Government intends to summon such a conference to meet in Washington during the course of the current year, possibly in September.

It is the understanding of this Government that the Conference between the five Principal Powers shall constitute a preliminary conference, whose functions shall be to consider and recommend to the five governments any matters which may properly come before them for decision, and to prepare a program for the general International Conference to be held later.

This Government's understanding of the scope of the proposed conference is that it shall include the entire problem of international communications by cable, telegraph, telephone, wireless telegraphy and wireless telephony. This will include consideration of the subjects dealt with by the International Telegraphic, and the Interna-

⁸⁴ The same telegram, *mutatis mutandis*, to the representatives in France, Italy, and Japan. The substance was also communicated, in notes of the same date, to the British Chargé and the French Ambassador and the Italian and Japanese Appointed Ambassadors.

tional Radio Telegraphic Unions, and the Interallied Radio Commission as well as other matters. What aspects of this field will be considered in detail at each of the conferences is yet to be determined, but no topic falling within this field is beyond the scope of the purpose of the two conferences and any such topic will be given consideration by either conference at the request of any member of that conference.

As suggested above a tentative program for the later general conference will be prepared at the preliminary conference. The program for the preliminary conference should, it is suggested, be tentatively prepared by an exchange of ideas through diplomatic channels between the five Powers to be represented.

You are instructed to communicate the substance of this telegram to the Government to which you are accredited and to extend to it an invitation to send representatives to the preliminary conference in Washington on May 1st. If that date appears to you to be really impossible or inconvenient for the Government to which you are accredited, please inform me immediately. In no case are you to assent to either conference or any preliminary meeting being held elsewhere than in Washington. Please make it plain that an immediate informal and unofficial exchange of views regarding the plans and agenda for both conferences will be welcomed by this Government. Unnecessary delay, however, is to be avoided.

Report by wire all developments. Similar telegrams have been sent to your colleagues at Paris, Rome and Tokyo.

LANSING

574.D1/17a

*The Acting Secretary of State to the Japanese Appointed
Ambassador (Shidehara)*

WASHINGTON, *February 21, 1920.*

MY DEAR MR. AMBASSADOR: Replying to your inquiry of a few days ago, I beg to inform you that it seems unlikely that the coming International Conference on Communications will pass on the final disposition of the ex-German cables. This Conference will be composed of representatives from practically all the governments of the world and since, according to Part VIII, Annex VII, of the Treaty of Peace with Germany, the ultimate disposition of ex-German cables pertains to the Principal Allied and Associated Governments, it would not seem fitting that the matter should be submitted for discussion to a conference at which many other governments will be represented.

There will be a preliminary conference composed of the representatives of the Principal Allied and Associated Governments to prepare the agenda for the world wide conference. Whether the question of ex-German cables will be discussed at this preliminary conference is, I presume, a matter for that conference to determine.

Yours very sincerely,

FRANK L. POLK

574.D1/18

The British Chargé (Lindsay) to the Acting Secretary of State

No. 136

WASHINGTON, March 1, 1920.

SIR: With reference to Mr. Lansing's note of February 10th⁸⁵ extending to His Majesty's Government an invitation to send representatives to Washington for a Preliminary Conference on the subject of International Communications, I have the honour to inform you, by direction of my Government, that they would be glad to have as soon as possible a list of the specific proposals which it is intended to place on the agenda for a Preliminary Meeting of this kind.

I have [etc.]

R. C. LINDSAY

574.D1/18

The Acting Secretary of State to the British Chargé (Lindsay)

WASHINGTON, March 9, 1920.

SIR: I have the honor to acknowledge the receipt of your note No. 136 of March 1, 1920, in which with reference to the Department's note of February 10, extending to His Majesty's Government an invitation to send representatives to Washington for a Preliminary Conference on the subject of International Communications, you state that your Government would be glad to receive as soon as possible a list of the specific proposals which it is intended to place on the agenda for a Preliminary Meeting of this kind.

In reply I have the honor to say that there is no specific proposal except that the subject of the World Conference and its agenda will be considered.

Accept [etc.]

For the Acting Secretary of State:

ALVEY A. ADEE

⁸⁵ See footnote 84, p. 111.

574.D1/21 : Telegram

*The Acting Secretary of State to the Ambassador in France
(Wallace)*

WASHINGTON, *March 17, 1920—5 p.m.*

547. Following received from American Ambassador, London:

“My 414 of March 8, 5 p.m.⁸⁶ Representative of the League of Nations informs me that conversations regarding the conference are now taking place between the British and French authorities and that the latter are demurring on the ground that the question of the disposal of the German cable lines should not be settled or influenced by non-members of the league.”

There is no intention to do this. Preliminary conference will discuss the agenda for World Conference. German lines will be disposed of under the treaty and in accordance with text of the agreement entered into in Paris which leaves them to the disposition of Principal Allied and Associated Powers.

POLK

574.D1/25

The British Chargé (Lindsay) to the Acting Secretary of State

No. 178

WASHINGTON, *March 22, 1920.*

SIR: With reference to Mr. Polk's note of March 9th regarding the Preliminary Conference to be held in Washington on the subject of International Communications, I have the honour, on instructions from my Government, to inform you that even if the Agenda, to the unspecified character of which His Majesty's Government desire me again to call your attention, were to reach London immediately, there would not be time before May to consult the Governments of the Dominions, a step which is, in the view of His Majesty's Government, absolutely essential. His Majesty's Government therefore find it necessary to ask that the meeting of the Conference be postponed.

I have [etc.]

R. C. LINDSAY

574.D1/26 : Telegram

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

TOKYO, *March 24, 1920—7 p.m.*

[Received 11:24 p.m.]

120. Your circular telegrams February 10, 6 p.m.,⁸⁷ and March 4, 7 p.m.,⁸⁶ International Communications Conference.

⁸⁶ Not printed.

⁸⁷ See footnote 84, p. 111.

I have had considerable difficulty in obtaining from the Minister for Foreign Affairs an answer to the invitation but in a note dated yesterday he at last replies as follows:⁸⁸

“Willing as the Imperial Government are to take part in the proposed Conference they are very desirous to have the Conference postponed for at least two months with a view to completing preparations of bills to be introduced and other relevant matters. I therefore have the further honor to request Your Excellency to be so kind as to take the above into consideration and accordingly to advise the Government of the United States.”

I fear that the failure of our Government to join the League of Nations and the lack of American interest in the proceedings of the International Labor Conference as reported by the Japanese delegation on its return have led Japanese officials to doubt the sincerity or practical value of international conferences called to meet in the United States for any purpose.

MORRIS

8621.01/4

The Netherland Legation to the Department of State

The German-Netherlands Telegraph Company of Cologne (Germany) owned before the war outside the submarine cable between the Island of Guam (via Yap) and Shanghai (China) the cable between Yap and the Netherland East Indies (Menado).

Germany has renounced, according to the peace treaty Art. 244, annex VII, all rights in these submarine cables. The fate of these cables forms part of considerations between the Allied and Principal Associated Powers.

The quickest cable connection between the United States and the Netherland East Indies goes from San Francisco via Honolulu, Midway, Guam, over Yap to the Netherland East Indies. The first part of this connection i.e. to Guam is owned by the Commercial Pacific Company.

It is not yet decided who will own the last part of this connection, formerly belonging to the German-Netherlands Company, nor which nation will receive the mandate over the Island of Yap.

The Netherlands Minister wishes to emphasize how vitally important it is especially in view of the rapidly growing trade between the United States and the Netherlands East Indies that the above mentioned direct cable connection between these countries is only controlled by the two countries and that the mandate of Yap will not be given to a third nation.

⁸⁸ The original note was in the Japanese language.

(*vide* the statement of the President of the United States in regard to this matter made to the Foreign Relations Committee August 19, 1919 and the Resolution offered by Senator Lodge on March 22, 1920.)

WASHINGTON, *March 25, 1920.*

574.D1/29a : Circular telegram

The Secretary of State to All American Diplomatic Representatives

WASHINGTON, *March 30, 1920—6 p.m.*

The Congress has authorized the President of the United States to call, in his discretion, an international conference to assemble in Washington to consider all international aspects of communication by telegraph, telephone, cable, wireless telephone, and wireless telegraphy, with a view to providing the entire world with adequate facilities for international communication on a fair and equitable basis. At the same time the President was authorized to appoint, by and with the advice and consent of the Senate, representatives on the part of the United States to participate in the Conference.

This Government has set November 15, 1920, as a suitable date for the Conference, and, accordingly, extends to the government to which you are accredited formal invitation to send representatives to Washington to meet with the representatives of the various nations for the purpose above mentioned.

You will urge upon the government to which you are accredited the very great importance which the Government of the United States attaches to this Conference, particularly in view of the opportunity which will thus be afforded to cultivate and maintain such intimate relationship between the various Powers to the great advantage of all.

COLBY

574.D1/25

The Secretary of State to the British Chargé (Lindsay)

WASHINGTON, *April 8, 1920.*

SIR: I have the honor to acknowledge the receipt, in due course, of your note No. 178 of March 22, 1920, in which, with reference to the Department's note of March 9, concerning the preliminary conference to be held in Washington on the subject of international communications, you stated by direction of your Government that even if the agenda were to reach London at once, there would not

be time before May to consult the Governments of the Dominions, a step which is, in the view of His Majesty's Government, absolutely essential, and that your Government, therefore, finds it necessary to ask that the meeting of the conference be postponed.

In reply I have the honor to say that since November 15 has been fixed as the date for the convening of the International Communications Conference, it is felt that the preliminary conference, composed of the principal Allied and Associated Powers to consider the agenda for the world conference, should meet some months prior to that time. In view of the fact, however, that it now appears that May 1 is an inconvenient date, August 1, it is thought, will be agreeable to the powers concerned, and this Government, consequently, suggests that date instead of May 1.

The American Embassies at London, Paris, Rome and Tokyo have been advised in the above sense.⁸⁸

Accept [etc.]

For the Secretary of State
FRANK L. POLK

862.73/88 : Telegram

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

[Extract]

PARIS, April 24, 1920—4 p.m.

[Received April 24—3:24 p.m.]

1050. B-44 for Department and Davis.

First. At Reparation Commission meeting April 23rd in connection with claims submitted by Holland to the Reparation Commission to telegraphic cables connecting Island of Yap with Shanghai and the Islands of Guam and Menado (Dutch Indies), it was unofficially stated that general subject of cable wireless and postal communication was about to be discussed in Washington by representatives of the powers. Discussion on this question deferred till further information. Please cable what if anything is being done along these lines and whether such conference makes undesirable consideration by Commission of Holland claims, also whether you have any suggestion regarding Holland claims.

Boyden
WALLACE

⁸⁸ Telegrams of Apr. 8, 5 p.m.; not printed.

8621.01/10

The Netherland Legation to the Department of State

MEMORANDUM

On August 5th, 1902, an Act was promulgated in the Netherlands by which the Agreement, which had previously been concluded between the German and Netherland Governments at Berlin on July 24th, 1901, was ratified (*Staatsblad van het Koninkryk der Nederlanden*, No. 122 van 1902).

By this Agreement the German and Netherland Governments jointly undertook to further the laying and exploiting, by a German-Dutch Company, of a cable connecting the Dutch East-Indian Government cable system at Menado with the American Pacific Cable at Guam via the then German Island of Yap. The German and Dutch Governments each undertook to grant to the company the right of abutting on their territory for 40 years, without prejudice in each case to their respective sovereign prerogatives. Both governments agreed to pay a subsidy to the company.

The Deutsch-Niederländische Telegraphen Gesellschaft was subsequently founded and obtained, in accordance with a final Protocol, signed by the representatives of the two governments at the time of the signing of the original Agreement but not published at that time, concessions from both governments, the terms of which were in all important respects identical.

It was laid down in these terms (as well as in the original Protocol), among other stipulations, that the company should obtain its capital from both German and Dutch sources; that the company's statutes should require the assent of both governments; that of the two directors one should be of Netherland nationality; that his nomination should require the assent of the Netherland Government and that the Netherland Government should moreover be represented on the Board of the company by a commissioner.

It is therefore clear that the Deutsch-Niederländische Telegraphen Gesellschaft, though registered under German law and having its seat at Cologne, cannot be classed with other companies of German nationality which are in no way under the control, by the terms of an agreement between the governments concerned, of another government.

A further clause in the concessions stipulates that no transference of the rights of the Company to third parties may take place without the concurrence of both governments.

The conclusion must be come to that, since the company can not do this, neither can the German Government acting alone do so.

A protest has accordingly been lodged with the German Government by the Netherland Government against the agreeing to Article 244 Annex VII of the Treaty of Versailles.

Circumstances have made it impossible for Germany to take account of this protest at the time of signing the Treaty.

A special arrangement with regard to the final transfer of the rights and properties of the Deutsch-Niederländische Telegraphen Gesellschaft, to be agreed upon by the interested parties, seems to be called for.

WASHINGTON, *April 28, 1920.*

862.73/88 : Telegram

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

WASHINGTON, *May 1, 1920—noon.*

869. For Boyden: Your B-44, 1050, April 24, 4 p. m. Dutch claims to cables connecting Island of Yap.

1. A preliminary conference of the principal Allied and Associated Powers is called at Washington on August 1st to discuss world conference and prepare agenda. World conference contemplated for November 15, 1920, to consider all aspects of international cable, telephone and wireless communication with view of providing world with adequate facilities on fair and equitable basis. Invitations have been sent to all countries except Germany, Austria, Hungary, Turkey and Costa Rica.⁸⁸

2. A memorandum of Dutch claims has been presented to the Department. Although the Reparation Commission probably has jurisdiction to adjudicate these claims, we believe it very important that matter be left for consideration by the August conference. Reparation Commission is hardly qualified to consider the adjudication of more than controversy between Holland and Japan. Conference in August on the other hand can consider matter broadly and make recommendations to the respective governments with idea to secure world interests including those of the United States.

3. Willingness of Netherland Government that this business be left to the conference is indicated by Dutch Minister. This in confidence for your information.⁸⁹

COLBY

⁸⁸ See circular telegram of Mar. 30, p. 116.

⁸⁹ The final paragraph paraphrased.

574.D1/37 : Telegram

*The Ambassador in Great Britain (Davis) to the Secretary of State*LONDON, *May 5, 1920—7 p.m.*

[Received 9:40 p.m.]

737. Your 360, April 8, 5 p.m.⁹⁰ In a note received today British Government accept invitation to Preliminary Conference on Communications on August 1st next and promise to communicate later names of delegates. It is suggested however that decision as to date and place of World Conference be postponed until preliminary meeting, reasons assigned are that interval between August and November may not be sufficiently long to ensure consultation with Dominion Governments and necessary communications between Allied Governments; also that next international telegraphic conference had been fixed before the war to take place at Paris, that British Government while prepared to agree either to Paris or Washington would prefer to allow the French an opportunity to discuss this point at Preliminary Conference.

To facilitate labors of [delegates] and prevent continual reference of questions to their respective Governments the British Government request that they may be furnished at an early date with some outline of the proposals which the United States Government have in mind.

Text of note goes forward by next pouch.⁹¹

DAVIS

574.D1/41b : Telegram

*The Acting Secretary of State to the Ambassador in Great Britain (Davis)*⁹²WASHINGTON, *May 10, 1920—3 p.m.*

472. Your 737 May 5, 7 p.m.

With reference to the invitation extended to the Government to which you are accredited to send representatives to a preliminary conference on communications on August 1 next this Government has been requested to furnish an outline of the subjects to be discussed at that time.

Please advise the British Foreign Office that this Government has no particular program in mind other than that the conference should discuss any and all matters pertaining to communications which may

⁹⁰ Not printed; see note of Apr. 8 to the British Chargé, p. 116.

⁹¹ Not printed.

⁹² See last paragraph for instructions to repeat to Paris as no. 909 and Rome as no. 89. The same telegram, *mutatis mutandis*, except for the last paragraph, sent to the Ambassador in Japan as no. 178 (file no. 574.D1/41a).

be of interest and important to the nations represented and to the future betterment of all phases of the communication problem. It will be for the governments themselves to determine at the time what subjects they wish to discuss and to prepare the agenda for the World Conference which is to follow.

Repeat to Paris as no. 909 and Rome as no. 89 for similar action.

POLK

8621.01/12 : Telegram

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

PARIS, May 15, 1920—5 p.m.

[Received May 15—2:03 p.m.]

1159. Your 930 May 14, 3 p.m.⁹³ There are minutes of six meetings held on May 3rd, 1919, numbered J C [I C] 180 A, 180 B, 180 C, 180 D, 181 (American Mission number F M 11) and 181 A. Undoubtedly Department refers to 180 B held at the President's house at which the President, Mr. Lansing, Lloyd George, Balfour, Clemenceau, Pichon, Makino and Chinda were present. The Italians at the time were absent; meeting was short; no discussion given; draft resolution regarding disposition of German cables was considered. First paragraph of draft resolution with an additional paragraph was accepted for inclusion in the German treaty (see annex VII to article 244⁹⁴). It was decided that paragraphs 2 and 3 of draft with slight modifications should form the subject of a separate protocol between the Principal Allied and Associated Powers. As accepted, paragraphs 2 and 3 read as follows:

"2. Such of the above mentioned cables as are now in use shall continue to be worked in the conditions at present existing but such working shall not prejudice the right of the Principal Allied and Associated Powers to decide the future status of these cables in such way as they may think fit.

The Principal Allied and Associated Powers may make such arrangements as they may think fit for bringing into operation any of the said cables which are not at present in use.

3. The Principal Allied and Associated Powers shall, as soon as possible, arrange for the convoking of an international congress to consider all international aspects of communication by land [telegraphs], cables, or wireless telegraphy, and to make recommendations to the Principal Allied and Associated Powers with a view to

⁹³Not printed; it requested copy of minutes of meeting of Council of Ten held May 3, 1919, in which status of Yap was discussed.

⁹⁴First par. of annex VII to art. 244 of the Treaty of Versailles reads: "Germany renounces on her own behalf and on behalf of her nationals in favour of the Principal Allied and Associated Powers all rights, titles or privileges of whatever nature in the submarine cables set out below, or in any portions thereof".

providing the entire world with adequate facilities of this nature on a fair and equitable basis.”

Copies of six minutes mentioned above will be forwarded by next pouch.⁹⁶

WALLACE

882.73/28½ : Telegram

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

RIO DE JANEIRO, May 25, 1920—1 p.m.

[Received 3:05 p.m.]

39. Department's telegram December 22nd, 4 p.m.⁹⁷ Under date of May 24th Brazilian Minister for Foreign Affairs has informed this Embassy in a written memorandum that the Pernambuco-Monrovia cable is not in operation. The personnel of company were not molested and the cable equipment was not seized [during the] war. For the moment at least it is not the intention of the Brazilian Government to utilize this cable.

MORGAN

574.D1/51 : Telegram

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

TOKYO, May 31, 1920—1 p.m.

[Received May 31—4:36 a.m.]

271. Department's 133, April 8, 5 p.m.⁹⁸ Japanese Government has decided to send a representative to Preliminary Conference August 1st, provided that the majority of the Principal Allied and Associated Governments participate in Preliminary Conference.

BELL

574.D1/54 : Telegram

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

ROME, June 8, 1920—noon.

[Received 9:14 p.m.]

233. Your 89, May 10, 3 p.m.⁹⁹ I am informed by Foreign Office Italian Government desires take part in International Conference on Communications to be held in Washington next August. Italian delegates will be the following unless subsequent changes are made,

⁹⁶ Copies of the minutes referred to were transmitted with the Ambassador's despatch no. 1195, May 17 (file no. 862i.01/13) ; not printed.

⁹⁷ *Ante*, p. 110.

⁹⁸ Not printed; see note of Apr. 8 to the British Chargé, p. 116.

⁹⁹ See footnote 92, p. 120.

advice about which will be given: president of delegation, Senior Inspector Commendatore Enrico Mirabelli; Director and Chief of Office, Commendatore Giuseppe Geneone, representing Ministry of Posts and Telegraphs; Ministry of War representative, Lieutenant Colonel of Engineers Cavaliere Cesare Bardeloni; Ministry of Navy representative, Captain Cavaliere Giuseppe Raineri Biscia. Italian Government suggests that points on which delegates of various states might come together in entirely private way in a preliminary exchange of views might be as follows:

(a) Examination of actual situation of the world telegraphic system and proposals for hastening the reopening of telegraphic lines, interrupted since the beginning of the war, in order to eliminate the serious delays which telegraphic correspondence suffers especially with the East and Far East.

(b) Special examination of the telegraphic system of the Balkan Peninsula, of Asia Minor and of Southern Russia in order to arrange the [routes] which can be used for those countries.

(c) Examination of the utilization of the radio telegraphic stations for use between state and state directly as an aid of the telegraphic lines by wire and cable.

(d) Examination of the international telegraphic tariff and of the modifications which can be proposed in order to regulate the relations between great and small states, especially for those which [have] been recently formed and to favor relations with distant countries.

(e) Establishment of the radio telegraphic tariff for telegrams exchanged by radio.

(f) Examination of the simplification which might be adopted in the wording of telegrams regarding the language used and the taxation of such telegrams.

(g) Examination of the rules of procedure for the radio telegraphic service already generally accepted by the administrations and better arrangement of the radio telegraphic service between ships.

Italian Government reserves to itself right of its delegates to bring up for discussion at aforesaid Conference, further questions regarding which all details are not yet to hand and in conclusion requests confirmation of date of opening of Conference so that Italian delegates can be in Washington on time.

JOHNSON

574.D1/58

The British Ambassador (Geddes) to the Secretary of State

No. 360

WASHINGTON, June 14, 1920.

SIR: I have the honour to refer to your note of April 8th regarding the date of meeting of the preliminary conference on the subject of International Telegraphic Communications.

As there is still uncertainty about the Agenda, I am instructed to express to you the hope of His Majesty's Government that the question of the disposal of ex-German cables is one to be settled at the preliminary Conference of the Principal Powers. His Majesty's Government trust that this view is shared by the United States Government and I should be grateful if you would favour me with your views on this question as early as possible in order that I may communciate them by cable to my Government.

I have [etc.]

R. C. LINDSAY
(for H. M. Ambassador)

574.D1/78

The French Chargé (Béarn) to the Secretary of State

[Translation ¹]

WASHINGTON, *July 9, 1920.*

MR. SECRETARY OF STATE: By a letter dated February 10 last,² Your Excellency requested the Ambassador of France to transmit to the Government of the Republic the invitation of the Government of the United States to take part in a conference called at Washington for the purpose of settling international relations by telegraph, telephone, cable, wireless, etc.

Action to the same end was recently taken by the Ambassador of the United States at Paris with Mr. Millerand who answered that it was indispensable to know the program of the conference before acting upon the invitation.

My Government has since heard, through an indirect channel, that the American Government had decided to admit at the Preliminary Conference in Washington, states other than the Principal Allied and Associated Powers whose cooperation alone had been considered in the letter of Mr. Lansing to Mr. Pichon, dated June 4, 1919,³ and it questions whether such conference composed of representatives of the Principal Allied and Associated Powers and representatives of neutral powers, would really be qualified to settle the question of the allotment of the German cables.

Your Excellency is indeed aware that, under the Treaty of Versailles, Germany relinquished her rights to her cables in favor of the Principal Allied and Associated Powers which, henceforth, are, in the opinion of my Government, alone qualified to determine how the allotment should be made.

¹ File translation revised.

² See footnote 84, p. 111.

³ *Ante*, p. 107.

But inasmuch as the United States, one of the Principal Allied and Associated Powers, has not, up to date, ratified the treaty with Germany, the Government of the Republic doubts whether the American Government is in a position to enter upon a useful discussion of that question at the present time. It calls attention to the fact that, for that same reason, Your Excellency's predecessor thought the United States could not be represented at the International Labor Conference called last October in Washington on the initiative of the Federal Government.

Under the circumstances, I am instructed by the Government of the Republic to express to you its regrets that it will not be able to send representatives to that Conference.

Be pleased [etc.]

BÉARN

574.D1/87f : Telegram

*The Secretary of State to the Ambassador in Great Britain (Davis)*⁴

WASHINGTON, July 23, 1920—6 p.m.

774. The Conference Preliminary to the World Wide International Conference on Electrical Communication has been postponed from August 1, 1920 to September 15, 1920. You are instructed to invite the British Government to send representatives to attend this conference in Washington, adding that the French, Italian and Japanese Governments have been asked to send representatives and that this Government does not contemplate inviting any other nations to be represented at the Preliminary Conference. This Government considers it desirable that the status of the former German cables ceded to the Five Principal Allied and Associated Powers by the Peace Treaty be finally determined in this Preliminary Conference before proceeding to the discussion of an agenda for the World Wide International Conference on Electrical Communication. You may also advise the British Government that the Undersecretary of State, the Postmaster General, Admiral Benson and Mr. Walter Rogers have been appointed delegates of the United States to the World Wide International Conference on Electrical Communications and that these delegates will represent the United States in the Preliminary Conference.

The following subjects are tentatively suggested for discussion at the Preliminary Conference:

1. The disposition of cables renounced by Germany and enumerated in Annex VII Part VIII of the Treaty of Peace between the Allied and Associated Powers and Germany signed at Versailles.

⁴The same telegram, *mutatis mutandis*, to the representatives in France (no. 1292), Italy (no. 141), and Japan (no. 283).

2. Consideration of ways and means of furthering intercommunication between the countries associated during the war with a view to maintenance of friendly relations.

3. A general discussion of "all international aspects of communication by land telegraphs, cables, or wireless telegraphy, with a view to providing the entire world with adequate facilities of this nature on a fair and equitable basis".

4. A consideration of the Radio EU-F-GB-I protocol of August 25, 1919,⁵ discussed by military and naval representatives of France, Italy, Great Britain and the United States.

5. Preparation of agenda and plan of organization for the International Communications Congress to be held in Washington November 15th.

6. Discussion of question whether meetings should be called of the radio telegraph and the telegraph congresses, or whether they shall be merged with the Main Conference.

It is proposed to open the World Wide International Conference on Electrical Communications in Washington on November 15, 1920. It is desired that the delegates be fully empowered to deal with the above questions and negotiate agreements in reference thereto.

COLBY

8621.73/8

Memorandum by the Assistant Chief of the Division of Far Eastern Affairs, Department of State (Lockhart)

[WASHINGTON,] August 9, 1920.

Mr. Yung Kwai, Counselor of the Chinese Legation, called today and stated that his Government is particularly interested in the Communications Conferences which are to be held in Washington on September 15 and November 15, respectively. He stated that the disposition of the formerly German owned cables in the Pacific was a matter in which his Government was intensely interested. He stated that the Chinese Government would be quite satisfied to see the Yap-Shanghai cable allocated to the American Government but that it would be a great disappointment to China if the Japanese were to obtain this cable inasmuch as it would be another link in the efforts of Japan to entirely control the communication service into and out of China. M. Yung Kwai stated that the Japanese have erected numerous wireless stations and with the Japanese post office in China and the ownership of the Shanghai-Tsingtao and Shanghai-Chefoo cables the Japanese were making steady progress towards the realization of their aims. He asked if the American Government would make an effort to get control of the Yap-Shanghai cable but I evaded the question by saying that

⁵ Not printed.

a definite outline of policy had not yet been agreed upon by the delegates on the part of the United States.

In the course of the conversation Mr. Yung Kwai said that Minister Koo had informed him that the Dutch owned sixty-three percent of the Yap-Shanghai cable. He stated that Minister Koo had prepared a memorandum for Mr. Lansing on this subject at Paris and that Minister Koo had made the above mentioned statement as to the Dutch ownership of the Yap-Shanghai cable in his memorandum. Mr. Yung Kwai also stated that the Yap-Menado cable was also largely Dutch owned. I told him that we knew of the Dutch claims so far as the Yap-Menado cable is concerned but that we had not heard that sixty-three percent of the Yap-Shanghai cable was owned by the Dutch. I told him that whatever interest the Dutch may have in these cables would be definitely brought out at the Preliminary Conference.

F. P. L[OCKHART]

574.D1/103 : Telegram

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

LONDON, August 9, 1920—4 p.m.

[Received 10 p.m.]

1192. Department's 774, July 23rd, 6 p.m. In response to invitation extended to British Government on July 26th, Foreign Office has communicated to me under date of August 6th, following note.

"In reply to Your Excellency's note number 436 of the 26th, ultimo, I have the honor to state that His Majesty's Government have much pleasure in arranging for representatives to be sent to the Preliminary Conference on Communications to be held at Washington on September 15th, next. It will, however, be necessary that any agreements which may be negotiated should as far as the British Empire is concerned be submitted for approval by the respective Governments prior to formal signature and ratification.

The British delegation will be composed as follows: Mr. F. J. Brown, C.B.E., of the General Postoffice, senior delegate, assisted by Mr. F. W. Phillips of the same department; Mr. R. A. C. Sperling of the Foreign Office; Lieutenant Colonel B. C. Gardiner, C.B., assisted by Commander L. Robinson, O.B.E., R.N.; Brigadier General A. B. R. Hildebrand, C.B., C.M.G., D.S.O., assisted by Lieutenant Colonel R. J. F. Trew, O.B.E., R.E., and Captain Eccleston [*Echevarri?*]; Mr. L. C. Christie of the Canadian Department of External Affairs representing the Dominion of Canada. Owing to the postponement of the Preliminary Conference His Majesty's Government regret that they do not see their way to agreeing to the meeting of the general congress at so early a date as November 15th, which would not allow sufficient time for the return of the representatives from Washington and the consideration of the results of the Preliminary Conference.

His Majesty's Government would therefore suggest that the date of the General Congress should be determined by agreement at the conclusion of the meetings of the Preliminary Conference."

DAVIS

574.D1/103 : Telegram

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

WASHINGTON, August 12, 1920—5 p.m.

878. Your 1192, August 9th, 4 p. m.

This Government concurs with British Government's suggestion that Main Conference be postponed and date of its convocation be determined by agreement at Preliminary Conference.

COLBY

574.D1/106

The French Chargé (Béarn) to the Secretary of State

[Translation *]

WASHINGTON, August 18, 1920.

MR. SECRETARY OF STATE: In connection with my letter of the 9th of July last, I have the honor to announce to Your Excellency that the Government of the Republic, after a reexamination of the question, and being desirous of meeting the views of the Federal Government, has just informed me that it agrees to take part in the Washington Telegraphic Conference.

The President of the Council, Minister of Foreign Affairs, has instructed me, however, to ask that the meeting be postponed until the second half of November, the French authorities concerned needing this time to study the numerous and important questions embraced in the program of the Conference.

Please accept [etc.]

BÉARN

574.D1/106 : Telegram

The Acting Secretary of State to the Ambassador in France (Wallace)

WASHINGTON, August 19, 1920—6 p.m.

1387. Inform French Government that British, Italian and Japanese Governments expect to participate in Preliminary Conference on Communications on September 15th, and have informed us of names of their Delegates. The Japanese Delegation is actually here.

That Preliminary Conference is in the main to agree on allocation of German cables and establish principles of international co-ope-

* File translation revised.

tion and will not be of so technical a character as to require long technical preparation.

This Government believes extensive postponement would be most undesirable under the circumstances, but, should the French Government consider it essential, this Government would be willing to communicate the French views to the other Governments interested, stating that the United States would be agreeable to a postponement until October 1st.

DAVIS

574.D1/124 : Telegram

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

PARIS, September 4, 1920—5 p.m.

[Received September 5—7 a.m.]

1654. Have just received from Foreign Office telephone message stating that although the French Government is trying to send delegates to Communication Conference by October 1st, it seems impossible that they can leave to reach the United States before October 8 on account of the lack of steamer accommodations. French Government asks that Conference be postponed until their arrival. I will send further details Monday.

WALLACE

574.D1/139a

The Secretary of State to the Japanese Ambassador (Shidehara)

WASHINGTON, September 15, 1920.

EXCELLENCY: I have the honor to inform you that, at the instance of the French Government, and owing to the fact that the French delegation, as well as the English delegation, will not arrive at Washington in time for the Preliminary Conference on Communications scheduled for September fifteen, it has been found necessary to postpone the opening of this Conference until October eight.

Accept [etc.]

BAINBRIDGE COLBY

574.D1/144a : Telegram

*The Secretary of State to the Ambassador in Spain (Willard)*¹

WASHINGTON, September 17, 1920—6 p.m.

Inform Spanish Government that it has been suggested by several interested nations that date November 15 set for World Wide Inter-

¹The same telegram, *mutatis mutandis*, to all other diplomatic representatives except those in France, Great Britain, Italy, and Japan.

national Conference on Electrical Communications be deferred on account of lack of time for preparation. This suggestion has been given consideration and it is probable that a new date for Main Conference will be set. This date will be communicated to you as soon as possible.

COLBY

574.D1/562

Memorandum by the Under Secretary of State (Davis)

[WASHINGTON,] September 23, 1920.

Memorandum of a conversation with the Dutch Chargé d'Affaires:

The Chargé delivered the attached *Aide Memoire*,⁸ and in addition thereto informed me, in view of the Dutch interest in the cables in the Far East which were taken over by Japan, 50% of which approximately were owned by Germany, that the Dutch Government would like to have an opportunity to be represented at the forthcoming preliminary Conference on Communications.

I told him that insofar as this Government is concerned, there would be no objection to the Dutch Government having someone here with whom we could discuss this matter when it arises, but that I did not feel that we could extend an official invitation for this purpose.

N[ORMAN] H. D[AVIS]

574.D1/157 : Telegram

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

PARIS, September 28, 1920—5 p.m.

[Received 11 p.m.]

1759. Following are the French delegates to the Preliminary Conference on Communications: Lanel, Minister Plenipotentiary, Chief of Delegation, and De Lapradelle representing Minister for Foreign Affairs; Broin, director of telegraphic exploitation, and Poulaine, Chief of Bureau representing Under Secretariat of State of Posts and Telegraphs; General Ferrié representing Ministry of War; Naval Lieutenant Robin representing Ministry of Marine; Captain Frank representing Under Secretariat of State of Aeronautics.

With the exception of Mr. de Lapradelle who leaves on October 2, the delegation left for New York on the steamship *France* on the 25th instant.

⁸ Not printed.

The delegation is composed of very important officials in their respective ministries who are mostly experts in radio and telegraphic communications and who will be prepared to give authoritative views.

In regard to Department's 1445, September [3]:⁹ The chief instructions of the representatives of France are, I gather, that radio telegraphic and land telegraphic conventions should be amalgamated; that Paris and not Washington as planned should be location of the World Conference; and that retention of German submarine cables now controlled by France should be considered. Meeting of Conference in Paris to be urged upon grounds that it was first decided to hold it there in 1914 when the outbreak of the war compelled postponement, that Washington is inconvenient, expensive, and distant (with which the Italians and British will agree), and that the Saint Petersburg telegraphic convention revision of annotations was not signed by America.¹⁰

WALLACE

574.D1/172

Memorandum by the Third Assistant Secretary of State (Merle-Smith)

[WASHINGTON,] *September 30, 1920.*

Memorandum of conference between the Japanese Ambassador, Mr. Senzaburo Kaseyama, Major General Kazutsugu Inouye, Captain Junichi Kiyokawa, the Delegates to the Communications Conference and Mr. Norman Davis, Mr. Walter Rogers and Mr. Merle-Smith.

The call was mainly one for the purpose of introducing the Japanese Delegates to Mr. Davis.

Mr. Davis stated that he felt the main purpose of the Conference was to increase cable communications between nations since there could be nothing better adapted toward bettering relations. This particularly applied between Japan and the United States as better knowledge each of the other could not but increase friendly relations between the two countries.

The matter of cable communications between Japan and the United States was taken up. Japanese stated present cable lines were charging very high rates and they were desirous of having a cable probably jointly owned by the two Governments. It was pointed out to the Japanese that we had been of the same opinion, but that the Cable Companies, however, had stated there were certain technical difficulties to joint operation, and had suggested that

⁹ Not printed.

¹⁰ The final paragraph paraphrased.

two cables were necessary and that it might be better to have one entirely owned by Japan and one by the United States, granting terminal facilities to each in both countries. The Ambassador expressed personal concurrence with such plan. He did not, however, commit his Government.

Mr. Davis further stated he believed the question of Yap would be settled to the advantage of both countries.

There was also discussed the possibility of a cable from Japan near the Allusion [*Aleutian*] and Kurile Islands. The Japanese felt that this would be impracticable on account of the ice.

VAN S. M[ERLE]-S[MITH]

Opening of the Preliminary Conference, October 8—Question of the Status of Cables in Time of War—"Modus Vivendi" Regarding the Disposition of Former German Cables—Adjournment December 14—Reports of Subcommittees¹¹

574.D1/198a

*The Acting Secretary of State to the British Ambassador (Geddes)*¹²

WASHINGTON, *October 7, 1920.*

EXCELLENCY: I have the honor to advise you that the first meeting of the International Conference on Communications will be held in the Reception Room of the Department of State at 3:00 o'clock Friday afternoon.¹³

Accept [etc.]

NORMAN H. DAVIS

862i.73/4

The Netherland Chargé (De Beaufort) to the Secretary of State

WASHINGTON, *October 11, 1920.*

SIR: I have the honor to enclose herewith a memorandum regarding the German-Netherland Telegraph Company, which operated the cables Yap-Menado, Yap-Shanghai and Yap-Guam.

These cables being mentioned in Annex VII of the Peace Treaty of Versailles, will be one of the subjects under discussion at the Preliminary Cable Conference, which is now being held in this City.

Under these circumstances my Government wishes me to bring to the knowledge of the delegates to this conference its point of view with regard to this question, and I have therefore taken the liberty to send you the enclosed statement.

Please accept [etc.]

WM. DE BEAUFORT

¹¹ The minutes of the Conference and of its subcommittees are not printed.

¹² The same note to the Italian and Japanese Ambassadors; a *note verbale*, in similar terms, was addressed to the French Embassy.

¹³ Oct. 8.

[Enclosure]

MEMORANDUM

According to Annex VII of the Peace Treaty of Versailles, Germany has renounced on her own behalf and on behalf of her nationals in favour of the Principal Allied and Associated Powers all rights, titles or privileges of whatever nature in the submarine cables or in any portions thereof mentioned in this Annex, amongst others in the cables of the German-Netherland Telegraph Company, t.w. those from Yap Island to Shanghai, from Yap Island to Guam and from Yap Island to Menado.

The rise of this Company originated in a treaty concluded between The Netherlands and Germany at Berlin on July 24th, 1901 which Treaty was ratified by Holland by an Act promulgated on August 5th, 1902 (Stbl. No. 122 of 1902).

In this Treaty the Netherland and German Governments jointly undertook to further the laying and exploiting, by a Dutch-German Company, of a cable connecting the Dutch East-Indian Government cable system at Menado with the American Pacific Cable at Guam and with the Transsiberian system via Shanghai, in both cases via the then German Island of Yap. The Dutch and German Governments each undertook to grant to the Company the right of abutting on their territory for 40 years, without prejudice in each case to their respective sovereign prerogatives. Both Governments agreed to pay subsidy to the Company.

In the concession subsequently granted by the Netherland Government to the German-Netherland Telegraph Company (which is in all important respects identical to the one granted by the German Government) and in the statutes of this company provisions are made to the effect that the Company should obtain its capital from both Dutch and German sources, that the Company's statutes should require the assent of both Governments, that of the two managing directors one should be of Netherland nationality, that his nomination should require the assent of the Netherland Government, and that the Netherland Government should moreover officially be represented on the Board of the Company by a commissioner.

In order to be able to judge about the question in how far its rights and those of its nationals are affected by Annex VII of the Peace Treaty the Netherland Government starts from the principle,

- a. that a Treaty between States only affects those persons and all those other things who and which are subject to the Authority of the State which has acceded to that Treaty,
- b. that a treaty being a joint act of two States stands above their respective national laws but not above a Treaty concluded at an earlier date by one of the contracting states with a third state.

Thus did Germany according to the wording of Annex VII not transfer the cables in question but its "rights, titles or privileges" whatever they were.

The Netherland Government is of the opinion that the following situation with regard to the cables Yap-Menado, Yap-Guam, Yap-Shanghai, has arisen in consequence of the ratification of the Peace Treaty: The Netherlands and The Netherlands' share and bondholders in their relation to this cable-system find now before them the Powers to whom Germany has transferred those rights.

Confident that these Powers agree with the point of view as outlined above, Her Majesty's Government wishes to state that it will be glad to take into favorable consideration any proposals aiming at a continuation of the cable-system of the German-Netherland Telegraph Company.

Such aim could be realized f.i. by transferring the exploitation of the cable-system to a combination which would be willing and in a position to establish, by preference in The Netherlands, and in accordance with provisions to be agreed upon between The Netherland Government and the Governments concerned, a company for that purpose.

862.73/21a : Telegram

The Acting Secretary of State to the Commissioner at Berlin (Dresel)

WASHINGTON, October 25, 1920—1 p.m.

1610. For Stewart.¹⁶ Endeavor to ascertain and cable immediately whether channel section of German Atlantic Cable number 1 which was laid from Emden to New York via Azores in 1900 has been run from Emden into any British or other port and if so whether now in operation. Also endeavor secure same information concerning cable number 2 laid in 1904.

Ascertain total number of submarine conductors now operating between England and Germany.

DAVIS

574.D1/222b : Telegram

*The Acting Secretary of State to the Chargé in Japan (Bell)*¹⁷

WASHINGTON, October 28, 1920—6 p.m.

399. Japanese delegation to Preliminary Communications Conference is asking instructions of its Government permitting discus-

¹⁶ Francis R. Stewart, Consul on detail at Hamburg.

¹⁷ The same telegram, *mutatis mutandis*, to the representatives in France (no. 1588) and Great Britain (no. 1108).

sion regarding formulation of legal principles applicable to cables in time of war. French delegation has taken position that this matter should be discussed at The Hague. This Government considers it highly important that this question should be discussed here for the purpose of formulating a tentative non-retroactive program of regulations for submission by the five powers to the General Conference and adoption or revision by it. This question intimately allied with general policy of powers regarding cable situation and discussion of plans for additional facilities. Discussion of international law regarding cables both in peace and war requires technical knowledge and realization of special needs. It can readily be treated separately from other laws of war. Cable experts assembled here peculiarly competent to discuss the matter. The meeting of the next Hague conference indefinite and cable experts will probably not be present. All delegations in general agreed that if practical results desired Conference must not be limited in its scope. The United States feels that these legal questions are of great practical importance in relation to future and strategic development of cables and earnestly hopes that the Japanese Government will instruct delegates to discuss the matter. Please press above views informally with Japanese Government and report by cable. Further information will follow by pouch.

DAVIS

862.73/22 : Telegram

The Commissioner at Berlin (Dresel) to the Secretary of State

BERLIN [undated].

[Received October 29, 1920—9:47 a.m.]

1241. From Stewart, Hamburg:

“Your 1610, October 25, 1 p.m. Cables were laid direct from Emden to Azores without touching any intermediate port, no part in operation at present. Operatives in Azores were Germans. There are 12 cables from Emden to England, 6 of them to Bacton and 6 Lowestoft. Number now in operation is unknown but repairs on those out of service are being rushed.”

DRESEL

574.D1/240a : Telegram

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

[Paraphrase]

WASHINGTON, November 4, 1920—7 p.m.

1124. 1. Principal Allied and Associated Powers by part VIII, annex VII of the Treaty of Versailles are ceded certain German

cables. That the partition of said cables or their distribution should be by a conference, at a later date, of the Principal Allied and Associated Powers was plainly intended. Paragraph 2 of the protocol of May 3¹⁸ provided that although those cables then in operation should continue so to be operated without change in condition, the right of the Principal Allied and Associated Powers to determine as they might wish the future status of such cables should not be prejudiced by such operation. Plans for working any of the said cables not then in operation might be made by the Principal Allied and Associated Powers as they might wish.

2. The settlement of the disposition of the cables was the purpose of the Principal Allied and Associated Powers in attending the Preliminary Communications Conference. That the said Powers own an undivided joint interest in the ceded cables all agree. The definite position of the American Delegation at the Conference is that the United States agreed to operation of the cables as at present with no prejudice to final settlement until the Principal Allied and Associated Powers could meet to determine how they should be disposed of; and also that consent of all of said Powers is essential for authorizing further working of the cables on conditions now existing if this conference can arrive at no agreement upon their disposal, even though they can be distributed only by unanimous consent. The American Delegation has likewise clearly asserted that after the termination of this Conference the United States would not give its consent to any continuation of the present operation of all the cables. Furthermore, attention has been called to the fact that without unanimous consent none of the cables at present unused can be put into operation by the Principal Allied and Associated Powers.

3. After discussions between the American and British delegates there is reason to feel that in the matter of the Penzance-Halifax cable a satisfactory settlement can be reached. However, in regard to the Yap and the New York-Brest cables some clashes of opinion have arisen between the French and Japanese and the American delegations. The claim of France to over 9,000 miles of cable, comprising all the German cables reaching up the African West Coast to France, the Pernambuco-Monrovia, and the New York-Brest cables, is thought to be unreasonable. Although declaring themselves handicapped by a Franco-British gentlemen's agreement calling for mutual support of each other's claims and agreed to when the Halifax cable was diverted, some of the delegates of Great Britain have intimated their personal belief that French claim is not reasonable.

¹⁸ See telegram no. 1159, May 15, 1920, from the Ambassador in France, p. 121.

American delegates believe that, provided an understanding to the effect that continued operation of the cables will necessitate consent of all can be arrived at to furnish an incentive to agreement in the Conference, and provided British Foreign Office relieves its delegates of the obligation to back the present unreasonable claims of France, a settlement, reasonable and satisfactory to all, can be reached. It is suggested in confidence by British delegates that Foreign Office be informed of these considerations so that they may be given instructions allowing them to cooperate in bringing to pass a satisfactory settlement. All Allied agreements hostile to our interests as an associate should automatically have been cancelled by American entry into the war.

Kindly bring this immediately to the attention of Foreign Office, urging favorable action be taken at once, and telegraph results to Department.

COLBY

574.D1/240b : Telegram

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

[Paraphrase]

WASHINGTON, November 5, 1920—7 p.m.

1127. Department's 1124, November 4, 7 p.m.

Following is outline of our position in cable controversy. It is sent for your guidance in discussions with Foreign Office in London and for your own information.

This is not merely a question of disposal of ex-German cables. Our position is much broader. Our Government is compelled to insist that direct service by cable between United States and Germany be restored as a matter of principle. Our associates have temporarily deprived us of this service we enjoyed before the war. If we agreed with Japanese, French, and British position that these cables, upon the restoration of which we may rightfully insist but which they now operate to the disadvantage of the service, should be retained by them, it would injure our standing with our associates and antagonize public opinion in the United States. Thus, not only would our part in the war bring us nothing under the treaty, but we would be distinctly injured by the action of our associates. That the five Principal Allied and Associated Powers have title to the German cables acquired under the treaty is fully admitted. Unanimous consent is essential, not only to a division of ownership in this joint property, but also to the use of it by any one power.

We feel that under the erroneous impression that the *status quo* will continue as at present if no agreement is arrived at, the French

adhere to their unreasonable contentions. Since neither Italy nor the United States possessed any part of the ex-German cables in May, 1919, and under the *status quo* would have for an indefinite time no voice in the operation of such cables, thus enjoying none of the rights of ownership, such interpretation of the resolution of May 3 as the French propose would be absurd. Since the gentlemen's agreement by which France and England joined to further their mutual claims for the said cables was arrived at before the United States entered the war, it does not appear that under new conditions such an agreement could be considered as valid, since it would prevent England and France from acting impartially as our associates.

Department believes English adoption of our position would bring a constructive and equitable solution of problem. Unless England courageously comes to our way of thinking, which we feel sure is sound, we fear an agreement will be impossible. The objection of the United States to further working of the cables under present arrangement, which would be necessary were no agreement reached, would be unfortunate and embarrassing.

Add following statement and repeat the above and our 1124 as Department's 1614 to our Embassy in Paris.

We have received rumor to the effect that departure within a week from the Preliminary Conference on Communications without coming to an agreement is the intention of the French delegation, and that they realize the impossibility of arriving at any settlement while France adheres to its impossible demand for half of the German cables. Discreetly and in person you may suggest to the Foreign Office in Paris that it would be most serious should the Conference break up without discovering a solution and therefore that settlement must be reached, which can be brought about only if the essential and equitable rights of all powers concerned are respected by the interested powers.

COLBY

574.D1/271

The British Embassy to the Department of State

No. 739

MEMORANDUM

At the preliminary meeting of the Communications Conference a decision was taken to form sub-committees to consider in detail the various questions based upon the Agenda of the Conference. Among these sub-committees was one which, so the British Delegation understood, was intended to consider the proposal for the unification or codification of the regulations governing the issue of

cable landing licenses. However, at the first meeting of the sub-committee the United States Delegation presented a memorandum containing far reaching proposals for the limitation of the rights of belligerents in the matter of the interruption and diversion of cables. Sections 2 and 3 of this memorandum ran as follows:—

“2. Submarine cables between two neutral territories shall be held inviolable and free from interruption.

“3. Submarine cables connecting the territories of two belligerents or two parts of the territory of one belligerent may be interrupted but not diverted anywhere except within the waters of a neutral state.”

The memorandum proceeded to elaborate this scheme, proposing regulations governing the right of cable diversion as between a belligerent and a neutral country.

His Majesty's Government, to whose notice these proposals were brought, point out that their delegates to the present Conference on electrical communications have neither the knowledge nor competence to discuss such a question as the belligerent right to cut cables, and they further observe that there was, when the Conference was convened, no question of including in its programme any discussion of the rights and duties of belligerents. Moreover it seems to His Majesty's Government undesirable in any case that questions arising out of the original programme of the Conference and new proposals respecting belligerent rights should be treated by the same Conference.

Apart from these general considerations, His Majesty's Government feel all the more precluded from now taking part in the proposed discussion of belligerent rights in that—, being members of the League of Nations, they must have regard to their obligations under the Covenant to approach such matters through the instrumentality of the League. Moreover they do not fully understand how the United States proposals could be made consistent with the obligations assumed by members of the League under Article 16. In effect paragraph 1 of this Article provides that where a member of the League has been deemed to have committed an act of war against all other members of the League, the latter undertake:—
“immediately to subject it to the severance of all trade or financial relations, the prohibition of all intercourse between their nationals and the nationals of the covenant-breaking State, and the prevention of all financial, commercial or personal intercourse between the nationals of the covenant-breaking State and the nationals of any other State, whether a member of the League or not.”

WASHINGTON, 10 November 1920.

574.D1/255 : Telegram

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

[Paraphrase]

PARIS, November 13, 1920—7 p.m.

[Received 11:37 p.m.]

1918. Your 1127, November 5, through London, and instructions in same. This morning Monsieur Leygues was informed by Embassy that there were grounds for the belief that a departure from the Preliminary Communications Conference previous to reaching final settlement might be intended by the French Delegation, that settlement could result only from due consideration for the rights of all powers by the powers interested, further that departure of French Delegation would be much to be regretted and unfortunate in its effects, and finally my hope was expressed that the apprehension they might depart before settlement was groundless. The Minister concurred in my contention that French Delegation should stay and declared that the matter would receive his attention at once.

WALLACE

574.D1/258 : Telegram

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

Tokyo, November 16, 1920—noon.

[Received November 16—9:42 a.m.]

591. My 586, November 12, 6 p.m.¹⁸ I have received memorandum from Japanese Foreign Office dated yesterday which in translation reads as follows:¹⁹

“The Imperial Foreign Office has the honor to acknowledge the receipt of the memorandum of the American Embassy in Tokio of October [November?] 12th in regard to formation by the Preliminary International Communications Conference of a tentative non-retroactive draft of legal principles applicable to cables in time of war and to reply that after deliberate and repeated consultations with the various government offices concerned it has decided to instruct the Imperial delegates attending the Preliminary International Communications Conference now going on that in case the delegates of the other great powers approve of discussing questions of this nature the delegates of this country should also participate in their discussion and that the Imperial Government considers it proper to commence the discussion of these questions after the question of the disposition of the German cables has been settled.”

BELL

¹⁸ Not printed; see Department's telegram 399, Oct. 28, p. 134.

¹⁹ The original memorandum was in the Japanese language.

*Executive Order No. 3360-A, November 29, 1920, Canceling Cable Permit Issued to the Deutsch-Atlantische Telegraphengesellschaft*²⁰

WHEREAS the Deutsch-Atlantische Telegraphengesellschaft, a German corporation having its principal office and place of business at Cologne, Germany, was granted a permit by the President of the United States, dated May 27, 1899, whereby said Company was granted permission to lay, construct, land, maintain and operate telegraphic lines or cables on the Atlantic coast of the United States to connect Borkum-Emden, Germany, and the City of New York, touching at the Azores, upon certain conditions which had been accepted by the Company in a letter dated May 13, 1899;²¹ and

WHEREAS the said Deutsch-Atlantische Telegraphengesellschaft thereafter laid two cables as aforesaid, upon the conditions set forth in said permit; and

WHEREAS the said cables were cut in May, 1915, between the United States and the Azores, and were thereby rendered useless for communication purposes, and a portion of one of said cables was thereafter removed and transferred to Halifax, Canada, by the British authorities, and the other cable is temporarily in the possession of the French Government, and a permit issued on August 23, 1917, authorized a change in the landing point of this cable so that it lands at Manhattan Beach, Long Island, New York; and

WHEREAS it is desirable to cancel the permit issued to the Deutsch-Atlantische Telegraphengesellschaft on May 27, 1899, since operation of cables laid under it has ceased; and

WHEREAS said permit of May 27, 1899, provided in Article XI for its revocation and termination in the following terms:

“That the consent hereby granted shall be subject to any future action by the Congress or by the President, affirming, revoking or modifying, wholly or in part, the said conditions and terms on which said permission is given.”

Now, THEREFORE, I, Woodrow Wilson, by virtue of the authority vested in me as President of the United States, and in accordance with the provision contained in Article XI of the said permit of May 27, 1899, hereby revoke, cancel, annul and terminate the said permit issued to the Deutsch-Atlantische Telegraphengesellschaft on May 27, 1899, and declare that hereafter it is null and void and of no effect whatsoever.

²⁰ Copies of this order were communicated, Nov. 29, to the delegations to the Conference.

²¹ For correspondence regarding the issuance of the cable permit to the Deutsch-Atlantische Telegraphengesellschaft, see *Foreign Relations*, 1899, pp. 310 ff.

This Order is made without prejudice to applications that may hereafter be filed by German concerns. The permit issued by me on August 23, 1917, to the French Government shall not be affected by this order.

WOODROW WILSON

574.D1/409

The British Senior Delegate to the Washington Conference on Communications (Brown) to the Acting Secretary of State

WASHINGTON, December 7, 1920.

MY DEAR MR. NORMAN DAVIS: With reference to the suggestion that another meeting of the Heads of Delegates should be held this afternoon, it seems to me that the whole of the difficulty now lies between the United States on the one side and France and Japan on the other. As between Great Britain and the United States there is no difference. We even suggested, as you will remember, that the provisional settlement which we reached several weeks ago should be made definitive as between the two Governments, but you felt you could not agree to this except as part of a general settlement between all the Powers.

You will bear me witness, as indeed you did yesterday, that I have worked incessantly—now for several weeks—to promote a general settlement. I have proposed numerous schemes of compromise and endeavoured on all occasions to adjust the different points of view of your own and the other Delegations. This being so, I have with my colleagues keenly felt the injustice of the suggestions in the Press that Great Britain was banded with other Powers to prevent the allocation to the United States of a reasonable share in the ownership of the ex-German cables, or to prevent the restoration of the services which she enjoyed before the war, or to prevent her obtaining direct access to the countries of northern and central Europe—all of which suggestions are, as you know, false.

There has also been, as we pointed out last night, a surprising recrudescence of the suggestions that the British Government interfered with telegrams passing through Great Britain to and from the United States. These suggestions have been officially denied and, despite our repeated requests, no attempt at substantiation has been forthcoming. We have also felt keenly the injustice of this.

The *démenti* which you are kindly arranging to publish will we hope, put matters right; but as the outstanding differences about the ex-German cables are between the United States and France and Japan, I feel that there is less likelihood of public misunderstanding if I do not attend any more meetings for informal discussion of your

difficulties with them unless your direct negotiations afford a reasonable prospect that the differences can be removed.

At the same time the British Delegation remains most eager, as it has always been, for a general settlement, and if you and the other Delegations think that by my presence I can be of assistance, my services are at your disposal.

I am [etc.]

F. J. BROWN

574.D1/409

The Acting Secretary of State to the British Senior Delegate to the Washington Conference on Communications (Brown)

WASHINGTON, December 8, 1920.

MY DEAR MR. BROWN: I have your letter of December seventh regarding the controversy over the disposition of the ex-German cables, with an explanation of your attitude regarding further attendance at the discussions relating to this question. I must confess that your letter was read with some surprise.

I have been most appreciative of your earnest efforts for a settlement in submitting numerous schemes of compromise for the purpose of effecting an understanding between the various delegations. I am extremely sorry that press publications, for which, as I have already explained to you, this Government was not responsible, should have in any way misrepresented the position taken during the discussion of this matter by the British delegation. I fully appreciate your feeling that the major difficulties in the way of an expeditious settlement have perhaps arisen from the position heretofore taken by the French and Japanese delegations. On the other hand, it must be obvious that the proposed conditional settlement in respect to the Halifax-Penzance cable would not in itself accord to the United States the full restoration of the pre-war service enjoyed by it, nor the undivided ownership of any one of the ex-German cables. It would, at best, merely provide for a partial satisfaction of the United States in securing a return of pre-war service and the right to purchase or lease from the British Government the restored cable. I quite appreciate your desire to make definitive as between Great Britain and the United States the provisional settlement in respect to this cable. You must, however, understand our reluctance to do this because it would in effect allocate to Great Britain the sole ownership of this cable, and leave to the United States a controversy with the other interested powers over the other ex-German cables. It would merely give to the United States the right to purchase or lease your cable by giving in exchange therefor

a transfer of, or lease on, an American privately owned cable between Great Britain and Canada.

While I believe I fully understand your desire thus to disassociate yourself from the controversy regarding the other cables, I do not understand how your interest and responsibility in the general settlement can be so easily discharged. Our tentative understanding in regard to the Halifax-Penzance cable was entirely contingent upon reaching a satisfactory agreement for the division and operation of the other cables, and it was hoped that such an agreement between us would facilitate agreements in respect to the entire question. I cannot but feel, therefore, that your responsibility for bringing about an equitable and practical solution of this entire question is at least equal to that of any other power concerned.

In the early stages of this Conference you stated that by a gentleman's agreement with France, made before the entry of the United States into the war, the British delegation felt at least a moral obligation to support the French claims. I need not restate in detail my views as to the validity of any such understanding which must or should have been automatically cancelled by the subsequent entrance of the United States into the war and its prosecution thereof in association with the Allies.

I have several times expressed to you my belief that this former understanding undoubtedly has encouraged the French delegation to maintain its claim to the operation and ownership of a proportion of the cables far exceeding the amount attributable to France on what I believe you agree with me would be a reasonable distribution. I have also expressed to you the opinion that in order to reach an equitable and satisfactory general agreement it would be necessary for you to inform the French delegation either that the British Government considers it has been released from any moral obligation, or at least that it could not support the French claims as at present maintained. I must frankly state my belief that the general necessity of reaching a settlement, according reasonable satisfaction to rights and interests of each of the five powers, and in particular the circumstances resulting from the commitments above referred to, place upon the British delegation a responsibility to participate actively and along the lines indicated above in effecting a general agreement.

I shall write you further as regards your statements of the injustice felt that no attempt of substantiation has been forthcoming with respect to suggestions of interference by the British Government with telegrams passing through Great Britain.²²

I am [etc.]

NORMAN H. DAVIS

²² See vol. II, pp. 699-704.

574.D1/271

The Department of State to the British Embassy

MEMORANDUM

The Department of State has read with great interest the memorandum of the British Embassy of November 10, 1920, relative to the draft containing tentative proposals regarding the laws of war as applicable to submarine cables, submitted by the American Delegation to Sub-committee No. 4 on International Cable and Radio Law and Cable Landing Rights at the International Conference on Electrical Communications.

The draft prepared by the American Delegation was submitted in the hope that it might serve as a basis for discussion at the present Conference, and with a view to the formulation, at the forthcoming World Conference on Electrical Communications, of a codification of the laws of war with respect to submarine cables which could be submitted by that Conference to the nations of the world for their approval.

The objections of His Majesty's Government to the consideration of these proposals by the present Conference appear to fall under two heads:

First, a general reluctance to consider the matter on the ground that "their delegates to the present Conference on electrical communications have neither the knowledge nor competence to discuss such a question as the belligerent right to cut cables", and, "that there was, when the Conference was convened, no question of including in its programme any discussion of the rights and duties of belligerents", and further, that it is undesirable "that questions arising out of the original programme of the Conference and new proposals respecting belligerent rights should be treated by the same Conference".

Second. A certain hesitancy growing out of the membership of the British Government in the League of Nations.

With reference to the more general considerations stated under the first heading, the Department points out that a discussion at this time could in any case be only preliminary to that at the World Conference, and that the reference under which the present Conference is being held is a very broad one, inasmuch as it is authorized to consider "all international aspects of communication by land telegraphs, cables or wireless telegraphy". The British Delegation to the Conference have frankly recognized that this reference is broad enough to cover "the question of international law with regard to cables in time of war." (Mimeographed Record, Committee No. 4, Third Session, page 95.²³)

²³ Not printed.

Moreover, the Department would add that the Japanese Government has indicated a willingness to discuss the proposals after the disposition of the German cables has been settled, provided the other Governments parties to the Conference are also willing to participate in such a discussion. The American Ambassador at Paris telegraphed that the French Government also has agreed to discuss the matter if it is understood that the regulations will not be retroactive. These suggestions are entirely acceptable to the United States.

The American Delegation believed that consideration of this subject at the present Conference would save time at any future examination of these questions. It also seemed desirable to improve an excellent opportunity for what may be considered perhaps the most interested nations to make some little preliminary headway in the formulation of important principles to be agreed upon at a subsequent date.

Furthermore, the American Delegation has studiously endeavored, from the beginning of the Conference, to make clear that there was not the slightest thought of any retroactive application of the American proposals. In this connection, attention may be called to the statement prefixed to the "Rough Draft of Suggestions" submitted by the American Delegation, in which it was pointed out that "these rules, whether old or new, are not put forward as standards by which to try acts which have taken place in the past. They are suggested as possible standards to be applied in the future".

As regards the special considerations arising out of Great Britain's membership in the League of Nations, the Department does not perceive in what respect the discussion of the proposals suggested by the American Delegation would affect the position of any of the nations concerned *vis à vis* the League of Nations. As was pointed out by the American Delegation in answer to a question at the Conference, the American proposals were submitted with a view to their consideration on their merits, irrespective of the question of membership in the League of Nations on the part of the nations adopting them. (Mimeographed Record, Committee No. 4, First Session, page 15.²⁴) The Department does not understand that there is anything in the Covenant of the League which would prevent member nations and non-member nations from considering together an agreement codifying international law upon any topic for future application as between signatories.

As regards the provision of paragraph I of Article 16 of the Covenant, which is quoted in the British Memorandum, the De-

²⁴ Not printed.

partment is not quite clear as to the precise interpretation placed by the Embassy upon the language in question, or the exact bearing which it is thought to have upon the American proposals. Of course, in any discussion of these proposals, any inconsistency between any provision thereof and the obligations of States that are members of the League of Nations would receive most careful consideration.

In conclusion, the Department desires to state that the American proposals were put forward in a genuine desire to promote and safeguard international communication by cable in the future by bringing about a condition which will allow cable development with greater confidence than has been the case in the past. On account of the large amounts of money required to construct and lay cables, it is desirable to decrease the risk of loss in connection with such enterprises, and thereby encourage the flow of capital toward the construction of cable lines, with the resultant extension of facilities for communication and the reduction of rates.

The Department cannot but feel that the present condition of uncertainty as to the rights and duties of nations in time of war with respect to submarine cables is a matter of serious concern, and that any steps in the direction of clearing up this uncertainty by the adoption of regulations which shall be both practical and just will be a real contribution to the peace and security of the world.

WASHINGTON, *December 13, 1920.*

Press Release of the Department of State, December 14, 1920

The delegates to the Preliminary Conference on Communications have today reached unanimous agreement in regard to certain important aspects relative to the general question of the disposition of the ex-German cables. While agreement has not been arrived at for the definite disposition of the cables, important principles were established to guide the Conference in its continued consideration of and dealing with same. There has been a recognition, on the part of all of the delegations, of the necessity of accommodating themselves as much as possible to the views and rights of other countries. While it is difficult in some cases to eliminate all difference, there appears a general recognition of the necessity and expediency of working out an equitable and practical solution of the problem. Some of the delegates felt that agreement of unsettled questions could be expedited if an opportunity was afforded for personal consultation with their governments. In order, however, that any possible delay might not prejudice the powers which at present have no part in the operation of the cables, it was recognized that some *modus*

vivendi should be agreed upon which would outline the conditions under which the Conference should continue and under which the cables should be operated. With this idea in mind the following resolution was unanimously adopted:

“It is the consensus of opinion of all the delegations that it is most necessary, both from the standpoint of expediency and justice, that a definite agreement be reached for terminating at a very early date the present status of the ex-German cables and for an equitable distribution of ownership and operation thereof. In view of the fact that some of the delegates consider it necessary to consult their governments, it is agreed that the technical work of the Conference shall be temporarily adjourned. It is agreed, however, that the Conference shall continue its deliberations regarding the division and operation of the ex-German cables and that the delegates will recommend to their respective governments that the ambassadors of the respective countries shall as far as possible temporarily substitute those delegates who return to consult in person with their governments.

On and after January 1, 1921, and pending termination of the present status of operation under the protocol of May 3, 1919,²⁵ the various ex-German cables shall be operated as at present, but for the financial account of the five powers, provided, however, that in accounting for such operation the income after deducting operating expenses shall be apportioned in accordance with the final disposition to be made of such cables.

It is furthermore agreed that the delegates will recommend at once to their respective governments that if an agreement is not reached by February 15th next for the final division of the cables, the Conference will immediately proceed to arrange an agreement for a new *modus vivendi*, to become operative on or before March 15, 1921.

It is understood, that the delegates will obtain and report at the earliest possible date the decisions of their governments on such recommendations.”

574.D1/411a

*Report of Subcommittee on Universal Communications Union and
Telegraph and Radio-Telegraph Conventions*

HON. NORMAN H. DAVIS,
*President of the Preliminary Conference
on Electrical Communications.*

The Subcommittee on Universal Communications Union and Telegraph and Radio-Telegraph Conventions begs to report that it has held 21 meetings, and that it has considered the draft convention and a portion of the draft regulations submitted by the British delegation. It recommends that the annexed revised draft convention and regulations should be circulated to the Governments of the Powers invited to take part in the forthcoming world conference as the proposals of

²⁵ See telegram no. 1159, May 15, 1920, from the Ambassador in France, p. 121.

the present preliminary conference. It should be made clear, however, that the regulations have only been considered so far as they relate to the following points, namely:

[Here follows the list of points printed in the preface to the draft convention, *infra*.]

It should be understood that the Powers which have taken part in the present conference reserve the right to propose further modifications. The regulations relating to procedure and the working of apparatus were only considered in a general way by a subcommittee, and all the delegations especially reserved their right to suggest modifications on that subject.

The subcommittee unanimously agreed to the following regulation, which it recommends for adoption by the conference:

The delegates to the international conference, meeting at Washington, in view of the growing practice of sending news by radio, suggest that their own and other Governments should consider how far the existing law of copyright prevents the use of such news by persons to whom it is not addressed, and how far any modification of such law may be necessary to meet such cases.

F. J. BROWN, *Chairman*

[Annex]

Draft Convention and Regulations of the Universal Electrical Communications Union ²⁶

PREFACE

The following resolution was adopted at Paris by the five Principal Allied and Associated Powers:

“The Principal Allied and Associated Powers shall, as soon as possible, arrange for the convoking of an International Congress to consider all international aspects of communication by land telegraphs, cables, or wireless telegraphy, and to make recommendations to the Principal Allied and Associated Powers with a view to providing the entire world with adequate facilities of this nature on a fair and equitable basis.”

A Conference preliminary to such an International Conference, and composed of representatives of the Principal Allied and Associated Powers, convened at Washington on the 8th of October, 1920. Among the subjects which it considered in connection with the foregoing Resolution was a proposal for the amalgamation of the Telegraph and Radiotelegraph Conventions and Regulations. This proposal was put forward with the object of simplifying communi-

²⁶ For text of draft regulations (not printed here), see *Universal Electrical Communications Union, Draft of Convention and Regulations* (Washington, Government Printing Office, 1921), p. 13.

cations by bringing all methods of electrical transmission as far as practicable under the same rules.

The Preliminary Conference considered it desirable that a Universal Electrical Communications Union should be formed; and they decided that the following draft of a Convention and Regulations, covering both telegraph and radiotelegraph communications, should be submitted for the consideration of the forthcoming World Conference on Electrical Communications. The draft Convention has been fully considered by the Preliminary Conference, but the Regulations have only been considered so far as they relate to the following points:

- Address and Routing Instructions (Reg. IV (9) and (12) and XXIII (2)).
- Transmission of Filing Time (Reg. VIII (2)).
- Grouped and Cipher Language (Reg. IX (3, 4, 5, 6, and 7)).
- Collection of Charges (Reg. XI (3) and (4)).
- Order of Transmission (Reg. XV).
- Deferred Telegrams (Reg. XXX).
- Urgent Telegrams (Reg. XXXI).
- Multiple Telegrams (Reg. XXXIX).
- Press Telegrams (Reg. XLIII, XLIV, XLV, and XLVI).
- Refunds (Reg. XLIX (1) (c) and (h)).
- Accounts (Reg. LII, LIV, and CXI).
- Central Bureau (Reg. LVIII and LIX, (1) and (4)).
- International Technical Committee (Reg. LXI).
- Adhesions (Reg. LXIV and LXV).
- Tariffs (Reg. LXX, LXXI, and CII).
- Classification of Radiotelegraph Services (Reg. LXXIX).
- Classification of Radio Transmitting Stations (Reg. LXXXII).
- Spacing Waves (Reg. LXXXII).
- Distribution and Use of Wave Lengths (Reg. LXXXIII and Appendices 1 and 2).
- Operators' Certificates (Reg. LXXXIV).
- Radio Interference (Reg. LXXXIX).
- Reporting of Infractions of Regulations (Reg. XC).
- Publication of Information (Reg. XCI and XCIII).
- Call Signs (Reg. XCII).
- Conditions to be fulfilled by Mobile Stations (Reg. XCVI).
- Use of 600 Meter Wave Length (Reg. XCVII).
- Alarm Signal (Reg. XCIX and Appendix 6).
- Hours of Service (Reg. C).
- Safety of Life Messages (Reg. CII).
- Service of Mobile Stations (Reg. CV).
- Special Operations (Reg. CX).
- Direction Finding and Radio Beacon Stations (Reg. CX).

The Powers which took part in the Preliminary Conference reserve the right to propose further modifications. In particular they wish attention to be called to the fact that the Draft Regulations relating to procedure and the working of apparatus were only

considered in a general way by a subcommittee, and that all the Delegations at the Preliminary Conference especially reserve the right to propose modifications relating to these subjects.

[RESERVATIONS]

At the second plenary meeting of the Conference when the report of the subcommittee on Universal Communications Union and Telegraph and Radio Conventions was adopted, the following reservation was made on behalf of the Canadian representatives:

“I should like to add that the Canadian representatives wish to make a somewhat similar reservation [i.e., a, similar to the American reservation],²⁷ and especially they felt unable at present to bind themselves to accept a convention relating to ordinary telegraphy, although they undertook that the question should be fully and sympathetically considered by their Government.”

At the same meeting the following reservation was made on behalf of the American Delegation:

“The American Delegation takes this occasion to again call attention to the fact that telegraphs, cables, and radio stations in the United States are largely owned and operated by private companies; that the United States is not a signatory party to the International Telegraph Convention, but is a signatory to the International Radiotelegraph Convention; that the American Delegation has participated only conditionally in the discussion relating to these conventions; and that should a convention such as the proposed Universal Electrical Communications Union be submitted to the powers for ratification, the United States probably could only adhere, if at all, through a separate protocol. It is the understanding of the American Delegation that such conditional adherence made necessary by private ownership of communication facilities would be agreeable to other governments provided the terms of the protocol are satisfactory. The American private companies have not as yet been able to examine the draft and submit their observations thereon.”

DRAFT CONVENTION

ARTICLE 1. The High Contracting Parties signatory to the present Convention, as well as those hereafter adhering thereto, hereby constitute a Universal Electrical Communications Union, having for its object the reciprocal exchange of telegraphic and telephonic communication by land line, cable, radio or other electrical devices, and all other forms of signaling, as well as the further extension and improvement of such means of communication.

They undertake to apply the provisions of the present Convention to the International Telegraph and Telephone services which they provide by wire, and to all radiotelegraph and radiotelephone sta-

²⁷ Brackets appear on the original.

tions which they establish or work and which are open for the service of public correspondence, or for the special services covered by the regulations referred to in Article 16; and they also undertake to adopt, or to propose to their respective legislatures, the measures necessary for this purpose.

They also agree that the present Convention and Regulations referred to in Article 16 shall be applied to international signaling, so far as practicable.

Except where the context directly excludes such reference, the terms "telegraph" and "radiotelegraph" shall be held to include "telephone" and "radiotelephone," and the term "telegram" shall be held to include "radiotelegram."

ARTICLE 2. Each of the High Contracting Parties reserves the right to authorize private enterprises to conduct, in whole or in part, its communication services. The High Contracting Parties so arranging for the conduct of their international services, reserve, in each case, the right to provide by mutual agreement for the joint regulation of the international services and rates of such private enterprises. In default of such agreement, the private enterprises have the right to fix their own terminal and transit rates subject to the provisions of Articles 7, 14, 15, and 16.

When private enterprises so authorized adhere to this Convention and the Regulations annexed thereto, each of the High Contracting Parties agrees to exchange traffic with such enterprises on the same basis as contemplated therein for the exchange of traffic between Government Administrations. Each of the High Contracting Parties, however, reserves the right to limit or to prohibit traffic with private telegraph, telephone, cable, or radio enterprises which do not render service to the public generally or which engage in the sale of news.

The High Contracting Parties undertake, as soon as existing agreements admit, to adopt or to propose to their respective legislatures any measures necessary to insure the observance of the provisions of the present Convention and the Regulations annexed thereto by private enterprises authorized to conduct international communication services or to establish and operate radiotelegraph stations, whether open to public correspondence or not.

Private enterprises authorized to conduct international communication services are authorized to deal directly with the Central Bureau and with the High Contracting Parties.

ARTICLE 3. The High Contracting Parties recognize the right of all persons to correspond by means of the international telegraph and radiotelegraph services.

ARTICLE 4. They undertake to make all possible arrangements compatible with the system of communications adopted by them to insure the secrecy of communications and their proper transmission.

ARTICLE 5. They, however, declare that they accept no responsibility on account of the international telegraph or radiotelegraph service, or on account of the contents of international telegrams or radiotelegrams.

ARTICLE 6. Each of the High Contracting Parties, operating its communication facilities, undertakes to devote for international communication service telegraph or radiotelegraph facilities sufficient to insure permanence of the 24-hour service and to insure rapidity of transmission.

Each of the High Contracting Parties, not so operating its communication facilities, undertakes to require of private enterprises the same permanence and rapidity of service.

These communications shall be established and worked in the most efficient manner indicated by experience of the service, and shall be in keeping with scientific and technical progress. They shall be organized as far as possible in such a manner as not to disturb the services of other Administrations or other recognized services.

ARTICLE 7. Telegrams are classed in four categories, and in transmission take the following order of precedence:

First.—Telegrams relating to the safety of human life, priority Government telegrams, and urgent service telegrams.

Second.—Urgent private telegrams.

Third.—Service telegrams.

Fourth.—Ordinary Government and private telegrams.

Government telegrams are those which emanate from the Chief of the State, Ministers, Commanders-in-Chief of land, sea, and air forces, and Diplomatic or Consular Agents of the Contracting Governments, as well as the replies to such telegrams. Service telegrams are those which emanate from the Telegraph and Radiotelegraph Administrations of the Contracting States, and which relate either to the international telegraph or radiotelegraph service or to objects of public interest agreed upon between the said Administrations.

Telegrams from the Council of the League of Nations shall have the same status as Government telegrams for the purpose of this Article.

Except as provided in this Article, service and rates shall, under like circumstances, be the same to all users without preference, concessions, priorities, rebates, or discriminations.

ARTICLE 8. Government and service telegrams may be sent between all telegraphic points in secret language.

Private telegrams may be exchanged in secret language in cases where the terminal States concerned admit that class of correspondence.

States which do not admit private telegrams in secret language originating in, or destined for, their territory, must allow them to pass in transit, whether by wire or radiotelegraphy, unless the service be suspended as defined in Article 10.

ARTICLE 9. The High Contracting Parties reserve to themselves the right of stopping the transmission of any private telegram which may appear dangerous to the security of the State, or which may be contrary to the laws of the country, to public order, or decency.

ARTICLE 10. Each Government also reserves to itself the right in case of emergency of suspending or modifying the international telegraph service for an indefinite period, if it deem necessary, either generally or only upon certain lines and for certain kinds of correspondence, upon condition that it immediately advises each of the other Contracting Governments.

ARTICLE 11. The High Contracting Parties reserve their entire liberty with regard to military radio services, except that such services shall as far as possible observe the annexed Regulations in regard to assisting distress and avoiding interference, and in particular that they shall observe the Regulations relating to wave lengths and other technical matters which concern them.

ARTICLE 12. The High Contracting Parties undertake to enable every sender to profit by the various arrangements agreed upon between the Telegraph Administrations of the Contracting States, for the purpose of giving facilities for the transmission and delivery of messages.

They also undertake to enable him to profit by the arrangements made and notified by any one of the other States for the employment of special means of transmission or delivery.

ARTICLE 13. The High Contracting Parties declare their adoption of the following basis for the formation of international tariffs:

The charge for all messages exchanged, by the same route, between the offices of any two of the Contracting States, shall be uniform. For the purpose, however, of applying the uniform charge any State may be subdivided into two or more large territorial divisions.

The amount of the charge is made up from State to State under agreement between the terminal and intermediate Governments in cases where the telegraph net-work of these latter is used for the transmission of such messages.

The charges composing the tariffs applicable to messages exchanged between Contracting States may, at any time, be modified by mutual agreement.

The gold franc is the monetary unit used as the basis of international tariffs.

ARTICLE 14. Telegrams relating to the international telegraph service, and radiotelegrams relating to the safety of human life, are transmitted free.

ARTICLE 15. The High Contracting Parties shall reciprocally account for the charges which they respectively collect.

ARTICLE 16. The provisions of the present Convention are completed by the Service Regulations, which have the same validity and come into force at the same time as the Convention.

ARTICLE 17. A Universal Electrical Communications Council is hereby established consisting of representatives from the United States of America, France, Great Britain, Italy, and Japan, and four other representatives, chosen by the other signatory parties, to be selected at each General Conference of the High Contracting Parties.

The Council shall meet once a year at such place as it shall select, and oftener if three of the High Contracting Parties deem it necessary for the consideration of special questions. The Council is authorized to consider all international aspects of telegraphic or telephonic communication by land line, submarine cable, radio, and other forms of signaling, and to suggest to the High Contracting Parties extensions and improvements of such communication, as well as modifications of and additions to the present Convention and Regulations and any other International Conventions relating to such facilities, and to recommend such measures as may be deemed necessary to assure the scientific development of facilities and to further the exchange of traffic.

ARTICLE 18. A Central Bureau shall be constituted under the direction of the above mentioned Council and shall be entrusted with the duty of collecting, co-ordinating and publishing information of every kind which is likely to be of interest to the Telegraph Administrations of the Contracting States, relating to telegraphy, telephony, radiotelegraphy, radiotelephony, and all other forms of signaling; of circulating proposals and decisions reached concerning modifications of the Convention and of the Regulations; and in general of proceeding with any work which it may be called upon to undertake in the interests of international communication.

ARTICLE 19. There shall be constituted, to collaborate with the Bureau, an International Technical Radiotelegraph and Visual Committee (short title C.I.R.V.) charged with giving advice on all problems concerning radiotelegraphy and visual and sound signaling.

The C.I.R.V. shall have such administrative and executive powers in regard to technical radiotelegraphy and visual and sound signaling as may be entrusted to it by the General Conferences of delegates representing the Administrations of the Contracting States.

It shall be composed of representatives from the United States of America, France, Great Britain, Italy, and Japan, and from four other Powers or groups of Powers to be selected at each General Conference. It shall meet at the headquarters of the Central Bureau at least every six months, and oftener if required. A copy of the Agenda for each meeting shall be sent beforehand to the other countries, and any of these countries shall have the right to send a delegation to voice its opinions on any particular question in which it is interested.

The Secretary of the C.I.R.V. shall be a radiotelegraph expert to be selected by the Committee. His clerical assistants shall be furnished by the Central Bureau.

The expenses necessary to carry out the provisions of the present Article and of Articles 17 and 18 shall be paid through the Central Bureau and be borne by all the Contracting Parties.

ARTICLE 20. The provisions of the present Convention may be modified at any time by common consent of the High Contracting Parties. The provisions of the Regulations relating thereto may be modified at any time by a majority of two-thirds of the Contracting Parties who have voted, except in the case of tariffs, when modifications shall be subject to the consent of those Administrations only which are immediately concerned.

ARTICLE 21. The tariffs and regulations provided for by Articles 13 and 16 are annexed to the present Convention. They possess the same authority and come into operation at the same time as the Convention.

They shall be subject to revisions in regard to which all adhering States will have the right to be heard.

With this object, administrative Conferences will take place periodically, each Conference fixing the time and place of the next meeting.

ARTICLE 22. These Conferences shall be composed of delegates representing the Administrations of the contracting countries.

In the deliberations each country shall exercise one vote only.

If a Government accede to the Convention for its colonies, possessions, or protectorates, subsequent Conferences may decide that the whole or part of such colonies, possessions, or protectorates is to be regarded as forming a country for the purposes of the foregoing clause. Nevertheless, the number of votes to be exercised by a Government, including its colonies, possessions, or protectorates, may not exceed six. The following Governments shall each have six votes: The United States, France, the British Empire, Italy, and Japan.

The following are regarded as forming each a single country for the purpose of the present Article :

The Belgian Congo ;
The Spanish Colony of the Gulf of Guinea ;
The Dutch Indies ;
The Colony of Curaçao ;
Portuguese West Africa ; and
Portuguese East Africa and the Portuguese possessions in Asia.

ARTICLE 23. The High Contracting Parties reserve to themselves respectively the right to make separately, among themselves, special arrangements of any kind in matters of service which do not concern the Contracting States generally.

Subject to the requirements imposed by the present Convention and Regulations, the High Contracting Parties recognize the right of two Contracting States whose boundaries are not contiguous to organize radiotelegraph communication over the territory of other Contracting States.

In cases where the conditions of the communication services in the countries concerned are of a distinctive character owing to geographical, political, or other circumstances, subordinate régimes may be established by a restricted number of the High Contracting Parties for the purpose of encouraging the improvement of facilities and administration. Such subordinate régimes shall not take any action detrimental to or discriminatory against the High Contracting Parties generally. Each subordinate régime may determine the limits of its own membership. Subject to the consent of the Administrations concerned, an Administration may belong to more than one such subordinate régime. Any action taken by any such subordinate régime must be notified to the Central Bureau for transmission to each of the High Contracting Parties.

ARTICLE 24. States which have not taken part in the present Convention will be allowed to adhere to it on their request.

This adhesion will be notified through the diplomatic channel to the Contracting State in which the last Conference was held, and by that State to all the others.

The adhesion will, in itself, carry with it acceptance of all of the clauses of, and admission to all the advantages conferred by the present Convention.

The accession to the Convention of the Government of a country having colonies, possessions, or protectorates shall not carry with it the accession of the colonies, possessions, or protectorates of such Government, unless a declaration be made to the effect by such Government. The colonies, possessions or protectorates as a whole,

or each one of them separately, may form the subject of a separate accession or a separate denunciation under the conditions indicated in the present Article and in Article 22.

ARTICLE 25. In case of difference of opinion between two or more Contracting Governments in respect of the interpretation or the execution, either of the present Convention or of the Regulations provided for by Article 16, the question in dispute may, by common consent, be submitted to arbitration. In such cases, each of the Governments concerned shall choose one other not concerned with the question.

The decision of the arbitrators shall be made by an absolute majority of votes.

In case of an equality of votes, the arbitrators shall appoint, in order to settle the difficulty, another Contracting Government not concerned in the question in dispute. In default of an agreement with regard to such choice, each arbitrator shall nominate a Contracting Government not interested in the dispute; and lots shall be drawn as between the Governments proposed. The drawing of lots shall be effected by the Universal Electrical Communications Council.

ARTICLE 26. Except in so far as telegraphic relations with non-adhering States or private enterprises are regulated by the Regulations provided for in Article 16 of the present Convention, each of the High Contracting Parties reserves to itself the right to fix the conditions under which it will allow telegrams and radiotelegrams coming from or destined for a country or mobile station which is not subject to the provisions of the present convention.

If a telegram or radiotelegram is admitted it must be sent forward and the ordinary charges must be applied to it.

ARTICLE 27. The present Convention shall take effect from the ——— and shall remain in force for an indefinite period or until the lapse of one year from the date of its denunciation.

A denunciation made by any State affects that State only; the Convention remaining in force as regards the other Contracting Parties.

ARTICLE 28. The present Convention shall be ratified, and the ratifications exchanged at ——— with as little delay as possible.

If one or more of the High Contracting Parties shall not ratify the Convention, it shall not thereby be less valid for the Parties which shall have ratified it.

In witness whereof the respective Plenipotentiaries have signed the Convention in a single copy, which shall remain in the archives of the ——— Government.

574.D1/411a

*Report of Subcommittee on International Cable and Radio Law and
on Cable Landing Rights*

To the HONORABLE NORMAN H. DAVIS,
*President of the Preliminary Conference
on Electrical Communications.*

The Subcommittee on International Cable and Radio Law and Cable Landing Rights has held twelve meetings and has unanimously agreed to the appended regulations, which it recommends for adoption by the Conference.

MONOPOLIES

The delegates of the principal Allied and Associated Powers, met in conference at Washington, unanimously agree to the following recommendation, with a view to its being examined by the forthcoming World Conference on Electrical Communications and, if accepted, embodied in a general convention.

1. That hereafter no permit shall be granted or renewed for the landing of submarine cables or the erection of radio stations for international communications without it being expressly declared that the permission does not confer a monopoly or exclusive rights of any kind.

2. That in principle they will not in future support their nations, diplomatically or otherwise, in seeking exclusive cable or radio concessions from nonsignatory states, provided that all the states adhering to the International Telegraph Convention undertake the same obligation.

3. Nevertheless, the Powers do not intend to prejudice the development of communications by cable or radio by preventing the granting of exclusive or privileged concessions for a reasonable term of years in cases where the probable traffic would not be sufficient to yield a fair return upon the capital invested in more than one system for the operation of the service in question.

4. If objection is made by one of the signatory powers to the granting or renewal of an exclusive concession within a reasonable time after such power becomes aware of such grant or renewal, or of an application for such grant or renewal, the question shall be submitted by the countries in interest to arbitration in accordance with the provisions of the International Telegraph Convention, or any convention of which it forms a part.

STATUS OF CABLES IN WAR TIME

Without prejudice to any action that may have been taken during the war, or to any disposition of the seized German cables, the representatives of the Principal Allied and Associated Powers, meeting in conference at Washington to consider problems of communications, recommend to their respective Governments that they should consider the desirability or otherwise of establishing an international code defining the status of submarine cables in war time; that the Principal Allied and Associated Powers exchange views upon the subject; and that a special conference be called of the Powers interested—to be held either at the Hague or preferably at the same time and place as the forthcoming World Conference on Electrical Communications—to consider the matter further if the Powers should agree in principle to establish such a code.

PREVENTION OF DAMAGE TO CABLES BY TRAWLERS

The Delegates of the Principal Allied and Associated Powers, in view of complaints that have been received from certain cable companies regarding damage to certain cables by trawlers, desire to call the attention of their governments, and all other governments concerned, to the provisions of the Convention of 1884 in regard to the Protection of Cables, and to the recommendations made by the International Conference in London in 1913, in regard to the prevention of damage to cables by trawlers, with a view to consideration of the questions whether the provisions of this Convention and these recommendations adequately meet present requirements, and whether, if so, they should not be applied universally. They suggest further that this question should be discussed by a conference of experts to be summoned simultaneously with the forthcoming World Conference on Electrical Communications which will follow the present preliminary conference.

As regards the use of islands and other points for relay stations, no agreement was reached, but the American, British and Italian Delegations as a result of discussions between themselves outside the committee feel able to recommend to their respective governments the following agreement, the text of which is annexed as a separate document, simply for the information of the other delegations, because the question originally arose out of certain discussions in the committee.

The subcommittee also considered a proposal that all states, in granting concessions for any international cable or radio service, should impose a condition that the licensee should observe the

International Telegraphic Convention and Regulations. A majority of the delegations favored this proposal in principle, but the subcommittee eventually came to the conclusion that the matter would be satisfactorily covered by the proposed convention, provided the United States and Canada adhered to it. The proposal was accordingly withdrawn.

In both cases the right was reserved to submit the proposal in question to the forthcoming World Conference on Electrical Communications if circumstances should render such a course desirable.

BRAMBILLA, *Chairman*

[Annex]

*Draft Agreement Regarding the Use of Islands and Other Points
as Relay Stations*

The undersigned, representatives of the Governments of the United States of America, Great Britain and Italy, have concluded the following agreement providing for reciprocal facilities for the landing of cables for relay purposes, *ad referendum* to their respective Governments for approval and subject to ratification in accordance with their constitutional forms:

Certain points and islands shall be especially designated as available on equal terms to the nationals of all the states, signatory to this protocol, which give reciprocal facilities for the landing of cables for automatic relay purposes or for manual retransmission. The sovereignty of the state having jurisdiction over the point or island in question shall be in no wise impaired or limited except as provided in this agreement. If as a consequence of the point or island in question being made a military or specially defended area, it becomes desirable that a cable already landed on such point or island should be removed, the state concerned can require the removal of the cable in question on a reasonable notice. The detailed conditions governing the landing of a cable and its possible removal shall form the subject of agreement between the parties interested.

Messages in transit over such cables are not subject to interference, examination or censorship by authorities of the jurisdiction unless the state having jurisdiction is itself a party to a war or obligated to maintain neutrality or involved in a local disturbance; in the two latter cases supervision of messages is permitted only to the extent necessary in order to insure that no unauthorized local messages are transmitted.

Messages in transit over such cables are not subject to a transit tax nor are the owners of the cables subject to any taxation except an income tax upon the proceeds of any local business done and taxation

upon the tangible property within the jurisdiction, which taxes shall be general and non-discriminatory. Persons engaged in the local operation of the cable and their property within the jurisdiction are subject to such general and non-discriminatory taxation as is or may be payable by all persons or property within the jurisdiction.

Done at Washington, this 10th day of December, A.D. one thousand nine hundred and twenty.

For the United States of America:

NORMAN H. DAVIS

A. S. BURLESON

W. S. BENSON

WALTER S. ROGERS

For Great Britain:

F. J. BROWN

For Italy:

BRAMBILLA

574.D1/411a

Report of Subcommittee on Improvement of Communication Facilities between the Five Principal Allied and Associated Powers

To the Honorable NORMAN H. DAVIS, *President*

Preliminary Conference on Electrical Communications.

The Subcommittee on Improvement of Communication Facilities between the Five Principal Allied and Associated Powers begs to report that it has held ten meetings, and has unanimously agreed to the appended fifteen (15) *voeux* which it recommends for adoption by the Conference.

E. LANEL

Chairman

[Annex]

VOEUX

1. Extension, where the conditions of the traffic warrant it, of the present arrangement under which the various States provide a system of wires and a separate organization in the larger offices for international communication distinct from the national network.

2. The duplication of those inter-Allied lines which are now single or the constitution of alternative lines in such a manner as to prevent the interruption of the great inter-Allied routes.

Among other important lines which seem to require duplication may be mentioned the American and British Pacific lines.

It is a matter for the consideration of the individual States concerned how far the duplication of cable routes may be effected by

means of radiotelegraphy. Where cables are landed at isolated islands for relay purposes the desirability of providing radio stations at the same point is recognized.

3. The Principal Allied and Associated Powers should proceed to the study of the position as a whole, with a view to the construction of lines, cables and radio-telegraph stations, where the inter-Allied traffic shows the necessity.

In this connection the desirability of the provision, where the traffic demands it, of direct lines between those of the inter-Allied States which are not now directly connected—and particularly the desirability of a direct cable between the United States and Italy—is recognized.

4. Application in the constitution of the inter-Allied telephone, telegraph and radio-telegraph communications of the best modern technical methods, including the multiplexing of lines, automatic transmission, and the use of high-speed printing apparatus.

5. Study and organization of the best means for the permanent maintenance of these communications in good order. It is also recommended that arrangements should be made between the various companies and administrations owning cable ships, with a view to the common use of the ships in such a way as to insure the speediest possible repair of breaks and removal of faults in long-distance cables.

6. Adoption of the necessary measures on lines which serve the Principal Allied and Associated Powers, as soon as the average delay in transmission of telegrams exceeds by 30 per centum the recognized normal delay in transmission for the circuit considered.

7. Immediate study to develop the fullest coordination between the land lines, submarine cables and radio; as a particular problem, to study, in this connection, long-distance radio links between far distant countries, using for the purpose, where necessary, radio stations in intermediate countries for relay purposes.

8. Organization, as far as possible, of arrangements for the transmission between the Allied and Associated countries of their government messages by government radio stations not ordinarily transmitting general traffic, and, where possible, for the transmission by the same means of press messages.

9. Recognition of the transmission of telegrams between fixed stations by means of radio as an extension of the ordinary telegraph service by wire in general accordance with the proposals for the combination of the International Telegraph and Radio-telegraph Conventions and Regulations, without, however, encroaching on the right of senders to give instructions as to the routing of their telegrams and without implying that the charges by wire and by radio must be the same.

10. Organization, as far as possible, of long-distance communication lines in such a way as to avoid manual retransmission by the countries which the lines cross; and recognition, in this connection, that it is especially desirable to connect inland countries, by direct land circuits, with the terminal points of submarine cables.

11. The progressive disappearance, save in exceptional cases, of the necessity for urgent telegrams by the amelioration of communication between the Allied and Associated countries.

12.* Recommendation, in the interests of telegraphic communication between the Allied and Associated Powers and in the interests of the telegraphic communications of the world, that the private telegraph companies which do not now adhere to the International Telegraphic Convention should be pressed to do so.

13. Examination of all the reductions in present rates which it may be possible to make for news messages between the Allied and Associated Countries, and especially the possibility of using Government high power radio stations to a greater extent for the distribution of news messages at low rates. The establishment is recommended in the principal communications centers of offices from which members of the press may learn the degree of congestion, if any, existing on various routes.

14. The hastening of all the above measures for diminishing delay with a view to the early reduction, as between the Allied and Associated Countries, of the transmission delays beyond which the charges are reimbursed to the senders, in accordance with the present International Regulations.

15. Administrations should be in a position to prohibit communication by radio between countries by private undertakings without the mutual consent of the Administrations concerned, with a view to maintaining general control of radio in the public interest, and especially with a view to insuring the fullest use of radio for the purposes for which radio alone is suitable.

In particular they should be in a position to prohibit, without the mutual consent of the Administrations concerned, international communication between private establishments which are not open to the general public, and also the reception and use in any one country of messages sent from a transmitting station in another country unless such messages are news messages intended for reception and use in all countries.

* Reservation made on behalf of the Canadian representatives, and reservations made by the American delegation, relating to the proposed combination of the International Telegraph and Radio-telegraph Conventions and Regulations, are attached to the print of the draft of the proposed Convention and Regulations for a Universal Electrical Communications Union. [Footnote in the original.]

574.D1 Subcommittee 2/16

Report of Subcommittee on the EU-F-GB-I Radio Protocol

To the Honorable NORMAN H. DAVIS,
*President of the Preliminary Conference
 on Electrical Communications.*

The Sub-Committee on the EU-F-GB-I Radio Protocol begs to report that it has held fifteen meetings and that it has considered the EU-F-GB-I Radio Protocol of August 25, 1919, together with the modifications and comments put forward by the American Committee appointed by the Secretary of Commerce. It has also considered portions of the Draft Regulations attached to the Draft of the Combined Telegraph Convention and its attached appendices submitted by the British Delegation. It appointed a sub-sub-committee to consider wave lengths and their allocation. This sub-sub-committee held sixteen meetings. The recommendations of this sub-sub-committee have been adopted by the sub-committee No. 2.²⁹

Certain of the recommendations of the sub-committee have been embodied in the revised draft convention and regulations annexed to the report of the sub-committee on Universal Communications Union and Telegraph and Radio Telegraph Conventions. These recommendations deal with the following:

[Here follows a list of twenty-seven recommendations.]

The sub-committee recommends that the annexed appendices³⁰ be attached to the revised draft convention and regulations, namely:

Appendix I. General principles governing the regulation of fixed stations using waves greater than 3050 metres.

Appendix II. Classification of radio waves and distribution of wave lengths to different services.

The sub-committee recommends that the following paragraph be inserted in the draft convention:

[Here follows text of paragraph printed as article 11 of the draft convention, page 154.]

The sub-committee makes the following recommendations:

“The international body which is concerned with the ‘safety of life at sea’ to determine what ships are to be required to carry radio apparatus and the minimum hours of watch which are to be kept. Likewise, this international body should determine the obligations in regard to emergency sets on board ships.

²⁹ In the numerical designation of subcommittees by the Conference, the sub-committee on the EU-F-GB-I Radio Protocol was no. 2.

³⁰ Appendices not printed. See *Universal Electrical Communications Union, Draft of Convention and Regulations* (Washington, Government Printing Office, 1921).

“The international body which is concerned with aerial navigation to determine which aircraft are to be required to carry radio apparatus, and the minimum hours of watch which are to be kept.

“The question of meteorological telegrams will be discussed by the International Meteorological Commission, which met in London commencing at the end of November, 1920. It seems, therefore, that it is the duty of this meteorological Commission to organize a special service regarding meteorological telegrams; and consequently it seems unnecessary for the Preliminary International Conference on Electrical Communications to dwell on this subject except in connection with the wave-lengths and financially with rates.

“The Preliminary International Conference on Electrical Communications express the wish that the Scientific International Organization, which is dealing with time signals, be caused to prepare, as soon as possible, a table, showing automatic time signals and a table showing time signals made by hand, which should be accepted by the nations so as to facilitate the task of mariners who are sailing in all parts of the world.”

The sub-committee's recommendations with regard to the formation of a provisional technical committee are annexed and marked “A.”

The sub-committee's recommendations with regard to the distribution of waves to existing stations are annexed and marked “B.”³³

The recommendations contained in “A” and “B” are for the information of the Five Principal Allied and Associated Powers only.

It should be understood that in connection with the recommendations made by the sub-committee on the EU-F-GB-I Protocol that the powers which have taken part in the present conference reserve the right to propose further modifications.

W. S. BENSON
Chairman

[Annex A]

*Recommendations for the Formation of a Provisional Technical Committee*³⁴

1. A provisional technical committee consisting of representatives from the Five Principal Powers shall be constituted for the purpose of studying the various matters which have been referred to it by the Preliminary International Conference on Electrical Communications.

2. This Provisional Technical Committee shall meet as soon as practicable, at least three months before the International Confer-

³³ Annex B not printed.

³⁴ The bracketed insertions, paragraphs 4 and 5, inadvertently omitted from the English text, have been supplied from the French text.

ence, in order that it may render its report before the meeting of the International Conference.

3. The French Government is requested to take the initiative in calling together this Provisional Technical Committee.

4. The matters which have been referred to the Provisional Technical Committee shall be examined by the administrations [of the five Powers, in order that their representatives may be in possession, so far as possible, when they arrive at the meeting of the Provisional Technical Committee, of the opinions of the various persons using radiotelegraphy in regard to questions which that Committee will discuss.]

[5. This Provisional Technical Committee should consider that it has the right to ask any one of the five administrations] represented on the committee to undertake any experimental works or trials that it considers would be desirable in the interests of the work of the committee.

6. The following is a list of the subjects which are referred to the Provisional Technical Committee:

1. To report upon the classification of waves with the view to making it clear and suitable for actual practical application, amplifying it by—

- (a) Exact definitions.
- (b) A statement of what divergence from these definitions will be tolerated in practice, and
- (c) A statement of how the divergence will be measured and check[ed] in those cases where any doubt is found to exist as to the type of wave that is being emitted by any radio station.

2. To ascertain whether in practice the use by mobile services of the 700 metre damped wave is liable to interfere with the 600 and 800 metre wave, and, if so, how much; and whether it is liable to interfere with continuous waves, using wave lengths in the proximity of 700 metres, and, if so, how much.

3. To recommend a date when the use of the 700 metre damped wave shall be prohibited on mobile stations.

4. To ascertain whether time signals, meteorological telegrams, etc., should be transmitted on specified standard wave lengths, or whether they should be transmitted on any wave length between definite limits.

5. In the consideration of the revision of the definitions of the classes of waves, the technical committee should determine more exactly what privileges will be permitted to each class of waves.

6. To consider what waves radiotelephony should be permitted to use and what interference one would expect on either side of these waves, and particularly to consider the following points:

- (a) To determine whether 350 metres to 450 metres should be reserved exclusively for radiotelephony (except contin-

- uous waves may be used) or whether 200 to 350 metres or 500 to 545 metres should be substituted therefor.
- (b) To endeavor to select a wave for radiotelephony between 600 and 800 metres for mobile stations which would not interfere with existing radiotelegraphic communication.
 - (c) To recommend whether radiotelephony should be permitted in the band between 1500 and 1600 metres.
 - (d) To recommend whether radiotelephony should be permitted for trans-oceanic service on waves between 7000 and 8000 metres.
7. To ascertain whether or not mobile services should be permitted to use the band between 1450 and 1500 metres, sharing this band with the military services.
8. To consider how any special spark apparatus should be examined in practice to ascertain whether any waves emitted by it are sufficiently free from objectionable features to be allowed into Class 2.
9. To study the question of the suppression of undesirable emissions.
10. To elaborate the general principles to govern the working of fixed stations using waves between 3050 metres and 30000 metres and if possible to have definite detailed proposals ready for the International Conference.
11. To determine proper definitions for "normal range" and the "standard of radiation", and to determine means for measuring radiation.
12. To determine a standard of range for radio beacons.
13. To study wave lengths to be employed by radio direction-finders, particularly to study which of the following waves is more suitable, viz: 450, 600, or 800 metres. And to study whether all radio direction-finding stations should be prepared to receive signals for bearings on both 450 and 800 metres.
14. To consider any other technical matters that may arise out of the Conference and any other questions that may be proposed by any of the Five Powers and put forward by their representatives on the committee.

CENTRAL AMERICAN CONFERENCE

Proposal by Salvador, June 24, 1920, for a Conference to Frame a Plan of Union—Attitude of the Governments Regarding the Treaties of 1907—Opening of the Conference at San José, December 4—Attitude of the United States

813.00/965a

The Secretary of State to the Minister in Nicaragua (Jefferson) ²⁴

No. 321

WASHINGTON, June 25, 1920.

SIR: The Department desires to be informed of the exact present status with the Government of Nicaragua of the Treaties concluded

²⁴The same, *mutatis mutandis*, to the representatives in Guatemala, Honduras, and Salvador. A similar instruction was sent on the same date to the consul at San José, Costa Rica.

at the Central American Peace Conference of 1907, held at Washington, which were known as the Conventions of 1907, to which the Government of Nicaragua and the Governments of Costa Rica, Guatemala, Honduras and Salvador were signatory.³⁵

The Department desires you to ascertain whether the Government of Nicaragua, in the case of the general Treaty of Peace and Amity, has ever given notice as provided in Article 19 of that Treaty of its intention to terminate its adherence thereto; and whether, in connection with the Extradition Treaty, Article 15, the Government of Nicaragua has given the notice provided for in that Article of its intention to terminate its adherence to that Treaty; and whether the Government of Nicaragua has taken any action regarding the Convention concerning future Central American Conferences, as provided for in Article 5 of that Convention. The Department also desires you to ascertain whether any measure of any kind has ever been taken by the Government of Nicaragua with a view to terminating its adherence to the Conventions for the Establishment of a Central American Bureau and providing for a Central American Court of Justice, and the Convention known as the Central American Pedagogical Institute.

In addition to the specific information outlined above, you are requested to ascertain the sentiment of the Government of Nicaragua towards these Treaties; and to sound them as to whether they might be inclined to reaffirm their adherence to the Treaties with a view to giving them a renewed and active value.

I am [etc.]

For the Secretary of State:

ALVEY A. ADEE

813.00/965

The Chargé in Salvador (Arnold) to the Secretary of State

No. 638

SAN SALVADOR, *June 25, 1920.*

[Received July 8.]

SIR: Referring to my telegram No. 25 of June 25, 1920, 9 A.M.,³⁶ regarding a circular telegram which was sent June 24th by the Salvadorian Government to the Chancelleries of the Central American Republics inviting them to send delegates to a convention to be held in order to discuss the questions pertaining to the Union of Central America, I have the honor to enclose to the Department a copy of the circular telegram with translation which was published in the *Diario Oficial* of June 24, 1920.

I have [etc.]

FRANK D. ARNOLD

³⁵ For texts of treaties, see *Foreign Relations*, 1907, pt. 2, pp. 692-711.

³⁶ Not printed.

[Enclosure—Circular telegram—Translation ³⁶]

The Salvadoran Minister of Foreign Affairs (Paredes) to the Costa Rican, Guatemalan, Honduran, and Nicaraguan Ministers of Foreign Affairs

SAN SALVADOR, *June 24, 1920.*

MR. MINISTER: Since March 1918, when the legal life of the Central American Court of Justice terminated by virtue of the expiration of the term of 10 years for which it was established as an institution of peace and a high exponent of the principle of arbitration, nothing practical has been done to restore it to the juridical international existence that shed so much credit and lustre on Central America.

Some initiatives have been taken by the various chancelleries of the isthmus and the Central American International Bureau, but they have not prospered, owing, perhaps, to abnormal circumstances, for which the course of events is responsible.

The cessation of the High Tribunal, one of the essential functions of which was that of adjudicating the disagreements arising amongst the nations of Central America, brought about an irregular and uncertain situation as regards the stability and force of the pacts signed in Washington, which, for a decade, served as the cornerstone of Central American public law.

By official declarations made on distinct occasions, my Government has maintained that the termination of the jurisdictional powers of the Central American Court of Justice rendered invalid the General Treaty of Peace and Amity signed in Washington on December 20, 1907, since the Court was not only the most efficient manifestation of the Central American juridical life that the pact proclaimed and maintained, but because it also constituted the activating principle, the necessary complement, to that treaty, with which it formed a homogeneous whole and from which it could not be separated.

But whatever may be the judgment of Your Excellency on this matter, this Ministry believes that the opportunity has arrived to promote the assembling of a Central American Conference, composed of two delegates from each section of the isthmus, for the purpose of examining and expounding the abnormal juridical situation and of framing principles of conduct applicable to the constant relations that our peoples and Governments daily maintain. It will be charged with the revision of the pacts of Washington, taking into account such amendments, amplifications, and deletions as may be suggested by circumstances and experience, and with the full re-establishment of arbitration as the only patriotic means of settling our possible differences, entrusting that high mission to a genuinely

³⁶ File translation revised.

Central American tribunal. All these are high and noble aspirations, deeply rooted in the Central American national conscience.

In addition, the Conference will have full jurisdiction to settle the following problems that so deeply affect the future of these nations:

1. Unification of the Constitutional text and body of substantive laws;
2. Unification of secondary and professional education;
3. Uniformity of customs duties, both frontier and maritime, and free interchange of Central American products;
4. Unification of moneys, weights and measures, etc.;
5. Adoption of a common national coat-of-arms and flag; and
6. Extradition, with expeditious means of carrying it into effect.

Settlement of these and other matters, proper to the Conference, would result in establishing, in an effective manner, the permanent basis for the future realization of the union of these sister nations. If, once and for all, laws can be passed drawing us together in economic and administrative respects, then the political union would be but the necessary and indispensable complement to that most laudable effort.

There is now a spirit of fraternity and good will amongst the people of Central America, propitious for the development of efforts leading to the attainment of the highest end of patriotism, namely, the union of Central America.

The delegates should bring to the Conference appropriate and ample instructions from their Governments, in order that, by giving special attention to this subject, their efforts may lead to the study, development, and exposition of a plan of union, designed on principles of truth and justice with a view to creating a common politico-administrative life answering to the changeless aspiration of the nations and the ardent Central American sentiment that manifests itself spontaneously among all the groups and classes of our social organism.

My Government has followed with lively interest the Unionist movement in the various Central American regions, and judges it to be a supreme obligation of the directing powers of the five sections, in the historic moment that we are now passing through, to cooperate in an effective and practical way for the realization of such noble desires.

Thus, in a simple form, but of incalculable and transcendent importance, the Conference, by its preliminary labors in forging juridical bonds of unification and reciprocity, would place the principle of union on a solid and definite foundation; by formulating the plan of the Central American Union it would satisfy conscientiously and judiciously the highest and loftiest aspiration of the national sentiment of the people of the isthmus, producing a stable project in

accordance with which the Governments may complete, without effort, the work of union.

I submit, then, for the consideration of Your Excellency's illustrious Government, the expediency of the summoning of a Central American Conference of plenipotentiaries clothed with full powers to study, consider, and carry out the ample program that I briefly set forth, the seat of which Conference would be any one of our capital cities.

With respect to this, my Government would consider with pleasure the designation of San Salvador, but, of course, manifests the desire to agree, through its delegates, on the Central American capital that the majority of Governments may determine.

As to the date of the meeting of the Central American Conference, it might be set as the 15th of September next, with a view to allowing sufficient time to do the preliminary work and to come to an understanding on the objects of the present movement.

I beg Your Excellency to have the kindness to transmit the valued opinion of your illustrious Government in relation to the points comprised in this note, making at the same time any suggestions which it may believe advantageous for the best success of the ends in view.

I assure [etc.]

JUAN FRAN^{co}. PAREDES

813.00/980

The Consul at San José (Chase) to the Secretary of State

No. 819

SAN JOSÉ, July 27, 1920.

[Received August 10.]

SIR: I have the honor to acknowledge the receipt on July 25th., of Department's instruction dated June 25, 1920, (no file number) inquiring as to the exact present status with the Government of Costa Rica of the Treaties concluded at the Central American Peace Conference of 1907.

Costa Rica has never at any time given any notice of an intention to terminate any of said Treaties or Conventions and there is no present intention of doing so.

In reply to the invitation sent to the other Central American Republics by El Salvador to meet to reconsider said Treaties the Government of Costa Rica accepted the invitation and made the suggestion of a desire to make provision for combining the diplomatic and consular corps so that one individual would serve for the entire five Republics in each post. (See my despatch No. 812, dated July 8, 1920,⁸⁸ for the text of the reply).

My information is that the Government of Costa Rica desires to adhere to all of the fundamentals of the various Treaties and Con-

⁸⁸ Not printed.

ventions and, while possibly advocating some changes as a result of the past experience, will stand for revivifying and putting all of them into active force just as they are rather than have any of them fail. It may be the representatives at the conference called by El Salvador will advocate the selection of jurists as judges for the Court of Justice.

Not only the present Government of Costa Rica but the people in general seem well disposed towards these treaties. Evidence of this is that they are not referred to in the press and no one has published a pamphlet or circular against them, as is the custom here on all questions on which opinions differ.

As showing the attitude of the Costa Rican Congress on the question of closer relations between the Central American Republics, Article 9, of the Law making some tariff changes as reported July 9, 1920,³⁹ is quoted, in translation:

“ARTICLE 9. The Executive is authorized to make treaties with the Governments of Central America for free trade and for the formation of a Central American merchant fleet to trade along their coasts. The ships that Costa Rica would have to place in said fleet may be national or may belong to national Companies subsidized or aided in their formation by the State, the Executive being hereby authorized to proceed to the formation of her part in the fleet referred to.”

Provisions were made for some students from other Central American Republics at the Costa Rican Normal School at Heredia, under the provisions of the Convention known as the Central American Pedagogical Institute, and some were in attendance until the *coup d'état* of January 27, 1917,⁴⁰ but all then left the country. None have returned since the restoration of law and order.

I have [etc.]

BENJAMIN F. CHASE

813.00/992

The Minister in Nicaragua (Jefferson) to the Secretary of State

No. 859

MANAGUA, August 20, 1920.

[Received September 16.]

SIR: I have the honor to acknowledge the receipt of the Department's No. 321 of June 25, 1920 requesting information as to the exact present status with the Government of Nicaragua of the Treaties concluded at the Central American Peace Conference of 1907 and known as the Conventions of 1907.

For the information of the Department I have the honor to enclose herewith copy of a Memorandum⁴¹ requesting the information

³⁹ Consular report of July 9 not printed.

⁴⁰ See *Foreign Relations*, 1917, pp. 301 ff.

⁴¹ Not printed.

desired by the Department which was handed to the Sub-Secretary in charge of the Ministry for Foreign Affairs on August 18th; and also copy and translation of a Memorandum of August 19th from the Foreign Office in reply to the Legation's Memorandum.

I have [etc.]

BENJAMIN L. JEFFERSON

[Enclosure—Translation ⁴²]

The Nicaraguan Ministry of Foreign Affairs to the American Legation

Nicaragua considers in force the treaties celebrated in Washington in 1907, generally known as the Central American Conventions of Washington, which were signed by the five Republics of the isthmus, with the sole exception of the convention on "Future Central American Conferences" whose duration was for five years and which was denounced by Nicaragua December 16, 1913, and of the convention creating the Central American Court of Justice, which established a definite period of duration of ten years, which also was denounced by Nicaragua March 11, 1917.⁴³ This latter treaty, by clearly and definitely specifying its duration, would of itself have been incapable of duration at the expiration of the period indicated in it without the necessity of any special denouncement or measure to that effect.

II

Nicaragua considers in force in all its parts the General Central American Treaty of Peace and Amity signed in 1907, and since it has not been its intention to declare it not in force on its part, it has not used to date the right which article 19 of said treaty grants to it.

Thus on several occasions it has been brought to the attention of the Government of Salvador in the controversy with respect to the period of enforcement of that convention that on the part of Nicaragua it has been complied with and is being complied with in each and every one of its clauses.

III

The Government of Nicaragua has not made use of the right which article 15 of the Central American Extradition Treaty of 1907 concedes to it and therefore considers it in force in all of its parts.

IV

As was said at the beginning, the Government of Nicaragua, making use of the right which article 5 of the convention on "Future

⁴² File translation revised.

⁴³ See *Foreign Relations, 1917*, p. 30.

Central American Conferences" concedes to it, denounced this convention December 16, 1913.

V

Nicaragua has not made any move to terminate or to consider not in force the Central American treaties relative to the Central American International Bureau and to the creation of a Central American Pedagogical Institute, and only, as has been said in paragraphs I and IV of this memorandum, has denounced the treaty relative to the creation of the Central American Court of Justice, on March 11, 1917, and the treaty on the future conferences, on December 16, 1913.

MANAGUA, August 19, 1920.

813.00/990

The Minister in Guatemala (McMillin) to the Secretary of State

No. 88

GUATEMALA, August 25, 1920.

[Received September 14.]

SIR: With reference to your unnumbered instruction of June 25th in which you ask for information concerning the status of the treaties and conventions signed in Washington on the 20th day of December, 1907 by the five Central American States, and in which you ask whether the Government of Guatemala had taken any steps to denounce said treaties, I have the honor to inform you that this Legation is in receipt of a note from the Foreign Office which says, *inter alia*,

"Concerning the meaning of article 19 of the Treaty of Peace there were different ideas: some Central American Governments believed that the pact should cease to exist by the mere expiration of the ten years; others were of the opinion that the treaties and conventions signed in December 1907, should be considered to be in full force and effect for the reason that the special notice provided for by article 19 had not been given. The International Bureau considered it to be of the highest importance that the Treaty should be prolonged by a declaration with reference to its validity, or otherwise, that the countries should proceed to the negotiation of a new treaty.

With reference to article 19 of the General Treaty of Peace, I am happy to inform your Excellency that my Government has given no notice of its intention to denounce it; and with reference to article 15 of the Treaty of Extradition, Guatemala has not expressed its desire to be no longer bound by said treaty.

Concerning the conferences to treat the question of the union of Central America, the Government of Guatemala accepted, in principle, the proposal of the Government of Salvador, and suggested to the latter the feasibility of authorizing the Central Ameri-

can International Bureau to formulate the program for said conferences together with the time and place of holding them."

I have [etc.]

BENTON McMILLIN

813.00/985 : Telegram

The Secretary of State to the Chargé in Salvador (Arnold)

WASHINGTON, September 13, 1920—6 p.m.

17. Report by cable whether proposed Central American Conference is to be held September 15. Advise Department also whether the Government of Salvador has reached, as yet, any agreement with the Governments of the other Central American Republics regarding the program to be considered at this Conference.

COLBY

813.00/989 : Telegram

The Chargé in Salvador (Arnold) to the Secretary of State

SAN SALVADOR, September 14, 1920—2 p.m.

[Received September 15—2:11 a.m.]

32. Department's telegram 17, September 13th, 6 p.m. Proposed conference will not be held September 15th. Guatemala, Honduras, Costa Rica and Salvador have agreed to place in the hands of the Central American International Bureau in Guatemala, the formation of the program of the Conference as well as the fixing of the date and place of the proposed conference. Nicaragua's agreement still lacking.

ARNOLD

813.00/1001 : Telegram

The Chargé in Salvador (Arnold) to the Secretary of State

SAN SALVADOR, October 15, 1920—9 a.m.

[Received October 16—3:10 a.m.]

24. Central American International Bureau has fixed December 1st, 1920 as date of meeting of Central American Conference at San José, Costa Rica.

ARNOLD

813.00/1010 : Telegram

The Chargé in Guatemala (Goold) to the Secretary of State

GUATEMALA, November 8, 1920—5 p.m.

[Received November 9—1:10 p.m.]

149. Conference of plenipotentiaries of five Central American States will take place at San José, Costa Rica, December 1st,⁴⁴ to

⁴⁴The conference convened Dec. 4.

discuss projected union; Guatemalan Government in favor of the creation of some form of union or confederation, provided, that this can be done with the approval [of] the Government of the United States. This Government believes that all other Central American Governments with possible exception of that of Salvador are in favor of union. Majority of people of all states are in favor of union.

Guatemalan representatives to be named shortly and expect to leave on the 13th instant. To enable him to give said delegates instructions to guide their actions at the conference, Foreign Minister would like a statement of the views of the United States Government as soon as possible.

GOOLD

813.00/1010 : Telegram

The Secretary of State to the Chargé in Guatemala (Goold)

WASHINGTON, November 18, 1920—5 p.m.

78. Your November 8, 5 p.m. You may inform Minister for Foreign Affairs that this Government can only express itself in general terms as disposed to regard with friendly favor any decisions which represent unmistakably the free choice and unforced judgment of the people of Central America and clearly reflect their mature judgment as to their national and mutual interests. We are, however, clearly of opinion that the conference might profitably consider a general treaty of peace providing for the arbitration of disputes and for the improvement and development of communications. A permanent committee composed of representatives of all the Republics and empowered to consider such questions would undoubtedly prove beneficial.

COLBY

813.00/1032 : Telegram

The Acting Secretary of State to the Chargé in Costa Rica (Martin)

WASHINGTON, December 22, 1920—3 p.m.

39. Your 21, December 17, 6 p.m.⁴⁵

Department informed that the delegates at the Conference are desirous of inserting a provision in the proposed treaty of union subjecting to arbitration the judgments of the Central American Court of Justice in the matter of the Bryan-Chamorro Treaty.⁴⁶ Please

⁴⁵ Not printed.

⁴⁶ For text of the Bryan-Chamorro treaty, signed Aug. 5, 1914, see *Foreign Relations*, 1916, pp. 849-851; for the judgments of the Central American Court of Justice relating thereto, see *ibid.*, pp. 862-886, and *ibid.*, 1917, pp. 1101-1104.

send by cable, if you have not done so, copies of any resolutions relating to this matter introduced at the conference. Report by telegraph whatever information you are able to obtain regarding attitude of the conference towards recognition of the Bryan-Chamorro Treaty.

ADEE

813.00/1037 : Telegram

The Chargé in Costa Rica (Martin) to the Acting Secretary of State

SAN JOSÉ, December 23, 1920—3 p.m.

[Received December 25—7 p.m.]

22. Department's 39, December 22, 3 p.m. Sessions of conference are secret and absolute reserve is being maintained by delegates. It is therefore impossible for this Legation to procure at the present moment copies of resolutions mentioned by the Department particularly as one of the [Nicaraguan] delegates to the [conference] Ramón Castillo sailed yesterday for Managua for the purpose of inducing his Government to modify its instructions.

Although there has been no break in the proceedings of the conference I understand that an acute difference has arisen on the point of the Bryan-Chamorro treaty. Due to the absence of the Nicaraguan Chargé d'Affaires who is ill in Punta Arenas, details of the discussion now unavailable but I am informed that the Nicaraguan delegates submitted resolution that the Bryan-Chamorro treaty be recognized in all its effects and consequences. The other delegations objected to mentioning the treaty by name and suggested as a counter-proposal that all treaties to which states of Central America are parties should be respected and that said states pledge themselves to "try" to settle by arbitration all territorial and boundary questions. The latter clause evidently includes in the scope of its provisions the matter of the Gulf of Fonseca.⁴⁷ Copies of resolutions could be obtained through Managua Legation. Unless present Government [of] Nicaragua recedes from its position or new administration accepts compromise resolution, conference will probably dissolve.

MARTIN

813.00/1038 : Telegram

The Chargé in Costa Rica (Martin) to the Acting Secretary of State

SAN JOSÉ, December 29, 1920—5 p.m.

[Received December 31—10:40 a.m.]

24. My telegram number 22, December 23, 3 p.m. Latest resolution proposed by conference provides substantially that pending

⁴⁷ See art. II of the Bryan-Chamorro treaty, *Foreign Relations*, 1916, p. 850.

diplomatic negotiations for their modification all existing treaties shall be binding upon federation and that future treaties growing out of contractual obligations of any one state shall require the sanction of the central government.

The text of the foregoing resolution has been communicated to the Government of Nicaragua for approval and will be embodied in the pact of union which according to reliable information will be signed this week irrespective of action of Nicaragua.

MARTIN

CONVENTION FOR THE CONTROL OF THE TRADE IN ARMS AND AMMUNITION, SEPTEMBER 10, 1919

511.3B1/1a : Telegram

The Acting Secretary of State to the Commission to Negotiate Peace

WASHINGTON, *September 8, 1919—6 p.m.*

3059. Department has been informed by British Embassy that His Majesty's Government have received reports that Venezuela desires to purchase aeroplanes with bombs and ammunition. The Embassy states that His Majesty's Government presume that in view of the approaching signature of the Arms Traffic Convention that this Government would not be disposed to permit the exportation of armaments to Venezuela. Embassy adds that His Majesty's Government are of opinion that it would be desirable that the action of all the governments concerned should be the same and they inquire whether this Government agrees with the view indicated.

The Department would be glad to be informed as to the present status of this Convention. If the final text has been agreed upon, kindly forward summary of its provisions.

PHILLIPS

511.3B1/3

The Secretary General of the Commission to Negotiate Peace (Grew) to the Secretary of State

PARIS, *September 13, 1919.*

[Received September 29.]

SIR: Referring to Department's telegram No. 3059, September 8th, 1919, 6 p.m., and Mission's reply thereto,⁴⁸ I have the honor to inclose one copy each of the convention regarding Traffic in Arms and Munitions signed at St. Germain on September 10, 1919, and a protocol on the same subject, signed by representatives of the High

⁴⁸ Reply not printed.

Contracting Parties at St. Germain on September 10, 1919. The inclosed copies are proof sheets of the convention and protocol, which are being forwarded in advance of the final copies which will go forward in due course.⁴⁹

I inclose also proof sheet of the convention on Traffic in Liquors, signed at St. Germain on September 10, 1919.⁵⁰

I have [etc.]

J. C. GREW

Unperfected Treaty No. Y-9

*Convention for the Control of the Trade in Arms and Ammunition, and Protocol, Signed at Saint-Germain-en-Laye and Paris September 10, 1919*⁵¹

[Translation]

THE UNITED STATES OF AMERICA, BELGIUM, BOLIVIA, THE BRITISH EMPIRE, CHINA, CUBA, ECUADOR, FRANCE, GREECE, GUATEMALA, HAITI, THE HEDJAZ, ITALY, JAPAN, NICARAGUA, PANAMA, PERU, POLAND, PORTUGAL, ROUMANIA, THE SERB-CROAT-SLOVENE STATE, SIAM AND CZECHO-SLOVAKIA;

Whereas the long war now ended, in which most nations have successively become involved, has led to the accumulation in various parts of the world of considerable quantities of arms and munitions of war, the dispersal of which would constitute a danger to peace and public order;

Whereas in certain parts of the world it is necessary to exercise special supervision over the trade in, and the possession of, arms and ammunition;

Whereas the existing treaties and conventions, and particularly the Brussels Act of July 2, 1890,⁵² regulating the traffic in arms and ammunition in certain regions, no longer meet present conditions, which require more elaborate provisions applicable to a wider area in Africa and the establishment of a corresponding régime in certain territories in Asia;

Whereas a special supervision of the maritime zone adjacent to certain countries is necessary to ensure the efficacy of the measures adopted by the various Governments both as regards the importation of arms and ammunition into those countries and the export of such arms and ammunition from their own territory;

⁴⁹ Enclosure not printed; for final text of this convention and protocol, see *infra*.

⁵⁰ Enclosure not printed; for final text of this convention, see *Treaties* (S. Doc. 348, 67th Cong., 4th sess.), vol. III, p. 3746. On the same date there was also signed a convention revising the general act of Berlin, Feb. 26, 1885, and the general act and declaration of Brussels, July 2, 1890, *ibid.*, p. 3739.

⁵¹ In French only; the translation here printed, with the exception of slight changes in names and signatures to conform to the certified French text, is that published *ibid.*, p. 3752.

⁵² For text, see Malloy, *Treaties*, vol. II, p. 1964.

And with the reservation that, after a period of seven years, the present Convention shall be subject to revision in the light of the experience gained, if the Council of the League of Nations, acting if need be by a majority, so recommends;

Have appointed as their Plenipotentiaries :

THE PRESIDENT OF THE UNITED STATES OF AMERICA :

The Honourable Frank Lyon Polk, Under-Secretary of State;
The Honourable Henry White, formerly Ambassador Extraordinary and Plenipotentiary of the United States at Rome and Paris;
General Tasker H. Bliss, Military Representative of the United States on the Supreme War Council;

HIS MAJESTY THE KING OF THE BELGIANS :

M. Paul Hymans, Minister for Foreign Affairs, Minister of State;
M. Jules van den Heuvel, Envoy Extraordinary and Minister Plenipotentiary of His Majesty the King of the Belgians, Minister of State;
M. Emile Vandervelde, Minister of Justice, Minister of State;

THE PRESIDENT OF THE REPUBLIC OF BOLIVIA :

M. Ismail Montes, Envoy Extraordinary and Minister Plenipotentiary of Bolivia at Paris;

HIS MAJESTY THE KING OF THE UNITED KINGDOM OF GREAT BRITAIN AND IRELAND AND OF THE BRITISH DOMINIONS BEYOND THE SEAS, EMPEROR OF INDIA :

The Right Honourable Arthur James Balfour, O.M., M.P., His Secretary of State for Foreign Affairs;
The Right Honourable Andrew Bonar Law, M.P., His Lord Privy Seal;
The Right Honourable Viscount Milner, G.C.B., G.C.M.G., His Secretary of State for the Colonies;
The Right Honourable George Nicoll Barnes, M.P., Minister without Portfolio.

And

for the **DOMINION OF CANADA :**

The Honourable Sir Albert Edward Kemp, K.C.M.G., Minister of the Overseas Forces;

for the **COMMONWEALTH OF AUSTRALIA :**

The Honourable George Foster Pearce, Minister of Defence;

for the **UNION OF SOUTH AFRICA :**

The Right Honourable Viscount Milner, G.C.B., G.C.M.G.;

for the **DOMINION OF NEW ZEALAND :**

The Honourable Sir Thomas Mackenzie, K.C.M.G., High Commissioner for New Zealand in the United Kingdom;

for **INDIA :**

The Right Honourable Baron Sinha, K.C., Under-Secretary of State for India;

THE PRESIDENT OF THE CHINESE REPUBLIC:

M. Lou Tseng-Tsiang, Minister for Foreign Affairs;
M. Chengting Thomas Wang, formerly Minister of Agriculture and Commerce;

THE PRESIDENT OF THE CUBAN REPUBLIC:

M. Antonio Sanchez de Bustamante, Dean of the Faculty of Law in the University of Havana, President of the Cuban Society of International Law;

THE PRESIDENT OF THE REPUBLIC OF ECUADOR:

M. Dorn y de Alsua, Envoy Extraordinary and Minister Plenipotentiary of Ecuador at Paris;

THE PRESIDENT OF THE FRENCH REPUBLIC:

M. Georges Clemenceau, President of the Council, Minister of War;
M. Stephen Pichon, Minister for Foreign Affairs;
M. Louis-Lucien Klotz, Minister of Finance;
M. André Tardieu, Commissary-General for Franco-American Military Affairs;
M. Jules Cambon, Ambassador of France;

HIS MAJESTY THE KING OF THE HELLENES:

M. Nicolas Politis, Minister for Foreign Affairs;
M. Athos Romanos, Envoy Extraordinary and Minister Plenipotentiary to the French Republic;

THE PRESIDENT OF THE REPUBLIC OF GUATEMALA:

M. Joaquim Mendez, formerly Minister of State for Public Works and Public Instruction, Envoy Extraordinary and Minister Plenipotentiary of Guatemala at Washington, Envoy Extraordinary and Minister Plenipotentiary on Special Mission at Paris;

THE PRESIDENT OF THE REPUBLIC OF HAÏTI:

M. Tertullien Guilbaud, Envoy Extraordinary and Minister Plenipotentiary of Haïti to Ecuador;

HIS MAJESTY THE KING OF THE HEDJAZ:

M. Rustem Haidar;
M. Abdul Hadi Aouni;

HIS MAJESTY THE KING OF ITALY:

The Honourable Tommaso Tittoni, Senator of the Kingdom, Minister for Foreign Affairs;
The Honourable Vittorio Scialoja, Senator of the Kingdom;
The Honourable Maggiorino Ferraris, Senator of the Kingdom;
The Honourable Guglielmo Marconi, Senator of the Kingdom;
The Honourable Silvio Crespi, Deputy;

HIS MAJESTY THE EMPEROR OF JAPAN:

Viscount Chinda, Ambassador Extraordinary and Plenipotentiary of H. M. the Emperor of Japan at London;
M. K. Matsui, Ambassador Extraordinary and Plenipotentiary of H. M. the Emperor of Japan at Paris;
M. H. Ijuin, Ambassador Extraordinary and Plenipotentiary of H. M. the Emperor of Japan at Rome;

THE PRESIDENT OF THE REPUBLIC OF NICARAGUA:

M. Salvador Chamorro, President of the Chamber of Deputies;

THE PRESIDENT OF THE REPUBLIC OF PANAMA:

M. Antonio Burgos, Envoy Extraordinary and Minister Plenipotentiary of Panama at Madrid;

THE PRESIDENT OF THE REPUBLIC OF PERU:

M. Carlos G. Candamo, Envoy Extraordinary and Minister Plenipotentiary of Peru at Madrid;

THE PRESIDENT OF THE POLISH REPUBLIC:

M. Ignace J. Paderewski, President of the Council of Ministers, Minister for Foreign Affairs;

M. Roman Dmowski, President of the Polish National Committee;

THE PRESIDENT OF THE PORTUGUESE REPUBLIC:

Dr. Affonso da Costa, formerly President of the Council of Ministers;

Dr. Augusto Luiz Vieira Soares, formerly Minister for Foreign Affairs;

HIS MAJESTY THE KING OF ROUMANIA:

M. Nicolas Misu, Envoy Extraordinary and Minister Plenipotentiary of Roumania at London;

Dr. Alexander Vaida-Voevod, Minister without Portfolio;

HIS MAJESTY THE KING OF THE SERBS, THE CROATS, AND THE SLOVENES:

M. N. P. Pachitch, formerly President of the Council of Ministers;

M. Ante Trumbic, Minister for Foreign Affairs;

M. Ivan Zolger, Doctor of Law;

HIS MAJESTY THE KING OF SIAM:

His Highness Prince Charoon, Envoy Extraordinary and Minister Plenipotentiary of H. M. the King of Siam at Paris;

His Serene Highness Prince Traidos Prabandhu, Under-Secretary of State for Foreign Affairs;

THE PRESIDENT OF THE CZECHO-SLOVAK REPUBLIC:

M. Charles Kramář, President of the Council of Ministers;

M. Edouard Beneš, Minister for Foreign Affairs;

Who, having communicated their full powers found in good and due form,

Have agreed as follows:

CHAPTER I. *Export of Arms and Ammunition*

ARTICLE 1

The High Contracting Parties undertake to prohibit the export of the following arms of war: artillery of all kinds, apparatus for the discharge of all kinds of projectiles explosive or gas-diffusing, flame-throwers, bombs, grenades, machine-guns and rifled small-bore breech-loading weapons of all kinds, as well as the exportation of the ammunition for use with such arms. The prohibition of exportation

shall apply to all such arms and ammunition, whether complete or in parts.

Nevertheless, notwithstanding this prohibition, the High Contracting Parties reserve the right to grant, in respect of arms whose use is not prohibited by International Law, export licences to meet the requirements of their Governments or those of the Government of any of the High Contracting Parties, but for no other purpose.

In the case of firearms and ammunition adapted both to warlike and also to other purposes, the High Contracting Parties reserve to themselves the right to determine from the size, destination, and other circumstances of each shipment for what uses it is intended and to decide in each case whether the provisions of this Article are applicable to it.

ARTICLE 2

The High Contracting Parties undertake to prohibit the export of firearms and ammunition, whether complete or in parts, other than arms and munitions of war, to the areas and zone specified in Article 6.

Nevertheless, notwithstanding this prohibition, the High Contracting Parties reserve the right to grant export licences on the understanding that such licences shall be issued only by their own authorities. Such authorities must satisfy themselves in advance that the arms or ammunition for which an export licence is requested are not intended for export to any destination, or for disposal in any way, contrary to the provisions of this Convention.

ARTICLE 3

Shipments to be effected under contracts entered into before the coming into force of the present Convention shall be governed by its provisions.

ARTICLE 4

The High Contracting Parties undertake to grant no export licences to any country which refuses to accept the tutelage under which it has been placed, or which, after having been placed under the tutelage of any Power, may endeavour to obtain from any other Power any of the arms or ammunition specified in Articles 1 and 2.

ARTICLE 5

A Central International Office, placed under the control of the League of Nations, shall be established for the purpose of collecting

and preserving documents of all kinds exchanged by the High Contracting Parties with regard to the trade in, and distribution of, the arms and ammunition specified in the present Convention.

Each of the High Contracting Parties shall publish an annual report showing the export licences which it may have granted, together with the quantities and destination of the arms and ammunition to which the export licences referred. A copy of this report shall be sent to the Central International Office and to the Secretary-General of the League of Nations.

Further, the High Contracting Parties agree to send to the Central International Office and to the Secretary-General of the League of Nations full statistical information as to the quantities and destination of all arms and ammunition exported without licence.

CHAPTER II. *Import of Arms and Ammunition. Prohibited Areas and Zone of Maritime Supervision*

ARTICLE 6

The High Contracting Parties undertake, each as far as the territory under its jurisdiction is concerned, to prohibit the importation of the arms and ammunition specified in Articles 1 and 2 into the following territorial areas, and also to prevent their importation and transportation in the maritime zone defined below:

1. The whole of the Continent of Africa with the exception of Algeria, Libya and the Union of South Africa.

Within this area are included all islands situated within a hundred nautical miles of the coast, together with Prince's Island, St. Thomas Island and the Islands of Annobon and Socotra.

2. Transcaucasia, Persia, Gwadar, the Arabian Peninsula and such continental parts of Asia as were included in the Turkish Empire on August 4[1st], 1914.

3. A maritime zone, including the Red Sea, the Gulf of Aden, the Persian Gulf and the Sea of Oman, and bounded by a line drawn from Cape Guardafui, following the latitude of that cape to its intersection with longitude 57° east of Greenwich, and proceeding thence direct to the eastern frontier of Persia in the Gulf of Oman.

Special licenses for the import of arms or ammunition into the areas defined above may be issued. In the African area they shall be subject to the regulations specified in Articles 7 and 8 or to any local regulations of a stricter nature which may be in force. In the other areas specified in the present Article, these licences shall be subject to similar regulations put into effect by the Governments exercising authority there.

CHAPTER III. *Supervision on Land*

ARTICLE 7

Arms and ammunition imported under special licence into the prohibited areas shall be admitted only at ports designated for this purpose by the Authorities of the State, Colony, Protectorate or territory under mandate concerned.

Such arms and ammunition must be deposited by the importer at his own risk and expense in a public warehouse under the exclusive custody and permanent control of the Authority and of its agents, of whom one at least must be a civil official or a military officer. No arms or ammunition shall be deposited or withdrawn without the previous authorisation of the administration of the State, Colony, Protectorate or territory under mandate, unless the arms and ammunition to be deposited or withdrawn are intended for the forces of the Government or the defence of the national territory.

The withdrawal of arms or ammunition deposited in these warehouses shall be authorised only in the following cases:—

1. For despatch to places designated by the Government where the inhabitants are allowed to possess arms, under the control and responsibility of the local Authorities, for the purpose of defence against robbers or rebels.

2. For despatch to places designated by the Government as warehouses and placed under the supervision and responsibility of the local Authorities.

3. For individuals who can show that they require them for their legitimate personal use.

ARTICLE 8

In the prohibited areas specified in Article 6, trade in arms and ammunition shall be placed under the control of officials of the Government and shall be subject to the following regulations:

1. No person may keep a warehouse for arms or ammunition without a licence.

2. Any person licensed to keep a warehouse for arms or ammunition must reserve for that special purpose enclosed premises having only one entry, provided with two locks, one of which can be opened only by the officers of the Government.

The person in charge of a warehouse shall be responsible for all arms or ammunition deposited therein and must account for them on demand. For this purpose all deposits or withdrawals shall be entered in a special register, numbered and initialled. Each entry shall be supported by references to the official documents authorising such deposits or withdrawals.

3. No transport of arms or ammunition shall take place without a special licence.

4. No withdrawal from a private warehouse shall take place except under licence issued by the local Authority on an application stating the purpose for which the arms or ammunition are required, and supported by a licence to carry arms or by a special permit for the purchase of ammunition. Every arm shall be registered and stamped; the Authority in charge of the control shall enter on the licence to carry arms the mark stamped on the weapon.

5. No one shall without authority transfer to another person either by gift or for any consideration any weapon or ammunition which he is licensed to possess.

ARTICLE 9

In the prohibited areas and zone specified in Article 6 the manufacture and assembling of arms, or ammunition shall be prohibited, except at arsenals established by the local Government or, in the case of countries placed under tutelage, at arsenals established by the local Government, under the control of the mandatory Power, for the defence of its territory or for the maintenance of public order.

No arms shall be repaired except at arsenals or establishments licensed by the local Government for this purpose. No such licence shall be granted without guarantees for the observance of the rules of the present Convention.

ARTICLE 10

Within the prohibited areas specified in Article 6, a State which is compelled to utilise the territory of a contiguous State for the importation of arms or ammunition, whether complete or in parts, or of material or of articles intended for armament, shall be authorised on request to have them transported across the territory of such State.

It shall, however, when making any such request, furnish guarantees that the said articles are required for the needs of its own Government, and will at no time be sold, transferred or delivered for private use nor used in any way contrary to the interests of the High Contracting Parties.

Any violation of these conditions shall be formally established in the following manner:—

(a) If the importing State is a sovereign independent Power, the proof of the violation shall be advanced by one or more of the Representatives accredited to it of contiguous States among the High Contracting Parties. After the Representatives of the other contiguous States have, if necessary, been informed, a joint enquiry

into the facts by all these Representatives will be opened, and if need be, the importing State will be called upon to furnish explanations. If the gravity of the case should so require, and if the explanations of the importing State are considered unsatisfactory, the Representatives will jointly notify the importing State that all transit licences in its favor are suspended and that all future requests will be refused until it shall have furnished new and satisfactory guarantees.

The forms and conditions of the guarantees provided by the present Article shall be agreed upon previously by the Representatives of the contiguous States among the High Contracting Parties. These Representatives shall communicate to each other, as and when issued, the transit licences granted by the competent authorities.

(b) If the importing State has been placed under the mandatory system established by the League of Nations, the proof of the violation shall be furnished by one of the High Contracting Parties or on its own initiative by the Mandatory Powers. The latter shall then notify or demand, as the case may be, the suspension and future refusal of all transit licences.

In cases where a violation has been duly proved, no further transit licence shall be granted to the offending State without the previous consent of the Council of the League of Nations.

If any proceedings on the part of the importing State or its disturbed condition should threaten the public order of one of the contiguous State signatories of the present Convention, the importation in transit of arms, ammunition, material and articles intended for armament shall be refused to the importing State by all the contiguous States until order has been restored.

CHAPTER IV. *Maritime Supervision*

ARTICLE 11

Subject to any contrary provisions in existing special agreements, or in future agreements, provided that in all cases such agreements comply with the provisions of the present Convention, the sovereign State or Mandatory Power shall carry out all supervision and police measures within territorial waters in the prohibited areas and zone specified in Article 6.

ARTICLE 12

Within the prohibited areas and maritime zone specified in Article 6, no native vessel of less than 500 tons burden shall be allowed to ship, discharge, or tranship arms or ammunition.

For this purpose, a vessel shall be considered as a native vessel if she is either owned by a native, or fitted out or commanded by a native, or if more than half of the crew are natives of the countries bordering on the Indian Ocean, the Red Sea, the Persian Gulf, or the Gulf of Oman.

This provision does not apply to lighters or barges, nor to vessels which, without going more than five miles from the shore, are engaged exclusively in the coasting trade between different ports of the same State, Colony, Protectorate or territory under mandate, where warehouses are situated.

No cargoes of arms or ammunition shall be shipped on the vessels specified in the preceding paragraph without a special licence from the territorial authority, and all arms or ammunition so shipped shall be subject to the provisions of the present Convention.

This licence shall contain all details necessary to establish the nature and quantity of the items of the shipment, the vessel on which the shipment is to be loaded, the name of the ultimate consignee, and the ports of loading and discharge. It shall also be specified thereon that the licence has been issued in conformity with the regulations of the present Convention.

The above regulations do not apply:

1. To arms or ammunition conveyed on behalf of the Government, provided that they are accompanied by a duly qualified official.
2. To arms or ammunition in the possession of persons provided with a licence to carry arms, provided such arms are for the personal use of the bearer and are accurately described on his licence.

ARTICLE 13

To prevent all illicit conveyance of arms or ammunition within the zone of maritime supervision specified in Article 6 (3), native vessels of less than 500 tons burden not exclusively engaged in the coasting trade between different ports of the same State, Colony, Protectorate or territory under mandate, not going more than five miles from the shore, and proceeding to or from any point within the said zone, must carry a manifest of their cargo or similar document specifying the quantities and nature of the goods on board, their origin and destination. This document shall remain covered by the secrecy to which it is entitled by the law of the State to which the vessel belongs, and must not be examined during the proceedings for the verification of the flag unless the interested party consents thereto.

The provisions as to the above-mentioned documents shall not apply to vessels only partially decked, having a maximum crew of ten men, and exclusively employed in fishing within territorial waters.

ARTICLE 14

Authority to fly the flag of one of the High Contracting Parties within the zone of maritime supervision specified in Article 6 (3) shall be granted only to such native vessels as satisfy all the three following conditions:

1. The owners must be nationals of the Power whose flag they claim to fly.

2. They must furnish proof that they possess real estate in the district of the authority to which their application is addressed, or must supply a solvent security as a guarantee for any fines to which they may become liable.

3. Such owners, as well as the captain of the vessel, must furnish proof that they enjoy a good reputation, and especially that they have never been convicted of illicit conveyance of the articles referred to in the present Convention.

The authorisation must be renewed every year. It shall contain the indications necessary to identify the vessel, the name, tonnage, type of rigging, principal dimensions, registered number, and signal letters. It shall bear the date on which it was granted and the status of the official who granted it.

The name of the native vessel and the amount of her tonnage shall be incised and painted in Latin characters on the stern, and the initial letters of the name of the port of registry, as well as the registration number in the series of the numbers of that port, shall be painted in black on the sails.

ARTICLE 15

Native vessels to which, under the provisions of the last paragraph of Article 13, the regulations relating to the manifest of the cargo are not applicable, shall receive from the territorial or consular authorities, as the case may be, a special licence, renewable annually and revocable under the conditions provided for in Article 19.

This special licence shall show the name of the vessel, her description, nationality, port of registry, name of captain, name of owner and the waters in which she is allowed to sail.

ARTICLE 16

The High Contracting Parties agree to apply the following rules in the maritime zone specified in Article 6 (3):—

1. When a warship belonging to one of the High Contracting Parties encounters outside territorial waters a native vessel of less than 500 tons burden flying the flag of one of the High Contracting Parties, and the commander of the warship has good reason to

believe that the native vessel is flying this flag without being entitled to do so, for the purpose of the illicit conveyance of arms or ammunition, he may proceed to verify the nationality of the vessel by examining the document authorising the flying of the flag, but no other papers.

2. With this object, a boat commanded by a commissioned officer in uniform may be sent to visit the suspected vessel after she has been hailed to give notice of such intention. The officer sent on board the vessel shall act with all possible consideration and moderation; before leaving the vessel the officer shall draw up a *procès-verbal* in the form and language in use in his own country. This *procès-verbal* shall state the facts of the case and shall be dated and signed by the officer.

Should there be on board the warship no commissioned officer other than the commanding officer, the above-prescribed operations may be carried out by the warrant, petty, or non-commissioned officer highest in rank.

The captain or master of the vessel visited, as well as the witnesses, shall be invited to sign the *procès-verbal*, and shall have the right to add to it any explanation which they may consider expedient.

3. If the authorisation to fly the flag cannot be produced, or if this document is not in proper order, the vessel shall be conducted to the nearest port in the zone where there is a competent authority of the Power whose flag has been flown and shall be handed over to such authority.

Should the nearest competent authority representing the Power whose flag the vessel has flown be at some port at such a distance from the point of arrest that the warship would have to leave her station or patrol to escort the captured vessel to that port, the foregoing regulation need not be carried out. In such a case, the vessel may be taken to the nearest port where there is a competent authority of one of the High Contracting Parties of nationality other than that of the warship, and steps shall at once be taken to notify the capture to the competent authority representing the Power concerned.

No proceedings shall be taken against the vessel or her crew until the arrival of the representative of the Power whose flag the vessel was flying or without instructions from him.

4. The procedure laid down in paragraph 3 may be followed if, after the verification of the flag and in spite of the production of the manifest, the commander of the warship continues to suspect the native vessel of engaging in the illicit conveyance of arms or ammunition.

The High Contracting Parties concerned shall appoint in the zone territorial or consular authorities or special representatives compe-

tent to act in the foregoing cases, and shall notify their appointment to the Central Office and to the other Contracting Parties.

The suspected vessel may also be handed over to a warship of the nation whose flag she has flown, if the latter consents to take charge of her.

ARTICLE 17

The High Contracting Parties agree to communicate to the Central Office specimen forms of the documents mentioned in Articles 12, 13, 14 and 15, as well as a detailed list of the licences granted in accordance with the provisions of this Chapter whenever such licences are granted.

ARTICLE 18

The authority before whom the suspected vessel has been brought shall institute a full enquiry in accordance with the laws and rules of his country in the presence of an officer of the capturing warship.

If it is proved at this enquiry that the flag has been illegally flown, the detained vessel shall remain at the disposal of the captor, and those responsible shall be brought before the courts of his country.

If it should be established that the use of the flag by the detained vessel was correct, but that the vessel was engaged in the illicit conveyance of arms or ammunition, those responsible shall be brought before the courts of the State under whose flag the vessel sailed. The vessel herself and her cargo shall remain in charge of the authority directing the inquiry.

ARTICLE 19

Any illicit conveyance or attempted conveyance legally established against the captain or owner of a vessel authorised to fly the flag of one of the Signatory Powers or holding the licence provided for in Article 15 shall entail the immediate withdrawal of the said authorisation or licence.

The High Contracting Parties will take the necessary measures to ensure that their territorial authorities or their consuls shall send to the Central Office certified copies of all authorisations to fly their flag as soon as such authorisations shall have been granted, as well as notice of withdrawal of any such authorisation. They also undertake to communicate to the said Office copies of the licences provided for under Article 15.

ARTICLE 20

The commanding officer of a warship who may have detained a vessel flying a foreign flag shall in all cases make a report thereon to his Government, stating the grounds on which he acted.

An extract from this report, together with a copy of the *procès-verbal* drawn up by the officer, warrant officer, petty or non-commissioned officer sent on board the vessel detained shall be sent as soon as possible to the Central Office and at the same time to the Government whose flag the detained vessel was flying.

ARTICLE 21

If the authority entrusted with the enquiry decides that the detention and diversion of the vessel or the measures imposed upon her were irregular, he shall fix the amount of the compensation due. If the capturing officer, or the authorities to whom he is subject, do not accept the decision or contest the amount of the compensation awarded, the dispute shall be submitted to a court of arbitration consisting of one arbitrator appointed by the Government whose flag the vessel was flying, one appointed by the Government of the capturing officer, and an umpire chosen by the two arbitrators thus appointed. The two arbitrators shall be chosen, as far as possible, from among the diplomatic, consular or judicial officers of the High Contracting Parties. These appointments must be made with the least possible delay, and natives in the pay of the High Contracting Parties shall in no case be appointed. Any compensation awarded shall be paid to the person concerned within six months at most from the date of the award.

The decision shall be communicated to the Central Office and to the Secretary-General of the League of Nations.

CHAPTER V. *General Provisions*

ARTICLE 22

The High Contracting Parties who exercise authority over territories within the prohibited areas and zone specified in Article 6 agree to take, so far as each may be concerned, the measures required for the enforcement of the present Convention, and in particular for the prosecution and repression of offences against the provisions contained therein.

They shall communicate these measures to the Central Office and to the Secretary-General of the League of Nations, and shall inform them of the competent authorities referred to in the preceding Articles.

ARTICLE 23

The High Contracting Parties will use their best endeavours to secure the accession to the present Convention of other States Members of the League of Nations.

This accession shall be notified through the diplomatic channel to the Government of the French Republic, and by it to all the signatory or adhering States. The accession will come into force from the date of such notification to the French Government.

ARTICLE 24

The High Contracting Parties agree that if any dispute whatever should arise between them relating to the application of the present Convention which cannot be settled by negotiation, this dispute shall be submitted to an arbitral tribunal in conformity with the provisions of the Covenant of the League of Nations.

ARTICLE 25

All the provisions of former general international Conventions, relating to the matters dealt with in the present Convention, shall be considered as abrogated in so far as they are binding between the Powers which are Parties to the present Convention.

ARTICLE 26

The present Convention shall be ratified as soon as possible.

Each Power will address its ratification to the French Government, who will inform all the other signatory Powers.

The ratifications will remain deposited in the archives of the French Government.

The present Convention shall come into force for each Signatory Power from the date of the deposit of its ratification, and from that moment that Power will be bound in respect of other Powers which have already deposited their ratifications.

On the coming into force of the present Convention, the French Government will transmit a certified copy to the Powers which under the Treaties of Peace have undertaken to accept and observe it, and are in consequence placed in the same position as the Contracting Parties. The names of these Powers will be notified to the States which accede.

In faith whereof the above-named Plenipotentiaries have signed the present Convention.

Done at Paris,⁵⁴ the tenth day of September, one thousand nine hundred and nineteen, in a single copy which will remain deposited

⁵⁴ Some of the signatures were affixed at Paris and some at Saint-Germain-en-Laye.

in the archives of the Government of the French Republic, and of which authentic copies will be sent to each of the Signatory Powers.

- (L.S.) FRANK L. POLK
- (L.S.) HENRY WHITE
- (L.S.) TASKER H. BLISS
- (L.S.) HYMANS
- (L.S.) J. VAN DEN HEUVEL
- (L.S.) E. VANDERVELDE
- (L.S.) ISMAIL MONTES
- (L.S.) ARTHUR JAMES BALFOUR
- (L.S.)
- (L.S.) MILNER
- (L.S.) GEO. N. BARNES
- (L.S.) A. E. KEMP
- (L.S.) G. F. PEARCE
- (L.S.) MILNER
- (L.S.) THOMAS MACKENZIE
- (L.S.) SINHA OF RAIPUR
- (L.S.) J. R. LOUTSENGTSIANG
- (L.S.) CHENGTING THOMAS WANG
- (L.S.) ANTONIO S. DE BUSTAMANTE
- (L.S.) E. DORN Y DE ALSUA
- (L.S.) G. CLEMENCEAU
- (L.S.) S. PICHON
- (L.S.) L.-L. KLOTZ
- (L.S.) ANDRÉ TARDIEU
- (L.S.) JULES CAMBON
- (L.S.) N. POLITIS
- (L.S.) A. ROMANOS
- (L.S.) M. RUSTEM HAIDAR
- (L.S.) ABDUL HADI AOUNI
- (L.S.) TOM. TITTONI
- (L.S.) VITTORIO SCIALOJA
- (L.S.) MAGGIORINO FERRARIS
- (L.S.) GUGLIELMO MARCONI
- (L.S.) S. CHINDA
- (L.S.) K. MATSUI
- (L.S.) H. IJUIN
- (L.S.) SALVADOR CHAMORRO
- (L.S.) ANTONIO BURGOS
- (L.S.) I. J. PADEREWSKI
- (L.S.) ROMAN DMOWSKI
- (L.S.) AFFONSO COSTA
- (L.S.) AUGUSTO SOARES
- (L.S.) N. MISU
- (L.S.) ALEX. VAIDA VOEVOD
- (L.S.)
- (L.S.)
- (L.S.) DR. YVAN ZOLGER
- (L.S.) CHAROON
- (L.S.) TRAIKOS PRABANDHU
- (L.S.) D. KAREL KRAMAR
- (L.S.) DR. EDUARD BENES

PROTOCOL

At the moment of signing the Convention of even date relating to the trade in arms and ammunition, the undersigned Plenipotentiaries declare in the name of their respective Governments that they would regard it as contrary to the intention of the High Contracting Parties and to the spirit of this Convention that, pending the coming into force of the Convention, a Contracting Party should adopt any measure which is contrary to its provisions.

Done at Saint-Germain-en-Laye,⁵⁵ in a single copy, the tenth day of September, one thousand nine hundred and nineteen.

FRANK L. POLK
HENRY WHITE
TASKER H. BLISS
HYMANS
J. VAN DEN HEUVEL
E. VANDERVELDE
ISMAIL MONTES
ARTHUR JAMES BALFOUR
MILNER
GEO. N. BARNES
A. E. KEMP
G. F. PEARCE
MILNER
THOMAS MACKENZIE
SINHA OF RAIPUR
J. R. LOUTSENGTSIANG
CHENGTING THOMAS WANG
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E. DORN Y DE ALSUA
G. CLEMENCEAU
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ANDRÉ TARDIEU
JULES CAMBON

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A. ROMANOS
M. RUSTEM HAIDAR
ABDUL HADI AOUNI
TOM. TITTONI
VITTORIO SCIALOJA
MAGGIORINO FERRARIS
GUGLIELMO MARCONI
S. CHINDA
K. MATSUI
H. IJUIN
SALVADOR CHAMORRO
ANTONIO BURGOS
I. J. PADEREWSKI
ROMAN DMOWSKI
AFFONSO COSTA
AUGUSTO SOARES
N. MISU
ALEX. VAIDA VOEVOD
DR. IVAN ZOLGER
CHAROON
TRAIDOS PRABANDHU
D. KAREL KRAMAR
DR. EDUARD BENES

511.3B1/1 : Telegram

The Secretary of State to the Commission to Negotiate Peace

WASHINGTON, October 1, 1919—4 p.m.

3293. Your 4198, September 13th, midnight.⁵⁶

French Embassy states it has information that American military authorities have disposed of arms or munitions to Spain, contrary to understanding expressed in protocol.⁵⁷

⁵⁵ Some of the signatures were affixed at Paris and some at Saint-Germain-en-Laye.

⁵⁶ Not printed.

⁵⁷ Protocol of Sept. 10, *supra*.

Please advise American military authorities and place text of Convention and protocol at their disposal.

LANSING

511.3B1/5a : Telegram

The Acting Secretary of State to the Commission to Negotiate Peace

WASHINGTON, October 2, 1919—2 p.m.

3310. Can you inform Department of any reason why Brazil is not signatory of the Arms Traffic Convention?

PHILLIPS

511.3B1/6 : Telegram

The Commission to Negotiate Peace to the Secretary of State

PARIS, October 9, 1919—3 p.m.

[Received October 9—2:28 p.m.]

4592. Your 3310, October 2, 2 p.m. Brazil, Honduras and Uruguay did not sign the Arms Traffic Convention as they had no plenipotentiaries in Paris at time of signature. Article 23 of chapter V of the convention however provides for subsequent adherence of states members of the League of Nations. Polk.

AMERICAN MISSION

511.3B1/7 : Telegram

The Commission to Negotiate Peace to the Secretary of State

PARIS, October 13, 1919—1 p.m.

[Received 2:35 p.m.]

4637. Your 3293. Copies of protocol and convention have been published [*furnished*] military authorities. General Connor states that his headquarters have no knowledge whatsoever of any sale[s] of arms or munitions to Spanish Government [nor] have they any record in their transportation department showing the movement of such classes of material to Spain. Both liquidation commission and director of sales War Department, Paris, have been particularly careful in regard to all sales to Spain and no sales of either arms or munitions have been made to Spain by [these] agencies. General Connor believes that French Embassy must be wrongly informed.

Polk

AMERICAN MISSION

511.3B1/1: Telegram

*The Acting Secretary of State to the Commission to Negotiate Peace*WASHINGTON, *October 17, 1919—5 p.m.*3469. Your 4198 September 13th, midnight.⁵⁸

The text of the Arms Traffic Convention has been received and carefully examined by the Department. With reference to the protocol quoted in your message under acknowledgment, it is considered necessary to inform you that this Government cannot regard itself as bound by the terms thereof which are contrary to the existing laws of the United States.

While the Department is in sympathy with the measures proposed in the Arms Traffic Convention it is unable to regard the Government as bound by the protocol but notwithstanding that fact it believes that the present restrictions of the War Trade Board on the exportation of arms and munitions of war to certain countries will suffice for the time being to prevent any material departure from the intent and spirit of the Arms Traffic Convention which it interprets as the desire of the signatories first to prevent any dispersal of the large surplus of war material to regions where it might ultimately be used to the detriment of the signatory powers and second to regulate the arms traffic in the districts described in Section 6, Chapter II of the Convention.

The Department believes that necessary steps should be taken by you to acquaint the signatories of the Convention with its position as set forth in the preceding paragraph and would like your opinion on this point.

ADEE

511.3B1/9: Telegram

*The Commission to Negotiate Peace to the Secretary of State*PARIS, *October 25, 1919—11 p.m.*

[Received 11:28 p.m.]

4824. Your 3469, October 17th, 5 p.m. Commission shares Department's views as to nature and [effect of] protocol to Arms Traffic Convention, and informal discussion shows that Principal Allied and Associated Powers understand protocol in same sense. Polk.

AMERICAN MISSION

⁵⁸ Not printed.

511.3B1/10

The British Appointed Ambassador on Special Mission (Grey) to the Secretary of State

No. 818

WASHINGTON, November 13, 1919.

SIR: With reference to Mr. Lindsay's note No. 662 of the 12th September,⁵⁹ with regard to the question of the observance, pending ratification, of the Arms Traffic Convention and Protocol signed at St. Germain on September 10th last, I have the honour to inform you that this question has recently been receiving further consideration on the part of His Majesty's Government.

As you are aware, the signatory powers to the Convention undertake not to permit the exportation of arms to Governments which are not parties to the Convention, and in the Protocol the contracting parties declare that they would consider as contrary to their intention and to the spirit of the Convention, any transactions contrary to the stipulations thereof undertaken pending the entry into force of the Convention. His Majesty's Government are of opinion that the effect of the Protocol is not to render the Convention binding on its signatories pending ratification, but merely to prohibit transactions which would be contrary to its provisions were it in force. Conversely it permits of transactions which would be permissible under the Convention.

One of the provisions of the Convention is that an importing Government must itself have adhered to the Convention before it can receive arms from any of the signatories. As the Convention has not yet been ratified by any of the signatories other Powers cannot be invited to adhere and there must necessarily be some delay in ratification by His Majesty's Government and probably by other Governments.

In the meantime cases have occurred in which Governments which are not parties to the Convention have entered upon negotiations with various of the signatory powers with a view to securing supplies of arms, and in some of these cases there can be no objection to the transaction, other than the difficulty arising from the delay in the ratification of the Convention. His Majesty's Government are of opinion that this difficulty might properly be surmounted by the signatory power obtaining from the purchasing Government an undertaking to sign the Convention when an opportunity occurs, and it is proposed to be guided by these principles in any future negotiations for the sale of arms under the conditions stated.

⁵⁹ Not printed.

As an example it may be stated that His Majesty's Government are considering the sale to Finland of some armed motor boats, the supply of which is a matter of urgency, and it is proposed to adopt the procedure indicated above in dealing with this application.

I should be glad if you would be kind enough to inform me whether the United States Government concur in this interpretation of the obligations of the signatory powers to the Convention and Protocol. I understand that the question of reaching a decision in the matter is somewhat urgent, and I should be grateful therefore if your views could be communicated to me at an early date.

I have [etc.]

(For H. M. Ambassador)

R. C. LINDSAY

511.3B1/12

The British Appointed Ambassador on Special Mission (Grey) to the Secretary of State

No. 892

WASHINGTON, December 16, 1919.

SIR: With reference to my note No. 818 of the 13th November, on the subject of the Arms Traffic Convention and Protocol, I have the honour to inform you that I have received a further communication from my Government stating that His Majesty's Government have, up to the present, invited the following non-signatory Powers to give the proposed guarantee:

The Argentine Republic, Chile, Venezuela, Colombia, Denmark, Norway, Sweden, Switzerland and The Netherlands, none of whom have as yet given the guarantee.

The French, United States, Italian and Belgian Governments will be informed by telegraph as soon as any Power has signed. His Majesty's Government will also inform the above Governments of any further invitations which may be issued to sign the guarantee.

I am directed to express the hope that the United States Government will take similar action.

I have [etc.]

(For H. M. Ambassador)

R. C. LINDSAY

511.3B1/13

The British Appointed Ambassador on Special Mission (Grey) to the Secretary of State

No. 904

WASHINGTON, December 23, 1919.

SIR: I have the honour to inform you, by direction of my Government, that they have recently made enquiries of the Brazilian Gov-

ernment through His Majesty's Ambassador at Rio as to the prospect of the Brazilian Government signing the Arms Traffic Convention.

It will be recollected that the Brazilian Government did not sign on September 10th nor subsequently when the other Allied and Associated Powers did so.

His Majesty's Government are informed by a firm interested in the export trade that since September 10th last they have been unable to export to Brazil various articles of naval armament in fulfillment of obligations incurred during the war and their works are becoming seriously hampered by the very large stocks which this disability obliges them to retain on the premises. On being approached the Brazilian authorities seemed vague on the subject of the Convention and stated that they had no intention of signing it, at all events in the near future. His Majesty's Government have accordingly considered themselves obliged to withhold licenses for the exports in question in virtue of the Protocol attached to the Arms Traffic Convention and in spite of the fact that Brazil is an Ally.

In informing you of the above circumstances, I am instructed to express the hope that His Majesty's Government may receive an expression of the views of the United States Government as to the propriety of selling arms and ammunition intended for a war-like use to the Brazilian Government, at as early a date as possible.

I have [etc.]

(For H. M. Ambassador)
R. C. LINDSAY

511.3B1/10

The Secretary of State to the British Chargé (Lindsay)

WASHINGTON, January 6, 1920.

SIR: I have the honor to acknowledge the receipt of Lord Grey's notes of November 13, December 16 and December 23, 1919, regarding the Arms Traffic Convention, and particularly the sale of arms to non-signatory states. It is stated in those notes that in many cases there can be no objection to the transactions save the difficulty arising from the delay in the ratification of the Convention which makes it impracticable to invite such non-signatory states to adhere, and that His Majesty's Government is of opinion that this difficulty might properly be surmounted by the signatory power obtaining from the non-signatory purchasing government an undertaking to sign the Convention when an opportunity is offered. You add that your Government purposes to be guided by these principles in any future negotiations for the sale of arms under the conditions indicated, and you inquire whether this Government concurs in this interpretation of the obligations of the signatory powers.

In reply I have the honor to inform you that this Government perceives no objection to the adoption of the course outlined by your Government subject in so far as this Government is concerned to the qualifications hereinafter indicated. I may state that this Government cannot regard itself as legally bound by the terms of the Arms Traffic Convention prior to its approval and ratification. However, as regards the sale of Government owned arms and munitions, it will, as a matter of policy and in keeping with the spirit of the Convention, decline to sell arms to non-signatory states except under a guarantee that the non-signatory power in question will adhere to the Arms Traffic Convention when an opportunity is offered. I may add, however, that it may be found necessary in certain cases to make exceptions to this course of action. In this connection I beg to refer to the promise made by the Allied and associated powers in May and June last to assist Admiral Kolchak and his associates with munitions and other supplies and to inquire whether it is the intention of the British Government to permit the exportation of arms to the so-called Kolchak Government.

With specific reference to Lord Grey's note of December 23, I would point out that this Government is not at the present time controlling the exportation of arms and munitions by private concerns to any government, signatory or non-signatory, except Mexico, China and Bolshevik Russia. If, however, the Government of Brazil should desire to purchase arms and ammunition intended for a war-like use from the Government of the United States it would be required to give the desired guarantee before obtaining the arms and munitions desired.

Accept [etc.]

ROBERT LANSING

511.3B1/15

The British Chargé (Lindsay) to the Secretary of State

No. 51

WASHINGTON, January 22, 1920.

SIR: With reference to previous correspondence on the subject of the Arms Traffic Convention, I have the honour to inform you that I have received a communication from my Government stating that they propose in the future to inform the Japanese Government whenever they request a non-signatory Power to sign the Convention or to give a guarantee to observe its conditions and whenever they receive notification that a guarantee has been given or the Convention signed.

His Majesty's Government express the hope that the United States Government will adopt similar measures.

I have [etc.]

R. C. LINDSAY

511.3B1/16

The British Chargé (Lindsay) to the Secretary of State

No. 58

WASHINGTON, *January 24, 1920.*

SIR: With reference to my note No. 29 of January 12th,⁶¹ I have the honour to inform you that at the time of the signature of the Arms Traffic Convention, Plenipotentiaries of Peru, Guatemala and Hayti were absent from Paris and consequently did not sign the Convention, though the three countries are mentioned in the Preamble as High Contracting Parties.

His Majesty's representatives at Lima, Guatemala and Port-au-Prince have been instructed to draw the attention of the Governments to which they are accredited to this matter, and to express the hope that they will guarantee to sign the Convention, as, failing this formality, they cannot obtain arms from any of the Signatory Powers.

I have [etc.]

R. C. LINDSAY

511.3B1/17

The British Chargé (Lindsay) to the Secretary of State

No. 80

WASHINGTON, *February 3, 1920.*

SIR: I have the honour to inform you that I duly forwarded to my Government, a copy of your note of January 6th, regarding the Arms Traffic Convention, and particularly the sale of arms to non-signatory states.

I have now received a reply instructing me to point out to the United States Government that any failure to prevent export by private firms would nullify the point of the Convention, namely:—the disposal of the existing stocks, a contingency which the protocol signed by the United States Representatives, was expressly designed to avert.

Neglect to observe the spirit of the Convention, pending ratification, would constitute a precedent which would justify any of the signatories in allowing private shipments to say, Mexico, which country as the United States Government are aware, has not hitherto been allowed to buy arms in the United Kingdom.

The Promise to Koltchak was given prior to the signature of the Convention, but His Majesty's Government would not propose that the Convention should prevent sales to the Governments actually engaged in fighting the forces of disorder, and supported politically by the Allied and Associated Governments, though the usual prac-

⁶¹ Not printed.

tice has been to secure guarantee from such Governments before allowing shipments.

I have [etc.]

R. C. LINDSAY

511.3B1/20

The British Chargé (Lindsay) to the Acting Secretary of State

No. 123

WASHINGTON, *February 25, 1920.*

SIR: By direction of my Government I have the honour to inform you that in reply to a request from the Belgian Government, His Majesty's Government have expressed the view, with regard to aircraft under the Arms Traffic Convention, that if these are not fitted or supplied with guns or bombs, bombing apparatus or ammunition, they are free from the restrictions imposed by the Convention, even if they are intended for observation use in wartime.

I have [etc.]

R. C. LINDSAY

511.3B1/22

The British Chargé (Lindsay) to the Acting Secretary of State

No. 150

WASHINGTON, *March 9, 1920.*

SIR: With reference to my note No. 80 of February 3rd on the subject of the Arms Traffic Convention, I have the honour, on instructions from my Government, to urge once more that any failure to prevent the export by a private firm of arms and ammunition from the United States to destinations even other than China, Mexico and Soviet Russia, would nullify the objects of the Convention. His Majesty's Government find it difficult to understand why if an effective control is exercised by the United States Government over the export of privately owned Arms and Ammunition to the three countries mentioned, this control cannot be extended to cover all destinations. I understand that the French Government share the views of His Majesty's Government in this respect.

I am to point out that the Convention as originally drafted was intended to apply to small arms, etc. and it was at the suggestion of Mr. Beer of the United States Peace Delegation at Paris, that the scope of the Convention was extended so as to cover "artillery and cannon of all types etc."

This extension was agreed to in good faith by the other Signatory States and His Majesty's Government earnestly hope that the United States Government will not nullify the effect of a Convention for which in its present form they are so largely responsible by failure to enforce in a comprehensive manner the control of

export of privately owned arms and ammunition which is so essential a feature of the Convention as a whole.

I am particularly requested to ask for a reply at as early a date as possible.

I have [etc.]

R. C. LINDSAY

511.3B1/22

The Acting Secretary of State to the British Chargé (Lindsay)

WASHINGTON, *March 13, 1920.*

SIR: I have the honor to acknowledge the receipt of your notes of February 3, and March 9, 1920, relative to the shipment of arms and munitions by private firms to non-signatory states, under the Arms Traffic Convention. It is stated in your note that His Majesty's Government would not propose that the Convention should prevent the sales of arms and munitions to the governments that are actually engaged in fighting the forces of disorder and are supported politically by the Allied and Associated Governments, though it has been the usual practice to obtain a guarantee from such governments before allowing shipments.

In reply I have the honor to inform you that on October 17, 1919, a cablegram was transmitted by this Government to the American Mission to Negotiate Peace at Paris, stating that with reference to the protocol of the Arms Traffic Convention, it was considered necessary to inform the other signatories that this Government could not regard itself as bound by the terms thereof, in so far as such terms are not sanctioned by the existing laws of the United States. On October 25, 1919, an answer was received, stating that an informal discussion showed that the principal Allied and Associated powers understood the position of the United States and were inclined to interpret the protocol in the same sense.

In this connection I have the honor to refer to the Department's note of January 6, 1920, in which it is stated that this Government is not at the present time controlling the exportation of arms and munitions by private concerns to any government signatory or non-signatory, except as therein indicated.

Under existing laws of the United States this Government may prohibit the exportation of arms to any American country in which a state of domestic violence exists, but there is no provision of law in pursuance of which the exportation of arms generally may be controlled, except while this country is at war. The control which has heretofore been exercised by this Government during the present war has long since been abandoned, except with respect to exportation to Mexico, China, and Bolshevik Russia, and the Department does not

feel that it would be feasible to reinstate the war time regulations in this respect. I may add, however, that this Government will in no way encourage the exportation of such articles and that, as I have already had the honor to inform you, in keeping with the spirit of the Convention, it will decline to sell Government arms to non-signatory states except under a guarantee that the non-signatory power in question will adhere to the Arms Traffic Convention when an opportunity is offered.

Accept [etc.]

FRANK L. POLK

763.72119/10097 : Telegram

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

PARIS, July 1, 1920—8 p.m.

[Received July 2—9:33 p.m.]

1348. Mission. Fifty-fifth meeting of Conference of Ambassadors was held Wednesday morning, June 30, Cambon presiding.

11. Conference had before it a memorandum from British Delegation concerning application of protocol signed in connection with convention on traffic in arms at Saint Germain on September 10 last. Memorandum contained following paragraph:

“Towards the commencement of the present year the British Parliament [*Government*] was informed by the Government of the United States that latter had no authority while awaiting the ratification of the Convention on Traffic in Arms to prevent private firms in the United States from shipping arms, et cetera, to non-signatory states. Now it must be noted that with the exception of Venezuela no neutral government has guaranteed that it would sign the convention when the opportunity was presented and that in consequence the export dealers of the United Kingdom and [of] other principal signatory states are placed in an extremely disadvantageous situation in comparison with the merchants of the United States.”

Memorandum then proposed that protocol be considered as applying solely to stipulations of the convention which refer to the prohibited zones specified in article 6 thereof. Derby⁶¹ stated that as his Government considered that other nations do not adhere to this protocol it did not intend to do so either, except as regards said prohibited zones. Cachi from [*Cambon of?*] France instructed to notify Conference of this attitude. It was decided to request views of Governments as to British proposal concerning application of protocol.

WALLACE

⁶¹ Lord Derby, British Ambassador to France.

763.72119/10097 : Telegram

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

WASHINGTON, July 19, 1920—6 p.m.

1273. Your 1348 July 1, 8 p.m., Section 11.

In this connection refer to 4198 September 13, 1919,⁶² from Am[erican] Mission, Department's 3469 October 17 to AmMission and 4824 October 25 from AmMission.

Department prefers not to express any opinion concerning matter herein presented. The following is for your information and to be used at your discretion. Government of the United States is not encouraging exportation of arms and ammunition to any country, but exportation of such commodities is not controlled at present time except to Mexico, Austria, Bulgaria, Hungary, Turkey, China and that part of Russia which is under control of Soviet government. This control is exercised entirely apart from Arms Traffic Convention. This Government has adopted the spirit of Arms Traffic Convention as a matter of policy, insofar as concerns government owned or controlled arms.

Advise Department concerning decision of other powers with reference to continued adherence to protocol of Convention.

COLBY

ABROGATION OF TREATIES AND PROVISIONS OF TREATIES WHICH CONFLICTED WITH THE SEAMEN'S ACT OF MARCH 4, 1915⁶³

Belgium: Termination as of July 1, 1917, of the Treaty of January 24, 1891, between the United States and the Independent State of the Congo

711.5521/8

The Secretary of State to the Ambassador in Belgium (Whitlock)

No. 615

WASHINGTON, November 19, 1920.

SIR: The Department encloses a copy of Mr. Lansing's note of November 11, 1916, to Baron Beyens, Minister for Foreign Affairs of Belgium,⁶⁴ and a copy and translation of Baron Beyens' note of December 31, 1916, to Mr. Lansing,⁶⁵ relative to the termination of Articles 11 and 12 of the Consular Convention, concluded March 9, 1880, between the United States and Belgium and the Treaty of

⁶² Not printed.

⁶³ Continued from *Foreign Relations*, 1919, vol. I, pp. 47-73.

⁶⁴ *Foreign Relations*, 1916, p. 34.

⁶⁵ *Ibid.*, p. 35.

Amity, Commerce and Navigation, concluded January 24, 1891, between the United States and the Independent State of the Kongo.

In his note of June 29, 1916, to the American Consul at Havre,⁶⁶ a copy of which was sent by the Consul to the Embassy, Baron Beyens informed this Government that the Government of Belgium accepted the termination of Articles 11 and 12 of the Consular Convention from July 1, 1916, and agreed likewise that the other articles of that Convention should continue in effect.

By the same note Baron Beyens stated that the Belgian Government desired to make modifications in several of the provisions of the Treaty concluded January 24, 1891, between the United States and the Independent State of the Kongo, and that it considered that the best solution consisted in terminating the Convention itself. He, therefore, requested the American Government to make formal acknowledgment of this denunciation, stating that the Belgian Government consented that Article 5 of the Treaty of January 24, 1891, should cease to have effect on and after July 1, 1916, the other articles remaining provisionally in force.

From Baron Beyens' note of December 31, 1916, it appears that it was the intention of the Belgian Government that the Treaty of January 24, 1891, should be deemed to have been denounced on July 1, 1916, the provisions of Article 5 ceasing to be operative on that date and the other articles remaining in force for the time being. Accordingly, you are instructed to address to the Belgian Minister of Foreign Affairs a communication as follows:⁶⁷

"By instruction of my Government, I have the honor to refer to Baron Beyens' note of December 31, 1916 to the Secretary of State of the United States, relative to the termination of Articles 11 and 12 of the Consular Convention, concluded on March 9, 1880, between Belgium and the United States, and the Treaty of Amity, Commerce and Navigation, concluded on January 24, 1891, between the United States and the Independent State of the Kongo.

"My Government also instructs me to offer to Your Excellency its regrets that reference has not previously been made to Baron Beyens' note, for upon consideration which recently has been given to its contents it appears that it was the intention of Baron Beyens to give notice to my Government in his note of June 29, 1916, to the American Consul at Havre of the denunciation of the whole of the Treaty of Amity, Commerce and Navigation, concluded on January 24, 1891, between the United States and the Independent State of the Kongo, Article 5 ceasing to be operative July 1, 1916 under the notice which was given by my Government July 6, 1915, the other articles remaining provisionally in force.

"My Government is pleased to acknowledge that notice as given and received July 1, 1916. As the Treaty of Amity, Commerce and Navigation, concluded on January 24, 1891, between the United States

⁶⁶ *Foreign Relations*, 1916, p. 33.

⁶⁷ Communicated to the Foreign Office on Dec. 13.

and the Independent State of the Kongo contains no stipulation respecting termination thereof or the period required for the giving of a notice of termination, my Government feels that it may assume that the wishes of the Belgian Government may best be met by considering that the treaty terminated at the expiration of such a period of notice as customarily is provided for in treaties of comity and navigation.

“My Government is therefore pleased to regard the treaty as having ceased to be operative on July 1, 1917, at the expiration of one year from the date of the notification of the Belgian Government.”

The Department would be pleased to have you inform it of your action with reference to this instruction, and later of any reply which may be received from the Belgian Government.

I am [etc.]

For the Secretary of State:

NORMAN H. DAVIS

711.5521/11

The Ambassador in Belgium (Whitlock) to the Secretary of State

No. 1157

BRUSSELS, *March 22, 1921.*

[Received April 6.]

SIR: With reference to the Department's instruction no. 615 of November 1920, and to my despatch no. 1060 of December 14th last,⁶⁸ relative to the termination of the Treaty of Amity, Commerce and Navigation concluded on January 24, 1891, between the United States and the Independent State of the Congo, I have the honour to report that I have not as yet received an answer from the Foreign Office to my communication of December 13th.⁶⁹

In the official *Moniteur Belge* of March 19th, however, there appears the following notice:

“Treaty of Commerce between the Independent State of the Congo and the United States of America.

The Government of the United States of America has informed the Belgian Government of the denunciation of the Treaty of Commerce signed January 24, 1891, between the Free State of the Congo and the United States of America.

The above mentioned treaty ceased to be operative on July 1, 1917.

Certified to by the Secretary General of the Ministry of Foreign Affairs.

(signed) H. Costermans.”

I have [etc.]

BRAND WHITLOCK

⁶⁸ Latter not printed.

⁶⁹ See Department's instruction no. 615, Nov. 19, 1920, to the Ambassador in Belgium, *supra*.

Sweden: Termination of Articles XI and XII of the Consular Convention
of June 1, 1910⁶⁹

611.5831/22

The Acting Secretary of State to the Swedish Chargé (Sjöborg)

WASHINGTON, July 23, 1919.

SIR: I have the honor to acknowledge the receipt of your note of July 2, 1919,⁷⁰ in which you call attention to the fact that the Treaty between Sweden and the United States, concluded July 4, 1827, was terminated on February 4, 1919, and since the agreement of May 29, 1918,⁷¹ with regard to commercial relations remains in force only for the period of war, apparently there will be no rules governing the above-mentioned commercial relations between Sweden and this country after peace has been concluded. Accordingly, in view of the inconvenience which might result from this situation you suggest that until a new commercial treaty may be concluded between the two governments, the Treaty of July 4, 1827 be provisionally prolonged, subject to the right of either of the contracting parties to terminate it any time by a three-months' notice.

In view of the fact, as stated in your note, that formal notice was given by this Government on February 4, 1918,⁷² which effected an abrogation, as of February 4, 1919, of the Treaty of July 4, 1827, I have the honor to inform you that apparently it would not be possible to renew this Treaty otherwise than in the formal manner provided in the Constitution of the United States which empowers the President to make treaties by and with the advice and consent of the Senate.

Accept [etc.]

WILLIAM PHILLIPS

611.5831/24

The Swedish Chargé (Sjöborg) to the Secretary of State

WASHINGTON, September 24, 1919.

EXCELLENCY: Referring to previous correspondence, latest the State Department's note of July 23, 1919, concerning the commercial relations between Sweden and the United States, I have the honor, pursuant to instructions received from the Swedish Government, to propose to the United States Government to conclude with my Government, in lieu of the treaty of July 4, 1827, which expired on February 4, 1919, a new treaty of commerce, containing the same provisions as the treaty of July 4, 1827, excepting:

- (1) that Articles 13 and 14 of this latter treaty, as far as they are in conflict with the terms of the Act of Congress ap-

⁶⁹ For previous correspondence, see *Foreign Relations*, 1919, vol. I, pp. 67 ff.

⁷⁰ Not printed.

⁷¹ *Foreign Relations*, 1918, supp. 1, vol. II, p. 1240.

⁷² *Ibid.*, 1919, vol. I, p. 68.

- proved March 4, 1915, should not be reproduced in the new treaty,
- (2) that the same be subject to the right of either of the contracting parties to terminate it at any time by three months' notice.

In this connection and in view of the fact that notice of the abrogation of Articles 11 and 12 of the Consular Convention between the United States and Sweden, concluded June 1, 1910, has been given by the United States in accordance with the provisions of the before mentioned Act of Congress approved March 4, 1915, I am authorized to declare that if the proposed treaty of commerce be concluded, the Swedish Government would be willing to accept the abrogation of said articles of the Consular Convention, as far as these are inconsistent with the provisions of the Act of Congress of March 9 [4], 1915.

Hoping that through Your kind intervention my Government's above-said wishes may be met with, and with renewed assurances of my highest consideration [etc.]

ERIK SJÖBORG

G11.5831/24

The Secretary of State to the Swedish Minister (Ekengren)

WASHINGTON, October 21, 1919.

SIR: I have the honor to acknowledge the receipt of your note of September 25 [24], 1919, in which you propose the conclusion of a new commercial treaty between Sweden and the United States in lieu of the treaty of July 4, 1827, which expired on February 4, 1919, containing the same provisions as that treaty except as to articles 13 and 14, in so far as they conflict with the terms of the Act of Congress approved March 4, 1915, and that the new treaty be subject to termination on three months notice by either of the contracting parties.

I agree that the conclusion of a new commercial treaty between Sweden and the United States would be desirable. But in addition to the changes proposed in your note, I would suggest that it may be desirable to eliminate or carefully revise certain of the articles of the treaty of April 3rd, 1783, which were revived by Article 17 of the treaty of 1827, in order to bring the new treaty into closer accord with more recent international practice and agreements.

I shall be pleased to consider further, in connection with the Consular Convention concluded June 1, 1910, your suggestion that the Swedish Government, if the proposed treaty is concluded, would be willing to accept the abrogation of Articles 11 and 12 of the said

Convention, so far as these articles are inconsistent with the provisions of the Act of Congress of March 4, 1915.

Accept [etc.]

ROBERT LANSING

711.5821/50a : Telegram

The Acting Secretary of State to the Minister in Sweden (Morris)

WASHINGTON, March 11, 1920—6 p.m.

34. On or before March 18, 1920, you will address a note to the Foreign Office, in the sense of the following:

“Under instructions from my Government, I have the honor to give to the Royal Swedish Government on behalf of the Government of the United States the official notification of intention not to renew contemplated by Article XV of the Consular Convention with Sweden of June 1, 1910, whereby the operation of the Convention will terminate in accordance with its terms on March 18, 1921.

As has been previously pointed out to the Government of Sweden, the application of the fundamental principles of the Act of Congress, approved March 4, 1915, to alien seamen within the territorial jurisdiction of the United States involved an abrogation of treaty provisions inconsistent therewith. The President, therefore, using the discretion which he considered was granted to him to interpret the act in the sense contemplated by Congress, authorized this Legation to propose an arrangement between the two Governments which would carry out the purpose of the act by the elimination of stipulations in the Convention of June 1, 1910, inconsistent with the Act. Since the Swedish Government apparently considers that it is not yet in a position to acquiesce in an arrangement of this character, it appears that a solution of the existing situation with regard to the stipulations in question can only be found in the denouncement of the treaty in its entirety. I have the honor to request that you be good enough to make acknowledgment to me of this notification.”

POLK

611.5831/28 : Telegram

The Minister in Sweden (Morris) to the Acting Secretary of State

STOCKHOLM, March 20, 1920—5 p.m.

[Received 5:06 p. m.]

91. Your 34, March 11, 6 p.m. In an informal conversation with the Foreign Office concerning the abrogation of the Consular Convention of 1910 Baron Hamilton⁷² expressed the surprise of the Swedish Government that this treaty should be abrogated in its entirety considering that the Swedish Minister in Washington had made it known to the State Department in a note September 25th [24th], 1919, that the Swedish Government was willing to accept the

⁷² Baron C.F.H. Hamilton, of the Swedish Foreign Office.

abrogation of the articles of the Consular Convention inconsistent with the Seamen's Act, and to bring about this end it was proposed to Minister Ekengren by the Department of State in informal conversation that a provision should be inserted in the new treaty of commerce and amity to take the place of that of 1827, providing that the offending articles 11 and 12 of the Consular Convention of June 1, 1910, should cease to exist. The Swedish Government was preparing to cable the acceptance of this term when the decision of our Government to abrogate the Consular Convention as a whole reached it. The Swedish Government intimated that it would be willing for the Legation to withdraw its note of March 13th based on Department's 34, March 11, 6 p.m., but that if the Government of the United States is not desirous of so doing, the Swedish Government is anxious to enter on negotiations as soon as possible for treaties to take the place of those of 1827 and 1910.

MORRIS

711.5821/53

The Swedish Legation to the Department of State

Memorandum confirming the Swedish Minister's conversation with Under Secretary of State, Mr. Polk, March 22, 1920.

By note dated March 13th, the American Minister in Stockholm notified the Swedish Government of the American Government's wish to have the Consular Convention of 1910 terminate. As motives for the notification are given the Swedish Government's delay in making a new treaty including the provisions about the terminations of articles 11 and 12 of the aforementioned Consular Convention in so far as these articles are inconsistent with the provisions of the so-called Seamen's Act.

The Royal Government would be highly obliged if the abrogation notice were canceled in view of the fact that it is willing to, under any and all circumstances, make arrangements for the abrogation of the two articles in question before the date on which the convention would terminate were the abrogation notice allowed to stand.

The contents of the State Department's note to the Legation of October 21, 1919, as well as some supplementary data obtained in November by Judge Sjöborg from the Solicitor's Office as to what articles in the old treaties should be eliminated, were communicated to the Royal Foreign Office by letter dated December 1st, 1919, and His Excellency the Foreign Minister states in his despatch respecting the abrogation notice that the matter of the new treaty is being given consideration and that appropriate instructions were forthcoming with the least possible delay.

WASHINGTON, *March 23, 1920.*

611.5831/28 : Telegram

The Secretary of State to the Minister in Sweden (Morris)

WASHINGTON, April 2, 1920—5 p.m.

46. Your 91, March 20, 5 p.m.

The Swedish Legation in its note of September 24, 1919, stated the willingness of its Government to accept the abrogation of the offending provisions of the Consular Convention on condition that the proposed Treaty of Commerce be concluded. Also, it was suggested in an informal conference in November that this abrogation might be effected by the insertion of a provision in the proposed Treaty of Commerce. No further communication on this subject was received from the Swedish Government. The Department now prefers to have the abrogation of the offending provisions of the Consular Convention effected by an interchange of notes rather than that such abrogation should be dependent on the conclusion of the new Treaty of Commerce.

You will say, informally, to the Foreign Office that this Government gave the notice of termination in accordance with the requirements of the Seamen's Act and is disposed to consider favorably the withdrawal thereof provided a satisfactory arrangement can be reached in regard to the abrogation of the provisions of the Convention in conflict with the Act; that now it would seem preferable to agree by an interchange of notes that the abrogation of the offending provisions shall be effected as of March 18, 1921 rather than to insert a provision to that effect in the proposed Treaty of Commerce. In view of the possibility that the conclusion of the new treaty will take a longer time than originally contemplated, and since little progress has been made in several months in regard thereto, the undesirability of making the abrogation of the offending provisions of the Consular Convention dependent on the new Treaty of Commerce may be suggested. You may add that this Government is disposed, when the Swedish Government so desires, to continue the negotiation of the Treaty of Commerce and that if the suggestions made in regard to the abrogation of certain provisions of the Convention are agreeable to the Swedish Government it will, apparently, be unnecessary to negotiate a new Consular Convention.

COLBY

711.5821/56

The Secretary of State to the Minister in Sweden (Morris)

No. 644

WASHINGTON, April 22, 1920.

SIR: The Department refers to your telegram No. 106 of April 17, 1920, 5 p.m.,⁷³ in regard to the negotiations to effect the elimi-

⁷³ Not printed.

nation of certain provisions of the Consular Convention of 1910. You state that the Swedish Foreign Office has intimated its preference that in the proposed exchange of notes eliminating the offending provisions, no mention be made of the notice heretofore given terminating the Convention in its entirety as of March 18, 1921. You also submit a draft of note to effect the aforesaid elimination which has been informally submitted to and received the approval of the Foreign Office, and you request instructions as to whether you should transmit this note to the Swedish Government.

In this connection you are informed that the Department does not desire to eliminate Articles 11 and 12, except insofar as they are inconsistent with provisions of the Seamen's Act. Accordingly, certain modifications have been made in the draft of note submitted by you, so that this note shall read as follows:

"I have the honor to inform Your Excellency that in accordance with an Act of Congress it is incumbent upon my Government to express to Your Excellency's Government the desire that certain provisions contained in Articles 11 and 12 of the Consular Convention of June 1, 1910, between the Kingdom of Sweden and the United States of America, should be terminated as of March 18, 1921, and to suggest, if satisfactory to the Royal Government, that this should be accomplished by an interchange of notes.

"Therefore I have the honor to propose to Your Excellency's Government that Articles 11 and 12 of the aforesaid Consular Convention, so far as they may be in conflict with the provisions of the Act of Congress approved March 4, 1915 (38 Stat. L. 1164) shall be terminated as of March 18, 1921, by mutual agreement of the two Governments, parties to the Convention above mentioned; the other provisions of these two articles including those that relate to the arrest, detention and imprisonment of deserters from war vessels, to continue in force. Upon receipt of the Royal Swedish Government's reply agreeing to this proposal the modifications of the Convention as set forth herein shall be considered effective upon the date stipulated.

I avail myself [etc.] "

If this arrangement is satisfactory to the Swedish Government, you will please exchange notes with the Foreign Office so that the elimination of the offending provisions shall be effected, as above indicated.

When this arrangement is consummated, you will also address a note to the Swedish Government, at its request, cancelling the notice of abrogation contained in your note of March 13, 1920,⁷⁴ or if the Foreign Office prefers that no further formal mention be made of this note, and if no acknowledgment thereto has yet been received,

⁷⁴ See telegram no. 34, Mar. 11, 1920, to the Minister in Sweden, p. 212.

you may receive back the note from the Foreign Office with proper endorsement noted thereon to indicate that it is of no effect.

I am [etc.]

For the Secretary of State:

ALVEY A. ADEE

711.5821/57 : Telegram

The Chargé in Sweden (Wheeler) to the Secretary of State

STOCKHOLM, June 10, 1920—5 p.m.

[Received 5:11 p.m.]

138. Your 55 of April 24, 1 p.m.,⁷⁵ and instruction 644 of April 22nd. Swedish Government prefers that articles 11 and 12 of the Consular Convention of 1910 be eliminated in their entirety, informally pointing out that it wishes to avoid the necessity for an interpretation in conformity with the provisions of the Seamen's Act of every case arising. It is stated that if it is the desire of the American Government merely to retain that portion of the articles which provides for the arrest and detention of deserters from American war vessels it is the practice of the Swedish Government to make such arrests in conformity with the general practice of international law and without special treaty provision.

WHEELER

711.5821/57 : Telegram

The Secretary of State to the Chargé in Sweden (Wheeler)

WASHINGTON, June 17, 1920—6 p.m.

71. Your 138, June 10, 5 p.m.

This Government will agree to suggestion of Swedish Government that Articles 11 and 12 of the Consular Convention of 1910, be eliminated in their entirety. Referring draft of note to Foreign Office suggested in Department instruction No. 644 of April 22, 1920, make necessary changes therein to effect entire elimination of said articles and proceed in accordance with that instruction.

COLBY

711.5821/58

The Chargé in Sweden (Wheeler) to the Secretary of State

No. 1934

STOCKHOLM, July 9, 1920.

[Received July 31, 1920.]

SIR: I have the honor to report that, in accordance with the Department's telegraphic instruction No. 71 of June 17, 6 p.m., and the Department's despatch No. 644 of April 22, 1920, the Legation

⁷⁵ Not printed.

on June 18th addressed a note to the Royal Swedish Government, of which a copy is enclosed, proposing that Articles 11 and 12 of the Consular Convention of June 1, 1910, between the Kingdom of Sweden and the United States of America, should be terminated as of March 18, 1921, by mutual agreement of the two governments, parties to the Convention above mentioned. On July 8th a favorable reply, a copy of which is likewise enclosed, was received from the Royal Government under the date of June 29th, stating that the Royal Swedish Government agreed with the proposal and, consequently, considered Articles 11 and 12 of the Consular Convention of June 1, 1910, terminated as of March 18, 1921.

I have [etc.]

POST WHEELER

[Enclosure 1]

The American Chargé (Wheeler) to the Swedish Minister of Foreign Affairs (Palmstierna)

No. 307

STOCKHOLM, June 18, 1920.

EXCELLENCY: I have the honor to inform Your Excellency that in accordance with the Act of Congress approved March 4, 1915 (Volume 38, United States Statutes at Large, Page 1164) it is incumbent upon my Government to express to Your Excellency's Government the desire that Articles 11 and 12 of the Consular Convention of June 1, 1910, between the Kingdom of Sweden and the United States of America, should be terminated as of March 18, 1921, and to suggest, if satisfactory to the Royal Government, that this should be accomplished by an interchange of notes.

Therefore, I have the honor to propose to Your Excellency's Government that Articles 11 and 12 of the aforesaid Consular Convention shall be terminated as of March 18, 1921, by mutual agreement of the two Governments, parties to the Convention above mentioned. Upon receipt of the Royal Swedish Government's reply agreeing to this proposal, the modifications of the Convention as set forth herein shall be considered effective upon the date stipulated.

I avail [etc.]

POST WHEELER

[Enclosure 2]

The Swedish Minister of Foreign Affairs (Palmstierna) to the American Chargé (Wheeler)

STOCKHOLM, June 29, 1920.

MONSIEUR LE CHARGÉ D' AFFAIRES: In a note of the 18th this month You were good enough to inform me that in accordance with the act of Congress approved March 4, 1915, it was incumbent upon Your Government to express to the Swedish Government the desire that articles 11 and 12 of the Consular Convention of June 1, 1910, between the Kingdom of Sweden and the United States of

America, should be terminated as of March 18, 1921, and to suggest, if satisfactory to the Royal Government, that this should be accomplished by an interchange of notes. You therefore proposed to the Swedish Government that Articles 11 and 12 of the aforesaid Consular Convention should be terminated as of March 18, 1921, by mutual agreement of the two Governments, parties to the Convention above mentioned, and that upon receipt of the Swedish Government's reply agreeing to this proposal the modifications of the Convention as set forth in Your note should be considered effective upon the date stipulated.

I have the honour to state that the Royal Swedish Government agrees with the proposal put forward in Your note under reply and consequently considers the Articles 11 and 12 of the Consular Convention of June 1st, 1910, between the Kingdom of Sweden and the United States of America, terminated as of March 18th, 1921.

I avail [etc.]

ERIK PALMSTIERNA

DENUNCIATION BY GUATEMALA AND NICARAGUA OF THE CONVENTION OF AUGUST 20, 1910, CONCERNING THE PROTECTION OF TRADE MARKS ⁷⁶

710.D4/188

The Argentine Ambassador (Le Breton) to the Secretary of State

[Translation]

NO. 37

NOTE VERBALE

The Argentine Ambassador presents his compliments to His Excellency the Secretary of State, and takes pleasure in forwarding to him the enclosed papers which the Ministry of Foreign Relations and Worship of the Argentine Republic places in Your Excellency's hands through the Embassy.

WASHINGTON, *July 12, 1920.*

[Enclosure—Translation ⁷⁷]

The Argentine Minister of Foreign Affairs and Worship (Pueyrredon) to the Secretary of State

BUENOS AIRES, *May 18, 1920.*

MR. SECRETARY: I have the honor to address Your Excellency and to inform you that the Government of Guatemala has written to the Ministry a note, of which I enclose an authenticated copy, giving notice that the Government of Guatemala, finding it inconvenient to

⁷⁶ For text of convention, see *Foreign Relations, 1910*, p. 53.

⁷⁷ File translation revised.

continue a party to the convention relative to trade marks, concluded at the Fourth International Conference of American States which met at this capital in 1910, sees fit to denounce it as it does by means of the said note.

Therefore, in accordance with the stipulation in article 19 of the said convention, I forward that document to Your Excellency for the notice and information of your Government.

I avail myself [etc.]

H. PUEYRREDON

[Subenclosure—Translation]

The Guatemalan Acting Minister of Foreign Affairs (Aguirre) to the Argentine Minister of Foreign Affairs and Worship (Pueyrredon)

No. 563

GUATEMALA, *March 18, 1920.*

MR. MINISTER: In accordance with Article 19 of the Convention relative to trade marks, signed by the delegates to the Fourth International American Conference in the City of Buenos Aires, on August 29 [20], 1910, I have the honor to inform Your Excellency that the Government of Guatemala, no longer finding it convenient to continue a party to that agreement, finds itself constrained to denounce it by means of these presents.

Begging Your Excellency kindly to give notice of this denunciation to the Governments concerned, I take [etc.]

G. AGUIRRE

710.D4/188

The Secretary of State to the Minister in Guatemala (McMillin)

No. 397

WASHINGTON, *July 16, 1920.*

SIR: You are informed that the Government of the Argentine Republic has been notified by the Government of the Republic of Guatemala that, in accordance with Article 19 of the Convention relative to Trade Marks, signed by the delegates to the Fourth International American Conference in the City of Buenos Aires, the Government of Guatemala no longer finds it convenient to continue to be a party to that agreement, and finds itself obliged to denounce it.

You are requested to ascertain and transmit to the Department full information regarding this act on the part of the Government of Guatemala, the reasons which induced that Government so to do, and what influences or individuals, if any, may have been concerned in bringing about this action.

I am [etc.]

For the Secretary of State:

VAN S. MERLE-SMITH

710.D4/199

The Minister in Nicaragua (Jefferson) to the Secretary of State

No. 854

MANAGUA, August 11, 1920.

[Received September 2.]

SIR: For the information of the Department I have the honor to append herewith a Spanish copy and translation of the note of May 24, 1920 of the Minister of Development to the Minister for Foreign Affairs, which was recently handed to me.

It will be noted that request is made that there be denounced the Convention on trade marks, patents, etc., signed at Buenos Aires on August 20, 1910, of which the United States is a signatory. Action is temporarily withheld awaiting advice from the Department regarding same.

I have [etc.]

BENJAMIN L. JEFFERSON

[Enclosure—Translation ⁷⁹]*The Nicaraguan Minister of Fomento and Public Works (Zavala) to the Minister of Foreign Affairs (Urtecho)*

No. 1164

MANAGUA, May 24, 1920.

MR. MINISTER: This Ministry, for reasons set forth by the Director General of Public Works in the report which I have the honor to transcribe to you, deems it advisable to denounce the convention of August 20, 1910, on trade marks, to which said report refers; and therefore I request you kindly to denounce said convention in conformity with article XIX of the same:

"I have the honor to submit for your consideration the following observations:

"Article II of the Convention on Trade Marks, signed at Buenos Aires the 20th of August, 1910, by the delegates of the American Republics to the Fourth International American Conference textually reads:

'Article II. Any mark duly registered in one of the signatory States shall be considered as registered also in the other States of the Union,⁸⁰ without prejudice to the rights of third persons and to the provisions of the laws of each State governing the same.

'In order to enjoy the benefit of the foregoing, the manufacturer or merchant interested in the registry of the mark must pay, in addition to the fees or charges fixed by the laws of the State in which application for registration is first made, the sum of fifty dollars gold, which sum shall cover all the expenses of both Bureaux for the international registration in all the signatory States.'

"From the cited text, a citizen, for example, of the United States of America, who pays the 'fees or charges' which the law of the

⁷⁹ File translation revised.

⁸⁰ Arts. XI-XVI of the convention provide for the establishment of a "union of American nations", with offices in Habana and Rio de Janeiro, to act as a clearing-house for registered trade marks.

United States prescribes for the registry in that country of a trade mark, and moreover pays the fixed fee of \$50 only once, a fee destined to cover the expenses of international registration in the appropriate bureau, will enjoy the benefit of having his mark registered in all the other States of the Union. Therefore, in the case of the aforesaid example, the citizen of the United States would also have, according to the article cited, his mark protected in Nicaragua, although we would collect no fee for it; also, as these cases, referring to the United States of America, will reach into the thousands annually, we shall have to establish a new Office of Registration of Trade Marks with a large personnel capable of attending to the great amount of work which would be created. Moreover, it is necessary to take into consideration that at present the greater part of the marks which are registered in this office come from the United States of America, and that from them the Treasury receives a considerable income, which will cease from the moment the owners of those marks, by paying to their own Government the fees which heretofore they have paid here, obtain in Nicaragua the protection of their marks, a thing which, as has been said before, they could only obtain heretofore by paying here also the fees which our law requires. In short, we stop collecting the fees which our law requires with the obligation of doing gratuitously the same service for which we used to receive payment, and moreover, we incur considerable expense which heretofore we did not have, for, as you well know, Mr. Minister, the registration of trade marks and patents today does not cost Nicaragua one centavo. For the reasons set forth, unless there be a better and more authoritative opinion, this office considers it advisable for Nicaragua to make use immediately of the right which article XIX gives it to denounce the convention, notifying, as therein stipulated, the other signatory States, through the medium of the Government of the Argentine Republic."

I avail myself [etc.]

JUAN J. ZAVALA

710.D4/203

The Minister in Guatemala (McMillin) to the Secretary of State

No. 93

GUATEMALA, August 26, 1920.

[Received September 14.]

SIR: With reference to your No. 397 of June [July] 16, 1920 in which you inquire concerning the reasons for the denunciation by the Guatemalan Government of the Trade-Mark Convention signed by it at Buenos Aires, I have the honor to inform you that the Legation is in receipt of a note from the Foreign Office which says that,

" Said pact was denounced by the former Government, and from the investigations made, it appears that it was considered that the Convention was one-sided in its operation. Guatemalans are not registering trade-marks abroad and therefore all the benefits of the Convention are derived by foreign merchants and manufacturers and the burdens and disadvantages are borne by Guatemalans alone.

I should add that the Central Executive Council of the High Interamerican Commission has forwarded a note to this Government asking for its reconsideration of the matter and my Government has sought the opinion of the Council of State.”

I have [etc.]

BENTON McMILLIN

710.D4/214

The Argentine Ambassador (Le Breton) to the Secretary of State

[Translation]

No. 56

NOTE VERBALE

The Argentine Ambassador presents his compliments to His Excellency the Secretary of State and takes pleasure in forwarding to him the enclosed papers which the Minister of Foreign Relations and Worship of the Argentine Republic wishes to deliver to Your Excellency through the Embassy.

WASHINGTON, *November 29, 1920.*

[Enclosure—Translation ⁸¹]

The Argentine Acting Minister of Foreign Affairs and Worship (Torello) to the Secretary of State

BUENOS AIRES, *October 11, 1920.*

MR. SECRETARY OF STATE: I have the honor to inform Your Excellency that the Government of Nicaragua has notified this Ministry, through the note of which I enclose a certified copy, that the Government of Nicaragua finds it no longer convenient to continue to be a party to the Trade Mark Convention, concluded at the Fourth International American Conference assembled in this capital in 1910, and finds itself in the position of having to denounce it, as it does by means of the said note.

Consequently, and in accordance with the stipulations of article 19 of the said convention, I forward that document to Your Excellency for the notification and information of Your Government.

I avail myself [etc.]

P[ABLO] TORELLO

[Subenclosure—Translation ⁸¹]

The Nicaraguan Minister of Foreign Affairs (Urtecho) to the Argentine Acting Minister of Foreign Affairs and Worship (Torello)

No. 37

MANAGUA, *July 16, 1920.*

EXCELLENCY: I have the honor to acknowledge the receipt of your polite note of May 18 last by which you were pleased to inform me

⁸¹ File translation revised.

that the Government of Guatemala has addressed to Your Excellency a note, a copy of which is enclosed in your communication, notifying you that it no longer suits the interests of Guatemala to continue a party to the Trade Mark Convention concluded at the Fourth International American Conference assembled at your capital in 1910, and that it found itself in the position of having to denounce that convention.

In taking note of the terms of Your Excellency's important note, I make it my duty to inform you that as the same reasons exist for Nicaragua as were stated by Guatemala, my Government joins in the notice given by Guatemala for the denunciation of the said Trade Mark Convention.

I avail myself [etc.]

J. A. [URTECHO]

INTERPRETATION OF THE MONROE DOCTRINE

710.11/433

The Salvadoran Minister of Foreign Affairs (Paredes) to the Secretary of State

[Translation ⁸²]

No. 752

SAN SALVADOR, *December 14, 1919.*

MR. SECRETARY OF STATE: The Republic of Salvador maintained a benevolent neutrality during the gigantic war which for more than four years disturbed the world. Her small geographic size kept her out of this hecatomb; but notwithstanding her neutrality, on every occasion she showed her sympathy with the ideals which led the United States to participate in the conflict, now decided, thanks in great part to the lofty and noble efforts of His Excellency the President of the American Union, who was able to condense, in his important fourteen points, an entire gospel of new life for the political and social relations of the peoples.

When peace was signed, Salvador took part in the unanimous rejoicing over such an outstanding event, because the termination of the war brought to the fore the triumph of right and liberty, which shone again, free from shadows, in all their fullness and splendor.

And this great North American statesman, who today rules the destiny of that great Nation, is entitled to the glory of having crystallized the legitimate desires of a fruitful peace, presenting to the Conference of Versailles the plan of a League of Nations, formed to encourage international cooperation by permanent and firm respect for the immutable principles of the law of nations and by devotion to universal peace and justice.

⁸² File translation revised.

More than thirty nations welcomed that noble conception, which translates into reality the ideal cherished by illustrious publicists who have long since commended the reign of law as the only support for a stable and lasting peace; and with the approval and signature of the memorable treaty, in the plenary session of the Congress of Versailles, on June 28 of the current year, President Wilson covered himself with glory; and America felt proud that the arbiter of peace should come from the very bosom of the first American democracy.

The Government of Salvador has received the very great honor of being invited to participate in that world confederation, according to the communication which was made to it through His Excellency the French Minister of Foreign Affairs, and expects that it will desire to adhere to the said treaty, which consecrates arbitration as the only means of settling disputes between the nations, establishes absolute respect for the sovereignty, independence, and territorial integrity of great and small nations, and consolidates, besides, the very substantial bases of modern public law.

All of the text of the treaty is suggestive and attractive. It gives spiritual encouragement to the revival of canons of life long hoped for by sociologists and publicists, which might not emerge except for the fact that, from the ashes of martyred Justice there arise beautiful gospels with new force and power, which, in moments of blind and senseless passion, are lost sight of by the very ones who are called upon by the unchanging laws of international coexistence to sustain and embellish them.

But in the text of the treaty there exists an article which has provoked vehement discussion throughout the American continent, including the United States, without doubt because of its brevity and lack of clearness. I refer to article 21 couched in the following terms:

“Nothing in this Covenant shall be deemed to affect the validity of international engagements, such as treaties of arbitration or regional understandings like the Monroe Doctrine, for securing the maintenance of peace.”

The international juridical construction of that clause lends itself to varied interpretations, once the great plan of the League of Nations is made to embrace recognition and sanction of regional understandings or agreements, such as the Monroe Doctrine, concerning the high pacific objects of which there is no harmonious meeting of wills and no absolute and effective criterion.

Since the year 1823, when the illustrious President James Monroe rejected all intervention on the part of the European nations in American affairs, that doctrine has, in fact, undergone various applications, depending on the various predominating political tendencies in the American Government.

In truth, Mr. Secretary, one has only to make a careful survey of the different opinions of the prominent thinkers and public men of the United States, on the genuine and faithful interpretation of the Monroe Doctrine, which the ex-Secretary of State, Mr. E. Root, came to consider as "a declaration based upon this nation's right of self-protection", which "can not be transmuted into a joint or common declaration by American states or any number of them".⁸⁴

My Government recognizes that the Monroe Doctrine consolidated the independence of the Latin continental states and spared them the grave danger of European intervention. It understands that this doctrine is the determining cause of the existence of the democratic system on this continent and that it erected a barrier against colonization by Europe; but, as the Covenant of the League of Nations does not indicate or define its scope nor determine any positive standard of international community life in America, and on the other hand, the said doctrine will presently have to be transformed—by virtue of the full sanction of the nations—into a principle of universal public law *juris et de jure*, I request Your Excellency to be kind enough, if you think fit, to set forth the authentic idea of the Monroe Doctrine, as the illustrious Government of the White House understands it in the present historic moment and in its intentions for the future. It must be evident to that Government that my own Government keenly desires a declaration which will put an end to the prevailing confusion of interpretation in this respect, which state of affairs, as is well known, is not the most favorable for development of the ideals of true Pan Americanism. Contrary to the authoritative and weighty opinion of the ex-Secretary of State, Mr. Root, the Monroe Doctrine, in consequence of its inclusion in the Covenant of the League of Nations, will be transformed, without doubt, into the basic principle of American international law.

Since amendment of the text of the treaty, or even the rejection of the whole of its provisions, by the American Senate, would leave the different points comprised in that international engagement unaffected so far as the other signatory nations are concerned, by virtue of its general and express acceptance, and since the Monroe Doctrine would thereby remain virtually accepted by all the countries which ratify or adhere to the Treaty of Peace as the fundamental enactment of American public law, there is all the greater need for an interpretation of the basis and scope of the Monroe Doctrine, not only as regards the evolution of the lofty program of Pan Americanism, but also in order that the doctrine may retain all its original purity and all the lustre of its prestige.

I avail myself [etc.]

JUAN FRAN^{co} PAREDES

⁸⁴ Elihu Root, "The Real Monroe Doctrine", *Proceedings of the American Society of International Law*, 1914, p. 19.

710.11/434

The Acting Secretary of State to the Salvadoran Minister (Sol)

WASHINGTON, *February 26, 1920.*

SIR: I have the honor to acknowledge the receipt of the note Number 752 dated December 14, 1919 from Señor Don Juan Franco Paredes, Minister of Foreign Affairs of Salvador in which the Minister of Foreign Affairs requests this Government to set forth its interpretation of the Monroe Doctrine because of the bearing which such interpretation might have on the attitude of the Government of Salvador toward the Covenant of the League of Nations.

In reply I have the honor to inform you that the views of this government with reference to the Monroe Doctrine were set forth in the address of the President of the United States to the Second Pan American Scientific Congress, copy of the pertinent portions of which I beg to attach herewith.

Accept [etc.]

FRANK L. POLK

[Enclosure]

*Extract from the Address of President Wilson, Delivered January 6, 1916, before the Second Pan American Scientific Congress*⁸⁵

The Monroe doctrine was proclaimed by the United States on her own authority. It always has been maintained, and always will be maintained, upon her own responsibility. But the Monroe doctrine demanded merely that European Governments should not attempt to extend their political systems to this side of the Atlantic. It did not disclose the use which the United States intended to make of her power on this side of the Atlantic. It was a hand held up in warning, but there was no promise in it of what America was going to do with the implied and partial protectorate which she apparently was trying to set up on this side of the water; and I believe you will sustain me in the statement that it has been fears and suspicions on this score which have hitherto prevented the greater intimacy and confidence and trust between the Americas. The States of America have not been certain what the United States would do with her power. That doubt must be removed. And latterly there has been a very frank interchange of views between the authorities in Washington and those who represented the other States of this hemisphere, an interchange of views charming and hopeful, because based upon an increasingly sure appreciation of the spirit in which

⁸⁵ Held in Washington Dec. 27, 1915-Jan. 8, 1916. For the complete address, see Ray Stannard Baker and William E. Dodd (eds.), *The Public Papers of Woodrow Wilson: The New Democracy* (New York, 1926, 2 vols.), vol. I, pp. 439-445.

they were undertaken. These gentlemen have seen that if America is to come into her own, into her legitimate own, in a world of peace and order, she must establish the foundations of amity so that no one will hereafter doubt them.

I hope and I believe that this can be accomplished. These conferences have enabled me to foresee how it will be accomplished. It will be accomplished in the first place by the States of America uniting in guaranteeing to each other absolutely political independence and territorial integrity. In the second place, and as a necessary corollary to that, guaranteeing the agreement to settle all pending boundary disputes as soon as possible and by amicable process; by agreeing that all disputes among themselves, should they unhappily arise, will be handled by patient, impartial investigation, and settled by arbitration; and the agreement necessary to the peace of the Americas, that no State of either continent will permit revolutionary expeditions against another State to be fitted out on its territory, and that they will prohibit the exportation of the munitions of war for the purpose of supplying revolutionists against neighboring Governments.

710.11/452

The Secretary of State to Diplomatic Representatives in Central and South America

WASHINGTON, March 26, 1920.

GENTLEMEN: In answer to a request from the Government of Salvador to the Government of the United States for a definite statement of its interpretation of the Monroe Doctrine, the Department answered, in a note to the Minister of Salvador, who transmitted his Government's request to the Department, in part as follows:

"I have the honor to inform you that the views of this government with reference to the Monroe Doctrine were set forth in the address of the President of the United States to the Second Pan American Scientific Congress, a copy of the pertinent portions of which I beg to attach herewith."

A copy of the part of the President's address which was communicated to the Government of Salvador is enclosed herewith,⁸⁶ as a part of this circular instruction, and may be given to the press if desired.

I am [etc.]

For the Secretary of State:
BRECKINRIDGE LONG

⁸⁶ Printed *supra*.

VISIT OF THE SECRETARY OF STATE TO BRAZIL, URUGUAY, AND ARGENTINA

033.1132/12a : Telegram

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

WASHINGTON, October 21, 1920—6 p.m.

58. The President has directed the Secretary of State to visit Brazil as the representative of the Government of the United States to return the visit to this country of President Pessoa. It is important, because of matters requiring the Secretary's presence in the United States before the beginning of the new year, that arrangements be made for the visit to take place during the month of November.

Please inform the Brazilian Government of the designation of the Secretary of State to repay the visit of President Pessoa, and state that the Secretary welcomes this opportunity of visiting Brazil and of meeting the President, the members of the Government, and the public men under whose guidance Brazil has attained such a high place among the nations of the world. The Secretary believes that the mutual understanding which will thereby ensue will make still closer the exceptional relations of friendship existing between the two nations.

Ascertain whether the visit of the Secretary of State at the time indicated would be agreeable to the Government of Brazil. Please request that the matter be kept confidential until public announcement of the Secretary's visit is made in Washington.

It is the intention of the Secretary, upon the termination of his stay in Brazil, which of necessity must be brief, to proceed to Montevideo to return the visit of President Brum, and to make later an official visit to Argentina before returning to the United States. It would therefore be embarrassing to have announcement of the Secretary's visit published in Brazil before the Governments of Argentina and Uruguay have been notified.

Cable reply as soon as possible.

COLBY

033.1132/13 : Telegram

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

RIO DE JANEIRO, October 22, 1920—5 p.m.

[Received 11:15 p.m.]

101. Dept's Oct. 21, 6 p.m. President Pessoa assured me this morning that he would be greatly honored by visit of Sec'y of State in November next, in return for Pessoa's visit to United States last year. Will consider the matter confidential until announcement is made from Washington.

Pessoa would be gratified if Secretary should arrive November 15th, thus come [on] Brazil's national fête day.

MORGAN

033.1132/13b : Telegram

The Secretary of State to the Minister in Uruguay (Jeffery)

WASHINGTON, *October 23, 1920—6 p.m.*

44. The President has directed the Secretary of State to visit Uruguay as the representative of the Government of the United States to return the visit here of President Brum. The Secretary will first make an official visit to Brazil and will proceed from there to Montevideo. It is important, because of the matters requiring the Secretary's presence in the United States before the beginning of the new year, that arrangements be made for the visit to take place during the month of November.

Please inform President Brum of the designation of the Secretary of State to repay the President's visit to this country, and state that the Secretary welcomes the opportunity of visiting Uruguay and of meeting the President, the members of his administration, and the public men under whose guidance Uruguay has attained such a notable position among the nations of the world. The Secretary believes that the mutual understanding which will thereby ensue will make still closer the relations of true friendship existing between the two nations.

Ascertain whether the visit of the Secretary of State at the time indicated would be agreeable to the Government of Uruguay.

Cable reply at earliest opportunity, and request that visit be kept strictly confidential until publication here.

COLBY

033 1132/13a : Telegram

The Secretary of State to the Chargé in Argentina (Wadsworth)

[Paraphrase]

WASHINGTON, *October 23, 1920—6 p.m.*

118. The Secretary of State, representing the Government of the United States, will go to Rio de Janeiro and Montevideo to return the official visits of President Pessôa and President Brum. The Secretary will make the trip in November and will arrive in Montevideo probably toward the end of the month. In view of the proximity of that city to Buenos Aires, the Secretary has been urged to include in his trip a visit to Argentina.

You will call upon the Minister of Foreign Affairs and inform him confidentially of the Secretary's plans. The short distance between Buenos Aires and Montevideo would make possible before the Secretary turns homeward a brief visit to Buenos Aires that would

be a welcome opportunity to emphasize the exceptionally friendly sentiments felt by this Government for the Government of Argentina. The unmistakable concurrence of the Argentine Government together with the extension of an invitation to the Secretary to visit Buenos Aires following his visit to Uruguay is, of course, presupposed. It goes without saying that the Secretary would be glad to avail himself of such an opportunity as would thus be afforded to visit Argentina and to meet the officials of the Government and the men in public life whose guidance has enabled the Republic to attain the eminent position it holds among the nations of the world.

Cable the result of your interview as soon as possible; also request that no announcement be made of the Secretary's intention to visit Uruguay [*Argentina?*] before its publication here.

COLBY

033.1132/14 : Telegram

The Minister in Uruguay (Jeffery) to the Secretary of State

MONTEVIDEO, October 26, 1920—noon.

[Received 7 p.m.]

75. Department's 44, October 23, 6 p.m. Am officially informed that President Brum and the officials of the Government will be greatly pleased and feel highly honored by visit from Secretary Colby. As the Uruguayan elections occur on November 28th it is suggested the Secretary should not arrive at Montevideo on this date nor Friday or Saturday preceding.

JEFFERY

033.1132/16 : Telegram

The Chargé in Argentina (Wadsworth) to the Secretary of State

[Paraphrase]

BUENOS AIRES, November 5, 1920—noon.

[Received 2 p.m.]

242. Your 118 and 123, and my 239.⁸⁶ Reply has been made through the Foreign Office that the Government of Argentina will receive the visit of the Secretary of State with the greatest pleasure.

WADSWORTH

033.1132/19a : Telegram

*The Secretary of State to the Ambassador in Brazil (Morgan)*⁸⁷

WASHINGTON, November 10, 1920—6 p.m.

64. Formal announcement was yesterday made by the President that he has designated the Secretary of State to visit Brazil on his

⁸⁶ Nos. 123 and 239 not printed.

⁸⁷ Similar telegrams were sent on the same date to the representatives in Argentina (no. 128) and Uruguay (no. 47).

behalf to return the visit here of President Pessoa. Referring to the visits to this country of President Brum and President Pessoa, the President made the following statement:

“The history of the relations between the United States and the friendly republics in South America was marked in the years 1918 and 1919 by two incidents of the most agreeable character and outstanding significance. I refer to the visit to this country in August 1918, of His Excellency, Dr. Baltasar Brum, now President of Uruguay, and at the time of his visit Minister of Foreign Affairs of his country, and in the year 1919 to the visit of His Excellency, Dr. Epitacio Pessoa, now President of Brazil, and at the time of his visit the President-elect to that exalted office.

“Both these visits called forth demonstrations on the part of the people of the United States of the utmost cordiality and good will toward the distinguished visitors and the friendly nations whom they represented, and every thinking person in this country was impressed with the potency of such visits as instruments for cementing the sincere attachment and deepening the genuine intimacy between the self-governing democracies of the western hemisphere.

“I have, therefore, directed the Secretary of State, on my behalf and in my stead, to visit both Brazil and Uruguay and to extend to the peoples of both those countries, through their respective governments, the most emphatic assurances of the esteem and friendship of the people of the United States and of the desire felt in this country for the strengthening of every tie that binds our respective peoples in mutual good will and cordial intercourse.”

Please inform the Minister for Foreign Affairs of the above in order that announcement may be made by the Brazilian Government of the approaching visit of the Secretary of State, and obtain publication of the pertinent paragraphs from the President's formal announcement above quoted. The date of the Secretary's departure has not yet been definitely determined, but it is feared that he will not be able to arrive at Rio de Janeiro until early in December.

COLBY

033.1132/26 : Telegram

The Ambassador in Argentina (Stimson) to the Secretary of State

[Paraphrase]

BUENOS AIRES, *November 29, 1920—2 p.m.*

[Received 8 p.m.]

258. My telegram no. 256 of today.⁸⁸ After a consultation with Mr. Wadsworth I cannot ascertain that an official invitation has been extended to the Secretary of State to visit Argentina, or that he will be entertained as a national guest. I learn from an unim-

⁸⁸ Not printed.

peachable private source that several weeks ago the Argentine Ambassador at Washington cabled his Government to send a torpedo boat to bring Mr. Colby and his party to Buenos Aires from Montevideo, but that this request was negatived by President Irigoyen.

STIMSON

032.1132/26 : Telegram

The Acting Secretary of State to the Ambassador in Argentina (Stimson)

[Paraphrase]

WASHINGTON, December 2, 1920—3 p.m.

136. Your 258, dated November 29, 2 p.m. The Department is reluctant to question the form of the invitation extended; the Argentine Government replied through your Embassy that it would welcome the visit of the Secretary of State, and the same sentiment was communicated to the Department through the Argentine Ambassador here. If, however, you have positive reason to believe that the Government of Argentina by reason of domestic political considerations would be embarrassed by the Secretary's visit at this time, the Department desires you to obtain an audience with the President at once and inquire discreetly and informally whether or not he would prefer the visit of the Secretary of State to be deferred until some future and perhaps more appropriate date. Should you determine that it is necessary to obtain this audience with President Irigoyen in order to be sure that the Secretary's visit would be welcomed, you will take occasion to let him know that the Government of the United States considers that the visit of the Secretary of State to Argentina would evince the friendly regard of the United States for Argentina and make evident beyond question the fact that there does not exist now nor has there at any time existed on the part of this Government any trace of resentment because of the policy pursued by the Argentine Government during the war. Make clear likewise that the Secretary, on his approaching visit, does not intend in any way to refer to questions which have arisen during the past few years, but brings with him instead the message that this Government desires in every way possible to strengthen in the future the bonds of friendship and common interest that link the two countries.

DAVIS

033.1132/38b : Telegram

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

WASHINGTON, December 3, 1920—6 p.m.

68. The Secretary of State is leaving Washington today with the members of his party and will sail from Norfolk December 4, on

the USS *Florida* for Brazil, arriving at Rio de Janeiro about December 16. The official members of the party accompanying the Secretary are the following:

Major-General Adelbert Cronkhite, U.S.A.

Rear-Admiral F. B. Bassett, U.S.N.

Colonel William Kelly, Jr., Military Aide to the Secretary of State.

Captain E. S. Ross, Aide to General Cronkhite.

Doctor Guillermo Sherwell, Special Assistant to the Secretary of State.

Mr. William H. Beck, Private Secretary to the Secretary of State.

Mr. Harry R. Young, Disbursing Officer of the Mission.

Mr. Edwin T. Evans, Stenographer.

Mr. Manuel Guillermo Martinez, Stenographer.

Mr. Craig Wadsworth, Councilor [*Secretary*] of Embassy, will meet the Secretary of State upon his arrival at Rio and will accompany him during the remainder of his journey.

In addition to the above, the Secretary will be accompanied by Mr. William H. Crawford, representative of the *New York Times*, Mr. Louis Seibold, of the *New York World*.

In accordance with an Executive Order issued November 28, the official flag of the Secretary of State will be displayed on the USS *Florida* so long as he shall be on board the ship and upon the launch which may convey him to the shore when his communication therewith becomes necessary.

DAVIS

033.1132/54 : Telegram

The Ambassador in Argentina (Stimson) to the Acting Secretary of State

BUENOS AIRES, December 22, 1920—8 p.m.

[Received 11:55 p.m.]

276. From Russell, Secretary of the Embassy.

"In the absence of the Ambassador, Under Secretary for Foreign Affairs has extended to me, in the name of the President of the Republic, a formal and official cordial invitation to the Secretary of State to visit Argentina as the guest of the nation. An Argentine war vessel will be sent to Montevideo to convey the members of the mission [to] Buenos Aires where accommodations will be provided for them in the Plaza Hotel. Under Secretary added that length of stay would depend entirely upon Mr. Colby's wishes but he hoped that it would not be too short. He suggested eight days in order that the Secretary might meet leading men of the country and not be too hurried. The program while not as yet communicated to me in full will include a state dinner, an official

reception, et cetera, and every thing possible will be done. I had ascertained from Under Secretary on preceding day that accommodations would be provided by the Government and informed Rio de Janeiro accordingly and information contained in this telegram is also being communicated to the Secretary of State."

STIMSON

033.1132/55 : Telegram

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

RIO DE JANEIRO, December 23, 1920—10 a.m.

[Received 1:55 p.m.]

128. Please say to the President that the results of Secretary Colby's visit to Brazil promise to be all that he could desire.⁸⁹ His felicitous and discreet addresses yesterday to the Senate, to the House and to the American Chamber of Commerce as well as his toast at the dinner which the President offered him in Barbados Palace [Cattete?] on the night of his arrival were characterized by devotion to the ideals, principles and person of the President. The Secretary is meeting the best men of the country under happy conditions.

MORGAN

033.1132/68 : Telegram

President Brum to President Wilson

[Translation]

MONTEVIDEO, December 29, 1920.

The presence of the illustrious Secretary of State Colby who is honoring us with his visit⁹⁰ as the representative of Your Excellency has rekindled the sentiments that I had the opportunity to express to Your Excellency during my visit to the United States. Your Excellency's representative will say to Your Excellency and to the noble people of the United States how true are the bonds of mutual esteem which traditionally bind our two countries.

BALTASAR BRUM

033.1132/64 : Telegram

The Ambassador in Argentina (Stimson) to the Acting Secretary of State

BUENOS AIRES, January 3, 1921—11 a.m.

[Received 8:45 p.m.]

3. The Secretary of State was prevented by press of work from accompanying the Mayor on a tour of the city and a visit to the

⁸⁹ The Secretary was in Brazil Dec. 21-25.

⁹⁰ The Secretary was in Uruguay Dec. 28-31.

Colon Opera House yesterday. At nine in the evening the official banquet took place in the Government house, the Minister for Foreign Affairs presiding and opposite him the Vice President. It was a most cordial and successful occasion. The entire Government house was splendidly illuminated with electric lights in Mr. Colby's honor. His speech delivered was entirely different from that given by the newspapers and distinctly the most successful speech I have ever heard here on a public occasion in Argentina and the members of the Cabinet, justices of the Supreme Court, and other Argentine authorities present [at] the dinner all expressed themselves to me to the same effect as many of them understood enough English to follow it. Today the President will call upon him at the Plaza Hotel and he will depart this evening for the *Florida* in the Uruguayan Roads. He himself traveling on the Uruguayan gunboat but a part of his staff with Admiral Bassett and my naval attaché will go on the Argentine gunboat *Libertad* which will give the national salute to the *Florida*. The tone of all the newspapers is most cordial and I consider the visit a great success.⁹¹

STIMSON

RELIEF IN CENTRAL EUROPE

Assistance to Poland in Combating Typhus—Consideration by the United States and the Allied Powers of Measures of Relief in Austria—Establishment of American Relief Warehouses—Sales on Credit by the United States Grain Corporation—Intimation to the German Government of the Necessity for Political Stability as a Condition of Relief—Unofficial Participation by the United States in the Austrian Section of the Reparation Commission—Admission to the United States of Polish Child Refugees from Siberia

855.48/851

*The Secretary General of the Commission to Negotiate Peace
(Grew) to the Secretary of State*

PARIS, *September 29, 1919.*

[Received October 18.]

SIR: I have the honor to bring to the particular attention of the Department the enclosed report, forwarded herewith in triplicate, of Hon. Herbert Hoover, Director General of Relief, to the Supreme Council, summarizing the work of his organization.

I have [etc.]

J. C. GREW

[Enclosure]

*The Director General of Relief (Hoover) to the President of the
Supreme Council*

PARIS, *3 September 1919.*

SIR: As I was appointed by the Heads of State on behalf of the Allied and Associated Governments as Director General of Relief

⁹¹ The Secretary was in Argentina Jan. 1-4, 1921.

for the period of the Armistice, it seems appropriate that in bringing this office to a close I should submit the following brief report to the Supreme Council of the operations co-ordinated by my direction since the Armistice and in co-operation with the Supreme Economic Council.

Relief Measures.

The tables attached hereto show that a total of 3,955,110 tons of foodstuffs and clothing of the value of \$968,338,222, from the various Allied and Associated Governments were distributed between December 1st, 1918, and August 31st, 1919, in the following proportions:

Country	Total tons	Approximate value
Finland.....	179, 207	\$25, 721, 274
Baltic States.....	59, 609	12, 953, 251
Poland.....	411, 821	122, 089, 061
Germany.....	1, 041, 356	256, 149, 040
Holland.....	24, 552	4, 217, 520
Denmark.....	9, 912	1, 189, 440
Belgium.....	794, 071	173, 616, 091
Northern France.....	90, 826	30, 079, 012
Czecho-Slovakia.....	369, 553	86, 810, 585
German-Austria.....	508, 344	108, 057, 702
Greater Serbia.....	103, 624	46, 109, 628
Roumania.....	224, 370	60, 137, 848
Bulgaria.....	22, 963	4, 794, 510
Turkey.....	23, 901	4, 899, 705
Armenia.....	52, 367	12, 576, 928
Russia.....	14, 170	9, 748, 500
Russian Prisoners in Germany.....	2, 685	1, 112, 350
Sundry.....	21, 879	8, 076, 377
TOTAL.....	3, 955, 110	\$968, 338, 222

Of the above, approximately \$605,000,000 of foodstuffs have been furnished on credits, \$340,000,000 has been paid for in cash, \$22,000,000 given in charity. The probability of repayment of the credits extended is solely a factor of the recuperation of Europe. The approximate distribution of the above contributions, from the different Allied and Associated Governments, is shown in the attached tables.

In addition to the above, a large amount of exchanges in potatoes, grain, meat, etc. have been arranged between interior countries in Central and Eastern Europe by my organization, amounting to somewhat over 300,000 tons of foodstuffs.

American Food Shipments to Allies.

During the cereal year (ending August 31st last) the total food shipments to France, Italy and the United Kingdom from the American area, under the control of the United States Food Administration, amount to approximately 12,500,000 tons, of a value of approximately \$2,250,000,000 the largest part of which was supplied upon credits from the United States Treasury. During the same period the shipments to European Neutrals aggregated approximately 2,000,000 tons of a value of about \$300,000,000. The aggregate American shipments of food to Europe during the period, on all accounts including relief, amounts to approximately 17,500,000 tons, as compared with an average of about 6,500,000 tons per annum pre-war.

Communications.

Under the authority of the Supreme War Council, with the cooperation of the Communications Section, extensive measures were taken in February last in the rehabilitation of railway traffics in Central and Eastern Europe. Through a large directing staff and the supply of a large quantity of materials, these railways, disintegrated by war use and by political changes at the Armistice, have been sufficiently co-ordinated and rehabilitated to maintain the movement of the basic necessities of life throughout this area.

The rivers Elbe, Danube, and Vistula have been opened for traffic under the authority given by your Council.

In order to successfully cope with the movement of supplies and control of railways, and to rehabilitate economic life generally, it has been necessary to organize telegraphic communication through Central and Eastern Europe. Some 10,000 kilometres of telegraph lines have been ceded by the various Governments to my organization and placed under my operation as a telegraphic unit.

Coal.

Acting under the authority of your Council, I set up an administration with view to securing the better production and distribution of coal in Central and Eastern Europe. Through agreements perfected between the various Governments concerned, coal supplies were maintained to those areas where it would otherwise have broken down. The distribution of many million tons of coal has thus been regulated. These agreements came to an effective termination at the signing of the German Peace Treaty, owing to the new political arrangements set up. An attempt to rehabilitate the situation has been made through your approval of my recommendation for the institution of the European Coal Commission.

Special Feeding of Children.

The special care of undernourished children has been set up as an independent and charitable organization and is now caring for approximately three and one-half million undernourished children in Central and Eastern Europe and is being supported by public charity and governmental subsidies from various quarters. As this administration has been based upon voluntary service and charity, the better-to-do for the poor, it has contributed very greatly to soften class conflict throughout this area in addition to its primary function of preservation of child life.

Conclusion.

The result of these operations has been to carry Europe (except Russia) through the greatest famine since the Thirty Years War without appreciable loss of life, although necessarily with some privation. With the arrival of the European harvest and, therefore, of supplies for some period in advance, and with the ratification of peace and therefore the rehabilitation of communications and of commercial life, the necessity for relief measures on so wide a scale has expired. The supply and communications problem of the forthcoming twelve months in Europe is a problem of the establishment of credits and the maintenance of peace. The coal problem is one of extended exertion and cessation of political controversy upon the part of the people in Europe. The various newly established governments have developed organization to a degree capable of undertaking their own economic problems, except the provision of credits, and it is vital that the initiative of all these governments should be called into being in undertaking their own burdens.

I wish to express my personal gratitude for the support I have received from your body and from the whole of the officials of the Allied Governments and of the eighteen other governments with whom my organization has had to deal. Without this unity of support and co-ordination of economic effort, the maintenance of stability in Europe pending the peace negotiations would have been impossible, and the suffering and loss of human life would have been of incalculable measure.

Faithfully yours,

HERBERT HOOVER

860c.48/392 : Telegram

The Commission to Negotiate Peace to the Secretary of State

PARIS, *October 28, 1919.*

[Received 11:34 p.m.]

4877. In view serious typhus situation certain portions of Poland, and on recommendations Hoover, Army Liquidation Board ad-

vanced approximately \$10,000,000 worth of sanitary equipment on credit for anti-typhus campaign in Poland and Secretary of War authorized Pershing to send Colonel Gilchrist and staff of experts including 500 enlisted men to Poland to carry on this anti-typhus campaign. Under original authority of Secretary of War this personnel is to be withdrawn December 18th.

Due to general transportation difficulties in Europe delays occurred in movement this sanitary material to Poland resulting in delay in starting work. Our representative in Poland reports the situation in typhus districts as appalling and earnestly recommend[s] the retainment of Gilchrist and such of his personnel as will volunteer to remain through the winter and spring months so as to assure lasting results in relieving this situation. Gilchrist concurs as to necessity of continuing this work.

Have no information as to attitude of War Department in this matter; however, in view importance of Gilchrist's operations from the humanitarian point of view and the practically insurmountable obstacles to the Poles unaided in accomplishing effective results, request most earnest consideration of this request and favorable action if practicable. Polk.

AMERICAN MISSION

860c.48/392 : Telegram

The Acting Secretary of State to the Commission to Negotiate Peace

WASHINGTON, November 10, 1919.

3722. Your 4877, October 28.

War Department has cabled General Connor that commissioned and enlisted personnel continue to carry on the anti-typhus campaign after December 18, 1919, with instructions that General Connor notify Colonel Gilchrist.

PHILLIPS

860c.48/282a : Telegram

The Secretary of State to the Commission to Negotiate Peace

WASHINGTON, November 17, 1919—6 p.m.

3797. For Polk.

President authorized Julius H. Barnes, United States Wheat Director and President Grain Corporation, to sell to Polish Government on credit or otherwise 100,000 tons of wheat and wheat flour. Please inform Warsaw.

LANSING

863.51/72

The British Appointed Ambassador on Special Mission (Grey) to the Secretary of State

No. 841

WASHINGTON, November 22, 1919.

SIR: As you are doubtless already aware, the Supreme Council in Paris decided by the Resolution of October 7th, 1919, that a Sub-Commission of the Organisation Committee of the Reparations Commission should be constituted at Vienna.

The Sub-Commission has submitted a unanimous report regarding Austria which has been carefully considered by the Organisation Committee and sent to the Supreme Council in Paris.

As the detailed part of the plan therein proposed was drawn up by the United States Representatives you are no doubt already cognisant of the proposal but I reproduce it here for convenience of reference:

The main recommendation of the Sub-Commission is, in effect, an advance to Austria of One Hundred Million Dollars to cover the supply of such foodstuffs and coal as will be required by Austria during the next six months. This advance, together with the sum of Forty-eight Million Dollars advanced by the Allies during the last twelve months, would be consolidated into a single loan, to be secured by the total assets and by the present and future Revenue of the Austrian Republic—the Administration of both assets and revenue being entrusted to the Reparations Commission. It would be the duty of the latter during the next six months to formulate and put into operation a programme for the economic and financial reconstruction of Austria. If attention be confined to the financial aspect of the problem with which the Organisation Committee is more particularly concerned, it is clear that the sum of One Hundred Million Dollars, which is estimated as required as the capital, cannot be provided by Austria itself; it follows that the funds must be directly advanced by one or more of the Allied and Associated Powers.

Recommendations of this scope raise questions which it is not within the competence of the Organisation Committee to determine. They can, therefore, only submit them for most immediate consideration and decision by the Governments concerned.

It is quite clear that the respective Powers themselves must decide whether to grant the loan and whether the terms of any advances that may be made will permit the Reparations Commission to be entrusted with the responsibility contemplated.

The Organisation Committee desire to express it as their opinion that there is no escape from the conclusion that it is only in the insti-

tution of a Central Controlling Authority, with wide powers over the financial and economic administration of Austria, that any hope can be found of the salvation of that country.

If the advances required can be supplied by any one or more of the Allied and Associated Powers and on terms that will permit doing so, then the Organisation Committee recommend that the following plan be adopted.

That the Austrian Government be authorised to issue Certificates of indebtedness in an amount to be determined by the Sub-Commission at Vienna, convertible into First Bonds to be issued pursuant to Article 181 of the Austrian Treaty of Peace. A portion of these Certificates to be given to the British, French, and Italian Governments as security for all loans or credits heretofore made [and to be given to the lending Government for all loans and credits hereafter to be made to the Austrian Government⁹²] in place of and instead of Austrian assets now held or about to be taken as security for loans or credits. Such assets to be turned over to the Sub-Commission at Vienna, together with all objects of Art to whose monopoly and property the late Royal and Imperial House recently declared to be Government property, as well as any other liquid assets of the Austrian Government. All assets so turned over to be held by the Sub-Commission and so far as available to be administered by it for the purposes contemplated. The other portion of the Certificates to be applied from time to time by the Sub-Commission in such manner as it may deem proper and necessary in the interests of reparation, at the same time assuring to Austria her minimum requirements in food, coal and raw materials as provided by Article 181 of the Austrian Treaty of Peace.

The Organisation Committee further recommends that the foregoing plan be communicated at once to the Austrian Government, and if the Austrian Government shall request the Organisation Committee of the Reparations Commission in writing to exercise immediately like powers to those conferred upon the Reparations Commission, and the Austrian section thereof, by the Austrian Treaty of Peace, then the Sub-Commission in Vienna shall proceed as follows:

First, that the Austrian Government forthwith prohibit by law the sale, transfer or disposal outside of Austria or to other Austrian Nationals, of any of the assets of the country, either publicly or privately owned, without the consent of the Sub-Commission at Vienna and to declare void any such sales or transfers heretofore made after the signing of the Armistice of November 3rd, 1918, without the consent of the Austrian Government.

⁹² The passage enclosed in brackets is inserted in accordance with a memorandum from the British Embassy dated Nov. 26, 1919 (file no. 863.51/76).

Second. To prepare forthwith and put into immediate operation a financial plan along the lines indicated in this report in order to preserve Austria's assets for reparation and assure to Austria a minimum supply of the shipment of coal and raw materials.

Third. To exercise forthwith such control over collection and expenditure of all taxes, customs and revenue of the Austrian Government as to the Commission shall appear necessary and desirable.

Fourth. To commence a study forthwith of the economic and financial conditions of Austria and to prepare comprehensive plans for the rehabilitation of her to the end that reparation contemplated by the Austrian Treaty may be forthcoming.

You will observe that the Committee state that only by financial assistance provided by one or more of the Allied and Associated Powers, and by taking over the financial and economic administration of the country can the salvation of Austria be assumed [*assured?*]. The conclusion is reluctantly forced upon His Majesty's Government that unless the Allied and Associated Powers are prepared to give their support to some such proposal there are only two financial alternatives left, namely:

(a) To permit Austria to realize immediately any assets she is in a position to dispose of in order to enable her to purchase coal and food.

(b) To insist on the conservation by Austria of her assets for reparation and possible reconstruction.

Should (a) be adopted it would mean that within a few months Austria would again be confronted with starvation, but with the whole of her assets entirely dissipated.

The adoption of (b) would condemn Vienna to certain starvation, suffering there being already very acute, and the result of this would be that the Allied and Associated Powers, being unable or unwilling to provide finance for Austria, would be at the same time refusing to allow her to help herself, even though such self help involves the ultimate sacrifice of her continued existence.

In the opinion of His Majesty's Government the adoption of either of these alternatives would signify to the world that the Austrian Treaty had been, to all intents and purposes, "scrapped" even before its ratification. If such an impression were created it is unnecessary to dwell on the far-reaching consequences in Germany and elsewhere. The almost inevitable result would be that Austria would be forced into a political union with Germany and that to resist such a union consistently would be extraordinarily difficult for the Allied and Associated Powers.

His Majesty's Government feel that in view of these grave considerations no effort should be spared to devise some financial plan

comprehensive enough to enable Austria to alleviate her existing misery, which is appalling, and to assure her continued existence as an economic and political entity. At the same time, His Majesty's Government cannot see how, without the full and generous cooperation of the United States, any plan of this character can be arranged, which would be of permanent benefit to the world and to Austria herself.

The United Kingdom, in common with the United States, is already bearing a vast portion of the burden of the European war debt but the present financial situation of the United Kingdom, and particularly the discount on Sterling in New York, make it utterly impossible for the British Treasury to contemplate the assumption of further liabilities on behalf of Austria which involve expenditure outside of the United Kingdom. It would be, in itself, a dangerous and difficult expediency to grant further credits, even within the United Kingdom, to such countries as Austria, but in view of the grave issues now confronting the Allied and Associated Powers, His Majesty's Government are prepared to consider the question of putting this further strain upon their resources provided that the United States Government and the Governments of the other Allies contribute in proportion to their capacities. If any solution is to be reached it is essential that the Government of the United States should provide such part of the expenditure of Austria out of the suggested credits as would be incurred in dollars. The willingness of the United States to incur this obligation is necessary for the initiation of any plan. The part played by the United States in connection with the finance of the war is still fresh in the mind of His Majesty's Government, but they feel it incumbent upon them to urge the United States Government, with all the strength in their power, to extend their financial activities in order to meet the terrible crisis now raised by the situation in Austria.

I am directed to express the earnest hope that the United States Government will give their most serious consideration to the above proposals, and that I may be furnished with a reply at your earliest possible convenience.

I have [etc.]

GREY OF FALLODON

864.48/11 : Telegram

The Commissioner at Vienna (Halstead) to the Secretary of State

VIENNA, December 3, 1919—8 p.m.

[Received 8:35 p.m.]

58. State Chancellor Renner today called together representatives [European] Allied Powers and Japan and in the presence of Cabinet

made appeal for immediate assistance to Austria. Cabinet Minister discussed in detail urgent need to avert catastrophe by providing food from January 18th, financial position of Republic, and the railroad, manufacturing and the population's requirements in coal. Stated that police could not guarantee order if present shortage food and fuel continue.

Foreign representatives present were requested to telegraph their governments asking immediate granting of credits by the Allied Powers in goods or preferably money with detailed proposition for securing same to be later developed but to be secured in general by customs and other taxes, by water power concessions, by state railways and the personal property of Hapsburg dynasty. They desire to learn what property was free from reparation demands so that it may be used in pressing necessity. No new facts were developed but imminent danger of the situation emphasized as was danger Roumanian [*sic*] agitation for annexation Vorarlberg which would be followed by increasing tendency Tyrol, Salzburg and other provinces to break away. Though not discomforted [*discussed*] at conference, it may be added that calm situation now prevailing Vienna may be due to secret plot being formulated. Outlook is fraught with danger.

HALSTEAD

763.72119/8332 : Telegram

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

[Extract]

PARIS, *December 18, 1919—11 p.m.*

[Received December 19—9:35 p.m.]

1837. The Council of the Heads of Delegations met Wednesday morning, December 17th, at the Quai d'Orsay, M. Cambon in the chair.

1. Mr. Loucheur reported that the Committee on Organization of the Reparations Commission had met the day before in the afternoon to consider the larger questions of Austrian relief. According to the information received that morning the negotiations with the Dutch group for the 30,000,000 florins would probably be successful. Chancellor Renner had submitted a memorandum relative to the monthly needs of Austria. Austria required per month 50,000 tons of wheat, say \$5,500,000, 1600 tons of meat say \$1,000,000, 3400 tons of fats say \$2,700,000, 300,000 cases of condensed milk say \$200,000 or a total of \$9,500,000 per month. At the minimum therefore to carry Austria over till the next harvest she would require \$70,000,000. Austria asked for [\$]100,000,000. Of course the question of making so large a loan to Austria was outside of the competence of the Reparations

Committee. It was a matter of the respective governments. The Committee, however, if the principle of the loan were approved would suggest that certain precautions be taken. The Austrian Government should undertake certain financial laws giving the necessary guarantees; the Committee therefore asked the Council to decide the question of principle.

Mr. Cambon asked Mr. Wallace for the views of the United States. Mr. Wallace stated that he would refer the matter to his Government immediately. He also repeated for Mr. Cambon's benefit the statement he had made at the last meeting regarding his powers. Sir Eyre Crowe pointed out that the matter had already come before the Council and that it had been decided that it concerned the governments exclusively. The British Government was ready to take its part but only on the condition that America would likewise assume its share of the cost. His Government had made several efforts in Washington, had telegraphed often but was still awaiting a favorable answer.

Mr. de Martino agreed that there [were] both humanitarian and political reasons for aiding Austria. His Government had not yet come to a decision and would naturally desire to await the result of the negotiations between London and Washington.

Mr. Matsui stated that he had referred the matter to his Government but had [not] yet received an answer. He hoped that it would be able to participate in the common task. It was agreed to adjourn the discussion until the view of the various governments had been received.

WALLACE

763.72119/8332 : Telegram

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

[Extract]

WASHINGTON, December 23, 1919—10 a.m.

9400. Your 1837, December 18 11 p. m. For Wallace and Rathbone.⁹³ Referring paragraph 1, reference Austria. The United States cannot send money to Austria without Congressional authorization. For your information the Treasury has asked Congress to authorize use of certain funds for relief in Europe exclusive of Germany which will primarily be used for aid to Austria and the neighboring states. Consult Rathbone who has full information. For your information the financial situation is such that as practical

⁹³ Albert Rathbone, Assistant Secretary, U. S. Treasury; unofficial representative on the Organization Committee of the Reparation Commission, after Jan. 10, 1920, the Reparation Commission.

matter the entire final burden of relief given will probably fall on the United States. It is, therefore, necessary and right that the United States should insist on such plan and management of the relief as she desires. We believe a coordinated plan for relief in Europe is the only solution which promises effective aid with the least financial outlay—that is, to have the relief plan managed in such a way as will from benefits received bring about, in spite of political jealousy, cooperation in aid to each other among the various states assisted. The extending of relief must be treated as a purely economic problem and the United States will not allow the funds to be so used as to further European political purposes. To this end we are inclined to limit voice in the direction of such relief to those countries only which contribute substantially toward it. It is believed Great Britain alone can give any substantial aid and it is thought that it will be willing to cooperate along lines suggested. Reserve agreement to any plan until instruction received from the Department.

LANSING

863.48/101 : Telegram

*The Director of the American Relief Administration (Rickard) to
the Secretary of State*

NEW YORK, January 6, 1920.

[Received 3:34 p.m.]

American Relief warehouses established in Warsaw, Hamburg, Vienna, Budapest and Prague now being stocked with following commodities: flour, bacon, beans, canned milk, corned beef, lard and cotton seed oil. We have arranged with American Bankers Association to circularize immediately their 22,000 banks in America requesting the assistance of each bank in selling food drafts in denominations of 10 and 50 dollars to customers desiring to help individual friends in Poland, Germany, Austria-Hungary and Czechoslovakia. The purchaser receives a food draft to be mailed to the person he desires to assist in one of the above named countries who will be entitled to receive upon presentation of this food draft at nearest central warehouse the food designated on the draft of an equivalent value to the cost of the food draft. There are two 10 and two 50 dollar food drafts designated [*designed*] to meet Christian requirements and Jewish requirements.

This plan has been presented to and received the endorsement of the Federal Reserve Board and the United States Treasury and also of each of the European countries concerned. The European Government[s] will hold all of contents of American relief warehouses

free of requisition and will assist in transportation and entry of all foods. Should any profit accrue from the operations it will be turned over to children's fund. If any person desires to contribute to the general relief of any one of the countries named without designating any individual beneficiary they can purchase draft in usual manner and we will forward it to our agents abroad to be used where most urgent relief is required.

We will be pleased to have your approval of this plan which we have initiated as a constructive relief measure largely offsetting the uneconomical methods of sending food packages from this country without any assurance of their delivery and also to meet the urgent appeals of these Governments to their nationals here not to transmit money.

EDGAR RICKARD

S63.48/117a : Telegram

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

WASHINGTON, January 14, 1920—3 p.m.

103. For Rathbone from Davis.⁹⁴ Treasury R-159.

1. As you are aware British Government in formal communication to State Department some weeks ago urged this Government to join with them in relief of Austria.⁹⁵ While that communication did not state specifically to what extent British would participate, it did state they would contribute to the extent of their ability, except that with present depreciation of exchange they could not incur commitments requiring dollar disbursements.

2. Secretary Glass in formal communication to Ways and Means Committee last week outlined situation, especially in Poland, Austria and Armenia, where conditions are the most critical, and requested Congress to authorize Grain Corporation, with approval of the Secretary of the Treasury, to purchase, sell and deliver for cash or credit food and relief supplies to extent of \$150,000,000, and submitted therewith bill which he recommended. On Saturday morning I went before Ways and Means Committee to explain matter more in detail, and found Committee most sympathetic, Chairman of Committee stating that they hoped to get action this week.

3. Committee naturally desired to know to what extent British Government would participate in proposed relief. I explained to them the communication received from British Government relative to Austrian relief, from which we take for granted that British will at least supply all tonnage and any relief supplies required by

⁹⁴ Norman H. Davis, Assistant Secretary, U. S. Treasury, from Nov. 1919 to June 1920; assumed duties as Under Secretary of State, June 15, 1920.

⁹⁵ Note no. 841, Nov. 22, 1919, from the British Ambassador, p. 240.

Austria other than food which must be purchased in United States. I further explained that although British have not communicated with us regarding relief to Poland and other peoples of Europe, they have publicly and privately expressed considerable concern regarding conditions in Europe and the necessity for relief, for which they are prepared to do their share.

4. While we cannot give any assurances that Congress will grant authority requested, I now have every hope that they will do so very shortly, and I suggest therefore that on account of the necessity of taking immediate action after authority is received, an understanding be arrived at with British conditional upon our obtaining authority to proceed. . . . Hoover has just informed me that the President authorized Grain Corporation to sell 100,000 tons flour to Poland, and that as Grain Corporation has no authority to supply tonnage on credit they appealed to British to furnish the tonnage, thinking of course that on account of their many statements of a desire to assist in European relief they would gladly comply with the request. They have just now notified him however that they have no tonnage available. I suggest therefore that you communicate at once with British explaining that it is necessary for us to know just what they will do, and that an agreement on their part to do their share will have considerable bearing upon our obtaining the desired legislation and subsequent participation. You might also indicate in your letter that in view of their request that we join them in Austrian relief, and also in view of their public and private expressions regarding necessity of and their willingness to assist in relief of Europe, we have informed Congress of their definite proposal to assist in Austrian relief and that we have no reason to suppose that they would not at least supply all the tonnage required and such other supplies as clothing, etc., which may be available in the United Kingdom for the relief also of Poland and any other sections where conditions are most serious. Please get definite understanding at once as to Austria and if possible Poland.

LANSING

863.48/108b : Telegram

*The Secretary of State to the Minister in Czechoslovakia (Crane)*⁹⁸

WASHINGTON, January 23, 1920—4 p.m.

12. Reports indicate that situation in Vienna was never so hopeless as today. Dr. Renner is completely discouraged since his fruit-

⁹⁸ The same, *mutatis mutandis*, to the Chargé in Yugoslavia (no. 5), with the substitution of "food" for "coal" in the last sentence of the third paragraph, and of "coal" for "food" in the fourth paragraph (file no. 863.48/108a).

less visit to Prague and is reported to be about ready to resign. Rumors of Bolshevik plots are rife and Bauer is reported to have declared that only a proletariat government could save Vienna by seizing the property of the rich. With the people cold and hungry, with normal life disrupted and no hope in sight, Vienna appears on the verge of a reign of anarchy.

You are instructed to bring this situation urgently to the attention of the Minister of Foreign Affairs pointing out to him that chaotic conditions in Austria must seriously affect Czechoslovakia and that unless the government of Czechoslovakia will do its share in preventing a crisis, it will inevitably assume its share of the responsibility.

The United States Government is not in the remotest degree responsible for the existing lack of foodstuffs, fuel or other vital necessities in Vienna and would be less affected than any other government by a Bolshevik régime in Austria, but recommendations are nevertheless being made to Congress for an appropriation for relief. The adhesion of the American people to such a plan cannot, however, be counted on if during the next two critical months the European nations are not willing to do their share. You should point out that Czechoslovakia without serious inconvenience would be able to supply Austria with coal sufficient at least for its minimum needs, and that with the cordial cooperation of Prague the Austrian situation would be greatly improved.

A similar telegram is being sent to Belgrade pointing out that Jugoslavia should supply food to Austria and general telegrams on the subject are being sent to London and Paris.

LANSING

863.48/107b : Telegram

The Secretary of State to the Ambassador in Great Britain (Davis) ⁹⁷

WASHINGTON, January 23, 1920—4 p.m.

66. Reports indicate that Austrian situation was never so hopeless and desperate as today. Dr. Renner himself is apparently completely discouraged since his recent fruitless journey to Czechoslovakia and it is reported he is about ready to resign. Without coal, with theaters and amusement places closed, shops shut after 3 o'clock, darkness threatened, street car lines out of operation, railway communications curtailed, food supplies insufficient and bad, cold homes and no relief in sight, Vienna is shrouded in gloom. Rumors of bolshevist plots are rife. Dr. Bauer is reported to have declared that only a proletariat government could save Vienna by seizing the property of the rich.

⁹⁷ See last sentence for instructions to repeat to Paris as no. 172 and to Rome as no. 11.

It is reported that efforts are being made to place responsibility on the United States for the economic situation in Austria. Without making direct reference to this, you should bring to the attention of the Secretary for Foreign Affairs the distressing and dangerous situation in Austria and inform him that this Government does not consider that it can in the remotest degree be held responsible for the existing lack of food stuffs, fuel and other vital necessities in Vienna, which shortage, in the view of this Government, has been created, for the greater part, by the action of the Allied countries contiguous to Austria. Although this Government is recommending to Congress that appropriation be made to assist in furnishing relief for Austria, unless the interested European Governments are prepared to keep Vienna supplied with food for the next two months, this Government considers it absolutely useless to expect any adhesion from the American people in the relief plan for Austria. It is understood that there is ample surplus of food in Jugoslavia which could be secured with either British or French currency. It is felt that a similar obligation lies with Czechoslovakia in regard to coal supply. Certainly both Jugoslavia and Czechoslovakia have every reason to take measures to prevent a bolshevist revolution in Vienna. This Government feels that the time has come to impress upon the interested European Governments, and you should accordingly impress upon the Minister for Foreign Affairs with all possible emphasis, the responsibility of those Governments in the Austrian situation and the need for the fullest cooperation between those governments in reaching a solution of the existing difficulties. Repeat to Paris as number 172, and Rome [as] 11.

LANSING

863.48/109

The British Chargé (Lindsay) to the Secretary of State

No. 61

WASHINGTON, *January 26, 1920.*

SIR: In continuation of Viscount Grey's note No. 841 of November 22nd,⁹⁸ concerning the question of relieving the urgent distress in Austria and Poland, I have the honour to state that I have received a telegram from my Government stating that His Majesty's Government are leaving no stone unturned in the preliminary work of assuring cooperation between British effort and any action that the American Congress may approve. The British authorities concerned in the matter are at work in London and Paris with a view to solving the physical difficulties presented by the shipping problem, and in devising methods to supply other essential requirements

⁹⁸ *Ante*, p. 240.

for which the proposed appropriation by Congress would probably not provide.

I have [etc.]

R. C. LINDSAY

S40.48/2604

The British Chargé (Lindsay) to the Secretary of State

No. 67

WASHINGTON, January 29, 1920.

SIR: With reference to previous correspondence on the subject of the relief of distress in Central Europe His Majesty's Government understand that certain proposals which were discussed in Paris between Mr. Rathbone and Mr. Blackett⁹⁹ have been transmitted to Washington by telegraph. I have received a telegram from my Government informing me that His Majesty's Treasury feel it necessary to formulate the following reservations in regard to those proposals, and that British participation in relief should be on the following basis.

The grant of any credit should be coupled with the requirement that the States benefiting should cooperate with one another to remove economic barriers, and in particular that any credits to be granted to Poland should be subject to the execution by that country of its contracts with Austria. It is hoped that American credits will be granted only on this general condition.

His Majesty's Treasury further consider that in order to secure a reasonable probability of a comprehensive scheme for the relief of Austria and Poland, British participation should be contingent on the cooperation of the Allies, for instance, France and Italy, and of the principal neutral States including Holland, Spain, and the Argentine Republic. They would in these conditions agree to a contribution by His Majesty's Government of a sum not exceeding one half of the sum contributed by the United States Government to a total not exceeding £10,000,000 in all. Application of the British contribution should be governed by the same conditions as apply to the American credits. If these are restricted to the purchase of American products, British credits similarly should be restricted to the purchase of British products and each country should supply freight for its own goods at market rates. British products can only be supplied where there is a surplus available for export.

As it is contrary to the policy of His Majesty's Government to further increase their indebtedness in America and in view of the exchange situation, my Government can enter into no arrangements which could involve them in further dollar obligations.

I have [etc.]

R. C. LINDSAY

⁹⁹ Controller of Finance, British Treasury.

862.48/116

The Commissioner at Berlin (Dresel) to the Secretary of State

No. 27

BERLIN, *February 2, 1920.*

[Received February 21.]

SIR: I have the honor to inform the Department of the steps taken by the German Government towards the establishment of organizations for the handling of relief coming from foreign countries.

This work falls within the province of the Ministry of Economics (Reichswirtschaft Ministerium), which Ministry is sub-divided into the following three bureaus:—

1. Questions of finance and trade import and export.
2. Imports and Exports as affecting rationing schemes. In this bureau is the Reichsgetreidestelle, an organization very similar to the American Grain Corporation.
3. All charitable work.

In order to avoid the duplication of effort on the part of the various relief organizations then existing in Germany, the Government early last summer established the Central Committee for Foreign Relief (Zentral Ausschuss für Auslandshilfe), placing at its head Geheimrat Bose, who also heads the Bureau of Charitable Work in the Ministry of Economics. Its organization was as a central committee representing all of Germany, dependent on which were sub-committees in various localities.

The German Red Cross and other local relief organizations are now working in close co-operation with this Committee, and all other private institutions turn to it for assistance of supplies that must come from the exterior of Germany.

The American Friends Service Committee, headed by Mr. Alfred G. Scattergood, which has undertaken the feeding of the children in Germany with the help of Mr. Hoover's European Children's Fund, is in close touch with this Central Committee for Foreign Relief. The function of the American Friends being one purely of inspection and control, the local sub-committees of the Central Committee bear the expense of organization, preparation and distribution of the relief, and the Central Committee has undertaken the charges of the shipment of the supplies from Hamburg to points in the interior.

As a matter of general interest, I venture to add that the American Friends Service Committee expect their first steamer to dock at Hamburg on February 3d with sufficient supplies to enable them to start immediately the distribution of one meal of 600 calories

per day to 10,000 children in Berlin, 5000 in Hamburg, 3000 in Leipzig and 3000 in Dresden. The German authorities are giving them every assistance and complete co-operation.

I have [etc.]

ELLIS LORING DRESEL

811.51/2483 : Telegram

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

WASHINGTON, February 6, 1920—3 p.m.

296. For Rathbone from Davis. Treasury R-209.

Reference Treasury R-185 and R-97.

Hoover has not yet received instructions from the German Government to convert into food the funds in his hands to the credit of their food account. He suggests that you so notify the Germans and ask that they instruct and authorize their financial representative in New York to receipt for these funds and convert them into food for shipment to Germany.

LANSING

863.48/118a : Telegram

The Secretary of State to the Chargé in Yugoslavia (Carroll)

WASHINGTON, February 6, 1920—3 p.m.

6. Your 22, January 28, 1 p.m., and 25, January 31, noon.¹

Department is informed that Yugoslavia still owes Austria 5,000 tons of cereals on money advanced although Yugoslavia has been loaned in addition 26 locomotives as compensation. The food situation in both Vienna and Budapest is critical and a catastrophe is imminent. You will bring the above to the attention of the Minister of Foreign Affairs and say that this government which has always shown the greatest sympathy for Yugoslavia, expects that country to carry out its obligations towards Austria, and do everything that lies in its power to avert the threatening catastrophe. Yugoslavia would be one of the first sufferers from a chaotic condition in Austria and Hungary and any indifference to their sufferings shown by Yugoslavia at the present juncture would be regarded unfavorably by this government. Similar representations have been made at Bucharest.

LANSING

864.48/14 : Telegram

The Secretary of State to the Minister in Rumania (Vopicka)

WASHINGTON, February 6, 1920—3 p.m.

14. Department is informed that food situation in Budapest is becoming critical and that catastrophe is imminent. . . . This Gov-

¹ Neither printed.

ernment feels that it must be obvious to the Roumanian Government that if Hungary falls into a state of chaos Roumania will be one of the first and greatest sufferers, and that in its own interest the Roumanian Government should do what it can to prevent the collapse of Hungary.

You are instructed to make vigorous representations in the above sense to the Minister of Foreign Affairs and to report the results of your conversation. Similar representations have been made at Belgrade.

LANSING

840.48/2617a : Telegram

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

WASHINGTON, February 6, 1920.

305. For Rathbone from Davis. Treasury R-207.

1. On January 31 Chairman of Ways and Means Committee introduced in House of Representatives bill H.R. 12193, as follows.

"A Bill providing for the relief of populations in Europe and in countries contiguous thereto, suffering for want of food. Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the participation of the Government of the United States in the furnishing of food-stuffs and for the transportation thereof to populations in Europe and countries contiguous thereto suffering for the want of food, the United States Grain Corporation is authorized, with the approval of the Secretary of the Treasury and to an amount not exceeding \$50,000,000, to buy or contract for the purchase of wheat and flour and other food and food products necessary for the purposes of this Act, and to sell, consign, or contract for the sale, and to deliver or contract for the delivery of the same for cash or on credit at such prices and on such terms or conditions as may be necessary to carry out the purposes of this Act and to relieve populations in the countries of Europe or countries contiguous thereto suffering for the want of food: Provided, That an audited, itemized report of the receipts and expenditures of the United States Grain Corporation for the purposes authorized by this Act shall be submitted to Congress not later than December 31, 1920."

2. Reduction in total appropriated for relief from \$150,000,000 to \$50,000,000 is apparently due (a) to political agitation for economy in national expenditure with a view to reducing taxes; and (b) certain opposition to relief to Poland. Some testimony was given without our previous knowledge advocating the relief for military reasons but on basis that relief to Poland should be conditional upon France and England furnishing military support to Polish army which was [*is?*] now reported as over 100 miles beyond tentative boundary line determined December 2, 1919. Certain Congressmen

were opposed to any extension of relief to Poland for military purposes. It was unfortunate that plea for relief was not confined exclusively to humanitarian ground, as presented by Secretary and Hoover.

3. We shall endeavor to induce Senate to raise amount of appropriation but have no ground for belief we shall be able to do so, and do not believe we should rely in any way on this possibility in making plans. Realize embarrassment in which above action of Congress in reducing amount asked for relief places us, but under circumstances feel that only solution is for British to supply all tonnage required to transport food from whatever source, so that total amount of our \$50,000,000 may be available for food f.o.b. Atlantic seaboard.

LANSING

840.48/2623 : Telegram

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

PARIS, February 11, 1920—11 a.m.

[Received February 12—3:55 a.m.]

425. R-307, for Davis. Department's 305, February 6, your R-207.

1. After I had conference with British regarding Austrian relief, British announced before Organization Committee Reparations that if United States proposed relief to extent of \$50,000,000 was carried out British were prepared to contribute \$25,000,000 for relief purposes to be used for the purchase of British goods and for British tonnage; that, in view of assurances of British Minister of Shipping, [they] were prepared to supply from this credit ocean transport for American purchases from \$50,000,000 relief credit. British regarded it as essential that [not only] food but raw materials should be now controlled by Austria.

2. In view of British statement British and ourselves requested representatives on Organization Committee of other countries, namely France, Italy and Belgium, to take up with their Treasuries at once and find just what they were prepared to effect toward furnishing credits for Austrian relief. Italian representative stated that he had already conferred with Italian Treasury on subject but feared that Italy could do nothing in view of shortage of coal in Italy which was paralyzing Italian industry. Bradbury² made strong appeal stating that in his view Austrian situation threatened foundations of civilization. I pointed out necessity of all Allied Governments making a contribution in order that contributions from neutral Governments could be asked most effectively.

² Sir John Bradbury, British representative on the Reparation Commission.

3. At the request of British, Kent ³ has been informally sounding Dutch bankers with a view to their using their influence with Dutch Government to join in credits for Austrian relief. Kent states his suggestions have been well received. I urged upon British that their Government should immediately semi-officially take up matter with neutral governments. British representatives here will recommend such action by British Government but desire that formal application will eventually be made to neutral governments both by United States and Great Britain.

4. While it is most necessary that neutral governments as well as Czechoslovakia and Yugoslavia shall unite in measures for Austrian relief, if their cooperation is made a prerequisite Austria will probably have starved before comprehensive relief plan can be agreed upon by all.

5. Austria must be provided with raw materials as well as foodstuffs so that she may start her industries and obtain through her exports foreign exchange with which to secure foodstuffs and more raw materials after contemplated relief measures are exhausted. This phase will be studied in the endeavor to work out plan. It may be that tapestries referred to in Department's 209, January 28th,⁴ might be utilized for the purpose of obtaining foreign exchange for raw materials but it is probably inadvisable to attempt to sell same at the moment until general plan has further progressed. In case Austria is to be permitted to sell tapestries and objects of art an opportunity to nationals of all countries must be given to bid for same not only to give equality of opportunity to nationals of all countries but also to insure largest possible amount being obtained for Austria by this means.

6. Certain of Austrian neutral securities have been released from [lien] of food advances and made available to Austria, signal action of Organization Committee on this subject will be cabled later.

7. Steps are being taken to ascertain whether Austria will request Organization Committee to apply reparation clauses of treaty to Austria in advance of exchange of ratifications and to immediately appoint liquidator for Austro-Hungarian Bank. Have urged British to send at once competent financier to examine condition of said bank and they have agreed to do so.

8. It is hoped that general relief measures for Austria can be fitted into something along lines of plan of Vienna sub-commission with which you are familiar. It would be most advisable to strengthen this sub-commission by appointment thereon of competent financiers who really might be on spot to work out Austria's

³ Fred I. Kent, assistant to the American unofficial representative on the Organization Committee.

⁴ Not printed.

future in cooperation with Austrian Government, and private bankers have urged British to thus strengthen their representation on sub-commission, and while they have agreed, they have not yet done so. It is impossible to obtain representative American financier for purpose as [matters] stand at present. Austrian Government is to be asked whether it will provide compensation for such financiers.

9. Bradbury notified me that Chancellor directed him to say that British negotiations in regard to relief loans are to be conducted by Bradbury with me in Paris. Think it would be well if some one channel here was charged on behalf of United States to conduct these negotiations. Logan⁵ and I are in conference on this matter daily but neither Ambassador nor I have time for constant conferences on the subject.

10. Under pending bill Grain Corporation will be charged with establishment of credits with Treasury's approval. If impossible [*possible*], I suggest that Grain Corporation express views to Logan and give him authority to negotiate on its behalf with other countries concerned. I can undertake same duty for Treasury if desired. If this is arranged I suggest that all instructions from Washington on the subject be sent to Logan or to me. I believe messages to Ambassador such as contained in Department's 172, January 23,⁶ will only serve to confuse situation.

11. In order to deal with Austrian situation and assuming \$50,000,000 credit is separate would like as early as possible some indication as to proportions in which \$50,000,000 will be divided among countries requiring relief.

12. Logan is endeavoring to work out in connection with British: (a) Table showing amount of requirements of various countries concerned, cash value thereof, best sources of supply and cost of freight, and (b) method of organization, Central Bureau of Direction and Coordination. This will be communicated to you as early as possible.

13. I have shown this cable to Logan who asks that a copy be furnished Hoover as it answers certain inquiries regarding which Hoover has been cabling Logan on these matters. Rathbone.

WALLACE

863.48/119: Telegram

*The Chargé in Yugoslavia (Carroll) to the Secretary of State*⁷

BELGRADE, February 12, 1920—noon.

[Received February 16—1:01 p.m.]

33. Alluding today to the contents of the Department's telegram no. 6, February 6, 3 p. m. The Acting Minister of Foreign Affairs

⁵ James A. Logan, jr., American unofficial assistant representative on the Reparation Commission.

⁶ See footnote 97, p. 249.

⁷ Via the Embassy at Paris.

informed me that his Government feels that its attitude towards Austria has been unintentionally misrepresented and that it is now preparing a statement of its position which, upon completion, he will submit to me for transmission to the Department. . . .

CARROLL

862.48/115 : Telegram

The Commissioner at Berlin (Dresel) to the Acting Secretary of State

BERLIN, February 14, 1920—9 a.m.

[Received February 16—6:47 p.m.]

85. Koch, Minister of Interior, in an interview with me characterized the food situation as ominous. This is confirmed from many reliable sources. Military stocks which substantially aided situation last year have been exhausted and best opinion is that domestic supplies cannot last beyond the end of May or beginning of June leaving a period of about eight weeks before the harvest which can only be bridged over by supplies from abroad. At present the food imports from America are not sufficient in quantity or character materially to remedy conditions.

The purchase of further food stocks will infallibly depress the mark still more unless credits can be procured. It is predicted that unless new factors intervene the mark may decline to 150 or 200 to the dollar in the late spring. This would mean conditions akin to those in Vienna and grave danger of civil disorders would arise. On the other hand if the food shortage can be remedied without further depression of the exchange it can safely be stated that little fear of disorders exists.

I am not informed as to what steps it may be practicable to take in the United States to meet the situation and should greatly appreciate receiving all the details possible. If in addition a reassuring statement could be transmitted which I could informally communicate [to] the German Government and if so authorized to the press it would not fail to have an excellent effect.

Please communicate separate telegram to Mr. Hoover.

DRESEL

864.48/15 : Telegram

The Minister in Rumania (Vopicka) to the Acting Secretary of State

BUCHAREST, February 17, 1920.

[Received February 20—6:58 p.m.]

18. In answer to Department's telegram of February 6, 3 p.m. I beg to report that I explained to the Rumanian Minister for Foreign Affairs the situation in Budapest as stated in the Department's

telegram. The Minister answered that he would investigate immediately and if he found that it is as bad as stated, Rumania will do all she can to assist and aid Budapest. He said that he does not believe that the situation is so critical but that it is merely propaganda for Hungary and Austria to make it appear to the world that these ex-partners of Germany are suffering very much. He further stated that the farmers of Hungary are refusing to send food to Budapest and that in Hungary the farmers have plenty of food and that there might be a shortage of food in Budapest but it was caused by these revolting farmers. If the Department would permit me to visit Budapest, I would know the situation for myself and would not be obliged to accept the Rumanian authorities' report. Please let me know if my trip to Budapest will be satisfactory to the Department. I shall communicate the decision of the Rumanian Government as soon as received.

VOPICKA

840.48/2626 : Telegram

The Ambassador in France (Wallace) to the Acting Secretary of State

PARIS, February 17, 1920—9 p.m.

[Received February 18—6:22 p.m.]

492. R-331 for Davis. Reference your 296, February 6th, and Treasury R-209.⁸ Bergmann has just given Logan following letter dated February 16th which Bergmann drafted after receiving instructions his Government.

“Referring to our conversation about liquidation of the German food account in America I have the honor to inform you that the German Government have given instructions to have all and any balance due to Germany from the food account paid over to the Guaranty Trust Company in New York who acts as financial agent of Germany in this matter. The Guaranty Trust Company will receive direct telegraphic orders from Berlin to receipt for these funds which I understand represent an amount of between 15 and 20 million dollars. Germany undertakes to use these funds for purchases of food stuffs in America already made or still to be made. You would oblige me by advising the Director General of Relief, Mr. Herbert Hoover, of the foregoing cable. (Signed) C. Bergmann, Under Secretary of State.”

Bergmann's letter being forwarded by mail direct to Hoover's New York office. Is it satisfactory? Rathbone.

WALLACE

⁸Ante, p. 253.

863.48/123

The French Ambassador (Jusserand) to the Acting Secretary of State

[Translation *]

WASHINGTON, *February 20, 1920.*

MR. SECRETARY OF STATE: Referring to the information which I had the honor to furnish you orally yesterday, I take the liberty of confirming to you that, in the opinion of my Government, the importance of furnishing food relief, particularly to Poland, Austria and Armenia, becomes increasingly evident; the needs are daily more pressing, and the gravity of the consequences to be expected in case those needs are not satisfied is steadily growing.

The ravages which our country has suffered over a portion of its territory, and the obligation we are under to import for ourselves considerable quantities of cereals and other foodstuffs, do not permit us to give the sort of help most needed. We are not neglecting anything else, however, which lies in our power to do. We have authorized, therefore, in concert with England and Italy, the Reparation Commission to raise the embargo which had been placed on foreign securities belonging to Austria and serving as a pledge for the loan of \$48,000,000. With those securities at his disposal, the Austrian Minister of Finance was in a position to negotiate with the firm of Pierpont Morgan, which will benefit by that guarantee, a loan of 25 to 30 million dollars, by means of which the country can subsist for about three months.

Other measures are under way, notably those looking toward larger advances of funds and an improvement in transportation through the organization at Vienna of a commission on car traffic under the presidency of a French engineer; meanwhile, in response to urgent requests from the above-named countries, the Czechoslovaks have decided to send into Austria 510 carloads of coal daily and to ship in addition the coal needed for the manufacture of compensation goods.

The Yugoslavs also have agreed to take part in the revictualling of Vienna, where a thousand cars shipped by them should arrive shortly, if indeed they are not already there.

But these efforts cannot meet the requirements, and the situation remains very disquieting. It is no less so in Armenia where a weakened population has more trouble than ever to resist its local oppressors from whom it has not yet been able to obtain deliverance.

As for Poland, which is still under arms in the common cause, and which is being reproached with militarism while she is endeavoring to form a barrier against two perils which threaten us all and

* File translation revised.

a possible combination of which would be disastrous, there are no necessities which more than hers deserve prompt intervention. It is important, in fact, that her power of resistance should grow rather than diminish.

On these considerations my Government cannot refrain from cherishing hopes that the bill for food relief, recently introduced in Congress with the warm approval of the Administration, may bring about, before it is too late, the results which circumstances make so desirable and which may be expected from American generosity which has often been put to the proof.

Please accept [etc.]

JUSSERAND

863.48/128

The Yugoslav Minister (Grouitch) to the Acting Foreign Trade Adviser of the Department of State (Lay)

No. 141

WASHINGTON, March 2, 1920.

DEAR MR. LAY: With reference to our interview some time ago, I have been informed by the Ministry of Foreign Affairs in Belgrade that the Royal Government is fulfilling exactly all its obligations under the agreement with Austria, and that foodstuffs of the value of 174 millions of Kronen have been shipped up to now to Austria. A detailed report on this subject has been handed to the U.S.A. Legation in Belgrade on February 10th.

Yours sincerely,

S. Y. GROUITCH

840.48/2650: Telegram

The Acting Secretary of State to the Ambassador in France (Wallace)

WASHINGTON, March 6, 1920—10 p.m.

482. For Rathbone from Davis. Treasury R-260.

Reference my 243 February 22 [24] and my 249 February 25 [27].¹²

1. At request of Barnes President has written him following letter.

"I have your statement of flour stocks accumulated in protection of the Wheat Price Guarantee, as required under the Act of March 4, 1919.

These statements indicate that there has been no considerable reduction in stocks for the last five months, and that they are substantially in excess of 500,000 tons. I note your statement that you have exhausted every means to sell these stocks at home and abroad, for cash, and have been unable to more than sell the equivalent of necessary current purchases, without being able to effect a reduction

¹² Department's nos. 406 and 437, respectively; neither printed.

in the accumulated quantities; and that, with warm weather approaching, you fear the deterioration of these flour stocks.

There has developed, evidently, that situation contemplated in the Act of March 4, 1919, when authority was given to sell for cash or on credit.

It is desirable that you should take steps to dispose of these accumulated stocks on credit, if you cannot do so for cash, to such buyers, and on such terms and conditions as best protect the interest of our Government.

On these points, it is desirable that the views of our own Department of State and of our National Treasury should be secured."

2. I have just received following telegram from Barnes: "Suggest no publicity on this matter at present but also suggest advisability cabling Rathbone today that you are able to assure them that in some manner 300,000 tons of flour will be made available the exact designation of which among the various claimants will be worked out shortly but meantime it is essential to begin to provide early tonnage immediately loading if possible and particularly in respect to tonnage for immediately loading with option of loading at gulf ports instead of Atlantic to the extent of 30,000 tons or less at Grain Corporation option. Suggest you might advise Rathbone possibly arrange additional quantities later and also desirability of making no public statement there on this arrangement at present, also suggest to Rathbone that American Shipping Board anxious for freight could probably furnish immediate loading and would probably meet any commercial rate of freight British expect to pay." See in this connection our 249, paragraph 2.

3. Barnes takes position that he is selling wheat on credit under the Act of March 4, 1919 solely because flour must be sold and that he does not feel empowered to extend that credit to any one country in preference to others requesting it unless "the Treasury Department with its large commitments in present loans to various European countries and also the State Department should recommend such a course as a means of maintaining social and political stability in Europe".

4. It is hoped that a conference in immediate future between Barnes, State and Treasury Departments will result in formal request to Barnes, which he will consider sufficient to warrant his extending credit to European countries most urgently in need of relief for enough wheat to meet emergency. Pending outcome of this conference, of which I shall keep you informed, suggest you undertake negotiations with British for tonnage as suggested in Barnes' telegram quoted in my paragraph second above.

POLK

462.00R29/101 : Telegram

The Ambassador in France (Wallace) to the Acting Secretary of State

PARIS, March 9, 1920—6 p.m.

[Received March 10—8:05 p.m.]

665. R-402 for Davis.

At meeting of O[rganization] C[ommittee,] R[eparation] C[ommission,] March 8th, 1920, decided send Austrian Government following letter:

“The Organization Committee of the Reparation Commission recognizes that to enable the Government of the Austrian Republic the use of [*to make?*] the reparation payments provided for by article 181 of the treaty of Saint Germain, the Republic of Austria must be permitted to obtain the food and raw materials necessary for the reestablishment of its economic life. To accomplish this object it is essential that private initiative be encouraged and the fullest opportunity given for the resumption of private business under normal conditions. With these considerations in view the Organization Committee of the Reparation Commission gives notice to the Austrian Government and to all concerned as follows:

1. No objection will be made by the Organization Committee of the Reparation Commission to the use by the Austrian Government for the purpose of the acquisition of essential food and raw materials of securities that have not already been sequestered, except those covered by article[s] of the treaty other than article 181, owned by the Austrian Government or by Austrian nationals and which represent interests in undertakings situated in neutral countries.

2. Except to such extent as may be specifically provided by other articles of said treaty and especially by annexes II, III, IV, V and VI of part VIII, deliveries will not be required on account of required payments under article 181 of the Treaty of Saint Germain of privately owned securities representing interests in undertakings with[in] boundaries of the Austrian Republic or of commodities and property other than securities now or hereafter privately owned and located in Austria. It is, however, to be clearly understood that the Austrian Republic may always exercise in regard to the said private property, the powers conferred under paragraph 19 of annex II.

The Committee calls upon the Austrian Government immediately to take all measures necessary to acquire from its nationals all securities which represent interests in undertakings situated in neutral countries and to prevent any alienation of these securities by their owners. The Committee also calls upon the Austrian Government to inform it, as soon as possible, of the measures so taken and to transmit from time to time (a) lists of such securities thus acquired as well as those now owned by the Austrian Government and (b) statements showing the proceeds resulting from the sale of such securities and the particulars of the purchase of food and raw materials by the use of such proceeds. The Committee reminds the Austrian Government that, as stated in its letter of February 14, to the extent that such neutral securities are released as security for the

advances heretofore made to the Austrian Government for the purchase of food, the disposition of the proceeds thereof for the purchase of food and raw material is subject to the approval of the Vienna sub-committee. It is self evident that this letter leaves intact all obligations undertaken by Austria under other articles of the treaty and especially under articles 211 and 249."

Rathbone
WALLACE

864.48/18 : Telegram

The Chargé in Yugoslavia (Carroll) to the Acting Secretary of State

BELGRADE, *March 11, 1920—8 p.m.*

[Received March 16—10:10 p.m.]

71. Department's 12, March 4, 6 p.m.¹³ The Hungarian Chargé d'Affaires informed me today that negotiations, which commenced on January 26, were terminated on the 9th instant by the [signing of agreement] providing for the delivery to Hungary by Yugoslavia of 4,500 car loads of maize, 500 car loads of wheat, 350 car loads of beans and 3,000 pigs. The Yugoslav Government has evinced its apparent intention to execute its undertaking by immediately commencing to effect deliveries. The Hungarian Chargé d'Affaires is inclined to regard as unfounded the statements contained in the second sentence of the telegram under reference to which of course I refrained from alluding. . . .

CARROLL

840.48/2657a : Telegram

*The Acting Secretary of State to the Ambassador in France
(Wallace)*

WASHINGTON, *March 12, 1920—5 p.m.*

518. Please transmit the following to Legations at The Hague, Stockholm, Christiania and Copenhagen and Embassy at Madrid:

" You will communicate the following to the Government to which you are accredited. Reports reaching the United States of deplorable conditions in certain countries of Central Europe have made it clear that a comprehensive plan involving both relief and rehabilitation of industry is necessary. In Austria there is a condition approaching starvation and industry is at a standstill owing to lack of raw materials. In Poland suffering is intensified by the prevalence of typhus and other diseases. In other countries there is vital need of specific commodities either to maintain public health or to resume industrial operation. Partially to meet this need the United States Grain Corporation will supply on credit immediately from stores already at the ports 100,000 tons of wheat flour to Poland

¹³ Not printed.

in addition to 100,000 tons already promised of which 20,000 tons have been shipped; 200,000 tons to Austria, 25,000 tons to Czechoslovakia and 15,000 tons to Hungary. This flour will be transported as promptly as possible by the British.

Since it is clear, however, that any comprehensive plan of relief and rehabilitation in Central Europe must include fats and raw materials, the Government of the United States feels it essential to urge on the various neutral governments generously to associate themselves with this Government and the Governments of the Allies in the advance of credits sufficient to purchase necessary materials. This appeal is made confidently, not only because of its humanitarian aspect but because existing conditions might well lead to such political chaos as would disrupt economic relations for years to come and because of the danger of epidemics which might bring disaster to the whole world. Food is necessary to prevent famine and combat disease; raw materials are necessary to enable Central Europe through resumption of industry to give employment to the idle and regain its self-respect and power of self-support through work. That there may be no waste nor duplication of effort it has been suggested that the governments participating send representatives to Paris to act in an advisory capacity. This will make possible the formulation of a comprehensive plan and will not delay the immediate action necessary.[""]

POLK

840.48/2663a : Telegram

*The Acting Secretary of State to the Ambassador in Argentina (Stimson)*¹⁴

WASHINGTON, March 13, 1920—6 p.m.

You will convey the following to the Government to which you are accredited.

"The Government of the United States has noted with sympathy and apprehension the desperate conditions existing in various countries of Central Europe. Information would indicate that in Austria there is practically starvation; the population is apathetic as a result of under-nourishment and with industries closed through lack of raw material there is neither opportunity nor incentive to work. In Poland there is a dangerous shortage of food and in addition the terrible menace of disease. Typhus and other diseases are prevalent and the death rate among the under-nourished population must become appalling. In a lesser degree similar conditions prevail in Czechoslovakia, Jugoslavia and Hungary.

In these circumstances every instinct of humanity calls for generous assistance but the issue is larger even than the humanitarian appeal. Unless Central Europe can be assisted to tide over the present crisis, chaos must ensue and the trade of all countries be affected for years to come. Unless these nations can be given the means of fighting disease there might well be such an epidemic in-

¹⁴The same, *mutatis mutandis*, to the representatives in Brazil, Chile, and Uruguay.

volve the whole world as history has never known. In this crisis not only the Allied and associated nations but the neutrals who are equally in danger, should be generous in working for the common good. It is important that such assistance as may be given should not be in the form of charity but should be so administered as not only to save the lives of the people of Central Europe but to give them an opportunity to rebuild their industrial life. It is also essential that the assistance of the different nations be so co-ordinated that there shall neither be waste nor the supply of unnecessary materials to individual countries.

The American Grain Corporation has already contracted to supply on credit wheat flour as follows: 200,000 tons to Poland, including 100,000 tons already granted of which 20,000 tons have been shipped; 200,000 tons to Austria, 25,000 tons to Czechoslovakia and 15,000 tons to Hungary. These stocks are now awaiting shipment in American ports and will be transported by the British as part of the British extension of credit to Central European nations. It has been proved impossible to supply from the United States fats which are also greatly needed especially in Austria and Poland, but if these can be secured elsewhere, at least the minimum food requirements will have been met. It is therefore the earnest hope of this government that South American countries will be willing to make advances on credit of such fats as may prove necessary to complete the food program and such raw materials as are necessary to enable the industries of Central Europe to start again. Private initiative has accomplished something but the need of Central Europe is too great and the danger to the world too menacing in case political chaos and epidemics should grow out of the present conditions, for the Allied and neutral governments to assume a passive attitude. Certain European neutrals have already manifested their friendly interest in comprehensive plans of relief and rehabilitation. Credits for Austria would presumably be arranged through the Reparations Commission and for other countries directly with the governments.

It has been suggested that a meeting of representatives of the associated and neutral governments be held in Paris for the purpose of co-ordinating the possible program of the various countries with the definite and specific sales of the Grain Corporation. Such a meeting would be advisory in purpose since there appears no need for a large central administration which might have the effect of delaying shipments which must be made quickly. This Government will be grateful for an expression of opinion on the subject by the Argentine Government.[²]

POLK

840.48/2665a : Telegram

The Acting Secretary of State to the Minister in Poland (Gibson)

WASHINGTON, March 15, 1920—5 p.m.

115. For your information.

It is probable that Relief Bill for \$50,000,000 will not be passed by Congress and it will therefore be necessary to depend entirely upon Grain Corporation's power and necessity to sell its surplus stocks of

flour on credit. In accordance with the President's authority and in consultation with the Treasury and State Departments, Grain Corporation will give preference to those countries, principally Poland and Austria, where the need is greatest. Grain Corporation is therefore preparing to grant Poland an additional 100,000 tons of wheat flour.

Telegrams have also been sent to all European neutrals and the principal South American countries urging them to join the Allies and United States in a comprehensive plan for the relief of Central Europe including the supplying of raw materials for the resumption of industries.

POLK

862.00/846 : Telegram

The Commissioner at Berlin (Dresel) to the Acting Secretary of State

BERLIN, March 19, 1920—8 p.m.

[Received March 20—12:25 p.m.]

203. Commission here, as well as Entente representatives, have been approached by persons in touch with the Government who state that a vigorous declaration by the Entente against conditions of lawlessness and anarchy and in support of the forces of law and order coupled with a statement that turbulent conditions would preclude such measures of relief as are in contemplation might save the present situation which they consider as extremely critical. The British strongly favor an immediate pronouncement of this nature and Kilmarnock¹⁵ has already made an informal statement to Acting Chancellor.

French will not join unless specifically instructed and Italian and Belgian representatives are likely to follow French lead.

In my opinion the effect of a declaration of this kind would be beneficial and would have a tendency to strengthen the present Government which appears to be the only agency capable of preventing a state of utter chaos. I strongly recommend therefore, that a statement should be issued and that I should be authorized to communicate it to the German Government for publication here. In view of the possible emergency which it might be necessary to meet very shortly, I believe a separate statement by the United States is advisable rather than an attempt to put a joint statement through the Council of Ambassadors at Paris. Shall appreciate the earliest reply possible.

DRESEL

¹⁵ Lord Victor A. S. H. Kilmarnock, British Chargé d'Affaires at Berlin.

862.00/857 : Telegram

The Commissioner at Berlin (Dresel) to the Acting Secretary of State

BERLIN, March 21, 1920—1 p.m.

[Received March 22—10:35 a.m.]

209. Under Secretary of State Von Haniel informed me this morning that serious danger exists that radical elements in Berlin would declare a communist republic this afternoon. He has received from the Allied Chargés the following declaration:

“The British, Italian and Belgian Chargés visited Vice Chancellor Schiffer this morning to congratulate the Government on the rapid eviction of the so-called Kapp government. Furthermore, it was emphasized that the Entente representatives had no relations or sympathies with the usurpers but stood entirely on the side of the constitutional government. It is hoped that the new serious crisis brought about by the continuation of the general strike will be overcome as soon as possible in favor of democratic ideas. For what Germany needs is order and labor. The British Chargé d’Affaires added that in his opinion the provision of foodstuffs, raw materials and credits would be possible only if constitutional conditions prevailed in Germany and that no such assistance could be considered further if quiet and order were disturbed from either extreme.”

He requested a statement from me and I have given him the following:

“The American Commissioner expressed his satisfaction over the recent elimination of militaristic elements and the quick disappearance [of Kapp] régime. He is convinced that American public opinion will view with extreme disapproval all attempts from whatever side to interfere with orderly and stable conditions. Acts of violence and endeavors to revolutionize the Government by unconstitutional methods will not fail to imperil the reestablishment of good relations with the United States. Such actions will also seriously interfere with the readjustment of Germany and the amelioration of the present unfavorable economic conditions by the measures of relief which have been projected and already initiated.”

DRESEL

862.00/856 : Telegram

The Commissioner at Berlin (Dresel) to the Acting Secretary of State

[Paraphrase]

BERLIN, March 21, 1920—3 p.m.

[Received March 22—7:03 a.m.]

210. Bauer, Chancellor, and Schiffer, Minister of Justice, in a talk with a reliable American correspondent, stated that the political

situation was very precarious. They stated that the most promising means of saving Germany and all Central Europe from Bolshevism would be a strong statement by the American President whose word would carry great weight if he declared that no raw materials or foodstuffs could be furnished a Germany adopting an ultraradical form of government.

I transmit this suggestion with all reserve as it is possible that the German Government (1) exaggerates somewhat the danger from the extreme left and (2) hopes to commit the United States to a definite far-reaching program of relief.

DRESEL

862.00/846 : Telegram

*The Acting Secretary of State to the Commissioner at Berlin
(Dresel)*

WASHINGTON, *March 22, 1920—4 p.m.*

71. Your 203, March 19, 8 p.m. You may state that the government of the United States is observing sympathetically the efforts of the German government in its conflict with both the forces of reaction and militarism and of anarchy. This government has noted with satisfaction the support given to the German government by the people in its successful resistance to lawlessness and now hopes that it may be equally successful in preserving democracy and in upholding law and order against those sinister and anti-democratic elements which would plunge Germany into a state of lawlessness and anarchy. This government hopes to see a sane and healthful resumption of labor and commerce in Germany and would sincerely regret any subversion of the industrial order as would preclude such measures of relief as are contemplated in the Allied and Associated nations and would also make extremely difficult if not temporarily impossible the resumption of trade relations necessary for the rebuilding of German industry.

Referring to your 201,¹⁶ Department has cabled Wallace to join the British in supporting Germany's application to send additional German troops to Ruhr district to maintain order.

POLK

862.00/856 : Telegram

The Secretary of State to the Commissioner at Berlin (Dresel)

WASHINGTON, *March 23, 1920—4 p.m.*

75. Your 210, March 21, 3 p.m.

Department believes that telegram from Department, No. 71, March 22, 4 p.m., is all that should be said at present time in regard

¹⁶ Vol. II, p. 297.

to Bolshevik danger. Your informal statement repeated in your cable 209, March 21, 1 p.m., is approved.

COLBY

840.48/2669 : Telegram

The Minister in Sweden (Morris) to the Secretary of State

STOCKHOLM, *March 24, 1920—11 a.m.*

[Received 8:33 p.m.]

93. Referring to your telegram via Paris regarding European relief,¹⁷ and my 87, March 17, 4 p.m.¹⁸

Swedish Minister for Foreign Affairs informs me his Government expects shortly to send representatives to Copenhagen to confer with Sir William Goode¹⁹ whom the British Government is sending there in connection with proposed meeting of neutrals in Paris for discussion of financial relief in central Europe. I understand Swedish Government has also communicated with Norway, Denmark, Holland and other neutrals regarding this matter. British Government has wired British Minister here to inquire if Swedish Government would send representative to meet Goode in Copenhagen.

MORRIS

840.48/2703

The Ambassador in Spain (Willard) to the Secretary of State

No. 1732

MADRID, *March 25, 1920.*

[Received April 15.]

SIR: With reference to the Department's undated circular telegram¹⁷ concerning conditions in Central Europe, I have the honor to report that, in pursuance of the Department's instruction, the information contained in the telegram was transmitted to the Spanish Foreign Office and I now have the honor to transmit herewith copy of the reply received today from the Marquis of Lema.

I have [etc.]

JOSEPH E. WILLARD

[Enclosure—Translation]

The Spanish Minister of Foreign Affairs (De Lema) to the American Ambassador (Willard)

No. 39

MADRID, *March 20, 1920.*

EXCELLENCY: I have the honor to inform you that I have received your note No. 665-A of the 15th instant in which you were good enough to transmit to me by direction of your Government a com-

¹⁷ See telegram no. 518, Mar. 12, to the Ambassador in France, p. 264.

¹⁸ Not printed.

¹⁹ British Director of Relief Missions.

munication relative to the deplorable conditions which are holding back the recovery of certain nations of Central Europe.

Please accept [etc.]

MARQUES DE LEMA

462.00R29/133 : Telegram

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

PARIS, March 25, 1920—10 p.m.

[Received March 27—9:49 a.m.]

814. R-457. For Department and Davis.

Important proceedings 38th meeting O[rganization] C[ommittee], R[eparation] C[ommission,] March 23:

A. Accepted conclusions of legal service that O.C.R.C. has power, subject to coming into force Treaty of Saint Germain and to confirmation by Reparation Commission acting under said treaty, to (1) appoint liquidators for Austro-Hungarian Bank under article 206, paragraphs 6 and 7; (2) organize special section provided for in article 179 and annex II, paragraphs 2 and 3; (3) grant exceptions to general charge on Austrian state property permitted by article 197 to enable Austria contract loans.

B. Appointed following members Austrian Section under annex II: Sir William Goode, England; Klobukowski, France; Scaramanga, Italy; Nicolas Speranza, Greece; Jean Mrozowski, Poland; Eugene Neculcea, Roumania; Georges Diouritch, Serbia; Osusky, Czechoslovakia; Colonel C. B. Smith, American unofficial representative; secretary general, Fred B. Bate, American. Meeting of section to be held at close of O.C.R.C. meeting.

C. Received opinion [of] legal service that Reparation Commission should appoint two liquidators with equal rights for Austro-Hungarian Bank. Discussed question and referred to Austrian Section for immediate recommendations.

D. Referr[ed] to Austrian Section [for] action in connection with finance service: (1) Austrian request for release of 382,000,000 crowns detained at Innsbruck, (2) request from Morgan-Harjes for formal instructions to negotiate the foreign securities of Austria released by O.C.R.C.

E. Discussed Austrian request for intervention to restart coal deliveries from Teschen; decided Central European Coal Bureau to hereafter report direct to Austrian Section for its action and Austrian Section to draft scheme for its operation for approval by Reparation Commission.

F. Report from finance service regarding loan to be raised on Austrian tobacco monopoly referred to Austrian Section. Rathbone.

WALLACE

840.48/2674 : Telegram

The Chargé in the Netherlands (Gunther) to the Secretary of State

THE HAGUE, *March 27, 1920—noon.*

[Received 4:28 p.m.]

227. No need now to answer my 217 March 24.²¹

Alonzo Taylor and Germaine [*Goode?*] have been here and left last night for Copenhagen. Holland agrees to participate generously, sum to be fixed next week.

GUNTHER

840.48/2675 : Telegram

The Ambassador in Argentina (Stimson) to the Secretary of State

BUENOS AIRES, *March 27, 1920—1 p.m.*

[Received 3:48 p.m.]

74. Department's circular of March 13, 6 p.m., relief central Europe. The Minister for Foreign Affairs replied as follows:

"March 26 [25], I have the honor to acknowledge the receipt of Your Excellency's note which in the name of the Government of the United States invites the Argentine Government to assist in relieving the difficult situation through which central Europe is passing.

The Argentine Government animated by the same purposes and realizing the serious consequences of this state of affairs has addressed the Congress of the nation in the terms of a message which I take pleasure in transmitting to Your Excellency herewith.

As Your Excellency will observe this Government has considered the matter from the same high point of view as that expressed by your Government in not wishing to give to this action a significance which might wound the sensibilities of these nations.

In virtue of this the Argentine Government cannot help but look with complacency on the attitude of the Government of the United States and gladly agrees to assist in this task which is inspired by duties of humanity and civilization. Signed by the Minister for Foreign Affairs."

There is then enclosed message from President to Congress of December 13th last calling attention to desperate situation and asking that law be passed authorizing Government first to spend 5,000,000 pesos for acquisition of food, clothing, etc., for Vienna transporting them if necessary in a government vessel and, second, that reimbursement by Austria may be made at such time and in such manner as might be convenient to Austrian Government.

There is then enclosed recent message of President to Congress again calling attention to situation in Vienna and pointing out steps

²¹ Not printed.

which British and United States Governments are taking and transmitting my note based on your circular telegram of March 13, 6 p.m.

Argentine action appears to be limited to relief of Vienna only and Argentine note to me, the full text of which follows by mail, makes no mention of advances on credit of fats or of sending representative to confer at Paris.

STIMSON

462.00 R 29/136 : Telegram

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

PARIS, March 27, 1920—3 p.m.

[Received 9:56 p.m.]

828. R-464. For Davis. Reference my 457.²²

[1.] Representatives United States and Great Britain have informally agreed upon program substantially set forth in paragraph 2 this cable, subject to any objections on the part of United States or of British Treasury. Representatives these Governments, Austrian Section, will ask that section to request Reparation Commission to delegate powers and specifically instruct section as therein set forth. Anticipate no difficulty putting this program through with possible slight modifications.

2. A. Austrian Section of the Reparation [Commission] shall be delegated full powers and authority vested in Reparation Commission by Treaty Saint Germain with provision [for] review of decisions by commission.

B. Austrian Section is specifically instructed to proceed as follows:

I. Pursuant to powers conferred upon Reparation Commission by article 197 of the Treaty Saint Germain, Austrian Government will be authorized to issue bearer bonds constituting first charge upon all assets and revenues of Austria and having priority over costs of reparation under the treaty or under armistice arrangements. (a) Portion of said bonds will be issued by Austrian Government to Governments of Allied and Associated Powers and neutral governments who have heretofore made advances or credits for purpose of relief to Austrian Government since November 3, 1918, equivalent at their face value to amount of such advances or credits provided that lending governments above referred to shall surrender any obligations or evidences of indebtedness together with any Austrian assets or other form of security thereof now held by them. (b) Another portion of bonds above referred to will be issued by the Austrian Government at their face value to the Government[s] of Allied and Associated Powers and neutral governments up to amount of

²²Ante, p. 271.

relief advances or credits to the Austrian Government now contemplated if and when made. (c) Further portion of bonds above referred to may be issued at par by the Austrian Government with the consent of Reparation Commission from time to time in consideration of further or additional relief advances or credits if and when made. (d) Bonds above referred to shall be of the same series payable in currency of lending country with interest at 6 per cent January 1, 1921, but may all or none with the consent Austrian Section be renewed by obligor up to but not beyond January 1, 1925. (e) Austrian assets released as specified in sub-paragraph (a) *supra* will be turned over to Austrian Section and on demand all government monopolies, objects of art and all property of late royal and imperial house being or recently declared to be government property as well as any other liquid assets of Austrian Government to be held by Austrian Section and so far as available administ[ered] by it for purposes contemplated entirely in interests of reparation, at the same time assuring to Austria her main requirements of food, coal and raw materials as required by article 181 Treaty Saint Germain.

II. Austrian Section shall require Austrian Government forthwith (a) to forbid sale, transfer or disposal of any publicly owned property without approval of Austrian Section and may require such Austrian Government to declare void any such sale made since armistice; (b) to pass such laws as may be proposed by Austrian Section affecting sale or other disposition without Austria of all privately owned property; (c) to refrain from entering into any agreement or arrangement permitting delivery or removal out of Austria of any records, documents, objects or material of character specified in section II of part VIII of Treaty Saint Germain without specific consent and prior approval [of] Austrian Section.

III. Austrian Section to such extent, if any, as shall appear necessary or desirable shall supervise and control forthwith collection and expenditure of all taxes, customs and revenues of Austrian Government and shall make recommendations to Austrian Government having in view exercise of strictest economy in administration of its economic affairs.

IV. Austrian Section shall commence study forthwith of economic and financial conditions of Austria and shall prepare comprehensive plans for her rehabilitation to end that reparation contemplated by Treaty Saint Germain may be forthcoming.

3. As it is necessary to go forward with this matter promptly any objections you may have should be communicated immediately as it is impossible to give by cable or letter correct phrasing of situation. Trust you may find it possible to make no objection to procedure indicated which I have reason to believe in its main outline will prove acceptable to Commission, as well as [to] Allied and neutral Governments' participation in relief advances. Rathbone.

WALLACE

840.48/2681a : Telegram

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

WASHINGTON, March 31, 1920.

645. For Rathbone from Davis. Treasury R-302.

Embassy's 783, March 22, your R-447.²²

1. Have seen Logan's Food 290 for Barnes and Barnes' Fruit 582 for Logan in reply.²³

2. Bill providing for relief of populations in Europe and in countries contiguous thereto suffering for want of food passed by House and Senate and now before President for signature as follows. "That, for the participation of the Government of the United States in the furnishing of foodstuffs to populations in Europe and countries contiguous thereto suffering for the want of food, the United States Grain Corporation is hereby authorized, with the approval of the Secretary of the Treasury, to sell or dispose of flour now in its possession, not to exceed 5,000,000 barrels, for cash or on credit at such prices and on such terms or conditions as may be necessary to carry out the purposes of this Act and to relieve populations in the countries of Europe or countries contiguous thereto suffering for want of food; Provided, That an audited, itemized report of the receipts and expenditures of the United States Grain Corporation for the purposes authorized by this Act shall be submitted to Congress not later than the first Monday in December, 1920."

3. Approve, so far as Treasury is concerned, that each country designate agent in America empowered formally to receipt in name of his Government for all Grain Corporation deliveries. Understand, however, that Grain Corporation is not required to render accounts to auditors under Treasury Department and, therefore, no question of Treasury Department final accounting.

4. Suggest that agreement, executed with countries to whom relief is to be furnished providing for delivery of evidences of indebtedness, should be made on behalf of Grain Corporation and not of Treasury which has no direct connection with matter. Believe also that for same reason obligations received pursuant thereto for purchase price of flour should be delivered to Grain Corporation rather than Treasury.

5. Shall be glad to receive from you suggestion as to form of obligations to be received.

6. Have referred Barnes to State Department for advice as to authority of representatives in this country of respective Governments to execute obligations on behalf of such Governments.

COLBY

²² Not printed.

²³ Neither found in Department files.

862.48/122 : Telegram

*The Secretary of State to the Commissioner at Berlin (Dresel)*WASHINGTON, *March 31, 1920—6 p.m.*

88. Following telegram received from Mr. Hoover: "It appears to me that the Ebert Government has now reached a point indicating stability and that it should not be deprived of the support that is coming to it from making available to them the surplus realization on the gold that came into my hands while acting as an interallied official in dealing with food for Germany. This gold arises from the necessary delay in the supply of food provided under the Brussels agreement²² pending final realization of the gold paid by Germany for this purpose, and I would suggest that in the interest of all concerned it should now be made available. Would you confirm and if so communicate the fact to the German Government that payment of \$14,510,219 in accordance with authority from Herr von Bergmann Under Secretary of the Treasury to Mr. Hoover is now being paid over to their agents the Guaranty Trust Company for purchase of food".

Mr. Hoover holds \$14,510,219 which constitutes surplus due German Government after value ascertained by assay of gold which came into Mr. Hoover's hands as allied food director pursuant to Brussels agreement. It is considered wise the German Government should have the support that would come from availability of this gold and unless reports which have reached Department indicating that Ebert Government is firmly established, are false, you may therefore state that payment of the above amount is now being made by Hoover to Guaranty Trust Company, agent of German Treasury, for purchase of food.

COLBY

462.00R29/136 : Telegram

*The Secretary of State to the Ambassador in France (Wallace)*WASHINGTON, *April 1, 1920—8 p.m.*

665. For Rathbone from Davis. Treasury R-314.

Your 457,²³ 459²² and 464.²⁴ 1. It does not appear important for us to raise any point as to the conclusion of the Allies as to whether any action may be taken pursuant to Austrian Treaty, although not yet ratified.

2. With reference to the letter to the Austrian Government set out in your 402,²⁵ I do not quite understand why the Austrian Govern-

²² Not printed.²³ *Ante*, p. 271.²⁴ *Ante*, p. 273.²⁵ *Ante*, p. 263.

ment should be forced to acquire all securities held by their nationals in neutral countries. If this precedent is followed is it not an undue interference with the rights of private property and an extension to Austria of the interpretation which the Allies wish to give to Article 235 of the German Treaty to which we are opposed?

3. The proposed plan outlined in paragraph 2, your 464 defining the conditions under which relief advances will be made to Austria are satisfactory with the following exceptions: (a) We do not think it advisable to impose upon Austria the condition that she shall pass such laws as the Austrian Section may propose in respect to the sale or disposition of privately owned property, provided this should violate the principle indicated in the above paragraph. (b) In respect to the proposed supervision and control over the collection and expenditure of taxes, customs and revenues of the Austrian Government, we consider this a rather dangerous provision. The direction of such service should be advisory and should not be taken over except in the case that Austria wilfully fails to comply with the other loan provisions and to administer this service economically and properly. (c) As to the study and submission of plan for the economic and financial rehabilitation of Austria, we understand that this will not imply any obligation, even moral, on our part for financial assistance other than that already provided for.

COLBY

462.00R29/155 : Telegram

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

PARIS, April 5, 1920—6 p.m.

[Received 10:06 p.m.]

904. B-7 for Davis. Department's 665, April 1, 8 p.m., Treasury R-314.

1. As you know, greater part, if not all of neutral securities owned by Austrian nationals have been pledged or dedicated as security for past food advances to Austria by British, French and Italians. made possible by our \$48,000,000 loan to those countries. These neutral securities have been released from that loan on condition that they be used for food [purchases]. It is believed necessary that such neutral securities should be obtained by Austrian Government released from past or contemplated [garbled group] of loans and utilized for food and necessary raw materials in order to keep to minimum advances Austria requires for these purposes and to enable Austria, by use of food and raw material acquired, to commence work and thus provide its [garbled group] with foreign exchange necessary to purchase more food and more raw material when assistance provided by present relief loans is at an end.

2. Answering your paragraph 3 (a). It may prove necessary, to prevent foreign acquisition of Austrian industries at most inadequate prices [caused?] by Austrian foreign exchange, to exercise authority mentioned your subdivision (a). These assets are security for relief loans. It may prove necessary to have some of these assets requisitioned and sold to obtain food or raw materials not provided by present relief loans. It is essential that present measures be sufficiently broad so that every effort will be possible to make Austria self-supporting and to avoid recurrence of present conditions. The patient is very sick and measures not appropriate in a healthy state may have to be resorted to and may prove efficacious. Considering situation of Austrian Government and its relation to Austrian nationals and as well with new states it is essential to success of any plans to rehabilitate Austria that wide authority be given Austrian Section. I agree that this authority should be carefully exercised and only if and [when found] necessary. (b) I agree with your subdivision (b) but think that Austria should now agree as contemplated by plan. The Austrian Section will no doubt only exercise any rights under such agreement in case of Austrian wilful default or failure to maintain service economically or properly. (c) Do not understand that study of plan commits morally or otherwise anyone to further advances.

3. Do not understand you require any changes to plan set forth our R-464,²⁶ which changes at this late day and in view of attitude taken by other lending countries might prove awkward.

4. Rathbone and Logan have seen this cable and agree. Boyden.²⁷

WALLACE

864.48/22 : Telegram

The Secretary of State to the Chargé in Yugoslavia (Carroll)

WASHINGTON, April 6, 1920—6 p.m.

29. American Relief reports through Embassy, Paris that transportation of supplies from Trieste to Budapest has been very much complicated by the fact that the Serbians have lifted approximately 1,000 feet of track on line Pragerhof [to] Kottori thus requiring all rail movements to Budapest to go via Vienna.

Endeavor verify the above and if true impress upon the Serbian Government the urgent necessity of these tracks being replaced without delay.

²⁶ *Ante*, p. 273.

²⁷ Roland W. Boyden, assumed duties, Apr. 1, 1920, as American unofficial representative on the Reparation Commission, succeeding Albert Rathbone.

Transportation difficulties are already great enough without this obstruction which makes a much longer haul and a larger requirement of coal necessary for the transportation of relief supplies.

COLBY

864.48/23 : Telegram

The Chargé in Yugoslavia (Carroll) to the Secretary of State

BELGRADE, April 8, 1920—11 a.m.

[Received April 10—3:35 p.m.]

115. Department's 29, April 6, 6 p.m. On January 29 Colonel Causey telegraphically reported from Vienna the lifting of track by the Jugo-Slav military authorities at Murakeresztur a village situated between Pragerhof and Kottori. On January 31 the Jugo-Slav Minister of Communications declined for strategic reasons to replace the lifted rails.

I have brought the matter urgently to the attention of the Secretary General of the Ministry for Foreign Affairs.

CARROLL

862.48/126 : Telegram

The Commissioner at Berlin (Dresel) to the Secretary of State

BERLIN, April 9, 1920—3 p.m.

[Received (April 9?) 9:27 a.m.]

291. For your information and to be transmitted to Norman Davis of the Treasury Department, and Julius Barnes, United States Grain Director. Taylor advises me as the result of consultations with the appropriate ministers that the food program up to the next harvest is as follows:

Germany intends to cover her requirements in meats and dairy products by purchases from the surrounding neutral nations and has several credit negotiations to this end under way. Unless special offers of credits are to be made by American packers she will place no further orders until autumn. Bread grain requirement until the new crop is only 200,000 tons of wheat. C.i.f. offerings from Argentina are being accepted in small amounts but not to exceed 100,000 tons in all. This low figure is a statistical surprise because our crop figure of 9,000,000 tons bread grains is correct. The 200,000 tons is believed to be sufficient to maintain present ration until September 1st. Recent developments have increased prospects of domestic stocks. The Kapp fiasco, which had all the landowners behind it, has taken the temper and resistance out of the large and small landowners and they are not in a position to resist requisi-

tion. The Socialists and combined labor unions have made it a stipulation that a proper requisition shall now be applied, and this is in process of execution. It therefore seems that a more drastic requisition will be made than ever before, which has the effect of reducing import requirements and also of diminishing illicit trading. This small amount of wheat the German Government would like to purchase from the United States either through credits, or when advised that these were improbable, through use of Liberty bonds or other securities and values in the hands of our Enemy Property Custodian. It is believed that recent London resolution gives them this right so far as Reparation Commission is concerned but the formal authorization will still be required in our country. Are you able to exchange wheat for Liberty bonds? The denominated amount would have to leave New York by June 1st. Believe that German Government should be informed through American Commission, Berlin, and German financial agent through Logan, in Paris, for the purpose of consultation with Shipping and Reparation Commissions as promptly as possible.

DRESEL

840.4S/2699 : Telegram

The Chargé in Denmark (Schoenfeld) to the Secretary of State

COPENHAGEN, April 12, 1920—11 a.m.

[Received 6 p.m.]

175. My 115.²⁸ I am in receipt of memorandum from Foreign Office dated April 10th to the effect that after consulting budget committee of Rigsdag Danish Government has decided in principle to participate in the relief work suggested by Government of the United States and the British Government provided that other states invited to participate will do so. Memorandum adds that this Government will gladly take part in conference to be held shortly in Paris and has appointed Emil Gluckstadt President of Landmands Bank of Copenhagen Danish representative to conference.

I left memorandum with Foreign Office March 30th in sense of your circular telegram of March 29 [27], 6 p.m.²⁸

SCHOENFELD

462.00R29/136 : Telegram

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

WASHINGTON, April 12, 1920—5 p.m.

748. For Boyden from Davis. Treasury B-4.

²⁸ Not printed.

Reference your B-7, April 5, Embassy's 904. If the understandings expressed your paragraph 2 are clearly understood by Commission as being our interpretation of the proposed plan outlined in paragraph 2 [of] Rathbone's 464²⁹ defining the conditions under which relief advances will be made to Austria, it is on such conditions acceptable to us, with the definite understanding that our adherence to proposed arrangement is based on recognition of exceptionally serious predicament of Austria and is in no way a precedent affecting our position respecting Germany.

COLBY

840.48/2728

The Minister in Norway (Schmedeman) to the Secretary of State

No. 1526

CHRISTIANIA, April 15, 1920.

[Received May 3.]

SIR: Referring to the Department's two unnumbered circular cable instructions received from Paris on March 15th³⁰ and March 30th respectively, the latter bearing date of March 27th, 6 p.m.,³¹ relating to the question of extending credits to the countries of Central Europe, I have the honor to enclose herewith a copy and translation of a Note received from the Minister for Foreign Affairs,³¹ in which he states that the Norwegian Government is willing to present a Bill to the Storting requesting it to allow the Government to extend a credit of seventeen million kroner for herring and other fish, and perhaps whale oil for technical purposes, to these countries in accordance with the plan which was agreed upon at a conference held in Copenhagen on March 29th and 30th last.

In discussing this matter with the Minister for Foreign Affairs, he told me that the question of rendering relief to these countries had been under consideration in Copenhagen at a conference held there at which delegates were present from Sweden, Norway, Denmark and Great Britain, and that the Norwegian representative, Doctor Arne Rustad, had agreed at that time that he would recommend to the Norwegian Government that a credit of seventeen million kroner be granted. As this amount was satisfactory to the Government the matter will shortly be taken up in the Storting.

I have [etc.]

A. G. SCHMEDEMAN

²⁹ *Ante*, p. 273.

³⁰ See telegram no. 518, Mar. 12, to the Ambassador in France, p. 264.

³¹ Not printed.

862.48/126 : Telegram

The Secretary of State to the Commissioner at Berlin (Dresel)

WASHINGTON, April 17, 1920—5 p.m.

144. Your 291, April 9, 3 p.m.

Circumstances preclude considering at this time the use of Liberty Bonds or other securities and values in the hands of Alien Property Custodian. Barnes is considering other suggestions in your cable.

COLBY

862.48/126 : Telegram

The Secretary of State to the Commissioner at Berlin (Dresel)

WASHINGTON, April 22, 1920—2 p.m.

162. Your 291 April 9, 3 p.m. and our 144, April 17. Barnes has written us in reference to your cable that Grain Corporation cannot sell any wheat or flour on credit to Germany. It has no stocks unsold wheat and stocks of flour so reduced that no further credit can be given under the present conditions and also that due to insistent foreign buying wheat prices now 60 to 70 cents above government guaranteed price, and therefore desirable that Germany should supply its food needs elsewhere.

COLBY

840.48/2753

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

No. 1627

RIO DE JANEIRO, May 6, 1920.

[Received June 10.]

SIR: Referring to the subject of the Department's circular telegraphic instruction of March 13th, 6 p.m.,³¹ relative to a suggestion that a meeting of the representatives of the Associated and Neutral Governments should be held in Paris for the purpose of formulating a possible program for the relief of the suffering populations of various countries of Central Europe, I have the honor to report that this matter was covered by a note of this Embassy, then under the charge of Mr. Craig W. Wadsworth, to the Brazilian Foreign Office on March 16th, 1920. I have further the honor to report that on the 31st of March, last, this Embassy received a reply which stated that in principle the Government of Brazil was in full accord with the views of the American Government relative to that matter, and adding that in order that the former Government might defi-

³¹ See telegram of Mar. 13 to the Ambassador in Argentina, p. 265.

nately understand the suggestions of our Government it desired to be informed of the method in which it was proposed to furnish aid to the above-mentioned populations as well as the character of the participation which it was hoped that Brazil would supply.

Finally I have the honor to report that the contents of the Department's urgent telegraphic circular of March 27th, 6 p.m.,³² concerning relief, was transmitted to the Brazilian Government by Mr. Wadsworth in a note on April 5th, and that the matter rests there at present.

I have [etc.]

EDWIN V. MORGAN

860c.48/400

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

No. 3079

LONDON, *June 25, 1920.*

[Received July 14.]

SIR: At the request of the Secretary-General of the League of Nations, I have the honor to transmit herewith enclosed documents Nos. 20/31/36A and 20/41/16³³ regarding the Typhus situation in Poland.

I have [etc.]

JOHN W. DAVIS

[Enclosure]

The Secretary General of the League of Nations (Drummond) to President Wilson

20/31/36A

LONDON, *23 June, 1920.*

SIR: The attention of the Members of the Council of the League of Nations having been drawn to the overwhelming epidemic of typhus at present devastating Poland and from thence spreading to other countries of Europe, it was decided at the Council Meeting held on 13th March last, to request the Health Conference, about to meet in London, at the British Ministry of Health, in April, to anticipate at this meeting the work of the eventual permanent Health Organisation of the League of Nations, by dealing with the emergency of epidemic typhus in Poland and to submit to the Council plans for united official action.

Full consideration was therefore given by the Health Conference to the question of typhus and its dangers and a comprehensive report (a copy of which will be forwarded at an early date³²) was presented to the Council of the League of Nations (during its re-

³² Not printed.

³³ The latter not printed.

cent session in Rome) containing suggestions as to how the peril could best be combated.

In this Report, special stress was laid on the fact that recent statistics showed the appalling rate at which the epidemic was increasing, and demonstrated the rapid manner in which it was spreading to other countries.

Attention was drawn to the fact that although Poland was making every effort to remedy the tragic situation, she would necessarily be unable to combat successfully the disease within her own frontiers or to prevent the danger of a constant stream of typhus into the vast regions of Europe, unless adequate help were forthcoming from all Members of the Family of Nations.

The Council of the League of Nations considered the Report of the Health Conference and agreed that every country in the world, either from her geographical propinquity, her commercial interests, or from humanitarian motives, is concerned in giving help to Poland and the surrounding countries in this grave crisis. The Council was of the unanimous opinion that the unhappy state of Poland is of such a nature as to justify the combined action and collaboration of all Members of the Family of Nations. A Resolution was therefore passed, a copy of which is attached to this letter.³⁴ The campaign against typhus to prove in any way effective must be carried out within the next three months. During the winter, typhus increases rapidly and climatic conditions in Poland produce almost insuperable difficulties during this season.

The raising of immediate funds to enable the Commissioners appointed to deal with typhus to begin work at once had, therefore, to be considered. Great Britain has agreed to pay an immediate instalment of £50,000 (without prejudice to the final amount of her subscription) provided that four other countries advance a similar amount.

An additional £1,750,000 is required to raise the sum of £2,000,000 indicated in the Resolution (the minimum amount required to deal with the present situation in Poland, exclusive of those sums which may be supplied by voluntary and relief organisation). I am instructed by the Council to invite the United States Government to contribute in the most generous manner possible to the proposed fund. Any contribution which the United States Government may decide to make should be forwarded with the least possible delay to the account of Mr. Vaughan-Morgan, Chief Commissioner for Typhus, Lloyds Bank, London.

I have [etc.]

ERIC DRUMMOND

³⁴ Not printed.

860c.48/369

The Polish Minister (Lubomirski) to the Secretary of State

The Minister of Poland presents his compliments to the Secretary of State and begs to submit the following:

There are in East Siberia many hundreds of Polish children whose parents are either dead or have become separated from them through continual flight from the advancing Bolsheviks. Especially the flight following the defeat of Admiral Kolchak last winter took place under undescrivable circumstances. The children belong chiefly to Poles who were compelled by the Russian armies retreating before the German advance in the years 1915 and 1916 to leave their homes and move eastward together with the armies. Consequently these Poles were scattered all over Russia. A big part of them, the poorer ones, were not allowed to stay in the cities of European Russia, but were forced to go eastward and finally found themselves in Siberia. The battles of Kolchak and the Bolsheviks and the advance of the Bolsheviks caused their emigration to areas occupied by the Polish troops. This new emigration, owing to scarcity of food due to difficulties of transportation in winter and precipitous flight, proved disastrous. Many thousands perished from cold or starvation and disease.

The Siberian Polish Relief Committee, formed under the presidency of Mme. Anna Bielkiewicz, undertook to save the scattered Polish orphans, with a view to sending them ultimately to Poland, and delegates of this Committee were sent to different parts of Siberia to gather the children. The number of children now in charge of the Relief Committee is about three hundred. Owing to the present economical and political situation of Siberia, the Committee cannot maintain the children in Siberia any more, as there are always new ones coming. The Committee applied to the Polish High Commissioner for Far East for transportation of these children to Poland. Unfortunately, the food and housing conditions in Poland are such as to render this absolutely impossible.

The National Polish Committee of America, well aware of the conditions in Poland and of the cruelty to the poor little ones to allow them to die in Siberia, decided at a special session to take care of these children by bringing them to the United States and providing them with a proper home, food, supervision and education until the conditions in Poland will make it possible to send them there. It is planned to place the children successively in parties with an educational body, the necessary means for which will be provided by the National Polish Committee of America, as the enclosed preamble and resolution³⁵ show. The Polish Govern-

³⁵ Not printed.

ment, however, pledges itself to bear all the expenses in case of necessity. As most of these children are very small, their ages ranging from two to sixteen years, it is planned that an adult accompany each group of ten in order that they may receive proper care.

Presenting these facts to the consideration of the Secretary of State, the Minister of Poland hopes that the three hundred children referred to and thirty adults, who are at present caring for them in Siberia, be permitted to leave for the United States to stay until the Polish Government is ready to send them back to Poland.

WASHINGTON, *July 26, 1920.*

860c.48/399 : Telegram

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

WASHINGTON, *July 29, 1920—5 p.m.*

797. Your 1079, July 16, 8 p.m.³⁶ and Despatch 3079, July [June] 25. Please inform Sir Eric Drummond that United States is not in a position to contribute financially to the League of Nations' plan to combat typhus in Poland. Such contribution would require appropriation by Congress, which is not now in session. You may add, however, that this Government is fully alive to the vital importance of the endeavors of the League in this respect and is now considering whether some other way of cooperating in the proposed work may not be found.

COLBY

860c.48/371

The Polish Minister (Lubomirski) to the Secretary of State

The Minister of Poland presents his compliments to the Secretary of State and, referring to his note of July 26th, begs to state that of the three hundred Polish children in Siberia, about whom he had the honor to write in detail in the above-mentioned note, about thirty, under the care of the American Red Cross, are now on their way to America on the Steamship *Yomei Maru*, together with Russian children. The National Polish Committee has obligated itself to take these children under their protection until they will be able to return to Poland.

It would be very much appreciated if the Secretary of State would inform the American Red Cross that the government of the United States, taking into consideration the tragic lot of these children, consents to their temporary stay in the United States of America.

WASHINGTON, *August 3, 1920.*

³⁶ Not printed.

861.48/1239 : Telegram

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

LONDON, August 5, 1920—4 p.m.

[Received August 5—3:28 p.m.]

1179. Have spoken with Brown of the Child Fund this morning on the question of evacuation personnel from parts of Poland occupied by Bolsheviks. He is apparently undecided on the matter owing to Hoover's views that duty of relief workers is to remain and continue work under Soviet regime.

My own personal view, which I expressed to Brown and which I would be glad to have the Department consider is that personnel should be evacuated in advance of Bolshevik occupation. There is otherwise risk at the least of their seizure by Bolsheviks as hostages. Soviets expressly state that relief work can only be continued on condition of Soviet control and no adequate guarantees are or perhaps can be offered for resumption relief [work] or proper use of supplies. Would not seizure or injury of workers by Soviet involve political complications out of proportion to probability of continued usefulness?

DAVIS

860c.48/371

The Secretary of State to the Polish Minister (Lubomirski)

WASHINGTON, August 11, 1920.

SIR: I beg to acknowledge the receipt of your notes of August 3rd and July 26th last regarding the desire of the Polish Government to arrange for the temporary sojourn in the United States of a number of Polish children, refugees from Siberia.

In view of the special circumstances you have cited, the Department of State will waive the usual visa formalities for these refugees who number, as it appears from your communications, approximately 300, and whose ages vary from 2 to 16 years in the case of the children who are accompanied by a number of adult persons.

As regards the permission for these refugees to enter the United States, the Department of Labor has stated that, assuming that these persons are found admissible under the terms of the Immigration Law, it will be necessary to meet the requirements of the Law concerning their departure at some stipulated time. This is usually done, by the giving of a suitable security, but it has also been done upon the assurance and undertaking of the government interested that, if temporary landing is permitted, these aliens will not, during the period of such landing, become public charges, and that they will depart from the United States at the time stipulated.

While it would appear from the statements in your communications of August 3rd and July 26th that you are entirely willing to give the assurances required by the Immigration authorities, I would appreciate it if you would confirm this to me by letter in order that I may be able to inform the Department of Labor of your definite undertaking in the matter.

The Department would further desire to be advised by you, from time to time, of the contemplated arrival in the United States of these refugees, with information as to the ship, the port and date of arrival and the number of refugees expected.

Accept [etc.]

BAINBRIDGE COLBY

860c.48/376 : Telegram

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

WASHINGTON, August 12, 1920—7 p.m.

866. Your 1179, August 5, 4 P.M.

Department agrees with views expressed in last paragraph of your telegram and has today indicated to Director of European Children's Fund that it is Department's desire that no member of their organization remain in territory under Bolshevik occupation. You may so inform Brown who will be advised directly by New York Office.

COLBY

840.48/2801

*The Director of the A. R. A. European Children's Fund (Poland)
to the Acting Chief of the Division of Near Eastern Affairs,
Department of State (Robbins)*

NEW YORK, September 4, 1920.

[Received September 7.]

DEAR MR. ROBBINS: Your letter, undated, in answer to my note of 31st August:³⁷ I hesitate to attempt to answer your inquiry as it refers to a subject in regard to which action has been held up awaiting Mr. Hoover's return and his decision as to the activities which ought to be undertaken by the Relief Administration for the coming year. It is also obvious that the Polish situation must for some time be undetermined. We expect that within a short time Mr. Hoover will be making a trip to Washington and that he will then discuss the whole situation with Mr. Davis and probably with the Secretary. Meanwhile, you may be interested in a brief outline of the relief activities being carried on by this organization at the moment.

Serbia. Our relief operations have been wound up except for very

³⁷ Neither printed.

limited work amongst the children of the Adriatic Coast and a small amount of other child relief inaugurated by our representative but now being carried on by local organizations which have proved themselves thoroughly competent.

Roumania. All American relief operations have been terminated, the child welfare work which was initiated by us, being carried on entirely by Roumanian organizations.

Hungary. Our Child Feeding Mission in Budapest has been closed as of the first of September, the work being continued by local organizations. We are still keeping a couple of Americans in Hungary to supervise general relief through the means of food drafts.

Czechoslovakia. The need of outside intervention has been greatly decreased but a small staff of Americans will supervise the distribution of food for about fifty thousand children over the winter. There will also be a small organization in control of general relief through means of food drafts.

Austria. Arrangements have been made to provide one meal a day for 300,000 children between six and sixteen years of age until June 1921. Shoes and clothing for about 100,000 destitute children are also being sent in. General relief by means of food drafts is being carried on by a considerable staff.

Germany. Through the Friends' Service Committee, arrangements have been made for carrying on supplementary feeding of 625,000 children from now until the second week of February 1921, at which time our present allocation of funds will have been exhausted. General relief is being offered through the food draft plan, the distribution of food being supervised by our representatives of the A.R.A.

Poland. Provision has been made for the feeding of 500,000 children until June 1921. Clothing has been arranged for 200,000 children. A certain amount of general relief by means of food drafts is also being provided. All of this is being supervised by a very competent staff of American Representatives.

Future Work. The future requirements of the European situation, as before stated, are now being studied and have not been decided upon by Mr. Hoover. However, it is safe to make a few general observations.

Founded upon the activities which we have organized, it is our belief that outside of Austria, Poland and Germany the general requirements of relief both for children and adults can be met by the Central European States without foreign intervention. In Austria the number of children fed should be increased and there will be great need of additional assistance for adults, particularly of the upper middle or professional class. In Germany there is imperative need for funds to continue the supplementary meal to

the 625,000 children from February 1921, to the next crop period. There is, of course, also great demand for general relief. In Poland you will see from the late telegrams, copies of which we have sent you, that the number of children cared for should be increased from 500,000 to 900,000 and that the general relief provided, in large part made necessary by the Bolshevik campaign, must be very great in order that there may not be widespread death and desolation during the coming winter. Included in this may be considered the 200,000 tons of grains now estimated as probably required.

At the present time the A.R.A. has no considerable resources to meet these enlarged requirements, but the problem as to how they can be met is now being considered by Mr. Hoover and, as before noted, will be gone over with the State Department after the requirements abroad have taken more definite shape.

Yours faithfully,

W. B. POLAND

863.48/173 : Telegram

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

PARIS, November 18, 1920—9 p.m.

[Received November 20—10:52 a.m.]

1936. B-323. For Davis, Secretary of State and Secretary of the Treasury. Referring my B-318⁸⁸ regarding report Austrian Section concerning Austrian economic situation.

1. With some reserve as to exact date of crisis, Austrian food situation will become acute. Same true of all imported raw material. Must endeavor distinguish clearly between necessity immediate decision on emergency relief and later decision on question of permanent rehabilitation, though decision on first question necessarily somewhat affected by opinion whether under any feasible arrangement Austria can get on feet again; also by fact that if Austria must be left to become bankrupt, consequences minimized if food for winter supplied so that people may have summer months to make such adjustments as are possible instead of being forced to face bankruptcy combined with food crisis during the winter.

2. Like every other demand for European relief this one inevitably will in world public opinion come home primarily to United States either by direct request, propaganda or by inference. England will naturally make action contingent on United States action. Informed by French representative on Austrian Section that French Government holds that their financial position makes it impossible for them

⁸⁸ Not printed.

to contribute either directly or indirectly through the Government but that Government will do everything possible to attract private French interests to Austria's support. From past experience believe that Italy will take approximate position France. Neutrals will not be handed their fair share of responsibility. All this inherent in situation and can not be avoided. United States will inevitably have to accept or refuse largest share of responsibility. This applies more particularly to emergency relief than to permanent plan for rehabilitation which United States could with better grace leave to those having direct political and business interest in situation. Out of 190 million installment suggested by Austrian service 45 millions is estimated as necessary to meet minimum requirements Austrian situation. cereals and fats, to next harvest.

3. Food situation very similar to last year but financial and economic situation much worse clearly indicated by exchange rate. Austrian Government very weak and people apathetic, very little accomplished in the way of rehabilitation last year. Last year's relief largely confined to consumptive credits which while saving life can nevertheless not be considered as having contributed to permanent rehabilitation of the country. Without depreciating [importance of] mere life-saving nevertheless lack of progress tends to discourage further aid by outsiders. This failure due partly to fact that relief had to be furnished before conditions could be made effective, particularly Austrian Section organized so late its influence could not become effective in time; also Austrian Government and people overwhelmed by conditions, particularly terrible load left by war and future requirements of treaty, incapable of serious effort where could see no hope of success. Impression generally prevails that under better conditions they would not prove very efficient. I hear constantly of friction between Vienna and rest of Austria particularly farming classes, latter not desiring to expend great efforts to raising crops with maximum prices fixed by law and a tremendous fluctuation [in] value [of] paper money. Relation[s] with neighboring states not too good, though this is not fault of present Austria in particular. Except for reparation demands I do not regard treaty as responsible for condition. Prewar causes combined with war made downfall inevitable and under existing circumstances no arrangement could have been devised [to] avoid results now occurring. Does not help situation to recall Austria's primary responsibility as instigator of the war but should not be forgotten.

4. Advances, whether for temporary relief or permanent plan, ought not to be regarded from ordinary loan point of view. Present condition of Austrian exchange such that any outside expenditure or loan which appears in budget in crowns makes budget so impossible as to destroy credit and hope of reasonable exchange basis. This

very fact is basis of hope of Austrian Section that comparatively small amount of outside relief may save Austria by making unnecessary use of exchange in purchasing food which must for the present be sold inside country at prices harmonizing with salary and wage status inside country. They think that reduction of such purchases, with revolving fund for raw materials, combined with psychological effect of substantial aid upon productive forces of Austria, would restore exchange to some more reasonable figure and gradually work out restoration. I cannot conceive that 250 millions over five years can accomplish so much but have not attempted to study conditions of plan. If any attempt is to be made plan must be studied on the ground not by me or by existing personnel [of] Austrian Section, but by real economic and financial experts. Even then it will be a gamble. Repeat that present decision must be limited to food emergency and question whether and when money shall be repaid can be pretty nearly disregarded. Whitman, liquidator Austro-Hungarian Bank, who approves this cable puts his thought as follows. Quite logical but quite inconceivable that world can look on while civilized capital like Vienna starves, but if world proposes help, not very businesslike to limit help to mere charity without effort to change the fundamental situation which unless changed will prolong and aggravate the agony.

5. From fact that plans are fathered by Goode, judge considerable chance England may do something. They of course are likely to say they will if we will or they cannot because we will not. France may be affected greatly by her feeling that Austrian independence is necessary for safety [of] France. Italy will not, probably cannot do much.

6. To get best results, whether we refuse or accept, we should if possible act quickly. Recognizing and sympathizing with general administrative policy I nevertheless feel that we should assume too serious responsibility by refusing to aid with contribution, preferably cereals, and perhaps cotton. If we make any offer my inclination would be, while always consulting and cooperating with others, not to join inter-ally or international action which tends to arouse expectation [of] continued assistance; also has other disadvantages. Would make offer conditional on immediate cancellation of all objections averred under peace treaty, whether costs [of] army of [occupation], restitution or reparation, with reduction of Austrian Section to lowest possible limits necessary for what little would be left under the treaty, acting also as small supervisory commission charged with supervision [of] credits and execution [of] conditions attached to credits. Would also make offer conditional upon corrective measures insuring future economic harmony inside Austria and with her neighbors, productive effort [of] entire population,

united support for administrative economy, united sentiment for private sacrifice particularly by rich, fixing a minimum budget by practical disbandment of present army, reduction [of] government employees, etc. Would not be content with Government promise but would demand some indication of really united public opinion which alone can make Government strong enough to do what is necessary. This is large order but you could get good deal for 25 millions at the present moment, something which in all probability would go a long way in the maintenance of order in central Europe. Offer particularly effective if ignores largely question of repayment but emphasizes necessary constructive conditions.

7. Suggestion to scrap Austrian reparations would have great effect on German indemnity question without seeming to be intended for that purpose. Boyden.

WALLACE

863.48/173 : Telegram

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

WASHINGTON, November 26, 1920—8 p.m.

1661. For Boyden. B-160.

Your B-318, November 14,³⁹ and your B-323, November 18.

1. The Grain Corporation has liquidated its business and at present has neither authority nor funds for advancing relief supplies. The Treasury is not authorized to advance funds to former belligerent states, and for some time past has taken a position against further Treasury advances of any description to European states. Without Congressional action, therefore, this Government would not be in a position to take action toward furnishing aid to Austria.

2. Although we will consider, when Congress convenes, the advisability of putting the matter before it, it is probable that credits will only be available from private sources. There does not appear to be much incentive for business investment, but the Department would probably be willing to give such encouragement as it properly can to the extension of private relief to Austria.

3. Neither Austria nor the European powers should count on assistance from this Government in solving Austria's difficulties.

4. The Department believes that insofar as possible the reduction of armaments and of economic barriers, both on the part of Austria and of her neighbors, will go farthest toward solving Austria's problems. Any informal influence which you may bring to bear on your colleagues to secure these ends would receive the support of the Department.

COLBY

³⁹ Not printed.

863.48/177 : Telegram

The Commissioner at Vienna (Frazier) to the Acting Secretary of State

VIENNA, December 9, 1920—5 p.m.

[Received December 10—4:04 p.m.]

384. At invitation of the Austrian Prime Minister I attended a conference today at Foreign Office between the Prime Minister, Minister of Supply, Finance Minister, the British Minister and French and Italian Chargés d'Affaires. Prime Minister after introductory remarks called upon the Minister of Supply for a report. The latter stated that 60,000 tons wheat and rye which must come from America were necessary to tide over the period from January 15th to February 24th, 1922 [1921], after that he had contracts with Roumania and Jugoslavia which would furnish grain until the middle of April. Great Britain had guaranteed credit for the necessary tonnage for American grain which would come partly to Trieste and partly to some North Sea port but that no credit existed to pay for the grain itself. Minister of Finance then reported that the Austrian Government had been unable to raise money by mortgaging Austrian securities held abroad as so many of the holders of these securities had subsequently changed their nationality. He further stated that the art dealer Duveen had offered a million pounds as an advance on the national collection of Gobelin tapestries but that this had been declined as the tapestries were worth much more. Furthermore Reparation Commission had not authorized the Government to pawn Gobelin tapestries. He terminated his report by saying that no other resource was open to Austrian Government but to purchase the necessary amount of dollars in the open market with Austrian notes. This he thought would precipitate a financial crisis. The Prime Minister then informed the Allied representatives that if his Government were unable to raise the necessary credits for the 60,000 tons grain and the Allies were unable to help them they could not longer assume the responsibility of governing the country. Both the British Minister and the Italian Chargé d'Affaires here entered a protest and stated that the Government could not shirk their responsibility until they had exhausted every possible means of raising the necessary money themselves.

Situation here is very critical as Great Britain and France show no inclination to come to assistance of Austria. My opinion is that it would be wiser for the Government to temporize and postpone a crash until the spring as the cold weather combined with the increasing difficulty of securing food from the country will inflict great suffering upon the population.

FRAZIER

863.48/179 : Telegram

The Commissioner at Vienna (Frazier) to the Acting Secretary of State

VIENNA, December 29, 1920—4 p.m.

[Received December 31—11:43 p.m.]

403. Referring to my telegram number 384, December 9th, 4 p.m. I am reliably informed that the Austrian Government has obtained the necessary funds for the purchase of 60,000 tons of American grain by the sale of foreign securities still in possession of the Austrian Government and by utilizing credits in Holland from the sale of wood to that country. Although the Reparation Commission authorized pawning or sale of Gobelin tapestries, there seems to be no disposition to raise money in this way. Austrian bankers very uneasy over the attitude of the Reparation Commission toward Austro-Hungarian Bank. They claim that if Austro-Hungarian Bank is prevented from paying its obligations it will result in bankruptcy of that institution as well as of all the other banks in Vienna.

FRAZIER

BOUNDARY DISPUTES

The Dominican Republic and Haiti: Proposal by the Military Governor of Santo Domingo to the President of Haiti for Settlement by a Commission—Revival of the Arrangement of 1895 for Arbitration by the Pope—Protocol of Agreement

738.3915/198

The Secretary of State to the Secretary of the Navy (Daniels)

WASHINGTON, July 31, 1919.

SIR: I have the honor to acknowledge the receipt of your letter of the 23rd [22d] instant, (5526-200 Op-56),⁴⁰ in which you quote a report from the Military Governor of the Dominican Republic, stating that he held a conference on July 5, 1919, with the President of Haiti, at which he proposed that the Governments of Haiti and the Dominican Republic appoint a Commission to delimit the proper boundary between Haiti and the Dominican Republic; the United States Government being asked to appoint the fifth member of the Commission, and thus prepare a treaty on the subject between the two Governments for ratification by the proper authorities thereof. The Department notes that the Military Governor reports that the President of Haiti received this overture with every evidence of pleasure, and expressed his earnest desire that the matter should be arranged in the near future.

⁴⁰ Not printed.

Your letter and its quoted report have been read with interest, and this Department concurs in the steps taken.

I have [etc.]

ROBERT LANSING

738.3915/199

The Minister in the Dominican Republic (Russell) to the Secretary of State

No. 496

SANTO DOMINGO, August 20, 1919.

[Received September 8.]

SIR: I have the honor to enclose herewith a copy of a proposed letter from the Military Government to the Haitian Government, through the Haitian Minister here, in regard to a definite settlement of the boundary between the Republics of Santo Domingo and Haiti. The proposed letter will not be sent until the Department of State approves, and if this approval is obtained, it is the desire of the Department of Foreign Relations that the American Minister in Haiti be informed, and instructed to use his influence to have the Haitian Government accept the proposal from the Dominican Government.

I have [etc.]

WILLIAM W. RUSSELL

[Enclosure]

*Draft of Proposed Note from the Official in Charge of the Dominican Department of Foreign Affairs to the Haitian Minister in the Dominican Republic*⁴¹

_____, 1919.

SIR: I find that for a long time the question of the location of the boundary line between Haiti and Santo Domingo has been a fountain of distrust and disorder between the two countries, whose common interests should produce only friendship and kindness. It is certain that if this question is not settled it will lead to misfortune, extending perhaps at some future day to armed conflict between the two peoples.

This seems to be a favorable time to undertake the settlement of the boundary, which, taking for granted the good will of the two countries, should be very easy. I find fortunately that on June 1st and June 2d, 1895, that there was a plebiscite by the Dominican people, authorizing the submission of Article 4 of the treaty of 1874 to the arbitration of the Pope, and other things which seem to be exactly suited to the purpose I have in mind.

The proposition is to submit to the Pope, if he will consent to act as arbitrator, the question of the interpretation of the said Article 4, together with all other questions arising thereunder for the determination, location, and establishment of a permanent boundary line.

⁴¹ The note was sent Dec. 22, 1919.

The arbitrator should be empowered to make all rules and provisions of every kind, and settle every question whatsoever of *uti posseditis* [sic], *statu quo*, or any other points arising.

The treaty could be very short, only a few brief articles being necessary, which would lodge every possible power of decision in the hands of the arbitrator. In this way every conceivable difference of opinion could be brought to a practicable settlement, and generations unborn would reap a great benefit.

I submit this idea for transmission to your Government, in the hope that there may be initiated a movement which will remove this ancient source of conflict between the two countries.

I take [etc.]

For the Department of Foreign Relations:

Rufus H. Lane
Colonel, U.S. Marine Corps

738.3915/202

*The Secretary of State to the Minister in the Dominican Republic
(Russell)*

No. 321

WASHINGTON, December 10, 1919.

SIR: Referring to your number 496 of August 20, 1919, enclosing a copy of a letter which the Military Government of the Dominican Republic desired forwarded to the Government of Haiti, proposing a definite settlement of the boundary between the Dominican Republic and Haiti, I have to say that a copy of the letter was forwarded to the American Minister at Port au Prince and that a despatch has been received from him in which he states that this letter does not appear to agree with the preliminary arrangements made by the Military Governor of the Dominican Government and the Minister, with the President of Haiti, at the time of Rear Admiral Snowden's visit to Port au Prince. The Minister adds that the plan then considered and discussed was that a Commission should be formed of two Haitians and two Dominicans and with the United States as umpire, and that this plan was approved by the President of Haiti, and that in pursuance of the understanding with the American Minister at Port au Prince, he had conferred with the President of Haiti, resulting in an agreement that a Haitian law should be passed authorizing the formation of the Commission and the appointment of the Haitian members, as soon as the Minister should advise the President that the Government of the United States approved thereof.

For these reasons the Minister is of the opinion that the proposed letter of the Military Government of Santo Domingo should not be

sent, and he suggests that Rear Admiral Snowden be advised of the above developments to which that officer had agreed in principle. The American Minister thinks that it would be very unwise at this time to change from the above mentioned plan to the one of 1895, referred to by the Military Governor of the Dominican Republic.

I am [etc.]

ROBERT LANSING

738.3915/202

The Secretary of State to the Secretary of the Navy (Daniels)

WASHINGTON, December 19, 1919.

SIR: By despatch dated August 20 last, the American Minister at Santo Domingo conveyed to this Department a copy of a proposed letter from the Military Government of Santo Domingo to the Haitian Government in regard to a definite settlement of the boundary between the Republics of Santo Domingo and Haiti. This proposed letter, according to despatch from Santo Domingo, was sent to the Department of State for its approval, with the request that in the event of the Department of State giving its approval to the plan outlined in the proposed letter, that the Department instruct the American Minister in Haiti to use his influence to have the Haitian Government accept the proposal from the Dominican Government. The despatch enclosing the proposed letter was received on the ninth of September,⁴² and under date of September 11, the Department informed the American Minister in Haiti as to this proposed plan for a definite settlement of the boundary between the two Republics, and instructed him to use his good offices with the Government of Haiti to induce it to accept this proposal.⁴³

According to a despatch dated November 10,⁴⁴ from the American Minister in Haiti, replying to the Department's instruction, the proposed plan is not in accordance with the preliminary arrangements made by the American Minister in Haiti and Admiral Snowden with the President of Haiti at the time of Admiral Snowden's recent visit there. The plan considered and discussed during Admiral Snowden's visit to Haiti was for the formation of a commission, composed of two Haitians, two Dominicans, and the Government of the United States as umpire, whereas the plan outlined in the proposed letter provided for the submission of the difference between the two countries to the Pope for arbitration in pursuance of the treaty of 1895 between the two Republics. As the question becomes somewhat confused by the introduction of more than one

⁴² Received in the Department of State Sept. 8, 1919; received in the Division of Latin American Affairs Sept. 9.

⁴³ Instruction not printed.

⁴⁴ Not printed.

plan and as the State Department should normally have cognizance of matters which arise between foreign countries, I venture to suggest that it would seem advisable for the Military Governor of Santo Domingo, before taking action on matters of international policy, to present them to the Department of State for its advice and approval.

I have [etc.]

ROBERT LANSING

738.3915/205

The Secretary of the Navy (Daniels) to the Secretary of State

5526-200:1

Op-13A/L

WASHINGTON, *January 29, 1920.*

SIR: Referring to your letter of 19 December, 1919, (La 738.3915/201)⁴⁵ relative to certain confusion which had arisen in connection with the settlement of the boundary line between Haiti and the Dominican Republic, I have the honor to transmit herewith the statement of the Military Governor of Santo Domingo in this connection.

It is requested that the enclosed correspondence be returned when it has served its purpose.

Sincerely yours,

JOSEPHUS DANIELS

[Enclosure]

The Military Governor of Santo Domingo (Snowden) to the Secretary of the Navy (Daniels)

1994-19 (2) L-FF

SANTO DOMINGO, *14 January, 1920.*

Subject: Action in Matters of International Policy—Haiti—Santo Domingo Boundary Line

1. The undersigned regrets exceedingly that any confusion should have arisen over the settlement of this important question and there is forwarded herewith all correspondence relating thereto (Enclosures (1)–(5) Inc.), with the request that it be referred to the State Department.

2. The history of this matter is as follows:

On July 5, 1919, the undersigned made certain overtures to the President of Haiti in regard to the settlement of the Dominican-Haitian boundary line, proposing that the Governments of Haiti and the Dominican Republic appoint a commission to delimit the proper boundary between Haiti and the Dominican Republic, the United States Government being asked to appoint the fifth member of this commission and thus prepare a treaty between the two gov-

⁴⁵ Now filed under 738.3915/202.

ernments for ratification by the proper authorities thereof. Report was made of this action to the Secretary of the Navy and the approval of the State Department of the steps taken was received in a letter from the Secretary of the Navy of August 5, 1919 (Ref. *a*) included herewith (Encl. 2).⁴⁵ However, after further study of this matter, and in view of the information brought to light by a report of the Secretary of the Department of Foreign Relations of the Dominican Republic, it was decided that a better solution of this problem will result in its submission to the Pope for arbitration, as this procedure had been previously authorized by the Congress of the Republic based upon approval of the voters of the country, as expressed in a Plebiscite in the year 1895 and that it was submitted to the Pope, but was not settled at that time on account of lack of power being given him. In Reference (*b*)⁴⁶ the Military Governor set forth the result of his study in this matter and enclosed a copy of the proposed letter to the Haitian Minister outlining this new proposition. To this letter no reply was received from the Secretary of the Navy or the State Department and it was assumed that the action of the Military Governor in attempting to settle this question had been previously approved by the State Department in Ref. (*a*).

3. It is considered that the settlement of this boundary line at this time is a matter of paramount importance to the future welfare of both countries concerned, and that the last method of procedure, submission to the Pope, is preferable. Therefore, the approval of the State Department is again requested and also the good offices of the American Minister in Haiti be used to have the Haitian Government accept the proposal of the Dominican Republic.

THOMAS SNOWDEN

738.3915/205a : Telegram

The Acting Secretary of State to the Chargé in Haiti (Belden)

WASHINGTON, February 19, 1920—6 p.m.

21. Has Haitian Government replied to proposal of Dominican Government relative to submission of boundary question to papal arbitration? In view of the importance of making a boundary settlement, you are instructed to exercise your good offices with the Haitian Government to obtain prompt consideration of the Dominican proposal.

POLK

⁴⁵ Quotes letter from the Secretary of State to the Secretary of the Navy, July 31, 1919, p. 295.

⁴⁶ Not printed; letter dated Sept. 13, 1919.

738.3915/208

The Chargé des Affaires ⁴⁷ *in the Dominican Republic (Brewer) to the Acting Secretary of State*

No. 549

SANTO DOMINGO, *February 27, 1920.*

[Received March 10.]

SIR: I have the honor to refer to your instruction No. 321 of December 10, 1919 (File No. 738.3915/201),⁴⁸ relative to a note which the Military Government of Santo Domingo desired to present to the Government of Haiti proposing to submit to the arbitration of the Pope the definite settlement of the boundary question between the two Republics, and to say that I have taken up this matter by note with the Foreign Office (enclosure No. 1)⁴⁹ and in its reply (enclosure No. 2)⁴⁹ the Foreign Office informs me that the change from the plan discussed by the Military Governor of Santo Domingo, the American Minister at Port-au-Prince and the President of the Republic of Haiti was due to the fact that on the return of the Military Governor to this city a further study of the subject revealed that the Dominican Constitution, in its Article No. 3, provided for the rectification of the boundary line in accordance with the Plebiscite of 1895, which authorized the Government to submit the case to the Pope for arbitration.

This was the subject of the proposed note to the Haitian Government as forwarded for the approval of the Department in the Legation's despatch No. 496 of August 20, 1919. Unfortunately the Military Government did not advise the Legation of the former plan discussed at Port-au-Prince, in order that the American Minister at Port-au-Prince might be advised of the change of plans, through the Department. In an interview I had with the Military Governor on this subject, I was shown copies of correspondence from the State Department to the Navy Department relative to this, and other questions of international policy. The reply of the Military Governor to the instruction from the Navy Department forwarding the copies of the correspondence above-mentioned has doubtless been duly transmitted to the Department.⁵⁰

In regard to the suggestion of the American Minister at Port-au-Prince that the proposed note from the Military Government to the Haitian Government should not be sent, I have to report that the Foreign Minister states that the note was sent to the Haitian Minister here on December 24 [22], 1919, about one month previous to the re-

⁴⁷ Term used to designate a clerk left in charge of an embassy or legation.

⁴⁸ Now filed under 738.3915/202.

⁴⁹ Not printed.

⁵⁰ Reference is apparently made to the Military Governor's letter of Jan. 14, to the Secretary of the Navy, p. 299.

ceipt of my communication of January 21, 1920. The Department's instruction No. 321 was received by me on January 20, 1920.

I have [etc.]

JOHN BREWER

738.3915/206 : Telegram

The Acting Secretary of State to the Chargé des Affaires in the Dominican Republic (Brewer)

WASHINGTON, March 1, 1920—6 p.m.

9. Department informed that Haitian Government has advised its Minister Santo Domingo to inform Dominican Government that it is prepared to enter into *pourparlers* relative to boundary question. Confer with Military Government and report at once whether Haitian Minister is empowered to discuss this matter on the lines of note from Dominican Foreign Office of December 22 to him proposing arbitration of whole question by the Pope or whether Haitian Minister has been instructed to discuss direct settlement of the boundary dispute.

POLK

738.3915/207 : Telegram

The Chargé des Affaires in the Dominican Republic (Brewer) to the Acting Secretary of State

SANTO DOMINGO, March 7, 1920—9 a.m.

[Received March 8—11:50 a.m.]

9. Department's March 1, 6 p.m. Minister for Foreign Affairs informs me that on February 3, note [was] received from Haitian Minister stating that he was in receipt telegram from his Government acknowledging receipt of Dominican proposal boundary arbitration by Pope and expressing desirability to settle the matter satisfactorily. Yesterday Foreign Office advised me Haitian Minister had told Chancellor that he has received communication from his Government confirming telegram above mentioned and authorizing him to enter into informal negotiations for protocol of arbitration by the Pope. Minister for Foreign Affairs has intimated to Haitian Minister that initiative this course should be taken by him replying to Dominican note of December 24th [22d] proposing arbitration and I will notify Department immediately of any developments. . . .

BREWER

738.3915/207 : Telegram

The Acting Secretary of State to the Chargé in Haiti (Belden)

WASHINGTON, March 10, 1920—6 p.m.

27. Department has been informed by the Legation Santo Domingo that Haitian Minister has been authorized to enter into informal negotiations for protocol of arbitration of the Dominican-Haitian Boundary by the Pope.

Bring to the attention of the Haitian Government the advisability of accepting Dominican proposal to submit entire question at this time to arbitration and to conclude agreement without unnecessary delay with Dominican Government for such submission. Report attitude and probable action.

POLK

738.3915/210

The Chargé des Affaires in the Dominican Republic (Brewer) to the Secretary of State

No. 574

SANTO DOMINGO, May 14, 1920.

[Received May 27.]

SIR: I have the honor to refer to your instructions Nos. 337 and 339 of April 20 and 23, 1920, respectively (File Nos. 738.3915/207 and 738.3915/209)⁵¹ and to herewith enclose two copies of the proposed protocol between the Dominican Republic and the Republic of Haiti for arbitration by His Holiness The Pope of the frontier question pending settlement between the two countries. The Minister for Foreign Affairs, in his note transmitting me the draft of the protocol, says "protocol that this Ministry intends to submit to the Haitian Minister as soon as it is known that it is satisfactory to the Government of the United States". The Military Governor has requested me to ask the Department to telegraph its approval or disapproval of the protocol, as he is anxious to go to Haiti on this matter as soon as may be practicable.

In the event that the Department approves of this protocol, I respectfully suggest that the American Minister at Port-au-Prince be instructed to [use] his good offices in its behalf with the Haitian Government.

I have [etc.]

JOHN BREWER

[Enclosure]

Draft Protocol of Agreement between the Dominican Republic and the Republic of Haiti

[This enclosure is identical with the final draft, printed on page 308, with the following exceptions:

⁵¹ Neither instruction printed.

Article 2 in the present enclosure lacks the second paragraph of article 2 in the final draft.

Article 9 in the present enclosure, replaced by articles 9 and 10 in the final draft, reads as follows (file translation revised) :

The power conferred upon the Holy Father will also embrace a decision upon the following points :

- (a) By whom shall the expenses entailed by the survey of the boundary line be defrayed?
- (b) How shall that survey be made?
- (c) Who shall make it?

The final article of the present draft, article 10, is identical with article 11 of the final draft.]

738.3915/210 : Telegram

The Secretary of State to the Chargé des Affaires in the Dominican Republic (Brewer)

WASHINGTON, June 4, 1920—3 p.m.

17. Your despatch No. 574 May 14.

Department is gratified to learn that boundary protocol is about to be submitted to Haitian Minister. Department suggests if agreeable to the Dominican Government that provision be made in Article 2 that the award shall be rendered within a period of 180 days after the date fixed for the presentation of rejoinders. Department also considers Article 9 unnecessary.

COLBY

738.3915/213

The Minister in the Dominican Republic (Russell) to the Secretary of State

No. 598

SANTO DOMINGO, August 12, 1920.

[Received August 31.]

SIR: I have the honor to enclose herewith a copy and translation of a note to this Legation from the Ministry of Foreign Affairs in regard to the proposed protocol for the arbitration of the boundary question with the Haitian Republic, and to request that telegraphic instructions be sent relative to the reply to be made by the Dominican Government to the amendments proposed by Haiti.

I have [etc.]

WILLIAM W. RUSSELL

[Enclosure—Translation]

The Official in Charge of the Dominican Department of Foreign Affairs (Marix) to the American Minister (Russell)

SANTO DOMINGO, August 10, 1920.

MR. MINISTER: Permit me to bring to the attention of Your Excellency that on the third of the present month this Department re-

ceived from the Haitian Minister enclosure No. 2⁵² which contains an amendment which he proposes in the name of his government to the project of the protocol which this Department has prepared for a definite settlement of the boundary question.

This Ministry has prepared a reply in regard to said amendment as Your Excellency will see from enclosure No. 4,⁵³ and it is forwarded with the request that Your Excellency will have the courtesy to transmit it to the Department of State at Washington for its due information.

I am pleased to state to Your Excellency that this reply (No. 4) will not be sent to the Haitian Minister without the approval of the State Department at Washington or some suggestion from it as to the answer that should be made.

Consequently this Ministry requests Your Excellency to ask the State Department at Washington to send by telegraph its approval to the reply (encl. No. 4) or the way in which this Ministry should reply to the amendment proposed by the Haitian Government.

I avail myself [etc.]

For the Department of Foreign Relations:

A. T. MARIX
Col. U.S.M.C.

[Subenclosure 1—Translation]

The Haitian Minister in the Dominican Republic (Magloire) to the Official in Charge of the Dominican Department of Foreign Affairs (Marix)

MEMORANDUM

The undersigned, Envoy Extraordinary and Minister Plenipotentiary of the Republic of Haiti, has received instructions from his Government to sign the Protocole of Arbitration with the following additions:

“WHEREAS the law of 1 Octobre 1898 authorizes the Government of the Republic of Haiti to grant the Holy Father all such powers as may be deemed necessary, not only to decide upon the special case of the interpretation of Article 4 of the Treaty of 1874, but also, by extension, sovereignly and definitely upon all that pertains to the demarcation of the boundaries of the two Republics.”

ART. . . . [“]Should the matter be decided in favor of the Haitian nation the Dominican Government hereby agrees to draw the definite boundary line in such manner as to leave in favor of Haiti all of the possessions occupied by that Nation since the year of 1874.”

ART. . . . “Should the Arbiter decide the matter in accordance with the interpretation sustained by the Dominican Government,

⁵² Subenclosure 1, *infra*.

⁵³ Subenclosure 2, *infra*.

then the latter, in view of the fact that Haiti has always occupied and peopled the territory in question for a lapse of time, and that it would be impossible today for the Dominican Republic to indemnify the Haitian Landowners for their property located and established in said territory, as it would also be impossible for it to occupy it and people it with Dominican families, it does hereby agree to come to an understanding with the Haitian Government, availing itself for that purpose of the express authority conferred upon it by the sovereign people, to leave Haiti in possession with perfect right of the territory occupied by it since 1874, through a just pecuniary compensation."

Since these modifications have already been agreed upon, the undersigned believe[s] that a date may be set for the final drawing of the instrument and the Protocole of the conferences, after which, full powers being communicated, the signature might be affixed.

Said full powers are not as yet in the hands of the undersigned, who avails himself [etc.]

FELIX MAGLOIRE

SANTO DOMINGO, 2 August, 1920.

[Subenclosure 2—Translation ⁵³]

Draft of Proposed Note from the Official in Charge of the Dominican Department of Foreign Affairs to the Haitian Minister in the Dominican Republic

MEMORANDUM

The undersigned, in charge of the Department of Foreign Relations of the Dominican Republic, on behalf of the Government of the Dominican Republic, and in reply to the memorandum dated the 2nd instant, signed by Mr. Felix Magloire, in his capacity of Envoy Extraordinary and Minister Plenipotentiary of the Republic of Haiti, hereby states:

(a) That in accordance with note no. 363, of December 22, 1919,⁵⁴ from this Department to the Minister of Haiti relative to the boundary question, the Government of the Dominican Republic understands that the purpose and wishes of the two Republics is and has been "to submit to the Pope, provided that he agrees to act as the arbiter, the matter of the interpretation of article 4 of the treaty of 1874, together with all such other questions as may arise therefrom, for the determination, drawing, and establishment of a permanent boundary line."

(b) That therefore "the arbiter would be granted powers to dictate regulations and provisions of any kind and to adjust all matters, whatever they may be, of *uti possidetis, status quo*, or any other point which might arise."

⁵³ File translation revised.

⁵⁴ Draft printed on p. 296.

(c) That in view of the above, the additions suggested by the Minister of Haiti in his above-mentioned memorandum are unnecessary and contrary to the purposes and wishes previously expressed by this Department in its note no. 363, of December 22, 1919, and accepted by the Government of the Republic of Haiti.

SANTO DOMINGO, , 1920.

A. T. Marix
Colonel, U.S.M.C.

738.3915/213 : Telegram

*The Secretary of State to the Minister in the Dominican Republic
(Russell)*

WASHINGTON, September 13, 1920—8 p.m.

35. Your despatch 598, August 12.

Inform Foreign Office Department perceives no objection to proposed inclusion of provisions Haitian law authorizing arbitration; that provisions Article 8, proposed Protocol, seem to render unnecessary inclusion second addition proposed by Haitian Government in memorandum August 2, and this proposition might perhaps be considered as reflection upon good faith Dominican Government; that proposed Protocol appears to contemplate settlement broader than mere fixing boundary line, but that in order to resolve all doubt it might be well to include in Protocol, if Dominican Government is willing to make such an agreement, provision to effect that it will cede to Haitian Government, upon payment of appropriate compensation therefor, such part of disputed territory as may be awarded to it by Pope's decision.

COLBY

738.3915/217 : Telegram

The Acting Secretary of State to the Minister in the Dominican Republic (Russell)

WASHINGTON, November 23, 1920—6 p.m.

41. Your despatch 635 of November 3⁵⁵ on boundary. In view of surveys in progress for Dominican and Haitian Governments by United States topographers and geologists, Department deems it practical to provide for eventual demarcation of boundary by a commission of American experts under supervision of United States Geological Survey. If agreeable to Dominican Government, provision should be made accordingly in Dominican reply to Mr. Magloire's memorandum of August 2, 1920 and in proposed arbitration treaty.

DAVIS

⁵⁵ Not printed.

738.3915/218

The Minister in the Dominican Republic (Russell) to the Acting Secretary of State

No. 641

SANTO DOMINGO, *December 3, 1920.*

[Received December 28.]

SIR: I have the honor to enclose herewith the following documents in regard to the settlement of the Dominican-Haitian boundary question:—

Copy of the final project of the protocol.

Copy of the note from the Foreign Office of the Dominican Government in transmitting the above to the Haitian Minister.⁵⁶

I have [etc.]

WILLIAM W. RUSSELL

[Enclosure—Translation ⁵⁷]

Draft Protocol of Agreement between the Dominican Republic and the Republic of Haiti

PROTOCOL of conferences for the treaty of arbitration agreed upon between the Dominican Republic and the Republic of Haiti, in accordance with the text of note no. 363, of December 22, 1919, addressed by the Department of State of Foreign Relations of the Dominican Republic to the Government of Haiti, through its Minister in this city, Mr. Felix Magloire.

In the City of Santo Domingo, this day of the month of of the year nineteen hundred and twenty, the undersigned,

Mr. A. T. Marix, Colonel, U.S.M.C., Officer in Charge of the Administration of the Department of State of Foreign Relations for the Military Government of the Dominican Republic, and

Mr. Felix Magloire, Envoy Extraordinary and Minister Plenipotentiary of the Republic of Haiti in Santo Domingo,

Plenipotentiaries respectively appointed by their Governments for the conclusion of a convention of arbitration between the two Republics for the purpose of giving a proper interpretation to article 4 of the Dominican-Haitian treaty of the year 1874, and of settling definitely all questions of boundaries pending between the two countries, met at the office of the Department of State of Foreign Relations of the Dominican Republic and upon exchanging their respective powers, and having found them in due and proper form, have conferred as to the most advisable manner of proceeding to the conclusion of the treaty as suggested by the Dominican Republic.

⁵⁶ Not printed.

⁵⁷ File translation revised.

Mr. A. T. Marix, Colonel, U.S.M.C., as the officer in Charge of the Administration of the Department of State of Foreign Relations of the Dominican Republic, has proposed to Mr. Felix Magloire, as the Envoy Extraordinary and Minister Plenipotentiary of the Republic of Haiti, the following:

PROJECT

TREATY OF ARBITRATION BETWEEN THE DOMINICAN REPUBLIC AND THE
REPUBLIC OF HAITI

THOMAS SNOWDEN, Rear Admiral, United States Navy, Military Governor of Santo Domingo, for the Dominican Republic, and
SUDRE DARTIGUENAVE, President of the Republic of Haiti;

In view of the plebiscite of June 1 and 2, 1895, and of the Resolution of the National Congress of the Dominican Republic dated June 1 [1895], 1895, authorizing the Government of the Dominican Republic to submit to the arbitration of the Supreme Pontiff the Dominican-Haitian difference caused by the different interpretations of article 4 of the treaty of 1874;

In view of the negative result obtained from the negotiations carried on with His Holiness in the years 1896 and 1897;

In view of the fact that it is an urgent necessity for the two peoples that share the territory of the Island to come to a definite agreement as to the limits of their respective possessions, and to finally establish the line of demarcation of their territories, in order that all such controversies as arise between the two nations for this reason may cease forever;

Have resolved by mutual agreement:

(a) To submit again to arbitration the difficulties in question with the purpose of concluding a convention to that effect;

(b) To empower as plenipotentiaries for that purpose:

The Head of the Government of the Dominican Republic: Mr. A. T. Marix, Colonel, U. S. M. C., in Charge of the Administration of the Department of Foreign Relations;

The President of the Republic of Haiti: Mr. Felix Magloire, Envoy Extraordinary and Minister Plenipotentiary of Haiti in Santo Domingo;

Who, having exchanged their full powers and found them in due and proper form, have agreed upon and concluded the following articles:

ARTICLE 1.—The difference which has arisen between the Government of the Dominican Republic and that of the Republic of Haiti on account of the interpretation of article 4 of the treaty of 1874, as well as all other difficulties which have kept the boundary question from coming to a solution, shall be submitted to the arbitration

of His Holiness the Pope Benedict XV, from whose fatherly kindness a decision shall be requested which may bring to an end all the discussions and difficulties pending between the two sister Republics and establish definitely the boundary between the possessions of the two nations.

ARTICLE 2.—Both the Government of the Dominican Republic and that of the Republic of Haiti shall address the Holy Father separately within the term of _____ days from the ratification of this convention, requesting a decision of arbitration for the settlement in the manner herein prescribed of the question of the boundary between the two countries.

§ It is understood that the arbitrator in accepting the commission entrusted to him shall give his award between the period of one hundred and eighty days from the date on which both parties have submitted to him their respective statements.

ARTICLE 3.—Each one of the High Contracting Parties shall designate special agent or agents whose duty it shall be to furnish such notes and explanations as may be necessary for the examination of the difficulties pending.

ARTICLE 4.—The statement of each of the two parties, accompanied by such documents as may be necessary, shall be forwarded in duplicate to the Holy Father, and to the agent or agents of the other party after the Holy Father has stated that he agrees to be the judge of arbitration, but with a delay of not less than _____ months from the date of the exchange of ratifications of this treaty.

ARTICLE 5.—During the term of _____ months after the exchange of statements, each party may, in the same manner, submit in duplicate to the Holy Father and to the agent or agents of the other party a rebuttal and, if necessary, additional documents, in reply to the statement and documents presented by the other party.

ARTICLE 6.—The decision rendered in writing, in duplicate, dated and signed, as the Holy Father shall be requested to make it, shall be forwarded to the agent or agents of each party for their respective Governments.

ARTICLE 7.—Each Government shall pay its own agents and the expenses of preparation and presentation of its case before the court of arbitration. All other possible expenses relative to the arbitration shall be defrayed equally, one half each by the two Governments.

ARTICLE 8.—The High Contracting Parties do hereby solemnly agree to consider the result of the arbitration as the complete and definite solution of all difficulties arising from the boundary question and from the interpretation of article 4 of the treaty of 1874.

ARTICLE 9.—If the question is decided in favor of the Haitian Nation, the Dominican Republic consents to draw the definite boundary

in accordance with the decision of the Pope. But if the case is decided in favor of the Dominican Republic, the latter shall consent to draw the boundary line in accordance with the decision of the Pope, and the expenses shall in this case be defrayed by the Republic of Haiti. The eventual demarcation of the boundary line, as decided by His Holiness the Pope, is to be included in the general survey work now being conducted in Santo Domingo and Haiti by the geological surveyors.

ARTICLE 10.—If the decision of the arbiter cedes to the Dominican Republic territory which Haiti claimed and which it states that it has occupied and peopled, the Dominican Republic consents to cede such territory to Haiti, if the arbiter decides that such territory has always been peopled and occupied by the Haitian people and on the payment by the Haitian Government of a compensation which shall be determined by the Pope in his arbitral decision.

ARTICLE 11.—The present treaty shall be submitted to the approval and sanction of the respective competent authorities, and the ratifications shall be exchanged within the term of months from this date, or before the expiration of that term, if possible.

In witness whereof the plenipotentiaries of the Contracting Parties have signed this convention and have hereunto affixed their seals.

Made in two originals in the French and Spanish languages, in this city of Santo Domingo this day of the year nineteen hundred and twenty.

A. T. Marix

*Colonel, U.S.M.C., in
Charge of the De-
partment of State
of Foreign Affairs*

Felix Magloire

*Envoy Extraordinary and
Minister Plenipoten-
tary of Haiti in Santo
Domingo*

Guatemala and Honduras: ⁸⁸ **Failure of Mediation by the Secretary of State During Conferences at Washington**

714.1515/317

Memorandum by Mr. Leon Dominian, Division of Latin American Affairs, Department of State

[WASHINGTON,] *January 7, 1920.*

Re: Honduras-Guatemala Boundary Conference Held on Tuesday, January 6th, 1920 at the Division of Latin-American Affairs

The following were present: Dr. Rowe representing the Mediator, Dr. Toledo Herrarte for Guatemala, Dr. Bonilla for Honduras, and Mr. Dominian.

On opening the conference Dr. Rowe gave communication of the Mediator's decision to close the case on January 31st. He asked,

⁸⁸ Continued from *Foreign Relations*, 1919, vol. I, pp. 85-114.

therefore, Dr. Bonilla to present the memorandum in answer to the last Guatemalan memorandum by that date.⁵⁹

Dr. Bonilla stated that he would communicate this decision to his lawyers and that as far as he was concerned he was glad of the early closing of the case.

Dr. Toledo Herrarte then stated that he hoped that the Mediator's recommendations would be communicated in time for him to transmit them to the Guatemalan Parliament at its opening session in March.

Dr. Bonilla stated that the Honduran Parliament would meet in February and that he also hoped to be able to communicate the Mediator's recommendations by that time.

Dr. Rowe then asked both gentlemen whether they thought that any possibility existed of their agreeing on a settlement without waiting for the Mediator's recommendations.

Dr. Toledo's answer was that he thought this was impossible. He stated that an attempt had been made in 1917 to discuss the matter directly with Honduras but that the Government of that country had not shown any inclination to undertake such a direct discussion of the boundary case.

Dr. Bonilla explained that when this method of direct dealing between the two governments had been proposed by Guatemala, it was accompanied by a concentration of Guatemalan forces along the frontier and that Honduras had refused to discuss the matter until the Guatemalan forces had retired from the frontier.

As both delegates showed no inclination whatever to discuss the possibility of a settlement without the intervention of the Mediator, Dr. Rowe adjourned the conference.

[LEON DOMINIAN]

714.1515/330

Memorandum by Mr. Leon Dominian, Division of Latin American Affairs, Department of State

[WASHINGTON, *undated.*]

Guatemala-Honduras Boundary Mediation Conference held at the Division of Latin-American Affairs on Monday, February 16th[, 1920,] at noon.

The following were present:

Dr. Rowe and Mr. Dominian representing the Mediator.

Dr. Toledo Herrarte representing Guatemala, Miss Thompson assistant counsel for Guatemala.

Dr. Bonilla representing Honduras.

⁵⁹ For the Guatemalan memorandum, dated December 1919, see *Mediation of the Honduran-Guatemalan Boundary Question* (Washington, Government Printing Office, 1920), vol. II, p. 613.

The conference was opened by Dr. Rowe who stated that it was the Mediator's and his own desire to bring this mediation to a settlement acceptable to both parties. He stated further that the Mediator greatly regretted to find that the two parties had not come to an agreement after two years of negotiations. The purpose of the conference was to inform them that the Mediator would summon them again to a conference fifteen days from today and inquire whether they had come to an agreement on a boundary. It was his earnest hope that a settlement could be reached during that time.

Dr. Toledo Herrarte then spoke and stated that in view of the antecedents of the case he had very little hope that a settlement could be reached by direct negotiation and that the fifteen days period suggested by the Mediator would probably prove barren of results. However, he wanted to give evidence of his spirit of conciliation and would, therefore, be prepared to examine suggestions emanating from Dr. Bonilla. He added that the submission of a proposal for settlement ought to come first from Dr. Bonilla in view of the fact that the Honduran delegate had the right of precedence in these negotiations.

To this Dr. Bonilla replied that the terms of the settlement he had to propose were contained in the last memorandum submitted by Honduran counsel,⁶⁰ but he could not go beyond them and that moreover he did not deem it just to his cause to make any further concessions.

Dr. Toledo Herrarte then replied stating that negotiation on this basis could not be carried on by him and that the fifteen-day period set by Dr. Rowe seemed unnecessary as it was evident that no settlement could be reached.

Dr. Bonilla concurred with this opinion.

Dr. Rowe then closed the conference stating that he regretted that a settlement could not be reached. He added that Dr. Bonilla and Dr. Toledo Herrarte would be informed of the date of the next conference in order to be notified of the next step in these mediation proceedings.

L[EON] D[OMINIAN]

714.1515/319: Telegram

*The Acting Secretary of State to the Consul in Charge of the Legation in Honduras (Lawton)*⁶¹

WASHINGTON, February 28, 1920—1 p.m.

15. At a conference on the boundary mediation held at the Department on February 16, the Mediator requested the representatives of

⁶⁰ *Ibid.*, p. 633. The memorandum is dated Jan. 28, 1920.

⁶¹ The same to the Minister in Guatemala as no. 13.

the two Governments to endeavor to come to an agreement. At that meeting the Honduran delegate stated that his proposal for a boundary was contained in the last memorandum which he had submitted. The Guatemalan delegate stated that it was impossible for him to consider this proposal.

In view of this situation the Mediator is forced to the conclusion that he is unable to bring the representatives of the two Governments to an agreement. In the course of negotiations the representatives of the two parties have requested the Mediator to propose a line. The Mediator, however, regards his duty to be merely to assist in bringing the contending parties to an agreement. He is, therefore, unable to accede to this request, unless both Governments make formal request for such a line and give prior assurance that the same will be accepted when proposed.

If the two Governments decide to adopt this course, the Mediator will be disposed to comply with their request.

You are instructed to communicate this view to the Government to which you are accredited.

POLK

714.1515/315½

Memorandum by Mr. Leon Dominian, Division of Latin American Affairs, Department of State

[WASHINGTON, *undated.*]

Honduras-Guatemala Boundary Mediation Conference held at the Department of State, March 1, 1920, at 4:30 P.M.

The following were present:

Representing the Mediator:	Dr. Rowe, Messrs. Greene and Dominian.
Representing Honduras:	Dr. P. Bonilla, accompanied by Mr. R. H. Valle.
Representing Guatemala:	Dr. Toledo Herrarte, accompanied by Dr. M. Prem and Mr. Chandler Anderson.

The minutes were recorded by Miss Wolpe.

Dr. Rowe opened the Conference with the following remarks:

The main reason for meeting this afternoon is to acquaint the representatives of the two countries with the step which the Mediator has deemed advisable to take in connection with the pending controversy.

The last meeting was intended to give notice to the representatives of the two countries that the Mediator desired if possible, to have them come together and to re-assemble in two weeks to ascertain whether the representatives had been able to reach an agreement. At that meeting, you will recall that the representatives of the two countries agreed to disagree, so to speak, and the representatives

of Honduras indicated that the Honduran proposal was contained in their memorandum and the representatives of Guatemala indicated that if that was the proposal it might as well be considered then as not acceptable and that an agreement was not possible.

The Mediator, therefore, has reached the conclusion that it is not possible to bring the two parties together and secure a uniformity of view. He does not feel that it is incumbent upon him as Mediator, to propose a line but he is disposed to do so provided he receives a specific request from both Governments that he propose a line. On the other hand, he does not feel willing to propose a line unless he receives the prior assurance of both Governments that the line which he will then propose will be accepted. He requests me to impress the representatives of both countries that this matter is entirely a matter within their respective Governmental policy as to whether they desire to ask him to propose a line coupled with that assurance. If not, then he feels that his services as Mediator have not brought with them any real concrete results and that there would have to be, then, some other procedure agreed upon by the respective Governments. That was decided Saturday and on the same day a telegram was sent to our Chargé at Tegucigalpa and our Minister in Guatemala formulating the conclusions reached by the Mediator with reference to the situation.

Dr. Rowe then stated that he did not think there was anything further to do that afternoon. Everything would depend on the conclusions reached by the respective Governments.

At the conclusion of Dr. Rowe's remarks, Dr. Toledo Herrarte summarized them in Spanish for the benefit of Dr. Prem, the Guatemalan legal counsel. Subsequently, Dr. Toledo Herrarte inquired whether Dr. Rowe's statements implied that the Mediation had been converted into an Arbitration.

Dr. Rowe replied stating that the arbitration stage had not been reached and that this was merely a new step in the Mediation. The question of submitting this boundary case to arbitration, he stated, was one that was left to the judgment of the two Governments involved.

Dr. Toledo Herrarte said that he would communicate Dr. Rowe's remarks to his Government.

Dr. Bonilla then stated that he had taken careful note of Dr. Rowe's remarks and that he also would communicate them to his Government. As far as the conversion of the Mediation into an Arbitration was concerned, he stated that he had always preferred arbitration to mediation but that it was impossible to submit this question to arbitration without the approval of the Honduran Congress as this was the Constitutional procedure to be followed.

Dr. Rowe stated that the Constitutional procedure would have to be followed necessarily. For the present he thought there was no further action to be taken until the replies of the two Govern-

ments involved were received. Upon their receipt arrangements would be made for another Conference.

L[EON] D[OMINIAN]

714.1515/327 : Telegram

The Consul in Charge of the Legation in Honduras (Lawton) to the Secretary of State

TEGUCIGALPA, April 1, 1920—10 a.m.

[Received April 2—6:51 a.m.]

30. Department's telegram February 28, 2 [1] p.m. The Foreign Minister informs me that under the indication of Mediator settlement becomes practically an arbitration and if the question has to be decided by means suggested, Honduras judges it necessary to celebrate previous treaty with Guatemala in order to fix the conditions [of] such arbitration.

LAWTON

815.00/2194

The Secretary of State to the Chargé in Honduras (Belden)

No. 371

WASHINGTON, June 24, 1920.

SIR: Under date of June 14 the American consul at Puerto Cortez informed the Department⁶² that all the disputed territory formerly policed by Guatemala in the Honduras-Guatemala boundary region has been occupied by Honduran soldiers during the events which led to the recent change of government in Guatemala.⁶³

The Department desires to know how much territory has been occupied in this disputed zone by Honduran soldiers, and to secure information regarding the localities at which Honduran soldiers have been stationed.

I am [etc.]

For the Secretary of State:

ALVEY A. ADEE

714.1515/319 : Telegram

The Acting Secretary of State to the Minister in Guatemala (McMillin)

WASHINGTON, July 2, 1920—5 p.m.

57. Department's 13 February 28, 1 p.m.⁶⁴ Please ascertain discreetly President Herrera's attitude towards proposal.

DAVIS

⁶² Despatch not printed.

⁶³ See vol. II, pp. 718 ff.

⁶⁴ See footnote 61, p. 313.

714.1515/341 : Telegram

The Minister in Guatemala (McMillin) to the Secretary of State

GUATEMALA, July 17, 1920—6 p.m.

[Received July 18—6:30 p.m.]

116. Department's 13, February 28th, 1 p.m., 57 July 2, 5 p.m. Upon the recognition of this Government I presented Department's 13 February 28th, 1 p.m. which was pending with the former administration. I was promised an early answer.

Minister of Foreign Affairs informed me today that Guatemala and Honduras are trying to agree on a compromise boundary with favorable prospects. If successful they will send result to Washington to be entered as final settlement.

MCMILLIN

714.1515/346

The Minister in Guatemala (McMillin) to the Secretary of State

No. 89

GUATEMALA, August 26, 1920.

[Received September 14.]

SIR: Referring to Legation's cable No. 116 of July 17, 6 P.M. and to Department's Instruction No. 398 of July 27th,⁶⁵ I have the honor to report that the line of the compromise boundary between Guatemala and Honduras mentioned in Department's Instruction No. 398 of July 27th, 1920 has not yet been agreed upon by the two Governments. The delay is explained by the authorities here by the fact, first, that the new Government has been so engros[s]ed with the many questions arising for solution, that the work required by this dispute could not be taken up: secondly, the administration concluded that a matter so important as this and involving the Nation's territory should be deferred till after Herrera's election. But I am assured that it will be entered upon soon after the election; that when the line shall have been settled, the results will be forwarded to Washington and entered as the final settlement; and that meantime the commissions of the two Governments will remain in Washington till the conclusion of the matter. The Minister for Foreign Affairs assures me both Governments are anxious for a conclusion in order that twenty miles of railroad on this border may be built which will establish a short rail connection between the capitals of the two Republics.

I have [etc.]

BENTON MCMILLIN

⁶⁵ Instructing the Minister to "endeavor discreetly to ascertain the line of the compromise boundary" referred to in his telegram of July 17.

S15.00/2243

The Chargé in Honduras (Spencer) to the Secretary of State

No. 24

TEGUCIGALPA, *October 15, 1920.*

[Received November 5.]

SIR: With reference to the Department's instruction no. 371 of June 24, last, addressed to Perry Belden, Esquire, then in charge of this Legation, I have the honor to report that on September 18, last, I addressed a letter to the Minister for Foreign Affairs asking for information in the sense of the above-mentioned instruction.

I have the honor to report that I am today in receipt of a Foreign Office Note replying to mine, translation of which follows:

"Honorable Sir: Referring to the note from your Legation dated September 18th last, requesting information regarding the territory formerly guarded by Guatemala, in the frontier region between Honduras and Guatemala, which was said to have been occupied by Honduran soldiers during the events which led to the recent change of government in that Republic, I have the honor to inform you that the Minister of War has notified me that a squadron of Honduran soldiers occupied some ranches for four days in the disputed territory near Cuyamel; they were, however, immediately brought back upon the request of the Guatemalan government and quartered as they have always been on Honduran soil."

I have [etc.]

WILLING SPENCER

CONFERENCE AT AMAPALA BETWEEN THE PRESIDENTS OF HONDURAS AND NICARAGUA—AGREEMENT OF NOVEMBER 17, 1920⁷²

715.1715/179 : Telegram

*The Chargé in Honduras (Spencer) to the Secretary of State*TEGUCIGALPA, *October 1, 1920—4 p.m.*

[Received October 2—9:14 a.m.]

66. The President this morning told me he had accepted Chamorro's⁷³ invitation to a conference but would not go to Managua and had suggested Amapala. He stated that a letter from the Nicaraguan Minister suggested I be approached to use my good offices to secure an American war vessel to convey Chamorro from Corinto and that the conference be held aboard.

The special Costa Rican diplomatic mission is doing its utmost to bring about this conference which, to my mind, would be of the

⁷² For previous correspondence concerning the boundary dispute between Honduras and Nicaragua, see *Foreign Relations*, 1919, vol. I, pp. 114 ff; for correspondence concerning revolutionary invasions, see *ibid.*, 1920, vol. II, pp. 854 ff.

⁷³ Gen. Emiliano Chamorro, President of Nicaragua.

greatest help towards ending the present disturbances and strengthening the President's hand for future reforms such as coalition cabinet, etc.

SPENCER

715.1715/179 : Telegram

The Secretary of State to the Chargé in Honduras (Spencer)

WASHINGTON, October 4, 1920—7 p.m.

53. Your October 1, 4 p.m.

Department favors conference between the President of Honduras and the President of Nicaragua in the belief that such conference might prove useful in bringing about an agreement between the two Governments upon measures to prevent further revolutionary invasions. The Department, however, believes that the use of an American war vessel for transportation of President Chamorro is unwise. Cable Department whether conference could not be arranged at some point upon the boundary near the Pacific coast.

COLBY

715.1715/181 : Telegram

The Chargé in Honduras (Spencer) to the Secretary of State

TEGUCIGALPA, October 8, 1920—6 p.m.

[Received October 10—11:08 a.m.]

68. Your cipher telegram 53, October 1, 4 p.m. [October 4, 7 p.m.] The secretary of the special Costa Rican mission returned last night from Nicaragua after a week's visit where he urged upon the President of Nicaragua the many advantages to be derived from a conference with the President of Honduras.

I visited the President this morning to inquire about the last sentence of the Department's cablegram of October 1, 4 p.m. [October 4, 7 p.m.] He replied that the President of Nicaragua had already consented to Amapala for the conference and that there is no suitable point upon the boundary near the coast, which is unquestionably true. The President expressed the hope that the President of Salvador also might be induced to join the conference.

I suggest respectfully that the Department spare no effort to bring together these three Presidents at [Amapala?].

SPENCER

715.1715/178 : Telegram

The Acting Secretary of State to the Chargé in Honduras (Spencer)

WASHINGTON, October 8, 1920—6 p.m.

55. Your October 1, 4 p.m., and Department's October 4, 7 p.m. Department understands that conferences similar to that sug-

gested have in the past been held at a point on the boundary near Choluteca. If the opportunity presents itself, suggest discreetly to the President that his conferences with President Chamorro be held there.

DAVIS

715.1715/181 : Telegram

The Acting Secretary of State to the Chargé in Honduras (Spencer)

WASHINGTON, October 15, 1920—6 p.m.

56. Your October 8, 6 p.m.

The Department signified its approval of the proposed conference between the Presidents of Honduras and Nicaragua in the belief that the conference was to be held for the sole purpose of determining upon measures to be taken by the Governments of these two countries to prevent further revolutionary invasions along their common boundary. Under these circumstances the Department sees no reason why the President of Salvador or his representative should be a party to the conference, and believes it advisable that the purposes of the conference be limited to those originally suggested.

The President of Nicaragua has advised the Department that the conference could not take place at Choluteca now because of the bad condition of the roads, but has suggested that the conference be held at some place upon the banks of the Rio Negro which could be reached by both Executives by launch. In view of this suggestion of President Chamorro, inquire discreetly of the President whether the point indicated would not be agreeable to him.

DAVIS

715.1715/189 : Telegram

The Chargé in Guatemala (Goold) to the Secretary of State

GUATEMALA, November 9, 1920—12 noon.

[Received November 10—4:35 p.m.]

150. The Presidents of Honduras, Nicaragua and Salvador will meet at Amapala on the 15th instant to discuss boundary difficulties and the attempts of exiles from each country to use the others as bases for revolutionary operations. The Presidents of Guatemala and Costa Rica were invited to attend but will not do so for the reasons that Guatemala and Costa Rica are not interested in the matters to be discussed and because it is feared that a meeting of all five Presidents at this time would be taken to indicate that they were opposed to the Unionist movement.

GOOLD

715.1715/190 : Telegram

The Secretary of State to the Minister in Nicaragua (Jefferson)

WASHINGTON, November 13, 1920—6 p.m.

50. Your November 10, 10 a.m.⁷⁴

Department advised by Nicaraguan Legation here that President Chamorro has invited you to accompany him to Amapala to be present at his conference with the Presidents of Honduras and Salvador when the best means of preventing future revolutionary invasions will be considered. If President Chamorro has extended such an invitation to you, the Department desires you to accept it and to attend the conference. You may state to the President that the Department's authorization to you is given as an indication of its abiding interest in the question to be discussed by the three Presidents, which affects the peace of Central America; and because of its hope that the three Governments concerned may be able to agree upon the taking of measures which may prevent the menace of further revolutionary invasions.

COLBY

715.1715/195

The Minister in Nicaragua (Jefferson) to the Secretary of State

No. 900

MANAGUA, November 23, 1920.

[Received December 20.]

SIR: Supplementing my telegram No. 58 of November 19, 11 A.M.⁷⁴ I have the honor to report more in detail on the conference that took place in Amapala on November 16th and 17th between Presidents Chamorro and López Gutiérrez and their Ministers for Foreign Affairs.

Both of the Presidents invited me to be present at the conference and all during my stay there they kept me fully informed as [to] their private conferences. After the terms of the Pact had been agreed to President López Gutiérrez, through his Chargé d'Affaires to Nicaragua, Señor Córdova, who was present at the conference, asked me if it would be convenient for me to sign the Pact as a witness. I replied that I could not do that but would be very glad to use my good offices in the future to see that its provisions were complied with.

The articles of the Pact were submitted to me by Dr. Máximo Zepeda, member of the Nicaraguan delegation, before they were signed for any suggestions that I thought convenient. I suggested

⁷⁴ Not printed.

that all care be taken not to interfere with the early termination of the boundary question, especially since both Governments had submitted the question to arbitration and had asked the Department of State to use its good offices in helping to bring about an early solution of the question. I also suggested that great care should be taken relative to the wording of the article in regard to Nicaragua's position concerning the sending of its delegates to the Central American Union Conference which is to be held in Costa Rica, December 1st next;⁷⁶ that the Nicaraguan Government should carefully observe its obligations in connection with the United States, etc., before subscribing to a pact of a Central American Union.

Attached herewith is a Spanish copy and translation of the full text of the Amapala Pact.

President Jorge Meléndez of El Salvador sent his regrets for non-attendance by Dr. Alberto Echandi, Costa Rican Minister accredited to the Central American countries. It is said that President Meléndez' reason for not coming was due to urgent matters which required his presence at home in connection with the economic and political situation of the country.

The following is a list of some of the prominent men who were present in Amapala during the two days session of the conference:

- Señor Pedro Quartín, Spanish Minister accredited to the Central American Republics, *en route* to Costa Rica.
- Dr. Alberto Echandi, Minister of Costa Rica, and his secretaries, *en route* to Costa Rica.
- Dr. Carlos Salazar, representative of Guatemala, *en route* to Costa Rica.
- Dr. Salvador Falla, representative of Guatemala, *en route* to Costa Rica.
- Dr. Alberto Uclés, representative of Honduras, *en route* to Costa Rica.
- Dr. Mariano Vásquez, representative of Honduras, *en route* to Costa Rica.
- Dr. Ochoa Velásquez, Vice President of Honduras.
- Dr. Fontecho, expert of Honduras on the Honduran-Nicaraguan boundary question.
- Señor Don Jesus Alvarado, Honduran Minister of Fomento.
- Señor Don Eduardo Guillen, Government official of Honduras.
- Mr. Willing Spencer, American Chargé d'Affaires at Tegucigalpa.
- Judge Gutiérrez Navas, of Nicaragua.
- Dr. Máximo Zepeda, of Nicaragua.
- General Carmela Barberana Díaz.

The gentlemen mentioned in the above list as representatives *en route* to Costa Rica are the representatives to the Central American

⁷⁶ See pp. 168-179.

Union Conference to be held in San José, Costa Rica, December 1st next.

Apparently during the Amapala Conference a spirit of good feeling prevailed and it is to be hoped that the results thereof will be of mutual benefit to both Governments.

I have [etc.]

BENJAMIN L. JEFFERSON

[Enclosure—Translation ⁷⁷]

Agreement between President Chamorro and President López Gutiérrez, Signed at Amapala, November 17, 1920 ⁷⁸

In the port of Amapala on the seventeenth day of November one thousand nine hundred and twenty.

We, the undersigned, Presidents of the Republics of Nicaragua, General Emiliano Chamorro, and Honduras, General Rafael López Gutiérrez, having met for the purpose of discussing general matters of the policy of both countries and more especially of the peace of the same, and desirous of tightening between their peoples and Governments the fraternal bonds which unite them, have agreed to the following points:

First. The Governments of Nicaragua and Honduras, in order to maintain the peace and tranquillity of the two Republics, will fulfill in a strict and effective manner their international and mutual obligations relative to the surveillance and concentration of political exiles who may be in their respective territories so as to prevent said exiles from being able to prepare armed expeditions against one or the other State.

Second. The Governments of Nicaragua and Honduras will endeavor to terminate as soon as possible in a definite manner through friendly means the pending difficulties respecting the frontiers, and until that result is arrived at they will respect and maintain the *status quo* which they fixed, on accepting the mediation of His Excellency the Secretary of State of the United States of America.

Third. The Governments of Nicaragua and Honduras, feeling that the Central American family is one, with common interests and aspirations, recognize the necessity and convenience of concluding a treaty for the political union of Central America before the centennial of our independence, and for such a noble end they will give definite instructions to their respective plenipotentiaries to the Central American Conference which will meet in San José, Costa Rica, December 1st next, to the effect that the above-mentioned treaty of union may be concluded.

Fourth. The terms of the present act will be communicated to Their Excellencies the Presidents of Costa Rica, Guatemala, and Salvador, inviting them to adhere to its stipulations in so far as may

⁷⁷ File translation revised.

⁷⁸ Published in *El Heraldo* of Managua, Nov. 18, 1920.

apply to them, and urging them to work jointly with the signatories for the peace and union of these peoples.

In faith whereof and with the assistance of the respective Ministers of Foreign Affairs, we sign and seal the present act on the date *ut supra*.

EMILIANO CHAMORRO
R. LÓPEZ G.

*Minister of Foreign Affairs of the
Government of the Republic of Nicaragua,*
HUMBERTO PASOS D.

*Minister of Foreign Affairs of the
Government of the Republic of Honduras,*
ALBERTO UCLÉS

THE TACNA-ARICA QUESTION ⁷⁹

Assertion of Bolivia's Claim to a Port on the Pacific; Denial of the Claim by Peru—Anti-Peruvian Disorders in Bolivia, March 14, 1920—Efforts of the United States to Avert Developments Endangering Peace—Unsuccessful Attempt by Chile to Open Negotiations with Peru—Projects for Submitting the Question to the League of Nations

723.2515/538 : Telegram

The Secretary of State to the Consul at Tacna (Cameron)

WASHINGTON, December 23, 1919—4 p.m.

The Department has received information to the effect that the Chilean Government is recruiting and creating the precedent that Peruvians born in Tacna and Arica during the period of occupation be incorporated in the Chilean Army, and that the Chilean Government for some weeks has been constructing roads up to the present frontier. Discreetly investigate these reports and cable Department as to their accuracy.

LANSING

723.2515/541 : Telegram

The Consul at Tacna (Cameron) to the Secretary of State

TACNA, January 9, 1920—10 a.m.

[Received 11:15 a.m.]

In reply to Department's telegram December 23, 4 p.m. First, regarding recruiting. I have the honor to report that conscripts on duty here who should have been released last August were retained

⁷⁹ Continued from *Foreign Relations*, 1919, vol. I, pp. 123-163.

for six months additional, the official explanation being on account of strikes but I have been told by the private soldiers for the purpose of making roads from here to Peru boundary passable for artillery and for wagon to Uruguay [*transport?*]. Regular yearly conscripted contingent reported last November but apart from operation of the law of military service, I have been unable to learn of recruiting. As regards construction of roads to the Peruvian boundary, there is no doubt as to accuracy of the report. Army officers and men have told without hesitation that the Tacna garrison has been and is actively engaged in such construction work. Divisional commanding officer here told me three principal highways leading to Peruvian boundary from the city, namely to the towns called Tarata and Sama and to the boundary line where it reaches seacoast as well as other roads, have been repaired. Also said he had requested four American motor trucks. Commerce across the Peruvian boundary does not justify such measures. Notwithstanding all preparations it is difficult to believe, in view of the transportation difficulties, that Chilean Army intends major military operations across Tacna frontier. Preparedness would rather seem to be against a possible Peruvian invasion, or possibly for feinting while the Chilean Navy transports army of invasion to the north. . . .

With regard to precedent that Peruvian[s] born in Tacna Arica during the period of occupation are incorporated in the Chilean Army, it is to be observed that Chile's Constitution declares that every one born in Chilean territory is a Chilean citizen. I am informed also by the authorities here that Chilean courts have decided all persons born as stated in your telegram are liable to serve under the provisions of Chile's military service act. Such interpretation of the law is accepted as a matter of course by the Chilean Government local authorities and is also borne out by the terms of the notices posted in Tacna referring to conscripts which are in general terms and make no exception in favor of any one. It is a fact that natives of Tacna are called for conscript duty but the divisional commander who is responsible for enforcement of the law stated to me that acting under instructions from the Chilean Government he excuses from military service sons born to Peruvians in Tacna Arica whenever exemption is requested on the ground that conscript is a Peruvian, and as regards present conditions I believe his statement to be substantially correct though moral suasion and the desire to be on good terms with Chile[an] authorities doubtless induce some to serve who would prefer Peruvian affiliations. I have requested copy of the above mentioned court decision which will be forwarded as soon as received.

CAMERON

723.2515/559

The Peruvian Appointed Ambassador (Pezet) to the Acting Secretary of State

WASHINGTON, February 26, 1920.

MY DEAR MR. POLK: Confirming my conversation with you of this morning, with reference to the attitude of the Government of Bolivia in its interference in the question now pending between Peru and Chile, known as the Tacna and Arica controversy, I have the honour to transcribe the text of the cablegram which I read to you and in which my Government, in unequivocal terms, signifies its intention not to countenance or even to listen to any proposition whatsoever from Bolivia on this subject; which is one upon which, I may add, that we, as a people, will not permit any outside interference of the nature now advanced by the Government of Bolivia.

The telegram above-referred to says:—

“In view of the resolution adopted by the Government of Bolivia to endeavour by any means to acquire Tacna and Arica, including an appeal to the League of Nations, I have sent a note by cable to that Government expressing surprise and declaring that Peru will not even listen to propositions in reference thereto (signed) Porras (Minister of Foreign Affairs).”

I am giving publicity to this cablegram because it is the desire of my Government that it be known that Peru, as a nation, stands firmly on the subject of her rights; and that while we would like to see Bolivia attain her ambition of securing an outlet to the sea, we cannot accept her eleventh hour determination to obtain this through territory which Peru claims as her own, even though its actual possession be denied her to-day by another nation by Right of Might as against Justice and Equity.

With the sentiment of my highest consideration [etc.]

F. A. PEZET

723.2515/558: Telegram

The Chargé in Peru (Smith) to the Acting Secretary of State

LIMA, February 27, 1920—noon.

[Received February 28—12:15 a.m.]

41. On February 23 [24?], Señor Porras, Minister for Foreign Affairs, addressed [by] cable a communication direct to the Bolivian Government, making clear Peru's position concerning resolution passed January 22, by the Bolivian Assembly, declaring it the policy of Bolivia to incorporate port of Arica and the surrounding territories over which neither Chile or Peru have any definite rights. The note addressed is a splendid argument for Peru's contention

concerning unredeemed provinces. Peruvian Senate, on February 25, passed unanimously a resolution stating that Peru will always uphold her imperishable right to territories held by Chile and applauds Chancellor for having faithfully interpreted the national sentiment. The Senate passed law on the 23d for the filling of ministerial vacancies. This law will avoid continued [criticism] of the present Minister of Justice acting as Minister of Hacienda in the absence of Señor Fuchs.

The press commented favorably upon the introduction of a bill in the House of Representatives, Washington, for the appointment of four Naval officers to reorganize Peruvian Navy.⁸⁰

The press is commenting on reported formation of a government party to be called Reform Democratic. The head of the party will be Señor Legina⁸¹ and its acting president Marshal Caceres. The idea is to absorb the Constitutional Party and bring together the scattered, disordered forces that now form the Government.

SMITH

723.2515/560 : Telegram

The Minister in Bolivia (Maginnis) to the Acting Secretary of State

LA PAZ, *March 2, 1920—10 p.m.*

[Received March 5—1 a.m.]

21. Bolivian Foreign Office today replied by cable at length to Porras' note in sentiment that was respectful, diplomatic and moderate,⁸² setting forth Bolivia's claims to Arica upon geographical and historical grounds, also calling attention to Porras' change of attitude from 1910 when he declared that Peru would look with satisfaction upon Arica passing to Bolivia. Note displays desire to respect all existing agreement[s] and treaties in solving problem and avoid if possible any trouble with Peru. General feeling here that Porras' note, couched as it was in language very undiplomatic and rather insulting, was a blunder, playing into Chile's hands, and that Bolivian answer has placed this country in a much stronger position.

MAGINNIS

723.2515/562 : Telegram

The Minister in Bolivia (Maginnis) to the Acting Secretary of State

LA PAZ, *March 4, 1920—10 p.m.*

[Received March 6—7:09 a.m.]

22. Newspaper here today published telegraphic despatch from Washington stating that Under Secretary of State had stated that

⁸⁰ See, under Peru, the section on appointment of a naval mission from the United States, vol. III, pp. 367-369.

⁸¹ Probably Augusto B. Leguía, President of Peru.

⁸² The Bolivian reply was dated Mar. 1.

United States will favor Peru in Tacna Arica controversy. Statement causing considerable comment. Representative of *El Ti[empo]*, Government organ, requested a statement from the Legation. I stated that I had heard nothing about the matter but did not believe report true; that our Government desires amicable solution of problem in justice to all countries interested. Please cable instructions.

MAGINNIS

723.2515/563 : Telegram

The Chargé in Peru (Smith) to the Acting Secretary of State

LIMA, March 5, 1920—7 p.m.

[Received March 6—6 a.m.]

46. The Minister for Foreign Affairs gave me today Bolivian reply to his cable February 23 [24?]. It is historical sketch of question rather than an answer. He has prepared counter reply, a copy of which I have, which in substance suggests further consideration of the question and due reflection. The Minister for Foreign Affairs is calling to his office tonight committees on foreign relations of Congress for deliberation.

He believes it is very possible that diplomatic relations may soon be broken and he will request the United States Government to take charge of Peruvian Legation in Bolivia.

SMITH

723.2515/562 : Telegram

The Acting Secretary of State to the Minister in Bolivia (Maginnis)

WASHINGTON, March 10, 1920—6 p.m.

17. Your March 4, 10 p.m.

You are authorized to state that no such statement as you refer to was made by the Under Secretary or any other official of this Department.

You will seek an early opportunity to intimate to the Minister for Foreign Affairs that in the opinion of the Department, Bolivia is injuring her own interests as regards access to the sea by taking up that question before any definite step has been taken toward the settlement of the pending controversy between Peru and Chile.

Your February 10, 6 p.m.⁸¹

Have you unmistakable evidence of deportation of Peruvians and is such deportation continuing and in what numbers? If such deportation continues you may at your discretion, call attention of the Minister for Foreign Affairs to the bitter feeling which this policy will arouse.

POLK

⁸¹ Not printed.

723.2515/563 : Telegram

The Acting Secretary of State to the Chargé in Peru (Smith)

WASHINGTON, March 10, 1920—6 p.m.

34. Your March 5, 7 p.m.

With reference to the Minister for Foreign Affairs' belief that "it is very possible that diplomatic relations may soon be broken" you will seek an early opportunity to intimate to him that this Department would deplore any such action as it would tend to make more difficult the ultimate solution of the whole question involved.

You may also state confidentially that the American Minister in Bolivia has been instructed to intimate to the Bolivian Government that it is the feeling of this Government that Bolivia would not be helping her own interests as regards access to the sea by forcing this question to the front before any definite step has been taken toward the settlement of the pending controversy between Peru and Chile.

POLK

723.2515/567 : Telegram

The Minister in Bolivia (Maginnis) to the Acting Secretary of State

LA PAZ, March 15, 1920—10 a.m. [noon].

[Received March 16—7:51 a.m.]

26. [Situation] had been nearest calm and satisfactory with no deportation since the last report until Saturday night when Bolivian officer in charge of aviation was attacked in the dark by 20 to 30 men and with his two assistants badly beaten up. He stated that men who attacked him yelled "Down with Bolivia! Viva Peru!" This story published in *El Tiempo* caused great deal of feeling and last night a crowd of at least 1,000 men and boys [started from] the plaza after some speeches to vent its feelings upon the Peruvians. Crowd passed Legation. Scenting trouble we notified police and followed mob which had already attacked and badly wrecked both Peruvian Legation and Consulate. We found that Peruvian Chargé d'Affaires and Consul with party including several women were at theater. Fearing personal violence from the mob which had gone back up town and was engaged in wrecking of stores and a few houses, we took the Peruvians quietly from the theater to the homes of friends. Also offered them shelter in the Legation which they did not find it necessary to take advantage of. My action commended by Bolivian officials who generally deplore action of mob composed of boys and rougher element. Property damage extensive, also some sacking but no one injured. It is reported that *La Razon*, opposition paper, will be attacked [tonight], also that

riots will continue tonight. However authorities may prevent further trouble.

MAGINNIS

723.2515/564 : Telegram

The Ambassador in Chile (Shea) to the Acting Secretary of State

[Paraphrase]

SANTIAGO, *March 17* [16?], 1920—4 p.m.

[Received March 17—1 a.m.]

30. Suppressed excitement here following report of assault on Peruvian Legation and officials in La Paz. It is believed that Peru will mobilize an army, in which event Chile will mobilize also.

SHEA

723.2515/568 : Telegram

The Chargé in Peru (Smith) to the Acting Secretary of State

LIMA, *March 16, 1920*—5 p.m.

[Received March 17—1 a.m.]

51. Legation's March 15, 6 p.m.⁸² Minister for Foreign Affairs informed me today situation growing most serious. Absolute censorship telegraph by Bolivia; private advices over railway telegraph indicate Montes in control. Trains to Guaqui being used for Bolivian Army. Peruvian Government sending reenforcements to Juliaca and Puno and withdrawing steamship traffic on Lake Titi[caca]. The Minister for Foreign Affairs firmly believes that unless prevented, Bolivians under General Montes will create a situation most dangerous to Peru and the peace of South America.

SMITH

723.2515/567 : Telegram

The Acting Secretary of State to the Minister in Bolivia (Maginnis)

WASHINGTON, *March 17, 1920*—noon.

18. Your March 15, 10 a.m. [noon].

You are instructed to hand the following statement to the Minister for Foreign Affairs:

“The Government of the United States views with the gravest apprehension the attack by a mob on the Peruvian Legation and Consulate and on the houses and stores of Peruvians in La Paz. The Bolivian Government in failing to prevent such lawless action is not only injuring her good name but also making more difficult the attainment of the purpose which she has in view, namely, the securing of a port on the Pacific. The Government of Bolivia will, it is confidently expected, realize the serious responsibility which it incurs unless every possible measure is adopted to prevent the repetition of such events. This is true not only by reason of the character

⁸² Not printed.

of the actions involved but also because any agitation tending to endanger the peace of the American continent is a calamity which places upon those responsible therefor or who countenance the same the gravest responsibility.

In December 1918, the President of the United States informed the Presidents of Peru and of Chile that he had no doubt that a satisfactory and peaceful solution of the question pending between the two countries could be secured.⁸³ Until therefore, definite steps have been taken by the two countries involved towards a peaceful solution the Government of the United States deems it not only advisable but essential that no acts be performed and no agitation undertaken which would endanger such a peaceful solution."

POLK

723.2515/568 : Telegram

The Acting Secretary of State to the Minister in Bolivia (Maginnis)

WASHINGTON, March 17, 1920—4 p.m.

19. Department's March 17, noon. Legation at Lima cabled as follows March 16, 5 p.m.

[Here follows telegram no. 51, March 16, from the Chargé in Peru.]

Seek an immediate interview with the Minister for Foreign Affairs and inform him that the Department would deplore mobilization in Bolivia. A very grave responsibility would be assumed by such mobilization. A similar representation has been made to the Government[s] of Chile and Peru regarding mobilization in those countries. At this time the world would resent any action on the part of a South American country which would cause the breaking out of hostilities in South America.

The Government of the United States confidently hopes to be informed immediately that there is no movement of troops in Bolivia toward the Peruvian frontier and that the Government of Bolivia has the firm intention of taking no action tending to disturb peace in South America. The Department requests an immediate assurance on this point. Cable Department daily regarding developments in situation.

POLK

723.2515/564 : Telegram

The Acting Secretary of State to the Chargé in Peru (Smith)

WASHINGTON, March 17, 1920—4 p.m.

38. Your March 16, 5 p.m.

Embassy in Chile has cabled that belief exists in Chile that Peru will mobilize army.

⁸³ See telegram of Dec. 4, 1918, to the Ambassador in Chile, *Foreign Relations*, 1919, vol. 1, p. 126.

The Department would deplore mobilization in Peru. A very grave responsibility would be assumed by such mobilization. A similar representation has been made to the Governments of Chile and Bolivia regarding mobilization in those countries.

Cable Department daily regarding developments in situation.

POLK

723.2515/564 : Telegram

The Acting Secretary of State to the Ambassador in Chile (Shea)

WASHINGTON, March 17, 1920—4 p.m.

17. Your March 17 [16?], 4 p.m.

You will immediately inform the Minister for Foreign Affairs that the Department of State has cabled the Legation in Bolivia with reference to recent mob activities in La Paz that: [Here follows the first paragraph of the statement transmitted in telegram no. 18, March 17, to the Minister in Bolivia, printed on page 330.] In this connection you will recall to the Minister for Foreign Affairs Department's December 4, 6 p.m., 1918.⁸⁴

The Department would deplore mobilization in Chile. A very grave responsibility would be assumed by such mobilization. A similar representation has been made to the Governments of Peru and Bolivia regarding mobilization in those countries.

The Government of the United States views the present situation with the greatest apprehension and counts upon the Government of Chile to do everything in its power to avoid the breaking out of hostilities on the western coast of South America, and to preserve peace until a means of solution for the question interesting Chile, Peru, and Bolivia can be found other than force, which cannot be countenanced by the civilized world.

Cable Department daily regarding developments in situation.

POLK

723.2515/563 : Telegram

The Acting Secretary of State to the Chargé in Peru (Smith)

WASHINGTON, March 17, 1920—5 p.m.

39. Department's March 10, 6 p.m.

You are instructed to seek an immediate interview with the Minister for Foreign Affairs and reiterate to him the Department's opinion that it would be a mistake for Peru to break off diplomatic relations with Bolivia until an endeavor has been made by every other method to find a solution of the present difficulty. The Department believes that diplomatic negotiations only should be resorted to, and that it would be to Peru's benefit not to appear as the aggressor in any way.

POLK

⁸⁴ *Foreign Relations*, 1919, vol. I, p. 126.

723.2515/578 : Telegram

The Ambassador in Chile (Shea) to the Acting Secretary of State

SANTIAGO [undated].

[Received March 22, 1920—9:40 a.m.]

38. Following is text briefly summarized of note received to-day from Foreign Minister acknowledging receipt of my note of March 18th. [It] expresses thanks for information contained therein concerning American representations made to Bolivian Government and deplores in its turn street disturbances on the part of certain elements of the people in La Paz produced by the aggressions of Peruvian residents of that city on a Bolivian officer of high rank.

It expresses full confidence that Bolivian Government will know how to appreciate duties accruing therefrom and states the Chilean Government is in accord with the United States in believing worthy of censure persons fomenting popular agitations within a country compromising its authorities and giving room for international disturbances, a censure which logically should apply to those originating the troubles. The reply takes note of the question of mobilization and deplores in adverting to the President's message of conciliation addressed to Chile and Peru the frequency with which Peru produces such alarms causing unquietude to the continent and to the United States. The note declares that Chile's conduct in the past and its sincere desire for peace will [counsel] it to look with misgivings on any attempt to disturb international order.

The Chilean Government duly informed of the events occurring in La Paz cannot attribute to them greater consequences than to a simple agitation of popular elements. The Government and people of Chile, the note concludes, are absolutely tranquil and have not for a moment thought of the extreme measure of mobilization.

SHEA

723.2515/585 : Telegram

The Chargé in Peru (Smith) to the Secretary of State

LIMA, March 23, 1920—10 a.m.

[Received March 24—4:03 a.m.]

55. Minister for Foreign Affairs made reply last night to Bolivian note of March 16,⁸⁵ reaffirming position of Peru. He stated to me that this was the last reply he was sending to Bolivia as there was nothing more to be said by Peru. All agitation has ceased and perfect calm prevails in Peru.

SMITH

⁸⁵ Bolivian note of Mar. 16 was in reply to the Peruvian counter-reply of Mar. 6 referred to in the Chargé's telegram no. 46, Mar. 5, p. 328.

723.2515/591 : Telegram

The Minister in Bolivia (Maginnis) to the Secretary of State

LA PAZ, March 23, 1920—6 p.m.

[Received March 26—12:10 p.m.]

33. Legation's March 22, midnight.⁸⁶ Had a long conference with the President and Foreign Minister yesterday afternoon. Both stated that Bolivia is very anxious to avoid trouble with Peru and has not [mobilized,] nor is it planning mobilizing, any troops; that the only movement of troops has been the one reported in the Legation's March 20, 6 p.m.,⁸⁶ for the protection of Peruvians. I called their attention to the fact that a great many Peruvians were leaving Bolivia claiming by order of the police. The President stated positively that the Government had not authorized the police to order the Peruvians to leave and further that to-morrow it will publish officially a notice to the effect and in addition announce publicly that all Peruvians and their property shall have the protection of the Government and that no official has any right either publicly or secretly to order any Peruvians out of the country.

It has been reported here in despatches that Peru has asked the United States to intervene in the settlement of the problem and the President authorized me to say to the Department that if Peru has made such a request Bolivia gladly joins with Peru. They are very anxious that the situation be thoroughly understood by the Department and went into matters thoroughly, explaining difficult position of the Government due to the strong public feeling here; that the question of the port and an outlet to sea is absolutely vital to the life and growth of Bolivia; that the Government is most anxious to maintain friendly relations with Peru, but by reason of the impression having become [fixed] recently since Porras' note in which he stated that Peru would never arbitrate or consider any proposition except the return to Peru of Tacna and Arica that Peru is opposed to Bolivia['s] securing Arica as population [*port*], there has developed a strong anti-Peruvian feeling; that the Bolivian Government realizes fully that she has no legal claim to Arica and only a moral claim to Arica as a natural outlet and would be very willing to buy from both Chile and Peru their rights in the port and the railroad; that there are about 5,000 Peruvians in La Paz, a great many of whom are very active in political affairs and are very difficult to control; that when the Bolivian people heard of the attack made in the dark by more than two Peruvians on Major Oenaker [*Donato Olmos?*], seriously injuring him, the smoldering anti-Peruvian sentiment was immediately fanned into a flame which took some time [to control]. Also that before the incident the

⁸⁶ Not printed.

Peruvian Government had been prohibiting the importation of necessities such as butter, etc., from Peru into Bolivia and that it has refused to allow Bolivians to go into Peru and by these acts [added] to the growing ill feeling between the two countries.

I stated to the President that I have been informed by a high Chilean military official that Chile would be willing to sell to Bolivia her rights to Tacna and Arica upon the following terms: Bolivia to pay Peru the \$10,000,000 to pay Chile for her interests [in railroad and] to pay to Peru the \$2,000,000 which Chile agreed to pay in connection with occupation of Lima; and that he thought this proposition had been put up to the Bolivian Minister for Foreign Affairs [*sic*], Santiago. The President stated that the only proposition that he [knew] made by Chile was by Mr. Bello⁸⁷ here in La Paz when Chile refused to give Arica but offered Bolivia the strip of land reported in Legation's October 28, noon;⁸⁸ that Bolivia thanked Chile for her offer as a recognition of Bolivia's right to an outlet but stated to Chile that Bolivia desires a port and not a strip of sea coast and that Bolivia in the interest of peace could not and would not agree to any [proposition] without first having the matter [taken] up with Peru and could only consider an agreement in which the three countries would be parties.

The President informed me that the Bolivian Legation in Lima and the Bolivian Consulate at Mollendo had been wrecked, also that a censorship has been placed on despatches from Peru and that the Bolivian Government is practically impeded from getting any statements to the outside world.

My observation has been and all my [information] makes me believe that the Bolivian Government officials and General Montes have attempted in every way to maintain friendly relations with Peru and have endeavored to enter into some sort of negotiations with Peru looking to a solution. A careful analysis of Bolivia's situation will reveal the difficulties facing the Government as long as the matter is allowed to stand in its present condition. The Bolivian Government realizes that the proper manner of handling would be for Peru and Chile to make a settlement first, but public opinion cannot understand why the question cannot be brought to an issue and becomes irritable and difficult to control. With Peru asking for the intervention of the United States and Bolivia glad to join in, and a strong sentiment in Chile toward giving up Arica to Bolivia on the terms as outlined, it would appear to be an opportune moment in which to find a solution for the gravest problem in South America.

MAGINNIS

⁸⁷ Emilio Bello Codecido, Chilean Minister in Bolivia.

⁸⁸ Not printed.

723.2515/599 : Telegram

The Minister in Bolivia (Maginnis) to the Secretary of State

LA PAZ, March 25, 1920—3 p.m.

[Received March 29—9:55 a.m.]⁸⁹

35. On Monday, following outbreak of 14th instant, I was assured by Foreign Minister that the Government would prevent any further attacks on Peruvian Legation and Consulate. Monday, *La Razon*, opposition paper, came out with vitriolic edition causing rumor that Peruvians and their money were responsible. As a result, with feeling intense, this paper was attacked and a few more Peruvian business houses stoned. Government brought troops to La Paz Tuesday, no trouble since, situation gradually becoming more calm. Upon reading carefully note from the Department to be delivered to Foreign Office,⁹⁰ believing same was between the Department, Legation and Bolivian Government, [and] feeling [garbled groups] actual situation at the time of receipt was therefore liable to make situation more difficult by causing resentment among Bolivians and getting our Government mixed up in internal political situation here, used my best judgment and obtained result desired by delivering Department's message verbally, therefore avoiding misunderstanding which might follow publication of translation, rather difficult in Spanish. Cable despatches received by press here from various sources carrying excerpts from note have caused some comments on somewhat harsh impressions due to translation.

Yesterday Chilean Chargé d'Affaires showed cable from his Government setting forth paraphrase of Department's instruction as handed to Chilean Minister for Foreign Affairs by Ambassador Shea and Chilean answer to be delivered to Bolivian Government and published in press here at his discretion. He stated that in his opinion the note was based upon misapprehensions [and was?] little stronger than situation warranted and agreed that it would be much better not to publish. He stated also that he would deliver to Bolivian Minister for Foreign Affairs verbally. I then explained entire matter to the Minister for Foreign Affairs, the manner in which I had handled same and my reasons and handed him note in the form of memorandum for his information. He appreciated my action and stated that he fully agreed. Situation here at present satisfactory and feeling very friendly in all quarters toward our Government.

MAGINNIS

⁸⁹ Text printed from corrected copy received Mar. 30.

⁹⁰ See telegram no. 18, Mar. 17, to the Minister in Bolivia, p. 330.

723.2515/597 : Telegram

The Ambassador in Chile (Shea) to the Secretary of State

[Paraphrase]

SANTIAGO, *March 27, 1920—6 p.m.*

[Received March 28—2:50 a.m.]

490 [49]. I have been invited informally by Huneus, the Minister for Foreign Affairs, on this, his first day in office, to confer with him in regard to the present situation. He deplored the bad feeling that the note had aroused in Chile, but stated that the resentment shown by the press was not shared by the Government. The Government, he declared, accepted the note in the same spirit in which it had received the message of President Wilson, Department's December 4, 1918, 6 p.m.⁹¹ He is entirely willing, he said, to do anything in his power to correct the prevalent erroneous impression, and handed me a copy of Mathieu's cable in which the Ambassador gives a *résumé* of his conversation with Mr. Polk; it contains a very fair statement of the Department's attitude. Huneus then offered to hand me an informal statement in writing, Monday afternoon at 5:30, to which he requested me to reply, both communications to be given to the press. I request your immediate instructions. Since my arrival in Chile the new Minister and I have enjoyed a very agreeable acquaintance.

SHEA

723.2515/597 : Telegram

*The Secretary of State to the Ambassador in Chile (Shea)*WASHINGTON, *March 29, 1920—6 p.m.*

23. Your 490 [49], March 27, 6 p.m.

You may make a brief and very courteous reply to statement of Huneus and may authorize its publication.

If contents of note of Huneus permits you to do so, you may state in your reply that you are "in cordial agreement with" the ideas expressed. You will also state "the purpose of the Government of the United States has been to assure itself of the cooperation of Chile in the maintenance of peace in South America, and my Government has felt deep appreciation of the assurance of cooperation given it by the Chilean Government."

Cable Department text and reply of note immediately.

COLBY

⁹¹ *Foreign Relations*, 1919, vol. I, p. 126.

723.2515/610 : Telegram

The Ambassador in Chile (Shea) to the Secretary of State

SANTIAGO, March 31, 1920—8 p.m.

[Received April 1—3:45 p.m.]

57. My 49, your 23. Following is the text of the note of Minister for Foreign Affairs dated 30th.⁹²

“Mr. Ambassador: In view of the insistent disavowed popular disturbances which occurred a short time ago in La Paz, Your Excellency delivered to my honorable predecessor a note, dated the 18th instant, which reflects the grave apprehension of the American Government with regard to such incidents, calls attention to the serious responsibility of Bolivia and of those who encourage her, holds that they inflict injury on the good name of Bolivia and on her purpose of obtaining a port on the Pacific, and signifies that it would deplore mobilization and the outbreak of hostilities on this South American coast, which would not be countenanced by the civilized world.

My honorable predecessor, Señor Alamiro Huidobro answered Your Excellency, on the 19th instant, that he deplores the La Paz disorders, that these were the result of an assault on a Bolivian army officer by Peruvian residents, and that the instigators of the popular disorders and those who encourage them deserve censure. He blames the frequent alarms raised by Peru, and, as regards Chile, the party principally interested in the territories of Tacna and Arica, he affirms our unalterable and sincere desire for peace and our misgiving regarding every design which disturbs international quiet, ideas confirmed by the absolute tranquillity in which we live.

After Señor Huidobro's note was sent to Your Excellency, our Ambassador at Washington, Señor Mathieu, cabled us that he had informed the Secretary of State of the attitude of aloofness which Chile has observed on this occasion as in former conflicts between Bolivia and Peru, and that the Secretary of State told him that the attitude of the United States in this emergency is the same as that assumed by President Wilson in the case of the difficulties between Chile and Peru, an attitude limited to conciliatory counsel without any idea of bringing pressure or of intervening in any form other than mediation or good offices asked for by both parties.

In the light of this report of the Chilean Ambassador, the spirit and the significance of Your Excellency's note of the 18th instant are clearly defined. The Government of the United States has not thought, nor does it think, of intervening in any form in the affairs which Chile has pending with Bolivia and with Peru or of bringing any pressure whatever to bear on them, with the single exception of that arising out of a request made by all parties in common agreement for the good offices or mediation of the American Government.

Your Excellency's note, then, as far as Chile is concerned, has merely an informatory character and has been inspired solely by the cordial interest, an interest in every way reciprocal, which the American Government takes in Chile and in our prosperity.

⁹² Transmitted text revised after comparison with the Spanish text as published in *La Union*, Apr. 1, enclosed with the Ambassador's despatch no. 525, Apr. 14 (file no. 723.2515/643).

There was ground for attributing to Your Excellency's note the spirit and the significance which I have just established.

Chile has never accepted interventions and can, without boasting, as Your Excellency's Government is aware, assert now, as she has always said, that she would accept them neither in the case of Tacna-Arica, nor in any other, on the part of any power or powers.

For its part, the American Union, a free country, has for years conducted its foreign policy on lines of equality, consonant with liberty, and rising above differences in territory, population, wealth, and armed force. Its statesmen and publicists understand that for the United States no other expansion than in culture and commerce is necessary and fitting, and they have solemnly and repeatedly declared that they repudiate all idea of intervention, save only the necessity of protecting the Union's own vital interests.

Recently, when the hour of peace sounded for the world, Your Excellency's Government, with the emphasis peculiar to the American character, put forward advanced formulas of democracy and international equality.

This lofty policy of the Government of the United States is not strange to Chile. I shall mention only two of its immediate precedents. If I am permitted to cite a governmental declaration with which my own testimony is connected, I would remind Your Excellency that in 1906, on the occasion of receiving your eminent Secretary of State, Mr. Root, as our guest, I characterized the Chilean-American policy in the same terms as I set forth in this present note.⁹³ Recently, in December 1918, it received a confirmation no less significant than that of Mr. Root, when President Wilson abstained from intervening between Chile and Peru at the time they had suspended their consular relations.

The mounting curve of Chilean-American international trade shows that our two Republics feel themselves to be mutually and satisfactorily bound together by a common faith in the principle of non-intervention.

I bring this policy to mind today with a very brief summary of the doctrine and traditions which support it, in the well-justified hope that our cordiality and our intercourse may be intensified and augmented, as they have hitherto been, throughout a prosperous and prolonged future.

Your Excellency has truly been one of the most enlightened and effective workers for that policy and that cordiality. The feeling of respect and sympathy which has permeated Your Excellency's dealings is a strong proof of this. I have thought, for this reason, that Your Excellency would be pleased to be acquainted with the report of our Ambassador, already transmitted, and with the complete and frank reflections of my Government.

Accept, Your Excellency, the assurance of my highest and most distinguished consideration.

Antono Huneus "

Following is text of my reply of to-day :

"Excellency: I have had the honor to receive Your Excellency's note number 430 of the 30th instant. In it Your Excellency makes a *résumé* of the antecedents of the note transmitted to the Minister

⁹³ See *Foreign Relations*, 1906, pt. 1, p. 151.

for Foreign Affairs on March 18th, and of the reply made to me by Your Excellency's distinguished predecessor, Señor Alamiro Huidobro, dated the [19th].

Your Excellency now transmits to me telegraphic information received by Your Excellency from the Chilean Ambassador in Washington, Señor Mathieu, according to which the Secretary of State declared to Señor Mathieu that the United States maintained in the last incident between Bolivia and Peru the same attitude which it observed in the case of the difficulties between Chili and Peru; an attitude subject to conciliatory counsel without any design to exercise pressure or to intervene in any form except by mediation or our good offices solicited by the interested parties.

Your Excellency acknowledges that this attitude is noble, and that [it] conforms with the international principles of non-intervention, with the policy adjusted to those principles which the United States and Chili have maintained in their relations, and in general, with the spirit of American democracy.

Your Excellency is good enough to point out the development of our commercial intercourse, and does me the honor of counting me as one of the collaborators of Chilean-American cordiality, and for that reason Your Excellency believes that I would be pleased to have the information furnished by Señor Mathieu and also to know the Chilean Government[']s thought.

Your Excellency is correct in believing that [I] would be glad to receive the report of the Chilean Ambassador, which is transcribed. This report [accords with] my own opinion of the attitude of my Government towards the Government of Chili with reference to the incidents which occurred in La Paz.

The non-intervention principles, which Your Excellency is good enough to recall, were incorporated in the policy of the United States towards Chili many years ago. Your Excellency recalls having exactly defined them in the speech with which Your Excellency, then Minister for Foreign Affairs, received the illustrious Secretary of State of the American Union, Mr. Elihu Root.

The attitude of my Government in the conflict which took place in December 1918, resulting in the withdrawal of the Chilean and Peruvian Consuls, is another evidence of our expressed policy.

I cannot conceal my pleasure that the impression conveyed to [Señor] Mathieu should be exactly in accord with my own views to which Your Excellency with the broad vision and elevated statesmanship so endowing your public career, also gives unqualified approval.

I am especially pleased, Mr. Minister, to take into consideration the increasing commercial development which unites our countries and to believe that Your Excellency does not think me unmindful of that important reciprocal prosperity.

Since I arrived in Chili I have thought that the more each country knows of the other the more our two countries will learn to appreciate each other; my stay in your noble country so far has convinced me of that.

I avail myself of this opportunity to renew the assurances of my highest consideration.["]

862.85/1148

*Memorandum by the Secretary of State of a Conversation with the
Brazilian Appointed Ambassador (De Alencar)*

[Extract]

[WASHINGTON,] May 6, 1920.

2. The Secretary stated to the Brazilian Ambassador that this Government would appreciate the transmission to the Council of the League of Nations, through Mr. Da Gama, the Brazilian Ambassador at London, of a suggestion that the Council of the League of Nations do not take cognizance at the present time of the Tacna-Arica dispute which Bolivia is reported to have referred to the League of Nations.

Remarks:

The Brazilian Ambassador agreed to transmit this suggestion promptly.

723.2515/726

*The Chief of the Division of Latin American Affairs, Department
of State (Rowe) to the Secretary of State*

[WASHINGTON,] June 5, 1920.

In re: Submission of Tacna-Arica Controversy to the League of Nations

The Brazilian Ambassador was in to see me yesterday afternoon, (Friday June 4,) and requested me to lay before you a personal and confidential message which he had received from Mr. Da Gama, the Brazilian Ambassador at London, reading as follows:

“I have succeeded in making known to the Secretary of the Council of the League the views of the Secretary of State with reference to the Tacna-Arica controversy. I should like very much to know if this question is now the subject of negotiation between the Governments directly interested in the solution of the Tacna-Arica controversy. Also whether the United States is furthering any particular plan looking toward the adjustment of the difficulty. I have information which leads me to believe that Chile is disposed to accept a compromise solution.”

I informed the Brazilian Ambassador that so far as the Department is informed no negotiations are now being carried on between Chile and Peru. . . .

L. S. ROWE

723.2515/650

Memorandum by the Chief of the Division of Latin American Affairs, Department of State (Rowe)

[WASHINGTON,] *June 12, 1920.*

The Chilean Ambassador came to see Doctor Rowe this morning and talked over a number of matters. In the course of conversation the status of the Tacna and Arica question was brought up. The Ambassador stated that he did not believe that, in view of the approaching presidential election, anything could be done until after the elections, and, in fact, until the new president took office next December.

He stated furthermore that his personal view was that there should be a separate plebiscite in the Province of Tacna and another in the Province of Arica. The result of such plebiscites is, in his opinion, that Tacna would be given to Peru and Arica to Chile. Such an arrangement he thinks would be entirely satisfactory to Chile, and if such a preliminary agreement could be reached between Chile and Peru, he felt that Chile would be willing to submit the terms of the plebiscite to any arbitral tribunal. Personally he thought it would be best to submit the question to the League of Nations.

L. S. R[OWE]

723.2515/654 : Telegram

The Secretary of State to the Ambassador in Chile (Shea)

[Paraphrase]

WASHINGTON, *July 15, 1920—1 p.m.*

52. According to reports received from the Consul at Iquique there are persistent rumors that the Liga Patriótica is about to resume the expulsion of the Peruvians remaining in these provinces. He requests instructions from the Department as to what steps it is desirable that he take to prevent suffering and injustice.

The Department has instructed the Consul to report fully to you in regard to the situation, and requests you to inquire discreetly as to how much foundation there is to the rumor that such deportations are contemplated. As soon as your report is received the Department will send you further instructions.

COLBY

[For correspondence relating to Chilean mobilization on the northern frontiers following the *coup d'état* of July 12, 1920, in Bolivia, see telegram from the Ambassador in Chile, July 14, 1 p.m., page 372, and telegrams to the Ambassador in Chile, July 21, 6 p.m., page 376, and July 23, 6 p.m., page 377.]

723.2515/664 : Telegram

The Ambassador in Chile (Shea) to the Secretary of State

[Paraphrase]

SANTIAGO, August 6, 1920—4 p.m.

[Received August 7—10:15 a.m.]

104. Peruvian expulsions continuing in exaggerated form, according to reports from the Consul at Iquique. The same report comes from the Consul General at Valparaiso. I am informed by the French Minister that he has communicated the situation to his Government and is waiting for instructions. Both the Government and the press here state that the expulsion has been directed only against undesirable Peruvians, and charge that similar treatment has been enforced in Peru. The Liga Patriotica is evidently acting without any opposition from the Government in encouraging severe measures against Peruvians. Any steps that I take will immediately be interpreted as pro-Peruvian.

SHEA

723.2515/665a : Telegram

The Secretary of State to the Ambassador in Chile (Shea)

[Paraphrase]

WASHINGTON, August 11, 1920—6 p.m.

57. The Department has been advised from press reports and from other sources to the effect that Chile plans to force the definite settlement of the Tacna and Arica question at an early date by arbitrary action on her part. Chile, it is rumored, intends to announce that on September 18, the Chilean national holiday, the disputed provinces will be definitely annexed. It is alleged that Chile will have sent a large number of reserve forces to the Peruvian frontier by that time. Please cable full report regarding truth of these rumors.

COLBY

723.2515/666 : Telegram

The Ambassador in Chile (Shea) to the Secretary of State

[Paraphrase]

SANTIAGO, August 15, 1920—1 p.m.

[Received August 16—6:45 a.m.]

110. Your no. 57, August 11. See my no. 103, July 26.⁹⁴ Efforts are being continued to settle Chile's election controversy by means of the Tribunal of Honor, although this committee is not yet fully

⁹⁴ Not printed.

organized. Hope is expressed on all sides that both parties will reach a peaceful solution, and the political and social unrest of the country will be tranquilized, though opinion over the outcome of the Tribunal's effort differs widely. The President has not accepted the Cabinet's resignations, and Bermudez has been asked to solve the difficulty. It was rumored last night that the Cabinet would remain in office. No information is to be had from the Foreign Office, as both the Foreign Minister and the Under Secretary have been ill the last few days.

The international situation is much calmer now that the Peruvian frontier is fully protected and no immediate coup is expected from Peru. Undoubtedly the best Chileans desire greatly to settle the Tacna-Arica question, as the continued uncertainty is affecting business adversely and is aggravating social unrest, but until the presidential election is solved I do not believe this question will be taken up.

A rumor is reported by the Consul General at Valparaiso that the Chilean war vessel, *Chacabuco*, which sailed Tuesday for Arica has a special commission on board composed of Senators Tocornal and Yañez and is bound for Callao, where they have been instructed by the Government to present an important message to the Peruvian Government. The presence of Yañez in Santiago discounts this rumor, which it is impossible at present to verify. I have instructed the Consul at Tacna to go to Arica and report to me after discreetly ascertaining the movements of the *Chacabuco*.

SHEA

723.2515/672 : Telegram

The Ambassador in Chile (Shea) to the Secretary of State

[Paraphrase]

SANTIAGO, August 17, 1920—noon.

[Received 10:30 p.m.]

113. Your telegram no. 57, August 11. The Ministers are still functioning although the Cabinet crisis has not yet passed; they are waiting for the formation of the Tribunal of Honor before withdrawing their resignations. The Minister of Foreign Affairs told me yesterday that as there are now about 20,000 Chilean troops on the Peruvian frontier the Government is no longer shivering over the internal situation, and that rumors reaching the United States from sources other than Chile are unfounded and ridiculous.

I asked if it were true that Great Britain had recognized the new Bolivian Government, as stated here in the papers. He replied that he had received advices from La Paz in the affirmative. This morning's press denies the rumor and the British Minister here told me that he knew nothing about it.

My telegram no. 111, August 16.⁹⁵ I have received word from the Consul at Arica that the *Chacabuco* sailed south August 15.

SHEA

723.2515/694a : Telegram

The Secretary of State to the Ambassador in Peru (Gonzales)

WASHINGTON, September 10, 1920—7 p.m.

82. The Department is informed by the War Department that the Military Attaché attached to the Embassy⁹⁶ proceeded in accordance with your instructions to northern Chile and there communicated to the Chief of Staff of the Chilean army the number of men mobilized by Peru in the Southern Department and stated to him that upon your advice no warlike preparations were being made by Peru outside of the regular program agreed upon a year ago. The Military Attaché informed the War Department that the President of Peru has approved his action.

Please cable at once full report, advising Department what instructions, if any, were given by you to the Military Attaché, and relating extent of information conveyed by him to Chilean officers.

COLBY

723.2515/692 : Telegram

The Ambassador in Peru (Gonzales) to the Secretary of State

LIMA, September 11, 1920—noon.

[Received October 8—2 p.m.]

110. Your 82, September 10, 5 [7] p.m. War Department must have misinterpreted report of military attaché. I was on trip representing President Wilson at Chirocuzco [*University of Cuzco*] at the time and gave no instructions to military [attaché]. Attaché's despatch 954 September 4, to his Department gives full particulars his visit to Arica and quotes his authority for visit as from War Department. Extent of information conveyed by him to Chilean officers appears to have been that [when] one of them asserted 14,000 Peruvians mobilized on southern frontier, Case replied were not 1400. This was in accordance with facts but was not secret information, as Peruvian Secretary of Foreign Relations had published a declaration that not single Peruvian soldier had been mobilized nor additional forces moved to border. As fully seven-eighths of the agitation and much animosity in two countries is caused by circulation grossly false reports and as Peru is in no

⁹⁵ Transmitting the consul's report that the *Chacabuco* had reached Arica Aug. 13, and landed 1,200 troops with artillery and munitions.

⁹⁶ Lt. Col. Frank L. Case.

position to appear belligerent, I have no doubt President of Peru approves that statement of fact.

GONZALES

723.2515/697a

The Secretary of State to the Ambassador in Peru (Gonzales) ⁹⁷

No. 18

WASHINGTON, *September 13, 1920.*

SIR: An Associated Press report was published in the local press on September 10, communicating an article published on the preceding day by *La Nacion* of Buenos Aires, stating that a settlement had been reached of the Tacna and Arica dispute. It was alleged that representatives of the Chilean and Peruvian Governments had been holding, for some time previously, conferences on board the U.S.S. *Tacoma*, recently ordered to Callao, and that a settlement had been agreed upon by the representatives of both Governments by which Chile was to pay Peru six million pounds in return for which Peru was to relinquish all claim to her former territory. The report stated also that the representative of Chile in these conferences was Doctor Puga Borne, former Minister of Foreign Affairs.

The Department has announced that it has no information which would confirm any portion of this report. In view of the fact that it has been advised that Doctor Puga Borne has been in Lima for the past two weeks, the Department has however inquired confidentially of the Peruvian Embassy as to the exact nature of Doctor Puga Borne's mission in Peru, and has requested information as to whether he has entered into any negotiations with the Government of Peru. The Department has been informed by the Peruvian Embassy that it received, on September 8, a telegram from the Peruvian Foreign Office, stating that Doctor Puga Borne, upon his arrival in Lima, requested the Prefect of Police of that capital to inform the President of Peru that President Sanfuentes of Chile had received a letter intimating that the President of Peru was desirous of initiating negotiations for the settlement of the Tacna and Arica controversy. The Peruvian Embassy has advised the Department that President Leguía has refused to receive Doctor Puga Borne because of the manner in which he approached the President.

The Department believes, from the fact that Doctor Puga Borne has been sent to Lima and from reports recently emanating from Chilean sources, that the Chilean Government may be desirous of effecting at this time some settlement with Peru whereby the long standing difficulty may be solved. The Department desires that you keep it closely informed of all developments in the situation, report-

⁹⁷ The same to the Ambassador in Chile as no. 244.

ing fully, by cable if necessary, of any reports which may come to you tending to show that the Government of Chile is in fact desirous of bringing about a settlement of the dispute, or that the Government of Peru would now receive favorably any representations from the Government of Chile regarding this question.

I am [etc.]

For the Secretary of State:

ALVEY A. ADEE

723.2515/694

The Ambassador in Peru (Gonzales) to the Secretary of State

No. 533

LIMA, September 21, 1920.

[Received October 7.]

SIR: Referring to my cablegram of September 13th, 11 a.m.⁹⁸ I have the honor to report with more detail concerning the visit of Puga Borne to Lima. The principal part of the story was told me by the President and is corroborated in important particulars by information received from the Brazilian Minister to Perú.

Señor Borne is nearing seventy years of age and has had long service in Chilean political and diplomatic life. He arrived unheralded and took quarters at an hotel. Quickly interviewed by representatives of the press, he said he had come for a change of climate. President Leguía was satisfied that Puga Borne had some mission and expected him to develop the purpose of it either through me, or, if he did not desire to await my return from Cuzco, through the Brazilian Minister. Instead, the Chilean went to the Prefecto, as recorded in the cablegram referred to above. The President was offered a copy of Señor Borne's credentials from the President of Chile, but asked for the original and it was furnished. These stated that as the Chilean President knew President Leguía had expressed himself as anxious for an opportunity to open negotiations respecting the differences between the countries, the Chilean President requested Puga Borne to discuss those matters with him. President Leguía replied that as he had never so expressed himself he could not concede that he had done so by receiving the Chilean on those terms.

Señor Borne then visited Señor Ruiz Bravo, Editor of *El Tiempo* and also a member of Congress; They were old acquaintances. He expressed to Bravo his great disappointment at not being able to meet President Leguía: Said he had served his country during a long career and now as the crowning work wished to do the great service of bringing about an understanding with Perú; that he had ample

⁹⁸ Not printed.

powers and could get his letter changed if he knew what Leguía wanted. Bravo went to the President who drew a letter which, coming from the Chilean President, would be acceptable to him as an introduction for Borne. I have not the terms of this letter, but it was cabled to Santiago, . . .

In reply to Puga Borne the Chilean President made changes in his commission but not those proposed by Leguía. He stated that he desired to open direct discussion. President Leguía declined to open direct negotiations. He tells me his reason for this position is two-fold; first, he is absolutely convinced no good result could be obtained, and possibly a dangerous situation would follow; second, that he feared a trap. If he agreed to direct discussion, this might be prolonged indefinitely and would be a bar to any other country attempting to secure Chile's consent to submit the question to some tribunal for settlement. Chile would say the good offices of a third party were not needed as the two countries interested were treating directly. President Leguía expressed the view I had previously given the Department as mine; viz, that nothing could be hoped for from direct negotiations because whatever would be agreed to by the people of one country would not be tolerated by those of the other.

President Leguía declared to me he was willing for arbitration, but said that arbitration by one or more representatives of weak countries, without the moral or material strength to enforce their finding, would be repudiated. He is plainly desirous of having arbitration of the whole question with the United States either as the sole arbiter or at least represented on the board.

As expressed in cables on this subject, I feel the coming of Puga Borne is in strong confirmation of Minister Maginnis' opinion that the time is propitious to obtain Chile's consent to arbitration. Chile's general attitude has been that she would not submit to "intervention" and was able to manage her own affairs without interference. She should be readily convinced that the friendly office of mutual friends in this case is not intervention. She has failed in an effort to treat directly with Perú. Meanwhile her internal conditions are far from satisfactory and the normally heavy burden of her military establishment has been embarrassingly increased by the extraordinary mobilization and movement of troops in the past three months.

In my opinion at no time has there been so hopeful an outlook to secure Chile's consent to participate in arbitration for a settlement in the forty years since the Chile-Peruvian War.

I have [etc.]

WILLIAM E. GONZALES

723.2515/698 : Telegram

The Ambassador in Peru (Gonzales) to the Secretary of State

LIMA, November 4, 1920—11 a.m.

[Received 7:50 p.m.]

122. Changes in paragraphs 33 and 34 [of] articles regulating operations International Court of Justice considered by Peruvian officials as throwing them out of court. Secretary of Foreign Relations prepared cable to Peruvian representatives in countries in League instructing them ask those Governments to support request by Peru for appointment special commission consider Peru-Chile case. At President's request Minister consulted me before sending. I have suggested delay for time to inquire if our Government is contemplating any move to induce Chile agree arbitration. Please immediately [inform] and advise.

GONZALES

723.2515/698 : Telegram

The Secretary of State to the Ambassador in Peru (Gonzales)

WASHINGTON, November 6, 1920—7 p.m.

90. Your November 4, 11 a.m.

The Department is advised that the action of the Peruvian Delegates to the Assembly of the League of Nations will probably be limited to notifying the Assembly that Peru will at some time in the future file the petition of which you have been informed by the Minister for Foreign Affairs. In any event, the Department is not prepared to recommend to the Peruvian Government that it abstain from requesting the Assembly to appoint a special commission to consider the Peru-Chile dispute.

The Department does not believe that any useful purpose will be served by making any representations to the present Government of Chile, with a view to inducing Chile to agree to arbitration of the dispute. While information received from the Chilean Embassy in Washington leads the Department to believe that the Chilean Government would not refuse arbitration limited to the settlement of the manner in which the provisions of the Treaty of Ancon are to be carried out, it is not thought that arbitration restricted to this extent would effect any lasting settlement of the controversy, even if, as seems doubtful, it were acceptable to Peru. The Department is of the opinion that only arbitration of the whole general problem, from consideration of which the claims of Bolivia should not be omitted, can bring about a satisfactory settlement, and its information leads it to believe that the possibility of such arbitration will be favorably considered by the new administration of that Government⁹⁹ soon to

⁹⁹ The Government of Chile.

be inaugurated. When the views of the President-elect of Chile upon this point have been definitely ascertained, it will be possible to determine whether representations to Chile to accept arbitration will be of any value. In the meantime, the Department does not believe that final adjustment of the controversy will be made more difficult by the consideration of the question by any commission appointed by the League of Nations.

COLBY

PETROLEUM EXPLOITATION ⁹⁹

Report to the Senate Relative to Restrictions Imposed by Certain Foreign Countries—Attitude of the Department of State toward Monopolies in Foreign Countries

811.6363/8

The Secretary of State to Senator Wesley L. Jones

WASHINGTON, April 15, 1920.

SIR: I have the honor to refer to your letter of March 9, 1920,¹ requesting information regarding the activities of the Department of State in behalf of American oil companies, and expressing the hope that the Department is doing everything that it possibly can to aid American companies and American capital in securing oil properties.

The instructions transmitted by the Department to its diplomatic and consular officers abroad cover every important phase of the foreign mineral oil situation. The diplomatic and consular officers are awake to the importance of the oil question and are believed to be reporting promptly and intelligently on every significant phase of this question. All reports containing information relating to petroleum are transmitted to the Department of Commerce and to the United States Geological Survey; and such reports are also sent to the Bureau of Mines, the United States Shipping Board, and the Navy Department.

The Department of State does not appear to have in its possession any important means of stimulating activity in foreign countries on the part of American oil companies, of diverting American capital to foreign investment, or of checking the activities of foreign companies. The American diplomatic and consular officers have been instructed to lend all legitimate aid to reliable and responsible United States citizens or interests which are seeking mineral oil concessions or rights. They have been cautioned, however, to distinguish between United States citizens representing United States capital and United States citizens representing foreign capital; also between

⁹⁹ Continued from *Foreign Relations*, 1919, vol. I, pp. 163-171.

¹ Not printed.

companies incorporated in the United States and actually controlled by United States capital and companies which are merely incorporated under United States laws but dominated by foreign capital.

I have [etc.]

BAINBRIDGE COLBY

800.6363/120

*The Acting Secretary of State to President Wilson*²

THE PRESIDENT: The Acting Secretary of State, to whom was referred the resolution adopted on March 10, 1920, requesting the President to inform the Senate, if not incompatible with the public interest,³

“First, as to what restrictions, if any, are imposed either directly or indirectly by France, Great Britain, Holland, Japan, or any other foreign country, or the dependencies thereof, upon the citizens of the United States in the matter of prospecting for petroleum, or in the acquisition and development of lands containing the same within the territory subject to the jurisdiction and influence of such countries.

“Second, if such restrictions exist, what steps have been taken by the Government of the United States to secure their removal and equality of treatment in respect of citizens of the United States.

“Third, if any restrictions are imposed by the Government of Mexico upon citizens of the United States in regard to the acquisition or development of petroleum-bearing lands within its jurisdiction which are not imposed upon nationals of other foreign countries.

“Fourth, if any such discriminating restrictions are imposed by the Government of Mexico upon citizens of the United States, what steps have been taken by the Government to secure removal of such restrictions and the equality of treatment in respect to citizens of the United States.”

has the honor to lay before the President a report furnishing the information requested by the resolution as far as it can be supplied compatibly with the public interest.

Respectfully submitted,

FRANK L. POLK

WASHINGTON, *May 14, 1920.*

[Enclosure]

*Report to the Senate in Response to Senate Resolution 331*⁴

In response to the request of the Senate embodied in Senate resolution 331 for certain information regarding restrictions directly or

²This letter and enclosed report were transmitted to the Senate by the President under date of May 17, 1920, and published as S.Doc. 272, 66th Cong., 2d sess.

³S.Res. 331, 66th Cong., 2d sess.

⁴Reprinted from S.Doc. 272, 66th Cong., 2d sess. (file no. 800.6363/140a); no copy of original report found in Department files.

indirectly imposed upon citizens of the United States in prospecting, acquiring, and developing petroleum lands abroad, and further regarding action taken by this Government with a view to securing the removal of such restrictions and equality of treatment in respect to citizens of the United States, the following report is submitted as containing the information now available and not incompatible with the public interest.

A great part of the data contained herein has been derived from consular reports received in response to Special Consular Instruction No. 672 of May 31, 1919, and diplomatic and consular instruction of August 16, 1919,⁴ instructing diplomatic and consular officers to obtain and forward certain specific information relating to mining laws and legal restrictions imposed upon foreigners in securing or operating mineral concessions within their consular districts.

It will be noted from the copy of Instruction No. 672, hereto attached, that it was issued almost a year (May 31, 1919) prior to the passage of the above resolution of March 10, 1920, and further, that although mineral oil is expressly mentioned as being within the purview of the instruction, nevertheless the scope of the investigation called for therein did not permit of the intensive study of the foreign petroleum situation which its present and prospective importance would seem to require. With a view to directing attention to petroleum, the general circular instruction of August 16, 1919, of which a copy is attached, relating to mineral oil concessions and rights, was sent out. Since this was in the nature of a standing instruction, the department expects to be continuously in the receipt of information on this situation.

The above instruction was supplemented by a circular cablegram, under date of October 17, 1919,⁵ again requesting specific information on the petroleum situation, directed to posts from which significant information might be expected. It further appears that some of the restrictions on petroleum development are of a temporary character growing out of the war situation, and it is still too early to tell whether they may form a part of permanent legislation on this subject. Moreover, there is nothing to show what action may be taken by the newly formed, reorganized, and unrecognized Governments of Europe and Asia, many of which have important petroleum-producing properties.

In view of these considerations and the probable urgency of an early reply, it has seemed desirable to submit the information now available and subsequently to supplement it with such more timely and detailed data as may be obtained on the rapidly changing inter-

⁴ *Foreign Relations*, 1919, vol. I, pp. 163 and 167, respectively.

⁵ *Ibid.*, p. 168.

national petroleum situation as reflected in restrictive legislation along nationalistic lines.

Because of the broad scope of the study based on Instruction No. 672 of May 31, 1919, and the further fact that petroleum restrictions are not specifically mentioned in the general instruction of August 16, 1919, much of the data derived therefrom only remotely relates to restrictions on petroleum development. In many countries petroleum has not been discovered in commercial quantities and there is consequently no specific legislation bearing on it except as general mining legislation might be supposed to cover it in the event of its discovery.

The present report with special reference to the first paragraph of the Senate resolution will be in general limited to restrictions arising out of legislation enacted to control the prospecting, acquiring, and development of petroleum lands in those countries in which petroleum is produced. The report falls in three principal parts so as to be in conformity with and responsive to the Senate resolution.

SECTION 1

The restrictions in the countries and their dependencies named in the first paragraph of the Senate resolution follow in this section in the order of their designation with other foreign countries listed alphabetically.

FRANCE

There appear to be no mineral oil concessions granted in continental France although there are encouraging indications and in the French colonial possessions of northern Africa several projects are in the course of development. The French Government exercises wide discretionary powers in the granting of concessions. This wide discretion makes possible discriminatory action but there is no evidence of its operation against citizens of the United States. It is probable that the French policy is to regard all applications for concessions in the light of the public interest which was reflected by an act of September 9, 1919, providing for complete nationalization of all mineral resources. It is not clear whether petroleum would come within the scope of this act or be covered by special legislation. There is reason to believe that the policy mentioned above would find expression in a restriction on development by aliens at least to the extent that concessions would not be granted to alien groups unless they form a part of a French joint-stock company of which two-thirds of the directors should be French citizens.

This policy would probably be effective in Algeria, French West Africa, and Madagascar should petroleum be found in those dependencies. It does not appear whether the above restrictions would

be applicable to Morocco and Tunis. (Cablegram from Paris, Oct. 18, 1919; consular report, Oct. 31, 1919; consular report, Tananarive, Madagascar, Oct. 29, 1919; report, Tangier, Morocco, Aug. 28, 1919; and consular reports from Tunis, May 31, 1919, and Jan. 26, 1920.⁶)

BRITISH EMPIRE

In general each dominion and colony has its own legislation on the subject of the petroleum industry.

The policy of the British Empire is reported to be to bring about the exclusion of aliens from the control of the petroleum supplies of the Empire and to endeavor to secure some measure of control over oil properties in foreign countries. This policy appears to be developing along the following lines, which are directly or indirectly restrictive on citizens of the United States:

1. By debarring foreigners and foreign nationals from owning or operating oil-producing properties in the British Isles, colonies, and protectorates.

2. By direct participation in ownership and control of petroleum companies.

3. By arrangements to prevent British oil companies from selling their properties to foreign owned or controlled companies.

4. By orders in council that prohibit the transfer of shares in British oil companies to other than British subjects or nationals.

It is understood that the British Government has a controlling interest in the Anglo-Persian Oil Co. and that it has also assisted in the development of the Papuan oil fields by bearing one-half of the expense and contributing experts.

It may be of some significance that by general license of September 1, 1919, prohibited transactions under the regulations of the defense of the realm act were again permitted except as such transactions might relate to oil-mining property. (Cablegram from London, Oct. 18, 1919; consular reports from London, Oct. 21, 1919, Nov. 8, 1919.⁶)

According to recent reports prospecting for petroleum is lawful in the United Kingdom only by the board of trade or the minister of munitions or persons authorized by them. Similar regulations apply to working a petroleum property. The only drilling now going on in the United Kingdom for petroleum is being done by S. Pearson & Son (Ltd.), as petroleum development managers to the Government.

It is said to be unlawful for a British citizen, without the consent of the board of trade, to transfer to an alien or to a foreign-controlled company any interest in a company controlling an oil field in

⁶ None printed.

the United Kingdom. (Defense of the realm act of 1915 as amended Oct. 23, 1917, Regulation No. 30, BB.)

AUSTRALIA

Commonwealth mining regulations are contained in regulations under the war-precautions act 1914-1916, and amendments thereto. According to this act, no contract for the acquisition of any mining business, or of any interest in such, or of any security issued by a mining company shall be made by any other than a natural-born British subject without the written consent of the Attorney General. It appears that no application for a mining lease to any person other than a natural-born British subject for a term of more than five years, and that no contract for the assignment or acquisition to or by any person other than a natural-born British subject of a mining lease of which a period of five years is unexpired, shall be made or granted without the written consent of the Attorney General.

BRITISH EAST AFRICA

Under the laws of this protectorate all aliens would seem to be excluded from the development of petroleum.

A prospecting license shall not authorize a person who is not a British subject to peg out an oil claim. (Ordinance 1912, Part III, Division II-24, 5.)

A person who is not a British subject shall not be entitled to own an oil claim or enjoy the right of mining for oil anything in the ordinance to the contrary notwithstanding. (Ordinance 1912, Part III, Division II-25.)

And whenever oil is found on any claim other than an oil claim the holder of a prospecting license, being a British subject, may peg out on such claim an oil claim. (Ordinance 1912, Part III, Division II-35.)

The transfer of an oil claim and the grant or transfer of any share or interest therein shall be invalid unless the consent in writing of the governor to such transfer or grant shall first have been obtained, and the transferee or grantee is a British subject, or a firm or syndicate, all the members of which shall at all times be and remain British subjects, or a British company registered in Great Britain or in a British colony or in the protectorate and having its principal place of business within His Majesty's dominions or in the protectorate, and the chairman of the said company and all the remaining directors shall at all times be British subjects, and the company shall not at any time be or become a corporation directly or indirectly controlled by foreigners or foreign corporations. (Ordinance 1912, Part III, Division II-46, 2.)

No lease for the purpose of mining for mineral oil or authorizing the lessee to mine for mineral oil shall be granted and no assignment of any such license or lease shall be made, unless the lessee or assignee shall be a British subject or a firm or syndicate, all the members of which shall at all times be and remain British subjects, or a British company registered in Great Britain or in a British colony or in the protectorate and having its principal place of business within His Majesty's dominions or the protectorate, and the chairman of the said company and all the remaining directors shall at all times be British subjects, and the company shall not at any time be or become a corporation directly or indirectly controlled by foreigners or foreign corporations.

If the lessee shall assign the same in whole or in part without the previous consent in writing of the governor, or if the lessee or assignee shall cease to be a British subject, or if, where a firm or syndicate is the lessee or assignee, any member of the firm or syndicate shall cease to be a British subject, the governor may thereupon cancel the lease, and in the event of any alteration being made in the articles of association or constitution of a company holding any such lease previous notice thereof shall be given in writing to the governor, who, if in his opinion the said alteration shall be contrary to the cardinal principle that the said company shall be and remain a British company and under British control, may refuse his consent to such alteration. If and whenever any such alteration shall be made without the written consent of the governor or if the company shall at any time cease to be a British company or shall become a corporation under foreign control, the governor may thereupon cancel the lease. (Ordinance 1912, Part III, Division V-59, 1 and 2; and Mining Regulations, 1912, 134, 1 and 2.)

No license held by a person who is not a British subject shall confer any right on the holder to prospect for oil or to acquire claims or leases for mining for oil or working oil. (Mining Regulations, 1912, 90.)

Under ordinance No. 12 of 1917 no alien is allowed to acquire an interest of any description in any immovable property without the consent of the governor in council. This ordinance was to remain in operation during the continuance of the war, but it seems to have been still in force on October 27, 1919. (Consular report, Oct. 27, 1919, from Nairobi, British East Africa, with inclosures.⁸)

UGANDA

In this protectorate the general rules and regulations governing the development of mineral resources do not apply to mineral oil prospecting which may be carried on only under special license and

⁸ Not printed.

in defined areas. These licenses are issued subject to such restrictions, conditions, and regulations as the governor may impose in each particular case. (Ordinance No. 14 of 1915, consular report, Oct. 27, 1919, from Nairobi.)

GERMAN EAST AFRICA (OCCUPIED)

Under British rule no mining department has as yet been organized and all prospecting for minerals in this controlled territory is at present forbidden by proclamation No. 12, dated July 7, 1917. (Consular report of Oct. 27, 1919, from Nairobi.)

BRITISH WEST AFRICA

The following notice was published in the *Government Gazette* of the Gold Coast Colony on May 25, 1918, restricting mineral oil concessions to British subjects:

The attention of all persons concerned with or likely to be concerned with mineral-oil interests in the Gold Coast Colony is hereby directed to the provisions of section 21 of the concessions ordinance, 1900, of the said colony, which reads as follows:

“(1) No concession with respect to mineral oil shall be granted and no assignment of any such concession shall be made, unless the grantee or assignee shall be a British subject or shall be a firm, syndicate, or company which shall at all times be and remain a British company, registered in Great Britain, or in a British colony, and having its principal place of business within His Majesty's dominions, and the chairman of the said company and all the remaining directors shall at all times be British subjects, and the company shall not at any time be or become a corporation directly or indirectly controlled by foreigners or foreign corporations.

“(2) In this section the expression ‘foreigners’ means any person who is not a British subject, and the expression ‘foreign corporation’ means any corporation other than a corporation established under and subject to the laws of some part of His Majesty's dominions, and having its principal place of business in those dominions.

“(3) Every concession and assignment of a concession in respect of mineral oil shall be subject to the approval of the governor.

“(4) If the grantee of any such concession shall assign the same in whole or in part without the previous consent in writing of the governor or if the grantee or assignee shall cease to be a British subject, the governor may thereupon cancel the concession, and in the event of any alteration being made in the articles of association or constitution of a company holding any such concession, previous notice thereof shall be given in writing to the governor, who, if in his opinion the said alteration shall be contrary to the cardinal principle that the said company shall be and remain a British company and under British control, may refuse his consent to such alteration. If and whenever any such alteration shall be made without the written consent of the governor or if the company shall at any time cease to be a British company or shall become a corporation under

foreign control or shall assign such concession in whole or in part without the previous consent of the governor, the governor may thereupon cancel the concession.

“(5) The expression ‘mineral oil’ includes bitumen, asphalt, and all other bituminous substances with the exception of coal.”

All persons interested herein are informed that for several years past it has been the policy of the Gold Coast Government, a policy to which the statutory support above cited has been given, to insure that no concession with respect to mineral oil in the Gold Coast Colony shall be granted or assigned to or held by any person other than a British subject, or by any syndicate, firm, or company other than one of a predominantly British character, and under a control predominantly British. (Consular reports from Dakar, Senegal, Nov. 20, 1919, Feb. 5, 1920.⁹)

CANADA

Most of the Canadian legislation regulating petroleum development has been enacted for the Crown lands in the western part of the Dominion. The following is a provision of the order in council (P.C. Jan. 29, 1920), effective March 1, 1920, relating to petroleum and gas development:

Any company acquiring by assignment, or otherwise, a lease under the provisions of these regulations shall be a company registered or licensed in Canada and having its principal place of business within His Majesty's Dominion.

The above provision was substituted for article 40 of the Dominion regulations for the disposal of petroleum and gas. Leases on Crown lands provide that any company acquiring by assignment or otherwise a lease of petroleum or natural-gas lands should at all times be and remain British companies, and if any such company which might acquire a location should cease to be a British company its lease should be subject to immediate cancellation in the discretion of the minister.

The reasons advanced by the governor general for rescinding article 40 of the Dominion regulations with the above-mentioned restrictions were, first, that the restrictions did not give the Dominion Government an effective control of oil production; second, that the restrictions had the effect of discouraging the introduction of foreign capital so essential to the exploitation and development of Dominion lands thought to contain oil. (Consular report[s] from Ottawa of Dec. 29, 1919; Feb. 18, 1920; and Feb. 24, 1920.¹⁰)

BRITISH GUIANA

The only restrictions on mining concessions in this colony discriminating against aliens are in connection with concessions with

⁹ Neither printed.

¹⁰ None printed.

mineral-oil rights. None but British subjects are reported to be entitled to secure such rights. The same restrictions hold with regard to the transfer of mineral-oil rights and property to aliens. (Consular reports from Georgetown, Sept. 19, 1919, with inclosures; and Oct. 22, 1919.¹¹)

BRITISH HONDURAS

All mines of mineral oil are reserved to the Crown. (Ordinance No. 26, 1907, Bureau of Mines report on the petroleum industry.¹²)

INDIA

American oil companies are expressly excluded from doing business in Burma by proclamation signed by Queen Victoria and Lord Salisbury, secretary of state for India, on September 24, 1884, and a blanket concession of 99 years was given the Burma Oil Co. (Ltd.) on August 23, 1885, protecting this company from all foreign competition.

In India no prospecting license or lease can be granted otherwise than according to the rules summarized below, except with the previous sanction of the secretary of state for India in council, or with that of the governor general under authority delegated to him by the secretary of state for India in council. A certificate of approval, or a prospecting license, or a mining lease shall be granted only to a British subject, or to a British-controlled company. It would seem that the regulations preclude the sale of concessions or leases to foreigners, although this is not specifically stated. Leases and concessions are granted only on Government land. Private land may be exploited, but only with the consent of the owner and in accordance with the restrictions above mentioned. (Consular report from Bombay, Nov. 26, 1919.¹³)

BRITISH WEST INDIES—BARBADOS

Up to the present time no oil has been found in commercial quantities in Barbados, though there are croppings which seem to indicate the presence of oil. It is reported that no companies other than British companies have secured mineral concessions in the islands. The oil mines act, 1904-1908, III 66, empowers the governor in executive committee to make regulations and by provisional order grant to any person the right to survey and to probe and bore to ascertain the nature of the soil and to make explorations and mine for oil within any area that the governor and the executive committee may think proper. Within the past few months the British Union Oil Co. has received certain powers under this legislation. The legislation in question appears to make no specific distinctions

¹¹ Neither printed.

¹² *Congressional Record*, July 29, 1919, vol. 58, pt. 4, pp. 3306 ff.

¹³ Not printed.

between aliens or nationals, but the grant to the British Union Oil Co., known as the British Union Oil Co. act of 1919, expressly provided that the privileges and powers therein shall not be conveyed or extended to any successors of the said British Union Oil Co. of a nationality other than British. The oil mines act referred to above provides in paragraphs 3 and 4 that the British Imperial Government shall have the right of preemption over all oil residues. (Consular report from Barbados, British West Indies, Oct. 21, 1919.¹³)

TRINIDAD

Title or interest in oil-bearing lands in the colonies of Trinidad and Tobago are covered in an ordinance (No. 29, 1917) which became effective December 3, 1917, entitled "An ordinance to control the acquisition of oil-bearing lands in the colony." This ordinance as enacted was a war measure and stipulated to remain in force during the continuance of the war and for a period of six months after the close thereof. It provided that no person shall acquire any right, title or interest to oil-bearing lands without consent in writing of the governor. The governor may limit his consent as he deems necessary under instructions received from the secretary of state for the colonies. The above ordinance appears to apply particularly to privately owned oil lands.

Regulations applying to oil on Crown lands came into effect January 2, 1918, and remain in force until amended or revoked by the Government. These lands are leased by the governor subject to the approval of the secretary of state for the colonies. It appears that the secretary of state for the colonies has been following the policy which would require that any acquisition of oil rights by a British company would provide that not more than 25 per cent of its capital or voting power is to be held by aliens, and also that the chairman and managing director and a majority of the other directors shall at all times be British subjects, together with such other provisions as might be deemed necessary to insure the company remaining under British control.

It is probable that the present and future policy of the colony will be dictated by the secretary of state for the colonies at London with considerable regard to the needs of the British Admiralty, which seems anxious to reserve sufficient prospective supplies of petroleum for the British Navy. Trinidad, by reason of its location and its petroleum deposits, has a strategic importance from the standpoint of the British Navy, and in view of this it is unlikely that foreign capitalists would be given an opportunity to secure

¹³ Not printed.

petroleum concessions. (Consular reports, Oct. 22, 1919, and Feb. 28, 1920, from Trinidad.¹⁴)

HOLLAND (NETHERLANDS)—SUMATRA EAST COAST

A number of companies are drilling for oil, with reported success. All of these companies are said to be controlled by the Bataafsche Petroleum Maatschappij, of which the Kolonials Nederlandsche Petroleum Maatschappij, of The Hague, is the holding company. (Consular report from Medan, Sumatra, Oct. 19, 1919.¹⁵)

DUTCH EAST INDIES ¹⁶

Prospecting licenses and concessions are granted only to Dutch subjects, inhabitants of the Netherlands or Netherlands East Indies, and to companies incorporated under the Dutch laws either in the Netherlands or in the Netherlands East Indies, having in their board of directors a majority of Dutch subjects. Persons or companies not established in the Netherlands East Indies must be represented in the islands by a trustee, who must comply with the stipulations of the mining law.

Considerable part of the archipelago, more especially the smaller islands, is still entirely closed to private mining work, partly by the reservation of large areas for State exploration with a view to their being worked later either by the Government or by private companies. American companies have, for many years, without success, endeavored to secure leases in this field.

The Royal Dutch-Shell Co. has a complete economic monopoly of production.

A new bill has been laid before the Netherlands State council to confirm the contract between the Royal Dutch Petroleum Co. and the Government, under which contract the company will secure the working of all the oil lands in the Dutch East Indies, including Sumatra. (Consular report from Soerabaya, Java, of Jan. 27, 1920.¹⁶)

JAPAN

Five oil fields sufficient for the use of the Japanese Navy are held by the navy department. Foreigners would seem to be restricted in the development of petroleum properties by article 5 of the Japanese mining law promulgated by imperial order on the 7th of March, 1905, reading as follows:

¹⁴ Neither printed.

¹⁵ Not printed.

¹⁶ See also section on petroleum exploitation in the Dutch East Indies, vol. III, pp. 260 ff.

No persons other than subjects of the Empire or juridical persons duly formed in accordance with the laws thereof are entitled to acquire mining rights.

The meaning of "juridical persons" in the Japanese law is such that it is believed to be practically impossible for foreign companies to retain or transfer undisputed possession of mining rights in Japan. (Consular reports, with inclosure, of Oct. 8, 1919, and Dec. 10, 1919, from Yokohama, and Jan. 23, 1920.¹⁶)

BOLIVIA

Under a law dated December 12, 1916, all oil lands belong to the State except those already legally taken up by private owners. However, it is believed that there are no restrictions against aliens since any person may freely prospect on these public lands without a license by merely notifying the local administrative authority. (Consular report from La Paz, Bolivia, Nov. 26, 1919.¹⁷)

COLOMBIA

Aliens have the same rights as natives to locate and own mines where such rights are secured by treaties or where the alien's national laws give reciprocal rights to Colombians. (Consular reports from Barranquilla, Jan. 19, 1919, and Oct. 11, 1919.¹⁸)

COSTA RICA

There is said to be no distinction between natives and foreigners. The Government reserves ownership of the subsoil. No permission is required for exploration. Acquisitions can be obtained only by concessions from the Government. The only monopoly of mineral resources in the Republic concerns petroleum rights through contracts with the Government giving exclusive oil rights to one company in the Provinces of Limon, Puntarenas, and Guanacasti and to another company in the Provinces of Heredia, Alajuela, and Cartago. (Consular report, Oct. 6, 1919, from San José.¹⁷)

DOMINICAN REPUBLIC

There appear to be no legal distinctions between nationals and aliens in granting concessions. The proposed new mining law provides that petroleum or natural gas wherever found will be considered as the property of the nation. Special permits for exploration and exploitation are now required and will be required under

¹⁶ None printed.

¹⁷ Not printed.

¹⁸ Neither printed.

the new law. (Consular report from Santo Domingo, July 25, 1919.¹⁹)

ECUADOR

A new law is reported to declare that petroleum mines not adjudicated belong exclusively to the State and private parties may not denounce them pending the enactment of a new law. There are said to be no restrictions, legislative or administrative, discriminating between aliens and nationals. (Consular reports, June 5, 1919, and Aug. 30, 1919, from Guayaquil; cablegram of Oct. 30, 1919, from Quito.²⁰)

GUATEMALA

Restrictions are laid on aliens in the acquisition of mining rights in the case of petroleum. These restrictions on petroleum are contained in presidential decree No. 722 of December 20, 1915:

ARTICLE 1. The nation reserves the absolute title to all sources of petroleum and hydrocarbons in general which exist in the Republic.

ART. 2. The acquisition and exploitation of said sources shall only be accomplished by means of a lease, not to exceed 10 years in duration, contracted with the ministry of public works, which shall be submitted for the approval of the chief executive and which shall only be made with native or naturalized citizens.

ART. 3. The above-mentioned contracts shall be nontransferable, except by express authorization of the Government, and then only provided the interested parties are citizens of Guatemala.

ART. 4. Special regulations shall detail the requirements and conditions necessary for entering into these contracts, and this decree shall be held as an integral part of the mining code and shall be reported to the national legislative assembly at its ordinary sessions. (Published in "El Guatemalteco" of Dec. 20, 1915.) (Approved by the national legislative assembly on Apr. 29, 1916, decree 945.) (Consular reports of July 3, 1919, and Aug. 30, 1919, from Guatemala City.²¹)

MEXICO

Denouncement (filing claim by due legal process) of mining properties is made in accordance with the provisions of Mexican mining laws, as modified by the provisions of articles 27 and 33 of the Mexican constitution of 1917. This constitution was signed January 31, 1917, and promulgated February 5, 1917. The following is believed to be a reliable translation of pertinent excerpts from articles 27 and 33:

¹⁹ Not printed.

²⁰ None printed.

²¹ Neither printed.

ART. 27. The ownership of lands and waters within the limits of the national territory is vested originally in the nation, which has had and has the right to transmit title thereof to private persons, thereby constituting private property.

Private property shall not be expropriated except for cause of public utility* and by means of indemnification.

The nation shall have at all times the right to impose on private property such limitations as the public interest may demand as well as the right to regulate the development of natural resources, which are susceptible of appropriation, in order to conserve them and equitably to distribute the public wealth. In the nation is vested direct ownership of all minerals, petroleum, and all hydrocarbons—solid, liquid, or gaseous.

Legal capacity to acquire ownership of lands and waters of the nation shall be governed by the following provisions:

“I. Only Mexicans by birth or naturalization and Mexican companies have the right to acquire ownership in lands, waters, and their appurtenances, or to obtain concessions to develop mines, waters, or mineral fuels in the Republic of Mexico. The nation may grant the same right to foreigners, provided they agree before the department of foreign affairs to be considered Mexicans in respect to such property, and accordingly not to invoke the protection of their Governments in respect to the same, under penalty, in case of breach, of forfeiture to the nation of property so acquired. Within a zone of 100 kilometers (62.14 miles) from the frontiers, and of 50 kilometers (31.07 miles) from the seacoast no foreigner shall under any conditions acquire direct ownership of lands and waters.

“IV. Commercial stock companies may not acquire, hold, or administer rural properties. Companies of this nature which may be organized to develop any manufacturing, mining, petroleum, or other industry, excepting only agricultural industries, may acquire, hold, or administer lands only in an area absolutely necessary for their establishments or adequate to serve the purposes indicated, which the Executive of the Union or of the State in each case shall determine.”

ART. 33. Foreigners are those who do not possess the qualifications prescribed by article 30 (birth or naturalization). They shall be entitled to the rights granted by Chapter I, Title I, of the present constitution; but the executive shall have the exclusive right to expel from the Republic forthwith and without judicial process any foreigner whose presence he may deem inexpedient.

No foreigner shall meddle in any way whatsoever in the political affairs of the country. (*The Mexican Review* for March, 1917.)

There appears to have been as yet no judicial interpretation of article 27. However, the following, from an opinion of the attorney general of Mexico as to the interpretation to be given to the

* While the term “public utility” may be somewhat misleading, it is felt that that of “public use” may be even more so. The same expression (“por causa de utilidad publica”) is to be found in the 1857 constitution, and has always been interpreted by the courts of Mexico in the sense of public interest, as in the case of land expropriated for the surface work of a mine, etc. (H.N.B.) [Footnote in S.Doc. 272.]

first paragraph of article 27 of the new constitution, may be informative:

I. All landed property, whether of national or of private ownership, urban or rural, comprised within the confines of the Republic shall be considered as covered by the term "lands and waters of the nation."

II. Only Mexican individuals and Mexican associations have the right to acquire lands, waters, and their appurtenances in the Republic.

III. Alien individuals may acquire such property, either directly from the nation or from individuals—Mexican or alien—on complying with the conditions prescribed in Section I of the seventh paragraph of article 27 when authorized by the State. Hence, even though compliance be had as hereinbefore provided, the State may deny aliens this right under the discretionary power vested in it by this provision.

IV. Alien corporations shall in no event acquire such property. (Translated from *Diario Oficial*, Dec. 8, 1917.) (Consular reports from Nogales, Sonora, Mexico, Sept. 27, 1919, and Guaymas, Mexico, Oct. 10, 1919, and from Aguas Calientes, Aguas, Mexico, Aug. 22, 1919;²² also the Mexican Oil Question.)

PALESTINE

Rich petroleum fields are believed to exist in certain districts of Palestine. The British policy in this section, as in all other occupied areas, seems to be to restrict petroleum activities, so far as that may be possible, by leaving in force for the time being the regulations in force prior to the time of occupation. (Consular report of Nov. 8, 1919, from Jerusalem.²³)

PERSIA

Citizens of the United States are generally excluded from petroleum development in Persia where the Anglo-Persian Oil Co. has an exclusive right, granted May 28, 1901, for a term of 60 years. This concession, extending over the entire country, with the exception of five Provinces, and covering about 500,000 square miles, has been greatly strengthened by the agreement between the British and Persian Governments, signed on August 9, 1919,²⁴ by which the Persian civil, military, and financial administrations were placed under British supervision and direction. (Memorandum and inclosure from the American Petroleum Institute.²³)

SECTION 2

With reference to steps taken by this Government looking to the removal of restrictions operating directly or indirectly on citizens

²² None printed.

²³ Not printed.

²⁴ *Foreign Relations*, 1919, vol. II, p. 703.

of the United States as mentioned in the second paragraph of Senate resolution 331, it should be noted that in general the restrictions set forth above are so drawn as to distinguish between aliens and nationals. This distinction causes the discrimination, if any, to fall on aliens generally, thus only indirectly operating on citizens of the United States. In the absence of prohibitory treaty provisions, this form of discrimination would seem to be justifiable from the viewpoint of international law, however impolitic it might be as regards reciprocity and international comity.

It should be further noted that the above legal restrictions generally applicable to aliens are in a large measure enforceable by administrative regulations which give large play to the discretionary powers of the executive. It is in the application of these comprehensive discretionary powers to particular cases that the possibility of discriminatory action is involved. Since this discriminatory action would seem in the absence of treaty provisions to be the only basis on which diplomatic protest could be based, the Department of State has endeavored promptly and systematically to secure detailed information regarding injuries to particular American interests resulting from the alleged discriminatory enforcement of these restrictions in foreign countries, with a view to making representations to these foreign Governments when the circumstances should seem to warrant.

The action taken by the department in connection with the restrictive legislation of Mexico appears in greater detail in the third section of this report.

Representations have been made to the Colombian Government for the fuller protection of the vested subsoil rights of citizens of the United States by the modification of Colombian legislation.

Pending future developments it has seemed to be the policy of the British Government in the occupied areas to prohibit prospecting for minerals. (See German East Africa in sec. 1 above.) It is believed that a similar policy is being followed in the occupied areas of the Ottoman Empire. The unsettled conditions generally prevailing in these occupied regions make it impossible to hazard any speculation as to the ultimate policy to be adopted. A final decision on this question, however, will be of great significance to this Government because of extensive American interests already present in these regions and the promise of future development. In connection with this policy of the British authorities in the occupied areas of the Ottoman Empire, the American Embassy at London was authorized by cable on October 30, 1919, to make representations to the British Government.²³ In reply assurances were received that dis-

²³ *Foreign Relations, 1919*, vol. II, p. 259.

crimination with reference to the granting and development of concessions in the occupied regions is not being permitted.²⁴

The vastly increased importance of petroleum in gradually supplanting coal as a sinew of trade and war is reflected in the widespread restrictive legislation set forth above. (See sec. 1.) A step in the same direction in the legislation of the United States is found in section 1 of the recently enacted "Act to promote the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain" (Public No. 146, 66th Cong.), reading as follows:

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 herein after 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 provision of this act.

This legislation, although limited by its application to the public domain, evoked considerable interest abroad. This manifestation of foreign interest indicative of the intense international competition to secure and restrict exploitation of the world's petroleum resources, makes the further protection and development of American petroleum interests abroad, in a large measure, dependent on reciprocal arrangements between Governments. A suggestion of a trend in this direction is already noticed in the following excerpt from a note directed by this department to an interested foreign Government prior to the enactment of the above legislation by Congress:

The exclusion of American citizens, either in law or in fact, from commercial production in other countries, has given rise in this

²⁴ See *ibid.*, p. 260.

country to an agitation for some form of governmental action. The source of this movement lies in the conviction that, with respect to certain essential raw materials, the enjoyment of the same rights in foreign countries that aliens enjoy in the United States is essential to the future welfare of our people. This conviction is believed to underly and explain the provisions of the public-lands leasing bill to which you have referred. The movement would lose much of its force if an agreement were in existence providing in adequate measure for that reciprocity toward which the proposed legislation is directed. The securing of adequate supplies of oil in emergencies does not appear to be irreconcilably opposed to the principle of reciprocal access to supplies.

SECTION 3

In reference to the information requested in the third and fourth paragraphs of Senate resolution above mentioned, the Department of State is not advised that the Government of Mexico has imposed express restrictions upon citizens of the United States in regard to the acquisition and development of petroleum-bearing lands in Mexico which are not imposed upon the nationals of other foreign countries.

It should be noted that the holdings of American interests in Mexico are so extensive that general restrictions applicable to foreigners fall most heavily on American interests.

The alleged nationalization of petroleum by the separation of subsoil from surface rights, and the governmental reservation of the former, may have been effected by article 27 of the new Mexican constitution of 1917. (Mexico, above sec. 1.) There appears to have been no judicial interpretation on the construction of article 27. It may be that some relief may be expected from a judicial construction of the conflict which appears to exist between article 27 and article 14, which states that no law shall be given retroactive effect to the prejudice of any person.

On February 19, 1918, the Mexican executive, under authority of a congressional resolution of May 8, 1917, conferring upon him extraordinary powers in the department of finance, issued the first of a series of decrees, which seems to have been the first step in enforcing article 27. To this decree diplomatic protests were made by this Government, Great Britain, and France. The position of this Government in regard to this apparently radical legislation is set forth in the following from Ambassador Fletcher's note of April 2, 1918, to the Mexican Government²⁵:

While the United States Government is not disposed to request for its citizens exemption from the payment of their ordinary and just share of the burdens of taxation, so long as the tax is uniform and not discriminatory in its operation, and can fairly be considered

²⁵*Foreign Relations, 1918, p. 713.*

a tax and not a confiscation or unfair imposition, and while the United States Government is not inclined to interpose in behalf of its citizens in case of expropriation of private property for sound reasons of public welfare, and upon just compensation and by legal proceedings before tribunals, allowing fair and equal opportunity to be heard and giving due consideration to American rights, nevertheless, the United States can not acquiesce in any procedure ostensibly or nominally in the form of taxation or the exercise of eminent domain, but really resulting in confiscation of private rights [*property*] and arbitrary deprivation of vested rights.

835.6363/36

The Secretary of State to the Chargé in Argentina (Wadsworth)

No. 601

WASHINGTON, November 13, 1920.

SIR: Reference is made to your confidential despatch No. 1333 of October 2, 1920,²⁶ on the subject of the Bolivia-Argentine Exploration Company contracts, and in which you ask for further confidential information, for your guidance, on the general attitude of the Department concerning national or provincial petroleum monopolies and monopolistic pipe line concessions in foreign countries.

The Department does not take the position that it will make representations with respect to any monopoly of natural resources or transportation established or proposed in any foreign country. It is believed that government monopolies or monopolies granted by a government to its own nationals are, generally speaking, matters of domestic jurisdiction. Monopolistic concessions granted by a foreign government to nationals of another country other than the United States would probably in many cases be considered objectionable on grounds of discrimination. The Department desires its representatives in foreign countries to endeavor to prevent the adoption of discriminatory measures directed at or injuriously affecting American interests.

To this end it might be urged informally and discreetly whenever there is an appropriate opportunity that monopolistic measures tend to restrict freedom of commerce and increase the possibility of misunderstandings, friction, and entanglements, leading to possible movements for retaliation and consequent ill feeling. In the case of Argentina, a monopolistic concession relating to petroleum production would violate the principle of reciprocity and it might have injurious effects on trade between Argentina and the United States. If the Argentine Government, however, after giving careful consideration to the American point of view, decides to grant a monopolistic concession, you should impress upon the Argentine Govern-

²⁶ Not printed.

ment the feeling of this Government that citizens of the United States should have the same opportunity to participate in such a concession as the citizens of any other country.

Monopolistic concessions for petroleum production or transportation are viewed by the Department as of particular importance from the standpoint of the national interest and all proposals for such concessions should be studied and reported with special care and promptness.

The attitude of the Department as outlined to the representatives of the Bolivia-Argentine Exploration Company, concerning which you ask information, will be communicated to you as soon as the conference between the representatives of that company and the Department has taken place.

I am [etc.]

For the Secretary of State:

NORMAN H. DAVIS

BELGIUM

TERMINATION AS OF JULY 1, 1917, OF THE TREATY OF JANUARY
24, 1891, BETWEEN THE UNITED STATES AND THE INDEPENDENT
STATE OF THE CONGO

(See pages 207 ff.)

371

BOLIVIA

POLITICAL AFFAIRS

“Coup d’État” by the Republican Party, July 12, 1920—Attitude of the United States; Understandings with Argentina and Brazil Regarding Recognition—Victory of the Republican Party in the Elections of November 14—Decision of the United States Government for Eventual Recognition

824.00/55 : Telegram

The Minister in Bolivia (Maginnis) to the Secretary of State

LA PAZ, July 12, 1920—6 p.m.

[Received July 15—11:25 p.m.]

71. Government completely overthrown [by] military *coup d’état*. President signed resignation at 3 p.m. in this Legation. Still under its protection. Cabinet Ministers under arrest. Interviewed Bautista Saavedra, Republican leader now in charge, who assured me that our lives and interests will be protected and informed me that lives of Ministers will be respected but might soon be deported together with President. Revolution came as a complete surprise bursting out simultaneously in leading cities of Republic at 4 a.m. Deaths exceptionally few. Absolute tranquility day or two. Please cable instructions with reference to policy.

MAGINNIS

824.00/52 : Telegram

The Ambassador in Chile (Shea) to the Secretary of State

[Paraphrase]

SANTIAGO, July 14, 1920—1 p.m.

[Received July 15—9:30 a.m.]

97. With reference to the Embassy’s telegram of June 30.¹ The Foreign Office informs me that several of their telegrams from the Chilean Legation at La Paz are missing; the Chilean Chargé d’Affaires telegraphed yesterday afternoon that the diplomatic corps had called on Saavedra, who is acting as President, and received his assurance that protection would be given the Ministers of the fallen Government, that Chilean citizens and interests would be protected, and that the ex-President was in the American Lega-

¹ Not printed.

tion. Later telegrams stated that the Government was sending the ex-President and [omission] out of the country to Arica today. The situation is evidently causing the Chilean Government anxiety, and the revolution is attributed to Carrasco and the Bolivian party of revindication. According to information given me from the Foreign Office, Peru has already 10,000 soldiers on her Bolivian frontier, and the Government here is taking steps to mobilize an army immediately on the Bolivian frontier.² The [Government] is making feeble efforts to minimize the seriousness of the situation, though the Foreign Office admits frankly it fears a widespread South American agitation.

SHEA

824.00/55: Telegram

The Secretary of State to the Minister in Bolivia (Maginnis)

WASHINGTON, July 17, 1920—2 p.m.

45. Your July 12, 6 p.m.

The Department desires you to keep it fully and closely informed of all developments in the situation, particularly those affecting the foreign policy of the Government now in control. You are instructed to take no action which could be construed as constituting recognition of the Provisional Government by the Government of the United States.

COLBY

824.00/62: Telegram

The Minister in Bolivia (Maginnis) to the Secretary of State

LA PAZ, July 17, 1920—3 p.m.

[Received 6:30 p.m.]

76. Junta de Gobierno yesterday addressed communication asking recognition of foreign governments. We are today requesting full information relative to success of revolution in all parts of Bolivia and what guarantees *de facto* Government will give in respecting person of foreigners; also with reference to treaties, contracts and concessions entered into by former [Government?] and approximate date of election provided in following proclamation:

The political leader[s], considering that the new political state of the Republic has been consolidated with the patriotic cooperation of the army, decidedly contributing [to] social guarantees, decrees:

1st. That there is constituted a Provisional Council of Government composed of Messrs. José Maria Escalier, Bautista Saavedra and José Manuel Ramirez;

²For earlier papers showing attitude of Chile and Peru toward Bolivia's claims in Tacna-Arica dispute, see pp. 324 *passim*.

2d. That the Council of Government will call within a short period for a national convention which [will be elected by the?] free suffrage of the Bolivian people, will appoint the President of the Republic, will reform the political constitution of the country and will legislate favorably for the new organization of the country.

All subordinate employees of the public administration will retain their positions until their services can be dispensed [with], discharging their duties from tomorrow on.

Signed B. Saavedra, La Paz, July 13, 1920.

MAGINNIS

824.00/67 : Telegram

The Minister in Bolivia (Maginnis) to the Secretary of State

LA PAZ, July 19, 1920—12 p.m.

[Received July 20—3:55 p.m.]

81. As Dean of the Diplomatic Corps I received today communication from Saavedra guaranteeing that new Government will respect all treaties. This of course includes treaty of 1904 with Chile which necessarily eliminates revindication of Antofagasta. Chilean Chargé d'Affaires has just advised me of conference with Saavedra in which latter expressed great anxiety over mobilization in Chile and popular demonstration there against new Bolivian Government and assured him new Government is most anxious for friendship [of] Chile and will do nothing whatever to interfere with most cordial and friendly relations, also requested Chargé use his best efforts with Chilean Government to calm situation. Chargé informed Saavedra Chile has no intention whatever of disturbing the peace and is only mobilizing as precautionary measure and agreed transmit to Chile assurances by Saavedra. Latter this evening informed me of conference with Chile[an] Chargé d'Affaires and gave me same assurances friendly attitude toward Chile. Situation remains unchanged.

Saavedra has agreed to deportation of Zalles.

MAGINNIS

824.00/66 : Telegram

The Minister in Bolivia (Maginnis) to the Secretary of State

LA PAZ, July 20, 1920—11 a.m.

[Received July 21—12:15 a.m.]

82. Peru yesterday recognized new Government. Representatives here of all other countries unanimous in opinion that there should

be no recognition now but unless something now unforeseen should occur in next few days provisional recognition of *de facto* Government with ample guarantees [to] foreigners and foreign interests pending holding of fair elections might be made. I feel that we should recognize the new Government as soon as possible but make it sufficiently provisional to provide for any changes which would be mainly in the personnel if at all. Ramirez arrived today and Escalier will arrive Thursday. This revolution not one by people, provoked by any ill treatment, but clever and successful *coup* planned by four civilians and three army officers here, made possible by dissatisfaction in army and high handed methods at elections. It is charged Peruvian money was used. Situation of the army rather puzzling with most of higher officers not in sympathy with new leaders and most of the officers of inferior rank ardently supporting them. Now that Republicans are in power they find it necessary to abandon their demands for Antofagasta on account of the danger [of] irritating Chile. As the largest part of their support came from reason of revindication of border policy, it is question whether they will be able to remain in power long.

MAGINNIS

824.00/62 : Telegram

The Secretary of State to the Minister in Bolivia (Maginnis)

WASHINGTON, July 20, 1920—5 p.m.

47. Your July 17, 3 p.m., and July 18, 3 p.m.²

The Department desires to impress upon you the necessity of exercising utmost discretion in communicating with revolutionary Government. Your dealing with Junta should be limited to entirely unofficial and informal intercourse, and you should confine your representations to questions affecting the interests of the United States and the security of American life and property, bearing in mind the fact that the Government of the United States has not as yet recognized the revolutionary Government as being even a *de facto* government.

Report immediately any recognition of revolutionary Government by any other government.

COLBY

² Latter not printed.

824.00/70 : Telegram

The Minister in Bolivia (Maginnis) to the Secretary of State

LA PAZ, July 21, 1920—noon.

[Received 7:40 p.m.]

84. Carlos Montes requested Legation to take charge of ex-President Montes' private papers. Rumored that new Government may attempt to confiscate Montes' properties, nothing official as yet.

MAGINNIS

824.00/74 : Telegram

The Ambassador in Chile (Shea) to the Secretary of State

[Paraphrase]

SANTIAGO, July 21, 1920—4 p.m.

[Received July 22(?), 12:20 a.m.]

99. In conversation with Minister for Foreign Affairs he mentioned that Peru had recognized the new Bolivian Government, and inquired what would be the attitude of the United States. He indicated that he would appreciate an immediate reply and said that Chile would have to have assurances of the new Government's attitude toward her before she could recognize. Chile would also have several proposals to make the acceptance of which might lead to a peaceful settlement of the long-standing differences between the two countries. In my opinion our recognition of the new Government should be given much consideration. Chile is unquestionably making clever use of the present international situation to divert public attention from the agitation of the recent election in order to calm domestic unrest and to end strikes. Encouragement is being given to patriotic demonstrations while patriotic exhortations and anti-Peruvian articles fill the press.

SHEA

824.00/52 : Telegram

The Secretary of State to the Ambassador in Chile (Shea)

WASHINGTON, July 21, 1920—6 p.m.

53. Your July 14, 1 p.m.

The Department is advised by the American Ambassador at Lima that the reports current in Chile to the effect that Peru has mobilized 10,000 soldiers, conveyed to you by the Foreign Office, are without foundation. The Ambassador states that no mobilization whatever has taken place in Peru. You are authorized so to inform the Minister for Foreign Affairs.

COLBY

824.00/74 : Telegram

The Secretary of State to the Ambassador in Chile (Shea)

[Paraphrase]

WASHINGTON, July 23, 1920—6 p.m.

54. Your July 21, 4 p.m. You may convey to the Minister for Foreign Affairs the information that no decision has yet been reached by the Government of the United States in regard to extending recognition to the revolutionary Government of Bolivia. In this matter it will be for the President to decide.

According to advices received from the American Legation in La Paz, Saavedra has informed our Minister that he has assured the Chilean Chargé d'Affaires for the information of the Chilean Government, that the revolutionary Government desires to maintain friendly and cordial relations with Chile, and is anxious to obtain the latter's friendship. Saavedra likewise expressed the provisional Government's double concern over the unfriendly state of popular feeling in Chile and in regard to the continued mobilization of Chilean troops. The American Minister has been informed by the Chilean Chargé that he told Saavedra that mobilization was only a precautionary measure.

As you were informed July 21, 6 p.m., the American Ambassador in Peru denies that the Government of Peru has ordered any mobilization. In view of the assurances given by the Governments both of Peru and Bolivia, and communicated to you in this telegram, you may ask the Minister for Foreign Affairs if Chile thinks it necessary to continue to mobilize troops on the Peruvian and Bolivian frontiers.

COLBY

824.00/70 : Telegram

The Secretary of State to the Minister in Bolivia (Maginnis)

WASHINGTON, July 23, 1920—7 p.m.

49. Your July 21, noon.

You are instructed to refrain from taking charge of the private property of any Bolivian citizens.

COLBY

824.00/79 : Telegram

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

RIO DE JANEIRO, July 24, 1920—10 a.m.

[Received 2 p.m.]

62. New Bolivian Government has requested Brazilian Government to grant it recognition. Alencar³ has been instructed to in-

³ Augusto Cochrane de Alencar, Brazilian Ambassador at Washington.

quire whether American Government intends to recognize. Embassy will appreciate an intimation as to Department's intention.

MORGAN

824.00/88 : Telegram

The Minister in Bolivia (Maginnis) to the Secretary of State

LA PAZ, July 31, 1920—1 p.m.

[Received August 1—1:17 p.m.]

95. Paraguay recognized new Government yesterday. British Minister received cable July 28th saying that unless there is change in situation recognition of *de facto* Government will be made in one week. Situation here delicate; while everything is outwardly tranquil there is a great deal of uneasiness because of fear [of] Army which is controlled by secret league composed mainly of captains and subordinate officers, revolutionary Government having considerable difficulty in getting money to pay Army as well as other Government employees. Any attempt at a counter revolution now would undoubtedly cause great bloodshed and would be real disaster to Bolivia. After carefully studying situation with all its dangerous possibilities, firmly believe best course for the United States is to recognize provisionally *de facto* Government without delay pending fair elections as our holding back may invite wild attempt at a counter revolution which would complicate matters seriously. Revolutionary Government continues deportations contrary to advice of Salamanca³ who is universally trusted and considered best guarantee for stability if he will accept place in new Government. British Minister and I, both feeling matter very important, are intimating to Junta that our Governments may look more favorably upon the question of recognition with Salamanca as part of the new Government.

MAGINNIS

824.00/89 : Telegram

The Minister in Bolivia (Maginnis) to the Secretary of State

LA PAZ, August 1, 1920—6 p.m.

[Received August 2—3:15 p.m.]

96. Yesterday I received communication from Escalier expressing great anxiety of the Junta over the mobilization in Chile and concentration of troops in the North. He asked that United States use its good offices to prevent aggression by Chile. Immediately afterwards conferred with Chilean Chargé d'Affaires who again assured me that Chile has no aggressive intention. I asked him

³ Dr. Daniel Salamanca, Republican Party leader of Bolivia.

about the rumor that Chile is considering the formal annexation of Tacna and Arica in order to settle finally the questions [of] the Pacific. He emphatically denied that Chile has any such intentions but intimated that Chile considers this propitious time for a settlement of the problem. I conferred informally with Escalier and informed him that United States is using its good offices with Chile and that I feel sure Chile will not make any move against Bolivia unless provoked. He again assured me that Bolivia will be very careful not to antagonize Chile and stated that new Government is particularly anxious for the help of the United States, first in recognition and afterward with its good offices with Peru and Chile in a settlement of the international problem. He also informed me that Carlos Victor Aramayo leaves London, August 4th, arriving in New York 16th, and will proceed to Washington as confidential agent.

MAGINNIS

824.00/89 : Telegram

The Secretary of State to the Minister in Bolivia (Maginnis)

WASHINGTON, August 4, 1920—5 p.m.

52. Department appreciates information contained your numbers 95, July 31, 1 p.m., and 96, August 1, 6 p.m., and also the zeal and activity which they reflect, but deems it important to caution you against any statements, which may tend to commit this Government or impair its freedom to act on its own estimate and judgment of situation. Therefore Department desires you to observe instructions contained in Department's July 21[20], 5 p.m., and to confine your representations to junta to questions enumerated in that telegram. . . .

COLBY

824.00/103 : Telegram

The Secretary of State to the Minister in Bolivia (Maginnis)

WASHINGTON, August 24, 1920—6 p.m.

56. Your 106 undated.⁴

The Department believes that the continued stability of the present Government of Bolivia will depend upon the accuracy with which it represents popular sentiment. The Department does not feel that it has yet had sufficient opportunity of determining whether the *de facto* Government represents the will of the people, and does not at present consider that satisfactory evidence on this point can

⁴ Not printed.

be obtained until after the general elections to be held next December. You are instructed therefore to make no intimation to the revolutionary leaders which would lead them to suppose that this Government has any immediate intention of according recognition.

COLBY

824.00/105a : Telegram

The Secretary of State to the Chargé in Argentina (Wadsworth)

[Paraphrase]

WASHINGTON, August 24, 1920—6 p.m.

96. You are instructed to inquire discreetly of the Minister of Foreign Affairs whether the Government of Argentina has come to any decision in regard to recognizing the *de facto* Government of Bolivia. You may inform him that this Government is not yet entirely certain how far the new Government is representative of popular sentiment. It is this Government's opinion that the extent to which the new Government represents the will of the Bolivian people will determine its continued stability. Satisfactory evidence on that point cannot be obtained, in this Government's opinion, until after the December general elections which the revolutionary Junta has announced to take place then. You may add that this Government would appreciate a confidential expression from the Argentine Government on this point; also that this Government hopes that the United States and Argentina may find themselves in accord in regard to the appropriate time for extending recognition.

COLBY

824.00/112 : Telegram

The Chargé in Argentina (Wadsworth) to the Secretary of State

[Paraphrase]

BUENOS AIRES, September 11, 1920—noon.

[Received 6:40 p.m.]

209. My No. 207 of September 8.⁵ I am informed by the Minister for Foreign Affairs that the Government of Argentina does not consider that the moment for extending recognition to the present Bolivian Government has arrived. The present Junta of three persons is a temporary form of government which performs the functions of the President of the Republic. The Government of Argentina understands that in accordance with the Constitution new elections will be held, and believes it advisable to defer recognition

⁵ Not printed.

until a definite government has been established. On this aspect of the question the Minister for Foreign Affairs will be glad to receive an expression of the views of the Government of the United States before taking action in any sense.

WADSWORTH

824.00/118b : Telegram

*The Acting Secretary of State to the Chargé in Argentina
(Wadsworth)*

WASHINGTON, September 27, 1920—6 p.m.

116. You may inform the Minister for Foreign Affairs that this Government is glad to find that the two Governments are in accord regarding recognition of Bolivia. In the opinion of the Department it cannot be ascertained whether the present Government has the formal support of the Bolivian people until after the elections, and this Government, therefore, believes it advisable to wait until a government has been formed after these elections in accordance with the Constitution before recognizing it.

The Government of the United States will communicate with the Argentine Government before taking any action looking towards recognition and would be glad to receive similar notification from the Government of Argentina.

Cable result of your interview.

DAVIS

824.00/118a : Telegram

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

WASHINGTON, September 27, 1920—6 p.m.

54. For your information.

As a result of a confidential inquiry the Department is informed that the Government of Argentina is in accord with the view expressed to it by this Government that the moment has not yet arrived for recognition of the new Government of Bolivia; that the elections to be held in Bolivia in November will afford the first indication as to whether the new Government has the formal support of the Bolivian people. The two Governments believe it advisable to wait until a government has been formed as a result of the elections in accordance with the Constitution before recognizing it.

You may inform the Minister for Foreign Affairs confidentially of the views of this Government and state that the Government of the United States will be glad if the Government of Brazil will

confirm the impression received by this Government that it coincides in its views regarding recognition of Bolivia as expressed above, omitting for the present any reference to the interchange of views between this Government and that of Argentina. You may also state that if the two Governments find themselves in accord regarding the inadvisability of according recognition until at least after the elections and the establishment of a stable and constitutional government in Bolivia, the Government of the United States will be glad to inform the Government of Brazil before taking any action looking towards recognition and would appreciate similar notification from the Brazilian Government.

DAVIS

824.00/119 : Telegram

The Chargé in Argentina (Wadsworth) to the Secretary of State

[Paraphrase]

BUENOS AIRES, *September 29, 1920—4 p.m.*

[Received 8:30 p.m.]

225. Have acted upon your 116, September 27. The Minister for Foreign Affairs has given me the assurance that the Argentine Government before taking any action having in view the recognition of the Bolivian Government will communicate further with the Government of the United States.

WADSWORTH

824.00/120 : Telegram

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

RIO DE JANEIRO, *September 30, 1920—noon.*

[Received 6:03 p.m.]

89. Department's September 27, 6 p.m. Brazilian Foreign Minister told me yesterday that his Government desires to cooperate with ours in regard to recognition of new Government of Bolivia. Brazil will recognize coincident with the United States subsequent to elections in accordance with Constitution.

Dr. Abdón S. Saavedra, Bolivian financial agent who reached Rio de Janeiro last week, has asked to be received as Minister. The Bolivian Government has not yet requested his recognition in that capacity and no arrangements for his recognition have been made.

MORGAN

824.00/145 : Telegram

The Minister in Bolivia (Maginnis) to the Secretary of State

LA PAZ, November 15, 1920—4 p.m.

[Received November 16—9:42 a.m.]

140. Elections yesterday tranquil throughout the Republic, except slight disorders in the Department of Cochabamba and in Trinidad. Observed personally voting in La Paz, which was orderly and to all appearance[s] free and fair. Elections in fact more tranquil and free than under old regime. Republican Party represented now by Junta overwhelmingly sustained, one Radical at this time being elected, and according to best information only one Liberal in entire Republic. Election having been as free as is possible in these countries and present Government having received sweeping indorsement of the people, strongly recommend immediate recognition Junta as *de facto* Government in accordance with Department's 56, August 24, 6 p.m. Situation justifying, respectfully suggest prompt action very desirable for interests of the United States in Bolivia.

MAGINNIS

824.00/145 : Telegram

The Acting Secretary of State to the Minister in Bolivia (Maginnis)

WASHINGTON, November 22, 1920—6 p.m.

75. Your November 15, 4 p.m.

Please cable at once full report of election returns and all available information which you have been able to obtain regarding conduct of the elections. Has any date been set as yet for the next session of Congress.

DAVIS

824.00/150 : Telegram

The Minister in Bolivia (Maginnis) to the Secretary of State

LA PAZ, November 23, 1920—3 p.m.

[Received 10:30 p.m.]

147. Italy recognized yesterday. Only countries of importance that have not recognized to date are United States, Brazil, Chile, Argentine, and Colombia. Understand that representatives of all these countries are strongly recommending recognition and their Governments are awaiting our action.

MAGINNIS

824.00/154 : Telegram

The Minister in Bolivia (Maginnis) to the Secretary of State

LA PAZ, November 23, 1920—5 p.m.

[Received November 25—11:30 p.m.]

148. Your November 22, 6 p.m. Following is the result of the elections. Senators, Republicans 16, Radicals and Liberals none; Deputies, Republicans 67, Radicals 2, Liberals 1. The above will meet in convention on December 20 to revise Constitution and to select the President who will certainly be a Republican and probably a member of the present Junta. The convention may continue after transacting the above business as the Congress of the country or may select Provisional President and arrange for further elections next May for President and Congress. This question is to be settled by the convention when it meets.

Elections were orderly and tranquil throughout all the Republic except in Cliza, in the Department of Cochabamba, where two men were killed and four injured in a personal quarrel between Republicans, and in Trinidad where the prefect was murdered by a candidate who tried to seize control of the Province acting independently and without the support or approval of any political party. The culprit has been imprisoned and order restored.

In view of the fact that the Bolivian people have almost unanimously approved of the Republican Party remaining in control as at present and since the personnel of the Government will remain materially the same after the convention meets, I earnestly repeat recommendation immediate recognition as set forth in my telegram November 15, 4 p.m.

MAGINNIS

824.00/153 : Telegram

The Ambassador in Argentina (Stimson) to the Secretary of State

[Paraphrase]

BUENOS AIRES, November 24, 1920—4 p.m.

[Received 11:30 p.m.]

252. I was asked by Señor Torello, Acting Minister for Foreign Affairs, at my first audience with him this morning, to ascertain the views of the Government of the United States on the recognition of the present Government of Bolivia. The Acting Minister said that the Government of Argentina desired to act in this matter only in unison with the United States, but, he states, the country is tranquil and the personnel of the present Government is of the

best. France has extended recognition, and the present status is one of considerable inconvenience for Argentina, which has so much business with Bolivia.

STIMSON

824.00/154c : Telegram

The Acting Secretary of State to the Minister in Bolivia (Maginnis)

WASHINGTON, December 9, 1920—2 p.m.

80. The general elections recently held in Bolivia appear to demonstrate without question that the present Government of Bolivia is supported by the great majority of the Bolivian people. From the information which you have conveyed to the Department the elections appear to have been conducted on the whole, in an orderly and legal manner and conditions in the Republic appear to be completely tranquil. You have informed the Department that the Congress recently elected will meet in convention on December 20, to revise the Constitution and to elect a provisional President.

In view of these circumstances the President has determined to recognize the Government of Bolivia, as soon as a provisional President is elected, as the *de facto* Government of Bolivia. Formal relations with the Bolivian Government will be entered into when it is permanently established.

You will therefore be instructed by the Department, as soon as this Government is advised of the election by the Congress of a provisional President, to extend recognition on behalf of this Government to the Government of Bolivia as the *de facto* Government of that Republic.

DAVIS

824.00/153 : Telegram

*The Acting Secretary of State to the Ambassador in Argentina (Stimson) **

[Paraphrase]

WASHINGTON, December 9, 1920—2 p.m.

141. My no. 54, September 27, and your no. 252, November 24. To judge by the results of the recent general election in Bolivia, it seems clear that the present Government is supported by a large majority of the Bolivian people. According to the information that the Department has received, the country is tranquil following the election which took place in an orderly and legal manner. On December 20 the legally elected Congress will meet as a convention to

* The same, *mutatis mutandis*, to the Ambassador in Brazil as no. 70.

revise the Constitution and to elect a provisional President. As soon as a provisional President shall have been elected, the Government of the United States will notify the Government of Bolivia that the latter will be recognized as a *de facto* government; until it is permanently established, formal relations will be postponed. This decision of the United States you will convey to the Minister of Foreign Affairs, and you may state that an expression on the part of the Government of Argentina that it will be in accord with this decision would be very pleasing to the Government of the United States.

DAVIS

824.00/156 : Telegram

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

RIO DE JANEIRO, December 17, 1920—11 a.m.

[Received 11:15 a.m.]

124. Department's December 9, 2 p.m. After consulting President, Foreign Minister informed me yesterday Brazilian Government is in accord with the decision of the American Government.

MORGAN

THE TACNA-ARICA QUESTION

(See pages 324 ff.)

CANADA

FISHERIES ¹

Signature of a New Convention for the Protection, Preservation, and Propagation of Salmon, May 25, 1920

711.428/574

The British Chargé (Lindsay) to the Acting Secretary of State

No. 148

WASHINGTON, *March 9, 1920.*

SIR: I have the honour to state, with reference to the difficulties which have arisen with regard to the ratification of the Sockeye Salmon Treaty, that the Government of the Dominion of Canada are anxious to obtain a draft of the text of the Amendment which it is understood the United States Government wish to substitute for the stipulations at the end of Article II concerning the prosecution of offenders.

I should be grateful if the draft of this Amendment, together with any other which the United States Government are desirous of inserting, could be forwarded to this Embassy for transmission to the Government of the Dominion, who have promised it their early consideration.

I have [etc.]

R. C. LINDSAY

711.428/574

The Under Secretary of State (Polk) to the British Chargé (Lindsay)

WASHINGTON, *March 24, 1920.*

SIR: I have the honor to acknowledge receipt of your note of March 9, 1920, with reference to the proposed amendment of Article II of the Sockeye Salmon Treaty. My Government now proposes to amend the second sentence of Article II to read as follows:

“ Each of the High Contracting Parties may, by appropriate legislation, when and so long as the other High Contracting Party enacts and enforces reciprocal legislation, provide for the trial, conviction and punishment within its jurisdiction of any person found there who has contravened any of the provisions of this convention, and/or said regulations within the jurisdiction of the other High Contracting Party, and who has not been subjected to trial for such offense,

¹ Continued from *Foreign Relations*, 1919, vol. I, pp. 219-268.

resulting in conviction, acquittal, or other judicial determination of the case, within the latter jurisdiction."

I should be glad to receive, at your convenience, an expression of views from your Government regarding the proposed amendment.

Accept [etc.]

For the Undersecretary of State:

BRECKINRIDGE LONG

711.428/587

The British Appointed Ambassador (Geddes) to the Secretary of State

No. 250

WASHINGTON, April 20, 1920.

SIR: I have the honour to refer to Mr. Long's note of March 24th communicating a proposed amendment to Article 2 of the Sockeye Salmon Treaty and to inform you that the Government of the Dominion of Canada are prepared to accept this amendment.

At the same time I am requested by the Canadian Government to urge that as early a date as possible may now be definitely fixed for the signature of the Treaty as amended.

I have [etc.]

A. C. GEDDES

711.428/593

Memorandum by the Assistant Solicitor for the Department of State (Vallance)

[WASHINGTON,] May 25, 1920.

Sir Douglas Hazen,² of Canada, and Sir Auckland Geddes, the British Ambassador, called at the Department this morning and signed the Sockeye Salmon Treaty with the Secretary of State. The Treaty as signed to-day is identical with the one previously signed by Mr. Lansing, Mr. Lindsay, and Sir Douglas Hazen,³ except for changes in the provisions of Article 2 which will make it impossible to try American citizens in Canada for violation of the regulations attached to the Treaty, after they have been tried and acquitted in this country.

Mr. Sydney Smith, of the Diplomatic Bureau, had charge of the arrangements for signing the Treaty, and has prepared letters transmitting the Treaty to the President and from the President to the Senate. Mr. Smith has stated that he would prepare a letter to Senator Lodge relative to the minutes of the Fisheries Conference which Mr. Carpenter⁴ suggested should be published as a Senate

² Chairman of the Canadian section, International Fisheries Commission.

³ *Foreign Relations*, 1919, vol. I, p. 229.

⁴ Of the Office of the Solicitor for the Department of State.

Document in connection with the consideration of the Treaty. Mr. Smith also stated that he would notify the Secretary of Commerce that the Treaty had been signed and had been forwarded to the President for transmittal to the Senate.

Sir Douglas Hazen stated that it was very desirable, if possible, to put the Treaty in effect this year so that salmon would be protected in July when they go up the Fraser River, through the State of Washington into Canada, to spawn. I called his attention to the fact that Congress was making plans to adjourn on June 5 and that if adjournment was had on that date, it seemed improbable that the Treaty would be given consideration and ratified before that date. However, I stated that the Department would do what it possibly could to expedite the consideration and approval of the Treaty by the Senate.

Sir Douglas Hazen stated that the Treaty and regulations attached to it could be put in effect in Canada without delay, upon receipt of notice that this Government had ratified it.

W[ILLIAM] R. V[ALLANCE]

711.428/623

The British Ambassador (Geddes) to the Acting Secretary of State

No. 837

WASHINGTON, December 28, 1920.

SIR: I have the honour to refer to the Treaty signed on May 25th between the United States and Great Britain for the protection, preservation and propagation of salmon fisheries in the waters contiguous to Canada and the United States, and to enquire, at the instance of the Government of Canada, what prospect there is of this Treaty receiving ratification by the Senate during the present Session of Congress.

The Canadian Government desire to point out that, unless ratification is speedily secured, there is no possibility of the fisheries being afforded the protection contemplated by the Treaty during the season of 1921.

I have [etc.]

A. C. GEDDES

711.428/623

The Secretary of State to the British Chargé (Craigie)

WASHINGTON, February 2, 1921.

SIR: I have the honor to acknowledge the receipt of the Ambassador's note No. 837 of December 28, 1920, inquiring, at the instance of the Government of Canada, what prospect there is of the Treaty signed on May 25th between the United States and Great Britain for the protection, preservation and propagation of salmon fisheries in

the waters contiguous to Canada and the United States, receiving action by the Senate during the present session of Congress. In reply I regret to say that I have ascertained that by reason of the desire of persons interested in the Pacific coast fisheries to have an opportunity to be heard regarding the Treaty, there is little probability of action being taken on it by the Committee on Foreign Relations during the present session.

Accept [etc.]

For the Secretary of State:
NORMAN H. DAVIS

**Negotiations for a Convention Concerning Port Privileges of Fishing Vessels,
Lobster Fishing, Halibut Fishing, and Tariff on Fresh Fish**

711.428/576

*The British Chargé (Lindsay) to the Under Secretary of State
(Polk)*

No. 183

WASHINGTON, *March 23, 1920.*

SIR: At the request of the Canadian Government I have the honour to call your attention to the fact that the signature of the Treaty between the United States and Great Britain concerning port privileges of fishing vessels, lobster fishing, halibut fishing, and Tariff on fresh fish, the draft ⁴ of which was prepared by negotiation between Sir Douglas Hazen and the Department of State, is still outstanding. The Government of the Dominion will be glad to learn at what date the United States Government will be prepared to proceed to the signature of this Treaty.

I have [etc.]

R. C. LINDSAY

711.428/563

The Under Secretary of State (Polk) to Senator Wesley L. Jones

WASHINGTON, *March 24, 1920.*

SIR: I have the honor to refer again to your letter of December 18, 1919,⁵ regarding the proposed treaty between the United States and Great Britain concerning port privileges of fishing vessels, lobster fishing, halibut fishing, and the tariff on fresh fish. After submitting your comments to the American members of the American-Canadian Fisheries Conference, I now beg to reply to the several paragraphs of your said letter as follows. The article numbers refer to the articles in the text sent to you in my letter of December

⁴ *Foreign Relations*, 1919, vol. I, p. 258.

⁵ *Ibid.*, p. 266.

27, 1919,⁶ instead of to the earlier text which you appear to have had when writing your letter of December 18, 1919.

Article 1. In the first place, I desire to correct what seems to be a misunderstanding on your part of the status of the so-called *modus vivendi* privileges. It is true that the privileges contemplated by the proposed treaty are very similar to those contemplated by the unratified treaty of 1888. The privileges intended to be secured to American fishermen by that treaty were also embodied in a *modus vivendi* entered into on February 15, 1888, pending the ratification of the treaty, but the reciprocal privileges sought to be granted to Canadians by Article 12 of the treaty of 1887 [1888?] were not provided for in the *modus*. Under the terms of this *modus vivendi*, a license fee was charged to American fishing vessels for the enjoyment of the privileges, and the *modus* was only a temporary arrangement for a period "not exceeding two years". Since its termination, it is true, Canada has, by Governmental orders under authority of local legislation, continued to grant to American fishermen the privileges established by the *modus vivendi*. It would appear, therefore, that if Canada benefited from the application of the terms of the *modus* it was from the presence of American vessels in Canadian ports exercising privileges which the proposed treaty is intended to convert into rights, and not because Canada was benefiting from the exercise of reciprocal privileges in the United States ports, for she had no such privileges, at least, until the recent war arrangement, when, by Order in Council of Canada of March 8, 1918, and the order of the Secretary of Commerce of February 21, the reciprocal privileges established by Articles 1 and 2 of the proposed treaty were established for the duration of the war.

You state that as nearly as you can learn, "34 American vessels availed themselves of the opportunity presented in 1916", that is, of the privileges which have become popularly known as "*modus vivendi* privileges", although now existing only by virtue of Canadian law. The information received by this Department shows the following facts for the Canadian fiscal year 1916, as set forth in the official report of the Canadian Fisheries Service, published in 1917:

Seventy-three fishing vessels of Maine and Massachusetts availed themselves of the *modus vivendi* privileges and paid \$9,912. therefor.

These vessels and 157 other American fishing vessels (total 230) made use of Canadian ports on the Atlantic coast on 1,633 occasions.

On the Pacific coast, where American fishing vessels were privileged to enter Canadian ports under legislation analogous to but

⁶ Letter and draft convention referred to not printed; draft convention essentially the same as that printed *ibid.*, p. 258.

slightly different from the so-called "*modus vivendi*" legislation of the Atlantic coast, without the payment of a license fee, 124 such vessels made use of British Columbia ports on 611 occasions.

With regard to your statement that since 1916 Canada has been "seeking a way to increase fishing from its ports", the information of this Department does not indicate that Canada has been any more active than have all other maritime countries, including the United States, in endeavoring to increase the output of its fisheries as one means of meeting the demand for food at lower prices, which was very acute during the war.

Article 2. In reply to your criticism that the privileges granted under section (a) would not be exercised except as to bait because other articles mentioned therein are cheaper in Canada, I am informed that evidence taken before the International Fisheries Conference leads to a conclusion directly contrary to that stated by you. This testimony showed that the modern fishing vessel on the Atlantic coast, at least, can be built, equipped and outfitted just as cheaply in the United States as in Canada, if not, in fact, more cheaply in the United States than in Canada. The testimony further showed that Canadian vessel owners use certain American supplies and equipment by preference. Assuming that nets are cheaper in Canada, this would, of course, work out in favor of American fishermen who would have the privilege of purchasing nets under the reciprocal section of Article 1. But, I am informed that as a matter of fact, the making of fishing nets reaches its highest development in the United States, that Canadian fishermen freely patronize the American net manufacturers and in some fisheries obtain all their nets from that source, and that the only net which American fishermen are now obliged to purchase from Great Britain is the otter-trawl, and an American factory for the manufacture of this type of net is now being constructed. The Canadian fleet using the otter-trawl is said to consist of probably less than a half dozen vessels, consequently, the advantages of this net in Canada would not seem to have resulted in serious Canadian competition.

With regard to paragraphs (b) and (c) of Article 2, I am informed that the privileges therein contained probably would be of no considerable importance to Canada, but that the reciprocal privileges contained in Article 1 in favor of American fishermen in Canadian ports is of vital consequence to the North Atlantic fisheries, where it appears that more than fifty percent of the crews consist of men from the British maritime provinces and the privilege of shipping crews in Canadian ports is much availed of.

With regard to paragraph (d) of Article 2, this privilege would also seem to be one which, under the reciprocal provision of Article

1, is more valuable to American fishermen than to Canadian. The privilege of landing fish at Canadian ports and sending them thence to the United States market is valuable. In the absence of this privilege in recent years, the American halibut vessels fishing off Alaska would have had to go to Seattle and make a round trip 1,000 to 1,200 miles farther than is now required to discharge their catch in Prince Rupert. That this privilege is of importance to the Alaskan halibut fishery is shown by the large fleet of American vessels that for years have availed themselves of it and landed very heavy catches at Prince Rupert and Vancouver. Thus, of some 16,000,000 pounds of fish landed at Prince Rupert in 1919, 10,000,000 were brought in by American fishing vessels and were destined for the American market. The withdrawal of this privilege would not, according to information recently received, tend to the development of the port of Seattle by forcing this fish to be landed there instead of at Prince Rupert, but would result in the transfer to Canadian registry of a great many American vessels now operating out of Prince Rupert. The purpose of the treaty is, of course, to develop American fishing interests and to produce a larger food supply for the American consumer through the activities of these American fishermen. If the withdrawal of these privileges would result in removing a large fishing fleet from American registry and consequently, from American control, I think you will agree with me that this would be an unfortunate result.

In reply to your criticisms of paragraphs (e), (f) and (g) of Article 2, my attention has been called to the fact that during the past two years under temporary orders, the privileges sought to be established by this treaty have been in force by the concurrent action of Canada and the United States. We have thus been able for two years to form some idea of the use which Canadian vessels would make of these privileges. While it would be possibly very desirable to increase the number of Canadian vessels coming to United States ports to dispose of their catches in order thereby to increase the supply of fish for American consumption, still, during the past two years, in spite of the great demand and the highest prices which have prevailed in generations, comparatively few Canadian vessels have taken advantage of the opportunity to sell their catches in American ports. Thus, in the vessel fisheries centering at Boston and Gloucester, Massachusetts, and Portland, Maine, in which about 500 American fishing vessels land some 200,000,000 pounds of fish annually, 9 Canadian vessels in 1919 brought directly from the fishing grounds 3,296,147 pounds of fish in 39 trips, a decrease from 1918 of about 50 percent in vessels and catch.

In the important high-sea fisheries centering at Seattle, the customs house records show that no Canadian vessel in 1919 came directly from the fishing grounds, and only 4 Canadian fishing vessels, carrying 75,000 pounds of halibut worth \$6,780, made any use whatever of the privileges accorded by departmental action.

Your criticism of Article 4 is not clearly understood as I have been unable to find any legislation supporting your statement that Americans would be required in returning from a foreign port like Prince Rupert, to the fishing ground, to enter at the first American port. Nor do I understand clearly to what you refer by the term "American coastwise registers", since navigation laws apparently do not provide therefor. In any event, the criticism you make concerns a matter which can be readily altered by act of Congress and which, perhaps, should be altered if it is a serious burden upon American fishing vessels in competition with Canadian fishing vessels.

With regard to your criticism of Article 8 (Article 7 in the earlier draft), which, taken into consideration with Article 10, guarantees that neither country will place a duty upon shipments of fresh fish, including frozen fresh fish and fresh fish packed in ice, when coming from the territory of the other country, I would say that there is no disposition to insist upon the period of seventeen years for the duration of the treaty. If this appears to be too long, I would be perfectly willing to submit a suggestion to Canada to make the period shorter, but I doubt if it would be worth while to suggest a shorter period than five years; the advantages and disadvantages of a treaty could scarcely be accurately measured if it were tried out for a shorter period.

I trust that the above will satisfactorily answer the objections which seem to exist upon your first examination of the treaty. I will again call your attention to the fact that this matter received the most careful consideration at the hands of the American-Canadian Fisheries Conference⁷ and that at the hearings held by that Conference the fishing interests of both the Atlantic and Pacific coasts were given ample opportunity to express their views. I am informed that the testimony taken at such hearings fully bears out the statements made above and shows that in seeking to insure the largest supply of fish food for consumers in the United States through the provisions of this treaty, this Government will, at the same time, promote the development of the American fishery and incidentally, of course, its interests dependent thereon.

I have [etc.]

FRANK L. POLK

⁷ For a report of this conference, dated Sept. 6, 1918, see *Foreign Relations*, 1918, pp. 439 ff.

711.428/597

The British Ambassador (Geddes) to the Secretary of State

No. 354

WASHINGTON, June 10, 1920.

SIR: I have the honour to invite reference to Mr. Lindsay's note No. 224 of April 12th last^s and to inform you that the Canadian Government are pressing to know when the signature of the Fisheries Treaty can be arranged.

At the same time and with reference to Mr. Lindsay's note No. 181 of March 23rd,^s I am asked to ascertain whether the United States Government are now prepared to consent to the publication of the report of the International Fisheries Commission.

I have [etc.]

A. C. GEDDES

711.428/597

The Secretary of State to the British Ambassador (Geddes)

WASHINGTON, June 19, 1920.

EXCELLENCY: I have the honor to acknowledge the receipt of your note No. 354, of June 10, 1920, relative to the signature of the proposed treaty between the United States and Great Britain concerning port privileges of foreign vessels, lobster fishing, halibut fishing, and the tariff on fresh fish, and to inform you that a communication dated June 11, 1920,^s has been received from Senator W. L. Jones, of the State of Washington, in which it is stated that he expects to forward a communication within a few days giving his position with reference to this treaty.

As it appears desirable to meet, if possible, any objections which may be advanced by Senator Jones, it seems advisable to postpone the signing of the proposed treaty until these objections can be given careful consideration.

As regards the matter of the publication of the report of the International Fisheries Commission, I have the honor to state that this matter has been referred to the appropriate authority of this Government, with a request for a statement of his views concerning it. Upon receipt of a reply I shall not fail to communicate with you again.

Accept [etc.]

BAINBRIDGE COLBY

^s Not printed.

711.428/599

Senator Wesley L. Jones to the Secretary of State

WASHINGTON, June 22, 1920.

SIR: I have the honor to reply to your communication of March 24 last, regarding a proposed treaty between the United States on the one hand and Great Britain on the other which would grant to vessels belonging to subjects of His Majesty, the King, preferential privileges in ports of the United States with freedom from port dues or charges, now the exclusive prerogatives of vessels of the United States.

Such treaty would extend to subjects of His Majesty the privilege not only of clearing from ports of the United States to the deep sea fisheries vessels owned by them under the British flag, but of entering such vessels at ports of the United States when returning thereto direct from the fisheries, and of landing and marketing their catches or fares in the United States free from any payment of duties: privileges which they do not enjoy now except as a temporary liberty granted as a war measure, which liberty undoubtedly should be terminated immediately.

In exchange for these valuable privileges which it is proposed to secure to subjects of His Majesty for a period of at least seventeen years, fishing vessels of the United States are to be accorded what are presumably like privileges in the ports of the Dominion of Canada, privileges which in part are now available as a "right" under the Treaty of 1818. In addition, United States vessels are to be accorded the very questionable benefits resultant from being permitted to sell in Canadian markets, free from the payment of duties, their fares so landed.

The treaty also proposes mutual protection by the two countries of halibut and lobsters. We are in full accord with the desirability of a convention which, while preserving the rights of both countries, would result in the conservation of these species, and believe that a treaty considering only those subjects should be signed and sent to the Senate for ratification. We may therefore dismiss that phase of the subject from further consideration at this time.

We would seriously oppose such treaty as proposed for exchange of port privileges, deeming it inimical to the interests of the United States. The hearings upon which it is predicated were inadequate, with no fair opportunity for presentation by citizens of the United States of evidence necessary to be considered if their interests are to be safeguarded. Further, the proposed treaty does not take into consideration the necessity of retaining through markets control of the sea fisheries, to insure that this valuable food supply shall be

produced by American citizens operating American vessels secure in exclusive enjoyment of natural rights heretofore conserved to such citizens by law.

The Treaty of 1888 and the *Modus Vivendi* under which its provisions were made effective, notwithstanding the refusal of the Senate to ratify, are viewed in different light by the Department from that in which they appear to us or to Canadian authorities on fishery matters who have recorded their opinions on the subject. The Department sees in that instrument only "a privilege intended to be secured to American fishermen" with "no reciprocal privileges to Canadians," such as it now seeks to provide for them through the terms of the proposed treaty. The facts do not justify such belief.

The Treaty of 1888 was denied ratification by the Senate because, as admitted by Canadian authorities on the fisheries, it "was even more advantageous to Canada than the previous ones" which had in each case been terminated at the instance of the United States; notwithstanding which the treaty you now propose would go much further than that treaty in giving to subjects of His Majesty advantage over Americans in the fisheries.

In July, 1917, the *Canadian Fisherman*, in referring to efforts on the part of Canada which culminated in the treaty provisions you now propose, confirms the opinions we have herein outlined and emphasizes Canada's great need of, and efforts by treaty to procure, the freedom of United States markets as requisite to expanding her fisheries beyond the very limited demands of her home markets.

This authority, certainly free from bias in favor of the United States, points the fact that after restricting American fishermen to their rights under the Treaty of 1818 Canada commenced in 1886 seizure and interference with American vessels, with all the irritation incident thereto. Such method forced opening of negotiations and the resultant discredited Treaty of 1888. It is also pointed out that the *Modus* was offered by the British Plenipotentiaries to, among other things, "enable its advantages to be anticipated in considerable measure."

Still further evidence that the *Modus* was decidedly more beneficial to Canada than to the United States is the fact that when the two years covered by its provisions had expired, and with the treaty still unratified by the United States, Canada in 1890 and again in 1891, by special Acts of Parliament, authorized renewal of the *Modus Vivendi* and in 1892 gave power to the Governor in Council to renew the arrangement from year to year, by order.

The number of American vessels which have availed themselves of full privileges at Canadian ports under the *Modus Vivendi* on the Atlantic Coast, or, under the authority of Orders in Council, at the ports of British Columbia, are not material to the consideration

of the proposed treaty unless there be also available for consideration the history of experiences of American fishermen when attempting to make use of these privileges, which indicate the discrimination against American vessels at the Canadian ports calculated to bring about a desertion of American for Canadian registry. Such facts were neither permitted to be placed in the records of the hearings¹⁰ by the American-Canadian Fisheries Conference nor taken into consideration by the American Commissioners, notwithstanding that, fully verified by investigations made through its own officials, they are a part of the records of the United States Bureau of Fisheries.

Had there been no restraint on the testimony of those Americans interested in an American development of the fisheries, there could and doubtless would have been written into the record of hearings in New England evidence which will yet be introduced if the treaty should be signed and come before the Senate from which can be drawn no other conclusion than that the benefits from the *Modus* were so vastly greater to Canada than the United States that Canadian public opinion would demand a continuation of the privileges thereunder to American fishing vessels, with extension of like privileges to motor vessels, and that too without fee of any kind, if the alternative were the discontinuation of American operations within Canada. The prosperity of many Canadian communities is dependent upon American operations. There is available uncontrovertible evidence in support of these conclusions. In that connection we would direct attention to a letter dated February 26, 1917, from the Secretary of Commerce, Honorable William C. Redfield, to Honorable Frank L. Polk, then Counsellor for the State Department,¹¹ which further confirms the conclusions that the *Modus* is of minor importance as compared with the necessity of protecting the Alaskan fisheries from conditions such as the proposed treaty would establish for a period of years; also that there is little danger that the *Modus* would be withdrawn.

We will not attempt to cover in full detail *ad seriatum* [and *seriatim?*] the statements contained in your letter. They are in the main based upon a misconception of conditions in the fisheries which adversely affect the interests of the United States, facts explanatory of which do not appear in the transcript of the Conference hearings except as they were forced into the record occasionally over the discrediting protest from the head of the American delegation. I will however attempt to correct a few of these impressions treated by you.

¹⁰ American-Canadian Fisheries Conference, *Hearings at Washington, D.C., January 21-25, Boston, Mass., January 31, February 1, Gloucester, Mass., February 2, St. John, N.B., February 5-6, 1918.*

¹¹ Not found in Department files.

You state with regard to shipments in bond through Canada that "in the absence of this privilege in recent years, the American halibut vessels would have to go to Seattle and make a round trip of from 1,000 to 1,200 miles farther than is now required to discharge their catch at Prince Rupert;" also that the withdrawal of this privilege "would result in the transfer to Canadian registry of a great many American vessels now operating out of Prince Rupert." This is a Canadian claim and it is not in accordance with the facts nor any proper deduction therefrom, as may be determined from any careful reading of the files of either of the State or the Commerce Departments on the subject "The fish bonding measure" approved by the Administration in 1917 as being necessary for the preservation to the United States of the full benefit from the Alaskan fisheries.

Not since the halibut banks off Alaska were discovered and fished has it been necessary for fishing vessels to make the long trip to Seattle in order to sell their fares, for American dealers established their buying stations at Alaskan ports, purchasing the trips of the fishermen and shipping the fish to market via commercial carriers serving Alaska. The diverting of the American fish to Canadian ports has resulted from Orders in Council which in their interpretation gave to Canadian buyers at Prince Rupert an unfair advantage over their American competitors that has resulted in a control by Canada of the product of the Alaskan sea fisheries prejudicial to the interests of the American consumer. That such control exists at the present time is demonstrated by your quotation of the landings of halibut in Canada upon the Pacific.

With regard to the probable transfer of American vessels to Canadian registry as you suggest: there is not the slightest evidence that such result would follow cessation of opportunity to ship fish in bond when landed at Prince Rupert. In fact, the files of the Department contain many proofs to the contrary, together with copies of the Canadian Order in Council under which such opportunity was established, the preamble of which contains the stated opinion of the then Canadian Minister of Naval Service (who now heads the Canadian delegation on the American-Canadian Fisheries Conference) that if such opportunity were established by Order in Council it would result in many of the American fishing vessels changing from American to Canadian registry and permanently operating out of Prince Rupert.

Such transfer of the fleet as predicted by the Canadian Minister had already begun, and many additional applications for transfer were made, when the President in protection of American interests in 1917 estopped further transfers, acting through the medium of the Shipping Board. It is not strange that these facts have not been

directed to the attention of the State Department, for the attitude of the Conferees toward American witnesses during the hearings upon the Pacific Coast was antagonistic and discrediting to such a notorious extent as to be made the subject of adverse editorial comment by the press of Alaska.

With regard to nets: it is doubtless true that nets and other fishery appliances made from cotton are largely purchased in the United States, but that does not apply to linen nets and twine which when imported from Britain (which supplies linen to the fisheries) cost very much more in the United States than Canadian vessels are required to pay in Canada.

Concerning the landings of fares by Canadian vessels in American ports: it is entirely unlikely that while seeking and before obtaining treaty privileges covering a long term of years Canada would encourage or permit its fishery vessels to make such undue use of a purely temporary privilege of so landing their fares as would furnish conclusive argument that to make such temporary privilege permanent, as under a treaty, would result in shutting out American operations at American ports. It may be pointed out further that during and since the war other avenues of employment have been very attractive, but that with a return to pre-war, normal conditions under a seventeen-year treaty it is altogether likely that Canadian operations in the sea fisheries would displace operations by United States citizens on both Atlantic and Pacific.

It should not be forgotten that the proposed treaty would open ports of the Great Lakes and the Gulf to foreign operations, and, as well, the ports of California. If these ports are opened by treaty to subjects of His British Majesty, are they to be denied, if demanded, to citizens of Japan? On the Pacific Coast it was with the greatest difficulty that the Japanese were eliminated finally from the deep sea fisheries off Alaska, and at the present time there are protests against the Japanese operations from California ports, notwithstanding such operations may be justified by reasons of the Order of the Secretary of Commerce issued February 21, 1918, which remains yet in effect.

Concerning your exceptions, taken to our understanding of the requirements from American vessels on entrance from foreign ports on the Pacific: licensing of vessels for the cod and mackerel fisheries is only applicable to the North Atlantic. At other points, and particularly upon the Pacific Coast, vessels engaged in the fisheries operate under enrollment and license, as is required for the coasting trades. When proceeding foreign, such vessels must either take out a register or, as is usually done, clear upon a permit issued by the Collector of Customs. On returning from such foreign port the vessel must enter at the Customs and surrender the permit. Failure

to comply with such requirement would subject the vessel to forfeiture if found within the three-mile limit with foreign merchandise of a certain value on board.

As may be inferred from previous statements herein, we cannot concur in your statement that these matters "received the most careful consideration at the hands of the American-Canadian Fisheries Conference" or that "the fishing interests on both Atlantic and Pacific Coasts were given ample opportunity to express their views." Neither do the statements in the hearings, partial though they were, support the statement that "Through the provisions of this treaty, the Government will . . .¹² promote the development of the American fisheries."

We are given to understand that the American-Canadian Fisheries Conference had its inception in an arrangement between the British Ambassador and the then Secretary of Commerce, Honorable William C. Redfield. Prior to such arrangement both Commerce and State Departments had concurred in very desirable legislation necessary to the preservation of United States fishery interests upon the Pacific. Subsequent thereto, notwithstanding the conditions remained unchanged, it was set forth by the Secretary of Commerce that the contemplated inquiry to be conducted by the joint commission would make it unnecessary to press the legislation.

Before the Conference was called the Secretary of Commerce further stated that it was the purpose to adjust the international fisheries relations from the "Continental" standpoint, which was explained as having the meaning "without regard to whether the benefits accrued to the United States or Canada." That policy was made apparent throughout the hearings, with little consideration given to anything in opposition thereto. We had that which Canada desired and all efforts appeared to be directed toward justifying that her desires be granted.

Statements contrary to the facts were put into the records which had the effect, coming as they did from the responsible representatives of the Government, of influencing public acquiescence with the purpose of the Conference. In example thereof please note the following; taken from the hearings upon the Atlantic Coast where effort was being made to procure sentiment favorable to permitting the Canadian vessels to enter at American ports from and to clear for the sea fisheries:

We quote from the printed hearings as follows:

(Page 21) "Mr. FOUND: Every Canadian fishing vessel that goes North is required to enter at Ketchikan and is cleared immediately for the high sea."

¹² Omission indicated in Senator Jones' letter.

(Page 65) "Chief Justice HAZEN: It would appear that on the Pacific Coast the law to some extent has been disregarded, because the Canadian vessels reporting at Ketchikan, Alaska, are given a clearance and can then go out and get a supply of fish and take it down to an American port or to a Canadian port."

(Page 66) "Secretary REDFIELD: I think it is correct to say, as Mr. Chief Justice Hazen has pointed out, that the custom on the Pacific Coast both with American and Canadian vessels is the direct reverse of that which prevails on the Atlantic Coast."

Such statements, made in January, 1918, show a lamentable lack of knowledge regarding the actual facts. There were but two Customs Districts on the North Pacific from which fishing vessels may clear, viz., District 30 (Seattle) and District 31 (Alaska). Positive statements from the Collectors of Customs of both these districts are to the effect that, except under the temporary authority of the Secretary of Commerce which had not been issued at the time the statements quoted were made, no Canadian vessels were entered from or cleared for the sea fisheries. If they proceeded to sea instead of the port to which cleared it was through understanding with the Canadian authorities.

At Prince Rupert, in an effort to show that Canadian fishing vessels were at a disadvantage in comparison with American vessels in being required to pay tonnage tax when entering at Ketchikan, Secretary Redfield quoted a statute having no bearing thereon to support his view that American vessels were not required to pay a similar tonnage tax when entering at Ketchikan from Prince Rupert and reprimanded an American witness for claiming that such tax was collected from American vessels. On reaching Ketchikan no member of the Conference made effort to ascertain the practice with regard to the collection of tonnage tax from American vessels, but the Deputy Collector of Customs at that port, on being asked the question by an American witness, verified that tonnage tax was collected alike from American as well as Canadian fishing vessels entering from Prince Rupert.

Subsequent to the hearings at Ketchikan, Alaska, a local paper in commenting upon the manner in which they were conducted said:

"It looks as though the Secretary had the question settled and his convictions anchored long before he left Washington, and that he came here for the sole purpose of looking for evidence that would discredit any representations we had made. . . .¹³ He acted for all the world like a criminal lawyer interrogating a witness whose testimony he wants to discredit before the court and jury. His questions were put in a way that left no doubt in the minds of any interested party that he had already made up his own mind on the subject and was looking for backing."

¹³ Omission indicated in Senator Jones' letter.

In Seattle The Honorable Secretary justified his statement that the differences between Canada and the United States over fisheries had not been all one-sided by pointing out that on one occasion the United States had been fined upwards of five million dollars "for our own misdoings." Later on being asked if he referred to the "Halifax Award" he admitted such to be the case. Any student of fisheries questions is fully aware that the "Halifax Award" under which the United States paid \$5,500,000 for alleged benefits received in excess of those presumed to have been received by Canada under the Treaty of 1873 [1871]¹⁴ was a most unrighteous award and that the only benefit to the United States was the taking in the Gulf of St. Lawrence of mackerel valued at \$598,429. It may be noted that this statement by The Honorable Secretary has since been expunged from the record. Its effect when made was to cause unknowing listeners to believe the United States had been in the wrong in these matters.

On the Atlantic Coast, Mr. Millett,¹⁵ one of the best posted of men on Atlantic fisheries questions and a witness at the Hague tribunal, made protest against the methods adopted by the Conference and said that no time had been given for preparation of the American side of the question, and added: "This enumerates six questions or points. Now our existence depends on this thing."

Mr. REDFIELD: "Well, what is your point?"

Mr. MILLETT: "If you will allow me to continue just a second I will point it out to you. We are required or asked to discuss these six questions. Now I have not seen any chance to discuss these questions in any way, shape or manner. You have taken the matter up in a general way all the way through, and the minute a man gets up and says something he knows something about he is immediately squelched."

It may be further pointed out that witnesses for the American side whose testimony appears to have been given the greatest credence by the commission as being favorable to further arrangement with Canada, of the character suggested in the treaty as proposed, were representatives of companies who are heavily interested in British incorporated fishery operations in the British possessions and who have transferred many of their fishing vessels from American to British registry, I am informed.

In the three years prior to 1917 the loss to the New England fleet through transfers of registry was practically thirty-six per cent. If the proposed treaty should ever be ratified it is beyond peradventure that within five years thereafter neither upon the

¹⁴ Malloy, *Treaties*, vol. I, p. 700.

¹⁵ Arthur L. Millett, of the Massachusetts Fish and Game Commission.

North Atlantic nor the Pacific will there be a vessel in the sea fisheries under the American flag. What is required for our fisheries is some truly protective legislation rather than a treaty, and certainly a treaty based upon so one-sided a consideration of the subject as that accorded by the American-Canadian Fisheries Conference should not be further considered. If there must be treaty considerations, let them be had only after full opportunity to present all pertinent facts before an unbiased and representative tribunal of investigation.

Very respectfully yours,

W. L. JONES

711.428/600

The Secretary of State to the British Ambassador (Geddes)

WASHINGTON, July 20, 1920.

EXCELLENCY: I have the honor to refer to your note No. 354 of June 10, 1920, relative to the publication of the report of the International Fisheries Commission.

I have the honor to inform you that this Government consents to the publication of the report in question, on July 26, 1920.

Accept [etc.]

BAINBRIDGE COLBY

711.428/611

The British Ambassador (Geddes) to the Secretary of State

No. 582

WASHINGTON, September 10, 1920.

SIR: With reference to your note of June 19th last, and to previous correspondence relative to the proposed Fisheries Treaty between the United States and Great Britain, I have the honour, at the request of the Government of Canada, to suggest that a slight addition should be made to the draft treaty in order to prevent loss of time to Canadian or United States fishing vessels which may put into the ports of the other country concerned for certain purposes. On reference to paragraphs (g) of Articles I and II of the draft treaty¹⁷ it will be observed that they provide for the dressing, salting and otherwise preparing of catches on board ship in the territorial waters of either country. This is regarded as sufficient so far as mackerel is concerned, but in the case of vessels which have catches of other fish which must be cured or partially cured without loss of time if they are to be saved or handled to the best advantage, it is considered by the Canadian Government that such vessels should be permitted to carry on such operations on land.

¹⁷ *Foreign Relations, 1919, vol. i, p. 258.*

The Canadian Government accordingly suggest that the paragraphs referred to above should be changed by inserting the following words after the word "Canada" in paragraph (g) of Article I and by inserting the same words after the words "United States" in paragraph (g) of Article II:

"and on land, if previous agreement for such purpose is made with the proprietors or possessors of the ground or other property used."

In bringing this suggestion of the Canadian Government to the notice of the United States Government, I have the honour to enquire whether it is now possible for any definite date for the signature of the Treaty in question to be fixed.

I have [etc.]

A. C. GEDDES

711.428/611

The Secretary of State to the British Ambassador (Geddes)

WASHINGTON, *September 20, 1920.*

EXCELLENCY: I have the honor to acknowledge the receipt of your note No. 582, of September 10, 1920, relative to the proposed treaty between the United States and Great Britain concerning the North American fisheries.

Attentive consideration is being given to the suggestion of the Canadian Government that there be inserted in paragraph (g) of Article I, after the word "Canada", and in paragraph (g) of Article II after the words "United States" the following words:

"and on land, if previous agreement for such purpose is made with the proprietors or possessors of the ground or other property used."

In my note of June 19 I mentioned that before setting a date for the signing, it might become desirable for this Department to consider objections which might be advanced to the treaty. Subsequent to my note of June 19, I received a letter from Senator Jones¹⁸ discussing certain questions in relation to the treaty which now are being considered.

I shall not fail to inform you of the results of the consideration that is being given the amendment which the Canadian Government has suggested and to advise you when this Government is prepared to proceed to the signing of the treaty.

Accept [etc.]

BAINBRIDGE COLBY

¹⁸Ante, p. 396.

Conference at Ottawa, September 23, 1920, for Cooperation in Scientific Investigation of Deep-Sea Fisheries

711.428/588

The British Appointed Ambassador (Geddes) to the Secretary of State

No. 306

WASHINGTON, May 18, 1920.

SIR: I have the honour, at the request of the Canadian Government, to enquire whether the United States Government would be prepared to send experts to a conference to be held in Ottawa in September or October next, as may be agreed upon, to decide upon a programme of work to be taken up in 1921 in connection with a thorough scientific investigation to ascertain the migrations of fish, the causes of such migrations, the effects of different methods of capturing fish, the spawning places of fish, the haunts of young fish and the abundance of organisms which supply food for fish, etc.

In this connection I am advised by the Canadian Government that the waters resorted to by Canadian fishermen on the Atlantic coast are also frequented by the fishermen of the United States and Newfoundland, and on the Pacific coast by those of the United States. Such investigations are, therefore, of common interest to the three countries on the Atlantic coast and to Canada and the United States on the Pacific coast. It would assure more efficient, more economical and speedier investigation if these three countries would unite in carrying on the work on the Atlantic coast, and Canada and the United States on the Pacific coast.

In 1902 the various European nations engaging in the North Sea and adjacent waters formed an association known as "The International Council for the Exploration of the Sea" to carry on such work there. The work of the Council was largely prevented during the war, but is again being taken up by the different nations. In 1912 and again since the war, Canada was very strongly urged to join this Council, but on account of the vast amount of research work that needs to be done in the waters adjacent to Canadian coasts it was considered best that Canadian efforts should be concentrated on this side. Hence the invitation was declined.

Similar reasons to those that prompted the formation by the European countries of the International Council for the Exploration of the Sea obtain for the creation of such a council between Canada, Newfoundland and the United States. Such a council, if formed, could cooperate closely with the International Council and each assist the other.

I understand that the formation of such a council has been unofficially discussed with the fisheries authorities of the United States

and with the ex-Minister of Marine and Fisheries for Newfoundland, and they both warmly favoured the idea. Indeed the United States, which became a member of the International Council for the Exploration of the Sea, before the war, has declined to do so again with a view to co-operation in carrying on such work here.

The formation of such an association has been strongly urged by the Canadian Fisheries Association, which is representative of the different branches of the industry and by the Royal Canadian Institute.

I understand that the Government of Newfoundland are also being approached by the Canadian Government with a view to their sending representatives to the Conference.

I have [etc.]

A. C. GEDDES

711.428/595

The Acting Secretary of State to the British Ambassador (Geddes)

WASHINGTON, June 14, 1920.

EXCELLENCY: Referring to your note No. 306 of May 18, 1920, in regard to participation by the Government of the United States in a conference to be held in Ottawa in September or October next, to decide on a program of scientific fishery investigation of common interest to the United States and Canada, on both the Atlantic and Pacific coasts, I have the honor to inform you that the Department of Commerce, through the Bureau of Fisheries, will be pleased to be represented at the proposed conference.

The Secretary of Commerce in making this announcement states that at the present time there appears to be no special reason for the formation of a formal international body for the purpose in view, but that there should undoubtedly be cooperative planning as to the methods scope, et cetera, in order that the maximum results may be obtained in the shortest time and at the least expense.

The Secretary of Commerce suggests that a convenient time for the conference would be in September, immediately before or after the meeting of the American Fisheries Society which occurs in Ottawa, September 20, 21, and 22.

Accept [etc.]

FRANK L. POLK

711.428/615

The British Ambassador (Geddes) to the Secretary of State

No. 663

WASHINGTON, 7 October, 1920.

SIR: I have the honour to inform you that a communication has been received from the Deputy Governor General of Canada stating that a Conference of Fishery Experts representing New-

foundland, Canada and the United States was held at Ottawa on the 23rd of September 1920 to consider the question of co-operation in scientific investigation of the deep-sea fisheries adjacent to both coasts of this continent. At this conference the following resolution was unanimously adopted:

“BE IT RESOLVED THAT—It is the sense of this meeting that, on the nomination of the fishery services of the countries represented, each of the respective Governments should forthwith designate three persons to constitute an International committee on marine fishery investigations, this committee to determine what measure of International co-operation is desirable, what general investigations should be undertaken, consider definite problems that may be awaiting study, submit recommendations to their respective Governments, and co-ordinate and correlate the results of the work.

It is the expectation that the respective Governments will undertake to provide the necessary ways and means for conducting such independent and co-operative investigations as may be adjudged desirable by the International committee.

It is recommended that the International committee establish contact with the Permanent International Council for the Exploration of the Sea.”

I should be grateful if you would inform me whether the recommendations contained in this Resolution meet with the approval of the United States Government. I am advised by the Canadian Government that they are prepared to approve of these recommendations and they would also be glad to learn whether the Government of the United States will agree to the Resolution being made public on the 15th of October.

I have [etc.]

A. C. GEDDES

711.428/615

The Acting Secretary of State to the British Ambassador (Geddes)

WASHINGTON, *October 14, 1920.*

EXCELLENCY: I have the honor to acknowledge the receipt of your note No. 663 of October 7, 1920, by which you bring to my attention the resolution, relative to cooperation in scientific investigation of the deep-sea fisheries adjacent to both coasts of North America, adopted at the conference of fishery experts representing Newfoundland, Canada and the United States which was held at Ottawa on the 23d of September 1920.

You state that the Government of Canada approves the recommendations contained in that resolution, and inquire whether the Government of the United States approves these recommendations and will agree to the publication of the resolution on October 15, 1920.

In reply I have the honor to inform you that the recommendations contained in the resolution meet with the approval of this Government, and that this Government is pleased to agree to the publication of the resolution on October 15, 1920.

Accept [etc.]

NORMAN H. DAVIS

ST. LAWRENCE WATERWAY

Consideration of the Question of Further Improving the St. Lawrence River between Montreal and Lake Ontario—Reference to the International Joint Commission

711.42157Sa29/3

The Acting Secretary of State to the British Ambassador on Special Mission (Reading)

WASHINGTON, April 10, 1919.

EXCELLENCY: I have the honor to refer to this Government's note No. 262 of February 24, 1914,²⁰ suggesting that the Government of the United States and the Government of Canada should refer to the International Joint Commission for investigation and report certain questions outlined in the note regarding the development and use of the waters forming the boundary between the United States and Canada, and to inquire whether the Canadian Government is now ready to submit the matter to the Commission and if not, whether it is willing to join with this Government in submitting to the Commission for investigation and report the matter referred to in Section 9 of the Act of Congress approved March 2, 1919, a copy of which was transmitted to your Embassy in the Department's note of March 31 last.²¹

Accept [etc.]

FRANK L. POLK

711.42157Sa29/9

The British Chargé (Lindsay) to the Acting Secretary of State

No. 552

WASHINGTON, July 25, 1919.

SIR: I have the honour to refer to the note from the Acting Secretary of State, dated April 10, 1919, in which enquiry was made as to whether the Canadian Government were now ready to submit to the International Joint Commission for investigation and report certain questions in regard to the development and use of the boundary waters between the United States and Canada.

²⁰ Not printed; no answer to this note was ever received.

²¹ Not printed.

This enquiry was duly forwarded to the Dominion Government and I have now the honour to transmit to you, herewith, a certified copy of an Approved Minute of the Privy Council for Canada,²² from which it will be seen that the Government of Canada is prepared to join with the Government of the United States in submitting to the International Joint Commission the matters referred to in Section 9 of the Act of Congress approved on March 2, 1919, and that the Government of Canada will appoint a Representative to discuss with the proper authorities of the United States the terms and conditions to be embodied in the proposed reference.

I have [etc.]

R. C. LINDSAY

711.42157Sa29/15

The Secretary of State to the British Appointed Ambassador on Special Mission (Grey)

WASHINGTON, December 6, 1919.

EXCELLENCY: I have the honor to refer to Your Embassy's note, Number 699, of September 29, 1919,²² with which was transmitted a copy of an Approved Minute of the Privy Council for Canada, appointing Mr. W. J. Stewart, as representative of the Dominion of Canada, to confer with a representative of this Government with a view to formulating the terms and conditions which should be embodied in the proposed reference to the International Joint Commission, for investigation and report, the matter of the further improvement of the St. Lawrence River between Montreal and Lake Ontario.

I beg to enclose herewith a copy of a memorandum, dated November 11, 1919, signed by the American representative, Lieutenant Colonel Keller, Corps of Engineers of the United States Army, and Mr. Stewart, setting forth their recommendations. This report has received the approval of the Chief of Engineers, War Department, who thinks that the proposed procedure is calculated to produce the desired results with the least expenditure of time and money, and that the terms and conditions suggested for the reference to the Commission adequately cover the subject matter.

I shall be glad if you will ascertain and inform me whether the recommendations meet the approval of the Canadian Government and whether that Government is now ready to join this Government in submitting the matter to the Commission.

Accept [etc.]

ROBERT LANSING

²² Not printed.

[Enclosure]

Memorandum of Recommendations by American and Canadian Engineers for Reference to the International Joint Commission

[WASHINGTON,] November 11, 1919.

Subject: Further improvement of the St. Lawrence River between Montreal and Lake Ontario.

Having been charged by our respective Governments with the duty of conferring relative to the terms and conditions which should be embodied in the reference to the International Joint Commission of the question of the further improvement of the St. Lawrence River between Montreal and Lake Ontario, the following is a statement of the agreement reached by us after three conferences, one at Ottawa, one at Montreal, and the final one at Washington, D.C.:

It is our view that the necessary work of surveying and preparing plans and estimates in accordance with a number of alternatives should be done jointly by engineers of the respective governments who are already charged with these or similar duties, and that the International Joint Commission should be charged with the duty of making the general investigations and obtaining the information necessary to enable it to select the most desirable plan and to make the desired report and recommendations relating thereto.

We have accordingly prepared a draft of a letter to the Commission embodying the above general distribution of the work and setting forth the questions upon which report and recommendations are desired. This letter follows:—

“ To the Secretary,
International Joint Commission,

SIR: I have the honour to inform you that the Governments of the United States of America and of the Dominion of Canada, under the provisions of Article IX of the Treaty of the 11th of January, 1909,²³ between the Governments of the United States and Great Britain, herewith refer certain questions, as set forth below ‘involving the beneficial use of the waters of the St. Lawrence river, between Montreal and lake Ontario, in the interests of both countries, and, in general, the rights, obligations, or interests of either in relation to the other, or to the inhabitants of the other along their common frontier.’

It is desired that the said questions be made the basis of an investigation to be carried out by the International Joint Commission, to the end that the said Commission may submit a report to the two countries covering the subject matter of this reference, together with such conclusions and recommendations as may be considered pertinent in the premises.

Question I. What further improvement in the St. Lawrence river, between Montreal and lake Ontario, is necessary to make the same

²³ *Foreign Relations*, 1910, p. 532.

navigable for deep draught vessels of either the lake or ocean-going type; what draught of water is recommended; and what is the estimated cost?

In answering this question the Commission is requested to consider:—

- (a) Navigation interests alone, whether by the construction of locks and dams in the river; by side canals with the necessary locks; or by a combination of the two?
- (b) The combination of navigation and power interests to obtain the greatest beneficial use of the waters of the river.

Question II. Which of the schemes submitted by the Government or other engineers is preferred, and why?

Question III. Under what general method of procedure and in what general order shall the various physical and administrative features of the improvement be carried out?

Question IV. Upon what basis shall the capital cost of the completed improvement be apportioned to each country?

Question V. Upon what basis shall the costs of operation and maintenance be apportioned to each country?

Question VI. What method of control is recommended for the operation of the improved waterway to secure its most beneficial use?

Question VII. Will regulating lake Ontario increase the low water flow in the St. Lawrence Ship Channel below Montreal? And if so, to what extent and at what additional cost?

Question VIII. To what extent will the improvement develop the resources, commerce and industry of each country?

Question IX. What traffic, both incoming and outgoing, in kind and quantity, is likely to be carried upon the proposed route both at its inception and in the future? Consideration to be given not only to present conditions, but to probable changes therein resulting from the development of industrial activities due to availability of large quantities of hydraulic power?

Pending the receipt of plans, estimates and other engineering data necessary for the final consideration of this reference, the Commission is requested to hold such public hearings as may be considered necessary or advisable in order to obtain all information bearing, directly or indirectly, on the physical, commercial and economic feasibility of the project as a whole.

To facilitate the preparation of the desired report each government will, from its official engineering personnel, appoint an engineer with full authority to confer with a similar officer of the other Government for the purpose:—1st. Of acquiring, each in his own country, such data as may be found necessary to supplement the existing engineering data and surveys and, 2nd. Of preparing complete outline plans for and estimates of the cost of the proposed improvement, including the value of all property, easements, damages and rights connected therewith. These plans and estimates are to be submitted to the Commission as soon as practicable but not later than one year from the date of appointment and the Commission is requested to

forward to the two Governments its final report with recommendation not later than three months thereafter. A copy of the instructions furnished these engineers is attached hereto.

Yours truly."

Further, in accordance with the procedure proposed by us, we have prepared the following instructions to the engineers who will be charged with the making of surveys and the preparation of plans and estimates.

C. KELLER
W^M J. STEWART

711.42157Sa29/17

The British Chargé (Lindsay) to the Secretary of State

No. 10

WASHINGTON, *January 6, 1920.*

SIR: With reference to your note of the 6th December last, I have the honour to transmit, herewith, copy of an Approved Minute of the Privy Council for Canada,²⁵ regarding the proposed reference to the International Joint Commission relative to the development and use of the St. Lawrence River between Montreal and Lake Ontario in the interests of Canada and the United States. As you will observe, the Canadian Government is ready to join the Government of the United States in submitting the reference to the International Joint Commission under Article IX of the Treaty of January 11th, 1909.²⁶

I have [etc.]

R. C. LINDSAY

711.42157Sa29/23

The Secretary of State to the British Chargé (Lindsay)

WASHINGTON, *February 13, 1920.*

SIR: Referring to previous correspondence in regard to the proposed reference to the International Joint Commission of the matter concerning the further improvement of the St. Lawrence River between Montreal and Lake Ontario, and particularly to the Department's note of January 21,²⁷ I have now the honor to inform you that under date of January 29, 1920, this Department is advised by the Acting Secretary of War that Colonel William P. Wooten, Engi-

²⁵ Not printed.

²⁶ On Jan. 21 the Department informed the British Embassy that a letter had been addressed the same day to the International Joint Commission embodying the terms of the reference as contained in the memorandum, *supra*, which had been agreed upon by the two Governments.

²⁷ See footnote 26, *supra*.

neers, United States Army, who is now in charge of the Lake Survey Office, Detroit, Michigan, has been designated to cooperate with the engineers of the Canadian Government in making the necessary surveys and preparing the plans and estimates in furtherance of the work of the Commission, and that proper instructions in this relation have been addressed to him.

Since this Government has not been informed of the designation of a Canadian engineer, his name does not appear in the instructions to Colonel Wooten. The Acting Secretary of War desires that the Canadian Government be urged to appoint at the earliest convenient date the engineer who will undertake the corresponding duties on behalf of the Dominion of Canada. This Department will, therefore, be glad to be advised of the name of the engineer designated by the Canadian Government.

Accept [etc.]

For the Secretary of State:

FRANK L. POLK

711.42157Sa29/29

The British Appointed Ambassador (Geddes) to the Secretary of State

No. 252

WASHINGTON, April 22, 1920.

SIR: With reference to Mr. Lansing's note of February 13th last, enquiring as to the name of the Engineer appointed by the Canadian Government to confer with the nominee of the United States Government in the matter of the further improvement of the St. Lawrence River between Montreal and Lake Ontario, I have the honour to inform you that the Canadian Government inform me that they have appointed Mr. W. A. Bowden, Chief Engineer of the Department of Railways and Canals, to act in this capacity.

I have [etc.]

A. C. GEDDES

CHILE

THE TACNA-ARICA QUESTION

(See pages 324 ff.)

CHINA

POLITICAL AFFAIRS¹

Dissension among the Leaders in South China—Continued Deadlock in Negotiations for Reunification with the North

893.00/3355

The Consul General at Canton (Bergholz) to the Secretary of State

No. 48

CANTON, April 8, 1920.

[Received May 20.]

SIR: On Wednesday, March 31st last, it was generally known that Dr. Wu Ting-fang, the second ranking member of the Administrative Council and Minister of Foreign Affairs, had, on Monday morning, March 29, fled from Canton, by the regular morning boat for Hongkong, . . . Dr. Wu was accompanied by his son, C. C. Wu, and took with him all his personal belongings which would indicate that he has no immediate intention, at least, of returning to Canton. He had announced to no one his intention of leaving and even his immediate *entourage* only learned of his departure after he was on his way south.

The immediate cause of Dr. Wu's leaving his post was his dissatisfaction with, and his inability to prevent, the increasing domination of the militarists, whose control of the government was reported in my despatch No. 38 of March 15, 1920.² Their demands for funds for military purposes, such as General Mo's attempt to increase and strengthen his hold on the province by sowing dissension among the officers and men of the Yunnan army, were becoming so persistent and so threatening that Dr. Wu, now 78 years of age, felt himself unable to cope with a situation growing daily more and more hopeless, so he, like several other members of the council had done, sought refuge in flight. Upon his arrival in Shanghai he will make a statement for publication explaining fully his reasons for doing so.

That the military party is driving South China into bankruptcy is shown by a report of the Finance Bureau giving the revenue and expenditures for this province for the year 1919. The receipts were \$20,496,905 and the expenditures totaled \$30,203,682, leaving a deficit of \$9,706,700 to which should be added a known debt of \$16,934,298.

¹ Continued from *Foreign Relations*, 1919, vol. I, pp. 270-419.

² Not printed; see the consul general's despatch no. 51, Apr. 28, *infra*.

This province, therefore, began the year 1920 with a total indebtedness of, at least, \$26,640,998. Of the \$30,203,682 expended, the Ministry of War absorbed \$24,805,301; Ministry of Foreign Affairs \$47,356; Ministry of Home Affairs \$3,541,148; the Bureau of Finance \$648,478; the Bureau of Education \$108,345; the Ministry of the Navy \$692,876; the Ministry of Justice \$350,096; and for Agriculture and Commerce \$9,282.

The constitution of the military government of the Republic of China provides that the government shall be administered by a council of seven members, called the Administrative Council who, if not residing at Canton, may be represented by proxies. Upon the formation of the military government on May 20, 1918, the members of the council were seven, namely:

Ts'en Ch'un Hsuan, Chairman.
 Dr. Wu Ting-fang.
 Lu Yung Ting.
 Tang Chi Yao of Yunnan.
 Dr. Sun Wen.³
 Tang Shao Yi.
 Admiral Lin Pao Yi.

Dr. Sun Wen left the council long ago. Tang Shao Yi never formally accepted his appointment and is now at Shanghai as chairman of the peace delegation from the South. Admiral Lin Pao Yi, from the province of Fukien, recently resigned. With the departure of Dr. Wu the only resident member of the council is Ts'en Ch'un Hsuan, its chairman, and a rabid militarist. The other members are Lu Yung-ting, referred to in my despatch No. 24 of February 17, 1920,⁴ as the recognized head of the military party, residing at Nanning and represented upon the council by General Mo Yung-hsin, the military governor of Kwangtung, and Tang Chi Yao, the military and civil governor of Yunnan, stationed at Yunnanfu, whose proxy at the council board was Chao Fan, Minister of Communications, who left the council at the beginning of the difficulty between Tang Chi Yao and General Mo over the command of the Yunnan troops, reported in my despatch No. 38 of March 15, 1920.

With the withdrawal of Dr. Wu the military government, as an active, working organization ceases to exist and the militarists are left absolutely in control. Since, however, the principal officials, civil and military, of the Southern Republic are aligned with the military party the gradual disappearance of members of the Administrative Council will affect the situation but little unless a failure to obtain sufficient funds, now that the customs surplus can no longer be uti-

³ Dr. Sun Yat-sen.

⁴ Not printed.

lized, to hold the different military elements together, should result in a general revolt of the troops. To provide against such an emergency the chairman of the council is said to have requested the premier at Peking, Chin Yun P'eng, to turn directly over to him whatever customs surplus may be apportioned to the south west.

A like despatch has been sent to the Legation at Peking.

I have [etc.]

LEO BERGHOLZ

893.00/3364

The Consul General at Canton (Bergholz) to the Secretary of State

No. 51

CANTON, *April 28, 1920.*

[Received June 1.]

SIR: Referring to my despatch No. 38 of March 15, 1920,⁵ reporting the clash between General Mo Yung-hsin, Military Governor of Kwangtung, and General Tang Chi Yao, Civil and Military Governor of Yunnan, as to who should exercise supreme command over the Yunnan troops within this province, I now have the honor to inform the Department that a settlement of the dispute has been arrived at between General Li Lieh Chun, acting on behalf of the governor of Yunnan, and Tsen Chun-hsuan, Chairman of the Administrative Council, representing General Mo, which leaves General Tang in supreme command of the Yunnan troops, exercising his authority through General Li Lieh Chun who remains as chief of staff.

General Li Kan Yuan, whose removal of General Chen Kai-wen from the command of the 3rd division of the Yunnan troops, at the behest of General Mo, was the indirect cause of the trouble, has been appointed Commissioner of Defense at Kiungchow and Yaichow, Hainan, taking with him 5,000 of the 20,000 Yunnan troops within the Province. Of the rest of the Yunnan troops, 10,000 will be retained in Kwangtung under the control of General Tang Chi Yao and 5,000 will be transferred to the southern part of the province of Hunan which is under the Government of South China. All the Yunnan troops, whether within this province or in that of Hunan or [in] Hainan will be paid from the Kwangtung treasury.

It is rumored that General Mo, by his unsuccessful attempt to gain control of the Yunnan forces, has lost the confidence of General Lu Yung Ting, the recognized leader of the Military Party, as stated in my despatch No. 24 of February 17, 1920,⁶ and may, possibly, either be removed from his post of Military Governor or be

⁵ Not printed.

permitted to retire. It is said, also, that Chang Chen Fang, the Civil Governor, may, shortly, be succeeded by Yang Wing Tai, now Commissioner of Finance.

The situation in Kwangtung could not, possibly, be worse. The pirating of shipping on the main waterways is of daily occurrence and travellers on the principal highways are held up and robbed. Not only have small steamers and sailing vessels been looted of their cargos and their passengers, both foreign and Chinese, robbed of their possessions but villages and larger towns have been attacked and sacked by outlaws, and even by soldiers as if they were conquered territory.

I have [etc.]

LEO BERGHOLZ

893.00/3373

The Consul General at Canton (Bergholz) to the Secretary of State

No. 69

CANTON, May 31, 1920.

[Received June 28.]

SIR: In my despatch No. 24 of February 17, 1920,⁷ I had the honor to enclose the terms presented, as a basis for peace, by the Southern Delegates to the Delegates of the North at the Peace Conference held at Shanghai in February of 1919, which ended in failure due to the Chief of the Northern Delegation, Chu Chi Chien, positively refusing to accept Article 5 which provided that the mandate of ex-President Li Yuan Hung dissolving the legally constituted parliament be declared invalid. Mr. Chu, in objecting to this provision, stated that "it is absolutely impossible for the North to recognize Term No. 5, which provides that the Peace Conference shall declare the invalidity of the mandate of Li and if this is not altered, there is no room for the discussion of the other questions."

I now have the honor to transmit a Memorandum submitted to me, informally, by the Military Government setting forth the terms the Government considers necessary of acceptance by the North and the South as a basis of a permanent peace.

Although the memorandum may represent the views of the Administrative Council and the principal officials at Canton, it fails to state the terms acceptable to the Military Governors as a condition to their surrendering their offices which make them, practically, the dominant power in the State.

A like despatch has been sent to the Legation at Peking.

I have [etc.]

LEO BERGHOLZ

⁷ Not printed; see *Foreign Relations*, 1919, vol. I, p. 345-350.

[Enclosure]

*Memorandum of the Military Government of the Republic of China
on Internal Peace*

No matter what arrangement is made between Northern and Southern leaders with regard to internal peace, the public will never tolerate any government which does not cancel the Military Pacts made between China and Japan in 1918, 1919, and 1920. The Military Government can not accept the statement of the Peking Government alone with regard to the cancellation of these agreements, since they are bi-lateral and the consent of both parties to the agreements must be obtained before cancellation is genuine. It is possible that Peking will consent to the cancellation of the original pact, but this would be insufficient, since there have undoubtedly been many amendments and additions and new arrangements made under the general heading of Sino-Japanese participation in the defense of China's frontiers. It is, therefore, necessary that before agreeing to peace, the Southwestern Government shall not only be fully apprised of the contents of all these agreements, but shall actually have copies in their possession. And it should be stipulated that there are no documents withheld from the Military Government.

This is not only necessary as a patriotic measure but also to safeguard the personal reputations of the Directors, now functioning in the Southwestern Government. For the public will hold them up to censure unless they conform to the popular demand that these treaties be published and the radicals will have an opportunity to consolidate their power behind the patriotic demand that the Military Government is selling out to Japan. This must be avoided at all costs.

With regard to the means for peace, I believe that internal peace in China can be made permanent only by entirely ignoring the history of China since 1911. Compromises based upon the existence of two Parliaments, the existence of two cabinets, and the activities of the Peking Government during the lapse of authority of the Constitution, will only lead to a renewed effort of the Constitutional Irreconcilables to strife. What is absolutely necessary now is quick and radical action based upon a desire to save the country. The weakness in the Min Tang Group is that they are serving an idol, the Constitution, without due regard for the realities of the situation. It is, therefore, held that it would be unwise to form a joint-parliament, since such a body lacks public support and does not have sanction either in tradition, law or the will of the people. It is a makeshift which is bound to fail, since the Parliamentarians look upon their offices as a vested right and have no desire to test their popularity by a general election. Nor is it wise to continue governments

with Parliaments, since the public is fast being educated to the true spirit of democracy and their demand for democratic institutions will continue to increase from year to year. The student movement as a factor in this situation is not to be ignored and any plan for the unification of China must take into account the democratic elements which have come into existence during the past two years.

It is therefore suggested that the following procedure be adopted as a speedy and permanent method for the unification of the country:

1. The Peking and Military Governments shall jointly issue a Book containing all the treaties, agreements, notes and memoranda between Peking and all foreign powers exchanged and agreed to during the course of the European War. The Peking and the Military Government[s] shall stipulate that these are the only documents binding on China to the best knowledge of either government and both, and that both of them bind themselves in the case of internal peace, not to declare as effective any documents withheld from this public statement.

2. The Peking and Military Governments shall recognize Hsu Shih Chang as President of China and shall regard his election as legal. His term of office, however, shall terminate one year and a half from the signing of the agreement of internal peace, but he may be reelected in accordance with the provisions of the Constitution discussed hereinafter.

3. The management of the affairs of China, both for the provinces which now recognize Peking and those recognizing the Military Government shall be vested in a Provisional Cabinet which shall be appointed by the President and approved by both the Old and the Peking Parliaments. This Cabinet shall exist for one year and a half and shall have the power to choose its successors during that period, with the consent of the President.

4. Immediately upon the ratification of the Cabinet, both the Old and the Peking Parliaments become non-existent and all legislative power is vested in the Cabinet for one year and a half from the date of such ratification.

5. Immediately upon the ratification of the Cabinet, elections shall be held in all Provinces for Provincial Assemblies. Elections shall be conducted in each Province under the auspices of Election Commissioners appointed by the Cabinet. No man can serve as an election commissioner in the province of his nativity or in any province in which he has held public office during the years of the Republic. Nor shall any man be an election commissioner in a province in which any relation of his or of his wife holds office of high rank. It shall be an offense punishable by immediate dismissal for military or civil officials to coerce, force or dissuade persons in the exercise of the franchise. The provincial elections

shall be held in accordance with the traditions and laws of each particular province. The Election Commissioners shall be a Board of Appeal to determine fraud in the elections. The Headquarters of the Board shall be neither Peking nor Canton nor in the Provinces of Chihli or Kwangtung.

6. Within six months after the ratification of the Cabinet by both Parliaments, the Provincial Assemblies, newly elected shall have met and shall have selected by ballot five representatives from each province who shall be delegates to the Constituent Assembly.

7. The Constituent Assembly shall meet not later than eight months after the ratification of the Cabinet and if possible sooner. It shall meet neither in Peking nor Canton nor in the capital city of any province. It shall within six months from the first day of meeting, draft a Constitution for the Republic of China. The Constituent Assembly may recognize the Provisional Constitution as the basis for their discussions, but they shall not be obliged to do so. All determinations shall be reached by a majority vote of the representatives present. Three quarters of the representatives elected shall constitute a quorum. Should the delegates fail to reach a decision within six months, they may continue to meet only with the consent of the Provincial Assemblies. Should they fail to reach a decision within six months and they resume meetings after this time, six additional months shall be granted to the life of the Cabinet.

8. When the Constituent Assembly shall have drafted the Constitution, that document shall be transmitted to the Provincial Assemblies and shall be widely published throughout the land. To insure against illiteracy it shall be obligatory for the Constitution to be read aloud in all courthouses, market places, temples and other places where large masses congregate. The constitution shall then be placed before the Provincial Assemblies for ratification. As soon as three-fourths of the Provincial Assemblies have ratified the Constitution, it shall be declared binding upon the land and an election for members of Parliament shall be ordered by the Cabinet in accordance with the Provisions of the Constitution. Immediately after the opening session of Parliament the President and his Cabinet shall resign, but to hold office until their successors are chosen in accordance with the Constitution.

9. The Cabinet may not during the year and a half of its existence make treaties, loans agreements, or any other arrangements in which the territory, integrity, or rights of the Republic of China are hypothecated. Nor may they negotiate and conclude loans with any one nation. All loans must come from a Consortium of several nations. As soon as the Peking and Military Governments conclude peace a notice to this effect shall be submitted to the Diplomatic Corps at Peking and they shall be requested to transmit the

same to their governments and bankers. It shall be understood that all loans and treaties made not in accordance with this proviso shall be subject to repudiation and shall be made at the risk of the foreign nation.

893.00/3365 : Telegram

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

[Paraphrase]

PEKING, June 4, 1920—5 p.m.

[Received June 4—11:40 a.m.]

126. With financial aid of Japanese, Tuan Ch'i-jui and Hsu Shu-cheng are forming military force to take aggressive action against supporters of Canton government. The President may give up office. He feels disheartened. As yet formation of cabinet is not completed. Condition of country is serious.

TENNEY

893.00/3378

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

No. 214

SHANGHAI, June 5, 1920.

[Received June 28.]

SIR: I have the honor to transmit clippings from *The China Press* (American), of June 4, 1920, in regard to mandate issued by Messrs. Sun Yat-sen, Tong Shao-yi, Wu Ting-fang and Tong Chi-yao. The translation of the circular is possibly correct, as it has been authorized by some of the signatories to the same. On the same subject is enclosed an editorial taken from the *North China Daily News* (British), of June 4, 1920,⁸ in regard to the existing conditions between the North and the South. This editorial is based upon an article appearing in the same issue, a copy of which is enclosed herewith.⁸ This editorial takes the position that there is no real war existing between the North and the South, and practically this seems to be about correct. One would not consider during the many years of Indian uprisings in the Western part of the United States that there was a state of war existing in America. The conditions in China would appear to be more or less peaceful, except when bandits and robbers are active, and isolated cases of assault take place. There has been a growing sentiment in Shanghai of late that it would be an extremely useful thing if the impression should go out that conditions here are not abnormal, and that there is only an imaginary difference between the North and the South.

I have [etc.]

EDWIN S. CUNNINGHAM

⁸ Not printed.

[Enclosure]

*Manifesto Issued by Four Southern Constitutionalist Leaders,
June 3, 1920*⁹

Since the lack of a quorum of Administrative Directors, there has been no Military Government at Canton. Since the simultaneous removal of the two Houses, there has been no Parliament at Canton. Although the remnants of these institutions usurp these names and gather together fellows of their kind, they cannot deceive everybody.

The furthest extent to which they can carry their deception and force is limited to the confines of Kwangtung and Kwangsi, but even in these provinces the true sentiments of the people are not thereby suppressed. Besides, the provinces of Yunnan, Kweichow and Szechuen still follow the lead of the Commander-in-Chief of the Allied Ching Kuo Forces, while the Constitutionalist regions of southern Fukien, southern Hunan, western Hunan, western Hupeh and western Shensi are yet true to their cause.

The situation is thus clear in law and in fact, and justifies the conviction that the body of Constitutionalist is not broken up by the defection of a few.

Owing to the fact that the seat of the Administrative Council has been at Canton, it has, since its establishment, been "bossed" by one or two individuals.

Their conception of war has been to surround themselves with troops and communicate with the enemy: their conception of peace has been to struggle for gains and divide the spoils. They attain their selfish objects by clandestine means and obtain their desires by autocratic ways with the result that there have appeared the so-called "Five Articles."

The Constitutionalist objects have long been sacrificed by them, yet they continue to use the name of Constitutionalism as a cloak to cover their acts of injury to the people.

Thus, the poppy is widely cultivated: gambling dens are in evidence in every street; the fat of the land is sucked to feed to truculent generals and arrogant soldiery: and where there are troops, there occur violence and plunder, murder and incendiarism, and villages and hamlets are laid waste.

Such acts not only set the law of the land at defiance, but also outrage humanity. Our lot having been thrown together with them, we have put up with them in the hope of accomplishing some good. Unfortunately things have come to such a pass that further association with them has, much to our regret, become intolerable.

However, since we have received the mandate of the people, we, the undersigned, cannot but collaborate and, brushing aside all obstacles, endeavor to attain our original aims.

⁹ Published in *The China Press*, June 4, 1920.

We have now, after consultation, resolved to remove the seat of the Military Government.

I, Tang Shao-yi, when I first accepted the functions of Chief Peace Delegate, observing that the people were tired of strife and that external troubles were pressing, proposed to the North, for the sake of establishing a lasting peace, eight articles, laying special emphasis on the publication of the secret treaties and the declaration of the invalidity, *ab initio*, of the Military Pact.

In continuing to perform these functions I await the reply of the North to these proposals, in order to determine the future course of action.

I, Wu Ting-fang, being Minister of Foreign Affairs and of Finance, on my departure from Canton, have kept in my control the balance of the Customs funds to preserve them for use for proper purposes. Those funds not yet received shall be negotiated for.

I, Sun Yat-sen, and I, Tang Chi-yao, leading the troops, will work to the best of our ability for the welfare of the country and endeavor to find a solution for her present difficulties.

We jointly make this declaration. Hereafter the Constitutionalist provinces, territories and armies of the Southwest are, and continue to be, within the organisation of the Military Government.

The peace negotiations with the North shall be continued, the seat for which shall still be Shanghai, and the Chief Peace Delegate shall make preparations for their resumption.

The masquerading institution at present in Canton, having placed itself beyond the orbit of the Military Government, all its orders, acts, its clandestine negotiations with the North and its loans and mortgages are and have been null and void.

The salt and custom revenues should be paid to this Military Government.

Pending the removal of the Military Government, the Chief Peace Delegate is charged with the conduct and negotiation of its various affairs.

We trust that the North, on receipt of this declaration, mindful of where the real public sentiment of the South-west is represented, will continue the peace negotiations in order that the national troubles may be terminated and an early solution of the general situation be found, to the fulfilment of our earnest hopes.

We hope that our fellow citizens and the friendly powers will take due note of this manifesto.

SUN YAT-SEN
TANG SHAO-YI
WU TING-FANG
TANG CHI-YAO

893.00/3407

The Consul General at Canton (Bergholz) to the Secretary of State

[Extract]

No. 81

CANTON, *June 17, 1920.*

[Received July 21.]

SIR: Upon the departure, or rather flight, from Canton of Dr. Wu Ting-fang, Minister of Foreign Affairs and of Finance, referred to in my despatch No. 48 of April 8, 1920, to which the Department is referred, there remained as members of the governing body, the Administrative Council, General Tsen Chun-hsuan, its chairman, General Lu Yung-ting, the leader of the military party of the South, residing at Nanning, General Tang Chi-yao, Civil and Military Governor of Yunnan, and Admiral Lin Pao-yi, Minister of the Navy. There were, therefore, only four members of the Council while the Constitution provides for seven. After Dr. Wu Ting-fang, Tang Shao-yi and Dr. Sun Yat Sen, all members of the Council living in Shanghai, had been removed from office, due to their having deserted the Government, 129 of the 450 members of the National Assembly at Canton, elected as their successors, Mr. Wen Tsung-yao Minister of Foreign Affairs, General Hsiung Keh-wu, Military Governor of Szechuen, and General Liu Hsien-shih, Military Governor of Kweichow. Of the seven members of the Council, as now constituted, General Tsen Chun-hsuan, Admiral Lin Pao-yi, and Mr. Wen Tsung-yao, are active members, while Generals Lu Yung-ting, Hsiung Keh-wu and Liu Hsien-shih are represented by proxies. General Tang Chi-yao has no proxy on the Council and, consequently, has no voice in its deliberations.

No one questions the honesty and patriotism of Dr. Wu Ting-fang and the former members of the Administrative Council, now at Shanghai, but their refusal to resign from the Council, although refraining from performing their duties, and actually aligning themselves in open hostility to the government they themselves founded, can not but be condemned. Their expressed intention of joining General Tang Chi-yao at Yunnan and of setting up another military government will, if persisted in, lead to civil war and anarchy throughout the South.

Shortly after Dr. Wu's departure, Admiral Lin Pao-yi left for Hongkong *en route* to Shanghai but was finally persuaded to return to Canton and to resume his duties as an Administrative Director. General Li Lieh Chun, who acted as intermediary between General Tang Chi-yao and General Mo Yung-hsin in the settlement of the dispute as to who should command the Yunnan troops in Kwangtung, reported in my despatch No. 31 [51], dated April 28, 1920, has also gone to Shanghai to join Dr. Wu, who,

shortly after he left, was followed by several of the junior members of the Ministry of Foreign Affairs.

I have [etc.]

LEO BERGHOLZ

893.00/3408

The Consul General at Canton (Bergholz) to the Secretary of State

No. 83

CANTON, June 18, 1920.

[Received July 21.]

SIR: I have the honor to transmit a most admirable and, I believe, a correct exposition of the present political situation in China, issued under the seal of the Government and bearing the signatures of its principal officials. The Manifesto, as it is called, is the work, I understand, of Mr. Wen Tsung-yao, from whom I received it with the request that I communicate it to the Department and the Legation at Peking.

Mr. Wen Tsung-yao sets forth, clearly and well, the differences between the rival parties of the South and their attitude towards the two great factions in the North. To facilitate the Department's understanding of this interesting document I have attached thereto a list of the principal adherents of both the Chihli faction and of the Anfu club and their respective partisans of the South.

A copy of this despatch has been forwarded to the Legation at Peking.

I have [etc.]

LEO BERGHOLZ

[Enclosure 1]

Manifesto Issued by the Military Government of the Republic of China, June 15, 1920

It is three years now, since the Southwestern Provinces declared their Independence and the Navy came over to join hands with them. During these three years, China has been suffering from civil strife, involving great loss of life, property and wealth. And all this has been done for the sake of defending the Constitution and saving the country.

The Constitution must be defended because Tuan Chi-jui is destroying it: the country must be saved because the Anfuites, of whom Tuan Chi-jui is the principal leader, are bartering away its sovereign rights. Therefore, there is no hope of success in defending the Constitution, unless Tuan Chi-jui is put out of power; and no hope of success in saving the country, unless the Anfu Party is dissolved. Accordingly, the Southwestern Provinces and the Navy seceded from the Peking Government and established an independent Government in Canton under the title of "The Military Government of

the Republic of China" in order to achieve their patriotic aim of defending the Constitution and saving the country.

But, relying upon the help that they have secured from an outside state, Tuan Chi-jui and his Anfuites are determined to crush the Southwestern Provinces by superior military forces. This is why they are putting every obstacle in the way of peace, though, in order to deceive the world, their lips are full of peace talks. The one fact that Wang Yi-tang, Speaker of the illegal Anfuite Parliament in Peking, was appointed Chief Peace Delegate for the North in place of Chu Chi-chien after peace negotiations had already been opened for more than four months, sufficiently shows that Tuan Chi-jui and his Anfuites have no desire for peace but are still as sanguine as ever for war.

Now, among those, crying against Tuan Chi-jui and his Anfuites, no one has cried louder and more bitterly than Sun Yat-sen: among those, refusing to recognize Wang Yi-tang as Chief Peace Delegate for the North and calling for his removal, no one seems to have taken a firmer attitude than Tang Shao-yi. But both Sun Yat-sen and Tang Shao-yi have now suddenly changed their minds and assumed a very different attitude. Sun has allied himself with Tuan Chi-jui and is doing his utmost to flatter him: Tang Shao-yi has joined hands with Wang Yi-tang and is eager to do him homage. To those who look at Sun and Tang when they are wearing their masks, this news must appear surprising and startling. But by us, who know these two men well in their naked form, such an attitude on their part has, for some time past, been expected. Between Tuan Chi-jui and Wang Yi-tang on one side and Sun Yat-sen and Tang Shao-yi on the other, secret agents have, during the past six months, frequently gone forward and backward, personal views have been exchanged and conditions, conducive to the private interest of both sides, have been agreed upon, which have more than once leaked out through the native Press in Peking, Tientsin, Shanghai and Hongkong. According to these conditions, the present President Hsu Shih-chang is to quit and Tuan Chi-jui to be elected to fill his place; Wang Yi-tang to be Premier; Tang Shao-yi to be Minister of Foreign Affairs; Tang Chi-yao to be Inspector-General for the three provinces of Yunnan, Szechuen and Kweichow; Wu Ting-fang's son, Wu Chao-chu, to be Minister to Washington; while Sun Yat-sen is to receive eight hundred thousand dollars per annum, to stay abroad and to keep quiet.

These facts account for the sudden change of attitude on the part of Sun Yat-sen and Tang Shao-yi and their adherents. And these facts also account for the reason why, about five months ago, Tang Shao-yi wired to Canton, suggesting that the Military Government should waive its demand for the publication of all the secret treaties

which Tuan Chi-juí and his Anfuites had made with Japan and that only one thing should be demanded as a condition for the resumption of negotiations for peace with the Northern Peace Delegates, namely, the cancellation of the Military Pact. But the Military Government was not satisfied with this one condition: it wanted one more, namely, the recall of the Anfuite Wang Yi-tang and the appointment of a more acceptable person to take his place as Chief Peace Delegate for the North. This additional condition, however, was offensive to both the party represented by Wang Yi-tang and the party represented by Tang Shao-yi, as it practically amounted to the nullification of the secret arrangement already come to between them; for if Wang Yi-tang be removed and a new man appointed in his place, that new man might be some one, who does not belong to the Anfu Party. And in that case he would most likely refuse to abide by the secret conditions above referred to.

After this, Sun Yat-sen, Tang Shao-yi and Wu Ting-fang were determined to usurp the power of the Military Government to enable them to carry out the secret arrangement they had made with the Anfuites. But the power of the Military Government could not be usurped unless Tsen Chun-hsuan, Lu Yung-ting, Lin Pao-yi and Mo Yung-hsin were overthrown. Therefore, they sent their secret agents, Kuo Tung and Wang Nai-chang, to Yunnan to make arrangement with Tang Chi-yao to have their scheme carried out; and Tang Chi-yao readily consented to co-operate with them because he was so pleased with the idea that he had already long cherished that he was to be made Inspector-General for the three provinces of Yunnan, Szechuen and Kweichow. At that moment there were two divisions of Yunnan troops in Kwangtung under the command of General Li Kan-yuen, who though being a native of Yunnan, was loyal to the Military Government. Fearing lest General Li Kan-yuen would not obey orders, if called upon to attack the Kwangsi troops in Kwangtung, who were supporting the Military Government, General Tang Chi-yao issued a mandate, removing General Li Kan-yuen from his commandership and putting General Li Lieh-chun in command of the Yunnan troops. But General Li Kan-yuen refused to hand over his command to General Li Lieh-chun, General Li Lieh-chun, thereupon, declared war upon General Li Kan-yuen, and fighting between them followed, in which General Li Lieh-chun was defeated and would certainly have lost his life, had not Tsen Chun-hsuan gone to the scene of battle in Shaochow to protect him and bring him safely back to Canton.

Owing to the complete failure of their plot, and fearing of its being discovered by the Military Government at any moment, Wu Ting-fang and his son, Wu Chao-chu, secretly quitted Canton during the absence of Tsen Chun-hsuan in Shaochow, carrying away with

them all the public funds in Wu Ting-fang's trust, as Acting Minister of Finance in the Military Government; and, for the same reason, Tang Shao-yi sent word to those members of the Old Parliament, who were siding with him, to go to Shanghai, believing that, with the secession of Wu Ting-fang and these members of the Old Parliament, the Military Government would come to an end. But, to their great disappointment, with the single exception of Yunnan, all the provinces in the Southwest remain loyal to the Military Government and still obey its mandates.

But, in order to deceive the world and to cover their own crimes, Sun Yat-sen, Tang Shao-yi, Wu Ting-fang and Tang Chi-yao recently issued a manifesto,¹¹ in which they praise themselves and lay every crime at the door of the Military Government; in which they still claim to be Administrative Directors, though, with the only exception of Tang Chi-yao, the positions of Sun Yat-sen, Wu Ting-fang and Tang Shao-yi as Administrative Directors in the Military Government, were cancelled by the Old Parliament, assembled in extraordinary session on the 4th of May 1920; in which they attack the Military Government on the "so-called five articles", though these five articles were suggested and offered to the Military Government for consideration by a third and neutral party, who is anxious to see the restoration of peace; in which they declare that "poppy is widely cultivated" in the Southwest, though, as a matter of fact, poppy is widely and densely cultivated only in the province of Yunnan, which is governed by Tang Chi-yao, one of the four Signatories to the manifesto above referred to; in which they assert that "gambling dens are in evidence in every street", though, as known to every Cantonese, gambling, which was abolished by Tsen Chun-hsuan in the year 1904 when he was Viceroy of Kwangtung and Kwangsi, was re-established in Kwangtung during Sun Yat-sen's tenure of office as self-appointed "Generalissimo" in Canton previous to his departure in shame and disgrace, after he had failed to take the city by bombardment for a whole night; in which they claim themselves to be the Military Government, though the only province in the Southwest that is supposed to be on their side is Yunnan; and in which they claim that "the provinces of Yunnan, Szechuen and Kweichow still follow the lead of Tang Chi-yao", though recent events show that, on account of Tang Chi-yao's disloyalty to the Military Government, and of his intrigues against Szechuen, his most intimate friend, General Ku Pin-chen, Commander-in-Chief of the Yunnan troops in Szechuen, has sent out a circular telegram from Suifu in Szechuen, denouncing Tang Chi-yao's inconsistent and selfish conduct and declaring that he has

¹¹*Ante*, p. 424.

severed all connections with Tang Chi-yao. All this is an accurate statement of facts, which is capable of bearing investigation.

Now, while the Military Government is anxious for the restoration of peace, it hesitates to negotiate peace with any Anfuite like Wang Yi-tang, for it is convinced that, if peace is made through such an Anfuite, the Anfu influence can not be got rid of, or reduced to any satisfactory point. But, if the Anfu influence is allowed to remain, neither can the Constitution be defended, nor can the country be saved from destruction. Therefore, the Military Government has dismissed Tang Shao-yi from his position of Chief Peace Delegate for the South and has declared that any arrangement secretly made between him and the Anfuite Wang Yi-tang shall have no effect; and has appointed Wen Tsung-yao to the position of Chief Peace Delegate, who will open negotiations for peace with the North, as soon as the Peking Government recalls Wang Yi-tang and appoints an acceptable person to be its Chief Peace Delegate.

This manifesto is issued and circulated to give the world a true description of the situation in China, and to correct the false statements of Sun Yat-sen, Tang Shao-yi, Wu Ting-fang and Tang Chi-yao, in the manifesto that they issued and circulated on the 3rd of June 1920.

TSEN CHUN-HSUAN

Chief Administrative Director

LU YUNG-TING

Administrative Director, Minister of War, and Inspector-General of Kwangtung and Kwangsi

LIN PAO-YI

Administrative Director, Minister of the Navy, and Military Governor of Fukien

WEN TSUNG-YAO

Administrative Director, Minister of Foreign Affairs, and Chief Peace Delegate

HSIUNG KEH-WU

Administrative Director, Military Governor of Szechuen, and Acting Civil Governor of Szechuen

(Note: The name of the other Administrative Director, Liu Hsien-shih, Military Governor of Kweichow, is omitted because his representative has not yet arrived in Canton.)

(Stamped) THE MILITARY GOVERNMENT OF
THE REPUBLIC OF CHINA

[Enclosure 2]

List of Chinese Party Leaders

CHIH LI PARTY

President Hsu Shih-chang	Chief Leader.
General Chang Tso-lin	Military Governor of Fengtien.
“ Pao Kwei-ching	“ “ “ Kirin.
“ Sun Lieh-chen	“ “ “ Heilungkiang.
“ Tsao Kun	“ “ “ Chihli.
“ Chao Ti	“ “ “ Honan.
“ Wang Chan-yuan	“ “ “ Hupeh.
“ Li Shun	“ “ “ Kiangsu.
“ Chen Kwang-yuan	“ “ “ Kiangsi.
“ Li Kwei-yuan	Acting Military Governor of Hunan. (North).

[ANFU] PARTY

Ex-premier Tuan Chi-jui	Chief Leader.
General Chang Ching-yao	Military Governor of Hunan.
“ Tien Chung-yu	“ “ “ Shantung.
“ Chen Shu-fan	“ “ “ Shensi.
“ Ni Shih-chung	“ “ “ Anhui.
“ Lu Yung-hsiang	“ “ “ Chekiang.
“ Li Hou-chi	“ “ “ Fukien. (North).
“ Hsu Shu-cheng	Director General of the Mongolian Frontier Defence Army.

SOUTHERN LEADERS, SIDING WITH THE CHIH LI PARTY

Tsen Chun-hsuan	Chief Leader, Administrative Director.
General Lu Yung-ting	Administrative Director.
Admiral Lin Pao-yi	“ “ & Military Governor of Fukien. (South).
Wen Tsung-yao	Administrative Director & Minister of Foreign Affairs.
General Mo Yung-hsin	Military Governor of Kwangtung.
“ Tan Hao-ming	“ “ “ Kwangsi.
“ Liu Hsien-shih	“ “ “ Kweichow.
“ Hsiung Keh-wu	“ “ “ Szechuen.
“ Tan Yen-kai	“ “ “ Hunan. (South).

SOUTHERN LEADERS, SIDING WITH THE [ANFU] PARTY

General Tang Chi-yao	Military Governor of Yunnan.
Sun Yat-sen	Shanghai.
Tang Shao-yi	“
Wu Ting-fang	“

893.00/3731

*Quarterly Report of the Legation in China for the Period
April 1-June 30, 1920*¹²

In the early part of April all eyes were centered upon Mr. Thomas W. Lamont's arrival in China, the American Group representative of the new Consortium, who, in his maiden speech at Shanghai on April 3, made a most favorable impression by definitely stating that the Consortium was organized for the benefit of the Chinese people as opposed to any faction or clique of the Chinese Government. Mr. Lamont arrived in Peking on April 7, and although meeting with a very cordial personal reception, the general attitude of the Chinese Government officials was as was foretold in the Chinese vernacular [*vernacular?*] press "that of cold, weak tea". In his various interviews Mr. Lamont apparently continued to create a favorable impression, although he felt conscious of considerable intangible opposition which did not cease during his stay in Peking. It was felt that this might be attributed to the Japanese desire that the completion of the Consortium be arrived at in Tokyo subsequent to Mr. Lamont's departure from China, and it is to be noted that the final exchange of notes and Japan's entry into the Consortium was consummated in Tokyo just prior to Mr. Lamont's departure for America.

The statements made that the new Consortium would only lend money for purposes other than political and also that any negotiations for loans must be preceded by the payment of the Hukuang bond coupons by the Chinese Government apparently had a discouraging effect on members of the Central Government, the latter condition being definitely refused. Mr. Lamont on leaving China made the following statement:

"I am returning to America, having accomplished the object of my visit in China which was to obtain for the proposed new consortium a more adequate view of the Far Eastern situation. It must be appreciated that my brief visit is but the first step which the International Banking Group must take, in the way of investigation and planning, if they are to render effective assistance to China in the development of certain of her great public enterprises. The situation here is so complex and so important that so far as the banking groups are concerned, its study and development must be matters not for a day, but for a patient future that I trust, may be marked with cordial cooperation between the Chinese people and that great body of investors of the Western world which the Banking groups represent."

which was accepted as meaning his firm belief in the ultimate success of his undertaking. On May 13, 1920, the Legation informed the Chinese Foreign Office of the exchange of notes between Mr.

¹² Embodied in despatch no. 581, Dec. 16, 1920, from the Minister in China; received Feb. 2, 1921.

Lamont and the representative of the Japanese Banking Group in Tokyo and Japan's entry into the Consortium, to which a reply was made on June 2, requesting any further details regarding the Consortium which the Legation might be able to furnish.

In April the Chinese Foreign Office formally urged upon the Legation the retention of Mr. Stevens in his post on the Chinese Eastern Railway and at this time it was informally urged upon Mr. Lamont by various Chinese and also the Manager of the Russo-Asiatic Bank in Peking that this railway should be taken under the protection of the Consortium and be extended a loan with the various amounts due it from those nations who had used it for military purposes as additional security. Considerable credence was given to the rumor that Chinese bandits were being armed and placed along the Chinese Eastern Railway by the Japanese with the object of disturbing traffic conditions to the end that the Japanese might feel warranted in placing more troops along the line. In this connection it might be noted that by a note to China from the Soviet Government dated April it was suggested that upon China's recognition of the Moscow Government it would in turn deliver to China the Russian interest in the Chinese Eastern Railway and waive the Boxer indemnity.

In early April General Horvath resigned from his post in the Chinese Eastern and in June Military Governor Pao Kuei Ch'ing resigned as president and was replaced by Sung Hsiao-lien, former Military Governor of Heilungchiang. At this time also the Chinese railway guards were put under a separate command.

The perplexing monetary situation along the railway line resulted in a general extension of the Yen as a medium of exchange.

In this quarter there should be noticed several diplomatic changes in Peking: 1. The announcement of an unofficial exchange of representatives between China and Germany, Mr. von Borch and two Secretaries subsequently arriving as a committee of investigation and occupying the German Legation, although these buildings are still under Dutch protection. 2. Mr. Beilby Alston, former British Chargé d'Affaires with the rank of Minister in Tokyo succeeded Sir John Jordan as British Minister to China. In the interim between Sir John Jordan's departure and Mr. Alston's arrival in Peking Mr. Miles Lampson, Counselor of the Legation, acted as Chargé d'Affaires. 3. On June 12 Mr. Charles R. Crane presented his letter of credence as American Minister. Mr. Crane's press statement on his arrival at Shanghai on May 29, 1920,

“From now on it will not make any Government popular to try to harass this new Chinese democracy by following the old menacing processes of corruption, poisoning and interfering with its internal affairs.”

was generally accepted as outlining his sympathies with the Chinese people. 4. Mr. Robert Everts assumed his duties as Belgian Minister to China, and 5. Mr. J. P. R. Alves as Brazilian Minister to China.

On April 11 Admiral Lin Pao-yi resigned from the Canton Government, which left only one member of the seven commissioners of the Southern Government, and on April 17, Dr. Wu Ting Fang returned to Shanghai from Canton . . . It is difficult at present to consider the Canton Government other than as individuals expressing their personal interests.

On June 5, Mr. Tong Shao-yi, former Chief Delegate of the Canton Military Government called on Mr. Wang-I-T'ang, in Shanghai, Peace delegate of the Central Government, for the purpose of entering into peace negotiations between the North and the South. This was coincident with a statement issued on June 4 by Tuan Chi Jui and Hsu Shu Cheng that they were mobilizing with the intention of attacking the Southern forces. These negotiations were futile as Tong Shao-yi, Sun Yat-sen, Wu Ting-fang and C. T. Wang were disowned by the Canton Government, and on July 11, Wu P'ei Fu, a Northern General under the Military Governor of the Province of Hunan, General Chang Ching Yao, evacuated the southern part of Hunan Province and Southern troops under T'an Yen-kai occupied Changsha which had been partially burned by Chang Ching Yao. Chang Ching Yao retired to Yochow and on June 13, during disorders there on the part of his troops, William A. Reimert, an American missionary was shot. The Legation immediately informed the Chinese Foreign Office that, in spite of a request from the American Consul to Chang Ching Yao for protection of the Missionaries previous to this murder, inadequate provision having been made for their safety, it held Chang Ching Yao personally responsible.

By mandates issued June 13 and 29 Chang Ching Yao was deprived of his office of Military and Civil Governor of Hunan and of all military command in consequence of his loss of the province to the Southern Forces. It is to be noted in this connection that this in no way meets the demands for punishment made by the Legation for the death of Mr. Reimert.

The situation of the Central Government was much embarrassed on May 14 by the action of Premier Chin Yun P'eng in presenting his resignation, which was, however, not accepted, but leave of absence was granted to him for ten days which has been renewed at various times, so that from May 14 to date Admiral Sah Chen-ping has been acting Premier. Premier Chin's action may be partially explained by the pressure brought to bear on him through the refusal of the Chinese Government to open direct negotiations with Japan on the question of the return of Tsingtao and the lack of settlement

of the Foochow incident with Japan. The Chinese refusal to the Japanese note regarding the retrocession of Shantung was based on the ground that (1) China was not a party to the peace treaty with Germany, and (2) in view of the public mind in China it was essential that the Government should take no steps that would act against public popular wishes.

The political situation was also complicated by the attempted establishment by General Hsu Shu-chen of a Fourth Frontier Division of the Army to be composed of half Chinese and half Mongolian troops to be employed for service in Outer Mongolia for frontier defense. This action, it was felt, would strengthen Japanese control in Mongolia and the pro-Japanese members of the Anfu clique under Tuan Chi-Jui and was in direct contradiction of a desire expressed by the Military Governor of Manchuria that the Sino-Japanese Military Pact be discontinued. The result of these conflicting forces in the Central Government was the attempt of the Anfu group in late June to establish themselves strongly in the Central Government with Tuan Chi Jui as Premier and possibly later as President if President Hsu could be brought to resign. The military leaders in this combination divided with Generals Tuan Chi-Jui, Hsu Shu-cheng, General Ni Shih Ch'ung, Chang Ching Yao, Ch'en Shu Fan, as Anfu Club sympathizers, as opposed to Generals Chang Tso Lin, Li Shun, Ts'ao K'un, Wu Pei Fu, and Feng Yü Hsiang. On June 19, Chang Tso Lin arrived in Peking to consult with the President and apparently to determine for himself that the Anfu party should not override his interests.

In this quarter also should be noted the increased sale of American goods in China, which can only in part be attributed to a result of the Japanese boycott, and also the consequent improvement of foreign exchange which was so rapid as to cause failures in a few important Chinese firms in Shanghai. It is stated by shipping men that cargo from China to the United States is less than [it] has been for a considerable period of time. Due to the export of rice, which rose steadily in price throughout the quarter in the local markets, there was considerable social unrest among the workingmen, more especially in Shanghai where they were encouraged by the students' movement, and on May 1 Shanghai laborers observed the first Labor Day in the history of China. Their demonstration was later halted by the police.

On May 20 the Italian Legation gave a reception to celebrate the arrival of Lieutenant Ferrarin in Peking in the course of the Rome-Tokyo flight.

It may be also noted in this quarter that persistent rumors are brought to the attention of the Legation by American firms and business men in China of the violation of the arms embargo (1) by the

sale of war planes to the Chinese by the British for alleged commercial purposes; (2) the sale of arms by American manufacturers to Japanese in Dairen to be subsequently delivered in China; (3) it is stated in the press freely that the Southern forces in their advance in Hunan captured more than 20 field guns, 30 machine guns and 10,000 rifles, practically all new equipment of Japanese manufacture; (4) the delivery of arms by Italians and Belgians.

The question of the renewal of the Anglo-Japanese alliance has been freely discussed in the vernacular [*vernacular?*] press and the Chinese Government formally protested against the specific mention of China within its terms.

On June 18 the treaty with Austria was promulgated by Presidential mandate.

Civil War in North China; Overthrow of the Anfu Club—Action by the Foreign Representatives to Keep Fighting away from Peking and Tientsin; Question of Asylum for Political Refugees

893.00/3379 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, July 8, 1920, 11 p.m.

[Received July 8—3:22 p.m.]

161. Owing to dismissal Hsu Shu Cheng by the President, Anfu Club under Tuan Chi Jui and Hsu Shu Cheng has risen against the President who has been forced to draw up mandates which at this hour have probably been issued degrading Tsao Kun military governor of Chihli and dismissing Wu Pei Fu and turning him over to court martial for punishment. Chang Tso Lin, military governor of Manchuria, left Peking at 1 o'clock this morning and is now at Tientsin. His plans are unknown. Tuan's armies are now marching on Paotingfu assisted by Japanese officers to attack Tsao Kun and Wu Pei Fu. The President's weakness has hopelessly discredited him. His nomination of Chou Shu Mo as premier still stands but we may expect that he will soon nominate Tuan as premier.

CRANE

393.11/225 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, July 9, 1920—5 p.m.

[Received July 9—1:41 p.m.]

165. Following summary of telegrams sent to Tientsin.

“July 8, 5 p.m. Probability of military operations between Tuan and Tsao Kun extremely serious. Warn Americans residing in

Paotingfu that attack on city by armed forces improbable [*is probable?*] and for them to be ready to leave at a moments notice, it is preferable for the women and children to leave now."

"July 8, 10 a.m. Attack on Paotingfu from Peking and Maliang from Tsinanfu now in preparation. Advise Americans Paotingfu desirable to leave."

CRANE

893.00/3380 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, July 9, 1920—11 p.m.

[Received July 9—10:11 p.m.]

168. My July 8, 11 p.m. Mandates have been issued. Diplomatic corps after meeting last night sent to President, Foreign Office and Tuan joint note¹³ expressing expectation that no military operations should take place in Peking, specifically bombarding from air planes, and holding Chinese Government strictly responsible for losses to foreign lives and property. Tuan has, without Presidential authorization, established dictatorship placing Peking under martial law under the administration of his own henchmen thus openly assuming dominance Peking. Japanese are pressing Chang Tso Lin to remain neutral. Preparations for departure towards Paotingfu of Tuan's troops, comprising four divisions, about 30,000 men, proceeding slowly. Air service is under Tuan's control and air planes furnished by British since embargo are being prepared for Tuan's use.

Italians reported furnishing Tuan large amounts ammunition. Gun was removed from Italian Legation today and delivered to Tuan. Tuan obtaining funds for military operations from Ministry of Communications. Mortgage of Peking-Suiyuan Railway to Japanese for 5,000,000 yen is reported.

Tonight a detachment of 150 Asiatic Squadron sailors, unarmed . . . , reached Peking where they will remain in case of need.¹⁴

Repeated Tokyo.

CRANE

¹³ *Post*, p. 456.

¹⁴ This sentence is a paraphrase. By his telegram no. 241, Sept. 5, noon, the Minister reported: "Detachment withdrawn yesterday." (File no. 893.00/3471.)

893.00/3385 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, July 10, 1920—11 p.m.

[Received July 11—12:18 a.m.]

171. Your July 8, 5 p.m.¹⁵ Replying to the Department's desire for background of the present situation. The Anfu Party while hitherto controlling Ministries of Finance and Communication and other important posts in the Capital has had as powerful adversaries provincial military governors notably Tsao Kun of Chihli Province, Li Shun of Kiangsu Province, Chang Tso-lin of Manchuria and their subsidiary provinces, about eight in all. Provincial troops and revenues have largely been controlled by above in spite of Anfu intrigues. Lu Yung-hsiang, military governor of Chekiang Province is an Anfu man instigating attacks on Li Shun while Anhui, Fukien, and Shantung Provinces [have] Anfu governor[s] also. Reported Japanese threaten Chang Tso-lin with trouble in Manchuria if he is not neutral. It is, of course, uncertain whether military governor coalition will continue since leading persons will probably seek to join winning side thus making operations between Peking and Pao-tingfu crucial. While himself a Chihli man and having personal support of powerful provincial leaders President Hsu has perhaps adopted neutral attitude between these factions. Cabinet and Parliament controlled by Anfu Party.

It is necessary to state that Japanese influence is clearly and strongly behind the Anfus and in this connection it seems very probable that the initiation of the consortium has been purposely delayed by the Japanese so that no considerations of joint action may limit them in the present crisis which they have anticipated.

Military Government at Canton has not declared its position but probably favors military governor[s], as indicated by Wu Pei Fu's evacuation of Hunan in apparent collusion with advancing Southern General Tan; while seceders from Canton Government, Sun Yat Sen and others have been intriguing with Tuan. Position of Tang Chi-yao, military governor of Yunnan, also not declared but he has been supporting seceders against present heads of Canton Government.

No question of popular government or of constitutionality is involved in this struggle which left alone would necessarily soon terminate through lack of funds. Vice Minister of Finance states National Treasury absolutely empty. Consequently funds for present preparations must be from outside sources which are universally

¹⁵ Not printed.

believed to be Japanese. The military governors are popularly condemned as rapacious autocrats but Anfu Party carries the stigma which is extremely strong of [pledging?] all available Chinese resources to Japan. Tuan commands great personal loyalty among prominent military leaders in the North but Wu Pei Fu is almost the only leader on either side except President Hsu who seems commands [*sic*] considerable popular support and approval.

Outlook for formation in the near future of a strong united democratic government appears most discouraging since China has never been more demoralized since [the] nineties. Foreign administered customs and salt administrations provide only national revenues and era of ruinous loans to provide military funds may be anticipated which Japanese will doubtless utilize as already reported. Close international cooperation in financial matters desirable as basis fundamental reconstruction. It may therefore be absurd to consider the present avowed policy of making internal peace and a united government, conditions precedent to action by the consortium.

Repeat[ed] to Tokyo.

CRANE

893.00/3384 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, July 11, 1920—10 p.m.

[Received July 11—9 p.m.]

179. Nation wide military activities are spreading quick. Disorders seem inevitable, Yangtze Valley now widely involved, no sign of anti foreign sentiment, train service Shanghai-Nanking Railway suspended owing to occupation by Anfu forces from Shanghai to Soochow. Tientsin-Pukow Railway broken just south of Tehchow whose arsenal now in Tsao Kun's hands is object of Anfu attack from Tsinan. Peking-Mukden Railway thus is only line maintaining schedules, Chang Hsun rallying former forces at Hsuchow animated probably by hatred of Tuan.

CRANE

693.119/334 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, July 13, 1920—11 p.m.

[Received July 13—10:46 p.m.]

183. Italian Legation publishes statement that Italian Government has not agreed not to sell military supplies in China; that when em-

bargo was agreed upon Italian Government made reservation of unfulfilled contracts and that it is no longer able and willing postpone execution of certain contracts; that some munitions are being delivered to troops guarding Peking but that no gun or [omission] are among supplies delivered.

Japanese publishes statement Japanese instructors have been recalled from Tuan forces.

Chang Tso-lin has telegraphed President of the Republic he has proof Tuan is inciting brigands in Manchuria and agrees [*sic*] usurping President's functions therefore [Chang Tso-lin] will organize large punitive expedition and occupy Peking where he will remain until criminals like Tuan are punished and Anfu Party extirpated.

Peking-Mukden Railway administration report all available rolling stock sent to Manchuria. Train service uncertain except Peking to (Tientsin?). American and British forces in Tientsin are retaining sufficient cars for own use.

CRANE

893.00/3441

*The Consul General at Mukden (Pontius) to the Minister in China
(Crane)*¹⁷

No. 49

[MUKDEN,] *July 14, 1920.*

SIR: I have the honor to report that immediately following the return to Mukden of General Chang Tso-lin troops were despatched to various points on the Peking-Mukden railway between Mukden and Shanhaikwan. The railway between these two points is now under military control and the closest supervision is exercised to hold all available railway rolling stock. The mail trains have not been interfered with, and mails to and from Tientsin are despatched and received as usual.

Soon after the return of General Chang he received word of the dismissal of Generals Tsao Kun and Wu Pei-fu from their posts on the ground of unwarranted political interference and disobedience of military orders issued by the Central Government. It was felt that the dismissals were due to the pressure brought to bear upon President Hsu Shih-chang for the removal from office of General Hsu Shu-cheng. General Chang Tso-lin no doubt found himself in an awkward predicament in underestimating the power and influence still wielded by Marshal Tuan Chi-jui. Then followed the belligerent movements of Generals Tsao Kun and Wu Pei-fu who were aroused at their unlooked for dismissal. In the present crisis

¹⁷ Copy forwarded to the Department by the consul general under covering despatch no. 67 of same date; received Aug. 13.

General Chang is no doubt endeavoring to adopt a neutral attitude. Whether or not he will escape the wrath of both parties remains to be seen.

General Chang has instructed the Traffic Inspector of the Mukden-Koupangtze section of the railway to hold 200 cars in readiness for the movement of troops. This office was informed that 20 cars in charge of the Commanding Officer of the 28th Division with a small guard left Mukden on the 12th instant for Chinchow from which point in all probability the first detachment of troops will be despatched. More cars were to be sent to that place as soon as collected. General Chang no doubt fully realizes that precaution in safeguarding the territory under his jurisdiction is of first importance, especially owing to the large Japanese interests in Manchuria. Should the Japanese sustain any losses through the invasion of troops from other provinces, he would be held strictly accountable, and if Japanese interests suffered in any way it would be an excuse to bring more Japanese troops into Manchuria.

The Military Governors of Kirin and Heilungchiang Provinces arrived at Mukden on the 12th instant. Immediately after their arrival they called a meeting of all high military and civil officials at the Military Inspectorate at which it was unanimously agreed to support the President against Marshal Tuan Chi-jui. General Chang then despatched a telegram to the President informing him that Feng-tien is prepared to send two divisions of troops to the vicinity of Tientsin and Peking for the sole purpose of guarding the Capital. General Chang Tso-lin also issued a notice to the railway authorities that his action in despatching troops to the south-west is to suppress the unruly conduct of Marshal Tuan Chi-jui, who forced President Hsu to issue a mandate for the dismissal of Generals Tsao Kun and Wu Pei-fu.

It is now reported that a large detachment of troops from the 28th Division will leave Chinchow for Lutai today. 60 cars are now held in readiness in Mukden for the transportation of troops from outlying districts to Chinchow. The local Mint is very busy manufacturing small arms ammunition. General Chang, has set apart \$500,000 for immediate military expenditure. This office has also been informed that General Chang has despatched a telegram to the Diplomatic Body at Peking justifying his control of the railway and the despatch of troops on the sole ground of his desire to protect the President.

I have [etc.]

ALBERT W. PONTIUS

893.00/3390 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, July 14, 1920—7 p.m.

[Received 10:17 p.m.]

184. The President has issued a conventional mandate ordering troops of contending sides to return to their original posts, thus saving the people from miseries of war. Will probably be entirely disregarded. Joint telegram opposing Tuan received from the eight military governors whose union seems complete. Martial law is proclaimed in Peking by Tuan officials acting without President's approbation.

CRANE

893.00/3380 : Telegram

The Secretary of State to the Minister in China (Crane)

[Paraphrase]

WASHINGTON, July 16, 1920—2 p.m.

180. Your 168, July 9, 11 p.m. We are concerned that you have apparently joined with the ministers in China of the other nations in sending to the Chinese officials a statement that they expect the Capital to be kept free from army movements and fighting. We are not fully informed as to the facts which perhaps warranted this action. The agreement following the Boxer troubles is to be interpreted in so far as it provides special arrangements for Peking as only safeguarding the diplomatic representatives from attacks against foreigners. It seems in view of cables from you, nos. 179¹⁸ and 182¹⁹, that the disturbance now taking place is to date only a domestic fight similar to that three years ago when the army of Chang Hsun was attacked in the Capital by Tuan and is not aimed at foreigners. We find it hard to see, therefore, that the foreign ministers should now deny the liberty of action to those fighting against Tuan which in 1917 they allowed him. To do so, it seems, would appear to be an act of intervention favoring one party. To seem to thus take sides might have the direct tendency to arouse hostility against foreigners and also would be a violation of the policy which all the leading nations have proclaimed in their relations with the country.

We therefore instruct you to be careful not to connect yourself with any joint diplomatic action which would be taking sides with any party either actually or seemingly.

Who made the suggestion upon which the ministers acted?

COLBY

¹⁸ *Ante*, p. 440.¹⁹ Not printed.

893.00/3393: Telegram

The Consul General at Tientsin (Fuller) to the Secretary of State

TIENTSIN, July 16, 1920—7 p.m.

[Received July 16—12:55 p.m.]

Telegraphic and telephone communication with Peking interrupted. Railway communication interrupted since July 15, 10 p.m. by fighting between Chinese factions. Consular body considering measures keep fighting away from Tientsin. International investigating expedition proceeding along railway tonight. Wireless communication open.

FULLER

893.00/3439

*The Consul General at Mukden (Pontius) to the Minister in China (Crane)*²⁰

No. 52

[MUKDEN,] July 17, 1920.

SIR: Reporting further on political conditions in this vicinity, I have the honor to state that, under instructions from his Minister, the local British Consul General has made representation—in the nature of a protest—to General Chang Tso-lin as follows: Exception was taken at the unwarranted seizure of locomotives and other rolling stock on the Mukden-Shanhaikwan section of the railway and General Chang was requested to conform with the arrangement made with General Tsao Kun that no locomotives, etc., were to be commandeered unless effected in cooperation with the British engineer in charge. General Chang was also notified that under no circumstances would the Diplomatic Body at Peking permit the disruption of railway communication between Tientsin and Peking. General Chang gave no definite assurance but asked that the question be put in writing and there the matter rests for the present. One interesting feature of the interview was the statement by General Chang that the recent interview he had with Dr. Ferguson²¹ at Mukden had at last opened his eyes to the traitorous behavior of the Anfu clique in “selling” the country to the Japanese. General Chang expressed himself very forcibly in this same connection and emphasized the fact that it was now his solemn duty to save China from the control of the pro-Japanese party.

The report that General Chang Tso-lin was about to proceed to Tientsin to take charge in person of his military expedition is not true. There is a possibility of the General proceeding to Shanhai-

²⁰ Copy forwarded to the Department by the consul general under covering despatch no. 71 of same date; received Aug. 10.

²¹ John Calvin Ferguson, political adviser to the President of China.

kwan in the course of a day or two. It has now been ascertained that the telegram received by General Chang announcing that the former Premier Chin Yung-ping was proceeding to Mukden was forged. Railway communication from Peking has now ceased, the last train arriving early yesterday morning. A mail train for Peking was made up and despatched from Mukden this morning.

Reports have reached Mukden that fighting has already taken place between Tientsin and Peking. General Chang states that he intends to despatch all of his available troops at once to Tientsin. It is now reported that troops of the 28th Division have arrived at Langfang and vicinity. About 2,500 troops of the 27th Division left Hsinminfu bound for Tientsin during the past four days. Three *ying* of artillery and one *ying* of cavalry of the 27th Division with a large supply of ammunition and foodstuff will probably be despatched from Mukden today. Nearly one hundred cars are now held in readiness for this expedition. General Chang Tso-hsiang, Commander of the 27th Division and the Chief-of-Staff of General Chang Tso-lin, are also reported to be leaving today for Tientsin.

The arrest at Changchun is reported of Colonel Liu Chung-fan and eleven other military men accused of having been despatched by Marshal Tuan Chi-jui with the object of inducing bandits to create disturbances in various parts of South Manchuria. It is said they carried with them \$120,000 with credentials from Marshal Tuan. All of the accused have been brought to Mukden for trial and as there is evidence of their guilt they will probably be executed.

I have [etc.]

ALBERT W. PONTIUS

893.00/3394 : Telegram

The Consul General at Tientsin (Fuller) to the Secretary of State

TIENTSIN, July 17, 1920—4 p.m.

[Received July 17—9:56 a.m.]

Referring to my telegram of July 16, 7 p.m. Both of the opposing parties express willingness to permit passenger trains. Train leaves here for Peking this evening. Telegraphic communication is reopened via Mukden. . . . Chihli troops repulsed yesterday at Yangtsun have been heavily reenforced today. Order is being maintained in Tientsin.

FULLER

893.00/3393 : Telegram

The Secretary of State to the Minister in China (Crane)

WASHINGTON, July 17, 1920—7 p.m.

182. Referring Department's 180, July 16, 2 p.m. Please communicate its substance to Consul at Tientsin so that he will not

participate inadvertently in any action of Consular Body which might actually or colorably constitute an intervention on behalf of any of the factions involved in the present struggle. Department desires information as to identity of Chinese commander at Tientsin and his alignment in the present struggle.

COLBY

893.00/3397 : Telegram

The Consul General at Tientsin (Fuller) to the Secretary of State

TIENTSIN, July 18, 1920—1 a.m.

[Received July 18—1:14 a.m.]

Following from Legation at Peking:

“Number 185, July 16, 11 p.m. After initial success Tuan troops outflanked by Wu Pei Fu and driven back towards Mentoukou with serious losses. High circles Peking very apprehensive regarding return to Peking of defeated troops but uninformed public calm.

Tuan troops have made advance along railway from Peking towards Tientsin, now reported Yangtsun. Wounded arriving in Peking from both battle areas.

Rail communication with Tientsin suspended since Thursday afternoon and wire communication since this morning. Dean of diplomatic corps this afternoon addressed vigorous note to Minister of Foreign Affairs declaring violation of protocol of 1901²¹ intolerable and that if Government unable to maintain free communication he would propose to colleagues to consult regarding military action to be taken. Receiving unsatisfactory oral reply dean of the diplomatic corps convoked meeting of the corps where situation discussed. Disclosed at the meeting that British Legation had since then endeavored negotiating independently with Tuan and Tsao Kun for passenger traffic through front lines. This action based on financial rights in line. Arrangement no longer successful. Four powers going Tientsin [*sic*]. Sending train to investigate. This sent by wireless telegraph to Tientsin. Signed by Crane.”

FULLER

893.00/3398 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, July 18, 1920—4 p.m.

[Received July 18—12:54 p.m.]

186. My 185 July 16, 11 p.m.²² Tuan forces have received severe repulses on both battle areas and his soldiers are retreating on Peking. Chang Tso Lin troops from Mukden, numbering about 6,000, have reached scene of fighting at Pehtsang and Yangtsun, compelling

²¹ *Foreign Relations*, 1901, Appendix (Affairs in China), p. 312.

²² See telegram of July 18, from the consul general at Tientsin, *supra*.

withdrawal Tuan forces from Yangtsun to Lota [*Lofa?*]. This shift removes fighting area from vicinity of Tientsin which had been cause of protest from consular body. Trains from Peking to Tientsin went through yesterday morning but none have come from Tientsin. Telegraph lines to Tientsin opened this morning. City calm, but anxious. All gates closed since last night. General Wang in charge of city troops has made dispositions to guard against violence Tuan soldiers, about 8,000 of whom have returned but are well in hand to date.

CRANE

893.00/3399 : Telegram

The Consul General at Tientsin (Fuller) to the Secretary of State

TIENTSIN, July 18, 1920—midnight.

[Received July 19—7:20 a.m.]

Japanese interference radio to Peking has now ceased. Railways again blocked, but by railway wrecks. Chihli troops continue receiving heavy reenforcements. Tuan troops still retreating toward Peking. My position [at] all consular body meetings has been to prevent any possible action which might be construed as favoring either faction. All quiet at Tientsin, British Admiralty Admiral arrived today, also two Japanese destroyers.

FULLER

893.00/3447

*The Consul General at Mukden (Pontius) to the Minister in China (Crane)*²³

No. 53

[MUKDEN,] July 19, 1920.

SIR: Reporting further on political conditions in this vicinity, I have the honor to state that another detachment of troops of about 1,800 belonging to the 27th Division left Mukden on the 17th instant for Langfang and other points along the Peking-Mukden Railway with a supply of foodstuffs, ammunition and artillery. These troops consisted of infantry, cavalry and coolies for military labor. Altogether the troops despatched from this locality during the past week make a total of 5,000. In all 13 trains were despatched on the 17th and 18th. General Chang Tso-lin has evidently scored an advantage on the transportation question for I am reliably informed that the Managing Director of the Peking-Mukden Railway has telegraphically instructed the railway officials at Mukden to let him have as many cars as needed and to afford every facility for the transportation of troops.

²³ Copy forwarded to the Department by the consul general under covering despatch no. 73 of same date; received Aug. 17.

General Chang Tso-lin has now given the British Consul General an assurance that the British rights on the railway would be respected and that the interests of the bondholders would be safeguarded. General Chang insists nevertheless that he would exercise the right to possess himself of a share of the surplus funds. In this connection there is enclosed copy of a despatch which I have sent today to Chang Tso-lin which action was subsequent to a telegram received from Consul General Fuller at Tientsin. The telegram was somewhat mutilated in transit and I assumed that the message was transmitted at the behest of the Legation.

I have [etc.]

ALBERT W. PONTIUS

[Enclosure]

The American Consul General at Mukden (Pontius) to the Military Governor of Fengtien (Chang Tso-lin)

[MUKDEN,] July 19, 1920.

YOUR EXCELLENCY: I have just received a telegram from the American Legation to the following effect:

It is understood that Your Excellency is today making a demand upon the Peking-Mukden Railway authorities for such a large sum of money that the ability of the railway to meet its obligations will be very seriously affected. I am instructed to inform you that the greater part of this indebtedness is due an American corporation and amounts to approximately \$3,000,000. I am further instructed to call your attention to the necessity of leaving in the Railway Treasury not only sufficient funds earmarked to meet these obligations but also an additional amount must be provided for which is necessary to ensure the payment of the outstanding debt to the American corporation. My attention is called to the fact that yesterday His Excellency Tsao Jui, Civil Governor of Chihli Province, gave an assurance that the foregoing requirements would be adhered to.

I would thank Your Excellency to likewise give me an assurance that the interests of the American corporation concerned will be fully safeguarded.

I have [etc.]

ALBERT W. PONTIUS

893.00/3448

The Consul General at Tientsin (Fuller) to the Secretary of State

No. 254

TIENTSIN, July 19, 1920.

[Received August 17.]

SIR: I have the honor to transmit herewith copies of my despatches Nos. 214 and 217²⁴ sent to the Legation today, together with copies

²⁴ Neither printed.

of the correspondence of the Consular Body, in regard to protection of the railway, foreign concessions, and city of Tientsin during the present disturbances.

I have [etc.]

STUART J. FULLER

[Enclosure 1]

The Senior Consul at Tientsin (Ker)²⁵ to the Civil Governor of Chihli (Tsao Jui)

TIENTSIN, July 16, 1920.

YOUR EXCELLENCY: I am requested by the Consular Body to state that they have received reports that fighting is proceeding within a short distance of Tientsin, and they are apprehensive lest the safety of the city and of the foreign concessions may be endangered if troops of either side approach still nearer Tientsin.

In view of this danger and in consideration of the provisions of the agreement of 1902²⁶ whereby the Chinese Government undertook that no troops should approach or be stationed within a limit of twenty *li* from the foreign garrisons of Tientsin, the Consular Body would be pleased to know what measures are being taken to ensure that the above provisions are not infringed.

The same request is being conveyed by wireless telegraphy through the Dean of the Diplomatic Body to the military authorities of the opposing party.

With assurances [etc.]

W. P. KER

[Enclosure 2]

The Senior Consul at Tientsin (Ker) to the Senior Military Commander at Tientsin (Minami)²⁷

[TIENTSIN,] July 16, 1920.

SIR: I am directed by the Consular Body to forward herewith copy of a communication addressed today to H. E. the Civil Governor, and to request you to consider with your Colleagues what concerted action might be taken by the foreign military contingents to ensure the safety of the city and the foreign Concessions, having in view the zone laid down in July, 1902.

I have [etc.]

W. P. KER

²⁵ William Pollock Ker, British consul general.

²⁶ See *Foreign Relations*, 1902, pp. 198-201.

²⁷ Maj. Gen. J. Minami, commanding Japanese troops in North China.

[Enclosure 3]

Circular No. 19 of the Senior Consul at Tientsin (Ker)

TIENTSIN, July 17, 1920.

The Senior Consul has the honour to circulate for the information of His Honourable Colleagues an original Note from the Civil Governor in reply to the Note from the Consular Body of yesterday.

Although the fighting is now very close to Tientsin the Governor thoroughly appreciates the importance of observing the provisions laid down in the Agreement of 1902 with reference to the 20 *li* zone, and instructions have been given to the Military Authorities to observe them strictly. Instructions have also been issued for joint action on the part of the Officers administering Martial Law and the Police with a view to ensuring the safety of the Foreign and Chinese populations and the preservation of peace.

The Governor recognises the correctness of the message conveyed by the Consular Body to the Authorities of the Opposing Forces, through the Diplomatic Body at Peking, and does not doubt that those Forces will recognise the responsibility thus imposed upon them.

The Senior Consul is sending a copy of this Consular [*circular*] to the Senior Military Commander for his information.


[Enclosure 4]

The Senior Military Commander at Tientsin (Minami) to the Senior Consul at Tientsin (Ker)

TIENTSIN, 17 July, 1920.

SIR: I beg to acknowledge receipt of your letter dated 16th July, 1920. A Meeting of the Foreign Power Commandants was held this morning and the following decision arrived at.

The positions as shown on the attached map ²⁸ will be taken up by the respective Commandants in the event of an emergency. When you consider that the emergency has arisen it is requested that you will inform me.

I should be glad if you would inform me as soon as possible in the event of these positions being taken up what steps should be taken by the Military to enforce the provisions of the Protocol. The points at issue are, (1) Disarming, (2) Interning  Use of Armed Force.

I have [etc.]

J. MINAMI

²⁸ Not found in Department files.



[Enclosure 5]

The Senior Consul at Tientsin (Ker) to the Senior Military Commander at Tientsin (Minami)

[TIENTSIN,] *July 18, 1920.*

SIR: I am directed by the Consular Body to acknowledge the receipt of your letter of the 17th July, enclosing map of the positions proposed to be occupied by foreign troops in case of an emergency being notified to you by the Consular Body.

In view of the tenour of the Civil Governor's reply of which a *precis* has been communicated to you, showing that the Chinese Authorities assume full responsibility under the provisions of the agreement of 1902 regarding the 20-*li* zone, the Consular Body is of the opinion that, after providing fully for safeguarding the railway and protecting the foreign settlements, including possibly the ex-Austrian and ex-German Concessions, it will not be necessary to maintain the line of defence shown on your map, unless Military Commandants consider this essential to the safeguarding of the railway and the protection of the foreign settlements.

I have [etc.]

W. P. KER

893.00/3396 : Telegram

The Consul General at Tientsin (Fuller) to the Secretary of State

TIENTSIN, *July 19, 1920—noon.*

[Received July 19—8:18 a.m.]

Foreign military contingents expect to send military train through to Peking July 19, 3 p.m.

FULLER

893.00/3411 : Telegram

The Consul General at Tientsin (Fuller) to the Secretary of State

TIENTSIN, *July 20, 1920—5 p.m.*

[Received July 22—8:27 a.m.]

Military train reached Peking July 20, 1 a.m. without difficulty, left there July 20, 11 a.m., telephone communication is restored. Military commandants have decided to run one daily mail train. Ma Liang is now attacking Chihli forces near Tehchow.

FULLER

893.00/3408a : Telegram

The Secretary of State to the Minister in China (Crane)

WASHINGTON, July 20, 1920—5 p.m.

183. An Associated Press despatch dated Tientsin July 16 reports Japanese occupying Peking-Tientsin Railway at Yangtsun refuse to permit Chinese troops to advance along railway. Department desires to know when and under what circumstances section of railway between Peking and Tientsin hitherto allocated to British troops was occupied by Japanese.

In this connection the Department desires to recall to your attention the action of the Diplomatic Body at the time of the Revolution in 1912 when it recorded the following resolution in connection with the occupation by foreign troops of the Peking-Shanhaikwan railway:

“2. Both Chinese Imperial and revolutionist troops are at liberty to utilize the railway line and adjoining piers and wharfage for the purposes of transportation, landing or embarkation and will not be interfered with.” See Diplomatic Circular No. 13A of January 26, 1912.³¹

COLBY

893.00/3414 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, July 20, 1920—11 p.m.

[Received July 24—5:24 p.m.]

188. Statement of China papers that on July 16th General Wang Chan Yuan, Military Governor of Hupeh, by a ruse placed under arrest General Wu Kuang Hsin, an Anfu adherent and disbanded his force, thus forestalling attack on Wu Pei Fu's forces from the South.

On the 18th occurred the defeat and retreat on Peking of Tuan's 15th division and portion of 1st occupying first line against Wu Pei Fu west of Peking. No doubt inspired by these circumstances and the advice given his associates, Tuan, on 18th petitioned the President to be relieved of all posts and honors sending also circular telegram announcing this resignation to provincial authorities including Chihli and Fengtien. His resignation was refused on 18th and again on 19th. On latter date the President issued a mandate referring to and supplementing his mandate of the 14th in which he directed contending forces to return to their original posts. Second mandate stated that due to misunderstandings there has been

³¹ Not printed.

various movement of troops resulting [in] hardships to people and military and directed that orders be issued to commanders of the various fighting lines to cease further attacks and [comply with] subsequent mandates in settlement of controversy. The Chinese press reports that on the 18th Tuan issued instructions for a general retirement of his forces on three fronts as follows: Langfang, Pangkochuang, Changhsintien. There appears to be a lull in military operations which is unlikely to be permanent as General Hsu Shu Cheng and other Anfu leaders are desperate. On the 19th about six prominent military officials, including ex-Premier Chin were sent by the President to Tientsin to mediate with Tsao Kun and Chang Tso-lin. An ex-Minister for Foreign Affairs reports conversation between Generals Hsu and Tuan in which former proposed that General Lung Chi Kuang at Hsianchan with his force of 50,000 men attack foreign settlements at Tientsin. I have informed Colonel Morrow of this conversation indicating Legation's disbelief in probability of the attack taking place. Desultory looting in environs of Peking by 1st and 15th divisions is reported but city within wall remains quiet.

CRANE

893.00/3409 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, July 21, 1920—noon.

[Received July 22—6:36 a.m.]

191. Referring to Department's telegram 180, July 16, 2 p.m.³² The action of the diplomatic body, reported in the Legation's 168, July 9, 11 a.m. [*p.m.*]³³ is not intervening in behalf of any faction nor is it so understood by the Chinese of either faction. The issues of the present campaign will be settled by the fighting outside of Peking. The city is under the protection of a large force of police and *gendarmes* who are nominally neutral. The extension of the fighting area to the inside of the city would endanger the lives of the members of the Legation staffs and of the numerous civilian Chinese living here. It would give soldiers on both sides the opportunity for looting without affecting the final result of the civil strife. The Legation will be careful not to join in any action which would appear to be intervention in favor of either faction.

CRANE

³² *Ante*, p. 443.³³ *Ante*, p. 438.

893.00/3409 : Telegram

The Secretary of State to the Minister in China (Crane)

[Paraphrase]

WASHINGTON, July 23, 1920—8 p.m.

187. Referring to final question in our 180 of July 16, 2 p.m. and to your 191, noon, July 21. Who made suggestion upon which Ministers acted and what form did action take? We are waiting for report.

COLBY

893.00/3416 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, July 24, 1920—midnight.

[Received July 24—11:56 p.m.]

197. Your 183, July 20th, 5 p.m. Understand that British section not taken over by Japanese. During World War, however, Japanese have had French section which has only just now been taken over again by French. Japanese Legation today through Reuter's Agency issues strong denial of report printed in *Tientsin Times* to the effect that Japanese post at Yangtsun interfered with military. Legation states it was impossible for handful Japanese troops stationed there to affect fighting and concludes that reported complaint of Tsao Ying [*Tsao Kun?*], commander of Chihli forces, that compliance by him with Japanese demand caused gap of four miles in the center of his army appears inconsistent with fact that neither side have kept at that distance from railway as is apparent from obstruction to railway communication which is guaranteed by protocol of 1901.³⁴ Am mailing text.³⁵

Peking Leader publishes Tsao reply reaffirming that Japanese troops at Yangtsun ordered his forces to observe two mile limit in accordance with treaty. In this matter see page 294, Appendix, *Foreign Relations*, 1901.

CRANE

893.00/3417 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, July 25, 1920—1 a.m.

[Received July 24—10:40 p.m.]

198. Environs of Peking occupied by Chihli and Fengtien troops. Remnants of Tuan and Hsu forces proceeding north towards Kal-

³⁴ *Foreign Relations*, 1901, Appendix (Affairs in China), p. 312.

³⁵ Not printed.

gan and from Tungchow toward Jehol, other portions still here surrendering *en masse* to Chang. President has received numerous communications from the Anfu partisans disavowing recent military operations, blaming Minister of Communications and General Hsu who have disappeared.

Apparently no Cabinet changes or constructive measures [of] relief yet. Military Governor Chang will come to Peking. Ferguson reports latter as saying his main policy is to uphold President who exists as sole constitutional agency for reunification and consecutive continuance of government.

Military trains Peking-Tientsin discontinued but normal traffic impossible because of numerous troop trains and military interference.

CRANE

893.00/3418 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, July 25, 1920—noon.

[Received July 25—8:42 a.m.]

183 *bis* [199?]. Referring to my cable of July 25th, 1 a.m. Following resignations have been accepted, Ministers of Finance, Justice and Communications. Vice Ministers acting. Also resignation of General Tuan Chih Kuei, Anfu member, commander in chief troops metropolitan district; General Wang, commandant of *gendarmerie*, to act concurrently. Chihli troops proceeding north on Peking-Kalgan Railway in pursuit of remnant of Tuan's troops.

CRANE

893.00/3419 : Telegram

The Minister in China (Crane) to the Secretary of State

[Paraphrase]

PEKING, July 26, 1920—6 p.m.

[Received July 26—5:10 p.m.]

200. Your no. 187, July 23. Our Counselor of Legation acting with my approval suggested this measure to the Ministers. Leading Chinese had asked that this be done. We have been thanked informally by the President of China.

CRANE

893.00/3420 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, July 28, 1920—noon.

[Received July 28—5:55 a.m.]

201. Mandate issued restoring Wu Pei-fu and Tsao Kun to former positions and accepting resignation of Wu, Anfu chief of police. General disarming Anfu troops progressing peacefully. City gates promised open [next] week, now little prospect of any disorder.

CRANE

893.00/3486

The Minister in China (Crane) to the Secretary of State

No. 53

PEKING, July 28, 1920.

[Received September 17, 1920.]

SIR: I have the honor to transmit herewith translation copies of circular No. 108 of the Dean of the Diplomatic Corps, regarding the safety of foreigners in Peking during the present crisis.³⁶

I have [etc.]

CHARLES R. CRANE

[Enclosure—Translation]

*The Dean of the Diplomatic Corps in China (Boppe) to the Chinese Acting Minister of Foreign Affairs (T'cheng Loh)*³⁷

[PEKING, July 8, 1920.]

MR. MINISTER: At the present time when in a great many places the Chinese territory, even in the outskirts of the Capital are disturbed by the useless and disastrous military conflicts concerning which the Foreign Powers have already had occasion to express their disapproval, the Diplomatic Representatives wish to express the confidence which they place in His Excellency President Hsu Shih Chang's exercising his power of supreme magistrate to enforce the general principles of humanity upon the local warring factions.

But they wish also to solemnly call the attention of the Chinese Government to the strict obligations which they have undertaken concerning the protection of foreigners. They will hold the present Chinese Government responsible for any attack, which during the present trouble, may be made against foreigners or their property.

³⁶ The first part of the circular, addressed to the dean's colleagues and transmitting copies of his note to the Chinese Foreign Office (enclosure hereto), not printed.

³⁷ Copies were sent to President Hsu Shih-ch'ang and to Marshal Tuan Chi-jui.

They think it necessary to express the view of all the Chiefs of Mission that measures should be taken to prevent the entrance of armed troops in Peking or the use of bombing planes on the city.

Receive [etc.]

[BOPPE]

893.00/3428 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, July 30, 1920—noon.

[Received July 30—8:42 a.m.]

205. About 18,000 troops from the 1st and 3d divisions of Tuan's Frontier Defense Army and 9th and 15th divisions of the National Army have been disbanded. Four brigades of northwest frontier troops remain practically as before but mandate orders immediate disbandment.

The Minister for Foreign Affairs and General Wang, commandant *gendarmerie*, have approached me with earnest requests that no shelter be given in the diplomatic quarter to certain Anfu leaders whose arrest has been ordered by secret Presidential mandate including five already reported to the Department. I announced the stand I took in yesterday's diplomatic meeting, that is, that the Legation disfavored granting asylum itself or by Americans in the quarter to Chinese men but did not object to women and children. I have issued instructions to Americans in quarter accordingly. Only British and French Legations take similar stand.

Pan Fu, Acting Minister of Finance, has informally consulted me in regard to the Government's extreme financial embarrassment for lack of funds for the present disbandment of troops.

CRANE

893.00/3498

The Minister in China (Crane) to the Secretary of State

No. 66

PEKING, August 2, 1920.

[Received September 17, 1920.]

SIR: There are enclosed herewith, as of interest to the Department, copies of certain recent correspondence, newspaper clippings, etc., on the question of asylum in the Diplomatic Quarter in Peking,³⁸ which has been actively discussed in the Diplomatic Body and by the newspapers.

I have [etc.]

For the Minister:

A. B. RUDDOCK

³⁸ Only three of these enclosures are printed.

[Enclosure 1]

The American Minister in China (Crane) to the Dean of the Diplomatic Corps in China (Boppe)

PEKING, July 25, 1920.

EXCELLENCY AND DEAR COLLEAGUE: I have been giving much thought to the question of harboring political refugees in the Legation Quarter, and I have come to the conclusion that neither hotel, private residents nor Legations should give refuge to the political leaders of either faction. As regards the women and children who have moved into the Wagons Lits Hotel or other localities in the Legation Quarter, I am unalterably opposed to the proposition that they are to be expelled from the Quarter. Any such measure would work individual hardship and furthermore would tend to arouse resentment against foreigners which might cause the injection of an anti-foreign feeling into a situation already sufficiently complicated.

I beg [etc.]

[CHARLES R. CRANE]

[Enclosure 2]

The American Minister in China (Crane) to American Residents of the Diplomatic Quarter in Peking

[PEKING,] July 28, 1920.

GENTLEMEN: Owing to the present confused political situation I have decided that refuge should not be given to Chinese men seeking to hide themselves in the Legation Quarter. All Americans, therefore, who reside in the Quarter are requested not to allow Chinese men from outside to reside in their business offices or dwelling houses. As to Chinese women and children, American residents in the Legation Quarter may use their own discretion.

CHARLES R. CRANE

[Enclosure 3]

Reuter's Agency Report in the "Peking & Tientsin Times," July 29, 1920

PEKING, July 28[, 1920].

The Diplomatic Corps held a Meeting to-day, and discussed the question of refugees in the Legation Quarter, but did not reach any decision. It is understood that the British, American, and French Ministers are reminding their nationals in the Quarter that in accordance with the Protocol, Chinese cannot reside within the Legation Quarter, and if they are at present harbouring any Chinese, they must be turned out within forty-eight hours. This, of course, does not apply to the Legations.

893.00/3436 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING [undated].

[Received August 8, 1920—11:23 a.m.]

215. Presidential mandate dissolves all branches of the Anfu Club and also the 15th division of the regular Army which assisted Tuan. Tsao Kun and Chang Tso Lin are now in Peking conferring with the President.

CRANE

893.002/54 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, August 11, 1920—1 p.m.

[Received August 11—8:35 a.m.]

217. General Chin Yun Peng named acting premier, Cabinet not yet announced. Japanese Minister publicly states that he has given due protection in Legation to nine Chinese including Hsu Shu Cheng and other Anfus in consideration of international practice well established especially in China, but has warned them not to concern themselves in politics and has completely isolated them. Adds that has no political significance or favor to any party. Text by mail.³⁹

CRANE

893.002/55 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, August 12, 1920—noon.

[Received August 12—3:50 a.m.]

218. My 217. Following Cabinet announced by President's proclamation 11th:

Minister of War, Chin Yun Peng; Navy, Sa Chen Ping; Foreign Affairs, Yen Hui Ching; Interior, Chang Chih Tan; Education, Fan Yuan Lien; Justice, Tung Keng; Finance, Chow Tze Chi; Communications, Yeh Kung Cho, Agriculture and Commerce, Wang Nai Pin.

CRANE

893.00/3567

The Consul General at Canton (Bergholz) to the Secretary of State

No. 135

CANTON, September 22, 1920.

[Received October 18.]

SIR: Referring to my despatch No. 120 of September 1, 1920,⁴⁰ informing the Department that I had advised the Legation at

³⁹ No record in Department files that despatch was received.

⁴⁰ Not printed.

Peking by telegraph, on August 25, 1920, for transmission to the Department, of the welcome information conveyed to me by the Minister of Foreign Affairs of the Military Government that Peace Terms had been agreed upon between the North and the South which would, shortly, be made public, I now have the honor to inform the Department that the declaration of peace has been postponed, no doubt, owing to the revolt of General Chen Chiung Ming and his attack upon the Military Government, resulting in the capture of Swatow, and to the urgent representations of Dr. Wu Ting-fang, Tang Shao Yi, and Dr. Sun Yat Sen to Peking. These gentlemen are giving General Chen all the moral support possible if not all the financial aid at their disposal and hope, should he succeed in defeating the troops of the Military Government, which is most unlikely, to become the governing body by recovering their places on the Administrative Council which they still insist they hold, notwithstanding their removal by the Military Government and the appointment of their successors. They are, naturally, doing everything in their power to prevent an understanding between the North and the present Military Government so that, in the event of the latter being driven from power, they can make their own terms with the North and by selecting their own Military Governor, obtain control of all the functions of government now exercised by the South.

A copy of this despatch has been sent to the Legation at Peking.
I have [etc.]

LEO BERGHOLZ

893.00/3787

*Quarterly Report of the Legation in China for the Period July 1-September 30, 1920*⁴¹

POLITICAL—DOMESTIC

The events which led up to the most important political change in this quarter—the downfall of the Anfu clique in Peking—may be said to have had their actual beginning in the withdrawal of General Wu Pei Fu together with his Third Division from their station at Hengchow in Hunan to return to Chihli, their home station, the latter part of May. The motives leading to General Wu's withdrawal to Chihli Province are many and complicated but a *résumé* of some of the more important will throw some light upon the general political situation, as well as upon the character of General Wu who has stood out in striking contrast to the majority of Chinese military officials. In the spring of 1918 General Wu, acting under orders

⁴¹ Enclosure to despatch no. 778, Jan. 26, 1921, from the Minister in China; received Mar. 9, 1921.

from his superior Tsao Kun, Tuchun of Chihli Province, had gone to Hunan and recaptured Yochow and Changsha from the South and established himself in the province. Instead of receiving appointment as Tuchun of Hunan to which it would seem he was entitled, this position was given to General Chang Ching-yao, an adherent of Tuan Chi-jui, and a notoriously corrupt and vicious official, who had rendered no aid in recapturing Hunan for the North, and who administered his position in such a manner as to best enrich himself at the expense of the province, particularly the northern portion where he was established. General Wu had conducted himself in a way to gain the admiration of the natives in the southern portion of the province, where he was established and actually held Hunan against the South. For ten months prior to his withdrawal to Chihli, General Wu had received no funds from the Central Government for payment of his Third Division troops. The Anfu Club which controlled the administration of the central government in Peking was indulging in a saturnalia of corruption unequalled since the establishment of the Republic and perhaps seeing their star declining were engaged in a most energetic absorption of loans and government revenues, and no funds were available for any except their actual adherents of which Wu Pei-fu was not one. What funds were given by the central government for troops in Hunan were sent to the corrupt Anfu adherent, Chang Ching-yao. The latter also allowed no more of the provincial revenues to be utilized by General Wu than those received from the territory in which General Wu was actually in control. In the meantime a movement had arisen in Hunan directed against Chang Ching-yao and his regime of despoliation. The cry was "Hunan for the Hunanese". General Tan Yen-kai, classed as an adherent of the South, was the military leader of the movement. General Wu, disgusted with the attitude of the central government and sympathizing with the desire of the natives of Hunan to rid themselves of Chang Ching-yao had secured the permission of his chief Tsao Kun to withdraw to Chihli, the ostensible reason at first given being the non-payment of the troops by the Central government. It is also asserted on good authority that General Wu had privately negotiated with General Tan Yen-kai, sympathized with his aims of driving out General Chang, and arrived at an understanding with the Southern general. It is stated that General Wu received \$600,000 from the South for his withdrawal, and while this is undoubtedly true, his friends point out that it was disbursed to his troops whose pay was months in arrears, and [for] whom according to Chinese custom, the provincial revenues were looked [to] to provide a large share of payment.

On May 25 General Wu started the withdrawal of his troops from Hangchow, and distributed them at strategic points on the Peking-

Hankow line, thus rendering impossible any probable aid reaching Chang Ching Yao from the North. Meantime General Wu openly announced his intention of checking and destroying the Anfu activities in Peking [and] in view of subsequent events it must be said in fairness to General Wu in this move he was actuated chiefly by patriotic motives and that the destruction of the Anfu party in Peking was the leading object of his withdrawal to Chihli. As had been expected, as soon as General Wu had retired from Hunan, Tuchun Chang was attacked from the south by General Tan Yen Kai. The troops of General Chang Ching-yao, a large portion of which existed only on paper for pay-roll purposes, rapidly gave way. By the middle of June Changsha had fallen to the Southern troops, Chang Ching-yao had withdrawn to Yochow, and a mandate was issued sternly ordering him to defend the province against the advances of the southern forces, and stripping him of his titles of Tuchun and Acting Civil Governor, but allowing him to remain in charge to direct the battle. It was on June 13th, 1920, during this occupation of Yochow by Chang Ching-yao, that Wm. A. Reimert, an American missionary of the Reformed Church Mission at Yochow, was shot down in cold blood on the mission premises, by an officer and squad of soldiers belonging to Chang Ching-yao's forces. This occurred after repeated and unavailing requests for protection had been addressed to General Chang by the mission, Chang admitted his personal responsibility for the murder of Reimert, and personally paid a solatium of \$45,000 to the family of the deceased, but up to the present has not been further punished, the Central Government holding that the Mandate of June 13th, 1920 stripping Chang of official rank is inclusive in its nature and a punishment for all his crimes as Tuchun of Hunan. This view is being strongly opposed by the Legation, which is pressing for adequate punishment of Chang Ching-yao.

By the end of June Yochow had fallen, and Chang Ching-yao's troops had withdrawn and fled from Hunan, and the latter had fled to foreign concession in Hankow, though ordered to Peking by mandate for an accounting. Hunan was again in the hands of the South, or rather of the Hunanese.

By this time it was realized in Peking that the Anfuites must either submit to being curbed or come into conflict with Wu Pei-fu, who had established his headquarters at Paotingfu where he was conferring with his chief, Tsao Kun, whom he had apparently won over to his beliefs.

Near the end of June Chang Tso-lin, Governor General of Manchuria, had come to Peking with a bodyguard of troops, to act as mediator between the Anfu group and the Chihli party. He con-

ferred with the President, Tuan Chi-jui and "Little" Hsu (General Hsu Shu-cheng, the powerful leader of the Anfu clique), and then went to Paotingfu for a conference with Tsao Kun and Wu Pei-fu, where he apparently entered into an agreement to support them in the event of an open conflict with the Anfu group, led by Tuan Chi-jui and "Little" Hsu. On his return to Peking he again conferred with the President and Tuan, presenting the demands of the Chihli Party for the removal of "Little" Hsu and the reorganization of the government, consisting of the elimination of the Anfu members of the cabinet, and the dismissal of both Parliaments (northern and southern) and the settlement of the parliamentary question as well as of unification and other national questions by a popular convention. On July 4 a presidential mandate was issued relieving General Hsu Shu-cheng of his post as Commissioner for Frontier Development in the Northwestern Regions (Mongolia), as well as abolishing the post of commandant of the Frontier Defense Force, removing the latter from Tuan's control and placing it under the direct authority of the Ministry of War. For the moment it looked as if the Anfu Club were routed, and that in the new cabinet, whose organization was mooted, it would strive to retain only the most lucrative posts of Minister of Communications and Minister of Finance for its members, in order to insure to itself adequate revenues. However, it was reported that Tuan was insisting that Wu Pei-fu should be punished for his interference in politics, and it was not to be expected that the astute, ambitious and courageous "Little" Hsu, than whom no man was more feared in Peking, would calmly submit to being stripped of his power, although he had been given the honorary rank of Generalissimo, or Marshal, which carried no office but a salary.

Finding Tuan in no mood for compromise, Chang Tso-lin, left Peking in the direction of Mukden, it being understood that he had ordered two of his divisions from Mukden and Fengtien to entrain for Shanhaikwan. Tuan Chi-jui was concentrating his troops at Nanyuan near Peking, and trying to induce the President to dismiss Wu Pei-fu. Then troops were thrown about the President's palace to "protect" him and, acting under coercion from Tuan and "Little" Hsu, the President placed his seal on a mandate on July 9th cashiering General Wu Pei-fu, stripping him of his offices and decorations and also depriving General Tsao Kun of his rank but allowing him to retain his office and command. From that time until the routing of the Anfu forces the President remained a prisoner in his palace, subject to the demands of Tuan and "Little" Hsu. On July 8th, the Diplomatic Corps handed a note to the Chinese Government ⁴² expressing their confidence in the President and trusting in

⁴²Ante, p. 456.

him to protect foreigners and their property and deprecating fighting in Peking or the bombing of the city by aeroplane, which had been threatened by the Anfuites. Both sides began threatening movements of troops—Tuan and “Little” Hsu toward Paotingfu and Wu Pei-fu and Tsao Kun toward Peking. Chang Tso-lin had moved some of his troops within the wall at Shanhaikwan, and was threatening Tuan with “armed” mediation if he did not come to terms, but until the last moment it remained doubtful if Chang would remain neutral or would really throw his troops into armed conflict on the side of Tsao Kun and Wu Pei-fu. It may be seriously questioned if Chang Tso-lin was actuated in his final decision by any high patriotic motives, but rather it was to his own personal advantage and ambition to join the Chihli party. In the first place he was fighting on the side enjoying popular approval because of its avowed intention of removing the Anfu power, with its pro-Japanese activities, from Peking; but his real motive no doubt was that by joining the Chihli party it offered an opportunity to eliminate from power his envied and feared rival “Little” Hsu, and to add the latter’s sphere of influence Mongolia to his own extensive Manchurian kingdom, as a field for the development and increase of power.

On July 12th Tsao Kun, Military Governor of Chihli, Chang Tso-lin, High Military Commissioner of the Three Eastern Provinces of Fengtien, Wang Chan-yuan, Military Governor of Hupeh, Li Shun, Military Governor of Kiangsu, Ch’en Kuang-yuan, Military Governor of Kiangsi, Chao T’i, Military Governor of Honan, Tsai Cheng-hsun, Tartar General of Suiyuan, Ma Fu-hsiang, Defence Commissioner of Ninghsia, Kansu, issued a public statement denouncing “Little” Hsu, Tuan Chi-jui, the Anfu party and parliament, and declaring their intention of upholding the President to exterminate the traitors and strengthen the country, and appealing for public support of the above officials. Only Chang Tso-lin, and Tsao Kun actually furnished troops for the fighting, and General Wu Pei-fu, being a subordinate of Tsao Kun was not mentioned, but to him must be given the credit of having the initiative and the courage of his convictions to throw down the gauntlet to forces superior to his own and to be ready to actually fight for his conviction of what was right. . . . As it was, attempts were made at compromise and mediation, but Tsao Kun and Wu Pei-fu remained firm and prepared to contest the troops of the Anfuites. Public opinion as expressed by native commercial and educational bodies was opposed to armed conflict, but after the fight started public sympathy was within Wu Pei-fu and his adherents.

A mandate forbidding hostilities issued on July 14th was followed by the proclamation of martial law in Peking, the seizure of the

telegraph offices in the city by the Anfuites, the closing of hostile newspapers, and the establishment of a strict censorship favorably inclined toward Anfu. Marshal Tuan issued [a] manifesto putting a price on [the] heads of Tsao Kun and Wu Pei-fu. Railway communication was cut and Peking was isolated. Meantime desultory encounters between the troops of Marshal Tuan and "Little" Hsu and those of Tsao Kun and General Wu were occurring in the vicinity of Chochow and Paotingfu, with at first gains reported for the Anfuites, but it soon became apparent that the troops of General Wu though less well equipped than those of the opposition, who possessed liberal quantities of arms and ammunitions, some of Japanese and Italian origin, had greater efficiency in action and morale and in addition more aggressive leadership. Under Tuan were the two mixed brigades of the Frontier Defense Force, totalling about 30,000 and in addition the 9th, 13th and 15th divisions, the loyalty of the latter being doubtful. Under Wu Pei-fu were his Third Division and two brigades brought from Hunan, and Tsao Kun had two brigades in and around Paotingfu. Tuan had moved his 13th and 15th divisions toward Chochow, about 50 miles south of Peking, where a portion of them came into conflict with the troops of General Wu.

Inspired reports of overwhelming victory for the Anfu forces were circulated in Peking, and a mandate was issued by the President ordering the troops to cease fighting and withdraw to their former stations. At first this was interpreted as a move to allow the Chihli party gracefully to withdraw without loss of face after their defeat, but the real news soon leaked through that Tuan's forces had been outmaneuvered and defeated by General Wu, and the mandate then appeared in the light of a cover for Tuan to retire. Toward the east the mixed Brigades of the Frontier Defence Force had been employed, and had gained a small victory by capturing Yangtsun from an inferior Chihli force, but with the advent of Chang Tso-lin's two divisions from the north, well-equipped with Japanese arms and munitions, the Anfu forces after several skirmishes began to withdraw and desert, fleeing toward Peking.

During this encounter on the Peking-Mukden Railway, train service between Peking and Tientsin had been interrupted by the military, but was re-established by an allied military expedition from Tientsin, who repaired the torn track, and the opposing parties promised to abide by the provisions of the Boxer protocol and to refrain from interrupting rail communication between Peking and Tientsin.

Lacking effective leadership in the field, with a broken-down commissariat, and with little stomach for fighting for their pro-Japanese superiors, the Anfu troops were rapidly withdrawn toward Peking;

the city gates were closed to prevent their entry, and there was a cessation of actual fighting. The troops of Chang Tso-lin and Wu Pei-fu moved forward to encircle Peking, to disband the enemy, and to await for negotiations with the vanquished Tuan, and his party. There was a disposition on the Chihli side not to exact any penalty from Tuan who was looked upon as the venerable old man and teacher of most of the Chihli generals, and the blame for the Anfu activities was placed largely upon his subordinates, particularly "Little" Hsu.

On July 27th a mandate was issued cancelling the order to degrade and punish Generals Tsao Kun and Wu Pei-fu, owing to "extenuating circumstances" conflicting with the previous mandate. On the 28th followed three mandates—one accepting the resignation of Tuan Chi-jui, another placing all the troops of the Frontier Defence Force under the control of the Ministry of War, and a third instructing the Ministry of War immediately to disband the Frontier Defense Force, including General Hsu Shu-Cheng's four brigades of Northwest Frontier (Mongolia) Defence troops. It was known that a fourth mandate had been prepared ordering the arrest of the leaders of the Anfu group, but this had been anticipated by these leaders who were now engaged in a mad scramble seeking the safety of the hotels, homes and Legations of the Legation quarter, the Anfu members of the cabinet having despatched their resignations. The Diplomatic Body had met on the 28th to consider the right of asylum in the Legation quarter, at which the British, French and American Minister[s] announced their intention of notifying their nations not to harbor Chinese fugitives, but in this the Japanese Minister refused to concur.

The issue of the mandate for the arrest of ten of the Anfu leaders the seizure of the Anfu Club, the search of members' houses, and the closing of their propaganda organs, marked the final downfall of this pro-Japanese clique, who during their regime had borrowed between Y. 300,000,000 and \$400,000,000 bartering many available resources or sovereign rights of the country. Some of this money was spent in furthering the private aims of the Anfuites and their masters, but large quantities adhered to the fingers of the various members of the Anfu Club. . . .

It is an interesting commentary on the workings of the central government that after the downfall of the Anfu Club the Waichi-aopu issued a public statement washing its hands of any loans made during the past few years, asserting that most of those concluded had been negotiated and signed without its knowledge and approval.

Although the troops of Li Shun, Tuchun of Kiangsu, took no active part in the conflict between the Anfu-Chihli parties, and his soldiers

were not sent out of the province, the important part that he played in this conflict must be mentioned. Animated by a desire to destroy the "traitors" at Peking and to attain a real unification of the country followed by the establishment of a stable central government, his representatives from the first had been in touch with Generals Tsao Kun and Wu Pei-fu. Occupying as he did a strategic position in the Yangtze Valley and having at his command seasoned and loyal troops, he was able to preserve peace in the entire Valley and prevent any assistance being rendered to the Anfuites from Central or South China. Anhui Province, whose Tuchun Ni Ssu-chung had left the province just before the Anfu-Chihli embroglio to recuperate at Pehtaiho and Tientsin from illness, was a stronghold of Anfuism, many of the members of the Anfu Club coming from Anhui. Military headquarters for Anhui had been established at Pengpu, a strategic point on the Tientsin-Pukow Railway line, and from there it would have been possible to despatch troops to attack Wu Pei-fu in the rear, but as the troops of Li Shun commanded a portion of the line above Pengpu (Anhui) and his attitude was well known no attempt was made to render aid to Anfu from this quarter. Li Shun was also in a position to attack Shantung from the rear if any serious attempt should have been made by Ma Liang (Defense Commissioner in Shantung and pro-Anfu) to render aid to his group. To the south was Chekiang, in which Lu Yung-hsiang a Tuan-Chi-jiu adherent, was Tuchun.

It is not believed that he had any serious intention of aiding the Anfu group in the conflict, but Ho Feng-lin, who was Defense Commissioner of Shanghai and in charge of the Arsenal there had just before the conflict been transferred by mandate from the authority of General Lu of Chekiang under the direct authority of Li Shun, by which the latter hoped to gain control of the Arsenal. This was resented by Ho Feng-lin, as well as General Lu, and at the beginning of the trouble in the North, both sides advanced troops along the Shanghai-Nanking Railway, cutting the line and holding up traffic, and for a few days it looked as though a conflict would result, but as the movements of troops seem to have been ordered by subordinates without the direct knowledge of either General, and as neither had inclination or any good reason for fighting, the troops along the railway were withdrawn by mutual agreement.

Li Shun had also obtained evidence that Wang I-tang the Northern Peace Delegate at Shanghai and an Anfu appointee, was sending agents *provocateurs* into the province to stir up trouble, and issued an order for his arrest. Wang denied the charge but with the downfall of Anfu his name was among the supplementary "traitors" ordered to be arrested by Presidential mandate, and he fled to Japan, leaving the North without a peace delegate for the time being.

The Peking Government having been purged of the Anfu clique it remained to be seen what sort of a settlement would be made by the victorious generals who were in a position to dictate terms, and to see what attitude would be adopted toward the popular program which General Wu Pei-fu had championed, viz., the calling of a representative citizens' convention to solve such problems as the drafting of a Constitution, the organization of a new parliament, together with the unification of the North and South, abrogation of the Sino-Japanese Military Pact, and the disbandment of troops. It soon became apparent that Chang Tso-lin intended to claim chief credit for the victory and to impose such a settlement as would meet with his wishes without regard for those of General Wu. In a statement to foreign correspondents on July 26th at his headquarters he stated when asked his opinion of General Wu:

"I deal with Tsao Kun only. General Wu is only chief of a division. Men of that rank can hardly deal in politics, for there are many divisional commanders in the land."

A Presidential Mandate appeared appointing the new acting cabinet composed as follows: Chin Yun-peng as Premier and Minister of War; Chang Chih-tan, Interior; Wang Nai-pin, Agriculture, Admiral Sah, Navy (non-party); W. W. Yen, Foreign Office (non-party); Tung Keng, Justice, Fan Yuan-lien, Education (said to be Chinputang); Chow Tze-chi, Finance; Yeh Kung-cho, Communications (Chiaotung). The most important portfolios, War, Interior, Finance and Communications were regarded as going to men who were the choice of Chang Tso-lin, and the Premier was known to be a close friend and adherent. For this cabinet it may be said that in ability it surpassed any since the establishment of the Republic and for this reason much was [*has*] been expected from it in different quarters; but it must be pointed out that however able may be the men composing it, its existence is largely dependent upon the will of the two powerful militarists of the north, Chang Tso-lin, and Tsao Kun; the central government has no troops under its direct authority and so must depend in the last resort upon the will and wishes of those able and willing to underwrite the Central government. The government was in urgent need of funds for administrative purposes, while on the other hand the militarists showed no disposition to disband troops but called instead for increasing amounts of money for military purposes. Therefore, it was not to be expected that much positive progress in reform of administration, or in settling the internal troubles of China would [*be*] made by the present cabinet. Furthermore, its members were only acting and could be considered to lack any legal basis for holding their portfolios, inasmuch as the northern parliament, which was largely composed of Anfu adherents, was dispersed at the fall of the Anfu clique, and no quorum

was available at least to give the form of legality to the cabinet by approval of its appointment by presidential mandate.

Although a People's Convention or Assembly was one of the chief points in General Wu Pei-fu's program, and was favorably discussed throughout the country by native educational and commercial bodies as well as being recommended by Dr. Reinsch in a memorandum to the central government it received little consideration at the hands of Chang Tso-lin or the Peking government. The matter was referred for consideration to the Ministry of the Interior where as far as can be ascertained at the end of the quarter it was still being "considered". No doubt the central government felt that the calling of such an Assembly, unless the election of representatives were properly manipulated, would finally call into doubt the legal basis of its own existence. The President was elected by the Parliament called after Tuan Chi-jui came into power, the legality of which would no doubt be questioned by a popular or representative assembly, and thus the legality of the office of the President appointed by this "illegal" parliament. To call for the election of a new parliament under the old election law would have been tacitly to admit that the Tuan parliament was illegal. The government therefore found itself in a quandary as far as any legal or constitutional basis was concerned and adopted a dilatory attitude on the settlement of such questions. Popular opinion on the other hand was convinced that any election arranged for by the present government would only result in an assembly of persons representing the various tuchuns and would consequently not be expected to accomplish more than was already being done by these authorities toward the solution of internal problems.

In the settlement at Peking, after the July conflict it soon became apparent that Chang Tso-lin was to dictate the terms as far as possible, though naturally Tsao Kun's wishes had to be deferred to. The settlement became a rivalry between these two military chiefs to strengthen their own personal power rather than to establish a strong stable central government. Chang Tso-lin seized most of the surplus military supplies, aeroplanes, and other military equipment and transported them to Manchuria. Both he and Tsao Kun recruited soldiers from the defeated Anfu troops and Chang Tso-lin stationed some of his own troops near Peking, in order to "protect" the President and the Peking government. In order to be on a parity with Chang Tso-lin, Tsao Kun was given appointment as Inspector General of Chihli, Shantung and Honan. Li Shun, who had wanted the Inspectorate General of Kiangsu, Kiangsi, and Anhui, was instead given the meaningless appointment of Inspector General of the Yangtze, which he refused. He was also urged to become Chief

Peace Delegate for the North, but this he also declined at first, though it was known that he was unofficially negotiating between the North and South as to unification terms. It was known that he was greatly disappointed over the outcome of the routing of the Anfu clique, which he had hoped to see followed by measures looking toward the establishment of a more representative and stable government in Peking, but which instead was followed by the substitution of the power of Chang Tso-lin and Tsao Kun, for that of Tuan Chi-jui and "Little" Hsu, and by the practical ignoring of the liberal views of Wu Pei-fu and himself (Li Shun).

In the settlement Wu Pei-fu was appointed deputy Inspector General of Chihli, Shantung and Honan under Tsao Kun, and it was believed that he would have charge of the greater portion of his superior's troops. It must be pointed out that Wu Pei-fu was lacking a Tuchunship from which he could obtain provincial revenues for his troops and for increasing his power and must depend upon his superior, Tsao Kun, for this. It is claimed for General Wu that he is a poor man after years in government service, which is in itself exceptional in China, that he is a strict disciplinarian, a man of few words, modest, and with no claim to being a politician. It is believed that he is actuated by truly patriotic motives, and in popular opinion he is looked upon as the Hero of China. It was thought that he would undoubtedly devote himself to the strengthening of his position and the increase of his army, for it was apparent that he and Chang Tso-lin held opposing views which might some day result in a clash. General Wu, however, realized that any attempt at present to try conclusions with Chang Tso-lin would only prove abortive, the latter having at his command some 200,000 troops, well armed and equipped, and the three rich Manchurian provinces from which to draw revenues.

During the struggle in the North events were far from peaceful in the South. The Yunnan-Kweichow offensive instituted by Tang Chi-yao (Military Governor of Yunnan) in May against Szechuan finally resulted in the defeat of the Szechuan Tuchun Hsiung K'o-wu, largely because of disloyalty in his own ranks. Although Tang Chi-yao by no means gained control of the entire province and his position there remained to be consolidated and strengthened, it represented an additional gain to his already large sphere of influence in the south. During this time Tang aligned himself with the former directors of the Canton Military Government, Tang Shao-yi, Sun Yat-sen and Wu Ting-fang (in Shanghai) and announced his adherence to the constitutional cause, and invited the old Parliament to come to Yunnan, and later to Chungking.

Another movement was that of General Chen Chiung-ming, commander of the southern (Kwangtung) forces stationed in Fukien,

directed against the Tuchun of Kwangtung, Mo Yung-hsing, a lieutenant of General Lu Yung-ting of Kwangsi, whose subordinates were in control of Kwangtung province. On August 20th Swatow had fallen to the forces of General Chen, and his forces were advancing on Waichow, near Canton. His avowed purpose was to capture Canton and relieve his native province of the burden of the Kwangsi militarists, who with the aid of Tsen Chun-hsuan and Wen Tsung-yao were still maintaining the skeleton of the old Canton Military Government, and wielding their power chiefly for their own benefit. Toward the end of the quarter it looked as though General Chen would meet with success, in driving out the Kwangsi militarists from Kwangtung.

During this period the Central Government adopted a two-fold policy toward the question of internal peace. Measures were taken to treat directly with the military powers in control in the various provinces, meanwhile attempting to deal also with the south, using Li Shun, Tuchun of Kiangsu as intermediary, the latter finally assuming the office of Chief Peace Delegate for the North, and sending delegates to treat with Tang Chi-yao and other southern leaders. So far little progress toward any real understanding had been made. It was known that Sun Yat-sen was asking [*aiding*] General Chen in his efforts against the Kwangsi militarists in Kwangtung and if the latter's efforts should prove successful the re-establishment of the Constitutional Party at Canton under the leadership of Sun Yat-sen, whose influence in the south is considerable, might be expected. Tang Chi-yao insisted upon his position being recognized in the southwest as co-equal with that of Chang Tso-lin and Tsao Kun in the north, and consequently would demand some voice in the Peking government under any plan of unification. Also if disbandment of troops was to take place, the southern military leaders, jealous of the increasing power of their northern rivals insisted that for each division disbanded in the south, one must also be disbanded in the north. It was doubtful if Chang Tso-lin and Tsao Kun had any idea of disbanding any of their troops, and the possibility of any agreement between the north and south seemed far distant, and little could be expected from the militarists in the final solution of China's problems. Rather would it come from the people themselves.

In general it may be said that Competent observers who have traveled about the provinces in the past few years state that the people are going ahead making progress, and getting very definite ideas as to what they want. They want to see the country united, having little interest in the rivalry between the northern and southern militarists. They are becoming weary of the reign of the Tuchuns

and want to see them abolished, and the people of each province are becoming daily more insistent upon the running of their own affairs within the province without interference from outside sources. They are adopting such slogans as "Hunan for the Hunanese" and "Home Rule for the provinces." Recently the gentry and citizens of Kiangsu and Hupeh province[s] have opposed the appointees of the central government to the Civil Governorships of those provinces, insisting upon their own candidates, some demanding that they be elected by the province and have met with some success in their opposition. This movement is spreading throughout central and southern China, and is making some headway in the north. It is the opinion of some well-informed persons that within the course of two years China will experience a real revolution which will rid her of the military, and the form of government then sought will be a federation of States or provinces.

POLITICAL—FOREIGN RELATIONS

On August 9th the Japanese Minister handed a note to the Chinese Foreign Office announcing what had already been suspected for some time, that the Anfu leaders had been given refuge in the Japanese Legation; the following men were named as being in the Japanese Legation Guard compound: Hsu Shu-cheng (Little Hsu), Tseng Yu-chun (ex-Minister of Communications), Tuan Chih-kuei (Commander Peking garrison), Ting Shi-yuan (Director Kin-Han-Suiyuan Railways), Chu Shen (ex-Minister of Justice) Wang Chih-lung (Financial agent of the Anfu Club) Liang Hung-chih (Chief Secretary of the Senate); Yao Tseng [*Yao Chen?*] (Chief Justice); and Yao Kuo-chen (Vice-Minister of Communications). Li Ssu-hao (ex-Minister of Finance) is also said to be in hiding in the Legation Quarter. After the downfall of the Anfu Club Peking had been placarded with photographs of these "traitors" and large rewards offered for their capture. The entrances to the Legation Quarter were guarded by Metropolitan police to prevent the escape of these men. However, it was an open question whether their capture was sincerely desired by the President or the Premier. But the notice from the Japanese minister that these men had been given an asylum in his Legation gave the opportunity for a protest from the Foreign Office and the request for the handing over of these men to be tried on civil and criminal charges, which was of course refused by the Japanese Minister. His action was the subject of criticism in the foreign and native press and of protests from native commercial and educational organizations. The action of the Christian Chinese in refusing to send delegates to the World Sunday School Convention in Tokyo may be taken as an indication of the popular feeling against Japan.

The arrest in August of George Shaw, a British merchant in Antung, by the Japanese authorities while he was in Korea and his detention without trial because of alleged conspiracy with the Koreans on Chinese soil also created a wave of resentment throughout China among all foreigners and was the subject of protest from British Chambers of Commerce, who believed that the motive of arrest was to destroy the profitable trade in which Mr. Shaw was engaged in Antung, of which the Japanese were envious. It has been looked upon as another incident showing the real attitude of Japan toward the "Open Door" in China, especially in Manchuria.

The last of August the mission from the Verkhne Udinsk government, headed by M. Yourin, arrived in Peking to enter into unofficial negotiations with the Chinese government relative to the resumption of commercial relations between China and that part of Russia represented by the Far Eastern Republic with headquarters at Verkhne Udinsk. This delegation had been held up at Kiakhta, its entry into China having been protested by the French and Japanese Ministers. Then intervened the conflict between the Anfu and Chihli factions; but after the formation of the new cabinet it was decided to allow the delegation to proceed to Peking but not to receive them formally. Delegates were appointed by the Foreign Office to treat with M. Yourin informally.

The last of September a mandate was issued cancelling the recognition of the Russian Legation and consulates in China, the officials in charge being appointees of the old regime in Russia. Official denial was made that this withdrawal of recognition was in any way connected with the mission of M. Yourin. The Bureaus of Foreign Affairs in the various cities were ordered to take over and administer the Russian concessions. This action brought a protest from the Legations, as well as from the foreign communities in China, involving as it did questions of extraterritoriality and the regulation by Chinese authorities of foreign interests in the Russian concessions. The Foreign Office issued a statement shortly after the mandate explaining that the Russian concessions would merely be taken under trust by the Chinese government and would be returned to a future Russian government when recognized by China and that the rights of the Russian citizens in China would be safeguarded. At the end of the quarter this matter was still in nebulous state being the subject of discussion between the Legations and Consulates and the Chinese Government. It had been admitted informally by some Chinese officials that this move was a mistake, or at least that it was premature as no adequate machinery was available for taking over and administering the Russian concessions, or for looking after the judicial rights of Russians before the promulgation of the man-

date, and therefore its issuance might result in difficulties rendering modifications necessary in carrying out the mandate. However, the Chinese Government may well have realized the possibility of these difficulties, but wished to face the foreign powers with a *fait accompli*.

FINANCIAL—THE CONSORTIUM

After the organization of the new cabinet the attitude of the Consortium towards making loans was again discussed. The new cabinet found that large sums had been misappropriated by the Anfu club from the revenues of the Ministries of Finance and Communications, and then were also faced with the usual monthly excess of administrative expenses over revenues. Various plans for disbandment of troops and the reorganization of departments were brought forward as well as measures for increasing revenue, but at the end of the quarter no real improvement was to be noted. Mr. Lamont's open letter to various publications in China correcting the misapprehension arising from the propaganda of misinformation regarding the aims of the Consortium and the reservations conceded to Japan in Manchuria and Inner Mongolia were given wide publicity. The announcement of the appointment of Mr. Frederick W. Stevens as the representative in Peking of the American Group was also received. The liberal elements among the Chinese continued to oppose any loan to the present central government, believing that it would only prolong Chinese internal ills. On the other hand it was argued by the Chinese that if supervision of expenditure of loans and of the revenues furnishing the security for loans was to be carried out so as to insure that the money would be spent for non-political purposes, it would amount to international control of China's finances and consequently of China herself, to which they were naturally strongly opposed. Other Chinese deprecated our association with England, France and Japan in this undertaking, pointing out that the policy of these three countries was not in accord with ours; they pointed to the attempts of England to make Tibet a dependency, to the expenditure by British interests of some three and a half million dollars in Szechwan, ostensibly for the development of oil fields but chiefly for political purposes, to the attempts of France to increase her sphere in Yunnan and Kwangsi, and the Japanese in Manchuria, Shantung and Fukien. They argued that they did not doubt the good will and intentions of the United States but that the practical operation of the Consortium would either be rendered impossible by our associates, or that if it did come into operation it would not be along the lines laid down by the United States. They pointed to instances in the past where our announced intentions and policies in the East had been rendered nugatory by other powers with only a formal protest from the

United States, which the Chinese did not feel to be of much value as opposed to the aggressive policy of the other powers. They stated that if a loan was to be made, they would prefer to have America make it alone. They believed that if the United States adhered to the announced aims of the Consortium, the final result will be that America and American interests would be excluded from participation in large undertakings in China, but that the reverse would be true so far as the other powers were concerned.

The meeting of the Consortium Groups in New York in October would undoubtedly be watched with keen interest by the Chinese government and people, and it was thought no doubt the Consortium would be approached by representatives of the Chinese Government for a loan, as the central government was hard pressed for funds.

On September 15th the Cabinet announced the flotation by the Ministry of Finance of the Ninth Year short term domestic loan, amounting to \$60,000,000, of which \$36,000,000 was to be used to buy back the depreciated Peking notes of the Bank of China and the Bank of Communications during the period of November 1, 1920 to January 31, 1921. The balance was to be used to discharge mortgages held by these two banks. Interest on the bonds was at 6%; the depreciated notes of the two banks mentioned to be accepted at par value in the purchase of bonds. These notes now sell for about 63¢ on the dollar. The bonds are secured on the Customs Surplus. After their withdrawal the depreciated notes are to be destroyed. It is hoped that this operation will re-establish the credit of these two government banks.

On August 5th an unofficial party of Congressmen, and their wives, daughters and mothers accompanied by Dr. Reinsch and Mr. Arnold, Commercial Attaché to the Legation, arrived at Shanghai, where they were lavishly entertained both by Chinese and foreign officials and organizations. From Shanghai the party went to Hangchow, thence to Nanking, Tsinanfu, Peking, Tientsin and Mukden, being extended every possible courtesy by the Chinese provincial and government officials, as well as by the Chinese citizens and the American officials and residents in China. It is hoped that the trip will result in a better understanding of the needs of American business interests in China, as well as the strengthening of our friendly relations with China and the Chinese.

Toward the end of September reports were received of the prevalence of a wide-spread famine area throughout the provinces of Chihli, Honan, Shantung and Shansi, estimated as affecting some twenty millions of people, and assuming the proportions of a national calamity. Steps were taken by the various Legations and foreign communities to organize International Relief Committees to work in cooperation with the Chinese in mitigating the famine.

Conflicts in South China—Unsuccessful Attempt to Dissolve the Military Government at Canton—Unproductive Efforts at Reform in North China

893.00/3523 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING [undated].

[Received October 6, 1920—6:34 a.m.]

297. Following telegram has been received from Canton :

“ September 27, 5 p.m. General Lee Fu Lin, commander of troops Island of Honam opposite Canton, and General Wei Pang Ping, commissioner of defense Canton, having together about 6,000 troops, have rebelled against the military government and threatening to attack Military Governor Mo unless he resigns and leaves Canton. Mo having but 6,000 troops at Canton is now discussing terms. Situation critical but foreigners amply protected. Two American and three British gunboats and two Japanese destroyers off Shameen. Kindly inform the consuls adding that I have delayed taking leave. Bergholz ”

CRANE

893.00/3586

The Consul General at Canton (Bergholz) to the Secretary of State

[Extracts]

No. 139

CANTON, *September 28, 1920.*

[Received November 3.]

SIR: In my despatch No. 134 of September 22, 1920,⁴³ I had the honor to call the attention of the Department to the slight control the Military Government exercises over the naval and military forces even within the harbor of Canton and cited, as examples, the case of General Lee Fu Lin Commissioner of Defence for Canton and Waichow with headquarters on the Island of Honam directly opposite Canton, and of General Wei Pang Ping Commissioner of Police at Canton, who act only in accord with the Government when they find it in their interests to do so. The friendly neutrality of these officials terminated on Sunday, the 26th instant, when they declared open rebellion against the Military Government and demanded the instant resignation of General Mo Yung-hsin the Military Governor of Kwangtung residing at Canton, and his departure from the City, threatening an attack upon him should he refuse. On the same day, General Lee Fu Lin seized the Canton-Samshui Railroad in order to delay the further bringing in of reinforcements by the Military Government.

⁴³ Not printed.

To add to the embarrassment of the Military Government, General Shen Pao Fan Commissioner of River Defence at Canton, being in control of the local navy, has joined Generals Lee and Wei in their demand upon General Mo for his resignation. . . .

Yesterday afternoon, Mr. Wen Tsung-yao, Minister of Foreign Affairs and Mr. Chen Chin-tao, Minister of Finance, called upon me and asked me whether I thought the Consular Body would act as mediator between General Mo and Generals Lee Fu Lin and Wei Pang Ping. I replied that if the request for our good offices should come from both sides, I was convinced my Colleagues would do everything in their power to avert the horrors of a civil war. I added that should the Military Government alone express its desire that we should approach Generals Lee and Wei, I thought we could consistently do so. They then left me and went to the British Consul General, who, however, was at Hongkong. The British Vice Consul then accompanied them to the French Consul General, the senior consul, who went at once to General Mo who agreed to meet, on neutral ground, Generals Lee and Wei, who, he said, had heretofore worked in harmony with him. Such is the situation at this time of writing and in this connection permit me to refer the Department to my Despatch No. 134 of September 22, 1920, and to my telegram of September 27th to the Legation, repeated to the Department.⁴⁴

A copy of this despatch has been sent to our Legation at Peking.

I have [etc.]

LEO BERGHOLZ

893.00/3587

The Consul General at Canton (Bergholz) to the Secretary of State

No. 142

CANTON, *September 29, 1920.*

[Received November 3.]

SIR: Referring to my despatch No. 139 of the 28th instant informing the Department of the revolt of General Lee Fu Lin, Commissioner of Defence of Canton and Waichow with headquarters on the Island of Honam, opposite Canton, and of General Wei Pang Ping, Commissioner of Police of Canton, and of their demand upon General Mo, the Military Governor at Canton, for his resignation, I now have the honor to advise the Department that there is no change in the situation and that delegates of the two factions are endeavoring to arrange a peaceful settlement of all the questions involved in the resignation of General Mo.

⁴⁴ See telegram from the Minister in China, *supra*.

I called this morning upon the French Consul General and suggested that in his capacity of Senior Consul, he should address himself to General Mo and to Generals Lee and Wei, deprecating, as strongly as possible, an attack upon the city, not alone for the foreign interests involved, but to spare unnecessary suffering to thousands of its peaceful inhabitants and to preserve from injury one of the oldest and most celebrated cities of the world. My Colleague at once agreed to communicate with the rival factions in the sense indicated by me.

Translations of the three leaflets dropped on Canton from an aeroplane on Monday the 27th instant, referred to in my despatch No. 139, I now have the honor to enclose for the information of the Department.⁴⁶

A copy of this despatch has been transmitted to the Legation at Peking.

I have [etc.]

LEO BERGHOLZ

893.00/3589

The Consul General at Canton (Bergholz) to the Secretary of State

[Extracts]

No. 144

CANTON, *October 5, 1920.*

[Received November 5.]

SIR: Referring to my despatches Nos. 139 and 142 dated September 28th and 29th respectively reporting the revolt against the Military Government of General Lee Fu Lin, Commissioner of Defence of Canton and Waichow with headquarters on the Island of Honam opposite Canton, and of General Wei Pang Ping, Commissioner of Police of Canton, and of their demand upon General Mo, the Military Governor at Canton, for his resignation, I now have the honor to inform the Department that on Thursday, the 30th ultimo, Generals Lee Fu Lin and Wei Pang Ping, and Mr. Huang Chiang, the last named being the personal representative at Canton of General Chen Chiung Ming, visited the French Consul General, in his capacity of Senior Consul, and requested him to call a meeting of the Consular Body to announce to General Mo, the Military Governor, the selection, by his military and political opponents, of Rear Admiral Tang Ting Kwang referred to in my despatch No. 139, as his successor. My Colleagues, the Consuls General of Great Britain, Mr. Herbert Goffe; of Portugal, Dr. da Silva; the Japanese Vice Consul in Charge, Mr. Morioka; and myself met at the French Consulate-General on the same afternoon and unanimously decided that

⁴⁶ Not printed.

it was out of the question for us to convey any message to the Military Governor at the request of officials in rebellion against the Military Government. My French Colleague was to announce our decision to Mr. Huang Chiang when he should call the following day. I again renewed my suggestion, mentioned in my despatch No. 142 of September 29, 1920, that the French Consul General should take the opportunity, afforded by the visit of Mr. Huang Chiang, to request him to advise Generals Chen Chiung Ming, Lee Fu Lin, and Wei Pang Ping that the Consular Body would view with much alarm an attack upon, or within this City, owing to the great foreign interests involved. Mr. Beauvais, Dr. da Silva, and Mr. Morioka cordially approved of my suggestion but Mr. Goffe, who had left the meeting just at the time of Dr. da Silva's arrival, objected, when I later advised him of my proposal, on the ground that he was not present. His withdrawal before he knew the attitude that Dr. da Silva would take should not be permitted to annul the action agreed to, since courtesy required his remaining until all his Colleagues had given expression to their views.

In Canton there are three elements which can not be ignored. The Kuo Ming Tang, National Party, headed by Dr. Sun Yat Sen, is growing in popularity and strength and is seeking to return to power. The foremost local leader is General Chen Chiung Ming. All the younger elements in Canton are supporters of this party. Another Cantonese political force to be recognized is that led by the Civil Governor, Yang Yung-tai, ex-Chief Justice, Hsu Fu-lin, and others. This group controls the present civil administration and the local legislature. It has the standing support of General Mo and the entire Kwangsi group. The leaders are in constant touch with Generals Tsao Kun and Chang Tso-lin, the two Northern warlords. A third, but not the least political and military element in this province, is the Shiuhing or Li Yao-han clique. Li was formerly allied with Lung Chi-kuang, a former Kwangtung Tutuh who first succeeded in entering this province from Kwangsi through the opening of a way through Shiuhing, where Li was then a defence commissioner. Since the removal of Li Yao-han as the civil governor of Kwangtung, he and his followers have been causing all sorts of trouble for the existing administration. Li and his Lieutenants are now sympathizing with Chen Chiung Ming in the Canton for the Cantonese movement, and some districts have already been occupied by his followers. Li Yao-han's men consist mostly of bandit bands and have influence far and wide.

Of course, the ultimate solution of all the problems is the adoption of a permanent constitution which would provide for the election of

all leading officials by the people so as to shift the fighting for political power from the battle fields to the ballot box.

A copy of this despatch has been forwarded to the Legation at Peking.

I have [etc.]

LEO BERGHOLZ

893.00/3537 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING [undated].

[Received October 12, 1920—10:33 a.m.]

314. Following from Canton October 10, 4 p.m.

Referring to my telegram of October 4, 5 p.m.⁴⁷ Tang Ting Kwang was installed at Honam Friday by his partisans as military governor. Mo remains master of the situation and refuses to resign his position, grows stronger daily, probability of fighting less imminent. British Legation requested to arrange peace between North and South. Kindly inform the Department. Bergholz.

CRANE

893.00/3638

The Vice Consul in Charge at Canton (Adams) to the Secretary of State

No. 164

CANTON, October 30, 1920.

[Received December 4.]

SIR: I have the honor to report that in a general circular dated October 23, 1920, Tsen Chuen Hsuan, Chairman of the Administrative Council of the Military Government, announced his resignation and urged the southwestern provinces to cancel their independence and resume allegiance to the Peking Government. A free translation of the circular is enclosed.⁴⁷ Shortly after the issuance of this notice the various officials began winding up the affairs of the Military Government. Wen Tsung-yao, Minister of Foreign Affairs, Chen Chin-tao, Minister of Finance, Tsen Chuen Hsuan, Chairman of the Administrative Council, and Yang Yung-tai, Civil Governor, left Canton for North China on October 23, 26, 27 and 27 [28[?]], respectively. The above action, which had been under contemplation for some time, was precipitated by the evacuation of Waichow on or about October 22 and the fall of Sheklung on or about October 26.

On October 27, 1920, Military Governor Mo Yung-hsin issued a notice cancelling the independence of Kwangtung and expressing his intention of withdrawing from Canton and stating that upon his withdrawal the responsibility for the maintenance of order in Can-

⁴⁷ Not printed.

ton would fall upon the newly elected Military Governor, Tang Ting Kwang, whose "inauguration" was described in this Consulate General's despatch No. 150 dated October 19, 1920,⁴⁸ to the Department. A free translation of Mo Yung-hsin's circular is enclosed.⁴⁸

On October 28, 1920, General Mo's representatives failed to attend a conference which had been arranged for the discussion of the terms of his proposed evacuation of Canton and inquiry developed the fact that he too had disappeared. His troops have, it appears, been quietly departing from Canton and the East River district for Kwangsi via the North River during the past few days. It is quite evident that General Mo has ceased to be a factor in the local situation.

In the evening of October 28, 1920, the Kwangsi soldiers then controlling the arsenal seriously damaged the plant by causing explosions and setting fire to the buildings. The wreck of the arsenal is now in the hands of Kwangtung forces. It is thought that the uncalled for destruction of this valuable property will leave in Kwangtung a feeling of intense bitterness towards Kwangsi.

On October 29, 1920, skirmishing took place between Cantonese and Kwangsi soldiers at the Canton terminal of the Yueh Han railway and in front of the Civil Governor's office. Stray bullets from the fighting at the railway station fell into the foreign concession of Shameen but without serious results. The result of the fighting was a few casualties and the surrender of the Kwangsi soldiers concerned.

Several thousands of General Chen Chiung Ming's troops entered Canton on October 29, 1920, and the city and its environs are now firmly under the control of Generals Chen Chiung Ming, Wei Pang Ping, and Lee Fu Lin. It is thought that there is no longer a likelihood of serious conflicts between Kwangsi and Kwangtung forces in or near Canton, though whether the various Cantonese factions will be able to amicably agree upon the personnel of the various official positions remains to be seen. The consensus of opinion here seems to be that Wu Ting-fang, Tang Shao-yi, Sun Yat-sen, and Tang Chi-yao, who constitute a majority of the seven Administrative Directors of the Military Government and who are, thus far, on friendly terms with the forces now controlling Canton, will ignore the action taken by Tsen Chuen Hsuan and Mo Yung-hsin in winding up the affairs of the Military Government and cancelling Kwangtung's independence. It is thought they will proceed on the old basis and seek to renew peace negotiations with the North.

General Wei Pang Ping, to whom Yang Yung-tai prior to his departure, delivered the Civil Governor's seal of office, has, apparently,

⁴⁸ Not printed.

declined to act as civil governor and Tang Ting Kwang is now acting both as Military Governor and as Civil Governor.

The gist of the contents of this despatch was communicated to the Legation at Peking by telegraph on October 26, 27, 28, and 29, 1920.

Copies of this despatch are being sent to the American Legation at Peking and to the American Consul at Swatow.

I have [etc.]

WALTER A. ADAMS

893.00/3645

The Vice Consul in Charge at Canton (Adams) to the Secretary of State

No. 168

CANTON, November 6, 1920.

[Received December 7.]

SIR: I have the honor to supplement my despatch No. 164, dated October 30, 1920, regarding the military and political happenings in the Canton Consular District.

Canton is completely under the control of Generals Chen Chiung Ming, Wei Pang Ping and Lee Fu Lin. General Chen Chiung Ming's forces and bands of independent soldiery professing allegiance to him control all of Kwangtung except the North River district above Fa Yuen [*Fayünshing?*] and the West River District around Shiuhing and beyond. Severe fighting is reported to be in progress in these districts and troops are being sent from Canton to reinforce the Kwangtung soldiers there.

As anticipated in my despatch No. 164 of October 30, 1920, General Chen Chiung Ming, in harmony with the wishes of the four Administrative Directors of the Military Government, Wu Ting-fang, Tang Shao-yi, Sun Yat-sen and Tang Chi-yao, has declared null and void the action of Tsen Chun Hsuan and Mo Yung-hsin in winding up the affairs of the Military Government and cancelling Kwangtung's independence. A free translation of the notice issued by General Chen under date of November 1, 1920, proclaiming the action of Tsen Chun Hsuan and Mo Yung-hsin invalid, is enclosed.⁴⁸

Tang Ting Kwang is still nominally acting as Military Governor of Kwangtung and in a communication dated November 3, 1920, he stated that he had, on October 29, 1920, formally assumed charge of the office of Civil Governor of Kwangtung.

Tang Ting Kwang is reported to be quite willing to vacate, in favor of Chen Chiung Ming, the offices which he now holds and it is generally understood here that the title of Military Governor

⁴⁸ Not printed.

of Kwangtung will be abolished and that General Chen Chiung Ming will become Civil Governor and Commander in Chief of the military forces of Kwangtung. It is also expected that the following officials will be appointed:

- Frank W. Lee
Commissioner of Foreign Affairs, Canton.
- Liao Chung Kai
Commissioner of Finance, Canton.
- Chou Lu
Executive Secretary, Civil Governor's Office, Canton.
- Lung Yung Hsuan
Commissioner of Water Police, Canton.
- Chen Yung Shan
Director, Government Arsenal.

Following the declaration of Admiral Lin Pao Yi announcing his allegiance to the Peking Government, the members of the Administrative Council of the Military Government issued a notice of his dismissal as Minister of the Navy and, it is understood, offered the post to Tang Ting Kwang who declined the appointment.

Copies of this despatch are being sent to the American Legation at Peking and the American Consul at Swatow.

I have [etc.]

WALTER A. ADAMS

893.00/3666

The Vice Consul in Charge at Canton (Adams) to the Secretary of State

[Extract]

No. 171

CANTON, *November 13, 1920.*

[Received December 16.]

SIR: I have the honor to supplement my despatch No. 168 of November 6, 1920, regarding military and political happenings in the Canton consular district.

The following officials formally assumed the duties of their respective offices on the dates given:

Frank W. Lee, Commissioner of Foreign Affairs, November 5, 1920.

General Chen Chiung Ming, Civil Governor and Commander in Chief of the Kwangtung Armies, November 10, 1920.

Liao Chung Kai, Commissioner of Finance, November 5, 1920.

Huang Chiang, Superintendent of Customs at Canton, November 8, 1920.

Admiral Lin Pao-yi left Canton for Shanghai on the s.s. *Szechuen* (Butterfield & Swire) on the morning of November 7, 1920. It is

also reported that Rear Admiral Tang Ting Kwang, after handing over the seals of the offices of Civil and Military Governor, declined to accept any position under the Southern Military Government, though this report has not yet been confirmed.

I have [etc.]

WALTER A. ADAMS

893.00/3619: Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, November 17, 1920—6 p.m.

[Received 10:34 p.m.]

386. Japanese Minister officially informed Foreign Office that Hsu had escaped from the Japanese Legation night of 14th. Unconfirmed rumors state that [he] has fled to Mongolia. Another theory from Chinese sources is that Hsu is going to Shanghai to intrigue with Canton, forming [Anfuite] provincial coalition against Peking. Reported also Nishihara in Shanghai negotiating Japanese loan to South.

CRANE

893.00/3690

*The Vice Consul in Charge at Canton (Price) to the Minister in China (Crane)*⁴⁹

No. 87

[CANTON,] December 1, 1920.

SIR: I have the honor to state that the outstanding political features of the past week in Canton have been the arrival in Canton on November 28, 1920, of Dr. Sun Yat-sen, Dr. Wu Ting-fang, and Mr. Tang Shao-yi to take up their duties as members of the Administrative Council of the Military Government; the formal prohibition of gambling by an order issued December 1st by General Ch'en Ch'iung-ming functioning as Civil Governor under the Military Government at Canton; and the general state of military inactivity along the Kwangtung-Kwangsi border. The opinion is currently expressed that the Cantonese forces are losing much of their enthusiasm for any military activity beyond the borders of Kwangtung province. On the other hand there seems to be taking place in Kwangsi province, under the leadership of the disaffected Kwangsi General, Ch'en Ping-chün an "Irredentist" movement similar to the "Canton for the Cantonese" enterprise of General Ch'en Ch'iung-ming. This

⁴⁹ Copy forwarded to the Department by the vice consul in charge at Canton under covering despatch no. 189 of the same date; received Jan. 5, 1921.

movement appears to be directed against General Lu Jung-t'ing and his followers. General Mo Jung-hsin ex-Military Governor of Canton, under the Kwangsi regime seems to have lost his entire power.

Canton is quiet though business is still very dull.

I have [etc.]

ERNEST B. PRICE

893.00/4112

*Quarterly Report of the Legation in China for the Period
October 1-December 31, 1920*⁵⁰

DOMESTIC POLITICS

GENERAL

The quarter was one of widespread dissensions throughout the country, kept alive by a few dominating personalities. The different sections of the population had no especial feeling of hostility against each other—certainly not deep enough to cause them to undergo great sufferings in the waging of perpetual warfare. On the other hand, evidence was daily forthcoming that the growth of provincial autonomy would be one of the greatest factors in solving the muddle of Chinese politics and that ultimately it would materially assist in eliminating the troublesome military leaders as well. The signs of the times pointed to the emergence from the chaos of a more or less loose confederation bound together by federal revenue collecting agencies and by improved means of inter-communication. In the meantime, the Peking Government was floundering about under administrative and financial difficulties of all kinds, displaying a pitiful lack of power and a regrettable subserviency to those domestic and foreign agencies possessing that power.

NORTHERN POLITICS

The helplessness of the Central Government continued to find exemplification in various ways. The Premier's announced policy was the disbandment of troops and he repeatedly declared that in future he was going to adhere firmly to that policy, and if the provinces wished to maintain large bodies of troops they must themselves supply the funds therefor. In striking contrast with this, however, was a simultaneous declaration by Military Governor Wang Chan-yuan of Hupeh to the effect that his unpaid troops must look to Peking for their arrears in pay. On the other hand, on October 17th four divisional commanders were appointed for the 23d and 26th Divisions inclusive. These divisions hitherto did not exist and except

⁵⁰ Enclosure to despatch no. 1602, Sept. 9, 1921, from the Chargé in China; received Oct. 29, 1921.

so far as they were constituted of the disbanded Anfu troops they were to be regarded as an increase in the military establishment and therefore a departure from the disbandment policy declared by the Premier upon his induction into office.

During late October one of the military conferences, typical of the existing method of government in China, was held at Paotingfu, the seat of government of General Ts'ao K'un. Ts'ao called the conference which was attended by Generals Wu Pei-fu and Feng Yu-hsiang in person and by representatives of General Chang Tso-lin. General T'ien Chung-yü, Military Governor of Shantung and former Anfu party leader, and other prominent military officers of the North were also present. The decisions arrived at by the conference were never specifically stated. Shortly after the conference, however, General T'ien Chung-yü was given the concurrent post of Civil Governor of Shantung, greatly against the wishes of the people of the province, and Ch'i Yao-shan was permitted to resign that post. The greatest significance to be attached to the conference was that the policies of the Government should be determined in meetings of military leaders instead of at Peking, the seat of the nominal government of the Republic.

Another conference of representatives of the Ts'ao K'un and Chang Tso-lin factions of the northern militarist party was held at Paotingfu on November 30th as a result of which the Central Government was asked to defer the abolition of the office of military governor. While disbandment of troops was urged for other provinces, it was decided that action in this matter should be deferred in regard to Chihli, Fengtien, Hupeh and Shantung on the ground that special precautionary measures were necessary in those provinces. However, political reasons of a more cogent nature were easy to imagine for such a decision. It was further decided that unification of the country should take place province by province rather than by treaty with a united South. The conference declared its support of President Hsu and Premier Chin and urged energetic measures in regard to bandits, famine relief, etc., and suggested measures for preventing abuses in the forthcoming elections next spring. Thus the military leaders continued to dictate their policies to the Peking Government.

At a Cabinet meeting on December 2nd, in response to the suggestions from Paotingfu, it was decided to defer discussion in regard to abolishing the office of Military Governor until after unification and reorganization had been accomplished.

The Peking Government continued throughout the quarter to go steadily into debt, partly in unpaid bills and partly in small loans collected from Chinese banks. The inability of the Government to pay off and disband troops, themselves largely the cause of the

financial distress, had its logical effect in mutinies and lootings. In late November there occurred a rising at Hochien in Chihli. In the first week in December a second rising at Kaoyang, also in Chihli, and on November 29th a more serious affair at Ichang where the troops of the 13th Mixed Brigade under General Chang Chi-shan mutinied and looted the Chinese and Japanese sections of the city. The godowns of the Nisshin Kisen Kaisha Steamship Company were burned and native banks were looted. Fourteen out of twenty-four Japanese business houses and dwellings were gutted. Rioting continued all night, after which the greater part of the soldiers returned to camp. Through the raising of funds by the local merchants the soldiers were pacified and the city tranquilized. The mutinying troops had been without pay for nine months and had been for some time out of hand. On the other hand, it was suspected that Military Governor Wang Chan-yuan of Hupeh was not greatly distressed at the looting as it presumably was a matter of inconvenience to the new Civil Governor, Hsia Shou-k'ang, to whom he was opposed. A few days following the Ichang affair a similar looting at Paotingfu was narrowly escaped.

The position of the Peking Government, in the eyes of the nation, was weakened by the aggressive policies of Chang Tso-lin. This fact was recognized even by the Premier himself, who appeared subservient to Chang. The dominance of the northern militarist was perhaps one of the greatest factors in preventing unification, but it was apparent that no permanent settlement could be reached until the question of military supremacy was made a national issue and settled for all parts of the country simultaneously. While public demand for the abolition of the military governor and for the disbandment of troops and the restoration of executive power to civil officials continued from various quarters, militarists were simultaneously formulating plans and combinations to strengthen their position and to neutralize the public demand for greater civilian power.

Thus, two forces were tending to cripple the Peking Government in the exercise of powers formerly undisputed, i.e., the rapidly rising spirit of provincial independence and the truculence of the provincial military leaders.

Signs were present of the creation of a new political party or faction, called the Shantung party. Northern politics of late years had been dominated by the Chihli faction headed by General Ts'ao K'un and by the Fengtien faction headed by General Chang Tso-lin. The new party, designed especially to promote the interests of General Wang Chan-yuan, Military Governor of Hupeh and of the Premier, probably included the following powerful natives of

Shantung, in addition to the persons named: General Lu Jung-hsiang, Military Governor of Chekiang, formerly an Anfu partisan; General T'ien Chung-yü, Military Governor of Shantung; General Wu Pei-fu, Assistant Inspector General of Chihli, Honan and Shantung; General Ch'i Hsieh-yuan, Acting Military Governor of Kiangsu, and numerous divisional and other high military commanders of Shantung birth.

On October 30th there appeared two Presidential Mandates which on their face appeared of historical importance. One announced that Ts'en Ch'un-hsuan, one of the administrative directors of the Canton Military Government, Lu Jung-t'ing, Inspector General of Kwangtung and Kwangsi, and Admiral Lin Pao-yi, both of the latter also directors in the Military Government of Canton, had reported to the Central Government the cancellation of the independence of the Military Government of the Southwest. The Mandate therefore intimated that the country as a whole had been reunited under one government.

That the spirit of these mandates was unduly optimistic was at once attested by a circular telegram despatched under the names of T'ang Shao-yi, Wu T'ing-fang, Sun Yat-sen and T'ang Chi-yao, disclaiming the authority of Ts'en Ch'un-hsuan to cancel the military independence of the military government. From a number of standpoints also the unification of the country was still far from fulfillment, although, generally speaking, the prospects for the submission of all the provinces to Peking were brighter than for a long time previously, due mainly to the exhaustion of all the fighting units, and to the fact that each unit was in need of assistance against powerful adversaries.

The Peking Government in thus endeavoring to capitalize the assumed capitulation of the military government of Canton and ignoring the independent position of various other provincial leaders who had by no means yielded to Peking undoubtedly committed a tactical error and served to make negotiations with those leaders very difficult.

That Peking derived no additional advantage from the submission of Ts'en Ch'un-hsuan and his associates was so apparent that the Premier adopted a conciliatory attitude, in spite of the mandates, not only toward T'ang Chi-yao but also toward the old Kuomintang leaders in Canton, such as T'ang Shao-yi and his associates. In fact on October 31st the Premier had already addressed telegrams to these various leaders asking their concurrence in peace measures.

The other Mandate decreed the election of a new national parliament to be formed in accordance with the election regulations of the first year of the Republic, which were based upon the Nanking

Constitution. This Mandate was greatly criticized in Peking, especially by members of the Parliament, on the ground that it disregarded the Constitution under which the President was elected by the Peking Government.

In connection with the Mandate of October 30th in regard to the new parliament, the Ministry of the Interior on November 4th sent a circular telegram to the provinces instructing them that if they were unable to cope with all the matters arising in connection with the election of the new parliament in accordance with the election laws of August 10, 1912, they should appeal for assistance to the Bureau for the Election of the New Parliament, an organization remaining from the time of the formation of the present northern parliament. In preparation for the unification of the country, there was created a new organization, "Office for the Preparation for the Reconstruction Conference".

On November 7th there was convened in the President's Palace the first meeting of this body. The entire Cabinet was present, together with some prominent men such as Liang Shih-yi and two representatives of Ts'ên Ch'un-hsuan, the deposed Canton leader. The meeting decided upon the method for beginning the reconstruction conference which included the selection of eighty members of the "new" parliament as members of the conference to which also the provinces were to be invited to send representatives.

In answer to the Government's circular telegram of November 4th, General T'ien Chung-yü, Military Governor of Shantung, heartily endorsed the proposal to abolish the tuchuns and asked that the proposal be initiated with the Province of Shantung. The Society for Provincial Self-Government in Peking composed of representatives of fifteen provinces thereupon sent an open telegram to T'ien asking him to give effect to his telegram by resigning his post. Needless to say, this suggestion remained without effect.

On November 17th a Presidential Mandate was issued stating that since the founding of the Republic two national elections had been held but that, while the rules of supervision were most strict, these rules had not been adequately enforced. The Mandate directed strict compliance with the rules of the forthcoming elections under penalty. The parliamentary elections were set by the Cabinet for March 1, 1921, and the final elections on April 1st, to elect members of the House of Representatives. It was further decided that the election of the members of the Upper House should be held on April 20th in Peking. The election of Mongolian and other representatives of the dependencies should be held on April 30th.

On the same day another Mandate appeared, stating that local self-government was a fundamental attribute to a Republican form

of government; that, on the founding of the Republic, plans had been made to carry this out along the lines laid down during the last days of the monarchy, but this had not been successful, and had resulted in disorders in 1914 and in 1917; that upon the assumption of office by the present President he had taken several steps to educate the people up to this function, but no great results had been obtained. The Mandate instructed the Ministry of the Interior to take immediate steps to prepare the people for local self-government, utilizing the best foreign methods. Other mandates issued on the 18th dealt with judicial improvements.

In spite of these mandates, however, there appeared no appreciable progress in the direction of such a fundamental reform as the abolition of the office of military governor and it was feared that the forthcoming elections, if indeed they were held, as subsequently proved not to be the case, would still be utilized by political parties for their own aggrandizement.

The promulgation of the mandate instructing the provincial local officials to prepare for local self-government called forth telegrams to the Government from all parts of the country, criticizing the mandate and pointing out that the self-governing organs already in existence were capable of carrying out the functions of local self-government. The representatives in Peking of Kansu, Hunan, Hupeh, Chekiang and Anhui formed a union having as its object to compel an earlier inauguration of local self-government and if possible to abolish the tuchun system. This so-called inter-provincial self-government society on December 13th attempted to see the Premier and the President, but failing in this they left a memorial inveighing against the institution of military governors as the source of many of the present miseries of China.

The Ministry of the Interior addressed an announcement to the provinces that provincial self-government should be restored as from January, 1921, and local self-government as from July, 1921. The exact significance of these phrases was not clear, but it was roughly supposed that it was intended to mark the reversion from the policy of centralization of power initiated by Yuan Shih-k'ai.

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SOUTHERN POLITICS

At the opening of the quarter the situation at Canton was indecisive. Military Governor Mo Jung-hsin was able to continue in office in spite of Ch'en Chiung-ming's attacks and notwithstanding very lukewarm support on the part of troops in the vicinity, including those on the Island of Honam. The people of Kwangtung, however, appeared determined to rid their province of the Kwangsi

militarists and to end their unscrupulous exploitation of the province's resources.

The deadlock continued in Canton. General Mo Jung-hsin continued to demand payment of several millions of dollars and intimated that he would retire if General Ch'en Chiung-ming did not succeed him. The Military Government dragged on a nominal existence, apparently deriving its sole support from gambling houses in Canton, while General Lu Jung-t'ing from his domain in Kwangsi Province rendered some slight assistance.

General Ch'en Chiung-ming's continued offensive finally was crowned with success and Canton fell into the hands of the Cantonese troops. General Mo Jung-hsin left the city on October 20th and General Tang Ting-kuang took over the duties of military and civil governor concurrently. General Ma Chi and the greater part of the Kwangsi troops withdrew on the 27th and 28th. General Ch'en Chiung-ming entered Canton on the 29th. Conditions were generally quiet. The Shekcheng arsenal was destroyed on the night of the 28th by the retiring Kwangsi troops.

FOREIGN RELATIONS

MONGOLIA

On September 30th the regulations governing the organization of the office of the Pacification Commissioner of Mongolia with seat at Urga were promulgated, but they contained no reference to the division of offices between Chinese and Mongols which was understood to be the intention of the Government. Ch'en Yi was named Pacification Commissioner. He continued to linger in Peking awaiting the settlement of various questions before proceeding to Mongolia. At his request General Chang Ching-hui, Tartar General of Chahar, was ordered to co-operate with him in military operations in Mongolia. On October 5th an identic note was sent to the foreign legations by the Chinese Government warning against loans to the Mongol Government in return for concessions of mines and forests in Mongolia, and on October 8th Ch'en Yi was appointed by Presidential Mandate Director General of Gold Mines in Tushetu and Tsetsen Khanates, a further precaution against alienation of mining rights claimed by the Peking Government. It was supposed that this measure had in mind the rumored loans by the Mitsui and Lungkou Banks against concessions in Mongolia.

The acuteness of the political and military situation in Mongolia continued to increase, in evidence of which was the receipt of notification from the Chinese Foreign Office on October 13th of the pro-

hibition against the use of code telegrams and of a further note dated the 14th announcing that foreign travel in Outer Mongolia was forbidden on account of the disturbed conditions.

Toward the end of October an irregular band of Russians under the command of Ungern Sternberg, a Lieutenant of Semenov, appeared in the vicinity of Urga and engaged the Chinese forces in battle. Fighting was conducted with field pieces and resulted in numerous casualties, but without decisive result. This attack was presumably instigated by the Japanese authorities, with the Mongol Llamas, in an effort to establish Mongolian autonomy and to strengthen Japanese influence throughout Mongolia, as a result of which the natural resources of Mongolia would fall into Japanese hands. Following this preliminary attack, the Russians in Urga were subjected to barbarous treatment by the Chinese troops whose cruelty turned upon all foreigners almost without discrimination. Martial law was declared in Urga by the Chinese and reinforcements were hurried forward from Kalgan. These measures affected most adversely the very considerable American interests in Mongolia.

In view of these hostilities Ch'en Yi left precipitately for Urga. The Living Buddha and other leading Mongolian nobles were placed under arrest by General Ch'u, in charge of the forces at Urga. The seriousness of this step was at once apparent. Ch'en Yi requested further reinforcements which were not forthcoming.

On account of the very acute situation and the danger to Americans, particularly to Mr. Edwin W. Mills, a mining engineer, and to Mr. McLaughlin, of the Mongolian Trading Company, a rescue party of about sixteen American citizens was organized to proceed to Urga, across the line of military operations, and effect Mr. Mills' departure from the city. This expedition was opposed very energetically by all of the Chinese authorities, including the Premier, the War Department and the Foreign Office, but, in disregard of their protest, the party proceeded under the guidance and direction of Major John Magruder, Assistant Military Attaché. Transportation for the party was provided by automobiles of the Mongolian Trading Company, an enterprise of Mr. Charles L. Coltman, which was among the American firms most injured by the events in Mongolia. This party reached Urga from Kalgan on the 13th of November and after staying there about a week, and following many narrow escapes from armed clashes with the Chinese authorities, returned with Mr. Mills and Mr. McLaughlin. The visit of the American rescue party had a most salutary effect on the situation in general, as well as in accomplishing its purpose of bringing food and transportation to the Americans in Urga.

The forces attacking Urga were apparently driven away from the immediate vicinity of the city. The Cabinet decided upon various

measures regarding Mongolia, such as rewarding the troops fighting in defense of Urga by full arrears of salary, the strict protection of foreign residents and their escort from Urga should they so desire. This latter decision was notified to the American Legation on November 10th.

RUSSIAN RELATIONS

As a consequence of the Mandate of September 23rd withdrawing recognition from Russian diplomatic and consular officials in China, the Chinese authorities assumed control of the Russian concession in Tientsin on September 25th, and of the Russian concession in Hankow on the 28th. At Tientsin the form of taking over and the subsequent acts of the Chinese authorities aroused more criticism than in Hankow. The Chinese Foreign Office having given assurances that the municipal organizations in the concessions would be interfered with as little as possible, the American and other residents in the Tientsin concession were incensed when extensive financial and regulatory innovations in favor of Chinese control were made. The abrupt action taken by the Chinese Government without any preparations for the continuance of judicial functions from Russian citizens resulting practically in the cancellation of all extraterritorial rights aroused great indignation among nationals of other countries as well as among Russians. The interests of other nationals having relations with Russians were considered as endangered.

Vice Minister of Justice, Chang I-p'eng, requested the Chinese Government to constitute the railway area a special district wherein he might establish special Chinese courts (Shun P'an T'ing) and exercise jurisdiction over Russian citizens. Numerous vexatious questions involving considerations between Russians and other nationals remained unsolved and formed the cause of many complaints.

On October 9th at a meeting of the Diplomatic Corps the Dean was authorized to request of the Chinese Foreign Minister a confirmation of his oral assurances that the measures of the Chinese Government in regard to Russians were a temporary derogation of Russian rights subject to later agreement between the Chinese Government and the future Russian Government and also suggesting that in view of difficulties arising from the application of the Mandate the Chinese Government and the Diplomatic Corps concert on a provisory *modus vivendi* for the administration of Russian rights.

The Legation having reported these facts to the Department of State, was authorized to say to the Chinese Government that in the view of the American Government the Chinese Government had taken over very great responsibilities in the fulfillment of which it would be subject to grave danger of suspicion and misconstruction

which could only be avoided by preserving a punctilious regard for its obligations towards Russia and the utmost circumspection in relation to other related interests. In view of the announced anti-capitalistic campaign in China of the Bolsheviki, the presence in Peking of an emissary from Verkhne-Udinsk gave rise to danger of appearance of subservience to Bolshevik influence, particularly in the matter of extraterritoriality in which all the principal foreign powers were interested.

During the early part of October, Chang I-p'eng, Vice-Minister of Justice, went to Kirin to arrange for the taking over by Chinese tribunals of the Russian Courts in the Chinese Eastern Railway Zone and at Harbin, and these latter courts ceased to function on October 5th. On that day the Taoyin at Harbin called on the foreign consuls and announced that it was the intention of the Chinese Government to utilize the Russian judicial machinery as much as possible, continuing the Russian officers as officials of the Chinese court.

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Semenoff continued his former tactics, and at the beginning of October was sending a force under Baron Ungern Sternberg westward, presumably to Verkhne-Udinsk.

During October the Semenoff-Kappel forces suffered a severe defeat at the hands of the Bolsheviki. Chita fell into Red hands on October 21st. Ungern's forces were badly punished and retreated toward Manchouli Station. At the same time Chinese official reports indicated that reactionary Russian forces were approaching Urga with the intention of expelling the Chinese garrison.

Negotiations had been proceeding during the quarter between the Chinese Foreign Office and the Yourin Mission representing the Far Eastern Republic. Some twelve articles had been agreed upon in principle. The negotiations were, however, suddenly interrupted in October by the Chinese Government through the appointment of its Foreign Office representative, Mr. Chang Tsu-shen, as Minister to Sweden and the substitution of Mr. Liu Ching-jen, former Minister to Russia and High Commissioner in Siberia. It was thought at the time that the Chinese Government began to feel doubt of Yourin's authority to speak for all the Siberian governments.

In early October, Yourin announced the formation of the Far Eastern Republic at a joint meeting of the Amur, Vladivostok and Verkhne-Udinsk delegations, and stated that this new united government enjoyed the support and disinterested help of Mother Russia; declared in favor of a peoples' constituent assembly, the institution of private ownership of land suitably modified, and no concession of territory to a foreign power; and announced that the government

would call upon Russia and foreign capitalists to develop the country.

During the first part of October General Wrangel, representing the South Russian Government, telegraphed to Peking protesting against the withdrawal of recognition from Russian diplomatic and consular officials, or at least against the derogation of Russian rights resulting therefrom, and warning China that it would be accountable.

During October details were obtained from the Chinese Foreign Office regarding a trade convention between Chinese Turkestan and the Soviet representative to Turkestan. This agreement concerned commercial matters and the return of refugees and defeated soldiers. It was agreed that these matters should be regulated by representatives of either party on the territory of the other. The Legation was informed by the Foreign Office that negotiations had begun two years previously when it was seen that a local agreement for trade relations was needed to prevent extensive thievery by Bolsheviks in border raids on Chinese territory. The matter was entirely disassociated from the question of the Yourin Mission or the recognition of the Bolsheviks. The matter appeared to be one of local interest [omission?] only as a measure of self-protection and that the Central Government, because of the great distance separating it from Turkestan, and because of the virtual independence of the Chinese authorities, these could do but little more than approve it, when received, which was done about the middle of September, 1920.

During early October General Chang Shih-lin, Chinese emissary in Moscow, was recalled to Peking as having become too favorably inclined to the Bolsheviks.

CHINESE EASTERN RAILWAY

On October 2nd, 1920, the Minister of Communications signed with the Russo-Asiatic Bank an agreement providing for joint management of the Railway under the following terms: the repayment of the five million taels stipulated in Article twelve of the original Agreement should be made by the Railway to China with compound interest in the form of loan bonds redeemable in 1939, or date of the previous redemption of the Railway, the security being the Company's movable and immovable property and the earnings of the Railway. Of the nine directors, the President, and four directors shall be Chinese appointed by the Chinese Government without share-holding qualifications. The Government should appoint several Chinese assistants to the heads of the chief sections of the Railway, but there would be no decision of the Board of Directors unless approved by seven members. The Chinese Government might appoint two Chinese out of five members of the Committee of Audit.

Railway positions were to be divided equally between Chinese and Russians. Thereafter the Company should have a purely commercial character, and the Chinese Government reserved the right to take measures to ensure this.

It was argued that this agreement merely regularized a condition that had gradually arisen since the shareholders' meeting in Peking in 1918, and especially since the spring of 1920 when negotiations for the present agreement actually began. Considerable interest attached to the document because of the fact that the Bank had since 1918 been under French diplomatic protection and now had 80% French capital, whereas paragraph 68 of its charter provided expressly that its branches in Asia were placed under the protection of Russian Government representatives.

According to the Chinese contention, the main effect of the agreement was to make the Chinese Eastern Railway a purely commercial enterprise without political complexion of any kind.

On the 9th of October a Presidential Mandate appeared announcing the October 2nd agreement arrived at between the Minister of Communications and the Russo-Asiatic Bank. The main points emphasized were that the Chinese Government took over the authority of the former Russian Government in the Railway Zone; that the whole question would be taken up again with a recognized government in Russia; that the Railway was a purely commercial concern and that the Chinese authorities would protect life and property along the Railway. Yourin, in a statement published by the Delta Agency, designated the Chinese action as a seizure of Russian rights and predicted that a united Russian Government would not recognize its validity, and would hold China responsible for all losses. He denied most emphatically that the Chinese Eastern Railway Company was empowered to retain control of the line.

On October 28th a meeting of the shareholders took place in Peking for the purpose of electing members of the Board of Directors, but as the persons elected did not accord with the intention of the Chinese Government to keep the road free from political influences the Chinese Government rejected the results on technical grounds. The same was done in the case of a meeting held on the 31st, and the matter resulted in a deadlock.

On October 31st there were published three Mandates promulgating regulations for a system of guards to be established in the area of the Chinese Eastern Railway, and the regulations governing the employment of foreigners to be connected in a capacity advisory thereto.

On November 25th a Mandate appointed Dr. C. C. Wang as a Vice President of the Railway. He was already a member of the Inter-Allied Technical Board.

The presence of large numbers of the defeated reactionary Russian forces embarrassed the Railway and the Chinese authorities.

As the status of the Inter-Allied Technical Board appeared possibly affected by this new agreement, Mr. John F. Stevens came to Peking and secured written specific assurances from the Chinese Minister of Communications on that point.

ORGANIZATION OF A NEW INTERNATIONAL FINANCIAL CONSORTIUM⁵¹

Visit of Mr. Lamont to Japan and China on Behalf of the American Group—Proposals of the Japanese Government, March 2, 1920—Rejection by the United States and Great Britain of the Japanese Formula—Japanese Memorandum of April 3; Replies by France, Great Britain, and the United States—Exchange of Letters between the Japanese and American Groups, May 11

893.51/2669a : Telegram

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

WASHINGTON, February 7, 1920—4 p.m.

38. Thomas W. Lamont of the firm of J. P. Morgan and Company is leaving shortly for Tokyo. He will arrive about March 2nd. Mr. Lamont is going as representative of the American Group to confer with Japanese bankers. He goes with the consent and approval of the British and French Groups and with the knowledge of the Japanese bankers. He has no connection whatsoever with the United States Government, but you will please expedite and facilitate his movements in every way and cooperate with him in every respect, and will ask that he and members of his party be facilitated through the Customs. Please advise American Consul at Yokohama and ask his courteous attention. Mr. Lamont will be accompanied by his wife, by Mr. Martin Egan, and by a Mr. Smith, his counsel, and by a secretary. From Tokyo he will proceed to Peking. Please notify Peking, and such Consuls along the route he will choose after conferring with you, probably through Seoul.

LANSING

893.51/2697a : Telegram

*The Acting Secretary of State to the Ambassador in Japan (Morris)*⁵²

[Paraphrase]

WASHINGTON, February 28, 1920—1 p.m.

The Department approached the Governments of France, Great Britain, and Japan more than eighteen months ago with the proposal

⁵¹ Continued from *Foreign Relations*, 1919, vol. 1, pp. 420-504.

⁵² See last paragraph for instructions to repeat to Peking. Sent also to the Ambassador in Great Britain, with instructions to repeat to Paris for information only.

that a new consortium be created with the view of extending financial aid to the Chinese Government. The terms of this proposal were communicated to you at the time and the aims and objects which this Government was hopeful would be gained by it were imparted to you. It was intended more than anything else that the Chinese should receive during this time of transition and when the economic needs were greatest the necessary financial aid in a way which would remove the tendency for the Chinese Government to gravitate politically toward any one power, and would prove to be a practical way of insuring the continued equal economic opportunities and chances for trade which are generally admitted to be necessary to prevent rivalries between nations which would endanger both the interests of the powers themselves and the natural progress of the country. The British and French Governments adopted the suggestions in principle as a substantial basis upon which a new consortium of banking groups in the several countries could be founded to supply needed loans to China. At a meeting held in Paris last May, the agents of the banking groups of France, Great Britain, Japan, and the United States accepted and confirmed these proposals, subject to the approval of their Governments. Both the banking groups and Governments in France and Great Britain and the bankers in Japan were actuated by a liberal and self-denying spirit, each taking an interest in removing as much as they possibly could disturbing and complicating motives from the negotiations which in their opinion should be conducted on the basis of well-founded economic policies.

To our disappointment Japan has shown herself disinclined to work in harmony, being alone in this attitude. Her Government did not inform its financial leaders at the time the proposals were first presented; it later neglected to suggest that they prepare to enter the proposed consortium by forming a financial group until after the lapse of eight months; for nearly a year it neglected to inform the other interested powers as to its feeling in regard to the entire scheme of such a financial combination. It then presented a proposal by which the special rights and interests which Japan claimed in South Manchuria and Eastern Inner Mongolia should not be included in the field of operations of the proposed financial combination, thereby bringing in entirely new issues not only alien to the intention of the proposed consortium but out of harmony with the spirit of liberality and unselfishness which had been a feature of all the exchanges of views regarding the proposal. By this procedure the success of the whole plan depended on whether the other powers interested would agree to grant to Japan a special position as regards rights, preferential and exclusive, which in fact admitted a new principle of spheres of influence in advance of and more extensive than had been

recognized in China at any previous time. The other three interested powers made every endeavor to convince Japan that she should recede from her stand, but without success, even after this Government had made the concession that the interests of Japan would not be jeopardized in certain enterprises. You were advised through the Legation at Peking on October 15⁵³ that the Department, on October 11,⁵⁴ replied to an inquiry from the Government of Great Britain fully explaining its attitude and no change has been made therein.

Considering all this our Government has decided that the time has arrived to go ahead and fully complete the proposed financial combination or to meet the new complication which Japan has created. This condition is fully realized by the American group who have sent Thomas W. Lamont as their agent to Japan. Lamont has no official capacity at all but is making the trip to confer with the bankers' group in Japan for the purpose of trying to obtain an agreement that will work satisfactorily. Aid him all you can with essential information and otherwise and work with him just as far as you are able to do so. Send complete reports. Instructions will be sent from time to time.

It is still our earnest desire that Japan should cooperate completely and heartily in a way that will give assured safety to her legitimate rights, surrendering nothing which justly is due her. In case, however, that desire can not be realized on account of the action of Japan, we will find it necessary, but with reluctance and the knowledge that we have vainly tried every means we had to secure harmonious action, to revert to the old form of national and individual action in spite of all its disadvantages of competition and conflict, giving our support to every proper financial concern in the United States which should wish to do business on an independent basis in China.

We would be keenly disappointed to find ourselves obliged to give up the hope of working with the Japanese Government in solving questions of basic concern to America and Japan on the basis of common motives and the acceptance by both countries of rules of action embodied in previous undertakings between the two nations and most recently reaffirmed in the notes exchanged between Secretary Lansing and Ambassador Ishii.⁵⁵

Repeat to the Minister in China for his information.

POLK

⁵³ Not printed.

⁵⁴ *Foreign Relations*, 1919, vol. I, p. 493.

⁵⁵ *Ibid.*, 1917, pp. 264-265.

893.51/2695

The Japanese Embassy to the Department of State

MEMORANDUM

The Japanese Government have given their serious consideration to the Memorandum of the United States Government of the 28th of October last relating to the formation of a new Consortium.⁵⁵

The United States Government appears to be under the impression that the proposal of the Japanese Government in regard to South Manchuria and Eastern Inner Mongolia amounts either to exclusive political pretensions or to the establishment of a so-called sphere of interest.

The Japanese Government desire to set forth once again their views frankly on the main purpose of their proposal and to invite further consideration on the part of the United States Government on this subject.

From the nature of the case, the regions of South Manchuria and Eastern Inner Mongolia which are contiguous to Korea stand in very close and special relation to Japan's national defense and her economic existence. Enterprises launched forth in these regions, therefore, often involve questions vital to the safety of the country. This is why Japan has special interest in these regions and has established there special rights of various kinds.

The Japanese Government are under no misapprehension or misgiving as to the purpose of the organization of the Consortium, and are glad to co-operate under such an arrangement with the Powers concerned for the promotion of the general welfare in China. But, as is suggested in the proposed Consortium, merely out of business considerations to throw open to the common activities of an international financial combination even those enterprises in the regions of South Manchuria and Eastern Inner Mongolia which vitally affect the economic existence and national defense of Japan would be no safe way of providing for the national peace and security, and for this reason, it would hardly meet with the approval of public opinion in Japan. These considerations were fully set forth by Mr. Debuchi, the then Chargé d'Affaires of Japan, in his interview with the Third Assistant Secretary on the 27th of August last year.⁵⁶

Furthermore, the recent development of the Russian situation, exercising as it does an unwholesome influence upon the Far East, is a matter of grave concern to Japan. In fact, the conditions in Siberia, which have been developing with alarming precipitancy of

⁵⁵ *Foreign Relations, 1919*, vol. I, p. 497.

⁵⁶ Memorandum of conversation not printed.

late, are by no means far from giving rise to the most serious situation, which may at any time take a turn threatening the safety of Japan and the peace of the Far East, and ultimately place entire Eastern Asia at the mercy of the sinister activities of extremist forces. Having regard to these signals of the imminent character of the situation, the Japanese Government all the more keenly feel the need of adopting measures calculated to avert any such danger in the interest of the Far East as well as of Japan. Now South Manchuria and Mongolia are the gate[s] by which these direful influences may effect their penetration into Japan and the Far East to the instant menace of their security.

The Japanese Government are convinced that, having regard to the vital interests which Japan, as distinct from the other Powers, has in the regions of South Manchuria and Mongolia, the United States Government will appreciate the circumstances which compelled the Japanese Government to make a special and legitimate reservation indispensable to the existence of the State and its people.

In short, the present proposal of the Japanese Government in regard to Manchuria and Mongolia is based, as already explained, on the paramount importance of the economic existence and national security of the country, coupled with a due regard for the general peace of the Far East—considerations which have been strengthened by the recent development of the situation. Consequently the Japanese Government are prepared to co-operate with the financiers of the Powers concerned in Manchuria and Mongolia so long as the main purpose of their proposal as above enunciated remains respected. It would be needless to say that that proposal was prompted by no desire of making any territorial demarcation involving the idea of economic monopoly or of asserting any exclusive political pretensions or of affirming a doctrine of any far-reaching sphere of interest in disregard of the legitimate national aspirations of China, as well as of the interests possessed there by the Powers concerned. It is confidently hoped that the United States Government would submit these points to their serious consideration.

The Japanese Government are gratified that the United States Government acknowledges in its memorandum now under review the exclusion from the scope of the common activities of the new Consortium, not only of those Japanese undertakings in Manchuria and Eastern Inner Mongolia which are already developed and constitute vested proprietary interests, but also of the existing options in connection with railways already in operation (for instance the proposed continuation to Taonan of the Ssuping-kai-Chengchiatun Railway and to Hueining of the Kirin-Changchun Railway) and makes it abundantly clear that Japan's legitimate rights and interests are in no case to be jeopardized. Having regard to the considerations of

assuring the national security referred to above, it is expected that the principal instances of Japan's legitimate undertakings, as enumerated in the attached statement, will be excluded from the scope of the common activities of the new Consortium. The British Foreign Minister invited Viscount Chinda on the 19th of November last year,⁵⁶ if there is any fear that any project launched under the aegis of the Consortium might threaten the strategic security of Japan, to guard against this danger by proposing a formula to meet the case. It is believed that the views of the British Government in this respect are shared by the United States Government.

Accordingly, the Japanese Government, while authorizing the Japanese bankers' group to enter the proposed Consortium on the same footing as the bankers' groups of the other Powers concerned, venture to propose to achieve the settlement of the matter at issue by exchanging between the Members concerned a note embodying the sense of the formula hereto attached.

FORMULA

The Japanese Government accept and confirm the resolutions⁵⁷ passed at the conference of the representatives of the banking groups of the United States, Great Britain, France and Japan which met in Paris on May 11th and 12th, 1919, for the purpose of organizing a new Consortium. In matters, however, relating to loans affecting South Manchuria and Eastern Inner Mongolia which in their opinion are calculated to create a serious impediment to the security of the economic life and national defense of Japan, the Japanese Government reserve the right to take the necessary steps to guarantee such security.

WASHINGTON, *March 2, 1920.*

[Annex]

Statement of Japanese Undertakings in Manchuria and Mongolia to be Excluded from the Scope of the Consortium

1. The South Manchuria Railway and its branches, together with the mines which are subsidiary to the railway, are unaffected by the scope of the common activities of the new Consortium.
2. The construction of the Kirin-Changchun Railway, Shinminfu-Mukden Railway and Ssuningkai-Chengchiatun Railway has been completed, and their operation has already been commenced. They fall therefore within the category of those enterprises which according to Article 2 of the proposed inter-group Agreement, have already

⁵⁶ See telegram no. 3447, Nov. 25, 1919, from the Ambassador in Great Britain, *Foreign Relations, 1919*, vol. I, p. 502.

⁵⁷ See telegram no. 413, May 20, 1919, from the Ambassador in France, *ibid.*, p. 435.

made substantial progress, and are outside the scope of the common activities of the new Consortium.

3. The Kirin-Hueining Railway, the Chengchiatun-Taonanfu Railway, the Changchun-Taonanfu Railway, the Kaiyuan-Kirin Railway, the Taonanfu-Jehol Railway and the railway connecting a point in the Taonanfu-Jehol Railway with a seaport are branch or feeding lines of the South Manchuria Railway. Moreover, having regard to the fact that, as stated in the Memorandum dated March 2, these lines together with the South Manchuria Railway do not only bear a most important relation to the national defense of Japan, but also constitute a powerful factor in the maintenance of peace and order in the Far East; and also in view of the fact that, as an extension of the railways already in operation as set forth in the memorandum of the United States Government, these lines form the subject of legitimate rights of Japan, it is expected that they will be placed outside the scope of the common activities of the new Consortium. It is not unlikely, however, that in case of any loan being floated in future in connection with these railways, the European and American markets will be invited to subscribe to it.

WASHINGTON, *March 2, 1920.*

S93.51/2695 : Telegram

*The Acting Secretary of State to the Ambassador in Great Britain
(Davis)*⁵⁸

WASHINGTON, *March 6, 1920—6 p.m.*

227. On March 2 the Japanese Ambassador left with the Department a lengthy memorandum on the subject of the consortium, a copy of which is being sent you by pouch. It sets forth in great detail the reasons for the Japanese claim for exclusion of certain interests in South Manchuria and Eastern Inner Mongolia from the scope of the consortium. It states that such claim is based on the "economic existence and national defense of Japan." It gives as an additional reason for asking protection of its interests in these localities "the recent development of the Russian situation." It states that the British Foreign Minister invited Viscount Chinda on the 19th of November last to propose a formula to cover the situation and "accordingly, the Japanese Government, while authorizing the Japanese bankers' group to enter the proposed consortium on the same footing as the bankers' groups of the other Powers concerned, venture to propose to achieve the settlement of the matter at issue by exchanging between the Members concerned a note embodying the

⁵⁸ See last paragraph for instructions to repeat to Paris as no. 476.

sense of the formula hereto attached. [Here follows the formula contained in the memorandum of March 2 from the Japanese Embassy, printed *supra.*] ”

It also submits the following list of concessions and options in Manchuria and Eastern Inner Mongolia which it asks be excluded from pooling as provided in consortium agreement:

[Here follows the statement of exceptions annexed to the memorandum of March 2 from the Japanese Embassy, printed *supra.*]

Please communicate the above to the British Foreign Office with the statement that this Government is not disposed to question the substance of the list as submitted although it is much more far reaching than was contemplated by the American proposal of October 28,⁵⁹ of which a copy was forwarded to you in Despatch 435, October 30, last.⁶⁰ This is particularly true of Article 3 which relates to the five Manchurian Railways. The Department wishes to go as far as possible to meet the legitimate desires of the Japanese and to remove any reason for further delay in bringing about effective cooperation.

As regards the proposal of the Japanese Government in respect to a reservation to be made on the basis of “the paramount importance of the economic existence and national security of the country, coupled with a due regard for the general peace of the Far East,” the Department desires to advise you of its views for your own information and for your guidance in discussions of this question with the British Foreign Office. This Government is heartily gratified by Japan’s apparent renunciation of the exclusive economic and political claims which it has hitherto maintained with respect to Manchuria and Mongolia. The formula proposed by the Japanese Government is, however, in the view of this Government, superfluous and potentially dangerous. This Government is not unsympathetic with the professed objects of the Proviso, but considers that by reason of the particular relationships of understanding which exist between Japan and the other three powers associated with it in the Consortium there would appear to be no reason to apprehend on the part of the Consortium any activities directed against the economic life or national defense of Japan. It is felt that Japan could with assurance rely upon the good faith of the United States and the other two powers associated in the Consortium to refuse their countenance to any operations inimical to the vital interests of Japan: and that Japan’s insistence upon the other three powers joining in the proposed formula would only create misapprehension.

⁵⁹ *Foreign Relations*, 1919, vol. I, p. 497.

⁶⁰ Not printed.

It is felt moreover that such a formula would not only be unnecessary but would lend itself to misconstruction for the reason that it apparently differentiates between the status of South Manchuria and Eastern Inner Mongolia and that of other Chinese territory. The mere fact of such differentiation would, it is apprehended, give rise to questions which would tend still further to unsettle the already complex situation in China.

This Government is therefore hopeful that the Japanese Government may in view of its existing relations with the other three powers be persuaded to rely upon their good faith in this matter and forego its proposal to require explicit guarantees the mere statement of which opens the way for possible misconstruction and misapprehension in the future.

It is desired that you ask the Foreign Office for an informal expression of opinion concerning the present Japanese proposal when it shall have considered the matter in detail. Please explain that because of Mr. Lamont's presence in Japan it is desired to reply to the memorandum at the earliest possible moment.

Repeat to Paris as number 476 for similar action.

POLK

893.51/2699 : Telegram

The Ambassador in Japan (Morris) to the Acting Secretary of State

ТокYO, March 7, 1920—4 p.m.

[Received March 7—12: 56 p.m.]

82. Your numbers 38 February 7, 4 p.m., 52 February 25, 11 a.m.,⁶¹ and circular February 28, 1 p.m. Mr. Lamont arrived on March 2, and is now conferring with Japanese bankers. His presence at this time is of the utmost value and we are working in the closest cooperation. Yesterday the Minister for Foreign Affairs handed me a copy of the note delivered to you by Ambassador Shidehara on March 2. My British colleague on the same day received a copy of a practically similar note which has been transmitted to the British Government. Mr. Lamont, the British Minister and I are conferring on these notes in the light of Mr. Lamont's recent correspondence with representatives of the Japanese banking group. I will forward, within a day or two, for the consideration of the Department, a summary of our views and suggestions. In the meantime I venture to hope that the Department will reserve judgment.

MORRIS

⁶¹ No. 52 not printed.

893.51/2703 : Telegram

The Ambassador in Japan (Morris) to the Acting Secretary of State

TOKYO, March 8, 1920—2 p.m.

[Received March 9—3:13 a.m.]

84. Supplementing my number 82 March 8 [7], 4 p.m. and in reply to your number 68, March 5, 8 p.m.⁶⁶ just received. Mr. Alston,⁶⁷ Mr. Lamont and I after separate study of the memorandum and formula find ourselves in full agreement and after conference have drafted the following summary of our views which my British colleague is also forwarding to his Government.

1. The memorandum was apparently prepared and (waiting?) to meet Mr. Lamont's arrival not as final expression of Japanese views but as an effort to establish an advance position from which to recede if necessary.

2. Since his arrival Mr. Lamont has had private conversations with Government officials as well as influential representatives of the banking group here and he has derived the distinct impression that we should hold our ground in the belief that eventually the Japanese Government will come to adopt substantially our viewpoint inasmuch as the financial interests here, which are all in favor of the consortium, are insistent in bringing strong pressure to bear.

3. In view of these considerations we are all of the opinion that our respective Governments should, without further loss of time, send an immediate acknowledgment to the Japanese Government expressing grave disappointment that the formula proffered is so exceedingly ambiguous and so irrevocable in character that it might indicate on the part of the Japanese Government a continued desire to exclude the cooperation of the American, British and French banking groups from participation in the development for China's benefit of important parts of the Republic, and therefore confirms the impression that the Japanese formula cannot be received on the principle of the independence and the territorial integrity of China; that our Government[s] clearly recognize the Japanese nation's legitimate desire to obtain supplies of food and raw materials necessary to her economic life and also her desire to protect the Korean frontier, but our Governments find it quite impossible to believe that in order to meet such needs it is essential for example for Japan alone to construct and control so distinctively [*sic*] a railway line as the one projected from Taonanfu to Jehol and thence to the coast. Finally, we venture to suggest that the acknowledgment should emphatically express the opinion that in the judgment of our respec-

⁶⁶ Not printed.

⁶⁷ Sir Beilby Francis Alston, British Minister in China.

tive Governments the only method by which any speedy solution of the present difficulty in the formation of the consortium can be found is to request the banking groups to undertake a prompt review of the whole question in the hope that these groups may reach a solution which can be approved by all the Governments concerned. The presence in Tokyo of Mr. Lamont, the representative of the American banking group, who is fully conversant with the view of the British and French groups, renders such a review with the Japanese group particularly hopeful.

4. If our suggestions as above are approved, and while the Japanese Government are reconsidering their position in the light of our reply, Mr. Lamont will continue his private conversations and endeavor to pave the way for a reasonable solution which he is confident the financial elements in Japan earnestly desire.

5. If Mr. Lamont should be disappointed in his hope of reaching a solution by such a review, we are still free to fall back upon the formation of a three power consortium in order to meet the essential economic needs of China.

Repeated to Peking.

MORRIS

893.51/2705 : Telegram

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

LONDON, *March 11, 1920—5 p.m.*

[Received 8:20 p.m.]

434. Your 227, March 6, 6 p.m., fully discussed with Foreign Office on 10th instant, a memorandum being left embracing first portion thereof inclusive of list of concessions and options specified by Japanese Government. *Aide memoire* setting forth the Department's disposition as outlined in the succeeding paragraph of Department's telegram was left to confirm the conversation.

Neither formula nor list have yet been received by Foreign Office from Japanese Ambassador here or from Tokyo and communication with the latter has been interrupted by break in cable. Comparison requested in Department's 243, March 9, 5 p.m.⁶⁸ will be made upon its receipt.

Although definite expression of Foreign Office opinion, which I am promised very shortly, awaits study of this formula, I find its informal opinion to run quite parallel to ours inasmuch as Japanese Ambassador was informed some time ago that while railroad con-

⁶⁸ Not printed.

cessions in southern Manchuria to the south and east of the South Manchurian Railway could reasonably be considered to fall within the sphere of Japan's special interest, those to the west and southwest which approximate in their indefiniteness the former Japanese interpretation of Eastern Inner Mongolia could hardly be considered in the same light. I infer that the Department's contention that such explicit guarantee would impugn the good faith of the Associated Powers meets with approval.

What telegram is referred to in your circular of February 28, 1 p.m.⁶⁹ by references to a telegram of October 5 [15], 5 p.m. through Peking? ⁷⁰ We appear to have no record of it. Paris informed.

DAVIS

893.51/2707: Telegram

The Ambassador in Japan (Morris) to the Acting Secretary of State

[Paraphrase]

Тоkyo, March 11, 1920—7 p.m.

[Received March 12—11:25 a.m.⁷¹]

90. The unacceptable nature of the statement which Japan has presented and upon which I commented in my no. 84 of March 8, 2 p.m., is merely an illustration of the inherent dangers and troubles which would be found in any formula which sought to give recognition in a general way to any Japanese interests in China of a strategic or economic nature. Statements of this kind by governments are likely to assume features of a political sort. Aside from ambitions for territory and political advantage which doubtless are held by the people of Japan, nevertheless Lamont and I share the view that the strong, fundamental, tenacious purpose of the Japanese to safeguard the lines of communication to raw materials and foodstuffs on the Asian mainland which they consider necessary to their industrial and national life is to a certain extent justifiable and reasonable. We must, on that account, somehow give consideration to this feeling. Unless we do so the likelihood of solving the existing problems is scant.

Lamont and I are sorry that the officials of Japan do not have the same trust which the members of their group of bankers have that our group and the others connected with the consortium will in the future show fairness and reason. We think that the principal

⁶⁹ See footnote 53, p. 497.

⁷⁰ Answered: "Telegram in question was 6073, Oct. 11, 1 p.m." See *Foreign Relations*, 1919, vol. I, p. 493.

⁷¹ Telegram in three sections.

Japanese business and financial leaders are sincerely anxious to join the combination for loans to China without reservation and with a friendly attitude. There is, however, a feeling of suspicion and distrust among strong elements in the Government. In addition, it is necessary to placate and give heed to this public sentiment to which I have already referred. These factors are sufficiently strong, I think, to prevent the success of the association for Chinese loans if we are unable to invent a method which will lessen the power of their hostility by reassuring them without our yielding the substance. Lamont has proposed to cope with this condition by exchanging letters between the groups of bankers in Japan and in the United States which shall attempt to set forth the position of the American and European associations of bankers in regard to interests of an economic nature which Japan has in Mongolia and Manchuria. The letters would define precisely what enterprises would be included in the field of the financial combination and what would not be. It appears that the suggestion is singularly fortunate in that it recognizes some economic conditions as they are without making possible an interpretation giving undefined claims as to territory or an indefinite zone of business interest as might be the case were it an official act of the Government.

For this reason Lamont and I have drawn up and present to you for your study and candid opinion the notes which follow—the admission by the financial combination of the Japanese claims of a business nature being made in the reply which it is suggested that our banking association will make.⁷²

Suggested letter from the Japanese banking group to American banking group.

“You will recall that [upon the] organization of [the] consortium at Paris May 11th and 12th last, the representatives of the Japanese, American, British and French banking groups attached their signatures to the resolutions⁷³ and agreement⁷⁴ subject to the approval of their respective Government[s]. You will further recall that, upon the instructions of the Japanese Government, our banking group later addressed you a letter, stating that our acceptance of the consortium agreement was made with certain reservations with respect to portions of the Provinces of Manchuria and Mongolia.⁷⁵

We have now the honor to inform you that certain points in the agreement and in the operations of the proposed consortium, hitherto somewhat obscure, having been cleared up to the satisfaction of our Government and of ourselves, we are able now to announce

⁷² Texts of the two draft letters which follow not paraphrased.

⁷³ See telegram no. 413, May 20, 1919, from the Ambassador in France, *Foreign Relations*, 1919, vol. I, p. 435.

⁷⁴ See note of June 5, 1919, to the British Chargé, *ibid.*, p. 439.

⁷⁵ See telegram no. 2324, June 18, 1919, from the Ambassador in Great Britain, *ibid.*, p. 451.

our acceptance of the consortium agreed [upon] without reservation, and at the same time to express our hearty concurrence with the general ideas and objects of the consortium in respect to China. Very truly yours”.

Proposed acknowledgment [of] Japanese letter by American group.

“Dear Sirs: We beg to acknowledge with thanks the receipt of your communication of blank date informing us in behalf of the Japanese banking group that (under the instructions of your Government) you have now withdrawn the reservations hitherto made with respect to certain portions of Manchuria and Mongolia and have adopted, in association with the banking groups of America, Great Britain and France and on like terms with them the agreement for the establishment of a new consortium in respect to China.

We are happy to note that certain points that had hitherto been somewhat obscure to your group or your Government have now been made plain and we trust with slight modifications that the way is clear for the consortium to undertake operations.

Please permit us to take this opportunity to say to you in behalf of the American banking group that we clearly recognize the economic views which, as you have explained them to us, you hold with reference to Manchuria and Mongolia. We understand for instance that, because of the fact that in general the islands of Japan may in the future be unable to supply sufficient food for your growing population, it may be necessary for you to look to some source of food supply such as those naturally supplied by Manchuria.

We realize further that for your wool you may in certain contingencies be dependent in large measure on supply from Mongolia, that for other raw materials necessary for manufacturing you may also be dependent upon sources of supply from Manchuria and Mongolia.

Recognizing as we do these facts pertaining to your economic life we may say that we shall view with satisfaction Japan's economic efforts to increase the output of such commodities as we describe; for we believe that by such increased output not only will Japan's population and industries be supplied but that there should result a real and favorable economic development in certain portions of the provinces of Manchuria and Mongolia.

We recognize further that the development of railways open some relation to Korea's strategic position. For that reason we are free to say that it would be quite contrary to the ideas of the American banking group that in Southern Manchuria and in Eastern Inner Mongolia the consortium should undertake the construction of new railway lines without the unanimous [consent] of all four banking groups members of the consortium. In the event that the other members of the consortium should decline to proceed with any project, [in] that territory, then the Japanese group would be free to proceed with it for its own account and at its own expense[, unless Japan shall have voted in the negative].

As some questions have arisen during our discussions in reference to specific railway enterprises actually begun or contemplated in

Manchuria and Mongolia, we desire to state definitely that the South Manchurian Railway and its branches together with the mines which are subsidiary to the railway are clearly unaffected by the terms of the consortium. This statement also applies to the Kirin-Huining Railway, the Chengchiatun-Taonanfu Railway and the Kaiyuan-Kirin Railway which are recognized as in effect branch lines of the South Manchurian system. But we have a message from you that the projected Taonanfu-Jehol Railway and any railway connecting a point on the Taonanfu-Jehol Railway with a seaport are clearly not branch lines of the South Manchurian Railway and should therefore be included within the terms of the consortium agreement.

It is also understood that the Kirin-Changchung, Hsinminfu-Mukden and Ssuningkai-Chengchiatun Railways which have been completed and are already in operation fall within the category of those enterprises which according to article 2 of our inter-group agreement are outside the scope of the joint activities of the new consortium.

While this letter is, in the first instance, written in behalf of the American banking group, we are pleased to state for your information that we are transmitting it to you only after submission to the British and to the French banking groups; also [to] the Governments of the United States and of Great Britain and France.

Pray be good enough to present our regards to your colleagues in the Japanese banking group and our best wishes for the success of the joint four-power undertaking."

Lamont intends that these notes shall be used as a foundation for his negotiations with business and financial leaders in this country. Intimations have, indeed, been made to him by a man connected with finance that the bankers would probably look upon some means of this nature as fair and acceptable enough to justify them in strongly recommending to the Japanese officials that they adopt such a solution. Although he feels sure that the banking associations of Great Britain, France, and the United States would find some exchange of letters of this kind acceptable, Lamont does not feel that he should continue with this plan unless he is assured that the American Government gives its thorough approbation. He thinks that you will want to send this plan to our bankers if you find it acceptable, awaiting further developments, however, before taking into confidence in this matter the banking associations in France and Great Britain.

In case these letters are satisfactory to the combination of bankers in this country and are presented by them to their Government for its acceptance, I trust that you will give me authority to urge their approval in the conversations which will take place, I think, after the United States has objected to the formal statement suggested on March 2 in the Japanese memorandum.⁷⁶

MORRIS

⁷⁶*Ante*, p. 500.

893.51/2695

The Department of State to the Japanese Embassy

MEMORANDUM

The Government of the United States has received and carefully considered the memorandum under date of March 2, 1920, in which the Japanese Ambassador set forth the views of his Government as to the formation of the proposed international Consortium for loans to China; and it is happy to record the hearty gratification with which it has noted the disavowal by Japan of any claim to exclusive economic or political rights with respect to South Manchuria and Eastern Inner Mongolia.

The American Government cannot but acknowledge, however, its grave disappointment that the formula proffered by the Japanese Government is in terms so exceedingly ambiguous and in character so irrevocable that it might be held to indicate a continued desire on the part of the Japanese Government to exclude the American, British and French banking groups from participation in the development, for the benefit of China, of important parts of that Republic,—a construction which could not be reconciled with the principle of the independence and territorial integrity of China.

The Government of the United States is not unsympathetic with the professed objects of the principle embodied in the Japanese formula: it considers, on the other hand, first, that the right of national self preservation is one of universal acceptance in the relations between states, and therefore would not require specific formulation as to its application in any particular instance; and, second, that the recognition of that principle is implicit in the terms of the notes exchanged between Secretary Lansing and Viscount Ishii on November 2, 1917.⁷⁸ This Government therefore considers that by reason of the particular relationships of understanding thus existing between the United States and Japan, and those which, it is understood, similarly exist between Japan and the other Powers proposed to be associated with it in the Consortium, there would appear to be no occasion to apprehend on the part of the Consortium any activities directed against the economic life or national defense of Japan. It is therefore felt that Japan could with entire assurance rely upon the good faith of the United States and of the other two Powers associated in the Consortium to refuse their countenance to any operation inimical to the vital interests of Japan: and that Japan's insistence that the other three Powers join with it in the proposed formula as a condition precedent would only create misapprehension. It is felt, moreover, that such a formula would not only be unnecessary, but would

⁷⁸ *Foreign Relations*, 1917, pp. 264-265.

lend itself to misconstruction for the reason that it apparently differentiates between the status of South Manchuria and Eastern Inner Mongolia and that of other Chinese territory. The mere fact of differentiation would, it is apprehended, give rise to questions which would tend still further to unsettle the already complex situation in China. This Government is therefore hopeful that the Japanese Government may in view of its several existing relationships of understanding with the United States and the other two Powers be persuaded to rely upon their good faith in this matter and forego its proposal to require explicit guarantees, the mere statement of which opens the way for possible misconstruction and misapprehension in the future.

The Government of the United States has furthermore been happy to note the readiness of the Japanese Government to enumerate the specific vested interests of its nationals, in Manchuria and Mongolia, which it would propose to exclude from the scope of operations of the proposed Consortium; although it finds it difficult to believe that in order to meet the necessities of Japanese economic or political security it is essential for Japan alone to construct and control a railway line of such a character as the one projected from Taonanfu to Jehol and thence to the seacoast.

It is hoped that the discussions now in progress in Tokyo between Mr. Lamont, on behalf of the American Group, and the representatives of the Japanese banking interests may result in such a complete understanding on the question of the specific enterprises in Manchuria and Mongolia, which it may be found mutually satisfactory to exclude from the operation of the Consortium, as would enable the Japanese Government to accord to that understanding its unqualified approval.

In conclusion, the Government of the United States takes pleasure in the fact that the frank interchanges of views which have thus far taken place appear to have resulted in a basis of mutual understanding which justifies the belief that a speedy completion of the organization of the Consortium is now possible.

WASHINGTON, *March 16, 1920.*

893.51/2695 : Telegram

The Acting Secretary of State to the Ambassador in Japan (Morris)

WASHINGTON, *March 16, 1920—4 p.m.*

92. Your 84, March 8, 2 p.m.⁷⁹

The Department is today addressing to the Japanese Embassy the following reply to its memorandum of March 2:⁸⁰

⁷⁹*Ante*, p. 506.

⁸⁰*Ante*, p. 500.

[Here follows the Department's memorandum of March 16 to the Japanese Embassy, printed *supra*.]

[Paraphrase]

Lamont would be justified if need be, in our opinion, in agreeing to leave outside of the field of the consortium all enterprises and options listed in the memorandum presented by Japan when he negotiates with agents of the financial combine in Japan in regard to exempting definite undertakings in Mongolia and Manchuria. This is on condition, however, that he carefully avoid admitting some claim not yet made and founded on a liberal interpretation of the statement in part 3 of the memorandum list regarding auxiliary or contributory railways.⁸¹

We trust that prior to leaving for China five days hence Lamont may be able to reach with the group in Japan an agreement acceptable to both sides, founded on his agreeing in whole or in substance to the exemption from the consortium of all undertakings which Japan has listed. If an agreement on this issue is reached soon, the Department feels that the settlement of the political question . . . will be made easier. On that subject we wish to keep from accepting any formal statement because it would be impossible to contrive, in our opinion, any statement which could not be given interpretations not in harmony with the condition of Mongolia and Manchuria as we view it.

We do not feel able to authorize, on this account, the interchange of notes on the part of the Japanese group and Lamont suggested in telegram no. 90 of March 11, 7 p.m., as the fact that the Department was aware of this action would in itself involve liability for the statements made. It is best for this reason that the group in Japan and Mr. Lamont seek merely to settle the issue of what special undertakings the consortium will exclude from its operations.

POLK

893.51/2695 : Telegram

*The Acting Secretary of State to the Chargé in Great Britain
(Wright)*⁸²

WASHINGTON, March 17, 1920—6 p.m.

279. Following note sent to Japanese Embassy March 16, is repeated for your information and for informal communication to the Foreign Office.

⁸¹ *Ante*, p. 502.

⁸² See last paragraph for instructions to repeat to Paris as no. 548.

[Here follows the memorandum printed on page 512.]

In communicating this memorandum for the information of the Foreign Office you will take occasion to say that this Government greatly regrets that it has proved impossible to receive the comments and suggestions of the British and French Governments upon the Japanese memorandum of March 2,⁸³ as had been contemplated by the final paragraph of the Department's telegram 227 of March 6, 6 p.m.⁸⁴ In view, however, of the fact that the Japanese memorandum appears not to have come into the hands of the Foreign Office at either capital, and in view of the fact that Mr. Lamont's plans permit of his remaining in Tokyo only until March 21, this Government has felt compelled to make its own reply to the Japanese Government without delay in order if possible to clear the way for Lamont to reach an understanding with the Japanese bankers before his departure from Japan. In making such a reply in its own behalf this Government has, however, endeavored to bring it into conformity with such indications as it possesses as to the views of the British and French Governments: and it ventures to hope that those Governments will find themselves in accord with the position thus taken by the American Government and will find it possible to address the Japanese Government substantially to the same effect.

[Here follow, for the Ambassador's information, substantially the same instructions sent to the Ambassador in Japan in telegram no. 92, March 16, 4 p.m., printed *supra*. The telegram concludes with instructions to repeat it to Paris as no. 548 to be acted upon as in London.]

POLK

893.51/2724 : Telegram

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

LONDON, March 20, 1920—noon.

[Received 3:34 p.m.]

484. Continuing my 482, March 20, 11 a.m.⁸⁵ Following is text of memorandum from Japanese Embassy referred to therein:

[“] Memorandum. The Japanese Government have given their serious consideration to the British Government's note of the 19th November last relative to the formation of a new consortium.⁸⁶ The British Government appear to be under the impression that the pro-

⁸³ *Ante*, p. 500.

⁸⁴ *Ante*, p. 503.

⁸⁵ Not printed.

⁸⁶ See telegram no. 3447, Nov. 25, 1919, from the Ambassador in Great Britain, *Foreign Relations*, 1919, vol. I, p. 502.

posal of the Japanese Government in regard to South Manchuria and Eastern Inner Mongolia amounts either to the assertion of a monopoly of economic interests in that region or to the establishment of a so-called sphere of interest there and further that such a proposal cannot be reconciled with the principle of independence and territorial integrity of China.

The Japanese Government desire to set forth once again their views frankly on the purpose of their proposal and invite further consideration on the part of the British Government on this subject.

From the nature of the case the regions of South Manchuria and Eastern Inner Mongolia which are contiguous to our territory of Korea stand in very close and special relation to Japan's national defense and her economic existence. Enterprises launched forth in these regions therefore often involve interests vital to the safety of our country. This is why Japan has special interests in these regions and has established there special rights of various kinds. The Japanese Government are under no misapprehension or misgiving as to the purpose of the organization of the consortium and are glad to cooperate under such an arrangement with the powers concerned for the promotion of the general welfare of China. But as is suggested in the proposed consortium merely out of business considerations to throw open to the common activities of an international financial combination even those enterprises in the regions of South Manchuria [and] Eastern Inner Mongolia which vitally affect the economic existence and national defense of Japan would be no safe way of providing for the national peace and security and for this reason it would hardly meet the approval of the public opinion in Japan. These considerations were fully set forth by Viscount Chinda in his interview with Lord Curzon on the 1st September last year.

Furthermore the recent development of the Russian situation exercising as it does an unwholesome influence upon the Far East is a matter of grave concern to Japan. In fact the conditions in Siberia which have been developing with such alarming precipitancy of late are by no means far from giving rise to a most serious situation which may at any time take a turn threatening the safety of Japan and the peace of the Far East and ultimately place the entire Eastern Asia at the mercy of the dangerous activities of extremist forces. Having regard to these signals of the imminent character of the situation the Japanese Government all the more keenly feel the need of adopting measures calculated to avert any such danger in the interest of the Far East as well as of Japan. Now South Manchuria and Mongolia are the gate by which this direful influence may effect its penetration into Japan and the Far East to the instant menace of their security. The Japanese Government are convinced that having regard to the vital interests which Japan as distinct from the other powers has in the regions of South Manchuria and Mongolia the British Government will appreciate the circumstances which compelled the Japanese Government to make a special and legitimate reservation indispensable to the existence of the State and its people.

In short the present proposal of the Japanese Government in regard to Manchuria and Mongolia is based, as already explained, on the paramount importance of the economic existence and national secu-

urity of the country coupled with a due regard for the general peace of the Far East, a consideration which has been strengthened by the recent development of the situation. Consequently Japan is prepared to cooperate in Manchuria and Mongolia with the financiers of the powers concerned so long as the main purpose of their proposal as above enunciated remains respected. Nor need they say that their proposal was prompted by [no desire] of making any territorial demarcation involving the idea of economic monopoly, or of affirming or pretending sphere of interest, or of acting in defiance of the principle of the independence and territorial integrity of China. It is confidently hoped that the British Government will take these points into their most serious consideration.

Lord Curzon invited Viscount Chinda, if there is any fear that any project launched under the aegis of the consortium might threaten the strategic security of Japan, to guard against this danger by proposing a formula to meet the case. It is a cause of gratification to know that the British Government thus share the apprehensions entertained by the Japanese Government. In view of the foregoing considerations the Japanese Government while authorizing the Japanese bankers' group to enter the proposed consortium on the same footing as the bankers' groups of the other powers concerned, venture to propose to achieve the settlement of the question at issue by exchange of notes between the governments concerned, a note embodying the sense of the formula hereto attached."

Then follows formula and list of contracts and options which by comparison requested in Department's 243 March 9, 5 p.m.,⁸⁷ reveals the following differences from text communicated in Department's 227 March 6, 6 p.m.:⁸⁸ in paragraph 1 of list after the words "are unaffected by" insert "the loans to be made. Hence they do not come within". In paragraph 3 of list the date of the memorandum is changed to March 16th, 1920 to conform to date of memorandum delivered here. In paragraph 3 the phrase beginning "and also" and ending "rights of Japan" is omitted. In 3d paragraph insert as penultimate sentence the following "both the British and American Governments have already agreed to the exclusion of most of these lines.["]

Paris informed.

WRIGHT

893.51/2725 : Telegram

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

LONDON, March 20, 1920—1 p.m.

[Received 4:11 p.m.]

485. My 484 of March 20, noon. I have just received the copy of the memorandum [from] the Foreign Office to the Japanese Am-

⁸⁷ Not printed.

⁸⁸ *Ante*, p. 503.

bassador regarding Chinese loan consortium dated last night and which reads as follows:

“His Majesty’s Principal Secretary of State for Foreign Affairs having carefully studied the memorandum and formula communicated by His Excellency the Japanese Ambassador on March 16th, relative to the position of South Manchuria and East Inner Mongolia under the proposed consortium has the honor to make the following observation.

In the memorandum handed to Viscount Chinda on November 20, last,⁸⁹ Lord Curzon clearly enunciated the objections felt by His Majesty’s Government to the Japanese claim to exclude from the sphere of the consortium a large geographical area of China and he is now regretfully forced to the conclusion that little or no modification of this original attitude is to be found in the wording of the formula suggested. The phrase which runs ‘in matters relative to loans affecting South Manchuria and East Inner Mongolia which in their opinion are calculated to create a serious impediment to the security of the economic life and national defense of Japan, the Japanese Government reserve the right to take the necessary steps and guarantee such security’ is so ambiguous and general in character that it might be held to indicate on the part of the Japanese Government a continued desire to exclude the cooperation of the other three banking groups from participating in the development for China’s benefit of important parts of the Chinese Republic and therefore creates the impression that the Japanese reservations cannot be reconciled with [the principle] of the independence and the realization of the integrity of China.

While His Majesty’s Government clearly recognize the legitimate desire of the Japanese Nation to be assured of the supplies of food and raw material necessary to her economic life and her justifiable wish strategically to protect and maintain the Korean frontier, they find it impossible to believe that in order to meet such needs it is essential for Japan alone to construct and control for instance the three railway lines mentioned in the third reservation lying to the west of the South Manchurian Railway.

In order however to meet as far as possible the wishes of the Japanese Government and at the same time to avoid the mention of specific areas which rightly or wrongly might give rise to the impression that a special sphere of interest was being officially recognized, His Majesty’s Government would be prepared to subscribe to a written assurance to the effect that the Japanese Government need have no reason to apprehend that the consortium would direct any activities affecting the security of the economic life and national defense of Japan and they can firmly rely on the faith of the powers concerned to refuse to countenance any operations inimical to such interests.”

Paris informed.

WRIGHT

⁸⁹ See telegram no. 3447, Nov. 25, 1919, from the Ambassador in Great Britain, *Foreign Relations*, 1919, vol. 1, p. 502.

893.51/2731: Telegram

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

PARIS, March 23, 1920—6 p.m.

[Received 6:35 p.m.]

796. Your 548.⁹⁰ Text of Department's reply to Japanese memorandum of March 2 given to Foreign Office together with explanation of reply being made without awaiting expression of views of the British and French Governments.

Foreign Office has never received this memorandum, its astonishment over non-receipt was apparent when I ventured to state that the British Government had received it. I also showed quite confidentially British reply thereto repeated to me by London. Foreign Office states that if Japanese memorandum is received it will make reply in same sense as American and British Governments.

WALLACE

893.51/2738: Telegram

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

TOKYO, March 26, 1920—11 a.m.

[Received March 28—6:16 a.m.]

124. From Lamont for the information of the Department and to be transmitted American group:

"I am starting March 27 for Shanghai meeting Wiggin⁹¹ there, thence Peking about April 10. Address cables Legation Peking. Banking group and leading members Government assure myself as well as Ambassador that Japan will now enter consortium without reservations. This will be evidenced by exchange of letters as follows:

[Drafts of letters not printed; they are practically identical with the letters actually exchanged under date of May 11, printed on pages 555 and 556, except that the Kaiyuan-Kirin Railway was omitted from item (3) of the draft of the letter of the American group as received in this telegram.]

Department will have informed you of its disapproval [of] original proposed form of an acknowledgment and of its reasons for desiring us [to] confine our letter to specific statement as to railways, Department in its reply to Japanese Government having covered general points in manner that should prove satisfactory to Japan. New proposed interchange of group notes cannot take place until next week after formal Cabinet and Council meetings and perhaps further routine exchanges between Governments. Am advised that for me to wait further means simply waste of time already growing

⁹⁰ See footnote 82, p. 514.⁹¹ Albert H. Wiggin, Chairman of the Board of Directors of the Chase National Bank, New York.

short. Am therefore, putting interchange of letters in Ambassador's hands and leaving Egan for few days on details of announcement. Of course the Japanese Government may delay their final action indefinitely or introduce some new element into the negotiations but if it does so after the assurances I have received we do not want a Japanese partnership. Referring new list of railways in our proposed letter you will note we insist upon inclusion in consortium of only Taonanfu to Jehol and thence to coast railway. New British Foreign Office note to the Japanese Government, however, specifies inclusion of all three railroads west of South Manchurian line mentioned in paragraph 3 of list in Japanese note of March 2d.⁹² Please communicate promptly with Addis also Simon⁹³ urging Addis waive point on the two roads in question. By so doing consortium yields nothing substantial in my judgment and makes Japanese Government situation less difficult to deal [with]. Please give London, Paris replies on this point, which I earnestly hope will be acquiesced in, to Department for prompt transmission to Ambassador here. Details of your March 15th unnumbered duly noted and copy emergency loan contract received.⁹⁴ Inasmuch as said loan was first proposed by London to meet emergency caused by delay in formation of consortium, therefore if Japan now enters, such emergency will have disappeared and I anticipate upon arrival at Peking that I may judge that consummation [of] emergency loan is inadvisable and that instead I should, as repeatedly urged by American group committee, discuss more comprehensive rather than emergency measures.

On this point Japanese group has at my request furnished me with its tentative suggestions which I shall soon forward through Department for your comment, also that of London, Paris, all to be sent to me at Peking. In no event should I expect to execute any comprehensive loan contract at Peking; merely to discuss, and of course I may find requirements such as to make emergency loan necessary.

Hukuang coupons. Peking reply still unsatisfactory. Suggest you cable me what is joint minimum requirement you and British group can both agree upon. Your present views being somewhat divergent makes it puzzling to deal with. After you jointly agree on formula let me know it and I will then try to put it through in person at Peking.

If Japan enters consortium believe we should have meeting of all groups at New York (early July) or late September. Suggest you sound London, Paris on this but chief object [of] this cable is to post you and urge prompt London, Paris acquiescence in railway arrangement with Japanese group.

Last general message I received from you telling families etc. was received March 11th, 8 a.m. You remember you were to send me weekly general cable notifying of health of families etc. Also kindly acknowledge receipt my numbers and number your cables as requested."

MORRIS

⁹² *Ante*, p. 500.

⁹³ Sir Charles S. Addis and S. Simon, representatives of the British and French groups, respectively.

⁹⁴ Copies of the telegram and contract referred to not found in Department files.

893.51/2738 : Telegram

*The Secretary of State to the Ambassador in Japan (Morris)*WASHINGTON, *March 30, 1920—5 p.m.*

112. Your 124, March 26, 11 a.m.

Lamont's proposed exchange of notes has the approval of the Department. The Embassies at London and Paris are being instructed to advise the respective Foreign Offices thereof and to urge the desirability of facilitating a prompt agreement by indicating a similar approval on the part of the British and French Governments and groups. The British Government has been particularly requested to waive its protest against the exclusion from the consortium of the three lines west of the South Manchuria Railway.

COLBY

893.51/2738 : Telegram

*The Secretary of State to the Chargé in Great Britain (Wright)*⁹⁵WASHINGTON, *March 30, 1920—5 p.m.*

329. The American Group is copying to the British and French Groups a message from Lamont dated March 26 from Tokyo⁹⁶ indicating that he has received from the Japanese Banking Group and from responsible members of the Government assurances warranting the hope that Japan is prepared to enter the Consortium without reservations if the other three groups authorize him to exchange with the Japanese Group letters recognizing that the South Manchuria Railway and its present branches and the mines subsidiary thereto are to be excluded from the Consortium; that the Taonanfu-Jehol Railway and branch to the Sea are to be included within the Consortium; and that the Kirin-Hueining, Chengchiatun-Taonanfu, Changchun-Taonanfu, Kirin-Changchun, Sinminfu-Mukden and Ssuningkai-Chengchiatun railways are to be outside the scope of operations of the Consortium; no mention being made of any general economic or political rights of Japan in Manchuria or Mongolia. Ambassador Morris also reports hopefully on the prospects of an early arrangement on this basis.

In view of the present favorable situation the Department concurs in the hope expressed by Lamont that the British and French Governments and Groups will give their approval to his proposal to waive any objection to the exclusion from the Consortium of the three railroads west of the South Manchuria line which were mentioned in section 3 of the list attached to the Japanese note of March

⁹⁵ See last paragraph for instructions to repeat to Paris as no. 641.⁹⁶ See telegram no. 124, Mar. 26, from the Ambassador in Japan, p. 519.

2nd.⁹⁷ You will recall that the British reply of March 19th communicated in your No. 485 March 20th, 1 p.m. objected to the exclusion of these lines. This Government feels that nothing substantial would be lost by yielding on this point and that the agreement of the Japanese Government on more essential questions would be facilitated thereby.

You will please take this matter up as one of urgency with the British Foreign Office and emphasize the fact that a satisfactory solution of the long pending question of the Consortium appears to be within reach if the British and French Governments and Groups give their assent to the interchange of communications proposed by Lamont.

Repeat this telegram as No. 641 to Embassy at Paris which it is desired should similarly inform the French Foreign Office of the tenor of this instruction and should request the cooperation of the French Government and Group in furtherance of the proposed arrangement. Although it would appear that the Japanese Government has not recently communicated with the French Government on this subject it may be that the latter will find the present juncture opportune for authorizing its Embassy at Tokyo to cooperate with the American and eventually with the British Embassies in such representations as may be found desirable to make to the Japanese Government in support of Lamont's plan.

COLBY

893.51/2751 : Telegram

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

PARIS, April 1, 1920—4 p.m.

[Received 11:10 p.m.]

879. Your 329, March 31[30], 5 p.m. to London repeated to this Embassy as Department's 641. Foreign Office was to-day informed of Lamont's proposal for an exchange of notes as outlined, of your approval and of your request for the cooperation of the French Government. I am promised an early expression of views which, it was indicated, would be in accord with those of the British and American Governments. In fact I was informed that the Foreign Office, having learned from the French group of Lamont's proposal, has already telegraphed to the French Ambassador at Tokyo approving in principle.

WALLACE

⁹⁷Ante, p. 500.

893.51/2752 : Telegram

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

LONDON, April 1, 1920—7 p.m.

[Received April 1—4:56 p.m.]

545. Memorandum supported by personal conversation in the sense of all but last paragraph of your 329, March 30, 5 p.m. left with Foreign Office this morning which had received advices to the same effect from Tokyo last night.

Although Easter holidays may delay formal reply and announcement of British Government's decision, I clearly infer (1) that this Government believes that if continued firm stand were made by Great Britain, France and the United States to include the Cheng-chiatun-Taonanfu and Changchun-Taonanfu Railways within the consortium the Japanese would finally accede but at the expense of further friction and protracted delay; (2) that British group, particularly Sir Charles Addis, is not yet wholly reconciled to the exclusion of these railways; (3) that notwithstanding above considerations the Foreign Office is inclined to agree with us that in view of the concession made by Japan regarding the territorial or geographical exclusion of Southern Manchuria and Eastern Inner Mongolia, it would be wise to yield this point as suggested by Lamont; and (4) that the concurrence of the French in this opinion is highly probable, but not actually assured.

Unless Lord Curzon fails to support this opinion the above will, in all probability, form the British Government's reply, which I have requested be made as soon as possible.

Paris informed.

WRIGHT

893.51/2754

*The Japanese Embassy to the Department of State*⁹⁸

[A.] The Japanese Government have received the Memorandum of the United States Government dated March 16th, 1920,⁹⁹ giving frank expression to its views again upon the proposal of Japan relative to the organization of a new Consortium for loans to China, and have taken it into their careful consideration.

[B.] The Japanese Government are happy to express the hearty gratification with which they have noted that the United States

⁹⁸ The inserted lettering of paragraphs follows the scheme employed, for purposes of comment, by the Secretary in his telegram no. 344, Apr. 3, to the Ambassador in Great Britain, *infra*.

⁹⁹ *Ante*, p. 512.

Government is fully appreciative of and even sympathetic with the principle embodied in the formula proposed by the Japanese Government. The United States Government however is inclined to think that the terms and character of the formula may be taken to indicate a continued desire on the part of Japan to exclude the other Powers from participation in the development of important parts of China, and that it is likely to create unnecessary misapprehension. The Memorandum adds that the United States Government is therefore hopeful that the Japanese Government will withdraw their proposal for the explicit guarantee embodied in the formula in question. The Japanese Government, while acknowledging that this suggestion of the United States is offered in the most friendly spirit, would like to state that they made the proposal now under review only because they felt it useful and important to do so in order to make clear the particular position which Japan occupies through the facts of territorial propinquity and of her special vested rights.

[C.] They never thought of any possibility of the formula giving rise to any such misapprehension or misconstruction as is pointed out by the United States Government. They are glad, however, to note that it is not so much to the principle of their proposal as to its form that the United States Government takes exception. Assurance is given in the Memorandum of the United States Government that the right of national self-preservation, which forms the basis of the guarantee required by Japan in order to assure the security of her national defence and the economic existence of her people, is not only one of universal acceptance but one of which the recognition is implied in the terms of the notes exchanged between Secretary Lansing and Viscount Ishii, so that the new Consortium would in no case embark upon any activities directed against the national defence and the economic existence of Japan and so that the Powers associated in the Consortium would refuse their countenance to any enterprise inimical to the vital interests of Japan. Accordingly, after deliberate consideration, the Japanese Government relying upon that assurance of the United States, have come to the decision to accept most willingly the suggestion of the United States Government and to forego their request for the acceptance of the proposed formula on the part of the other interested Powers, on condition that these Powers agree to the above understanding as formulated by the United States Government.

[D.] As to the railway and other enterprises which Japan naturally expects will be excluded from the scope of the common activities of the new Consortium, the United States Government expresses a doubt as to whether it is essential for Japan alone to construct

and control such a railway as the Taonanfu-Jehol line. This railway, together with the line connecting a point thereon with a seaport, was projected with the strategic object of making it a means of common defence on the part of China and Japan against foreign invasion coming from the direction of Ourga, quite apart from the further object of facilitating development of the districts through which these lines run. It is, therefore, a matter of great regret and surprise to the Japanese Government that there exists the misunderstanding that these railways will eventually prove a menace to Peking. It is confidently hoped that Japan's position in this connection may be fully appreciated by the United States Government. The Japanese Government, mindful as they are of the common interests of the Powers, have no objection to a scheme of making these two railways a joint enterprise of the new Consortium, but having regard to the particular relation in which Japan stands to these railways, it is hoped that the United States Government will lend their full support to the following two propositions.

(1) In the event of the new Consortium projecting in future a scheme of extending the Taonanfu-Jehol railway to the north with a view to connection with the Eastern Chinese Railway, the assent of the Japanese Government thereto must be obtained beforehand through the Japanese group, inasmuch as such an extension being tantamount to a renewal of the so-called Chinchou-Aigun railway scheme against which a protest was lodged by Japan when the question was motioned [*mooted?*] some years ago, is calculated to have a serious effect upon the South Manchuria Railway.

(2) In consideration of the particular desire of Japan that these two lines should be built as speedily as possible, the Japanese group, after due consultation with the other groups, may be permitted to undertake their construction single-handed in the event of the other three Powers associated in the new Consortium being reluctant to finance it. In that case, having regard to the fact that these railways must cross the Peking-Mukden railway at a certain point, the American group will give their support to the overture which the Japanese financiers will make to their British colleagues with a view to perfecting the junction of these lines.

[E.] As regards concrete questions as to which of the options that Japan possesses at present in Manchuria and Mongolia in respect to railways, is to be excluded, in accordance with the understanding reached between the Governments of the United States and Japan, from the scope of the common activities of the new Consortium, the Japanese Government entirely share the view of the United States Government that a settlement satisfactory to both parties will be arrived at through the discussion now in progress in Tokio between

Mr. Lamont and the representatives of the Japanese banking group. In this belief, the representatives of the Japanese banking group are authorized to proceed with the discussion with Mr. Lamont with the object of arriving at a settlement of questions of this nature.

WASHINGTON, *April 3, 1920.*

893.51/2754 : Telegram

*The Secretary of State to the Ambassador in Great Britain (Davis)*¹

WASHINGTON, *April 3, 1920—4 p.m.*

344. The following is a copy of a memorandum handed to the Department today by Ambassador Shidehara the paragraphs of which are lettered for purposes of eventual comment:

[Here follows the memorandum of April 3 from the Japanese Embassy, printed *supra*.]

Please communicate the above to the Foreign Office for its information with the statement that this Government is giving the memorandum consideration and will communicate its opinion in the course of a few days and ask that in the meantime the British Government withhold any further communication on the subject to the Japanese Government as referred to in your 545, April 1, 7 p.m.

Repeat to Paris as number 677.

COLBY

893.51/2757 : Telegram

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

LONDON, *April 6, 1920—10 p.m.*

[Received April 6—6:12 p.m.]

559. Your 329, March 30, 5 p.m. and Embassy's 545, April 1, 7 p.m. Formal reply just received from Foreign Office to effect that British Chargé d'Affaires Tokyo has been telegraphically informed that British Embassy [*Government?*], while feeling that all reasonable consideration has already been shown for views of the Japanese Government, are willing to concur in exchange of letters suggested by Lamont provided that French and American Governments approve likewise of the proposal. Paris informed.

DAVIS

¹ See last paragraph for instructions to repeat to Paris as no. 677.

893.51/2764 : Telegram

*The Ambassador in Great Britain (Davis) to the Secretary of State*²

LONDON, April 9, 1920—noon.

[Received April 9—8:22 a.m.]

576. Your 344, April 3, 4 p.m. Although formal reply is deferred pending the receipt of a missing telegram from Tokyo, I am informally advised that it is highly improbable that the British Government will consent to provisions 1 and 2 in paragraph D and that it hopes we will postpone any action thereon until their formal reply on this point is made. I clearly infer that the Foreign Office considers that this is the last effort on the part of the Japanese who will undoubtedly recede from their position if a united stand is maintained by the other three powers. Paris informed.

DAVIS

893.51/2764 : Telegram

*The Secretary of State to the Ambassador in Great Britain (Davis)*³

[Paraphrase]

WASHINGTON, April 14, 1920—9 p.m.

376. Referring to your 576, April 9 and Department's 344 of April 3. The issue as to whether the restrictions attached by Japan to including the railroad line from Jehol to Taonanfu in the field of the consortium could be harmonized with the agreement made by Mr. Lamont with the Japanese group, apparently acting with the knowledge of their Government, was submitted by the Department to Mr. Lamont. Conditions 1 and 2 in section D were not contemplated by the agreement according to information now received from Lamont.

It is suggested by Lamont that the attitude taken by the Governments should be that they should give no decision on these issues which should be left entirely to the associations of bankers for their study. This attitude in our opinion would not be wise because of the basic political character of these two provisions. No. 1 is based on the idea that in Manchuria there must be no enterprise promoted that might give the South Manchurian line competition. The disavowal by Japan that she claims monopoly or preferred position would be contradicted by this assumption. In view of all of section

² Repeated to the Chargé in China, Apr. 12, 3 p.m., as no. 78, with instructions to repeat to Tokyo as no. 137.

³ See last sentence for instructions to repeat to Paris as no. 766.

D, provision no. 2 is based on the idea that for strategic reasons railroads may be constructed and operated by Japan without respect to the provisions of the treaty of peace ending the Russo-Japanese War ⁴ which are contained in article 7. That this provision is needless likewise seems apparent as the Japanese claim in condition no. 2 is safeguarded by the agreement of the consortium saying that when the bankers of any one or more nations do not wish to take part the other associations or association may undertake the enterprise.

The Department finds itself for this reason in agreement with what seems to be the view of the Government of Great Britain that Japan in adding these two provisions regarding Manchuria and Mongolia is making a last endeavor to gain for herself an addition to what was contained in the understanding with Mr. Lamont by making conditions which she can use in the future to support new claims in these regions. You are instructed on this account to make an oral communication to the British Government advising them of our agreement with them and to propose that it might be wise for the Foreign Office to communicate with France regarding agreement upon joint action by the three Powers in opposing the new Japanese provisions. The Department trusts that arrangements may be made rapidly for such united action so that conditions regarding the organization of the combination for Chinese loans may be finally agreed upon before Mr. Lamont leaves the Chinese Capital. You are instructed, therefore, to suggest to His Majesty's Government that we would be pleased to receive any proposal they might make as to how the united action should be made.

Decisions by His Majesty's Government regarding this matter should be reported to our Embassy in France. Communicate this telegram to our Embassy there, as no. 766, for information and for guidance should Great Britain accept the proposal for united representation by the three Powers.

COLBY

893.51/2772 : Telegram

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

LONDON, April 15, 1920—3 p.m.

[Received 5:23 p.m.]

614. The Foreign Office yesterday received memorandum from Japanese Embassy regarding Chinese loan consortium which is practically identical with that received by Department except in so far as

⁴ *Foreign Relations*, 1905, p. 826.

it replies to British memorandum of March 19 transmitted in my 485 March 20, 1 p.m.⁵ I am promised a copy which will be forwarded by pouch.⁶

Nothing yet received from British Embassy Tokyo. Foreign Office assumes that we desire its reply to await expression of Department's views as promised in your 344 April 3, 4 p.m. Paris informed.

DAVIS

893.51/2773 : Telegram

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

PEKING, April 15, 1920—4 p.m.

[Received 6:16 p.m.]

81. Following telegram for J. P. Morgan and Company from Lamont for the information of American group and [to] inform the Department:

"14. April 15th. Just received your copies of messages from British and French groups.⁶ I note that both now concur in final form of group letters submitted. Matter of course now depends [on] attitude [of] Japanese Government after receiving final American, British notes gist of which I hope soon to be informed of. Am strongly convinced as ever that only strong attitude by American, the British standing together as heretofore, French concurring, will settle matter promptly. Many Chinese newspapers under control of Japan are daily printing violent attacks upon consortium grossly misstating its aims and plans.

Your 14.⁷ Will await further examination your 16,⁷ heartiest thanks your interesting information.

For your information Chinese Government urges consortium or if that not feasible American group in cooperation with China undertake management Chinese Eastern Railway, this obviously to offset Japanese action. I sympathize with desires Chinese Government not to have railway fall in alien hands and believe if Harbin reports are correct Japanese action calculated have exceedingly ill effects. Chinese Eastern for long future such important link of international communication that believe association with China might be advantageous. It should be internationally handled but see no possibility of present action by banking groups. Tenney and I have asked Stevens send me his views as to situation. Will appreciate views of American group, additional [to those?] of the Department whose attitude on this subject must be guiding."

TENNEY

⁵Ante, p. 517

⁶Not printed.

⁷Copy not found in Department files

893.51/2770 : Telegram

*The Secretary of State to the Ambassador in Great Britain (Davis)*⁹

[Paraphrase]

WASHINGTON, *April 16, 1920—5 p.m.*

388. Am repeating for your information cable to our Minister in China from our Embassy in Japan:¹⁰

“April 11, 6 p.m. For Lamont’s information:

Today Inouye¹¹ and I had a long conversation in the course of which I told him that you and I were disappointed that the Imperial Foreign Office had decided to put in the note which it recently sent to the United States comprehensive provisions in regard to enterprises the consortium might undertake in the future, matters which ought to be left for the decision of the organizations of bankers. Inouye showed plainly that he was also disappointed. He seemed just as sure as he has been that in case the British Foreign Office and our State Department should insist upon leaving such issues to be decided by the bankers final consent would be obtained from the Imperial Government. The truth of the report to which you referred in the cable you sent from Shanghai March 31, noon,¹² regarding an extra loan to the Chinese Government was completely denied by Inouye. The replies of Great Britain and the United States to the note which Japan had last sent were being awaited by him with impatience. He was hoping that they would be received early enough so that when you came back to Tokyo the making of the agreement could be finally concluded. This was merely a repetition of the situation when you were in Japan before, I told him. Inouye agreed that this was so but called my attention to the fact that as negotiations advanced the matter upon which there was disagreement was narrowing. Inouye thought it would eventually disappear. Although he appeared cheerful and assured, I thought he showed the strain of the week just passed during which semi-panic conditions prevailed on the Tokyo stock exchange. It was April 7 I am informed, before the Japanese Ambassador handed to our Government the note from Japan. The Ambassador has informed the Foreign Office here that Mr. Long and Mr. Lansing told him they were pleased that Japan had dropped its condition as to Mongolia and Manchuria and expressed their feeling that an acceptable solution would be found for the minor questions remaining.”

Lamont in a cable just received from Peking¹³ states that he believes as firmly as he always has that the only way to get a prompt settlement is for the United States and Great Britain, with the approval of France, jointly to take a firm position.

⁹ See last paragraph for instructions to repeat to Paris as no. 783.

¹⁰ This telegram was repeated to the Department as the Embassy’s no. 167, undated, received Apr. 14, 1920.

¹¹ Junnosuke Inouye, Governor of the Bank of Japan.

¹² Copy not found in Department files.

¹³ See *supra*.

Considering your 576, April 9, noon, and our 376, April 14, 9 p.m. and this information from Ambassador Morris and Mr. Lamont, you are instructed to inform the British Government orally that we feel that the proposed united effort should consist of an absolute refusal to agree to the additional restrictions which Japan has recently imposed and that the American, French, and British Governments should state that they will adhere to the understanding between the spokesman of the Japanese banking group and Mr. Lamont. The Department has a strong feeling that the issues brought up by Japan have already made a needless delay in negotiations, and that there is danger that by persisting in bringing up new issues every time an understanding has practically been reached Japan may continue the negotiations indefinitely. We propose for this reason that the united answer be so worded as to indicate that it is the final statement and as to clearly show Japan that the United States, Great Britain, and France are now expecting a clear answer to indicate whether Japan is to cooperate or not and whether or not the United States, Great Britain, and France will find it necessary to meet the condition brought on because Japan has declined to accept.

Inform our Embassy in France, repeating this as no. 783.

COLBY

893.51/2789 : Telegram

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

[Paraphrase]

LONDON, *April 21, 1920—3 p.m.*

[Received April 21—2:06 p.m.]

645. My 643, April 20.¹⁴ Am unofficially informed by British Government that it is in harmony with our attitude as follows:

1. The compromise reached with the bankers of Japan by Lamont should be supported by the United States, Great Britain, and France.

2. The three Powers should word their answer so as to ask for the last time that Japan decide definitely as to its position.

In regard to the second proposition the Foreign Office observes that it thinks as we do that the Japanese will agree if the American, British, and French Governments maintain a firm attitude. In spite of the fact that it agrees that it is only for the time being that Japan will remain a creditor country, the Foreign Office believes it would be unfortunate if the Japanese were left out of the loan agreement. If the Japanese should be threatened with being left out, it

¹⁴ Not printed.

would be best to have the threat made by the bankers rather than officially. To sum up [apparent omission] in jointly asking that Japan definitely decide, it would be better to word the message so that Japan would bear the blame of refusing to work with the other nations or to join the loan association. It would be best to make the answer as a reply to the final sentence contained in the note from Japan which you sent me in your 344, April 3. The British Government is presenting the above propositions to France without delay.

The British position in this regard appears analogous to that regarding the prolongation of the Anglo-Japanese Alliance. In both cases the British feel it is better to cooperate with the Japanese as allies than to take the contrary course. Situation here communicated to Embassy in France.

DAVIS

893.51/2775 : Telegram

*The Secretary of State to the Chargé in China (Tenney)*¹⁵

[Paraphrase]

WASHINGTON, April 21, 1920—7 p.m.

89. Your No. 81, April 15, 4 p.m. and 82, April 16, 11 p.m.¹⁶ Very unwise in our opinion to bring into consortium discussion now any issues which may start controversy. Department advises that suggestion from Chinese that consortium loan be used to operate Chinese Eastern be not considered at present time.

Communicate this orally to Lamont and repeat to the Embassy in Japan as no. 150.

COLBY

893.51/2790 : Telegram

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

PARIS, April 22, 1920—2 p.m.

[Received 5:13 p.m.]

1032. Your 783, April 17, 1 p.m. [16, 5 p.m.],¹⁷ delayed in transit. Foreign Office although entirely willing to support the Department's position with respect to standing firm on the agreement reached between Lamont and Japanese group is a little embarrassed in taking

¹⁵ See last paragraph for instructions to repeat to the Ambassador in Japan as no. 150. Substantially the same, Apr. 21, 6 p.m., to the Ambassador in Great Britain as no. 407, with instructions to repeat to the Ambassador in France as no. 818.

¹⁶ Latter not printed.

¹⁷ See footnote 9, p. 530

the proposed joint action. Outside of a copy of the memorandum handed to the Department by the Japanese Ambassador at Washington (see Department's 677)¹⁸ which was given a few days ago to the Foreign Office by the Japanese Ambassador here merely for information, the Foreign Office has received no official communications from the Japanese with regard to recent negotiations. Thus it has no official knowledge of the agreement between Lamont and the Japanese Government. It perceives difficulty therefore in making direct representations to the Japanese with regard to negotiations in which it has had no part.

I expect however an indication of the views of the Foreign Office to-day or to-morrow when I will cable you immediately. At all events I feel sure that the Foreign Office in principle is most anxious to work in connection with the Department in matters connected with the consortium and will support its views.

WALLACE

593.51/2788: Telegram

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

WASHINGTON, April 22, 1920—5 p.m.

90. Following from Morgan and Company for American Group to Lamont:

"25. April 21st. Meeting American Group held today. Regret that unanimous opinion very strong that impracticable to attempt to proceed with the three power consortium on two grounds: (1) from point of view of administration and supervision of expenditures, as all feel that Japanese cooperation or acquiescence in these matters essential to success; (2) from point of view of marketability, feel would hardly be justified in proceeding to issue securities in this market on a three power consortium basis. Greatly regret that not possible, therefore, to comply with your earnest request that we place in your hands this alternative to present to the Japanese, whereby their decision could [be] expedited. Personally do not see, however, that situation has been changed since our original conversations with State Department, when we advised them that if the State Department desired to invite the other three powers to suggest to their respective groups the advisability of reforming the four power consortium, we as head of the American Group would be prepared to assist to the full extent of our capacity, and even feel that conditions have so changed that such a point of view is more important now than before.

Would it not be possible for you, in order to bring the Japanese to a decision, to tell them that if they do not come in before blank date the invitation to the Japanese Group to enter the consortium is cancelled and that thereafter it will remain with the other Groups

¹⁸ See footnote 1, p. 526.

to determine what course of action they will take to safeguard and develop their interests in China? Gather from your cables that you still believe Japanese Group, as distinct from the Government, is in favor of cooperating with other three groups and cannot but feel that a definite time limit will force them to appreciate the necessity of pushing the opinion of the Group with the Japanese Government as far as possible, particularly in view of present financial conditions in Japan, which we gather are uncomfortably extended.

Chinese Eastern Railway. The American Group feels that if and when the consortium is formed, this is properly a matter to be handled by it, but that prior to such time the managing committee of the Group cannot undertake any business which is not along the lines to which the American Group are committed as participants.

Wish to reiterate my great regret at this apparent lack of support to you in these trying negotiations but have only come to these conclusions after most careful consideration. J. P. Morgan."

COLBY

893.51/2789 : Telegram

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

WASHINGTON, April 23, 1920—5 p.m.

417. Your 645 April 21, 3 p.m.

Please communicate informally to the Foreign Office the entire concurrence of this Government in all points raised and its gratification that such complete accord exists. You may again express the hope that an early reply may be made to the Japanese Government so that if possible negotiations may be completed before Lamont leaves Peking.

COLBY

893.51/2796 : Telegram

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

PARIS, April 26, 1920—5 p.m.

[Received April 26—2:15 p.m.]

1056. *Re* consortium. Your 766 repeated by London.¹⁹ Following note has been sent by the [Foreign] Office to Japanese Ambassador here:

"Referring to its memorandum dated the 21st instant to the Japanese Embassy the Ministry for Foreign Affairs has the honor to inform His Excellency Mr. Matsui that the British and American Governments have communicated to it the observations which they considered it their duty to make with regard to the restriction placed by the Imperial Japanese Government on the construction of

¹⁹ See footnote 3, p. 527.

the Taonanfu-Jehol line and the branch of the said line towards the north.

As the Ministry for Foreign Affairs reported to His Excellency Mr. Matsui in its preceding note it has learned that an agreement has been reached at Tokyo with regard to the aforesaid lines and that they were to be placed under the control of Chinese consortium.

The Ministry for Foreign Affairs would be glad if the Japanese Government would be good enough to abide by the formula which has already received the approval of the English, American and French Governments and if possible it would not insist on taking into consideration the two propositions contained in the notes of April 14²⁰ copies of which [were] handed the Ministry for Foreign Affairs by the Japanese Embassy, Paris. These propositions would seem to be of a character to bring up again the question of agreement which is practically concluded and to delay the definite constitution and action of the consortium."

The Foreign Office has also cabled the above to the French Ambassador at [Tokyo] with instructions to repeat it to the Japanese Government after conferring with his British and American colleagues.

The action of the Foreign Office [was] rather unexpected. The British Embassy here was awaiting a reply from the Foreign Office as to its attitude towards making joint representations but apparently the Foreign Office in its zeal to support the American and British views has gone a step further before answering the British Embassy. However, I can perceive no harm done even though the note mentions that the British and American Governments have approached the French Government with regard to (and by inference against) the Japanese proposals. It will more than ever show to the Japanese Government the solidarity of the views of the three Governments and thus perhaps influence a favorable result.

WALLACE

893.51/2801 : Telegram

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

LONDON, April 28, 1920—10 a.m.

[Received April 28—9:48 a.m.]

688. Referring to Paris Embassy's 1056, April 26, 5 p.m., regarding consortium and penultimate paragraph of your 376 April 14, 9 p.m. Inasmuch as Foreign Office expresses a hope that British and American reply to Japanese may be made with least possible delay it transmits proposed draft of British note which will be delivered to Japanese Ambassador within two or three days. Foreign

²⁰ The date of communication to the British and French Foreign Offices of memorandum corresponding to that addressed Apr. 3 to the Department, p. 523.

Office has impressed me with fact that although draft may undergo several minor changes in form it will read substantially as follows:²²

His Majesty[’s] Government have received the further memorandum of the Imperial Japanese Government of April 14th, and after having given it their careful consideration have the honor to reply as follows:

His Majesty’s Government are much gratified to learn that the Japanese Government are prepared to accept the written assurance to which Lord Curzon declared his willingness to subscribe in his [note] to Viscount Chinda, of March 19th,²³ and that, provided the other powers agree to give a similar assurance, the Imperial Government are willing to forego the request which they had made in their note of March 16th²⁴ that the powers interested should accept the formula the wording of which had appeared somewhat ambiguous in character.

[The remainder of the draft note is, except for slight changes, *mutatis mutandis*, the same as that part of the Department’s memorandum of April 29 to the Japanese Embassy, beginning “As regards the two propositions”, printed *infra*.]

Paris informed.

DAVIS

893.51/2754

The Department of State to the Japanese Embassy

MEMORANDUM

The American Government has received the further memorandum of the Imperial Japanese Government of April 3d²⁵ and after having given it careful consideration has the honor to reply as follows:

The American Government is much gratified to learn that the Japanese Government is prepared to accept most willingly the suggestion of the American Government to forego its request for the acceptance of the proposed formula which it had made in its note of March 2d.²⁶

As regards the two propositions mentioned in the Japanese Government’s memorandum under acknowledgment the American Government much regrets that the Imperial Government should have raised these questions at a moment when it was hoped that the four Powers interested were about to reach an agreement on the basis of

²² The memorandum was delivered to the Japanese Embassy at London under date of Apr. 28.

²³ See telegram no. 485, Mar. 20, 1 p.m., from the Chargé in Great Britain, p. 517.

²⁴ See telegram no. 484, Mar. 20, noon, from the Chargé in Great Britain, p. 515.

²⁵ *Ante*, p. 523.

²⁶ *Ante*, p. 500.

compromise which Mr. Lamont, the representative of the American banking group, appeared to have reached in Tokyo with the representatives of the Japanese Group. The American Government fears that if the discussion of these propositions is insisted upon it will merely delay matters and in the interests of all parties concerned it sincerely trusts that the Imperial Japanese Government will be willing to withdraw them and to be satisfied with the general assurance to which the American Government has already offered to subscribe and which the Imperial Japanese Government has just expressed its readiness to accept.

In order to meet the wishes of Japan the American Government is prepared to agree to the terms of the compromise proposed by Mr. Lamont in Tokyo.

As regards proposition one, Japan practically asks for a right to veto the construction by the consortium of a line from Taonanfu to join the Chinese Eastern Railway on the grounds that such an extension would be tantamount to a renewal of the so-called Chinchou-Aigun Railway scheme against which Japan had lodged a protest some years ago. The Government of the United States has no wish to do anything which would conflict with the vital interests of Japan and the assurance to which it has declared its willingness to subscribe would appear fully to safeguard Japan's interests. It appears to the American Government that, with respect to the establishment of the consortium, a new era is about to dawn in which conditions have changed and it is now proposed that the Powers should work together in harmonious and friendly cooperation rather than in competition and the granting to any one party to the consortium of the power to veto the possible construction of a railway would appear to be contrary to the principles upon which the idea of the consortium is based.

In the opinion of the American Government the contingency anticipated in proposition two would appear to be already provided for in Article IV of the Intergroup Agreement at Paris on May 12th, paragraph 19,²⁷ of which the American Government has expressed its approval. The American Government sincerely trusts that the Imperial Japanese Government will recognize the friendly spirit in which these observations are made and that it will now agree to cooperate with the other three Powers along the lines of the proposed compromise. It notes with gratification that the Japanese Government is prepared to authorize the Japanese Group to proceed with the discussion with Mr. Lamont for the purpose of reaching a settlement. It expresses the hope that the Japanese Government will now

²⁷ See note of June 5, 1919, to the British Chargé, *Foreign Relations, 1919*, vol. I, p. 439.

see its way to give this authorization without the suggested reservations in order that the final arrangements between the groups may be concluded while Mr. Lamont is still in Peking and the necessary exchange of letters between the representatives of the Japanese and American Groups effected with the least possible delay.

WASHINGTON, *April 29, 1920.*

893.51/2754 : Telegram

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

WASHINGTON, *April 29, 1920—4 p.m.*

163. Following memorandum will be handed to the Japanese Ambassador today for transmission to his Government:

[Here follows text of the memorandum of April 29, to the Japanese Embassy, printed *supra*.]

You may present in person a copy of the above to the Japanese Foreign Office and take occasion to say that the American Government has been greatly disappointed at the further delay in the already protracted negotiations caused by the new conditions imposed by the Japanese Government in the memorandum under acknowledgment. It is now hoped that because of the unanimity of feeling on the part of the Governments and banking groups of the other three powers it is not unreasonable to ask that by the time of Mr. Lamont's return to Tokyo on his way to America the Japanese Government may have made its own position so clear that it will be possible to complete the formation of the consortium or for Mr. Lamont to know that it is impossible.

Repeat as 100 to Peking for information and communication to Lamont.

COLBY

893.51/3200

Memorandum by the Third Assistant Secretary of State (Long)

[WASHINGTON,] *April 30, 1920.*

Memorandum of conversation with the Japanese Ambassador.

The Japanese Ambassador spoke of the Consortium and of the note which we sent him yesterday which he said he was glad to receive. He said that he was surprised to see that we had taken exception to their requests to have the two particular railroads and their rights in connection therewith recognized in the agreement.

I told him that both cases were covered by the general underlying agreement. He said that for that reason the Japanese Government felt that there should be no dispute about them but that they should

be accepted simply as the application of those principles to these two instances. I told him that things of that nature had no place in the underlying agreement, and that it would be wrong to include such particular enterprises in an agreement which aimed to lay down general principles of cooperation.

He spoke of the use of the word "veto," and asked whether it was proposed by the use of it that Japan should not have the right to prevent those activities which might be aimed at her national interest. I explained to him that it was not the desire to prevent that, and that in practical operation it would work out to the satisfaction of Japan in this; that England, France and the United States wanted to proceed with the railroad and it had some direct bearing upon the national interest of Japan, and if Japan should refuse to proceed that the bankers in England, France and the United States would find it practically impossible to sell their bonds.

I then alluded to Cochin China, and asked him whether he thought it would be right to give France the power to veto a railroad construction connecting southern China with Canton, on the theory that it would jeopardize the economic existence of Cochin China, when as a matter of fact such railroad would make accessible to Japan and other countries the products of a region which could not be obtained otherwise. He agreed that it would not be right to give France such a power. I then told him that the whole underlying theory of it was to substitute for a spirit of rivalry and competition one of coordination and cooperation for the good of the four Powers, and for the benefit of China. He left the impression that he was quite satisfied and would recommend to his Government the acceptance of the last note.

BRECKINRIDGE LONG

893.51/2819

The Japanese Embassy to the Department of State

MEMORANDUM

The Japanese Government received on May 3rd the memorandum of the American Government dated April 29th in reply to their memorandum of April 3rd last, and have carefully examined it.

The Japanese Government are happy to note that the American Government is much gratified with the readiness of the Japanese Government to forego, in reliance upon the assurances given in the memorandum of the American Government dated March 16th last,²⁸ their request for the acceptance of the proposed formula, and that

²⁸ *Ante*, p. 512.

the American Government has lent emphasis to the assurance to which it had already subscribed.

As regards the two points made by the Japanese Government relating to the Taonanfu-Jehol railway and the line connecting a point thereon with a seaport, the American Government seems to think that they constitute new propositions and expresses regret that these questions should have been raised at a moment when it was hoped that the four Powers concerned were about to reach an agreement.

In particular the American Government appears to be of opinion that the point (1) namely Japan's desire in regard to the extension of the Taonanfu-Jehol railway, is tantamount to a claim for an exclusive power of veto and is therefore contrary to the fundamental principles upon which the idea of the New Consortium is based. The Japanese Government, in making the point in question, were prompted by no desire of putting forward any new condition or demand. It was simply in order to avoid future misunderstanding that the point was raised as one of the actual examples of enterprises prejudicial to Japan's vital interests which formed the subject matter of the general assurances given by the American Government. The Japanese Government feel confident that as the question involved in this case comes within the scope of the general assurances, the Government of the Powers interested in the Consortium will, in the spirit of mutual trust and friendliness, readily appreciate Japan's point of view. As to the point (2) the Japanese Government have raised it merely in order to set forth the circumstances in which they feel the need of assistance and co-operation of the Powers concerned in the actual construction of the Taonanfu-Jehol railway and the line connecting a point thereon with a seaport.

In thus giving frank expression to their hope, the Japanese Government were inspired by no other desire than to make an appeal to the spirit of general co-operation which forms the foundation of the Consortium.

The Japanese Government, holding as they do the views as above enunciated, have no intention whatever of insisting upon obtaining the explicit assurances or consent of the American Government in regard to the two points above referred to. Their idea is simply to bring the Powers concerned to an understanding of their interpretation in these respects. Relying, however, upon the friendly spirit in which the American Government was good enough to reaffirm the fact that the general assurances to which it has already offered to subscribe are adequate enough to safeguard the interests of Japan, the Japanese Government would refrain from further insisting on the discussion of these points, and, in order to facilitate the formation

of the New Consortium with the least possible delay, they would be satisfied at this juncture with bringing to the knowledge of the American Government their interpretation of these questions and will be prepared to lend their support to the conclusion of an arrangement between the banking groups concerned and to give it the necessary confirmation.

WASHINGTON, *May 8, 1920.*

893.51/2819

The Department of State to the Japanese Embassy

MEMORANDUM

The Government of the United States has been pleased to receive the Imperial Japanese Government's memorandum of May 8, 1920, in reply to that of the Government of the United States dated the 29th of the preceding month, and is deeply gratified to observe therefrom that the Imperial Japanese Government has no intention of insisting upon the explicit assurance or consent of the Government of the United States in regard to the two points raised by the Imperial Japanese Government with reference to the Taonanfu-Jehol Railway and the line connecting a point thereon with a seaport. The Government of the United States also takes note with sincere pleasure that the Imperial Japanese Government is prepared to lend its support to the conclusion of the arrangement between the banking groups concerned, and to give the arrangement the necessary confirmation upon the same terms as the Governments of the United States, Great Britain, and France have already done without conditions or provisos.

It is most gratifying to the Government of the United States that the underlying principles and policies of the new International Consortium are now so fully understood and agreed upon that the representatives of the banking groups may proceed to its formation and the consideration of the working details of its operation. The Government of the United States again can assure the Imperial Japanese Government that its sole aim in all the negotiations just completed has been to bring about an arrangement which would insure entire cooperation on the part of the interested Governments on a basis which would be to their mutual advantage and for the lasting benefit of China. The Government of the United States looks forward with keen anticipation to the friendly cooperation under the Consortium arrangement, with entire confidence that such practical joint endeavor is the beginning of a new era of good will and accomplishment for both Governments.

WASHINGTON, *May 8, 1920.*

893.51/3201

Memorandum by the Third Assistant Secretary of State (Long)

[WASHINGTON,] *May 11, 1920.*

Memorandum of conversation with the Counselor of the Italian Embassy.

Mr. Brambilla called this morning and asked whether there would be any objection to the Italian Government filing an application for participation in the Consortium.

I told him that there would be no objection to its being filed, and that we would be glad to consider any application for admission to or comment upon the Consortium the Italian Government might have to make but that the matter would have to be considered by the American Group and the other Governments.

BRECKINRIDGE LONG

[For the final text of the letters exchanged between the representative of the Japanese group (Kajiwara) and the representative of the American group (Lamont), May 11, 1920, see the copies transmitted by the American group to the Secretary of State, July 22, pages 555, 556.]

893.51/2843

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

No. 2866

LONDON, *May 19, 1920.*

[Received June 8.]

SIR: With reference to the Department's telegraphic instruction No. 469 of May 8, 1920 6 p.m.,²⁹ and previous correspondence relative to the Chinese Loan Consortium, I have the honor to transmit herewith enclosed, for the information of the Department, a copy of the Japanese Note to the Foreign Office and a copy of their reply thereto, dated May 10 and May 17 respectively.³⁰

I have [etc.]

JOHN W. DAVIS

²⁹ Not printed.

³⁰ Japanese note not printed; the same, *mutatis mutandis*, as the memorandum of May 8 from the Japanese Embassy at Washington, printed on p. 539, except for the insertion, after the second paragraph, of the following paragraph: "The Japanese Government are glad to learn further that the British Government are prepared to waive the objections which they had at one time offered to the exclusion from the Consortium of the two projected railway lines from Taonanfu to Changchun and from Taonanfu to Chengchiatun."

[Enclosure]

The British Foreign Office to the Japanese Embassy in Great Britain

No. F815/2/10

MEMORANDUM

His Majesty's Government have the honour to acknowledge the memorandum which the Japanese Ambassador handed to His Majesty's Principal Secretary of State for Foreign Affairs on the 10th instant.

His Majesty's Government are much gratified to learn that the Imperial Japanese Government in recording in point (1) of their memorandum of the 14th April³¹ Japan's view in regard to the extension of the Taonanfu-Jehol Railway, were prompted by no desire to put forward any new condition or demand, and they are glad to note that their Ally is satisfied that His Majesty's Government have no wish to do anything which would conflict with their vital interests. As regards point (2) His Majesty's Government are happy to note that it was merely raised in order to set forth the circumstances in which the Imperial Government felt the need of the assistance and co-operation of the Powers concerned in the actual construction of the Railway from Taonanfu to Jehol and thence to the sea. They appreciate the fact that in thus giving a frank expression to their hope, the Japanese Government were inspired by no other desire than to make an appeal to the spirit of general co-operation which forms the foundation of the Consortium and which it is hoped will at all times inspire its operations and that they do not ask for explicit assurances in regard to the 2 points referred to above.

His Majesty's Government are happy on their part to reaffirm the general assurance to which they declared their willingness to subscribe in the memorandum which Lord Curzon sent to Viscount Chinda on the 19th March³² to the effect that the Japanese Government need have no reason to apprehend that the Consortium would direct any activities affecting the security of the economic life and national defence of Japan and that the Japanese Government can firmly rely on the good faith of the Powers concerned to refuse to countenance any operations inimical to such interests.

His Majesty's Government gladly note that the Imperial Government rely on the friendly spirit in which they have offered to renew their assurance and they are most gratified to find that, in view of the complete understanding now effected between the Govern-

³¹ See memorandum from the Japanese Embassy, Apr. 3, and telegram no. 614 from the Ambassador in Great Britain, Apr. 15, pp. 523 and 528, respectively.

³² See telegram no. 485, Mar. 20, from the Chargé in Great Britain, p. 517.

ments concerned in regard to the principles upon which the Consortium will operate, the Japanese Government are prepared to lend their support to the conclusion of an arrangement between the banking groups and to give it the necessary confirmation.

In conclusion His Majesty's Government would express the hope that the Japanese Group will immediately receive the required authorization, in order that the Consortium, which promises such great and enduring benefits to all the countries concerned, may be established and set in motion with the least possible delay.

[LONDON,] *May 17, 1920.*

893.51/2835

The Italian Ambassador (Avezzana) to the Third Assistant Secretary of State (Long)

WASHINGTON, *May 19, 1920.*

MY DEAR MR. LONG: Mr. Brambilla, whom I had asked to inquire from you, tells me that according to your point of view the United States Government would now have no objection to Italy eventually participating to the Consortium for Loans to China.

As the matter has already been the object of official conversations, I would now feel very much obliged if you could kindly let me have a statement of the position of the United States Government on the question.

Thanking you [etc.]

ROMANO AVEZZANA

893.51/2835

The Acting Secretary of State to the Italian Ambassador (Avezzana)

WASHINGTON, *June 22, 1920.*

MY DEAR MR. AMBASSADOR: I have the honor to acknowledge the receipt of your letter of May 19 to Mr. Long in which you refer to his conversation with Mr. Brambilla with reference to the participation of Italy in the new Consortium for Loans to China.

It gives me a great deal of pleasure to confirm your understanding that the United States Government would have no objection to Italy eventually participating in the Consortium as previously advised. However, it is primarily a matter for the banking groups and should be taken up with them.

In this connection I am pleased to say that a meeting of the American, British, French and Japanese Groups will be held in New York, for organization purposes, during the latter half of September at which time the suggestion of Your Excellency's Government might appropriately receive the Group's attention.

Yours very sincerely,

NORMAN H. DAVIS

893.51/2851 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, June 26, 1920—noon.

[Received June 26—6:47 a.m.]

149. Japanese Minister demands formal approval of all governments concerned to notes exchanged between Lamont and Japanese group before the same are communicated to the Chinese Government. Please telegraph approval. If no reply is received by July 3d the Legation will assume that the notes are approved.

CRANE

893.51/2851 : Telegram

The Acting Secretary of State to the Minister in China (Crane)

WASHINGTON, June 28, 1920—5 p.m.

156. Your 149, June 26, noon.

Notes approved by this Government on March 30th. Tokyo is being instructed to repeat to you Department's 112, March 30, 5 p.m.³²

DAVIS

893.51/2857

The Japanese Embassy to the Department of State

AIDE-MEMOIRE

It appears that the Chinese Government recently requested the American Legation for explanation on the actual conditions of the plan of the Financial Consortium. The question formed the subject of discussion at the conference of the Diplomatic Representatives of the Four Powers at Peking on June 25th.

The Japanese Minister under instructions from Tokio expressed readiness to communicate in confidence to the Chinese Government the Draft Agreement of the Consortium³³ and the text of the notes exchanged between Mr. Kajiwara and Mr. Lamont under date of May 11th last.³⁴ He pointed out that the Consortium could not be regarded as formally in existence, pending confirmation of the Agreement of that organization at the conference of the Financial Groups of the Four Powers to be held in New York in September next; neither had the Kajiwara-Lamont correspondence been, so far as was known, officially accepted by the British and French Groups

³² *Ante*, p. 521.³³ For text of draft agreement, see *Foreign Relations*, 1919, vol. I, p. 439.³⁴ *Post*, pp. 555, 556.

and approved by the respective Governments. Having regard to this situation, Mr. Obata proposed to make it a condition of the communication to the Chinese Government that the whole documents in question should for the present be treated as being of a confidential nature and not for publication.

On the other hand, the American, British and French Representatives were of the opinion that the present request of the Chinese Government being primarily intended to obtain information on the final outcome of the question of reservations made by Japan respecting Manchuria and Mongolia, it would not be necessary to communicate the Draft Agreement of the Consortium, but that the Kajiwara-Lamont correspondence should be officially made known to the Chinese Government as free for publication. It was also suggested by the three Representatives that in so communicating the Kajiwara-Lamont correspondence, it might be well to explain that the Japanese Group had finally abandoned its claim to have Manchuria and Mongolia reserved for Japan's exclusive activities.

The Japanese Government hold to the view that in order to bring the true aims and intentions of the Consortium to the just appreciation of the Chinese Government, it would be important to communicate the Draft Agreement of the Consortium, and that by informing the Chinese Government only of the correspondence which passed between Mr. Kajiwara and Mr. Lamont respecting the question of Manchuria and Mongolia, an erroneous impression might be created in Chinese minds. Furthermore, the suggested explanation that in the course of the recent negotiations, the Japanese Group claimed to have Manchuria and Mongolia reserved for Japan's exclusive activities is wholly inaccurate. No such claim has ever been advanced, and the proposition which Japan made and finally withdrew relates solely to the question of the formula intended to reduce to writing the general principles which had already been recognized by all the interested Governments.

It is evident that the Kajiwara-Lamont notes can only be properly made known to China upon mutual consent of the parties to the documents. So far as the Japanese Group is concerned, it has no objection to the communication of the notes being confidentially made to the Chinese Government. It is not clear that any arrangement for such communication has already been made with Mr. Lamont. Without being assured on this point, the Diplomatic Representatives at Peking would not be justified in communicating of their own accord the correspondence in question to the Chinese Government.

In any case the settlement of the entire question respecting the Consortium remains to be finally and formally confirmed at the

forthcoming conference in New York, and in the meantime, it does not seem proper for any of the Diplomatic Representatives at Peking to make official communication to China, and to authorize free publication, of the documents pertaining to the arrangements of the Consortium.

WASHINGTON, *July 2, 1920.*

893.51/2859

The Japanese Embassy to the Department of State

AIDE-MEMOIRE

In continuation of the subject of the information desired by the Chinese Government respecting the Consortium, it is learned that the American Minister at Peking now proposes to communicate to the Chinese Government the contents of the Kajiwara-Lamont correspondence, with an explanatory note stating that "the Banking Groups of the Four Powers have joined the Consortium without any conditions". That wording of the proposed note seems to the Japanese Government to be incomplete and misleading. If any note should be addressed to the Chinese Government in explanation of the Kajiwara-Lamont correspondence, the Japanese Government feel it important that the wording above quoted be so modified as to contain some reference to the understanding reached among the Powers interested for non-interference with Japan's national defence or economic existence,—an understanding upon which the Japanese Government relied in withdrawing their proposed formula of reservations respecting South Manchuria and Eastern Inner Mongolia.

Having regard to the results of the repeated conferences which have recently been held among the Diplomatic Representatives at Peking, the Japanese Government are now prepared to accept either of the following two alternatives for the adjustment of the question.

1. To withhold notification to the Chinese Government of the Kajiwara-Lamont correspondence, until a more opportune moment arrives, (in the same sense as the British Government are understood to have recently instructed their representative at Peking); or

2. To communicate the correspondence, as confidential information, to the Chinese Government, with an explanatory note embodying amendments along the line above indicated.

WASHINGTON, *July 8, 1920.*

893.51/2851 : Telegram

The Acting Secretary of State to the Minister in China (Crane)

WASHINGTON, July 9, 1920—6 p.m.

167. Your 149, June 26, noon.

In an Aide Memoire dated July 2, Japanese Embassy informs Department that Chinese Government asked you for explanation of actual conditions of the plan of the consortium. In an aide memoire of July 8th Japanese Embassy again refers to the matter and states that you propose to communicate to the Chinese Government the Lamont letters with an explanatory note stating "the Banking Groups of the Four Powers have joined the consortium without any conditions." The Department is now considering with Mr. Lamont the question of communicating the letters in question to the Chinese Government and you should refrain from any communications on the subject until the Department can instruct you as it expects to do very shortly.

DAVIS

893.51/2864a : Telegram

*The Acting Secretary of State to the Ambassador in Great Britain (Davis)*³⁵

WASHINGTON, July 9, 1920—7 p.m.

717. In a discussion at Peking the Japanese Minister raised a question as to whether the British and French Governments had approved the letters exchanged between Lamont and the Japanese banking group at Tokyo preceding confirmation by Japan of the consortium draft agreement. Please ascertain whether the British and French Governments formally notified Japanese Government of their approval of those letters.

Repeat to Paris as number 1227.

DAVIS

893.51/2864 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, July 11, 1920—noon.

[Received July 12—2:04 a.m.]

180. Your July 9, 6 p.m. On June 2d Foreign Office in reply to this Legation's note of May 13th [announcing] that the Embassy at Tokyo reported that Japan had withdrawn all reservations and that

³⁵ See last paragraph for instructions to repeat to Paris as no. 1227.

the Japanese banking group had become a member of the consortium, sent to me a note stating that the banking group in Peking has not yet taken up the matter with the Minister of Finance, and therefore the Foreign Minister desired to advise me of this circumstance and to request that I would, if able to do so, inform him fully in regard to details of the matter, for which he expressed gratitude in advance. Although I considered a reply to such an individual inquiry as a concern of this Legation alone, I showed my draft reply to the British Minister, who, while approving its terms, suggested that the matter be brought to the attention of the French and Japanese Ministers. This I did as a matter of courtesy, and the four Legations have been since then in frequent consultation. See my 149, June 26, noon.

While the British and French Legations have been in practical accord with me from the beginning, the Japanese Minister has unfortunately followed a policy of obstruction and evasive delay. At the last meeting, on July 7, therefore, I clearly let it be known that in my view any further delay was undesirable, and that evening I translated [*transmitted?*] the following reply to the Chinese Foreign Office.

“I now have the honor to enclose answer [*copies*] of the notes exchanged between the representative of the Japanese banking group and Mr. Lamont, American banking group representative, on May 11.³⁶ Your Excellency will observe from this that the four national banking group[s] have joined the consortium unconditionally. On his part Mr. Lamont, as American group representative, with the approval of the British and French banking group[s], has excepted from the scope of the consortium those enterprises in Manchuria and Eastern Inner Mongolia in which Japanese capital and labor have already been expended or for which the Japanese group have already obtained definite concessions. If the Chinese Government desires to invoke the assistance of the new consortium in any large undertakings in China, I shall be happy to transmit the wishes of the Chinese Government to the American group in the consortium and assist in bringing about the realization of those wishes.”

The Japanese Minister has subsequently expressed surprise and regret at my action, and has asked me to take note of the fact that he cannot regard the reply as having been made with his consent since, so far as he was concerned, no agreement was reached at the meeting of Ministers as regards the date on which the note was to be sent in. In answer I have expressed regret that there should have been any misunderstanding; that I had regarded the despatch of the note as a matter which concerned this Legation; that at the last meeting I had made it plain that in my judgment any assistance [*sic*] further [delay] was undesirable; that this judgment had been

³⁶ *Post*, pp. 555, 556.

strengthened by the fact that Japanese officials both in China and Japan had given free expression to their views regarding the consortium without consultation with the officials of any Government and that in the circumstances I felt at entire liberty to transmit without further delay a reply to the individual inquiry addressed to me by the Chinese Government leaving any joint representations to follow later. My allusion to Japanese [statements] had [reference] particularly [to] Uchida's³⁶ announcement of July 3d for which Obata³⁷ was obviously waiting before giving his consent to my note, and the statement issued to Chinese officials at Nanking by the Japanese consul several days before.

CRANE

893.51/2859

The Department of State to the Japanese Embassy

AIDE-MEMOIRE

The Department of State has received the two Aide-Memoires of the Japanese Embassy, under date of July 2nd and July 8th respectively, in regard to the discussions which have taken place at Peking in reference to the communication to the Chinese Government of information concerning the basis upon which the American, British, French and Japanese Banking Groups, with the approval of their respective Governments, have associated themselves as a new Consortium for business with China.

This Government regrets that the proposal of the American Minister to communicate to the Chinese Government certain items of the correspondence incident to the formulation of that Agreement has, at least in appearance, led to some divergence of opinion among the Diplomatic representatives of the various Governments at Peking. It also shares the feeling of the Japanese Government that in order to bring the true aims and intentions of the Consortium to the just appreciation of the Chinese Government, it would be advisable to communicate to that Government without reserve not only the Consortium Agreement as adopted by the Banking representatives at Paris in May, 1919,³⁸ and subsequently approved by their respective Governments, but also the letter of June 18, 1919,³⁹ in which Mr. Odagiri⁴⁰ proposed certain reservations

³⁶ Viscount Yasuya Uchida, Japanese Minister of Foreign Affairs.

³⁷ Torikichi Obata, Japanese Minister in China.

³⁸ See note of June 5, 1919, to the British Chargé, *Foreign Relations*, 1919, vol. I, p. 439.

³⁹ See telegram no. 2324, June 18, 1919, from the Ambassador in Great Britain, *ibid.*, p. 451.

⁴⁰ Masunosuke Odagiri, Director of the Yokohama Specie Bank.

in respect to Manchuria and Mongolia, and all subsequent official correspondence among the interested Governments with respect to the establishment of the new Consortium.

The Department is accordingly instructing its representative at Peking to consult with his Japanese, French and British colleagues with a view to reaching an understanding among them as to the communication of these documents to the Chinese Government for its confidential information.

WASHINGTON, July 13, 1920.

893.51/2867 : Telegram

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

LONDON, July 13, 1920—7 p.m.

[Received 8:02 p.m.]

1057. Your 717, July 9, 7 p.m. Coincident with your inquiry Foreign Office, referring to 3d paragraph of first enclosure my despatch 1061 July 21st last,⁴¹ my telegram 559 April 6, 10 p.m.⁴² and 4th paragraph of Department's memorandum to Japanese Ambassador April 29, 1920,⁴³ state that they are unaware whether Japanese Government has ever formally signified its acceptance of the formula and consider it advisable to know whether it has adhered thereto in the same formal manner as have the other three powers.

Having assumed [that] the initiative of conveying to the Japanese Government the approval of the letters mentioned lies with us, British Government has not yet formally notified Japanese Government on its own behalf but are telegraphing instructions to Embassy at Tokyo to consult American Embassy and to communicate such approval following us or immediately thereafter.

Paris informed.

DAVIS

893.51/2867 : Telegram

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

WASHINGTON, July 15, 1920—noon.

742. Your 1057, July 13, 7 p.m.

This Government did not feel warranted in communicating to the Japanese Government the British and French Government's approval of the Lamont-Kajiwara letters⁴⁴ but will be glad to com-

⁴¹ *Foreign Relations*, 1919, vol. 1, p. 468.

⁴² *Ante*, p. 526.

⁴³ *Ante*, p. 536.

⁴⁴ *Post*, pp. 555, 556.

municate such approval if the British and French Governments will authorize it so to do and will instruct their representatives at Tokyo to that effect.

Repeat to Paris as number 1252.

COLBY

593.51/2864 : Telegram

The Secretary of State to the Minister in China (Crane)

WASHINGTON, July 15, 1920—8 p.m.

179. Your 180, July 11, noon.

The Department has found itself embarrassed by representations by the Japanese Ambassador that your action in communicating the Lamont notes was contrary to an understanding with other Ministers. To his remonstrances the Department has replied that "in order to bring the true aims and intentions of the consortium to the just appreciation of the Chinese Government, it would be advisable to communicate to that Government without reserve not only the consortium agreement as adopted by the banking representatives at Paris in May, 1919, and subsequently approved by their respective Governments, but also the letter of June 18, 1919, in which Mr. Odagiri proposed certain reservations in respect to Manchuria and Mongolia, and all subsequent official correspondence among the interested Governments with respect to the establishment of the new consortium."

It is desired that you consult with your British, French and Japanese colleagues with a view to an arrangement for joint communication of relevant documents to the Chinese Government for its confidential information at the present time but on the understanding that they are eventually to be made public by agreement among the interested parties.

The official correspondence referred to above includes the following:

Department's letter to bankers outlining conditions of consortium, dated July 9, 1918,⁴⁴ for text of which see Department's instruction 844, July 15, 1918;⁴⁵

Department's note and memorandum to French, British and Japanese Embassies dated October 8, 1918,⁴⁶ see Department's instruction October 9, 1918;⁴⁷

Department's note, May 31, 1919, to British, French and Japanese Embassies,⁴⁸ see Department's 985;⁴⁷

⁴⁴ *Foreign Relations*, 1918, p. 174.

⁴⁵ *Ibid.*, p. 177.

⁴⁶ *Ibid.*, p. 193.

⁴⁷ Not printed.

⁴⁸ See note of May 31 to the British Chargé, *Foreign Relations*, 1919, vol. I, p. 437.

Odagiri-Lamont exchange of letters regarding Japanese bankers' reservations dated June 18 and 25 [23] respectively; ⁴⁹

Department's note, July 3, 1919, to British, Japanese and French Embassies, ⁵⁰ see Information Series No. 193;

Memorandum to Japanese Embassy, July 30, 1919, ⁵¹ see Information Series No. 193;

Japanese Memorandum, August 27, ⁵² see Information Series No. 204, but omitting unofficial explanatory statement made by Japanese Chargé; ⁵³

Department's reply, October 29 [28], ⁵⁴ see Department's 1056, October 30; ⁵³

Japanese Memorandum, March 2, ⁵⁵ see Department's 1149; ⁵³

Department's memorandum to Japanese Embassy, March 16, ⁵⁶ see Department's 1178; ⁵³

Japanese Memorandum, April 3, ⁵⁷ see Department's 1178; ⁵³

Department's reply, April 29th, ⁵⁸ see Department's 1193; ⁵³

Japanese Memorandum, May 8, ⁵⁹ see Department's 1196; ⁵³

Department's reply, May 8th, ⁶⁰ see Department's 1196. ⁵³

The Department has no information as to statements of Japanese Minister for Foreign Affairs or Consul at Nanking referred to at the end of your telegram.

COLBY

893.51/2870 : Telegram

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

LONDON, *July 16, 1920—5 p.m.*

[Received July 16—3:31 p.m.]

1075. Your 742, July 15, noon. Foreign Office did not expect us to communicate on behalf of British but to be the first Government to announce its approval which British would immediately follow by announcement on its own behalf. No objection whatever to our mentioning that we are aware that British Government concurs. British Embassy, Tokyo, already appropriately instructed.

⁴⁹ See telegram no. 2324, June 18, 1919, from the Ambassador in Great Britain, and footnote 27, *ibid.*, pp. 451 and 458, respectively.

⁵⁰ See note to the Japanese Chargé, *ibid.*, p. 463.

⁵¹ *Ibid.*, p. 471.

⁵² *Ibid.*, p. 480.

⁵³ Not printed.

⁵⁴ *Foreign Relations, 1919*, vol. I, p. 497.

⁵⁵ *Ante*, p. 500.

⁵⁶ *Ante*, p. 512.

⁵⁷ *Ante*, p. 523.

⁵⁸ *Ante*, p. 536.

⁵⁹ *Ante*, p. 539.

⁶⁰ *Ante*, p. 541.

Have we communicated [to] Japan our approval of the letters? Has Japan accepted formula referred to in my 1057, July 3 [13], 7 p.m.?

Paris informed.

DAVIS

893.51/2870: Telegram

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

WASHINGTON, July 19, 1920—7 p.m.

272. Department's 112, March 30, 5 p.m.⁶¹

Have you communicated to Foreign Office this Government's approval of Lamont notes? You should consult with your colleagues in this matter as the Department is informed that the British Embassy at Tokyo has been appropriately instructed. Has the Japanese Government formally announced its approval of the notes?

COLBY

893.51/2892

Mr. Thomas W. Lamont to the Under Secretary of State (Davis)

[Extract]

NEW YORK, July 20, 1920.

[Received July 21.]

DEAR MR. DAVIS: Attached herewith please find my thought as to some possible announcement on the part of the four Governments as to the final formation of the Consortium.⁶² As we explained to you last night, such a fog has been thrown around the whole thing by the Japanese authorities that in China there is very real doubt and question as to whether the Consortium is to be an actual factor and whether it has the approval of the Governments. No real announcement along this line has ever been made. Such letters as Minister Crane may have written to the Government will have circulation in Government circles, but there is a vast population in China of growing intelligence and a rapidly increasing reading public. . . .

Sincerely yours,

T. W. LAMONT

⁶¹ *Ante*, p. 521.

⁶² The enclosed suggested announcement is identical with that contained in the Secretary's telegram no. 282, July 23, 5 p.m., to the Chargé in Japan, p. 558.

893.51/2879 : Telegram

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

PARIS, July 20, 1920—7 p.m.

[Received 7:40 p.m.]

1414. Your 1227.⁶³ The French Government has instructed its representative at Tokyo to notify the Japanese Government of its approval of the contents of letters exchanged between Lamont and the Japanese banking group.

WALLACE

893.51/2884

The American Group to the Secretary of State

NEW YORK, July 22, 1920.

[Received July 23.]

SIR: In compliance with the request contained in your letter of July 21st (FE-893.51),⁶⁴ we hand you herewith, for your information and files, exact copies of the letters exchanged on May 11, 1920, between Mr. Nakaji Kajiwara, in behalf of the Japanese Banking Group, and Mr. Thomas W. Lamont, in behalf of the American Group, concerning the withdrawal by Japan of her reservations with respect to Manchuria and Mongolia and the entry of the Japanese Banking Group into the New Consortium for China on the same terms as the American, British and French Groups.

Very truly yours,

J. P. MORGAN & Co.
For the American Group

[Enclosure 1]

The Representative of the Japanese Group (Kajiwara) to the Representative of the American Group (Lamont)

Tokyo, May 11, 1920.

[SIR:] You will recall that upon the organization of the consortium at Paris, on May 11 and 12, last, the representatives of the Japanese, American, British and French Banking Groups attached their signatures to the resolutions and Agreement subject to the approval of their respective Governments. You will further recall that, upon the instructions of the Japanese Government, our Banking Groups addressed you a letter dated 18th June last⁶⁵ as regards the conditions of accepting the New Consortium agreement.

⁶³ See footnote 35, p. 548.⁶⁴ Not printed.⁶⁵ See telegram no. 2324, June 18, 1919, from the Ambassador in Great Britain, *Foreign Relations*, 1919, vol. I, p. 451.

We have now the honor to inform you that certain points in the Agreement and in the operations of the proposed Consortium, hitherto somewhat obscure, having been cleared up to the satisfaction of our Government and of ourselves, we are now able in accordance with the instructions of the Japanese Government to withdraw our letter dated 18th June last and announce that, conjointly with the American, British and French Banking Groups and on like terms with them, we will accept the Consortium agreement. We beg at the same time to express our hearty concurrence with the general ideas and objects of the Consortium in respect to China.

Very truly yours,

NAKAJI KAJIWARA

The President of the Yokohama Specie Bank

For and on behalf of the Japanese Group

[Enclosure 2]

The Representative of the American Group (Lamont) to the Representative of the Japanese Group (Kajiwara)

TOKYO, *May 11, 1920.*

DEAR SIR: We beg to acknowledge with thanks, the receipt of your communication of May 11th, 1920, informing us, in behalf of the Japanese banking group that, under the instructions of your Government, you have now withdrawn your letter dated June 18th, 1919, and have adopted, in association with the banking groups of America, Great Britain and France and on like terms with them, the agreement for the establishment of a new consortium in respect to China.

We are happy to note that certain points that had hitherto been somewhat obscure to your group and to your Government have now been made plain, and we trust with you that the way is clear for the consortium to undertake operations.

Inasmuch as some questions have arisen during our discussions as to the status of specific railway enterprises contemplated or actually begun in Manchuria and Mongolia, we hereby confirm that we have agreed with you as follows:

(1) That the South Manchurian Railway and its present branches, together with the mines which are subsidiary to the railway, do not come within the scope of the consortium;

(2) That the projected Taonanfu-Jehol Railway, and the projected railway connecting a point on the Taonanfu-Jehol Railway with a seaport are to be included within the terms of the consortium agreement;

(3) That the Kirin-Hueining, the Chengchiatun-Taonanfu, the Changchun-Taonanfu, the Kaiyuan-Kirin (via Hailung), the Kirin-

Changchun, the Sinminfu-Moukden and the Ssupingkai-Chengchia-tun Railways are outside the scope of the joint activities of the consortium.

The foregoing letter of acknowledgement, although written in behalf of the American banking group, has, we are assured, the cordial approval of the British and French banking groups, also of the Governments of the United States, of Great Britain and of France.

Pray be good enough to present our regards to your colleagues in the Japanese banking group and our best wishes for the success of the joint Four-power undertaking.

Very truly yours,

THOMAS W. LAMONT

For and in behalf of the American Group

893.51/2883 : Telegram

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

TOKYO, July 22, 1920—7 p.m.

[Received 8:47 p.m.]

359. Your 272, July 19th, 7 p.m. I have never communicated to the Japanese Government our Government's approval of the notes exchanged by Lamont and the Japanese banking group on May 11th, and there is no record of the Ambassador ever having done so formally, presumably because he was never instructed by the Department to do so.

Vice Minister of Foreign Affairs informs me that the Japanese Government's formal approval of these notes has been communicated to the Japanese group but has not been made public.

There seems to be some misunderstanding regarding the remainder of your telegram. The only telegram regarding consortium matters, which the British Ambassador has recently received from his Government, was dated about July 14th, and informed him that I would shortly be instructed by my Government to endeavor to obtain the Japanese Government's formal assent to a formula defining the measure of support to be given by the various interested Governments to their respective national groups, which formula was adopted at an inter-group meeting held at Paris May 11th, 1919.⁶⁵ British Ambassador was authorized to confirm fact that his Government have adhered to that formula. This does not appear to be what you had in mind in your telegram.

⁶⁵ For text of formula, see preamble to draft agreement, *Foreign Relations*, 1919, vol. I, p. 439; for discussion concerning changes and adherence, see *ibid.*, pp. 442 *passim*.

French Ambassador out of town and his only secretary ill, so I am obliged to postpone my consultation with him till next week.

BELL

893.51/2892 : Telegram

*The Secretary of State to the Chargé in Japan (Bell)*⁶⁵

WASHINGTON, July 23, 1920—5 p.m.

282. This Government believes that the four interested powers should now issue simultaneously an announcement of the organization of the consortium with the approval of said Powers and it proposes that such an announcement be worded as follows:

“The agreement tentatively adopted in May, 1919, at Paris, by the representatives of the American, British, French and Japanese Banking Groups, covering the formation of the new consortium for the assistance of China, has now received the formal approval of all four of the Governments involved and the organization of the consortium is therefore an established fact, its first meeting being scheduled to be held at New York next October.

The international banking group thus coming into existence under the name of the consortium has been organized, not only with the approval, but at the instance of the four Governments involved, who have been a unit in believing that, through such organization, means could best be devised for assisting China in the stabilization of her economic situation and in the up-building of her great, basic public enterprises; further, that through such cooperative action, a greater degree of understanding and harmony with reference to Far Eastern matters might be reached among all five of the nations involved.”

You will lay the text above quoted before the Government to which you are accredited with the proposal that the four Powers concert in making simultaneous announcement in the near future, say on August 1st. You will also convey to the Government to which you are accredited this Government's belief that this announcement should be communicated as a notification to the Chinese Government through their respective Legations at Peking.

COLBY

893.51/2870 : Telegram

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

WASHINGTON, July 24, 1920—4 p.m.

779. Your 1075, July 16, 5 p.m.

Tokyo telegraphs that it has communicated to the Japanese Government this Government's approval of the Lamont-Kajiwara

⁶⁵ The same telegram to the Ambassador in Great Britain as no. 773, with instructions to repeat to the Ambassador in France as no. 1291.

exchange of letters. Japanese Vice Minister of Foreign Affairs informed Embassy that the Japanese Government's formal approval of those notes has been communicated to the Japanese Group but has not been made public. Thus save for the failure of the Japanese Government to communicate to the other interested Governments its acceptance of the Lamont-Kajiwara letters it now appears that all four Governments have accepted those letters as well as the formula defining amount of diplomatic support to be given consortium.

Repeat to Paris as Number 1290.

COLBY

893.51/2870 : Telegram

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

WASHINGTON, July 24, 1920—5 p.m.

780. Your 1075, July 16, 5 p.m.

Japanese Ambassador [*Chargé*] communicated to the Department of State October 8, 1919,⁶⁶ Japanese Government's acceptance of the formula submitted by the French Government in the sense of the modified form as suggested by the American Government referred to in your Despatch 1061 of July 21, 1919.⁶⁷

COLBY

Discussion Regarding Communication of Documents to the Chinese Government—Joint Note of September 28, Addressed to the Chinese Foreign Office and Accompanied by Documents Relating to the Consortium—Consortium Agreement and Resolutions by the Four Groups, October 15; Approval by the Governments—Admission of a Belgian Group into the Consortium—Communication of Further Documents to the Chinese Government

893.51/2888 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, July 24, 1920—5 p.m.

[Received July 24—2:31 p.m.]

196. Department's telegram no. 179, July 15, 8 p.m.⁶⁸ After conferring with my British colleague I venture to bring to the Department's attention the difficulties attendant upon negotiations in Peking in jointly communicating the documents mentioned to the Chinese Government. The matter would have to be referred by my colleagues to their respective Governments and it is evident that the Japanese

⁶⁶ *Foreign Relations*, 1919, vol. I, p. 492.

⁶⁷ *Ibid.*, p. 468.

⁶⁸ *Ante*, p. 552.

Legation desires to delay as far as possible any joint communication giving accurate information regarding consortium to the Chinese Government. . . .

CRANE

893.51/2864 : Telegram

The Secretary of State to the Minister in China (Crane)

WASHINGTON, July 24, 1920—7 p.m.

190. Your No. 180, July 11, noon.⁶⁹ Department does not believe it advisable that applications of Chinese Government for loans under the Consortium should be made to the Legation. More orderly method would be for Chinese Government to apply to the four Group representatives in Peking.

COLBY

893.51/2904 : Telegram

The Chargé in France (Harrison) to the Secretary of State

PARIS, July 29, 1920—noon.

[Received 2:49 p.m.]

1463. Reference your telegram to London which was repeated to me giving text of proposed joint announcement on August 1st by the four powers concerning the establishment of consortium.⁷⁰ Foreign Office will make similar announcement on August 1st.

HARRISON

893.51/2888 : Telegram

The Secretary of State to the Minister in China (Crane)

WASHINGTON, July 29, 1920—8 p.m.

196. Your 196, July 24, 5 p.m.

The Department appreciates the probability of delay on the part of the Japanese Government but feels that conference among the four interested Legations is the most direct and favorable method of reaching an agreement or arriving at an understanding of the reasons for failure to agree. Efforts have been made and will be made by the Department to assist your negotiations by informal presentation of the matter to other Governments. The Department would welcome any suggestions you may find advisable to that end.

COLBY

⁶⁹ *Ante*, p. 548.

⁷⁰ See footnote 66, p. 558.

893.51/2906 : Telegram

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

LONDON, July 29, 1920—8 p.m.

[Received July 30—12:07 p.m.]

1144. Your 773, July 23, 5 p.m.⁷¹ Foreign Office informs me that as Chinese Government inquired of our Legation Peking in latter part of June concerning consortium, it telegraphed British Legation June 30th agreeing in principle to joint note to the Chinese Government which should carefully outline scope of the consortium and emphasize that it is not a new consortium but a revision of the old. As detailed discussion concerning interchange of group letters is too technical to anticipate therefore it advocated that this should be a matter of negotiation between the groups.

Subsequent to July 3rd, on which date British Chargé d'Affaires reported that he was to prepare a draft for submission to his colleagues of the interested powers, nothing has been heard concerning the text or the action taken.

Foreign Office believes that this procedure should [be] either concluded or discarded before consideration of the text submitted by the Department and presumes that action in Peking was probably delayed by recent disturbances. It is also of the opinion that announcement should not be made before the Chinese Government is duly notified and the announcement might then well include the fact and possibly the text of such notification. It believes it dangerous to consider consortium as "an established fact," in which Addis of British group agrees, as such will not be the case until the meeting of the groups in October and the formal interchange of agreements hitherto only initiated.

I am convinced that British Government is not seeking any pretext whatever for delay but merely desires to stand on unassailable ground. Addis reports a weakening of interest by French bankers in the matter, this rumor is not compatible with the acquiescence of French Government as recently reported by Embassy, Paris, in the Department's note regarding payment of coupons referred to in your 686, June 29, 8 [5] p.m.,⁷² and to which British are withholding assent pending receipt of relevant correspondence. The Japanese would undoubtedly welcome French dissent. Paris informed.

DAVIS

⁷¹ See footnote 66, p. 558.

⁷² See footnote 5, p. 647.

893.51/2904 : Telegram

The Secretary of State to the Chargé in France (Harrison)

WASHINGTON, July 31, 1920—6 p.m.

1320. Repeat to London your 1463, July 29th noon and present telegram. Suggest to Foreign Office that announcement be deferred a few days. The Department has not yet been informed whether British and Japanese Governments will make announcement as suggested. You will be promptly notified of the decision of these two Governments in order that the announcement may be made simultaneously.

COLBY

893.51/2909 : Telegram

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

TOKYO, August 2, 1920—5 p.m.

[Received August 2—9:20 a.m.]

389. Your 282, July 23, 5 p.m. Corrections having arrived I have to-day presented proclamation to Foreign Office and asked for an early reply.

BELL

893.51/2912 : Telegram

The Chargé in France (Harrison) to the Secretary of State

PARIS, August 3, 1920—6 p.m.

[Received 10:18 p.m.]

1499. Your 1320, July 31st, 6 p.m. In accordance with your request Foreign Office made no announcement.

HARRISON

893.51/2916 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, August 6, 1920—6 p.m.

[Received August 7—5:20 p.m.]

216. Your July 29, 8 p.m. Subsequent to the delivery to the Chinese Foreign Office of the American note (Legation's July 11, midnight [noon]⁷³), a draft joint note was proposed by the British Chargé d'Affaires under instructions from his Government to the Chinese Foreign Office. This may be roughly divided into four parts:

⁷³ *Ante*, p. 548.

1. Introductory preamble based on Lansing note of October, 1918.⁷⁴
2. A reference to the meeting held in Paris by the group representatives on May 11, 1919.

“A draft arrangement between the groups was then drawn up embodying a basis of the principles of the American proposals. While it is not the intention of the present note to do more than outline the broad aspects of the question or to enter into financial details which await confirmation by the groups at the forthcoming inter group meeting to be held in New York City in October next, we consider it advisable to make the position clear in regard to an essential point which might otherwise give rise to misapprehension, namely amount of support to be given by the respective Governments [to] their national group or to the consortium as a whole.

It is to be understood that the Governments of each of the four participating groups undertake to give their complete support to their respective national group members of the consortium in operations undertaken pursuant to the inter group arrangement entered into by the bankers at Paris, which arrangement in turn related to existing and future loan agreements involving the issue for subscription by the public of loans having a Chinese Government guarantee subject to the proviso that existing agreements for industrial undertakings upon which substantial progress had been made may be omitted from the scope of the arrangement.”

3. A reference to the Japanese position.

“In the course of the negotiations following on the United States Government proposal, the Japanese Government drew the attention of the Governments concerned to the special position in which the former found themselves owing to Japan's geographical propinquity to China, having specially in view the fact that the two countries shared a common frontier along northern boundary of Korea. The Japanese Government pointed out that the activities of the new consortium could not fail to have an important bearing on questions affecting the national defense and economic existence of Japan.

The other Governments' special ambassadors informed the Japanese Government in reply that there was no occasion to apprehend, on the part of the consortium, any activities against the economic existence or national defense of Japan.

The letter[s] exchanged between Mr. Lamont and the Japanese group,⁷⁵ copies of which are already in Your Excellency's possession, define the position.”

4. A general expression of good will.

The French, British and American Legations have accepted this proposed draft of the British Chargé d'Affaires, and the Japanese

⁷⁴ See note of Oct. 8, 1918, to the French Ambassador, *Foreign Relations*, 1918, p. 193.

⁷⁵ *Ante*, pp. 555, 556.

Minister, while stating that it is personally acceptable to him, is awaiting instructions from his Government.

The Legation has received a request from the Chinese Foreign Office for a copy of the Bankers' Agreement of May 1919 mentioned in the Kajiwara-Lamont notes, copies of which were forwarded by the Legation to the Chinese Foreign Office. Subject to the approval of the Department the Legation will inform the Chinese Foreign Office that their request has been referred to the American group representative.

For the information of the Department, Acting Minister of Finance Pan Fu, in an informal conversation with the American Minister and the American group representative, suggested the reopening of negotiations for the American emergency advances of the five million pounds sterling loan discussed last winter. This fact has become generally known. No action has been taken due to the present chaotic political conditions.

Your July 31, 7 p.m.⁷⁵ Have informally discussed Hukuang question with present Acting Minister of Finance who feels that he cannot press the matter to conclusion [before] formation of new Cabinet now in progress.

CRANE

893.51/2918 : Telegram

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

TOKYO, August 11, 1920—1 p.m.

[Received 3:30 p.m.]

412. My 371 August [*July*] 28, 1 p.m.⁷⁶ and your 282, July 23, 5 p.m.⁷⁷ I have now received following reply from the Japanese Minister of Foreign Affairs dated August 9th⁷⁸:

“I beg to state in reply that the Japanese Government have in principle no objection to offer to the proposal of the United States Government, it being their belief that a proper elucidation of the objects and spirit of the organization of the consortium and a thorough understanding of it on the part of the Chinese Government will tend to smooth the way for the operations of the consortium in the future.

The Japanese Government will therefore be glad to make an identic announcement with the powers concerned in the sense suggested by the United States Government and at the same time to communicate it unitedly with the other powers to the Chinese Gov-

⁷⁵ *Post*, p. 653.

⁷⁶ Not printed.

⁷⁷ *Ante*, p. 558.

⁷⁸ The original note was in the Japanese language.

ernment to secure its understanding provided that the Governments of the powers concerned all agree to the step proposed.

With reference, however, to the communication to be made to the Chinese Government concerning the consortium I beg to draw your attention to fact that there is already a proposal which has been made by the British Chargé d'Affaires in China and which I presume is now being discussed by the Ministers of the powers concerned in Peking. Under these circumstances the Japanese Government deem it to be [expedient] and in consonance with the procedure so far followed in the matter to leave the preparation of the text of the proposed announcement, as well as the manner of communicating it to the Chinese Government, to the deliberation of the powers' representatives in Peking and I beg to request you to be so good as to transmit the observations last made to your Government asking [it] at the same time to instruct the American Minister in China accordingly in case it finds itself disposed to look upon them with favor."

BELL

893.51/2916 : Telegram

The Secretary of State to the Minister in China (Crane)

WASHINGTON, August 11, 1920—3 p.m.

208. Your 216, August 6, 6 p.m.

The Department feels that in a matter so vitally affecting the future economic development of China, the Chinese Government is entitled to the fullest explanation of the negotiations which led up to the unanimous approval of the Consortium plan by the Governments concerned. The Department refers you to its telegram No. 180, July 11, noon,⁷⁹ and hopes that you may be able to persuade your colleagues of the wisdom of a more complete disclosure of the notes exchanged. In any event the Department does not view favorably the wording of the reference to the Japanese position in the first paragraph of item 3 quoted in your 216 of August 6, 6 p.m. It is not a full or frank statement of the Japanese position and would tend to lend color to the statements now being circulated in Japan to the effect that Japan never withdrew the Reservations in regard to Mongolia and Manchuria originally demanded. The following partial statement prepared by Mr. Lamont for public circulation in Japan over his signature is an accurate statement:

"It will be recalled that the Japanese Banking Group, under the instructions of its Government, qualified its original acceptance of the Consortium agreement by declining to include within the activities of the Consortium Japanese interests in Manchuria and Mongolia. This qualification constituted a bar to Japan's entry into the

⁷⁹ Probably refers to Department's 179, July 15, 8 p.m., p. 552, which was in reply to the Legation's no. 180, July 11, noon, p. 548.

Consortium on the same terms as those applying to the other banking groups and it was for the purpose of trying to clear away this difficulty that I had the pleasure of visiting Japan last spring.

“As a result, partly of my friendly discussions in Japan, and partly of the exchanges between the foreign offices of all the four Governments, the Japanese Banking Group, with the approval of its Government, withdrew the original letter which had set up the reservations that I speak of.”

It would be far better to avoid all reference to Japan's position than to join in a half true and therefore misleading statement of it. The reason that this government has urged consistently the presentation of all the documents as mentioned in the Department's No. 180 of June 11, noon,⁷⁸ was to avoid the hazardous course of submitting any interpretive and necessarily inadequate summary.

COLBY

893.51/2926 : Telegram

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

LONDON, August 13, 1920—2 p.m.

[Received August 13—10:47 a.m.]

1225. My 1216, August 12, 5 p.m.⁷⁹ Foreign Office has now telegraphed Peking its approval of draft text of announcement to Chinese Government concerning consortium. Paris informed.

DAVIS

893.51/2920 : Telegram

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

WASHINGTON, August 16, 1920—6 p.m.

873. Your 1216, August 12, 5 p.m.⁸⁰

You will inform the Foreign Office that the substance of the note prepared by the British Chargé d'Affaires at Peking has been received by the Department and that it does not seem to meet the situation so far as concerns the subject of completely informing the Chinese Government of the various steps taken in connection with the organization of the Consortium. The Department is still of the opinion that the Chinese Government is entitled to have all of the essential documents relating to these negotiations. With that in view, the Department on July 15th instructed the American Minister at Peking⁸¹ to consult with his British, French and Japanese col-

⁷⁸ Also probably refers to Department's 179, July 15, 8 p.m., p. 552.

⁷⁹ Not printed.

⁸⁰ Not printed; see telegram no. 1225, Aug. 13, from the Ambassador in Great Britain, *supra*.

⁸¹ *Ante*, p. 552.

leagues and endeavor to arrange for a joint communication of relative [*relevant?*] documents to the Chinese Government for its confidential information at the present time, but on the understanding that they are eventually to be made public by agreement among the interested parties. It was proposed that the following correspondence be included in the communication of the facts to the Chinese Government:

[Here follows list of correspondence, with necessary changes in document numbers, contained in telegram no. 179, July 15, 8 p.m., to the Minister in China, printed on page 552.]

Please bring such of these documents as the British Government does not already possess to its attention and say that the American Government hopes that the British Government will instruct its Legation at Peking to agree to the communication of all these papers to the Chinese Government in lieu of the brief *résumé* prepared by the British Chargé d'Affaires at Peking and which your 1225 Aug. 13th, 2 P.M., reports has been approved by British Foreign Office.

On August 11, the Department telegraphed to the American Minister at Peking stating that in a matter so vitally affecting the future economic development of China, the Chinese Government is entitled to the fullest explanation of the negotiations which led up to the unanimous approval of the consortium plan by the Governments concerned. The Department expressed the hope that the Minister would be able to persuade his colleagues of the wisdom of a more complete disclosure of the notes exchanged. It was pointed out that the reference to the Japanese position in the British Chargé d'Affaires' note was not full enough and would tend to lend color to the statements now being circulated in Japan to the effect that Japan never withdrew the reservations in regard to Mongolia and Manchuria originally demanded. The Department feared that this statement would be misleading unless it was clearly set forth in the note that the original reservations as to Manchuria and Mongolia were withdrawn by the Japanese Banking Group with the approval of its Government. Minister Crane was informed that this Government has urged consistently the communication of all the essential documents as enumerated above, in order to avoid the hazardous course of submitting any interpretative and necessarily inadequate summary.

You may communicate the substance of the above to the British Government and say that this Government hopes that the British Government may instruct its representative at Peking to join his colleagues in communicating all of the essential documents to the Chinese Government.

893.51/2906 : Telegram

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

WASHINGTON, August 24, 1920—5 p.m.

905. Your No. 1144, July 29, 8 p.m.⁸¹ You may lay before the Foreign Office this Government's suggestion that the latter part of the first paragraph of the text of the announcement quoted in Department's No. 773 of July 23, 5 p.m.⁸² be amended as follows: "has now received the formal approval of all four of the Governments involved and the completion of the organization of the International Consortium awaits only the final adoption of the agreement by the representatives of the various groups at their first meeting scheduled to be held at New York next October" and ask whether this will not meet its objection to the original text. British Embassy here addressed a memorandum to the Department on this question on August 7th⁸³ to which a reply along above lines is being made today.⁸⁴

COLBY

893.51/2940 : Telegram

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

LONDON, August 27, 1920—6 p.m.

[Received 7:34 p.m.]

1307. Your 916, August 26th, 7 p. m.⁸⁵ There appear to be three proposals regarding communication to Chinese Government:

First. The announcement proposed in your 773,⁸² and amended in your 905.⁸⁵

Second. The announcement proposed in your 873.⁸⁶

Third. The joint note being drafted in Peking.

From telegram just received by Foreign Office from British Legation Peking, it appears that Japanese Minister there is now prepared to accept revision of number 3 so as to include number 2. While Foreign Office informally states that it perceives no objection whatever to number 2, it had feared, prior to the receipt of this advice, that Japanese objection would block the proposal. If, however, all agree and if all documents are in Peking for early communication,

⁸¹ *Ante*, p. 561.⁸² See footnote 66, p. 558.⁸³ Not printed.⁸⁴ This reply was delivered under date of Sept. 21, p. 569.⁸⁵ *Supra*.⁸⁶ *Ante*, p. 566.

number 2 would appear the ideal solution and might be merged with number 3. It inquires therein whether in such a manner proposal number 1 would not prove unnecessary.

WRIGHT

893.51/2925

The Department of State to the British Embassy

MEMORANDUM

The Department of State desires to refer again to the British Embassy's memorandum of August 7, 1920,⁸⁷ relative to the question of the proposed announcement to be made with regard to the Consortium. In that memorandum the British Embassy refers to the text of an announcement of the organization of the Consortium which this Government proposed that the four Consortium Powers should issue simultaneously, and which should also be communicated to the Chinese Government through the Legations at Peking; it was pointed out that His Majesty's Government was inclined to regard the text of that announcement as in some respects inaccurate, e.g.

(1) It spoke of the Consortium as "an established fact", which would not strictly speaking be the same until after the meeting of the Groups in New York next October.

(2) It implied that the Consortium is a new one.

With reference to point (1), the Department of State suggested that paragraph One of the proposed announcement be so amended as to avoid the implication objected to by His Majesty's Government. There is attached hereto a copy of the proposed announcement with the paragraph thus amended.⁸⁷ This amendment of the proposed announcement was communicated to the American Embassy at London by telegraph.

With reference to point (2), the Department of State desires to call attention to the last paragraph on page 4 of its note addressed to the British Ambassador on October 8, 1918,⁸⁸ in which the Department set forth its views as to the purposes and formation of a new International Group to which it was hoped would be assigned the rights and options belonging to the old Consortium. This question now raised by His Majesty's Government would appear to be covered by the views then set forth by the Department of State.

Point (2) was not mentioned in the telegram from the American Embassy at London⁸⁹ referred to in the Department's memorandum

⁸⁷ Not printed.

⁸⁸ See note of Oct. 8, 1918, to the French Ambassador, *Foreign Relations*, 1918, p. 193.

⁸⁹ *Ante*, p. 561.

to the British Embassy of August 11th;⁹² and it is, therefore, hoped that the British Embassy will communicate the Department's views thereon to the British Foreign Office.

WASHINGTON, *September 21, 1920.*

893.51/3050

The Minister in China (Crane) to the Secretary of State

No. 291

PEKING, *September 27, 1920.*

[Received November 11.]

SIR: I have the honor to refer to the Legation's despatch No. 68, of July 20th [*21st*], 1920,⁹² regarding the Consortium in which mention is made of an instruction received by the British Charge d'Affaires that in conjunction with his interested colleagues a note be presented to the Chinese Foreign Office giving a full historical statement concerning the formation and aims of the Consortium but avoiding any mention of financial questions. After lengthy discussion the text of a statement was agreed upon by the four Legations and the text telegraphed to the Department in the Legation's No. 216, August 6th, 6 P.M.,⁹³ which was subsequently amended in consultation with my colleagues to conform with the Department's instructions No. 208, August 11th, 5[3] P.M.,⁹⁴ omitting all reference to Japan's position. This note was presented to the Chinese Foreign Office on September 28th together with the relevant documents substantially as outlined in the Department's instruction of July 15th, 8 P. M.⁹⁵

Referring to heading 5 in the list of documents herewith annexed as submitted to the Chinese Foreign Office and to the Legation's telegram No. 240, September 6th, 5 P.M.,⁹² Information Series No. 193 could not be located in the Legation, accordingly the text of the memorandum presented to the Japanese Foreign Office was included rather than the "Department's note of July 3rd to British, French and Japanese Embassies," defining governmental support to be given to the Consortium.⁹⁶ No complete text of this note of July 3rd was in the possession of any of the four Legations.

At the instigation of the British Charge d'Affaires, under instructions from his Government, this Legation agreed that referring to headings 6 and 7 (see enclosed list of documents) the British texts of correspondence with the Japanese be used, which are almost iden-

⁹² Not printed.

⁹³ *Ante*, p. 562.

⁹⁴ *Ante*, p. 565.

⁹⁵ *Ante*, p. 552.

⁹⁶ For note of July 3, 1919, see *Foreign Relations*, 1919, vol. I, p. 463.

tical in sense with the State Department's texts but dated later in each case. The instructions of the Japanese Government also indicated that the British text was contemplated by them for transmission. Under heading 7 (see enclosed list of documents) item B from "State Department March 16", and item H from "French Government May 25th", together with heading 8 (Kajiwara-Lamont letters) were included at the request of the Japanese Minister under instructions from his Government. The note of the four Legations to the Chinese Government, with the enclosures, was delivered simultaneously with a second note (copy enclosed)⁹⁷ stating that the text and documents delivered were confidential and not to be published without the consent of the Legations concerned first having been obtained. I have the honor to enclose herewith copies of the note as delivered to the Chinese Government.

I have [etc.]

(For the Minister)

A. B. RUDDOCK

[Enclosure 1]

*List of Documents Communicated to the Chinese Government
Respecting Organization of a New Consortium*

1. State Dept. letter to American Group Banks of July 9, 1918.⁹⁸
2. State Dept. Note and Memo. to Embassies of Oct. 8, 1918.⁹⁹
3. State Dept. Note to Embassies of May 31, 1919.¹
4. Odagiri-Lamont exchange of letters.
 Odagiri to Lamont, June 18, 1919.²
 Lamont to Odagiri, June 23, 1919.³
5. Memo. from State Dept. to Japanese Foreign Office, July, 1919.⁴
6. Exchange of Memoranda between the British Foreign Office and Japanese Embassy.
 Foreign Office to Embassy, August 11, 1919.⁵
 Foreign Office to Embassy, Nov. 20, 1919.⁶
7. Exchange of Memoranda between Japanese Government and Governments of Great Britain, France and the United States, March-May, 1920:
 (a) Japanese Govt. to Great Britain, March 16.⁷

⁹⁷ Not printed.

⁹⁸ *Foreign Relations*, 1918, p. 174.

⁹⁹ *Ibid.*, p. 193.

¹ *Ibid.*, 1919, vol. I, p. 437.

² See telegram no. 2324, June 18, 1919, from the Ambassador in Great Britain, *ibid.*, p. 451.

³ See *ibid.*, footnote 27, p. 458.

⁴ See note of July 3 to the Japanese Chargé, *ibid.*, p. 463.

⁵ See telegram no. 2799, Aug. 14, from the Ambassador in Great Britain, *ibid.*, p. 476.

⁶ See telegram no. 3447, Nov. 25, 1919, from the Ambassador in Great Britain, *ibid.*, p. 502.

⁷ See telegram no. 484, Mar. 20, 1920, from the Chargé in Great Britain, p. 515.

- (b) From State Dept., March 16.⁸
 - (c) From British Government, March 19.⁹
 - (d) From Japanese Government, April 14.¹⁰
 - (e) From British Government, April 28.¹¹
 - (f) From Japanese Government, May 10.¹²
 - (g) From British Government, May 17.¹³
 - (h) From French Government, May 25.¹⁴
8. Kajiwara-Lamont exchange of letters of May 11, 1920.¹⁵

[Enclosure 2]

The American, British, French, and Japanese Representatives in China to the Chinese Minister of Foreign Affairs (W. W. Yen)

PEKING, September 28, 1920.

EXCELLENCY: The Governments of France, Japan, the United States of America and Great Britain considering that the time has now arrived to make a joint communication to the Chinese Government on the proposed scope and objects of the so-called New Consortium which has been under discussion between the four Governments for some time past, the undersigned representatives of France, Japan, the United States of America and Great Britain have the honour to state as follows:

In the course of 1918 the United States Government informed the other three Governments in question of the formation in the United States of America of an American group of Bankers for the purpose of rendering financial assistance to China. The principles underlying the formation of the American group were that all preferences and options for loans to China held by any members of this group should be shared by the American group as a whole and that future loans to China having a Governmental guarantee should be conducted in common as group business, whether these loans were for administrative or for industrial purposes.

In notifying the other three Governments of these proposals the United States Government recognised that the war had created such a mutuality of interests between certain Governments and peoples as to render this co-operation essential to any constructive programme of financial assistance to China. It was suggested therefore that the other Governments which were largely interested in China and in a position at the time to render such assistance—viz.

⁸ *Ante*, p. 512.

⁹ See telegram no. 485, Mar. 20, from the Chargé in Great Britain, p. 517.

¹⁰ See telegram no. 614, Apr. 15, from the Ambassador in Great Britain, p. 528.

¹¹ See telegram no. 688, Apr. 28, from the Ambassador in Great Britain, p. 535.

¹² See footnote 30, p. 542.

¹³ *Ante*, p. 543.

¹⁴ *Post*, p. 574. No record has been found in the files of any earlier receipt of this memorandum.

¹⁵ *Ante*, pp. 555, 556.

France, Japan, and Great Britain—might be willing to join with the United States in its proposed plan and consent to the formation of similar national Groups organised on the same basis to act in cooperation with the American Group. In the proposal of the United States Government which in practice envisaged a reconstruction of the old Consortium it was specifically stated that there was no intention of interfering with any of the rights of that Consortium. The hope was expressed however that the new national Groups formed might be made so broad as to include the members of the former Consortium as well as others who had legitimate claims to such inclusion, so as to meet the larger needs and opportunities of China in a spirit of harmony and of helpfulness rather than of harmful competition and self-interest.

The proposal of the United States Government as here outlined received the most careful and friendly consideration on the part of the French, Japanese and British Governments which resulted in a meeting be[ing] held in Paris on May 11th and 12th, 1919, at which the chief Representatives of the four Groups were present to discuss the financial details of the proposed arrangement as well as the scope and limit of their activities.

A draft arrangement between the four Groups was then drawn up embodying *inter alia* the principles of the American proposals. While it is not the intention of the present Note to do more than outline the broad aspects of the question or to enter into financial details which await confirmation by the Groups at the forthcoming inter-group meeting to be held in New York in October next, we consider it advisable to make the position clear in regard to an essential point which might otherwise give rise to misapprehension, namely the amount of support to be given by the respective Governments to their national groups or to the Consortium as a whole.

It is to be understood that the Governments of each of the four participating Groups undertake to give their complete support to their respective national Group members of the Consortium in operations undertaken pursuant to the inter-group arrangement entered into by the bankers at Paris, which arrangement in turn relates to existing and future loan agreements involving the issue for subscription by the public of loans having a Chinese Government guarantee subject to the proviso that existing agreements for industrial undertakings upon which substantial progress has been made may be omitted from the scope of the arrangement.

A collection of documents which have passed between the Governments interested in the Consortium as well as certain letters exchanged between the American and Japanese Group representatives which are herewith enclosed will enable the Chinese Government to

follow the course of the negotiations and understand the whole position.

In making this communication to Your Excellency the undersigned venture to reiterate the earnest hope of their respective Governments for the early consummation of a united Government in China so that the New Consortium may eventually be enabled to give practical expression to the desires of the four Governments concerned to assist in the future development of this country.

Y. OBATA
A. BOPPE
C. R. CRANE
B. H. CLIVE

[Enclosure 3—Translation ¹⁵]

Memorandum of the French Ministry of Foreign Affairs to the Japanese Embassy at Paris

The Imperial Embassy of Japan at Paris has kindly communicated on the 10th instant to the Ministry of Foreign Affairs a note despatched to the Department of State at Washington by the Embassy of Japan, from which it appears that the Government in Tokyo, taking cognizance of the assurances contained in the note of the Department of State under date of March 16 last,¹⁶ and deeming useless under the circumstances the insertion of the special clauses providing for the Taonanfu-Jehol line and its branching off toward the sea, declares itself ready to give its support to the conclusion by the interested financial groups of the arrangement reconstituting the financial Consortium in China. The Ministry of Foreign Affairs has the honor to inform the Embassy of Japan that it gladly joins in the general assurances furnished by the American Government. It is happy that it can congratulate itself, together with the Embassy, upon the conclusion of an agreement which assures the friendly cooperation of the interested Powers for the greatest good of China.

[PARIS, *May 25, 1920.*]

893.51/2995½

The British Ambassador (Geddes) to the Secretary of State

No. 642

WASHINGTON, *October 1, 1920.*

MY DEAR MR. SECRETARY: AS you are no doubt aware, a meeting of the China Consortium Banking Groups is to be held in New York in the course of this month.

¹⁵ Supplied by the editor.

¹⁶ *Ante*, p. 512.

My Government have suggested to Sir C. S. Addis, the British Representative, that he should discourage any official discussion of the wider political issues by the Consortium Groups and they wish me to suggest to you the desirability of making a similar recommendation to the Representative of the American Group.

Believe me [etc.]

A. C. GEDDES

893.51/2995½

The Secretary of State to the British Ambassador (Geddes)

WASHINGTON, *October 4, 1920.*

MY DEAR MR. AMBASSADOR: In acknowledging receipt of your note of October 1st, I shall see that the American representatives at the forthcoming meeting of the China Consortium Banking Groups are instructed to discourage any official discussion of the wider political issues by the Consortium Groups.

Very sincerely yours,

[BAINBRIDGE COLBY]

893.51/3011

The American Group to the Under Secretary of State (Davis)

NEW YORK, *October 19, 1920.*

[Received October 21.]

DEAR SIR: In accordance with your request we hand you herewith copies of the Consortium Agreement as finally signed, also printed copies of the Minutes of the Consortium conferences held last week, to all of which we call your personal attention.

1. As to the main agreement you will recall that this has already been approved by all four governments involved; in fact, it was approved by them in the Spring of 1919, and that the delay in final execution has been due to the filing of reservations by the Japanese which were only cleared up at the time of Mr. Lamont's recent trip to the Far East. If you will refer to Item III of the minutes of the meeting of October 11th last, you will note an amendment to the main agreement so as to embody the final formula as to the governments' support as adopted by the Department of State with the three Foreign Offices.

Under the same heading, the addition in language as to Chinese Government guarantee is simply to make clearer the clause touching upon that subject. The matter of the preamble we will touch upon in a separate letter.

2. In the minutes of the meeting of October 15th, Items XV, XVI, and XVII will all we believe have interest for the Depart-

ment; and as to Item XVIII, the Chinese Eastern Railway, Mr. Lamont hastened to send you an early transcript of the resolution adopted on this matter so that you might be in prompt possession of the Consortium's attitude, and realize that the next step if any is in the purview not of the Consortium but of the Department itself and of the British and French Governments, with whom on this point we presume the Department is in general correspondence.

You will note that Item XX of the minutes of October 15th contains the usual provision that all resolutions taken are subject to the approval of the Governments; therefore we shall be glad to receive in due course the formal approval of the Department upon our proceedings.

Yours very truly,

J. P. MORGAN & Co.
For the American Group

[Enclosure 1]

The China Consortium Agreement, October 15, 1920

An Agreement made the fifteenth day of October, 1920 between The Hongkong and Shanghai Banking Corporation, having its office at 9 Gracechurch Street in the City of London (hereinafter called "the Hongkong Bank") of the first part

The Banque de l'Indo Chine having its office at 15*bis* Rue Laffitte Paris (hereinafter called "the French Bank") of the second part

The Yokohama Specie Bank Limited having its office at Yokohama in Japan (hereinafter called "the Japanese Bank") of the third part and

Messrs. J. P. Morgan & Co., Messrs. Kuhn Loeb & Co. The National City Bank of New York, Chase National Bank, New York, The Guaranty Trust Company of New York, Messrs. Lee, Higginson & Co. of Boston and the Continental and Commercial Trust and Savings Bank of Chicago (hereinafter called "the American Managers") acting as to the United Kingdom by Messrs. Morgan, Grenfell & Co., of 22 Old Broad Street in the City of London and as to France by Messrs. Morgan Harjes & Co. of Paris of the fourth part

WHEREAS the Hongkong Bank the French Bank the Japanese Bank and the American Managers are acting for the purposes of this Agreement as the representatives of the British French Japanese and American Groups respectively

AND WHEREAS the British French Japanese and American Groups were formed with the object of negotiating and carrying out Chinese loan business

AND WHEREAS their respective Governments have undertaken to give their complete support to their respective national groups the

parties hereto in all operations undertaken pursuant to the agreement hereinafter contained and have further undertaken that in the event of competition in the obtaining of any specific loan contract the collective support of the diplomatic representatives in Peking of the four Governments will be assured to the parties hereto for the purpose of obtaining such contract

AND WHEREAS the said national groups are of the opinion that the interests of the Chinese people can in existing circumstances best be served by the co-operative action of the various banking groups representing the investment interests of their respective countries in procuring for the Chinese Government the capital necessary for a programme of economic reconstruction and improved communications

AND WHEREAS with these objects in view the respective national groups are prepared to participate on equal terms in such undertakings as may be calculated to assist China in the establishment of her great public utilities and to these ends to welcome the co-operation of Chinese capital

NOW IT IS HEREBY AGREED by and between the parties hereto as follows:—

1. Each Group reserves to itself the right of increasing or reducing the number of its own members but so that any member of a group dropping out shall remain bound by the restrictive provisions hereof and any member of a group coming in shall become subject to the restrictive provisions hereof and so that no group shall (without the consent of the others) be entitled to admit into its group a new member who is not of its nationality and domiciled in its market. The admission of any new group shall be determined by the parties hereto subject to the approval of their respective Governments.

2. This Agreement relates to existing and future loan agreements which involve the issue for subscription by the public of loans to the Chinese Government or to Chinese Government Departments or to Provinces of China or to companies or corporations owned or controlled by or on behalf of the Chinese Government or any Chinese Provincial Government or to any party if the transaction in question is guaranteed by the Chinese Government or Chinese Provincial Government but does not relate to agreements for loans to be floated in China. Existing agreements relating to industrial undertakings upon which it can be shown that substantial progress has been made may be omitted from the scope of this Agreement.

3. The existing Agreements and any future loan agreements to which this Agreement relates and any business arising out of such agreements respectively shall be dealt with by the said groups in accordance with the provisions of this Agreement.

4. This Agreement is made on the principle of complete equality in every respect between the parties hereto and each of the parties hereto shall take an equal share in all operations and sign all contracts and shall bear an equal share of all charges in connection with any business (except stamp duties and any charges of and in connection with the realization by the parties hereto in their respective markets of their shares in the operations) and the parties hereto shall conclude all contracts with equal rights and obligations as between themselves and each party shall have the same rights privileges prerogatives advantages responsibilities and obligations of every sort and kind. Accordingly preliminary advances on account of or in connection with business to which this Agreement relates shall be borne by each of the parties hereto in equal shares and each of the parties hereto shall be entitled to participate equally in the existing Agreements and will offer to the other parties hereto an equal participation with itself in any future loan business falling within the scope of this Agreement. Should one or more of the parties hereto decline a participation in the existing Agreements or any of them or in any such future loan business as aforesaid the party or parties accepting a participation therein shall be free to undertake the same but shall issue on its or their markets only.

5. All contracts shall so far as possible be made so as not to impose joint liability on the parties hereto but each of the parties hereto shall severally liquidate its own engagements or liabilities. The parties hereto will so far as possible come to an understanding with regard to the realization of the operations but so that such realization in whatever manner this may take place shall be for the separate benefit of each of the parties hereto as regards their respective participations therein and so that each of the parties hereto shall be entitled to realize its participation in the operations only in its own market it being understood that the issues in the respective markets are to be made at substantial parity.

6. Any one or more of the parties hereto who shall have accepted its or their participation in any business hereunder shall be entitled by notice in writing to call upon the other or others of the parties hereto who propose to issue their own respective participations to issue for the account of the party or parties giving such notice or notices either all or one-half of the amount which may constitute the participation of the party or parties giving such notice or notices and the party or parties so called upon shall issue the said amount or amounts (hereinafter called "the Residuary Participation") specified in such notice or notices upon and subject to the terms and conditions following, viz:—

(1) Such notice or notices must be received by the other or others of the parties hereto before the execution of the final Agreement

for the issue of the loan or (in the case of an issue of a part only of the loan) of so much thereof as the parties hereto may from time to time agree to issue.

(2) The party or parties to whom such notice or notices shall have been given shall be entitled to decide among themselves and without reference to the party or parties giving such notice or notices as to which one or more of them shall issue the Residuary Participation but in default of any such decision they shall issue the same equally between them.

(3) In issuing the Residuary Participation no distinction shall be made between the Residuary Participation and the amount or amounts issued on its or their own account by the party or parties issuing the Residuary Participation which shall in all respects be subject to the conditions of the respective Syndicates which may be formed for the purpose of effecting the issue.

(4) Each of the parties issuing the Residuary Participation shall be entitled to decide for itself and without reference to the party or parties giving such notice or notices as to what expenses shall be incurred in relation to the issue of the total amount issued by such party.

(5) The party or parties issuing the Residuary Participation shall be entitled between them to charge the party or parties giving such notice or notices with a commission of not exceeding $1\frac{1}{2}$ per cent. on the nominal amount of the Residuary Participation and also with a pro rata share of the total expenses which the issuing party or parties may in their sole discretion incur in relation to the whole issue and being in the proportion which the Residuary Participation bears to the total nominal amount of the issue.

(6) The party or parties issuing the Residuary Participation shall not by virtue of this Agreement incur any responsibility to subscribe for the Residuary Participation or to cause the same to be subscribed.

(7) Each party issuing the Residuary Participation shall apply all subscriptions received by it pro rata between the Residuary Participation issued by it and the amount issued by such party on its own account.

(8) Each of the parties issuing the Residuary Participation will apply for and use its best endeavors to obtain a quotation on its market for the total amount issued by it.

(9) No issue of the Residuary Participation or any part thereof shall be made by the party or parties giving such notice or notices unless mutually agreed by the parties hereto.

7. No participation shall be given by any one of the parties hereto outside its own market. Any participation given in its own market

by any one of the parties hereto shall be for its own account only or in the event of the issue including any of the Residuary Participation for the accounts pro rata of the issuing Bank and the party or parties giving such notice or notices as aforesaid and in giving any such participation the party giving the same shall use its best endeavors to secure that no part of such participation shall be transferred to parties outside the market of the party giving the same. Any other participation shall be given only with the consent of all parties hereto and shall be borne in equal shares by the parties hereto.

8. This Agreement shall remain in force for the period of five years from the date hereof provided nevertheless that a majority of the parties hereto may by twelve months' previous notice in writing addressed to the other parties hereto determine this Agreement at any time.

IN WITNESS whereof the duly authorized representatives of the respective parties hereto have set their hands the day and year first above written.

*For the Hongkong and Shanghai Banking Corporation
On behalf of the British Group:*

C. S. ADDIS

*For the Banque de l'Indo Chine
On behalf of the French Group:*

TH. DE LA CHAUME

*For the Yokohama Specie Bank, Ltd.
On behalf of the Japanese Group:*

K. TAKEUCHI

For and on behalf of the American Group:

J. P. MORGAN & Co.

KUHN, LOEB & Co.

THE NATIONAL CITY BANK OF NEW YORK

By J. A. STILLMAN

President

THE GUARANTY TRUST COMPANY OF NEW YORK

By J. R. SWAN

Vice President

CONTINENTAL AND COMMERCIAL TRUST AND SAVINGS
BANK, CHICAGO

By JOHN JAY ABBOTT

Vice President

CHASE NATIONAL BANK, NEW YORK CITY

By A. H. WIGGIN

Chairman

LEE, HIGGINSON & Co.

[Enclosure 2]

*Minutes of Consortium Conferences Held in New York,
October 11-15, 1920*

Minutes of a Meeting held in the Executive Committee Room of
the New York Chamber of Commerce on October 11, 1920.

Present.

Sir Charles Addis
Mr. S. F. Mayers
 Representing the British Group
Monsieur R. Thion de la Chaume
Monsieur Georges Picot
 Representing the French Group
Mr. Kimpei Takeuchi
Mr. Reitaro Ichinomiya
 Representing the Japanese Group
Mr. Thomas W. Lamont
Mr. Mortimer L. Schiff
Mr. Charles H. Sabin
Mr. Albert H. Wiggin
Mr. Frederic W. Allen
Mr. John Jay Abbott
 Representing the American Group

In attendance.

Mr. R. C. Witt	Mr. F. W. Stevens
Monsieur Henri Mazot	Mr. Jeremiah Smith, Jr.
Mr. C. F. Whigham	Mr. A. M. Anderson
Mr. J. Ridgely Carter	Mr. Robert I. Barr
Mr. Burnett Walker	Mr. L. L. Strauss.

I. CHAIRMAN

Upon the proposal of Sir Charles Addis it was unanimously agreed that Mr. Thomas W. Lamont take the Chair.

II. SECRETARY

Mr. W. E. Leveson and Mr. J. Ross Tilford were appointed Joint Secretaries to the Meeting.

III. MINUTES OF THE PARIS MEETINGS

The minutes of the Paris meetings of May 11 and 12, 1919, were confirmed, subject to the following three amendments:—

1. *Government Support.* The words in the introductory paragraph “and are entitled to the exclusive diplomatic support of their respective Governments” were deleted and the following substituted:—

“AND WHEREAS their respective Governments have undertaken to give their complete support to their respective national groups the

parties hereto in all operations undertaken pursuant to the agreement hereinafter contained and have further undertaken that in the event of competition in the obtaining of any specific loan contract the collective support of the diplomatic representatives in Peking of the four Governments will be assured to the parties hereto for the purpose of obtaining such contract" . . .¹⁷

2. *Chinese Government Guarantee.* The words "or to companies having Chinese Government or Chinese Provincial Government guarantees" were deleted and the following substituted:—

"or to companies or corporations owned or controlled by or on behalf of the Chinese Government or any Chinese Provincial Government or to any party if the transaction in question is guaranteed by the Chinese Government or Chinese Provincial Government."

3. *Preamble.* The following addition to the recitals to the agreement was adopted:—

"AND WHEREAS the said national groups are of the opinion that the interests of the Chinese people can in existing circumstances best be served by the co-operative action of the various banking groups representing the investment interests of their respective countries in procuring for the Chinese Government the capital necessary for a programme of economic reconstruction and improved communications

"AND WHEREAS with these objects in view the respective national groups are prepared to participate on equal terms in such undertakings as may be calculated to assist China in the establishment of her great public utilities and to these ends to welcome the co-operation of Chinese capital" . . .¹⁷

IV. CONSORTIUM AGREEMENT

It was resolved to print the Agreement as initialled in May, 1919, with the foregoing three amendments in readiness for signature on Wednesday, October 13.

V. BELGIAN GROUP

With reference to the application of a Belgian Group for inclusion in the Consortium it was resolved to welcome such inclusion subject to the approval of the respective Governments of the parties to the Consortium.

It was further resolved that the share offered to the Belgian Group be one-ninth, the shares of each of the existing groups being in such event two-ninths.

VI. ITALIAN GROUP

With reference to the Italian application for inclusion in the Consortium, having regard to existing circumstances, it was resolved to postpone the matter for further consideration.

¹⁷ Omission indicated in the file copy of minutes.

VII. CHINESE GROUP

It was resolved to welcome the co-operation of a Chinese Group forming a representative national unit and prepared to undertake the obligations involved, and that the Peking Representatives of the Consortium be instructed to convey the terms of this resolution to the Ministries of Finance and Communications.

VIII. CONDITIONS OF POOLING

It was resolved that loan agreements when pooled shall be deemed to be assigned to the Consortium during the life of the Consortium, after which, should no action have been taken under them or in connection with them, they shall revert to the original concessionaires.

For and on behalf of the British Group
C. S. ADDIS

For and on behalf of the French Group
TH. DE LA CHAUME

For and on behalf of the Japanese Group
K. TAKEUCHI

For and on behalf of the American Group
THOMAS W. LAMONT

Minutes of an adjourned Meeting held in the Executive Committee Room of the New York Chamber of Commerce on October 13, 1920.

Present.

Sir Charles Addis

Mr. S. F. Mayers

Representing the British Group

Monsieur R. Thion de la Chaume

Monsieur Georges Picot

Representing the French Group

Mr. Kimpei Takeuchi

Mr. Reitaro Ichinomiya

Representing the Japanese Group

Mr. Thomas W. Lamont

Mr. Mortimer L. Schiff

Mr. Charles E. Mitchell

Mr. Albert H. Wiggin

Mr. Frederic W. Allen

Mr. John Jay Abbott

Mr. Burnett Walker

Representing the American Group

In attendance.

Mr. R. C. Witt
 Monsieur Henri Mazot
 Mr. C. F. Whigham
 Mr. J. Ridgely Carter

Mr. F. W. Stevens
 Mr. Jeremiah Smith, Jr.
 Mr. Robert I. Barr
 Mr. L. L. Strauss

The minutes of the meeting of October 11 were read, confirmed and signed.

IX. CURRENCY REFORM

It was resolved that the Peking Representatives be instructed to apply for a renewal of the Currency Loan Agreement for a further six months from October 14, 1920.

It was further resolved that the Groups ask their respective Governments to enquire of the Chinese Government as to the present situation of the Currency Reform question, particularly with reference to the proposed establishment of a Mint at Shanghai.

X. EXISTING AGREEMENTS AND OPTIONS

The following Agreements and Options were offered for pooling by the Groups concerned:—

- By the British, French and American Groups
 Hukuang Railways Loan, 1911, second series and further loan.
- By the British, French and Japanese Groups
 Reorganization Loan, 1913, further loan.
- By the British and French Groups
 Currency Reform and Industrial Development Loan, 1911.
- By the British Group
 Pukou-Sinyang Railway Loan, 1913.
 Nanking-Hunan Railway Loan, 1914.
- By the Japanese Group
 Jehol-Taonan Railway Preliminary Agreement.
 Tsinan-Shuntch, Kaomi-Hsuchou Railway Preliminary Agreement.
- By the American Group
 Chinchowfu-Aigun Railroad, 1910.
 Hengchowfu-Nanning Railway
 Fengcheng-Ningsia Railway
 Ningsia-Lanchowfu Railway
 Chungchow-Lu Kwei Railway
 Hangchow-Wenchow Railway
 } 1916.
 Grand Canal Improvement Contract, 1917.
 Continental and Commercial Trust & Savings Bank Loan, 1919.
 Pacific Development Corporation Loan, 1919.

The following reservations were noted:—

The American Group stated that the negotiations for pooling the 1916 Railway Agreements and the Grand Canal improvement Contract were still incomplete but that of their successful issue there was little doubt.

The Japanese Group stated that technical difficulties still required arrangement in regard to the Shantung Railways.

The British Group reserved the rights of the concessionaires under Article 22 of the Pukou-Sinyang Railway Loan to the commutation of net profits.

XI. LAND TAX

Referring to the minutes of the Inter-Group Conference of January 30, 1917, on the subject of Land Tax, it was resolved that the Consortium note this source of security for consideration later should occasion arise.

XII. SILVER LOAN

It was resolved that the Consortium instruct its Banking representatives to report as to the prospects of issuing a Chinese Silver Loan in China to be treated, notwithstanding Article 2 of the draft agreement approved in Paris on May 12, 1919, as within the scope of the Consortium agreement.

For and on behalf of the British Group.
C. S. ADDIS

For and on behalf of the French Group.
TH. DE LA CHAUME

For and on behalf of the Japanese Group.
K. TAKEUCHI

For and on behalf of the American Group.
THOMAS W. LAMONT

Minutes of an adjourned Meeting held in the Executive Committee Room of the New York Chamber of Commerce on October 15, 1920.

Present.

Sir Charles Addis
Mr. S. F. Mayers
Representing the British Group

Monsieur R. Thion de la Chaume
Monsieur Georges Picot
Representing the French Group

Mr. Kimpei Takeuchi
Mr. Reitaro Ichinomiya
Representing the Japanese Group

Mr. Thomas W. Lamont
Mr. Mortimer L. Schiff
Mr. Charles E. Mitchell
Mr. Joseph R. Swan
Mr. Robert I. Barr
Mr. Frederic W. Allen
Mr. John Jay Abbott
Representing the American Group.

In attendance.

Mr. R. C. Witt
Monsieur Henri Mazot
Mr. C. F. Whigham
Mr. J. Ridgely Carter

Mr. Jeremiah Smith, Jr.
Mr. F. W. Stevens
Mr. A. M. Anderson
Mr. Burnett Walker

Mr. L. L. Strauss

The minutes of the meeting of October 13 were read, confirmed and signed.

XIII. CONDITIONS OF POOLING

Resolved that in tabling and offering for pooling the agreements or options of which they have furnished particulars, the Groups do so on the understanding that the other parties will also offer for pooling their contribution in the form of agreements or options, and until such contribution is forthcoming the Consortium shall have power to determine at a meeting of the Consortium whether such Group shall be entitled to share in any benefits arising out of the agreements or options pooled by the other Groups.

XIV. CONSORTIUM AGREEMENT

The Agreement submitted on October 11 was signed by the delegates.

XV. PACIFIC DEVELOPMENT CORPORATION LOAN

The Sub-Committee upon the subject of the Pacific Development Corporation loan and contract reported unanimously that in their judgment the Wine and Tobacco Revenue is capable, under effective foreign supervision, of furnishing a satisfactory security for a substantial loan. The Sub-Committee offered for consideration by the Consortium the following resolutions:

“RESOLVED that the American Group be requested, if it deems well, to take over for its own account, for the ultimate benefit of the Consortium, the \$5,500 000 loan heretofore made by the Pacific Development Corporation, and with such loan to take over all such rights and privileges with reference to the Wine and Tobacco Revenue as may properly be assigned with it:

“RESOLVED FURTHER, that it is the sense of the Consortium that the Pacific Development Corporation contract in its present form does not furnish a practicable working basis for further loans; that an entirely fresh contract should be negotiated by the Representatives in Peking; and that the Chinese Government should be notified of these views of the Consortium.”

The foregoing Resolutions were adopted.

XVI. HUKUANG RAILWAYS LOAN, 1911, GERMAN ISSUE

It was resolved without questioning that the course hitherto pursued by the Chinese Government has been followed in good faith,

that it is now manifest that the successful flotation of further Chinese loans in foreign markets, which are necessary if the work of the Consortium for the benefit of China is to be carried out, imperatively requires a public announcement by the Chinese Government with reference to the German issue of bonds forming part of the Hukuang Loan, to the general effect that after consideration of all the facts and the unprecedented conditions involved, and resolving all doubts in favour of the holders of such bonds, the Chinese Government has determined to recognize the entire issue without distinction.

XVII. RAILWAY POLICY OF THE CONSORTIUM

It was resolved that the following memorandum for the guidance of the Representatives in Peking upon the subject of the Railway Policy of the Consortium presented by the Sub-committee appointed to consider the question be adopted:—

MEMORANDUM

The early resumption of railway construction in China is of first importance, and completion of the Hankow-Canton section of the Hukuang Railways should be the first aim.

Provided that the Chinese Government will accept conditions satisfactory to the Consortium in regard to the supervision of construction expenditure and of operation, to be embodied in a new loan agreement, the Consortium will be prepared to undertake the issue of gold bonds, if market conditions permit, and to authorize their representative banks in China to issue in China, on behalf of the Chinese Government, silver bonds, of sufficient amount to meet the necessary expenditure for eighteen months' requirements, which are tentatively estimated at silver dollars 20 million (say G\$15 million). Of this amount the Consortium will be prepared, by the issue of gold bonds, to furnish two-thirds, if the balance can be furnished by the issue of silver bonds in China.

On this basis, and without precluding some increase in the amount named in case it is shown to be insufficient, the new agreement should form a foundation for the various modifications which are requisite in giving effect to other railway loan agreements pooled by the groups constituting the Consortium.

It should be explained to the Ministry of Communications, after study of the question and at the discretion of the Peking representatives, that the desire of the Consortium is to place its services at the disposal of the Chinese Government as an instrument to furnish capital and other means for railway construction, and that it cannot convince foreign markets of the desirability of Chinese invest-

ments unless it can satisfy them completely that the investments offered are duly safeguarded.

The Consortium is fully prepared to leave to the judgment and responsibility of the Peking representatives the actual definition of the safeguards required. It should, however, be borne in mind that the ultimate unification of the Chinese Government railways is an object to be kept in view and that the Consortium has recognized in principle the desirability of treating the problem of construction as an undivided whole and not sectionally. Further it is the desire of the Consortium to receive from their Peking representatives suggestions on the question of improving the existing system of purchasing materials, and on the subject of purchase by open tender, as well as information upon the action already taken by the Chinese Government regarding the standardization of railway equipment.

In order to carry out the wish of the Consortium to be of continuous practical assistance to the Chinese Government, the Consortium would view with favor the admission of its representatives in Peking to the counsels of the Ministry of Communications by means of the formation by the Ministry of a standing committee of which the Peking representatives would form part and which would be charged with supervising the construction and operation of Chinese Government railways financed by the Consortium.

XVIII. CHINESE EASTERN RAILWAY

It was resolved that the Consortium will, if desired by their respective Governments, and if market conditions permit, consider an application for a loan to meet the financial requirements of the Chinese Eastern Railway, estimated at \$10,000,000 gold, provided satisfactory conditions can be arranged as to security, as to the payment of the debts due from the Allied and Associated Powers, as to the Allied and Associated Powers undertaking that there shall be no military interference with the traffic of the Railway, and as to the position of the representatives of the Consortium Powers on the technical board (or other administrative body) being regularized and stabilized.

The Japanese representatives stated that they were not in a position to express their views on this question, for the reason that the Japanese Group were not authorized by their Government to take up the matter, pending negotiations between the Governments concerned, and further that the Japanese Group considered the matter as technically lying outside the scope of the Consortium Agreement.

XIX. CENTRAL AGENCY AND CLEARING HOUSE

It was resolved that, in lieu of the provisions of the Minutes of July 7, 1913, and of the arrangement of October 2, 1913, each of the

Groups shall pay to the Hongkong & Shanghai Banking Corporation an inclusive annual fee of £750, payable half yearly, to defray the cost of the special work entailed in acting as Central Agency to the Consortium and including its services for acting as Clearing House.

XX. APPROVAL OF GOVERNMENTS

It was agreed that all resolutions taken by the delegates as recorded in the Minutes of the Consortium are subject to the approval of the Governments of the respective groups.

For and on behalf of the British Group.

C. S. ADDIS

For and on behalf of the French Group.

TH. DE LA CHAUME

For and on behalf of the Japanese Group.

K. TAKEUCHI

For and on behalf of the American Group.

THOMAS W. LAMONT

893.51/3023 : Telegram

The Acting Secretary of State to the Minister in China (Crane)

WASHINGTON, *October 28, 1920—7 p.m.*

302. Following from American Group for your information:

“Final Consortium Agreement signed October 15. In order that public generally may gain clearer conception of Consortium’s ideas with respect to its relations to China we quote to you for repetition to Chinese Government the following expressions adopted for insertion in Consortium Agreement:

‘The said national groups are of the opinion that the interests of the Chinese people can in existing circumstances best be served by the coöperative action of the various banking groups representing the investment interests of their respective countries in procuring for the Chinese Government the capital necessary for a programme of economic reconstruction and improved communications. With these objects in view the respective national groups are prepared to participate on equal terms in such undertakings as may be calculated to assist China in the establishment of her great public utilities and to these ends to welcome the coöperation of Chinese capital.’

American Group also states that delegates are giving careful consideration to general loan situation.”

DAVIS

893.51/3024 : Telegram

The Acting Secretary of State to the Minister in China (Crane)

WASHINGTON, October 30, 1920—6 p.m.

306. Your 348 October 29, 10 p.m.²⁰

Department perceives no objection to your furnishing to the press statement contained in its 302 October 28, 7 p.m. With reference to land tax you might add that this source of revenue was simply noted by the Consortium for consideration should occasion arise.

DAVIS

893.51/3027 : Telegram

The Acting Secretary of State to the Minister in China (Crane)

WASHINGTON, November 2, 1920—5 p.m.

309. Your 340, October 22nd, 8 p.m.²⁰ communicated to the American Group which replies as follows:

“(1) We recognize that the councils [*counsels?*] of the Japanese are at times divided, but in the matter of the Consortium the Japanese Banking Group seems to be acting in perfect good faith and with no lack of authority. The Japanese made no suggestion as to the Land Tax and the Minister must have been entirely misinformed on that whole point because there has been no request that the Land Tax be included as security.

(2) It must be made clear that the Consortium is not prepared to rehabilitate the Chinese Government if such rehabilitation requires the advancement of considerable sums for early administrative purposes. The success of the bankers in floating Chinese loans is dependent entirely upon the favorable attitude of Western investors. These investors are well aware today that the Chinese Government is incurring a deficit of from six to eight million dollars per month and American investors will not subscribe to a loan made for the purpose of meeting such a deficit. The only chance to induce investors to buy Chinese loans is if they are intended for really constructive purposes. As already stated, the American Group is now working on a loan plan with such ends in view.

(3) American Group has requested that State Department arrange with the other three Governments to issue a joint announcement of the final formation of the Consortium, which announcement will presumably be made in the near future.

(4) The Governments are not in a position to state that the Consortium's operations will be withdrawn at any given time. The present Consortium agreement covers a period of five years. Further, it should be manifest that without the cooperation and active desire of the Chinese people and Government the Consortium cannot operate at any time.”

DAVIS

²⁰ Not printed.

893.51/3026 : Telegram

*The Acting Secretary of State to the Chargé in Japan (Bell)*²¹

WASHINGTON, November 2, 1920—6 p.m.

405. With reference to Department's telegram of today concerning approval of Consortium,²² it is desired that you advise the Government to which you are accredited that this Government for its part contemplates making on November 8th a public announcement concerning the Consortium in the following sense:²³

"The Government of the United States is gratified to learn that the agreement tentatively adopted in May, 1919, at Paris by representatives of the investing public of America, Great Britain, France, and Japan, covering the formation of the new Consortium for the assistance of China, has now been confirmed by the signature of the four banking groups. This international association thus coming into existence under the name of the Consortium has been organized with the full approval of the four Governments, and in the belief by them that the interests of the Chinese people can best be served by the cooperative action of their several banking communities to the end that the Chinese Government may be able to procure (through loan agreements involving the issue for subscription by the public of loans to the Chinese Government or other agencies involving a guarantee by the Chinese Government or Chinese Provincial Government) the capital required, particularly for the construction of improved means of communication and transportation. It is thus hoped to assist the Chinese people in their efforts toward a greater unity and stability, and offer to individual enterprise of all nationalities equal opportunity and a wider field of activity in the economic development of China. It is further believed that through such cooperative action a greater degree of understanding and harmony with reference to Far Eastern matters may be reached among all five of the nations involved."

You will state that we submit the text of this announcement in the hope that the other interested Governments will deem it fitting to issue simultaneously and in similar terms such a statement concerning the consummation of the Consortium organization.

DAVIS

²¹ The same telegram to the Chargé in Great Britain as no. 1114 for repetition to the Ambassador in France as no. 1598.

²² Apparently refers to no. 409, Nov. 3, 3 p.m., p. 592, which was originally dated Nov. 2.

²³ The Chargé in Japan was instructed in telegram no. 427, Nov. 16 (not printed), to repeat to the Minister in China the text of the public announcement.

893.51/3020 : Telegram

*The Secretary of State to the Chargé in Japan (Bell)*²⁴

WASHINGTON, November 3, 1920—2 p.m.

408. The Consortium meeting held at New York October 11th to 15th adopted the following resolution "With reference to the application of a Belgian Group for inclusion in the Consortium it was resolved to welcome such inclusion subject to the approval of the respective Governments of the parties to the Consortium."

It is desired that you inform the Government to which you are accredited that this Government approves of the admission of a Belgian bankers group to the Consortium and suggests that the Belgian Government be informed by the interested powers that upon its approval and acceptance of the Consortium agreement and resolutions a Belgian Group will be welcomed into the Consortium.

Repeat to Peking as Department's 311 for information.

COLBY

893.51/3011 : Telegram

*The Secretary of State to the Chargé in Japan (Bell)*²⁵

WASHINGTON, November 3, 1920—3 p.m.

409. It is desired that you recall to the attention of the Government to which you are accredited that the Resolutions adopted by the Consortium meeting at New York provided that "all resolutions taken by the delegates as recorded in the Minutes of the Consortium are subject to the approval of the Governments of the respective groups." This Government has for its part conveyed to the American Group the formal approval thus contemplated and hopes that the Government to which you are accredited has placed its approval similarly on record.

Repeat to Peking as Department's 312 for information.

COLBY

²⁴ The same, with the omission of the last paragraph, to the Chargé in Great Britain as no. 1115, with instructions to repeat to the Ambassador in France as no. 1600. See last paragraph for instructions to repeat to Peking as no. 311 for information.

²⁵ The same, with the omission of the last paragraph, to the Chargé in Great Britain as no. 1116, with instructions to repeat to the Ambassador in France as no. 1601. See last paragraph for instructions to repeat to Peking as no. 312 for information.

893.51/3041 : Telegram

*The Chargé in Great Britain (Wright) to the Secretary of State*LONDON, *November 6, 1920—1 p.m.*

[Received 3:54 p.m.]

1584. Your 1114 November 2, 6 p.m.²⁶ and 1115²⁷ and 1116²⁸ November 3 regarding consortium. Foreign Office has only just unofficially received copy of group agreement. When examination thereof is concluded which will undoubtedly be satisfactory British Government will be ready to announce its approval but it can not do so by date suggested by Department. It is sympathetic to the idea of admission of Belgium which it will be willing to announce at that time.

I am informally advised Italian Government has renewed pressure for admission which Foreign Office feels might be difficult long to withstand. I also learn that Japanese Ambassador has request for publication in China of the entire consortium correspondence in order to correct erroneous impressions prevalent there regarding Japanese policy. Paris informed.

WRIGHT

893.51/3040

*The Secretary of State to the American Group*WASHINGTON, *November 9, 1920.*

GENTLEMEN: The Department has your letter of November 5th,²⁹ in which you state that you desire the early views of the Department on the question of the publication of the Consortium Agreement of October 15th, in order to allay suspicion which apparently has been engendered in China on the ground that the Agreement is a secret understanding. You state further that in the meantime, in order to meet the situation temporarily, you have prepared a brief summary of the Agreement, copy of which you enclosed for the Department's information and comment,²⁹ which has met the approval of the other Governments and which you propose shortly to give to the Press.

With reference to the proposal of publishing the Consortium Agreement, the Department for its part sees no objection to such a procedure, provided it meets with the approval of the other Governments interested and to that end suggests that the Groups sev-

²⁶ See footnote 21, p. 591.²⁷ See footnote 24, p. 592.²⁸ See footnote 25, p. 592.²⁹ Not printed.

erally obtain from their respective Governments the necessary approval.

With regard to the proposed publication of the summary enclosed with your letter under acknowledgment, the Department perceives no objection to your giving this to the Press as you propose.

I am [etc.]

For the Secretary of State:

ALVEY A. ADEE

Second Assistant Secretary

893.51/3041: Telegram

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

WASHINGTON, November 9, 1920—5 p.m.

1137. Your 1584, November 6, 1 p.m.

Department is informed by telegram from Tokyo dated November 7th³¹ that Japanese Minister of Foreign Affairs has formally approved of proposed public announcement subject to concurrence of other interested Governments. Department therefore will defer making of announcement until 20th instant in the hope that it can be made simultaneously by all four interested Governments.

Repeat to Paris as No. 1628, referring to its No. 1896 November 6th, 9 p.m.³¹

COLBY

893.51/3048: Telegram

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

WASHINGTON, November 12, 1920—6 p.m.

423. Your 579, November 9, 1 p.m.³¹

You may inform Japanese Government that this Government proposes to address the Belgian Government as follows and state that this Government hopes the Japanese Government may make an identical communication:

“I have the honor to acknowledge the receipt of your note of November 4, 1920,³¹ referring to the fact that the representatives of the American, British, French and Japanese Groups had voted, at the Consortium meeting held at New York last month, to approve the admission of a Belgian Banking Group in the Chinese Consortium, subject to the approval of the respective Governments of the parties concerned.

In reply I have the honor to inform you that this Government approves of the admission to the Consortium of a Belgian Banking

³¹ Not printed.

Group on the same terms as those accepted and approved by the American, British, French and Japanese Banking Groups.”

Acting upon suggestion of Japanese Government this text is being submitted to British and French Governments with a view to its use in identic communications to the Belgian Government.

COLBY

893.51/3053 : Telegram

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

TOkyo, November 13, 1920—9 a.m.

[Received November 13—3:45 a.m.]

588. My 571 November 5, 1 p.m.³² and your 409 November 3, 3 p.m. I have received following note from Minister for Foreign Affairs dated November 12th, 1920:³³

“I have the honor to acknowledge the receipt of your note of the 5th instant in which you were good enough to acquaint me that consequent upon the decision taken at the recent meeting of the Chinese loan consortium held in New York that all resolutions adopted by the delegates as recorded in the minutes of the consortium are subject to the approval of the Governments of the respective groups, the Government of the United States has conveyed to the American group its formal approval thus contemplated.

I am happy to be able to inform you in reply that the Japanese Government will also give their formal approval shortly to the Japanese bankers group of the resolutions above alluded to. It is however to be pointed out in this connection that such approval must be taken subject to the one or two reservations made by the Japanese delegates as recorded in the minutes of the consortium.”

BELL

893.51/3060 : Telegram

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

LONDON, November 15, 1920—8 p.m.

[Received November 16—5:52 a.m.]

1615. British Government informally states that if all other Governments agree regarding public announcement of consortium agreement it will likewise concur, but meanwhile makes following observations on general question.

1. Official notification of resolutions have now been received from British group which will forthwith be approved specifically save

³² Not printed.

³³ The original of this note was in the Japanese language; for the text as received in this telegram there has been substituted a translation furnished by the Japanese Government.

as to resolution 16, on which point however it is not desired to delay matters. It is considered sufficient if Chinese Government choose of its own free will to act as suggested in the resolution.

2. Belgian Ambassador will be notified of approval of the entry of a Belgian group, his attention being called however to reported conclusion of Belgian Dutch loan agreement for sixty million francs to the Chinese Government and the bearing this has on resolution 17.

3. Communication to the Chinese Government of the approval of the consortium before the public announcement would appear to be the most logical procedure. The gist of the resolutions have been telegraphed to British Chargé d'Affaires Peking who is instructed to collaborate with American Minister.

I have just received from Embassy Paris and British Foreign Office news of French concurrence regarding publication on 20th instant.

DAVIS

893.51/3060 : Telegram

The Secretary of State to the Minister in China (Crane)

WASHINGTON, November 16, 1920—7 p.m.

336. Embassy at Tokyo will communicate to you text of a public announcement concerning the Consortium which Department will give to the press November 20th. Before that date it is desirable that you in collaboration with your British, French and Japanese colleagues communicate to the Chinese Government the approval of the four Governments of the Consortium. Department understands British Legation has been instructed to consult with you in this matter.

COLBY

893.51/3069 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, November 19, 1920—8 p.m.

[Received November 19—3:13 p.m.]

390. Your 336, November 16, 7 p.m. British Chargé d'Affaires in receipt of text mentioned your 336, November 16, 7 p.m. but British, French and Japanese Legations without instructions to communicate to Chinese Government approval of consortium, therefore unable to take action. As I assume that Department desires me to act only in concert with my colleagues I shall delay any action pending

further instructions which I suggest should detail form of approval to communicate.

CRANE

893.51/3069 : Telegram

The Secretary of State to the Minister in China (Crane)

WASHINGTON, November 20, 1920—1 p.m.

344. Your 290 [390], November 19, 8 p.m.

You should limit your communication to the Chinese Government to a mere statement of the Government's approval of the Consortium Agreement, using such parts of text of public announcement mentioned in Department's 336, November 16, 7 p.m., as may be deemed appropriate.

Department is giving announcement to Press today. American Group at New York gave to Press a summary of Consortium Agreement which has appeared in this morning's papers.

COLBY

893.51/3075 : Telegram

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

TOKYO, November 21, 1920—10 a.m.

[Received November 21—6:25 a.m.]

601. My 600, November 20, 5 p.m.³³ Foreign Office last evening issued public announcement in Japanese and English. English version is identical with statement contained in your 405, November 2, 6 p.m., while Japanese text is an accurate translation.

Repeated to Peking.

BELL

893.51/3083 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, November 24, 1920—11 p.m.

[Received November 25—2:09 a.m.]

402. Department has doubtless learned British Government refrained from making consortium announcement on 20th due to Chargé d'Affaires' advice against making any public announcement on the subject at this time in view of opposition [to] consortium in China. Chargé d'Affaires' advice was given on general principles before he had any knowledge of proposal to make joint announce-

³³ Not printed.

ment or before Addis interview which latter Chargé deplores. Today's meeting four Legations agreed upon form of joint note along lines of Department's 344, November 20, 1 p.m. British Chargé d'Affaires has telegraphed to London for authority to join the three other Legations. Announcement of 20th has not provoked any particular comment in Chinese circles. Chow³⁴ finally sent sufficiently definite invitation to groups so that they called upon him 23rd. Groups are sending identic telegram describing interview³⁵ to which Legation refers.

Llegation feels that action of Chow in receiving groups constitutes answer to Lamont's query in the Department's 333, November 15, 5 p.m.³⁵ Legation has deemed wisest to refrain from any direct inquiries on this point.

CRANE

893.51/3089: Telegram

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

WASHINGTON, November 30, 1920—6 p.m.

437. In view of possible ambiguity in the last paragraph of proposed note to Belgian Government quoted in Department's 523 [423] November 12, 6 p.m., Department proposes that the following be substituted for the second paragraph

"In reply I have the honor to inform you that this Government approves of the admission to the Consortium of a Belgian Banking Group on the terms accepted and approved by the American, British, French and Japanese Banking Groups. In approving the application of Belgium to enter the Consortium it is assumed that the Belgian Banking Group understands it is obligated to turn in or to see that there is turned in such concessions or obligations as may properly come within the purview of the Consortium."

The Department will address a note to the Belgian Embassy here using this text. You may inform Foreign Office that it has been shown to Shidehara. You may also state that this Government understands that the French Government communicated its approval to the Belgian representative at Paris prior to November 18, using the text given in Department's 523 [423] referred to above, while the British Government is understood to have communicated its approval to the Belgian representative in London on or about November 25, using text of Department's 523 [423] with the addition of the statement that the terms of participation will be ascertained by the Belgian Group when discussing their entry with the other Groups.

COLBY

³⁴ Chow Tzu-ch'i, Chinese Minister of Finance.

³⁵ Not printed.

893.51/3050 : Telegram

The Acting Secretary of State to the Minister in China (Crane)

[Paraphrase]

WASHINGTON, *December 9, 1920—6 p.m.*

364. The information conveyed in your despatch No. 291, September 27,³⁶ that several documents listed in our telegram No. 179, July 15,³⁷ were not included among those referring to the new Consortium which you joined in communicating to the Chinese Government, was disappointing to the Department. This Government especially desired that among the documents communicated to the Chinese Government regarding the Consortium should be all of those in which the United States took the lead in opposing the claims which the Japanese Government was inclined to make regarding Manchuria based upon giving to the Lansing-Ishii Agreement an interpretation at variance with its true meaning. Some of the more important of these documents were omitted, and on this account those communicated may give the impression that it was pressure from her ally which led Japan to abate her claims. The Department was not aware of these omissions until the receipt of your despatch; and from your telegrams No. 286, October 2, and No. 305, October 8,³⁸ it received the impression that its instructions had been complied with. Acting under this misapprehension the Department showed to the Chinese Minister confidentially copies of the documents listed in its telegraphic instructions, No. 179, July 15.

You must realize that a misunderstanding of this kind by the Department as to what an embassy or legation has done on its behalf places the Department in a dangerous situation in its negotiations with other Governments concerned. The Department hopes that hereafter the Legation will not depart from its instructions except when local emergencies create a condition which justifies telegraphing to the Department for a change of instructions.

You are instructed to keep in mind in any further discussions regarding publication of documents concerning the Consortium that it is our desire that all documents listed in our telegraphic instructions No. 179 of July 15 shall be included.

DAVIS

³⁶ *Ante*, p. 570.

³⁷ *Ante*, p. 552.

³⁸ Neither printed.

S93.51/3034

The Acting Secretary of State to the Belgian Chargé (Symon)

WASHINGTON, December 13, 1920.

SIR: I have the honor to acknowledge the receipt of your note of November 4, 1920,⁸⁹ referring to the fact that the representatives of the American, British, French and Japanese Groups had voted, at the Consortium meeting held at New York last month, to approve the admission of a Belgian Banking Group in the Chinese Consortium, subject to the approval of the respective Governments of the parties concerned.

In reply I have the honor to inform you that this Government approves of the admission to the Consortium of a Belgian Banking Group on the terms accepted and approved by the American, British, French and Japanese Banking Groups. In approving the application of Belgium to enter the Consortium it is assumed that the Belgian Banking Group understands it is obligated to turn in or to see that there are turned in such concessions or obligations as may properly come within the purview of the Consortium.

Accept [etc.]

NORMAN H. DAVIS

893.51/3129 : Telegram

The Minister in China (Crane) to the Acting Secretary of State

PEKING, December 13, 1920—10 p.m.

[Received December 14—6:36 p.m.]

433. My 402, November 24, 11 p.m. At a meeting today [of] four Legations following text was drafted for approval of the respective Governments as note to China Foreign Office:

"The undersigned representatives of America, Great Britain, France and Japan have the honor to inform Your Excellency that an agreement on the lines tentatively adopted in May 1919, at Paris, by the representatives of the investing public of the countries above mentioned covering the formation of a new consortium for the assistance of China by providing the capital required for constructive works, has now been confirmed at New York by the signatures of duly accredited representatives of the four banking groups, and that this international association thus coming into existence under the name of the consortium has received the full approval of the four Governments interested.

The texts of the consortium agreement and of the resolutions passed at the recent conference at New York have now reached the group banks at Peking and are at the disposal of the Chinese Government whenever it should express the wish to see them."

Do you approve the above?

CRANE

⁸⁹ Not printed.

893.51/3130 : Telegram

The Minister in China (Crane) to the Acting Secretary of State

PEKING, *December 14, 1920—10 p.m.*

[Received December 15—4 a.m.]

435. At meeting of the four consortium Legations, Japanese Minister made a plea for publication of consortium documents already communicated to Chinese Government, and stated that American and French Governments had given their consent thereto. British Minister expressed view of his Government that time was perhaps inopportune in view of China opposition to consortium, and as consortium was now regarded and discussed more as a commercial than as a political question. It was agreed to defer further consideration of the matter until the Chinese Government had made a request to see the texts of the consortium agreement and resolutions referred to in last paragraph my 433, December 13th, 10 p.m. Do you wish to make condition of acceptance by American Government of publication proposal the inclusion of American texts of documents referred to in your 364, December 9th, 6 p.m.? Believe that much of the feeling against the consortium is due to lack of frankness toward Chinese public, and that advantage should be taken of Japan's new attitude, especially in view of Stevens' ⁴⁰ early arrival.

CRANE

893.51/3154 : Telegram

The Acting Secretary of State to the Minister in China (Crane)

WASHINGTON, *December 24, 1920—3 p.m.*

392. Your 460, December 22, 9 p.m.⁴¹

Department accepts suggestion of British Legation that additional confidential correspondence including American texts which are to be made public should be communicated to Chinese Government before publication.

DAVIS

893.51/3165 : Telegram

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

LONDON, *December 28, 1920—2 p.m.*

[Received 4:23 p.m.]

1738. British group suggests, and Foreign Office concurs, that eighth word of second paragraph of the draft communication to the

⁴⁰ Frederick W. Stevens, appointed by the American group as its representative at Peking.

⁴¹ Not printed.

Chinese Government concerning consortium prepared by Legations of interested powers at Peking⁴² be altered to read "information regarding." Altered paragraph will thus begin "The text of the consortium agreement and information regarding the resolutions, etc." The alteration would afford the advantage of not necessarily committing the groups to communicating actual texts of the documents but merely the substance if considered preferable.

Foreign Office informing British Legation, Peking, that it approves suggestion and awaits reply of other Governments concerned.

DAVIS

893.51/3165: Telegram

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

WASHINGTON, December 30, 1920—7 p.m.

1270. Your 1738, December 28, 2 p.m.

You may inform British Foreign Office that this Government believes that no good purpose will be served by further delay in communicating the complete texts of Consortium Agreement and Resolutions of October 15th to the Chinese Government. On the contrary it feels that the sooner communication is made the better as it believes that only by entire frankness can the present atmosphere of distrust be dispelled.

DAVIS

893.51/3178: Telegram

The Acting Secretary of State to the Minister in China (Crane)

WASHINGTON, January 12, 1921—3 p.m.

18. Your 9, January 6, 7 p.m.⁴³ The Agreement is the essential thing to be communicated whether by the Groups or by the Legations, even though the question of communicating resolutions be held over until unanimity can be reached among those interested.

DAVIS

⁴² See telegram no. 433, Dec. 13, from the Minister in China, p. 600.

⁴³ Not printed.

893.51/3279

The Minister in China (Crane) to the Acting Secretary of State

No. 734

PEKING, *January 19, 1921.*

[Received February 24.]

SIR: I have the honor to refer to the Legation's telegram No. 9, of January 6th, 7 p.m.,⁴⁴ and to forward herewith copy of a note addressed to the Minister of Foreign Affairs dated January 13th, 1921, and signed by the representatives of America, Great Britain, France and Japan, signifying full approval of the four interested Governments to the new Consortium.

I have [etc.]

CHARLES R. CRANE

[Enclosure]

The American, British, French, and Japanese Representatives in China to the Chinese Minister of Foreign Affairs (W. W. Yen)[PEKING,] *January 13, 1921.*

MONSIEUR LE MINISTRE: The undersigned Representatives of America, Great Britain, France and Japan have the honour to inform Your Excellency that an agreement on the lines tentatively adopted in May, 1919, at Paris by the representatives of the investing public of the countries above mentioned, covering the formation of a new Consortium for the assistance of China by providing the capital required for constructive works, has now been confirmed at New York by the signatures of duly accredited representatives of the four Banking Groups, and that this International association thus coming into existence under the name of the Consortium has received the full approval of the four Governments interested.

The text of the Consortium agreement signed on October 15, 1920, at the recent conference in New York, is being communicated by the Group Banks' representatives to the Ministries of Finance and Communications.

We avail ourselves [etc.]

CHARLES R. CRANE
B. ALSTON
MAUGRAS
Y. OBATA

893.51/3283

The Minister in China (Crane) to the Acting Secretary of State

No. 726

PEKING, *January 19, 1921.*

[Received February 24.]

SIR: I have the honor to refer to the Department's instructions No. 364, of December 9th, 6 p.m., regarding the joint communication of

⁴⁴ Not printed.

additional Consortium documents to the Chinese Government, and to state that I immediately discussed the matter with my three interested Colleagues, and there is enclosed herewith copy of a letter dated December 29th which was subsequently addressed to the three Legations.⁴⁵ On January 5th the French Legation signified its consent as did likewise the Japanese Legation on January 10th. Copies of these replies are enclosed herewith.⁴⁵ The British Minister verbally assured me that he was authorized to join in the note. On January 14th a note was addressed to the Foreign Office and signed by the four interested Ministers, copy of which, with list of enclosures, is forwarded herewith.

I have [etc.]

CHARLES R. CRANE

[Enclosure 1]

The American, British, French, and Japanese Representatives in China to the Chinese Minister of Foreign Affairs (W. W. Yen)

PEKING, January 14, 1921.

EXCELLENCY: Supplementing the joint communication addressed to Your Excellency on September 28th, 1920,⁴⁶ by the representatives of France, Japan, the United States of America and Great Britain, with which was forwarded a collection of documents which have passed between the Governments interested in the Consortium, the Undersigned have the honor to enclose herewith for the confidential information of the Chinese Government further correspondence which will serve to amplify the record of the negotiations.

We avail ourselves [etc.]

Y. OBATA

B. ALSTON

CHARLES R. CRANE

MAUGRAS

[Enclosure 2]

*List of Documents Communicated to the Chinese Government
Respecting Organization of a New Consortium*

- A. Memorandum from American Embassy to Japanese Foreign Office, July 6, 1919.⁴⁷
- B. Exchange of memoranda between Department of State and Japanese Embassy.
 - 1. To Japanese Embassy, dated July 30, 1919.⁴⁸

⁴⁵ Not printed.

⁴⁶ *Ante*, p. 572.

⁴⁷ See note of July 3, to the Japanese Chargé, *Foreign Relations*, 1919, vol. I, p. 463.

⁴⁸ *Ibid.*, p. 471.

2. From Japanese Embassy, dated Aug. 27, 1919.⁴⁹
3. To Japanese Embassy, " Oct. 28, 1919.⁵⁰
4. From Japanese Embassy, " Mch. 2, 1920.⁵¹
5. To Japanese Embassy, " Mch. 16, 1920.⁵²
6. Japanese Embassy Memorandum, Apr. 3, 1920.⁵³
7. Department of State reply, Apr. 29, 1920.⁵⁴
8. Memorandum from Japanese Embassy, May 8, 1920.⁵⁵
9. Memorandum from Dept. of State, May 8, 1920.⁵⁶

[The documents communicated to the Chinese Government in September 1920 and January 1921 were released by the Governments concerned for publication, March 30, 1921.]

LOAN NEGOTIATIONS⁵⁷

Loan Contract with the Pacific Development Corporation, November 26, 1919—Efforts of the Chinese Government to Secure an Emergency Loan from the Consortium Members; Japanese Advance of Nine Million Yen, February 19, 1920—Repudiation of German-Issued Hukuang Railway Bonds; American Efforts to Secure a Reversal of the Chinese Government's Decision—Arrangement between the American Group and the Pacific Development Corporation; Protection of the Corporation's Contract by the American Government—Unavailing Efforts of the Chinese Government to Secure Funds—Arrangement for Honoring the Hukuang Bonds

893.51/2606

The British Chargé (Lindsay) to the Secretary of State

WASHINGTON, *January 6, 1920.*

SIR: With reference to my note No. 917 of the 31st ultimo,⁵⁸ I have the honour to inform you, by direction of my Government, that His Majesty's Representative at Peking has been informed that the French Government's views regarding the immediate loan of £5,000,000.00, are now in general agreement with those of the Japanese Government and those of His Majesty's Government.

The French Government have instructed their Minister at Peking to join His Majesty's Minister in asking the Chinese Government for definite particulars of "most pressing needs" to which the money is to be applied; to insist on the gradual disbandment of troops without making it an absolute condition of the loan now that the Japanese are no longer opposed to demanding disbandment, to urge that nego-

⁴⁹ *Ibid.*, p. 480.

⁵⁰ *Ibid.*, p. 497.

⁵¹ *Ante*, p. 500.

⁵² *Ante*, p. 512.

⁵³ *Ante*, p. 523.

⁵⁴ *Ante*, p. 536.

⁵⁵ *Ante*, p. 539.

⁵⁶ *Ante*, p. 541.

⁵⁷ Continued from *Foreign Relations*, 1919, vol. I, pp. 505-555.

⁵⁸ *Ibid.*, p. 554.

tiations between the North and the South be resumed, disbandment of Southern troops proceeding *pari passu* with that of the Northern, and that the money must be spent for the general good of China. The preceding details to be stated in the loan contract terms which will be drawn up by the Legations and Banks interested; the French Minister is also to consult His Majesty's Minister, and the United States and Japanese Ministers as to the procedure for control of expenditure and regarding the disbandment on the lines indicated.

His Majesty's Minister is being instructed to cooperate with the French Minister in these preliminary steps, and His Majesty's Government has directed me to express the hope that the United States Government will send similar instructions to their representative at Peking.

I have [etc.]

R. C. LINDSAY

893.51/2607

Sullivan & Cromwell to the Secretary of State

NEW YORK, *January 8, 1920.*

[Received January 9.]

SIR: We have the honor to enclose herewith a copy as furnished us by the Chinese Legation, Washington, of the loan contract made in the City of Peking, China, on November 26, 1919, by and between the Republic of China and the Pacific Development Corporation, a corporation of the State of New York. Attached to the contract proper are two supplementary statements of even date, one being a declaration by the Pacific Development Corporation with respect to the appointment of an American Associate-Inspector General of the Wine and Tobacco Administration, the other being a declaration by the Republic of China with respect to increasing the revenues of the Wine and Tobacco Administration.

It will be recalled that this loan contract was the subject of a communication to you from the Pacific Development Corporation, New York, dated December 6, 1919.⁵⁹

Respectfully yours,

SULLIVAN & CROMWELL

[Enclosure 1]

Loan Contract between the Chinese Government and the Pacific Development Corporation, November 26, 1919

THIS AGREEMENT, Made in the City of Peking, China, on the twenty-sixth day of November, 1919, by and between the Republic

⁵⁹ Not found in Department files.

of China, hereinafter called the Chinese Government, represented by General Chin Yun Peng, Prime Minister of the Republic of China, and the Honorable Li Shi Hao, Minister of Finance of the Republic of China, party of the first part, and the Pacific Development Corporation, a corporation organized and existing under the laws of the state of New York, United States of America, hereinafter called the Corporation, party of the second part.

The parties hereto, in consideration of the mutual agreements hereinafter undertaken, agree as follows:—

ARTICLE FIRST: The Chinese Government desires to borrow the sum of Five Million, Five Hundred Thousand Dollars (\$5,500,000.), gold coin of the United States of America, of the present standard of weight and fineness, and the Corporation agrees to loan to the Chinese Government the said sum of Five Million, Five Hundred Thousand Dollars (\$5,500,000.), as hereinafter provided. The Chinese Government hereby declares that the said loan is made by the Chinese Government to provide for arrears in pay (looking to the eventual disbandment of troops) and maturing obligations, the Chinese Government agreeing that such portion of the proceeds of the loan as shall be applied toward the arrears in pay of the troops, looking to their disbandment, shall be allocated on a fair and equitable basis.

ARTICLE SECOND: The said loan of Five Million, Five Hundred Thousand Dollars (\$5,500,000.) and the Treasury Notes representing the said loan are hereby constituted a direct liability and obligation of the Chinese Government, which hereby pledges its good faith and credit for the full and punctual payment of the total principal and interest of said loan, and for the full and punctual payment of the said Treasury Notes representing said loan, in accordance with their terms, and for the performance of all of the undertakings on the part of the Chinese Government herein agreed to.

(a) Said loan of Five Million, Five Hundred Thousand Dollars (\$5,500,000.) shall be evidenced by the Treasury Notes of the Chinese Government, which Treasury Notes shall be designated and known as Republic of China Six Per Cent Two-Year Gold Notes of 1919, and shall be signed in the name of the Government by the Minister of the Republic of China to the United States of America or by the Charge d'Affaires of the Republic of China to the United States of America, and shall bear the official seal of the Chinese Legation at Washington, in the District of Columbia, and shall be authenticated by the Chase National Bank of the City of New York, U.S.A., hereinafter in this agreement referred to as the Bank. The said Treasury Notes shall be dated December 1, 1919, and shall be payable December 1, 1921; they shall be paid by the Chinese Govern-

ment, both principal and interest, in gold coin of the United States of America, of the present standard of weight and fineness; they shall be in coupon form and shall be payable in the denomination of \$1,000. each and shall bear interest at the rate of Six (6%) per cent per annum from and after their date, payable semi-annually on the first days of June and December in each year and the interest shall be evidenced by coupon attached to the said Treasury Notes. Said Treasury Notes and coupons attached thereto shall be payable at the office of the Bank in the City of New York, U.S.A., shall make suitable reference to the fact that they are issued under and in pursuance to the terms of this agreement and shall be substantially in the form of the Republic of China Six Per Cent Three-Year Secured Gold Loan Treasury Notes of 1916, with proper alterations and changes to conform to the provisions of this agreement.

The whole or any part of said Treasury Notes outstanding at any time shall, before their maturity, be subject, at the option of the Chinese Government, to redemption on any interest date at their face value, plus accrued interest and plus one-half ($\frac{1}{2}$) of one (1%) per cent premium if redeemed on or before December 1, 1920, and one-quarter ($\frac{1}{4}$) of one (1%) per cent premium if redeemed at any time thereafter. At least thirty (30) days prior to the exercise of such option to redeem notice shall be given to the Bank, through the Chinese Legation at Washington, in the District of Columbia, and notice of the exercise of such option to redeem shall be published by the Bank at least once a week for four consecutive weeks in two newspapers selected by the Bank and published in the English Language in the City of New York, in the United States of America. If the Chinese Government elects to redeem less than the whole of said Treasury Notes outstanding at the time, the notes to be so redeemed shall be determined by the Bank by lot and in that event said published notice shall state the numbers of said Treasury Notes so drawn for redemption. In case of the election of the Chinese Government to redeem the whole or any part of said Notes, the Chinese Government will, before the date of the first publication of said notice of redemption, deposit with the Bank the Necessary funds to effect such redemption.

The Bank shall promptly, after such redemption, send a written report to the Chinese Minister at Washington, stating the number of Treasury Notes drawn and the numbers of the Treasury Notes redeemed. Treasury Notes so drawn for redemption shall, if the money to redeem the same has been duly deposited with the Bank, cease to bear interest on and after the date appointed for their redemption to be stated in the aforesaid published notice of redemption, notwithstanding anything stated to the contrary in said Treasury Notes or coupons pertaining thereto.

All Treasury Notes which shall be so redeemed shall be cancelled by the Bank as soon as they are redeemed and shall be promptly delivered to the Chinese Minister at Washington.

(b) The Chinese Government covenants and agrees that it will, at least ten (10) days before any installment of interest on said Treasury Notes shall become due, deposit with the Bank a sum sufficient to pay said interest in full and that, at least ten (10) days before the maturity of said Treasury Notes, the Chinese Government will deposit with the Bank a sum sufficient to pay at maturity the principal and interest of all said Treasury Notes then outstanding.

(c) Until definitive engraved notes are ready the Chinese Government will issue one or more temporary notes, either typewritten or printed, in the denomination of \$1,000., or any multiple thereof. Such temporary note or notes shall have the same force and effect as the definitive engraved notes until exchanged for the latter. Such temporary note or notes shall be substantially in the form of the definitive engraved notes, with appropriate changes and alterations indicating that the note or notes is or are temporary notes to be exchanged for definitive engraved notes.

The Chinese Government covenants and agrees that it will cause definitive engraved notes to be forthwith prepared, in form satisfactory to the Corporation, and will deliver such definitive engraved notes to the Corporation to be by it exchanged for temporary note or notes.

(d) Provision may be made by the Corporation, after consultation with the Chinese Minister at Washington, for listing said Treasury Notes on one or more stock exchanges in the United States of America.

ARTICLE THIRD: The said loan of Five Million, Five Hundred Thousand Dollars (\$5,500,000.) is hereby secured, in respect to both principal and interest, by a direct charge upon the entire revenues of the Wine and Tobacco Administrations of the Chinese Government, subject to previous loans already charged on the security thereof and not yet redeemed.

The said Loan of Five Million, Five Hundred Thousand Dollars (\$5,500,000.) shall have priority, both as regards principal and interest, over any future loan, pledge, lien, charge or mortgage whatsoever which may be hereafter charged upon the revenues of the Wine and Tobacco Administration. So long as said Five Million, Five Hundred Thousand Dollars (\$5,500,000.) loan, or any part thereof, principal and interest, shall remain unpaid, no loan, pledge, lien, charge or mortgage shall hereafter be made or created which shall take precedence of or be on an equality with said Five Million, Five Hundred Thousand Dollars (\$5,500,000.) loan, and any future loan, pledge, lien, charge or mortgage whatsoever here-

after charged on said revenues, or any part thereof, shall be expressly subject to said Five Million, Five Hundred Thousand-Dollar (\$5,500,000.) loan, both as to principal and interest. And the Chinese Government further covenants and agrees that, so long as the option granted by this agreement to the Corporation shall remain in force and effect, no additional pledge, lien, charge or mortgage of any kind on the revenues of the Wine and Tobacco Administration shall be created.

The Chinese Government expressly declares that the revenues of the Wine and Tobacco Administration received by the Government amount annually to a sum in excess of Twenty Million Dollars (\$20,000,000.) Silver Currency.

The Chinese Government covenants and agrees that it will apply toward the payment of said Treasury Notes, both principal and interest, so much of said pledged revenues as will be adequate and sufficient fully to protect and pay all of said Treasury Notes and all accrued and accruing interest thereon. And the Chinese Government further covenants and agrees that if, during each or any of the years that said Five Million, Five Hundred Thousand-Dollar (\$5,500,000.) loan is unpaid, either as to principal or interest, the receipts from the Wine and Tobacco Administration available for the service of this loan shall, for any reason or circumstances whatsoever, net the Chinese Government a sum less than Five Million, Five Hundred Thousand Dollars (\$5,500,000.), the Chinese Government will forthwith make good such deficit from other sources of its revenue.

ARTICLE FOURTH: The said Treasury Notes may be offered by the Corporation, individually or with one or more associates, for public subscription and the Corporation may issue interim receipts to the purchasers of said Treasury Notes.

All expenses in connection with the printing, engraving and execution of said Treasury Notes and any interim receipts issued by the Corporation or its agents shall be borne by the Chinese Government. The Chinese Legation in Washington shall cooperate with the Corporation in the preparation of any prospectus to be issued by the Corporation or its associates in connection with the sale of said Treasury Notes.

ARTICLE FIFTH: All of the said Treasury Notes and coupons, and all payments made or to be made thereon, or any of them, and all payments made or to be made, disbursed, distributed or received on account of or in connection with all or any part of said Five Million, Five Hundred Thousand-Dollar (\$5,500,000.) loan, or on account of or in connection with all or any part of the interest thereon shall, in time of war as well as in time of peace, be always exempt from any or all taxes, impositions, liens or charges of any or every kind, now

or that may hereafter be established or levied by the Chinese Government, or by any Province, division or branch thereof, or that may be attempted to be established or levied by the Chinese Government or by any Province, division or branch thereof.

ARTICLE SIXTH: The total of the said Five Million, Five Hundred Thousand-Dollar (\$5,500,000.) loan shall net the Chinese Government Ninety-one Dollars (\$91.00) United States Currency for every One Hundred Dollars (\$100.00) thereof, plus accrued interest from December 1, 1919, to the date at which the funds payable under this loan are placed to the credit of the Chinese Government. In the event that at any time the Corporation shall, on its own behalf or through its associates, dispose of any of said Treasury Notes above or in excess of the said Ninety-one Dollars (\$91.00) for every One Hundred Dollars (\$100.00), par value, of the said Five Million, Five Hundred Thousand Dollar (\$5,500,000.) loan, such excess shall belong absolutely to the Corporation, free and clear of any claim on behalf of the Chinese Government.

ARTICLE SEVENTH: Upon the execution and delivery of this contract and upon the execution and delivery of the representatives of the Chinese Government to the Corporation of the said temporary Note or Notes referred to for Five Million, Five Hundred Thousand Dollars (\$5,500,000.), the Corporation is hereby directed to and will place to the credit of the Chinese Government in the Bank the proceeds of said Five Million, Five Hundred Thousand Dollars (\$5,500,000.) of Treasury Notes, amounting to the sum of Five Million, and Five Thousand Dollars (\$5,005,000.) United States Currency, and the Chinese Government hereby declares that the sum so deposited to its credit with the Bank shall be dedicated and devoted, principal and interest, to the purposes set forth in Article First hereof.

Neither the Corporation nor the Bank assumes any responsibility or liability as to the disposition of any of the funds to be received by the Chinese Government under this loan, and the Bank is hereby authorized to disburse any and all of the proceeds of said loan deposited with it upon and according to checks, drafts, or other instruments of credit executed by either V. K. Wellington Koo, Minister of the Republic of China at Washington, or Yung Kwai, Chargé d'Affaires of the Chinese Legation at Washington, and the Bank and the Corporation are hereby relieved and discharged from any liability or responsibility to the Chinese Government or otherwise in making such disbursements.

ARTICLE EIGHTH: In the event that any of the said Treasury Notes or any of the coupons pertaining thereto shall be mutilated, destroyed, lost or stolen, the Bank is hereby authorized to notify the

Chinese Legation at Washington thereof, who will authorize the Bank to insert an advertisement in one or more newspapers published at the time in the City of New York, stating that the payment of such note or notes or coupon or coupons has been stopped, and to take such other steps as may appear advisable to the Bank, according to the usages or customs in the United States of America.

Should any such Treasury Note or Notes or coupon or coupons be so mutilated as to become non-negotiable, or be destroyed, lost or stolen, and not be recovered after a lapse of time to be fixed by the Bank, the Chinese Legation at Washington will cause to be executed by the Chinese Minister or the Chargé d'Affaires, a duplicate Note or Notes or coupon or coupons for a like amount and deliver the same to the Bank to be by it delivered to the owner or owners of such mutilated, destroyed, lost or stolen Note or Notes, coupon or coupons, but as a condition of such execution and delivery the Bank may require from such owner or owners proof and indemnity satisfactory to the Chinese Government or to the Bank.

ARTICLE NINTH: In reimbursement for its compensation and expenses connected with the disbursement by the Bank of the money to be received by the Bank from the Chinese Government with which to pay the interest on the said Treasury Notes, and the principal thereof, the Bank shall be paid by the Chinese Government a commission of one-half ($\frac{1}{2}$) [of one (1)?] per cent of the money received by the Bank to pay such interest, and a commission of one-quarter ($\frac{1}{4}$) of one (1) per cent of the money received by the Bank to pay said principal.

ARTICLE TENTH: The Chinese Government hereby declares it to be its earnest desire that the entire Wine and Tobacco Taxes and Administration throughout the Republic of China shall be reorganized, with the effective assistance of an American, and to that end it agrees that it will appoint, on December 1, 1919, for a period of at least three years, an American to the position of Associate Inspector-General of the Wine and Tobacco Administration, who shall be satisfactory to the Corporation and who shall possess no less degree of authority than that heretofore given by the Chinese Government to the Associate Chief Inspector of the Salt Administration of China.

ARTICLE ELEVENTH: The Chinese Government hereby declares that it is its desire and purpose to issue, at any time within a period of seven (7) months from the date of the Treasury Notes to be issued hereunder, additional Treasury Notes up to Twenty Million Dollars (\$20,000,000.), face value, on the same terms and conditions as the Treasury Notes covered by this agreement and secured by all the revenues of the entire Wine and Tobacco Administration, subject

only to the liens against said revenues in existence at the time of the execution of this agreement and that created hereby, and the Chinese Government hereby grants to the Corporation an option, for a period of seven months from said date, to purchase all or any part of said additional Twenty Million Dollars (\$20,000,000.) of Treasury Notes of the Chinese Government, on the same terms and conditions as the purchase by the Corporation of the Five Million, Five Hundred Thousand Dollars (\$5,500,000.), face value, of Treasury Notes covered by this agreement. In the event of the exercise by the Corporation of the option hereby granted, the Republic of China hereby covenants and agrees to accept such loan from the Corporation and execute such agreement or agreements as shall be deemed necessary or expedient to carry out effectually said loan, it being mutually agreed that said Loan Agreement shall be in substantially the form and the loan made on substantially the same terms and conditions as the loan covered by this agreement, subject only to such modifications as shall be necessary to make this agreement confirm [*sic*] to the larger loan. And the Corporation, at its option, shall have the right, at the time of the exercise of such option, to increase the sum of such option by the sum of Five Million, Five Hundred Thousand Dollars (\$5,500,000.), the proceeds of such increase to be used for the retiring of the Five Million, Five Hundred Thousand Dollars (\$5,500,000.) of Treasury Notes covered by this agreement. A notification in writing, addressed by the Corporation to the Chinese Legation at Washington or by cablegram addressed to the Minister of Finance of the Chinese Government at Peking, at any time prior to seven months from the date of the Treasury Notes covered by this agreement, to the effect that it elects to exercise all or a part of the option hereby granted, shall be an effective exercise by the Corporation of the option hereby granted.

The Corporation shall have the right to designate any bank or banks to handle the loan service covered by this agreement and on such designation the bank or banks so nominated shall receive and disburse, on the instruction of the Premier and Minister of Finance of the Republic of China, all sums to be received or paid by the Chinese Government under this agreement.

ARTICLE TWELFTH: On behalf of the Chinese Government the representatives of the Chinese Government who have signed this agreement agree that the making of said loan of Five Million, Five Hundred Thousand Dollars (\$5,500,000.) and the issue of said Treasury Notes and coupons and the execution and delivery of this contract are each and all entered into and duly authorized by the Chinese Government and are each and all in accordance with the constitution and laws of the Republic of China and that there is no

treaty, convention, obligation, or agreement of any kind to the contrary.

ARTICLE THIRTEENTH: Three (3) original copies of this agreement shall be executed, in English, two copies to be retained by the Chinese Government and one copy by the Corporation. One of the original copies retained by the Chinese Government shall be forwarded by the Chinese Government, through the State Department, to the American Legation in Peking for filing in said Legation.

IN WITNESS WHEREOF, General Chin Yun Peng, Prime Minister of the Republic of China, and the Honorable Li Shi Hao, Minister of Finance of the Republic of China, acting in name and on behalf of the Government of China, have hereunto signed their respective names and caused the seals of the Cabinet and the Ministry of Finance to be affixed hereto and the Pacific Development Corporation, of New York, has caused this instrument to be duly signed, in its name and on its behalf, by Galen L. Stone, the Chairman of its Board of Directors, and Edward B. Bruce, its President, at Peking, China, the day and year first above written.

REPUBLIC OF CHINA

LI SHI HAO CHIN YUN PENG

Witness: HSU UN YUEN

[SEALS]

PACIFIC DEVELOPMENT CORPORATION,

By GALEN L. STONE

Chairman of Board

By EDWARD B. BRUCE

President

Witness: HSU UN YUEN

[Enclosure 2]

Declaration by the Pacific Development Corporation in Regard to the Appointment of an American Associate Inspector General of the Wine and Tobacco Administration

Referring to Paragraph Tenth of the Loan Agreement made this twenty-sixth day of November, 1919, between the Republic of China and the Pacific Development Corporation, providing for the appointment of an American Associate Inspector-General of the Wine and Tobacco Administration, it is hereby agreed, that in the event that the Pacific Development Corporation shall fail to exercise the option contained in said agreement and any other individual or group shall thereafter make any loan or loans on the security of the revenue of the Wine and Tobacco Administration, the Pacific Development Corporation will waive, after one year from the date hereof, the

right to approve of the person to be appointed as Associate Inspector-General of the said Administration.

Dated, Peking, November twenty-sixth, 1919.

PACIFIC DEVELOPMENT CORPORATION,
By E. B. BRUCE
President

[Enclosure 3]

Declaration by the Republic of China in Regard to Increasing the Revenues of the Wine and Tobacco Administration

Supplementing and in consideration of the agreement made this twenty-sixth day of November, 1919, between the Republic of China and the Pacific Development Corporation, the Republic of China anticipates such an increase in the revenues of the Wine and Tobacco Administration as shall justify the making of loans on the security of the revenue of that Administration in excess of the loan made and the option granted in said agreement of November 26th and the Republic of China hereby grants to the Pacific Development Corporation the option of making an additional loan or loans on the security of the revenue of said Wine and Tobacco Administration.

Dated Peking, November 26th, 1919.

REPUBLIC OF CHINA,
(Signed and Sealed by:)
The Prime Minister, CHIN YUN PENG
The Minister of Finance, LI SHIH HAO
PACIFIC DEVELOPMENT CORPORATION
By G. L. STONE
Chairman of Board
E. B. BRUCE
President

893.51/2611

The British Chargé (Lindsay) to the Secretary of State

No. 26

WASHINGTON, *January 10, 1920.*

SIR: With reference to previous correspondence on the subject of the loan to China, I have the honour to inform you, by direction of my Government, that the British group have learnt that the American group are unwilling to carry the British share of the loan.

I am directed to express the hope that this is not really the case, but if it should be so, His Majesty's Government would be glad to learn the reasons which have actuated this change of front.

It should be pointed out that the present state of the exchange in China and of the silver market makes it important, not least in the interest of China herself, that the original proposals of the United States Government as set-forth at the end of paragraph 1 of the memorandum enclosed in your note No. 277 of October 8th,⁶⁰ should be adhered to.

If the reported attitude of the American group is due to the fact that a loan for Egypt has lately been floated in London for an even larger amount than is now contemplated for China, then I beg to point out that the Egyptian [*Vickers*] ⁶¹ loan was essentially different in character, especially as the proceeds of it will be spent almost entirely in the United Kingdom, so that it does not involve remittances abroad to the same extent as the loan to China.

I have [etc.]

R. C. LINDSAY

893.51/2617 : Telegram

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

PARIS, *January 13, 1920—10 a.m.*

[Received January 14—7:05 a.m.]

120. Your 9387, December 20, 4 p.m.⁶² I have received a note from the Foreign Office today upon this subject, the following being its pertinent portions:

"The information upon which Your Excellency's inquiry was evidently based seems to have originated from incorrect reports forwarded to the State Department.

Pursuant to my instructions, Mr. Boppe⁶³ limited himself to recalling to the Government at Peking that the wines and tobacco revenues had been appropriated to the Banque Industrielle de Chine as a first mortgage to guarantee loans contracted October 13, 1913 and January 21st, 1914 and subscribed to by the French public and that in respect thereof the Government of the Republic as well as the Banque Industrielle were justified in claiming the right to participate in the control of the aforesaid revenues by exacting that certain posts in the administration of these revenues be reserved for French officials.

I may add that prior to this and even before the execution of the contract with the Pacific Development Company, as soon as my Department was given cognizance of the terms of the operation under consideration I had instructed Mr. Jusserand to confer in regard thereto with the State Department and to remind it of the rights acquired by the Banque Industrielle. Our Ambassador had been requested to reiterate to Mr. Lansing how desirous we were of

⁶⁰ See *Foreign Relations*, 1918, p. 193 (footnote).

⁶¹ See note to the Chargé, Feb. 5, p. 626.

⁶² *Foreign Relations*, 1919, vol. I, p. 549.

⁶³ Auguste Boppe, French Minister to China.

active Franco-American cooperation [in] the [Far] East in that respect. We were quite agreeable to an understanding between the American company and the French company unless the United States Government raised objections to transaction being undertaken by an establishment not belonging to the consortium, which attitude we would have preferred in the premises. Therefore there was no idea of presenting a protest such as we formulated to the Government at Peking in 1918 [1919?] when there was a question of a loan likewise constituting a lien upon the wines and tobacco revenues and entailing the reorganization of this administration by a group of another nationality.⁶⁴ Moreover the director of the Banque Industrielle, who was then passing through the United States conferred last August with Mr. Long at Washington and at New York with the director of the American Tobacco Company with regard to the [possibility of] reaching an agreement for the joint transaction of business in China and eventually for the reorganization under like conditions of the wine and tobacco administrations. At that time the French bank alone was guaranteed by securities constituting a lien upon the revenues of these administrations.

In closing I must inform Your Excellency that but a few days ago at Peking Mr. Bruce, the representative of the Pacific Development Company, called upon the director of the agencies of the Banque Industrielle of that city and expressed the desire to ratify an arrangement regarding the execution of the loan contract of \$25,000,000. The matter is now in course of negotiation between them. I will not dissimulate the fact that the preferences of the Government of the Republic inclined toward reserving any such loans and undertaking in China solely to the groups forming part of the consortium and I am aware that the Government of the United States [is] responsive to this feeling. Nevertheless, should it prove really impossible to prevent the execution of the contract of the Pacific Development Company I would see but advantages in the conclusion of an agreement between that company and the Banque Industrielle. It would on the other hand be possible eventually when all obstacles to the operations of the consortium have disappeared to hand over the business transaction in question to the latter organization."

WALLACE

893.51/2613 : Telegram

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

PEKING, January 13, 1920—4 p.m.

[Received January 14—2:20 a.m.]

12. Your December 20, 4 p.m.⁶⁵ and Legation's December 31, noon.⁶⁶ Unless the Pacific Development Corporation acts upon its loan option, the influence of Williams in reorganization of wine and tobacco bureau will probably be insufficient to accomplish the

⁶⁴ See *Foreign Relations*, 1919, vol. I, pp. 547 *passim*.

⁶⁵ *Ibid.*, p. 548.

⁶⁶ Reporting: "[C. L. L.] Williams now definitely appointed Co-Director General of the Wine and Tobacco Administration from December 1st." (File no. 893.51/2598.)

desired result. It trust[s] that the Department will consider carefully its attitude toward the loan and send me instructions as soon as possible in order to relieve the Legation from an embarrassing situation.

TENNEY

893.51/2593

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

No. 1118

WASHINGTON, *January 15, 1920.*

SIR: With reference to your telegram of December 11, 1919, 11 p.m.,⁶⁶ concerning the attitude of the Chinese Government toward owners of the German issue of Hukuang Railway Loan Bonds, I am enclosing for your information copy of a letter from J. P. Morgan & Company dated December 24th. This letter is a reply to a letter from the Department which transmitted a paraphrase of your telegram above referred to.

You should take advantage of any favorable opportunity which may offer in conjunction with your British and French colleagues to impress upon the Chinese Government the danger of the policy which it has adopted in connection with the bonds in question. These bonds were issued by the Chinese Government pursuant to a contract between that Government and the four groups of bankers, and while this Government is not concerned with the treatment which the Chinese Government may accord to bonds held by German subjects, it considers that application by that Government of the policy indicated in the Legation's telegram of December 11th, namely, of requiring holders of these bonds to prove non-enemy ownership throughout the period of the war between China and Germany, would impose upon them an undue hardship, because (1) of the impossibility in many cases of proving non-enemy ownership even when such is a fact, and (2) the bonds are negotiable instruments and even though they may have been held by a German subject since China's declaration of war against Germany, this fact should not defeat the rights of *bona fide* purchasers for value. It is therefore considered that China should devise some means of carrying out its program which will protect such investors.

The Department believes it necessary to make clear to you that while it deems it proper to urge upon the Chinese Government the expediency of changing its policy as regards these bonds of German issue, it does not feel that it can well object as a matter of legal right to the action of the Chinese Government in refusing to honor Chinese

⁶⁶ *Foreign Relations, 1919, vol. I, p. 590.*

bonds held by enemy subjects. Such action, in so far as enemy owned securities are concerned, would appear to be a matter which concerns the Chinese and German Government[s] alone and our only interest in the case would appear to lie in our desire to protect American citizens who may be classed as innocent purchasers for value; that is to say, persons who have in good faith purchased the bonds in the ordinary course of business without any intention of connivance or collusion with enemy holders to evade the purpose and object of the Chinese Government.

The Department has no objection to the exercise by the Chinese Government of its discretion with respect to China's obligations held by enemy subjects, its only interest in the matter being to safeguard the rights of innocent American holders of such securities.

There is enclosed for your strictly confidential information a copy of a memorandum prepared by the Solicitors of the State Department with reference to the question.⁶⁷

I am [etc.]

For the Secretary of State:
ALVEY A. ADEE

[Enclosure]

The American Group to the Secretary of State

NEW YORK, December 24, 1919.

SIR: We have to acknowledge, with thanks, receipt of your letter of December 13th,⁶⁷ enclosing paraphrase of a telegram from the American Legation at Peking, to the effect that the Chinese Government will adhere to its expressed policy of discrimination against certain of the German-issued bonds of the above loan, except that the validity of bonds will now be recognized where holders can prove non-enemy ownership throughout the period of the war.

We are also in receipt of a letter from our London office, copy of which is enclosed,⁶⁷ transmitting copy of a communication addressed to the British Foreign Office on November 25th by Sir Charles Addis,⁶⁷ suggesting that the Ministers of the interested Powers again join in protesting against the repudiation by the Chinese Government of her clear obligation with respect to these German-issued bonds and coupons.

The American Group is in accord with this suggestion and, if compatible with the Department's policy, would advocate renewed insistence by the Chargé of the American Legation at Peking and his colleagues, to the end that the Chinese Government will abandon its present untenable position.

⁶⁷ Not printed.

While we have nothing new to add to the arguments contained in the various protests which have already been filed, we venture to advance the suggestion that the present time might be opportune to advise the Chinese Government that the relinquishment of her present claims must be a condition precedent to the consideration by the American Group of the proposed advance of £5,000,000; this in view of the impossibility of marketing an issue of Chinese securities so long as that Government is guilty of a default in the payment of her obligations.

Yours respectfully,

J. P. MORGAN & Co.
For the American Group

893.51/2622

The French Ambassador (Jusserand) to the Secretary of State

[Translation]

WASHINGTON, *January 17, 1920.*

MR. SECRETARY OF STATE: AS Your Excellency no doubt heard direct from the representative of the United States in China, the Minister of Finance of that country notified the members of the former Consortium that unless satisfactory action were taken before the 16th of this month on his Government's applications for advances, he would consider that he is no longer bound by article 17 of the Financial Reorganization arrangement⁶⁹ and feel at liberty to borrow wherever he chose and offer the salt revenue as a security.

My Government informs me that on the main ground of the understanding reached by the Governments as to a loan to China by the new Consortium in the sum of five million pounds sterling, the representatives of France and Great Britain demanded the withdrawal of that injunction, but the Japanese Minister refused to join in the protest.

In my Government's opinion, it would be highly important to have the representative of the United States, on the new Consortium join ours in that protest, although the United States did withdraw from the old Consortium.

I have the honor to communicate the request to Your Excellency and should be very thankful if you would entertain it and enable me to report a favorable decision to My Government.

Be pleased [etc.]

JUSSERAND

⁶⁹ John V. A. MacMurray (ed.), *Treaties and Agreements with and concerning China*, vol. II, p. 1007.

893.51/2624 : Telegram

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

PEKING [undated].

[Received January 20, 1920—1:28 p.m.]

17. Your January 15, 5 p.m.⁷⁰ received. British, French and Japanese Legations have all received instructions regarding the five [*four?*] power loan to the Chinese Government. They are waiting for the arrival of my instructions.

The Japanese Minister states that his Government has consented to participate on these conditions: (1) that the Shanghai peace conference be immediately reopened, (2) that the superfluous Chinese troops be disbanded and, (3) that the expenditure of the loan proceeds shall be supervised. Please send instructions as soon as possible.

TENNEY

893.51/2630 : Telegram

*The Ambassador in Great Britain (Davis) to the Secretary of State*LONDON, *January 23, 1920—7 p.m.*

[Received 8:56 p.m.]

124. Foreign Office advises me of recent telegraphic instructions to British Embassy, Washington, to inform Department of a telegram sent to British Legation, Peking, January 3, regarding assent of the French Government to the immediate loan to China of 5,000,000 pounds and the French Government's views regarding disbandment of troops; the general tenor of which instructions I therefore deem it unnecessary to repeat.⁷¹

British Minister, Peking, has now referred, by telegraph, to difficulties connected with fulfillment [of] these conditions, especially concerning disbandment, adding that better class Chinese opinion disapprove loan of uncontrolled money to China, fearing repetition of various loan proceedings during past four years. In reply he has been informed that British Government are fully alive to such difficulties, but that one of the main objects has been to get the principle of disbandment. Additional instructions [garbled passage] in the loan contract in order that, before the time arrives for the negotiation of a large loan, the Chinese may realize that no money will be forthcoming unless disbandment is undertaken seriously. The Minister has therefore been instructed to act in concert with his colleagues in informing Chinese Government of the terms

⁷⁰ Not printed.⁷¹ See the British Chargé's note of Jan. 6, p. 605.

of the loan and of intention of British Government to see that they are observed, [with] which views British Government confident that the United States is in sympathy.

I am also informed that the American group has consented to assume, for the present, the share of the British group and I have received the further confidential intimation that doubt has been expressed in some quarters as to the ability of raising a loan at the present time. It is readily admitted that this appears almost inconceivable and that the dissemination of such report would seriously jeopardize the prestige of the groups and Governments concerned.

DAVIS

861.77/1321 : Telegram

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

PEKING, *January 27, 1920—5 p.m.*

[Received January 27—1:46 p.m.]

26. Referring to the Legation's telegram[s] January 19, 4 p.m.⁷² and January 20, 11 a.m.⁷³ The Chinese Ministry of Finance is impatient for the American reply to the loan proposal, the Chinese [New Year] settlement debts being only three weeks off. The British, French and Japanese Legations have informed the Chinese that nothing can be done until I receive instructions. The report is circulating among the Chinese that Americans are holding up the loan and American prestige is thereby suffering. I would appreciate definite instructions so that I may announce the American decision either for or against the loan.

TENNEY

893.51/2640 : Telegram

The Acting Secretary of State to the Chargé in China (Tenney) ⁷⁴

WASHINGTON, *January 28, 1920—6 p.m.*

25. Your telegram of January 27th, 5 p.m. The following telegram from Morgan & Company in behalf of American Group is forwarded to you for your information and guidance.

"In reference to proposed emergency loan for 5,000,000 pounds sterling to China the American Group has now determined, assuming the Japanese group concurs, to offer in conjunction with Japanese group such proposed loan; the two groups just mentioned under-

⁷² Probably refers to Legation's undated telegram, p. 621.

⁷³ Not printed.

⁷⁴ See last paragraph for instructions to repeat to Tokyo as no. 30.

taking to offer the British and French quotas of the said loan. Yokohama Specie Bank as head of Japanese group has [been fully informed and while no answer from Japanese Group has yet been received American Group assumes proposed loan is agreeable to it],⁷⁵ especially in view of cable received by the American group January 26th from London reading as follows 'Hongkong and Shanghai banking corporation informs us Japanese Minister Peking has been instructed to cooperate with other three ministers upon the understanding that advance from the consortium will be forthcoming without further delay.'

For your information American group has received from London today additional message reading as follows 'Japanese Minister for Foreign Affairs now informs Hongkong and Shanghai Banking Corporation that by words "without further delay" he means before the close of the Chinese Lunar year that is February 19th. You will recollect that this date was also mentioned by the Chinese Minister of Finance as reported in Peking message.' Therefore you will kindly inform the Chinese Ministry not only that America is not blocking proposed loan but on the contrary is making every possible effort to facilitate it, having gone to the extent of offering in conjunction with Japan to take over the British and French quotas. It would however appear almost impossible that negotiations should be so facilitated as to permit of advance actually to be made by February 19th. The American Group is today cabling the International Banking Corporation Peking to act for it in negotiations for the proposed loan and it will of course depend upon the attitude of the Chinese Ministry towards the proposed terms as to whether the loan can be issued in the near future or not.

For your further information Lamont of Morgans will in behalf of the American group sail for Japan from Vancouver February 19th and after stay in Japan plans to proceed China for conference with leading officials there in the hope of arriving at a clearer understanding on all pending matters."

Repeat to Tokyo as Department's 30.

POLK

893.51/2638 : Telegram

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

PEKING, January 29, 1920—5 p.m.

[Received January 29—11:20 a.m.]

29. Referring to Legation's telegram January 27, 5 p.m. The Japanese Minister proposes that the four Legations concerned instruct the four banks concerned to make certain advances to the Chinese Government to enable it to tide over the Chinese New Year

⁷⁵ The passage included in brackets reads as corrected by supplementary telegram no. 32, Feb. 5, which gives instructions to repeat correction to Tokyo as no. 34.

settlement day, such advances to be deducted 5,000,000 pounds loan when arranged. Please telegraph instructions without delay.

TENNEY

893.51/2643 : Telegram

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

PEKING, January 30, 1920—5 p.m.

[Received January 30—10:47 a.m.]

30. Referring to the Legation's telegram January 13th, 4 p.m. Premier and Minister of Finance now notify Pacific Development Corporation that unless said corporation advances \$5,000,000 more before February 19th the previous advance of \$5,500,000 will be repaid and the loan contract, including clause regarding organization of the wine and tobacco bureau with an American co-director general, will be canceled. The Chinese Government is negotiating a loan of 200,000,000 yen with the Japanese Okura firm out of which the repayment of the Pacific Development loan will be taken. If this scheme succeeds the Wine and Tobacco Administration will pass into the hands of the Japanese and the standing of Americans will be adversely affected. This constitutes a crisis in American relations with China and I respectfully ask that the Department will take the situation into immediate serious consideration.

TENNEY

893.51/2638 : Telegram

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

WASHINGTON, January 31, 1920—1 p.m.

27. Your 29 January 29, 5 p.m. has been referred to American Group. As position of the American Group in reference to any question of temporary advances would be determined by the attitude of the Chinese Government in respect to the negotiations for the 5,000,000 pound loan it seems desirable in the first instance to hasten to the utmost the negotiations contemplated by the Department's telegram of January 28th, 6 p.m.

LANSING

893.51/2643 : Telegram

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

WASHINGTON, February 2, 1920—4 p.m.

32. Referring to Peking's telegram No. 30, January 30, 5 p.m. At a convenient opportunity you will inform the Japanese Foreign Office of the substance of that telegram.

You will recall to the Foreign Office the information contained in the Department's November 29, 1 p.m.⁷⁶ to you to the effect that this Government was not lending its support to the loan in question and the statement of policy outlined in its telegram of December 23, 6 p.m.,⁷⁷ which policy has not changed. As regards the statement that the Chinese Government is negotiating a loan of 200,000,000 yen with the Japanese firm Okura and Company, you will inquire of the Japanese Foreign Office as to the truth of this report and whether if such negotiations are being carried on they have the approval of the Japanese Government.

Repeat to Peking for information. You should also repeat Department's December 23, 6 p.m. to Peking if you have not already done so.

LANSING

893.51/2643 : Telegram

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

WASHINGTON, *February 2, 1920—5 p.m.*

29. Your telegram of January 30, 5 p.m.

See Department's November 29, 1 p.m.⁷⁸ and December 23, 6 p.m., through Tokyo.⁷⁷

In view of the commitments undertaken by this Government in connection with the proposed emergency loan to China as a necessary preliminary to the formation of the new consortium the Department feels itself obligated to withhold from the Pacific Development Company its support in any activities which may conflict with the negotiations now in progress.

Repeat your January 30, 5 p.m., if you have not already done so to the Embassy at Tokyo to which instructions are being telegraphed. You should make a practice of repeating for the information of the Embassy any telegram of this character and should include in the original telegram to the Department the statement that this is being done.

LANSING

893.51/2622

The Secretary of State to the French Ambassador (Jusserand)

WASHINGTON, *February 4, 1920.*

EXCELLENCY: I have the honor to acknowledge the receipt of your communication of January 17, 1920, concerning the notifica-

⁷⁶ *Foreign Relations*, 1919, vol. I, p. 541.

⁷⁷ *Ibid.*, p. 552.

⁷⁸ See *ibid.*, footnote 46, p. 541.

tion given by the Chinese Finance Minister to the Old Consortium concerning the lapse of options under the old reorganization loan agreement and to state that this Government does not consider that matter to be of great importance in view of pending negotiations for an emergency advance by the four Powers concerned in the organization of the new Consortium.

Accept [etc.]

ROBERT LANSING

893.51/2651 : Telegram

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

TOKYO, *February 4, 1920—7 p.m.*

[Received February 7—9:05 a.m.]

38. Supplementing my February 1, 11 p.m.⁸⁰ At a Cabinet meeting held yesterday it was decided to make every effort to conclude the details of the four power emergency loan to China in time for the Chinese New Year and in case of failure then to make an independent advance of the necessary amount to the Chinese Government as an urgency measure pending the conclusion of the emergency fund loan.

MORRIS

893.51/2611

The Secretary of State to the British Chargé (Lindsay)

WASHINGTON, *February 5, 1920.*

SIR: I have the honor to acknowledge the receipt of your note No. 26 of January 10, 1920,⁸¹ relative to the attitude of the American banking group toward the proposal that it bear the British quota of the proposed immediate loan of £5,000,000. to China. Receipt is also acknowledged of a memorandum dated February 3, 1920,⁸⁰ correcting the statement in your note of January 10th to read "Vickers Loan" instead of "Egyptian Loan".

In reply I have the honor to state that it now appears that the American Group, in its instructions to its representative at Peking, has undertaken to bear the British quota of the proposed immediate loan to the Chinese Government.

Accept [etc.]

ROBERT LANSING

⁸⁰ Not printed.

⁸¹ *Ante*, p. 615.

893.51/2643 : Telegram

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

WASHINGTON, *February 7, 1920—3 p.m.*

35. Supplementing the Department's telegram No. 29 of February 2, 5 p.m.

The American Group as part of the so-called Chinese Consortium, informs the Department that it has been carrying on conferences with officers here of Pacific Development Company with the hope that the Development Company would see fit, upon payment of the 5,000,000 dollars already advanced, to turn back to the American Group, and thus to the custody of the Consortium, when formed, the present loan contract, including the provisions with respect to the wine and tobacco tax. In case such an arrangement should be brought about then all four of the international groups as one will hold the loan contract in question. In this way the interest of no one national group will be prejudiced; particularly the interest of the Japanese nationals will not suffer under such a happy solution of this particular question.

The American Group furthermore informs us that in connection with the present negotiations for emergency loan of 5,000,000 sterling it has received through the Department the suggestion of the Japanese Minister that a temporary advance should be made, and it hopes that it will be possible for the American Group, in conjunction with the Japanese Group, to make such a temporary advance as soon as the amount of same is made known, and as soon as word is received from the Chinese Government that the loan terms proposed by the American and Japanese Groups are in effect acceptable.

In view of all the foregoing the Department desires strongly to point out to the Chinese Government the advisability of allowing present status as to the so-called Pacific development loan to remain for the moment undisturbed, leaving negotiations for the transfer of this loan to the good offices of the American Group, and of thus refraining from negotiating any present loan with the Japanese Okura firm.

The Department points out further that Mr. Lamont, of the J. P. Morgan and Company, the head of the American Group, is starting next week for Tokyo, where he hopes to arrive at the end of this month, or the very beginning of March, and his visit will afford ample opportunity to discuss, and we hope adjust all these outstanding matters. The desirability of making no new move which might serve further to complicate the situation pending Mr. Lamont's visit is manifest.

The above is being telegraphed to Tokyo which will communicate for your information the Department's further instructions to it.

LANSING

893.51/2643 : Telegram

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

WASHINGTON, February 7, 1920—3 p.m.

37. Attached copy of message just sent to Legation at Peking explains itself.

[Here follows copy of the telegram printed *supra*, with the omission of the first and last paragraphs.]

In addition to the foregoing the American Group reports to us that it is in active and amicable conferences from day to day with the American representatives of the Yokohama Specie Bank, which is the head of the Japanese Group, and that with this group it has now arrived upon a mutual satisfactory understanding as to the terms of the proposed emergency loan to China; that these terms have, in the name of both the American and Japanese Groups, been communicated to Peking. It is hardly necessary for us to point out that if in the course of these amicable and important discussions another Japanese Group should undertake a separate negotiation, or if the Japanese Government should encourage it to do the same, the effect upon the American Group and on the investment public here generally would be unfortunate.

We are greatly in hopes that upon his arrival in Japan Mr. Lamont will be able to straighten out the matter of the Pacific Development Company loan and secure its transfer to the American Group—an end to be desired fully as much by Japan as by America—inasmuch as such solution would, as hitherto pointed out, mean the control of this loan through the consortium by all four of the interested powers. It is greatly to be hoped that the Japanese Government will take no action to destroy such a desirable consummation.

Repeat to Peking for its information the above two paragraphs.

LANSING

893.51/2652 : Telegram

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

PEKING, February 7, 1920—5 p.m.

[Received February 7—1 p.m.]

32. Referring to the Legation's telegram January 30, 5 p.m. Interview with the Premier today. Premier states that if he can

get an advance from the four power consortium before Chinese New Years Day, he will give Pacific Development Corporation more time for second advance. He prefers to deal with American in wine and tobacco bureau [reorganization] and will refuse all offers by others if only he can tide over temporary difficulties.

TENNEY

893.51/2653 : Telegram

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

PEKING, February 8, 1920—noon.

[Received February 8—10:25 a.m.]

35. Referring to the Legation's telegram of January 19, 8 p.m.⁸³ Four Ministers offered 5,000,000 pound sterling loan on three conditions specified. Chinese Government has replied accepting conditions and asking immediate advance of 7,000,000 dollars pending completion of negotiations for large loan.

TENNEY

893.51/2658 : Telegram

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

PEKING, February 10, 1920—6 p.m.

[Received February 11—4:22 a.m.]

37. Referring to the Legation's telegram February 8, noon. Japanese Legation and bank now insisting upon separate agreement for portion of the 5,000,000 pound loan advanced by the Japanese group and another agreement for the portion advanced by the American group, also the exclusion of British and French bankers from the negotiations with the Chinese. I am insisting [upon] the participation of the four banks in negotiations and upon a joint loan agreement to be signed by the representatives of the four groups. Repeated to Tokyo.

TENNEY

893.51/2672a

The Secretary of State to the American Group

WASHINGTON, February 12, 1920.

GENTLEMEN: I have to refer to previous correspondence concerning the proposed emergency loan to the Government of China, in

⁸³ Probably refers to Legation's undated telegram, p. 621.

particular reference to the question of an advance to be made in the event of its proving impossible to conclude the negotiations for such a loan by the 19th instant in order to enable the Chinese Government to meet at least the more urgent financial requirements incident to the Chinese New Year.

In behalf of the Japanese Ambassador the Counselor of the Japanese Embassy called yesterday at the Division of Far Eastern Affairs and stated that the Embassy had received from the Foreign Office at Tokyo an instruction to request the good offices of this Department in urging upon the American Group the importance of its coöperating with the Japanese Group in making such an advance in case it should prove necessary to do so in order to prevent grave embarrassment to the Chinese Government on the occasion of the customary New Year settlement day; and he intimated that, failing the coöperation of the American Group, the Japanese Group might find it necessary to act independently in order to save the situation. He also requested that this Department ascertain and communicate to the Japanese Embassy the disposition of the American Group in this matter.

As was reported in a telegram from the American Chargé d'Affaires at Peking dated February 8th, of which a paraphrase was forwarded on the 9th for your information, the Chinese Government has advised the four interested Legations of its acceptance of the proposed terms for the emergency loan of £5,000,000, and has requested an immediate advance of \$7,000,000. In view of this situation, the Department ventures to hope that the American Group may see its way to authorizing its representative in Peking to make, jointly with the representative of the Japanese Group, and with the concurrence of the British and French representatives, such an advance as may prove requisite in the circumstances.

The Department would appreciate receiving from you an early indication of your views on this question, for communication to the Japanese Embassy here, as well as to the American Legation at Peking for its information.

I am [etc.]

For the Secretary of State:

ALVEY A. ADEE

Second Assistant Secretary

893.51/2658 : Telegram

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

WASHINGTON, February 12, 1920—5 p.m.

39. Your 37, February 10, 6 p.m.

Department fully approves your insistence upon joint negotiations and joint signature of the loan agreement by the four national groups.

LANSING

893.51/2643 : Telegram

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

[Paraphrase]

WASHINGTON, February 12, 1920—6 p.m.

40. The following is to supplement our telegram 35 of February 7, 3 p.m., especially as regards the fourth paragraph of that telegram. Our determination has not been changed in any manner as regards withholding from the Pacific Development Corporation loan support in activities of any sort which might have a detrimental effect on negotiations for the final organization of the four power consortium.

The Department fears, however, from your no. 30, January 30, 5 p.m.,³⁴ that the Government of China may be so improperly informed that it will interpret the fact that our Government has withheld support of a positive nature as equivalent to a definite determination not to regard the contract as valid. Under existing conditions we do not desire to publicly announce any position which might be interpreted as showing an intent on our part to give support to negotiations separate from those which the four powers are now conducting. The Department, however, wishes you to know that although it refuses to give positive support to the Pacific Development Corporation in conflict with the interests of the new consortium, it would have to take cognizance of a new condition should another powerful nation give to its subjects support in independent activities of this nature. Should such a condition arise, the Department would feel compelled to duly protect the contract rights of this company against any efforts to violate those rights to the advantage of interests of any other country.

You are given authority, in your discretion, should you become convinced that there is any immediate danger that such vested rights of the company will be violated, to call the attention of the proper Chinese officials to this viewpoint. In order to avoid any danger of misunderstanding, however, the Department desires that only in case of urgent necessity should you take this action.

LANSING

³⁴Ante, p. 624.

893.51/2690 : Telegram

The Ambassador in Japan (Morris) to the Acting Secretary of State

TOKYO, February 15, 1920—3 p.m.

[Received February 29—4:30 a.m.]

46. Your December 23, 6 p.m.⁸⁵ Replying to my December 20, 6 p.m.⁸⁶ I have received this morning the following memorandum from the Japanese Foreign Office:⁸⁷

“The Japanese Government have given most careful consideration to the American Ambassador’s memorandum dated December 27, 1919,⁸⁸ on the subject of the Chinese loan.

The Japanese Government have learned with satisfaction that the American Government still maintain the policy of withholding diplomatic support from the loan of the Pacific Development Corporation. It is, however, a matter of great surprise and regret to know that the United States Government is powerless to prevent and would be reluctant to interfere with, the activities of its financiers of this kind, unless the consortium should be organized, and in particular that it regards the conclusion of the loan at issue as being due to the delay in the organization of the new consortium which it asserts is caused by the objections raised by Japan, thus apparently placing the responsibility for the conclusion of this loan at the door of Japan.

The existing consortium, by virtue of the first reorganization loan agreement, are given the option in regard to loans of a similar nature. The loan of the Pacific Development Corporation is distinctly in conflict with the said option. The Chinese Government in accepting it have committed an act in breach of the agreement. The fact that the existing consortium are in possession of such option must have been well known to the American corporation. If so, it can hardly disclaim the responsibility for taking upon itself to perform an act of unwarrantable interference. It will be recalled, moreover, that in regard to the question of financial assistance to China, it was first proposed by the United States Government that no assistance could with advantage be rendered to China by the powers concerned, pending the achievement of a reconciliation between the North and South. Although the said proposition was not incorporated in the terms of the joint representation made by the five powers to China, the principle of concord on that point has since then been faithfully maintained by them. Viewed in this light, the loan of the Pacific Development Corporation is quite at variance with the principle of international concord between the powers.

As regards the new consortium, it has long been the desire of the Japanese Government to see the return of the American group, and in conformity with the suggestion made by the Japanese group on the occasion of the conference of representatives of the banking groups which met in London some years ago, the existing consortium

⁸⁵ *Foreign Relations*, 1919, vol. I, p. 552.

⁸⁶ *Ibid.*, p. 550.

⁸⁷ The original of this note was in the Japanese language; for the text as received in this telegram there has been substituted a translation furnished by the Japanese Government.

⁸⁸ See telegram of Dec. 23, 1919, to the Ambassador in Japan, *Foreign Relations*, 1919, vol. I, p. 552.

extended an invitation to the American group to return, which invitation, however, was not accepted. Subsequently a fresh proposal for the formation of a new consortium upon a basis distinct from the existing one was put forward by the United States Government. Notwithstanding the above detailed circumstances, the Japanese Government on that occasion signified their readiness to welcome the cooperation of the American group upon the basis of the new lines of policy adopted by the United States Government; and it is well known to the United States Government that the Japanese Government have accepted and confirmed the resolutions passed at the conference of representatives of the banking groups in May last in Paris. The fundamental principles respecting the organization of the new consortium have thus been decided upon, and it is only the settlement of certain difficulties naturally arising out of the special circumstances in which Japan stands, independently of the other three powers, as to the scope of the enterprises to be thrown open to the common activities of the new consortium, that is now made a subject of frank exchange of views between the Governments of Japan and other powers concerned. The Japanese Government, needless to say, are hoping with the same solicitude as the United States Government that by the organization of the new consortium, they may be enabled to contribute to the welfare of China and promote friendly relations among the four powers.

At this time when the powers concerned are cooperating in the organization of the new consortium it is deemed to be a matter of prime importance that the principle of concord should scrupulously be maintained among them. The organization of the new consortium will naturally bring in its train the result of checking undesirable competition, but in the light of past experience, it is feared that even after the formation of the new consortium, independent activities on the part of financiers of this type can hardly be stopped altogether. Furthermore should there be no means whatever of controlling loans which run counter to the policy of the Governments, it is apprehended that the whole basis of the activities of the consortium might eventually be jeopardized. It is therefore most earnestly hoped that the United States Government will take this point into their further serious consideration."

MORRIS

893.51/2686a : Telegram

The Acting Secretary of State to the Chargé in China (Tenney)

WASHINGTON, February 16, 1920—6 p.m.

44. Please communicate following to International Banking Corporation for American Group and advise your British, French and Japanese colleagues:

"Referring to your recent despatches American Group are prepared in view of decision of French Group to join in temporary advance of 7,000,000 dollars Mexican to extent of regular quota to join with Japanese Group in making remaining three-fourths advance, namely, 5,250,000 dollars Mexican. Please advise representative of International Banking Corporation that cable has been

transmitted to him requesting him to draw on J. P. Morgan and Company for 2,625,000 dollars Mexican on receipt by him from the Chinese Government of its six months Treasury bills of this principal amount discounted for six months at 8 per cent together with commission of 5 per mill or the equivalent of one-half [of 1?] per cent. upon said principal amount. It is understood that the Treasury bills are to be repaid from the proceeds of the emergency loan and the advance is made upon the sole condition that the Chinese Government accepts all the conditions of the emergency loan as transmitted to them by the International Banking Corporation. In the event that such emergency loan is consummated prior to maturity of the six months Treasury bills the latter are to be redeemed with an adjustment of interest from date of redemption to date of said maturity. Please advise International Banking Corporation that this cable is authority for them to draw in anticipation of receipt by them of direct communication from New York office."

POLK

893.51/2676 : Telegram

The Ambassador in Japan (Morris) to the Acting Secretary of State

TOKYO, February 19, 1920—4 p.m.

[Received 9:25 p.m.]

58. Your no. 32, February 2, 4 p.m.⁸⁸ I am assured by the Foreign Office that the report of a proposed loan by Okura and Company to the Chinese Government is utterly without foundation. All my investigations confirm this statement of the Foreign Office.

MORRIS

893.51/2678 : Telegram

The Chargé in China (Tenney) to the Acting Secretary of State

PEKING, February 19, 1920—4 p.m.

[Received February 20—4:15 p.m.]

44. Japanese have advanced 13,000,000 yen to Peking Government and express hope that it may be repaid to them out of proceeds of emergency loan now under negotiation.

TENNEY

893.51/2678 : Telegram

The Acting Secretary of State to the Chargé in China (Tenney)

WASHINGTON, February 24, 1920—5 p.m.

51. Your February 19, 4 p.m.

Advise fully if loan by Japanese took the place of proposed joint advance and if so what prevented completion of the latter along the lines agreed upon.

POLK

⁸⁸Ante, p. 624.

893.51/2693 : Telegram

The Ambassador in Japan (Morris) to the Acting Secretary of State

TOKYO, *February 25, 1920—7 p.m.*

[Received March 3—3:49 p.m.]

65. In an informal talk with the Minister of Foreign Affairs I referred to the recent negotiations in Peking resulting in a loan of 9,000,000 yen to the Chinese Government and inquired whether he felt at liberty to tell me how his Government viewed this emergency advance in relation to the larger question the consortium.

He replied that the advance of 9,000,000 yen by Japanese banks was approved by his Government simply as a temporary expedient to meet the pressing needs of the Chinese Government and was not intended to defeat the proposal of the British Government for an emergency loan of 5,000,000 pounds sterling or to affect in any way the progress of the negotiations for a four power consortium as proposed by the United States and approved by Great Britain and France. On the contrary the Japanese Government was extremely loath to approve an independent loan of any kind and delayed until the last moment in the hope that some joint action would be possible before the new year. He was glad to emphasize anew the adherence in principle of the Japanese Government to the plan of a four power consortium and was confident that a satisfactory agreement could be reached on the questions still under discussion. He further explained that the temporary advance of 9,000,000 yen which his Government had approved represented at the present rate of exchange 3,500,000 silver dollars or one half the amount which the Chinese Government had requested and left open the question of a further advance of the other half by the American banking group whose agents in Peking were on the eve of the Chinese New Year without definite instructions from their principal. He understood that there had been some misunderstandings in Peking during the course of the negotiations but he believed that the satisfactory explanations had been made to Sir John Jordan⁸⁹ and Mr. Tenney. He was hopeful that the visit of Mr. Lamont to Tokyo and Peking would help to clarify the entire situation. Repeated to Peking.

MORRIS

⁸⁹ British Minister to China until Sept. 1919, when he was succeeded by Sir Alston.

893.51/2694 : Telegram

The Chargé in China (Tenney) to the Acting Secretary of State

[Paraphrase]

PEKING [undated.]

[Received March 3, 1920—4:26 p.m.]

51. Your 51, February 24, 5 p.m. Am repeating to you telegram sent to Embassy in Japan, calling your attention to the fact that Japanese group representative has informed the American bankers' agent that the loan finally made by the Japanese to the Chinese Government was not 13,000,000 yen but only 9,000,000:

Am joining with group agent in reporting to you and Lamont developments at this end in negotiations for £5,000,000 loan to China followed by short-time advance made by Japanese.

Instructions to take part in £5,000,000 loan were announced January 15 by the Japanese Minister. There were three conditions stated: supervision of expenses; soldiers not needed by China to be discharged; and conference on peace between North and South to meet again without delay.

See Legation's January 30 [29?], 5 p.m.⁸⁹ Japanese Minister proposed on January 29 that four banks advance certain amounts to China for the Chinese New Year. This advance was to be deducted from later loan of £5,000,000.

The Japanese Legation united with the others in note to China on February 5, calling for the surplus salt revenue for one year as security and setting forth the three conditions named above. China agreed to accept these four [*sic*] fundamental conditions in a reply on February 7.⁹⁰ The Government asked that 7,000,000 dollars in silver be loaned immediately. Legation's attitude was stated in our telegram no. 37, February 10, 6 p.m.,⁹¹ and received the approval of the State Department [in its] telegram no. 39, February 12, 6 [5] p.m.⁹²

Despite the action of the British and French Legations, the group agents of those nations were without instructions to start formation of a contract for the £5,000,000 loan. In regard to a short-time loan before the Chinese New Year, the agent of the American bankers also lacked instructions which would permit him to take part.⁹³ Acting under direction of the Japanese Legation, the Japanese group agent made to China on February 19 an independent loan of 9,000,000 gold yen. It was the declared purpose of the Japanese to be repaid from the £5,000,000 loan to be made later. The agent of the Japanese group, nevertheless, made a formal statement to the American group agent to the effect that according to his instructions the chief conditions which might be applied regarding the £5,000,000 were not

⁸⁹ *Ante*, p. 623.⁹⁰ See the Chargé's telegram no. 35, Feb. 8, p. 629.⁹¹ *Ante*, p. 629.⁹² *Ante*, p. 631.⁹³ Lack of instructions was due to a break in the Pacific cable, which delayed receipt of Department's telegram no. 44, Feb. 16, p. 633.

required in this temporary advance. In replying to this statement the agent of the American group declared that he did not think the American banking group would object at all to the temporary advance by the Japanese if the Chinese Government agreed to the provisions required for the emergency loan being negotiated at the time and the conditions under which the advances are made agree with those for the emergency loan when finally arranged.

The conditions of this short-time loan as stated by the agent of the Japanese bankers follow: a Treasury bill is issued at a price of 96 running for 6 months secured by salt revenue which will be used to pay administrative expenses last month and to pay back the loan by a monthly installment plan beginning this month. The commission for issuing the loan is one half of 1 per cent. The Japanese group agent called attention to the fact that this advance was to be paid out of the emergency loan of £5,000,000 if that were concluded. Mr. Bennett, agent for the American group, later was given telegraphic authorization to take part in making a short-time loan. These instructions were not received in time for him to take part. Mr. Bennett with our approval refrained from taking action because the loan had been made without regard to the conditions set forth by the American group for the emergency loan, the Japanese alone carrying on the negotiations. There is a report that on the basis of this temporary loan certain benefits have been secretly obtained by the Japanese.

A continuation of negotiations for the £5,000,000 loan was suggested on February 25 by Mr. Bennett to the Japanese group agent, Mr. Takeuchi. The latter said he had no authority to negotiate further in this matter. He added that he was leaving today for Tokyo to see Lamont as the conditions under which Japan would enter the consortium were uncertain.

Mr. Bennett and myself would like to have the opinion of Mr. Lamont as to whether or not it is expedient for the agent of the American group to make a short-time loan now, having in mind the complete account given above and also the telegram of Ambassador Morris, no. 65, February 25, 7 p.m.

TENNEY

893.51/2690 : Telegram

The Acting Secretary of State to the Ambassador in Japan (Morris)

[Paraphrase]

WASHINGTON, *March 6, 1920—9 p.m.*

77. Department received on the 29th your delayed telegram no. 46 of February 15, 3 p.m.⁹⁴ While an answer to the note which it contained was being drafted, there was a change of conditions due to the receipt on March 2⁹⁵ of a new note from the Government of Japan. The Department is now considering this note which apparently makes it not necessary at present to answer the first one. Nevertheless, for your information the following statement is sent giving our

⁹⁴ *Ante*, p. 632.

⁹⁵ *Ante*, p. 500.

attitude on the several questions presented in the communication contained in your no. 46.

1. Unless the Department should find it impossible to form the consortium, it will remain our policy to refrain from giving diplomatic support to the Pacific Development Corporation in its loan to China. If we should become convinced that the consortium cannot be formed the Department would consider itself under obligation to give its full backing to every proper and legitimate financial agency which might desire to enter the Chinese business field and would use every possible means for that purpose.

2. The American group cannot utilize the promised exclusive support of our Government until the consortium is completed, with the result that in the meantime we are unable to use the full force of our influence to keep independent companies from operating in the field.

3. We are in complete agreement that the loan under consideration was concluded because there has been so much delay in forming the consortium, for which the blame rests entirely upon Japan.

4. The Continental Trust and Savings Bank of Chicago contracted a loan agreement in November, 1916,⁹⁶ which gave it an option on future loans having the tax on tobacco and wine as security. The Pacific Development Corporation was simply replacing the Continental Trust and Savings Bank in concluding the present loan.

5. When negotiations were delayed because the Chinese wished to make certain substitutions in securities, the Continental would not complete the contract. This action was taken at our request. It was then that China allowed the Pacific Development Corporation to replace the Continental.

6. In the action it took the Pacific Development Corporation was not interfering without justification, or if it was, the offense was only against the United States and the American people.

7. The United States did in fact suggest that until the two sections of China should compose their differences, money should not be lent to that country. In our telegram of October 22, 5 p.m.⁹⁷ we explained why we approved the Chicago loan. The Pacific Development Corporation, as already explained, did not consult our Government in making its loan.

POLK

893.51/2730

The Japanese Embassy to the Department of State

On February 3, 1920, the American, British, French and Japanese Representatives at Peking agreed to authorize their respective

⁹⁶ *Foreign Relations*, 1916, p. 138-143.

⁹⁷ See *ibid.*, 1919, vol. I, footnote 24, p. 527.

banking groups to undertake in common an Emergency Loan of £5,000,000, and they presented to the Chinese Government a joint Memorandum embodying the essential conditions of such Loan. On February 7, the Chinese Government signified acceptance of these conditions, and at the same time requested that in the event of the Loan not being realized by the end of the Chinese Calendar year, an advance of Mexican \$7,000,000 would be made at once to meet China's immediate need.

Thereupon, the Representatives of the four Powers at Peking, and also the Banking Groups concerned, have conferred with one another, in an effort promptly to arrange either the Emergency Loan or the advance requested by the Chinese Government. Those discussions have however failed to show any appreciable sign of progress.

On the other hand, hard pressed by the financial stress in view of the approaching Chinese New Year (February 20), the Chinese Government repeatedly applied to the Japanese Government for an early arrangement of the advance in question. Accordingly, under instructions of the Japanese Government, Mr. Obata and the Japanese Banking Group approached the American Chargé d'Affaires at Peking and the American Banking Group respectively, with a view to arranging that the advance would be made jointly by the American and Japanese Groups as an emergency measure. The proposals remained also unanswered, owing presumably to the dislocation of telegraphic communications.

In the meantime, the Chinese New Year came close at hand, and the Japanese Government, finding themselves unable to refuse any longer the urgent request of the Chinese Government, finally decided to authorize the Japanese Banking Group to make an advance of Yen 9,000,000, as an equivalent of Mexican \$3,500,000, representing one-half of the total advance desired by the Chinese Government. In giving such authorization, they were confident that the special circumstances calling for this decision would be fully appreciated and approved by the Governments and Banking Groups concerned in the undertaking. The contract respecting the advance of Yen 9,000,000 was signed between the Japanese Group and the Chinese Ministry of Finance on February 19.

At the same time, placing particular importance on the maintenance of co-operation between the American and Japanese interests, the Japanese Government consistently sought to pave the way for American participation in the advance, and at their suggestion, a clause is inserted in the contract of the advance payment, to the effect that in case of American participation, the terms of that contract are subject to modification to conform with the proposals of the American Group. It is sincerely hoped that the American

Group may be persuaded to participate in the undertaking and to make an advance for the remaining share of Mexican \$3,500,000.

It is known that the sum of Yen 9,000,000 advanced by the Japanese Group falls short of China's immediate requirements. In this situation, pending arrangement with the American Group for the remaining one-half of the total advance required, the Chinese Government have been urgently requesting the Japanese Government to authorize the Japanese Group to make a further advance of at least Yen 4,000,000 (corresponding approximately to Mexican \$1,500,000) on the understanding that this sum shall be redeemed out of the proceeds of the advance whenever made by the American Group. The Japanese Government, however, have been withholding authorization to the Japanese Group for such additional advance, in the hope that the American Group may soon be ready to participate in the advance reserved for that Group.

WASHINGTON, *March 9, 1920.*

893.51/2852

*Mr. Thomas W. Lamont to the Chinese Minister of Communications
(Tsang Yuh Tseun)*⁹⁸

PEKING, *April 20, 1920.*

MEMORANDUM

The question of the payment of the coupons on the bonds of the Hukuang Railway loan affects seriously the sale of any future bonds of the Chinese Republic in the markets of New York and London. Payment on the coupons attached to the bonds which were originally issued, payable to bearer, has been refused by the Chinese Government, unless the holder can prove that he purchased the bonds prior to the date when war was declared between China and Germany. It is believed that the Chinese Government does not fully appreciate the importance of this question, or the effect of its decision upon any future offering of bonds of the Chinese Government in the western money markets. Accordingly this memorandum is submitted in order to bring the matter to its attention for further and immediate consideration.

In western countries bonds and coupons which are issued payable to bearer are treated by common commercial custom almost in the same manner as bank notes. In order to secure a ready market, they must be transferable almost in the same manner as bank notes or

⁹⁸ Copy of this memorandum reached the Department in June 1920; the exact date and manner of receipt not definitely indicated.

other money. By the western custom of bankers (which has been adopted by laws which have been passed), the purchaser in good faith of a bond, or coupon, "payable-to-bearer", acquires a good title to it, and an absolute right to receive the money, unless, perhaps, some third person can prove that the bond was his and was stolen from him. This is one of the principal elements that gives value to a bond payable to bearer. Any interference with this custom and any hesitation on the part of a Government which issues bonds to pay them or their coupons to the bearer when presented, makes the bond unmarketable in such money centers as New York or London. It is of the greatest importance that the Chinese Government fully appreciate this custom, because the securities of any Government which fails to observe this custom will become unsalable on the great western Stock Exchanges.

When an issue of bonds is made, it is not possible to make any distinction between one bond and another bond of the same series. If part of the bonds will be paid and part will not be paid, the value of every bond of such an issue is affected, because no one will purchase a bond of an issue part of which is good, and part of which will be refused payment. In all great western Stock Exchanges, there are many bonds offered for sale of all the countries of the world, and if purchasers learn that any one Government refuses to pay some of its bonds which are payable to bearer, they will not buy the bonds of that Government, but will in preference buy the bonds of Governments which make no such distinction. It should therefore be fully appreciated that a refusal to pay any securities by a Government affects all its securities, and will eventually result in that Government being unable to obtain any substantial credit.

In the case of the Hukuang Railway, the bonds and coupons are all alike, and are payable to bearer in Sterling. Since these bonds were sold, many of those originally issued in Berlin have been bought in good faith by the citizens of allied countries, the United States, Great Britain and France. Since war was declared between China and Germany, bonds, no doubt, have been sold through neutral stock exchanges, and have been purchased by citizens of the allied and of neutral countries in perfect good faith. The Chinese Government is now refusing to pay the interest on any bonds originally issued in Germany, unless the holder can prove that he purchased the bonds before the date of the declaration of war between China and Germany. This causes great inconvenience, and in many cases, the bonds have changed hands more than once, so that it is impossible for the holder to prove that they were not owned by Germans on this date.

The result of this action on the part of the Chinese Government has been to create the impression that no one is safe in purchasing

a Chinese Government bond, because when he attempts to collect the interest he may be required to prove that these bonds were not owned by Germans in August, 1917, and in some cases, he is unable to prove who owned the bonds on this date, as bearer bonds pass from hand to hand like bank notes, and the holder will therefore lose all that he paid for the bond. Any hesitation in the payment of bearer bonds creates an impression that no one is safe in buying bonds issued by the Chinese Government, and such an impression makes it impossible to offer Chinese securities for sale on the western money markets.

During the war, this question was not considered a vital one, because it was recognized that the Chinese Government might properly require evidence that the holder[s] of bonds were not Germans, so that it would not be compelled to pay money to citizens of an enemy country. The war is over. The fact that China has not signed the Peace Treaty does not affect this question, because it is a fact that the war has stopped, and the signature to a Peace Treaty is not always necessary to declare war ended, but it is only one method of making a peace. Debts due to enemies during the war are not cancelled or extinguished by the war, but only suspended, and are revived when the war is over. If, therefore, the Chinese Government continues to take the position, now that the war has ceased, that it will not pay the coupons on the bonds of the Hukuang Railway loan issued in Germany, unless the holder can prove that they were not owned by Germans during the war, the credit of the Chinese Government, already seriously affected in New York and in London, will be brought so low that purchasers cannot be found for future loans of this Government in the western markets, because, as already explained, one of the principal elements giving value to securities payable to bearer is the fact that the bearer is entitled to an absolute right to receive from the Government issuing the bond, the amount of it. Any action by the Chinese Government in violation of this custom of the western banking communities will permanently render its securities unsalable.

Purchasers of these bonds who have been unable to collect the coupons have complained to the Stock Exchange in New York that the Stock Exchange is permitting the sale of securities payment on some of which is being refused, and have demanded that the Stock Exchange prohibit all further dealings in these securities, on the ground that this Exchange cannot permit securities to be sold to the public when it knows that there is any question about the right of the purchaser to collect payment on part of the securities issued. Action on this complaint has been delayed only pending representations to the Chinese Government, in the belief that that Government, when the facts are fully presented to it, will recognize the

custom of the western bankers, but it is impossible to delay action longer. If the Chinese Government should fail to recognize its larger interests in this situation, and decline to reconsider the matter, now that the war is ended, it will be impossible for the American—and for the British—Groups of bankers to make any successful offering of Chinese Government securities in their own markets.

893.51/2807 : Telegram

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

[Extract]

PEKING, April 29, 1920—5 p.m.

[Received 7:45 p.m.]

98. Lamont sends thanks for information as to replies to the Japanese Government in view of which he asks you kindly communicate the following to American group.

“Leaving Peking May 1st arriving Tokyo May 6th. Cabinet declines for the present to interpose [*change?*] attitude with reference to Hukuang coupons. This decision simplifies our immediate problem and accordingly have been obliged to decline to renew negotiations for emergency loan or to make any fresh loan proposals. Group representatives here all absolutely in accord with this policy. In default of any apparent steps by the Government to bring about effective peace conditions and disband unnecessary troops and in face of our consent [*sic*] to Government deficit at the rate of approximately 100,000,000 dollars per annum, it is apparent that consortium could not in any event have laid out any firm proposals on a broad scale. Have made it clear to Government, to all factions both North and South, and to public generally, that consortium if and when finally formed will be in position to offer comprehensive plans to meet such improving conditions as may appear in China. Leaving here with apparent good will and confidence of Government and men of affairs generally, and, despite continued attacks on consortium's motives etc., with the belief that the majority of people here desirous for consortium to be [completed] and to be prepared to function and especially anxious for American group to take position of leadership.

Have stated informally to Government that had they made favorable decision on Hukuang coupons would probably have been able to make [terms] for a limited loan say five million sterling for purposes of payment such coupons, taking over Pacific Development Corporation position etc., such loan being preliminary and first step to larger plan. Government may reconsider Hukuang decision and in that event we may desire to reopen the question of small initial loan, but we are absolutely without any commitment on this point. On Hukuang coupon question Cabinet badly split and predictions freely made that early change in Government may occur. For your information Minister of Communication and Minister of Finance

both opposed to Premier who desired to pay Hukuang coupons, both Ministers preferring frankly to ruin China's credit rather than forego opportunity to thwart and discredit present Premier. Government has requested me to postpone my departure but both Legations and group representatives agree that probably nothing can be accomplished by remaining and that it is wisest for me to proceed forthwith to Japan.

Three groups interested in Hukuang Railway, namely, American, British and French, recently received inquiry from Minister of Communication[s] as to whether further Hukuang construction could presently be proceeded with. Have now sent formal reply pointing out impossibility further Hukuang loans with present default existing but adding that if default is removed and conditions permit, shall be glad to consider development of Hukuang upon large scale and welcoming cooperation of certain Chinese banking institutions in offering domestic silver loan, if such should prove feasible. . . ."

TENNEY

893.51/2852

*The Chinese Minister of Communications (Tsang Yuh Tscun) to Mr. Thomas W. Lamont*⁹⁹

[Translation]

PEKING, May 4, 1920.

DEAR SIR: I am in receipt of your letter of April 20th and highly appreciate your kind advice and information it conveyed. In reply I regret to inform you that from our point of view there are numerous difficulties preventing the Ministry from complying with your request.

First of all, the Ministry has sent to the different foreign Ministers residing in Peking two circular letters under the dates of June 11th (*vide* Appendix I) and December 30th 1919 (*vide* Appendix II) respectively.¹ The first letter was in the form of a war order notifying the countries concerned of the stoppage of the payment of all the bonds issued by the Deutsche Asiatische Bank under the Tientsin-Pukow and the Hukuang Railway Loan Agreements, whose coupons had not been cashed at the Hongkong and Shanghai Banking Corporation in London between the Fourteenth of August 1917 and the Second of April 1919. The second letter contained the same information in brief, and in addition a few arguments to support this action, and to this letter the Ministry has received no answer from any country up to date. Later, the Ministry also requested the Hongkong and Shanghai Banking Corporation to publish in the London daily papers the numbers of the bonds

⁹⁹ Copy of this translation reached the Department in June 1920; the exact date and manner of receipt not definitely indicated.

¹ Neither printed.

whose coupons had been cashed during the aforesaid period for the information of those who had the intention to purchase the railway bonds. If these letters and notification should be considered insufficient, we can hardly find a better way to notify the countries concerned of our decision in the matter.

It may also be observed that the length of the period set for the cashing of the coupons is not unreasonable. The holders were allowed an ample time (almost two years) to secure payment for their coupons. Nor were there insufficient facilities for cashing their coupons. The holders could get their coupons cashed anywhere besides London as is shown in the case of refunding to the French and American banking groups by the Hongkong and Shanghai Banking Corporation the interest they had paid for the Ministry. On account of this lengthy time-limit and good facilities for cashing coupons, it is hardly conceivable that there should be persons who have failed to act promptly in protecting their own interests. In view of this, the Ministry finds it difficult to resist the temptation of coming to the conclusion that the bonds other than those whose coupons had been cashed during the aforesaid period had been secured by direct or indirect means from the enemy's subjects.

For additional protection of the interests of the non-enemy subjects who might have failed to cash their coupons either owing [to] the War or their being not acquainted with the rules of cashing coupons in London, the Ministry undertakes to see to it that they shall not suffer provided that they can successfully rebut the *prima facie* evidence of fraud.

A *bona fide* purchaser is one acting in good faith. When the first Circular letter was issued, it was, legally speaking, immediately attached to the bonds in question and anyone who buys them after the circulation of the said letter buys them at his own risk. A man who purchased the bonds after the notice had been issued cannot be considered a *bona fide* purchaser. This is the law of the American Government. It is also the law of the Chinese Government.

It frequently happens that after the War some German and other enemy subjects have sold their bonds. On November 15th, 1919, the London *Times*, for instance, published an account of the sale of bonds by German nationals at Paris, Sweden and Holland. Are not these sales illegal? A fraudulent sale as intimated in your letter will protect *bona fide* purchasers, but an illegal sale never will. Though the Chinese Government has no jurisdiction over the purchasers, it can exercise control over the bonds they possess.

Lastly, Germany, according to Article 298, Annex 10, of the Treaty of Peace with Germany, is obliged "to deliver to each Allied or Associated Power all securities, certificates, etc. . . . held by its nationals . . . including any shares, stocks, debentures, debenture

stock, or other obligations of any company incorporated in accordance with the laws of that Power." It is true that China is not a party to the Treaty on account of the Shantung question and that that provision does not apply to China. The same provision is however applicable to the settlement of our enemy property. The world is aware of the fact that with the exception of the Shantung provision China approves of the Treaty in whole.

In conclusion, allow me to send you for your information copies of the two circular letters and list of the numbers of the bonds whose coupons had been cashed at the Hongkong and Shanghai Banking Corporation in London during the aforesaid period,² all of such bonds having been recognized by the Chinese Government as being held by subjects of Allied or Neutral Countries.

Yours faithfully,

TSANG YUH TSEUN

893.51/2854a : Telegram

The Acting Secretary of State to the Minister in China (Crane)

WASHINGTON, June 29, 1920—4 p.m.

158. Supplementing Department's 40, February 12, 6 p.m.³

Pacific Development Corporation advises the Department that the Chinese Government which has refused to permit the functioning of the Associate Inspector-General of Wine and Tobacco Administration as provided by Article 10 of the loan agreement of November 26th last⁴ has nevertheless indicated its intention to terminate all rights granted by that contract with respect to the revenues of that Administration in the event of the Corporation's failing to exercise the option for a further loan specified in Article 11.

You will advise the Chinese Government that this Government regards the provisions of Articles 10 and 11 as interdependent and could not acquiesce in the contention that the specified period of seven months for the option should begin to run against the Corporation so long as the Chinese Government is in default. This is the more apparent in view of the annex referring to Article 10 of the loan contract which provided that the Corporation would retain its rights for a year even if it rather than the Chinese Government were in default.

The Department has been advised by the American Group and the Corporation of the existence of an understanding between them for the pooling of the latter's rights into the consortium. You will so advise the Chinese Government when notifying it of this Govern-

² Not printed.

³ *Ante*, p. 631.

⁴ *Ante*, p. 606.

ment's position that the Corporation's option under Article 11 should be construed as running for seven months from the date when the American Associate Inspector-General is enabled to function with the effective authority contemplated by Article 10.

Advise your British, French and Japanese colleagues of the action taken under this instruction.

Repeat as number 244 to Tokyo for information only.

DAVIS

S93.51/2852 : Telegram

*The Acting Secretary of State to the Chargé in Japan (Bell)*⁵

WASHINGTON, June 29, 1920—5 p.m.

245. American Group having received from Chinese Minister of Communications formal reply declining to alter decision in respect to payment of Hukuang and Tientsin-Pukow coupons which was made solely on grounds of International Law with respect to enemy property and without reference to the practical aspects of the question is so informing the British, Japanese and French Groups stating that consortium would thereby be estopped from all operation if Chinese Government persists in present attitude toward said bearer bonds. In conferring with State Department Lamont expressed the belief that all four Governments should separately but in practically identical terms point out in a communication to the Peking Government that the present course if persisted in by the Chinese Government is calculated to ruin its credit for a long time to come; that the amount involved is comparatively insignificant; and that some measures might reasonably be devised in the way of a temporary loan to assist China in meeting these outstanding and overdue obligations. The Department of State is in favor of an urgent recommendation to China along the lines thus outlined and therefore proposes to address a note to the Chinese Government through its Legation at Peking along the following lines:

“The Department has now had an opportunity of reading the communication of April 20, 1920, addressed to the Minister of Communications by Mr. Lamont, acting in behalf of the American, British and French Groups. You will observe that since the date of Mr. Lamont's communication the consortium has been finally organized by the inclusion upon like terms as the other groups of the Japanese Banking Group.

The Department has also read the reply to Mr. Lamont's note, coming from the Minister of Communications, dated at Peking

⁵ The same telegram was sent to the Ambassador in Great Britain as no. 686, with instructions to repeat to Paris as no. 1183. For instructions to repeat to Peking, see telegram no. 295, July 29, to the Chargé in Japan, p. 653.

May 4, 1920, and has noted the position that the Chinese Government takes in this controversial matter covering the payment of coupons upon bonds hitherto issued under the seal of the Chinese Republic in return for moneys borrowed for construction of the Hukuang and Tientsin-Pukow Railways, and it is not the Department's disposition to argue the question of international law in connection with property that may have been suspected as belonging to the enemy.

Its sole purpose in now addressing the Chinese Government is to point out purely the practical aspects of the matter, and the grave consequences certain to accrue to China in its credit position if it persists in its present determination not to pay these obligations that at present stand in default. The American Government has taken such a strong position in respect to the organization of the new consortium and is so anxious, for the benefit of China and for the upbuilding of her great public utilities and means of communication, to see the consortium begin to function in the near future that it cannot but view with deep concern any attitude on the part of the Chinese Government that precludes early and favorable formation of policies by the consortium.

The difficulty is a very real one. Owing to the refusal of the Peking Government to meet the obligations referred to, quite aside from whether it is legally justified, the outstanding obligations of the Chinese Government in the money markets of New York, London and Paris have declined to such a point that it is quite impossible with any hope of success for the consortium bankers to attempt a fresh issue of Chinese obligations until the present default is remedied. The Department is informed that the amounts involved are not large and it would therefore appear that in persisting in its present attitude the Republic of China is likely to ruin its credit for a long period of years to come without any possible compensating advantages. On the other hand, for the Chinese Government to take a fresh attitude, the effect on these bearer obligations, if it will meet its interest promptly regardless of what the ownership of the obligations may once have been, should prove of immense benefit to China.

For these reasons, this Government urges that the Chinese Government will give earnest and immediate reconsideration to this whole question."

You are instructed to bring this to the attention of the Government to which you are accredited urging it to join this Government in such action.

DAVIS

893.51/2863 : Telegram

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

TOKYO, July 11, 1920—10 a.m.

[Received July 11—6:35 a.m.]

337. Your 245, June 28 [29], 1 [5] p.m. Proposed action in connection with decision of Chinese Government regarding payment

of Hukuang and Tientsin-Pukow coupons was brought to the attention of the Japanese Government in accordance with instructions contained in last paragraph of your telegram referred to above and reply has now been received from Minister for Foreign Affairs in the following sense.

Although Minister for Foreign Affairs is not familiar with contents of communication between Mr. Lamont and Chinese Department of Communication, Japanese Government fully share views of American Government that owing to little influence of Chinese Government the credit of that Government in foreign markets will not only be greatly damaged but future issue of their obligations will be seriously affected. Japanese Government therefore has no objection whatever that steps be taken to bring this question to the serious attention of the Chinese Government and is prepared to make representations to Chinese Government in above sense provided other interested Governments fully concur in proposal of American Government.

BELL

S93.51/2882

The American Group to the Secretary of State

NEW YORK, *July 20, 1920.*

[Received July 21.]

In re Pacific Development Corporation.

SIR: The Managing Committee of the American Group has had several discussions with the above named corporation, the result of which is a letter from the Corporation addressed to us, of which we attach copy for your own information and permanent files.⁶ We should be obliged if you will peruse this copy carefully and let us know whether or not, in your judgment, it meets the situation.

The gist of our proposed agreement with the Corporation is that they shall at once give the American Group, and therefore the Consortium, an option to be good until November 15th next on their whole position with respect to the Peking Government, the present loan, the present option, the Wine and Tobacco Tax, etc. As consideration for their doing this, we agree to find facilities for making a loan to the Corporation, secured by their holding of Chinese notes.

If you approve this, we shall, in behalf of the American Group, confirm it and you will then be in possession of a tangible basis to warrant you making such representations as you see fit to the

⁶ Not printed.

Foreign Offices of Great Britain, France and Japan, so that they may join you in whatever attitude you take toward the Peking Government on the proposed extension, which the Peking Government ought to grant on this option.

Very truly yours,

J. P. MORGAN & Co.
For the American Group

893.51/2882

The Secretary of State to the American Group

WASHINGTON [, July 24, 1920.]

GENTLEMEN: The Department of State acknowledges the receipt of your letter of July 20, 1920, with the enclosure, relative to the Pacific Development Corporation loan option.

The Department has given careful consideration to the proposals set forth in the letter of July 15, 1920, addressed to you by the Pacific Development Corporation, on the above mentioned subject.

In view of the arrangements tentatively agreed upon between the Corporation and the Group, the Department is now prepared to recognize and support the loan contract of November 26, 1919, between the Corporation and the Chinese Government.⁷

With reference to making representations to the Chinese Government, in cooperation with the British, French and Japanese Governments, in connection with the extension of the option of the Pacific Development Corporation, you are advised that the Department will take this matter up at once. Before consulting the three Governments above mentioned, however, the Department will instruct the American Minister at Peking, referring to the Department's telegram of June 29, to inquire of the Chinese Government whether any extension of the option has already been granted or whether the present option will run for a period of seven months after the American Associate Inspector of the Wine and Tobacco Administration enters upon his duties. Further action in this regard will depend upon the nature of the reply from Peking.

I am [etc.]

For the Secretary of State:

NORMAN H. DAVIS

Under Secretary

⁷ *Ante*, p. 606.

893.51/2900

The Japanese Embassy to the Department of State

AIDE-MEMOIRE

The American Minister at Peking informed his Japanese colleague on July 8 that he had addressed to the Chinese Government a communication pointing out China's violation of the terms of the loan undertaken by the Pacific Development Corporation in 1919.

It will be remembered that when the conclusion of that financial undertaking was made known, the Japanese Government invited the attention of the American Government to certain features of the loan which seemed to be in conflict, not only with the rights secured to the existing Consortium under the Agreement of the First Reorganization Loan, but also with the broader principle of international co-operation in the matter of financial assistance to China. The American Government then promptly declared its intention of withholding diplomatic support to the loan in question.

It is realized that the action now taken by the American Minister at Peking was rendered necessary by the failure of the Chinese Government to give effect to the terms of the contract with American concerns. It, however, appears to imply an official support to the loan, and the Japanese Government had expected that before any such steps were taken, the Consortium Powers would be consulted fully and frankly.

The present action of the American Minister, coupled with his recent independent communication to the Chinese Government of the Kajiwara-Lamont notes⁸ without common consent of both parties to that correspondence and in disregard of the expressed views of the Japanese Representative, seems to be hardly in line with the policy of mutual co-operation among the interested Powers, which, it is confidently believed, actuates the Government of the United States, no less than the Japanese Government.

In bringing these considerations to the notice of the State Department, the Japanese Government have solely in view the sincere desire to remove all cause of misunderstanding in the functioning of the new Consortium, and to maintain and strengthen the spirit of harmony among the nations participating in that international enterprise.

WASHINGTON, *July 27, 1920.*

⁸ *Ante*, pp. 555, 556.

893.51/2890 : Telegram

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

PARIS, July 27, 1920—3 p.m.

[Received 4:05 p.m.]

1445. My 1413, July 20th, 6 p.m.⁸ Foreign Office states formally that it is ready to give instructions to the French Minister at Peking to address to the Chinese Government a note identical to the one proposed by the Department. Foreign Office asks to be advised whether American Minister in Peking is in possession of the proposed note in order that the French Minister there may consult with him and have knowledge of its contents. Please instruct.

WALLACE

893.51/2895 : Telegram

*The Secretary of State to the Chargé in Japan (Bell)*⁹

WASHINGTON, July 27, 1920—5 p.m.

286. Department's November 29, 1 p.m.¹⁰ Under date of July 20th the American Group and the Pacific Development Corporation informed the Department that arrangements had finally been completed for the taking over by the former of the Corporation's option under the loan contract entered into between the Corporation and the Chinese Government on November 26, 1919.¹¹

On July 24th, the Department informed the Group and the Corporation that in view of the arrangements agreed upon between them, the Department is now prepared to recognize and support the loan contract of November 26, 1919. It will be observed, therefore, that the Pacific Development Corporation loan is now merged into the Consortium. On the same date a telegram⁸ was sent to the American Legation at Peking asking to be informed whether the Chinese Government has granted an extension of the option under the contract or whether it has been agreed that it shall run for a period of seven months after the American Associate Inspector of the Wine and Tobacco Administration enters upon his duties.

You will communicate the substance of the above to the Japanese Government.

COLBY

⁸ Not printed.⁹ The same, *mutatis mutandis*, July 29, 6 p.m., to the Ambassador in Great Britain as no. 799, with instructions to repeat to Paris as no. 1309.¹⁰ *Foreign Relations*, 1919, vol. I, p. 541.¹¹ *Ante*, p. 606.

893.51/2890 : Telegram

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

WASHINGTON, July 29, 1920—10 p.m.

295. Repeat to Peking Department's No. 245 of June 29, 5 p.m. Inform Japanese Foreign Office that American Minister at Peking has been instructed to confer with his British, French and Japanese colleagues with a view to simultaneous representations to the Chinese Government in the sense of the note quoted in the above mentioned telegram.

The French Government has already acquiesced in proposal and has instructed the French Minister at Peking accordingly. If the British and Japanese Governments are not prepared to join in making representations, Minister Crane will present the note independently or in cooperation with the French Minister. Paris and London have been informed.

COLBY

893.51/2898 : Telegram

The Secretary of State to the Minister in China (Crane)

WASHINGTON, July 31, 1920—7 p.m.

198. In view of reorganization of Ministry of Finance Lamont suggests that you confer with Group representatives and with them take early means for ascertaining whether the views of the new Minister of Communications are not perhaps more enlightened than those of his predecessor in connection with Hukuang and Tientsin-Pukow bonds.

COLBY

893.51/2900

The Department of State to the Japanese Embassy

AIDE-MEMOIRE

The Department of State has received an *Aide-Memoire* dated July 27th, from the Imperial Japanese Embassy, with reference to the action of the American Minister at Peking in communicating with the Chinese Government regarding the terms of the loan contract of November 26, 1919, between the Pacific Development Corporation and the Chinese Government.

In November last, the Legation at Peking advised the Department that the Pacific Development Corporation had entered into a contract with the Chinese Government for an immediate loan of \$5,000,000 with an option for an additional loan or loans of \$20,000,000. The

negotiations were carried on by the Corporation without the knowledge or consent of the Government of the United States. In view of this Government's commitments with respect to the proposed Consortium, diplomatic support on the part of the American Government was at that time withheld from the transaction. Both the Chinese Government and the Corporation were also notified of the withholding of such support.

A telegram was sent to the American Ambassador at Tokyo instructing him to explain to the Japanese Foreign Office the situation created by the independent action of the Pacific Development Corporation.¹³ It was pointed out to the Japanese Foreign Office that the contract was further evidence of the growing interest of American financiers in the situation in China, and that the American Government would not be in a position to restrain or circumscribe such independent activities save in the interest of the broad international policy represented by the proposed Consortium.

Subsequently, negotiations were entered into between the Pacific Development Corporation and the American Group with a view to the taking over by the latter, for the benefit of the Consortium, of the option held by the Corporation under its contract of November 26, 1919. In this connection a question arose as to the date on which the option should be construed to expire, that is, whether it expired seven months after the date of the contract, or seven months after the date upon which the Associate Inspector of the Wine and Tobacco Administration should enter upon his duties.

On June 29, 1920,¹⁴ the Department telegraphed the Legation at Peking stating that the Pacific Development Corporation had advised the Department that the Chinese Government had refused to permit the functioning of the officer above mentioned, and that the Chinese Government intended to terminate all rights granted by the loan contract with respect to the revenues of the Wine and Tobacco Administration, in the event of the Corporation's failing to exercise the option, which was about to expire, for a further loan.

The Legation was instructed to inform the Chinese Government that the American Government regarded the provisions of Articles 10 and 11 of the Contract between the Corporation and the Chinese Government as interdependent, and could not acquiesce in the contention that the specified period of seven months for the option should begin to run against the Corporation so long as the Associate Inspector of the Wine and Tobacco Administration should not be permitted to function.

¹³ *Foreign Relations*, 1919, vol. I, p. 552.

¹⁴ No. 158, p. 646.

Such action was deemed proper because the Department had been advised by the American Group and the Corporation of the existence of a tentative understanding between them for the pooling of the latter's rights into the Consortium. The Legation was instructed so to advise the Chinese Government.

Under date of July 20th, the American Group informed the Department that arrangements had been completed for taking over the Pacific Development Corporation option by the Group; and on July 24th, the Department informed the American Group and the Pacific Development Corporation that in view of the arrangements agreed upon between the Group and the Corporation in connection with the loan option, the Department was prepared to recognize and support the loan contract of November 26, 1919.

From the foregoing it will be observed that the action of the Government of the United States in this matter has materially advanced the interests of the new Consortium by including under it this independent enterprise. Since Japan has pledged itself no less whole-heartedly than have the United States, Great Britain and France to the new Consortium, it is confidently believed that the action taken by Minister Crane, in pursuance of this Government's instructions, and under the circumstances as stated above, will convince the Japanese Government that the American Government was prompted solely by a desire to further the success of the new Consortium.

WASHINGTON, August 4, 1920.

893.51/2913 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, August 4, 1920—noon.

[Received August 4—5:08 a.m.]

212. Your July 29th, 10 p.m. to Tokyo repeated Peking. Shall I consider this an [instruction] to present telegraphed text to Chinese Foreign Office?

CRANE

893.51/2913 : Telegram

The Secretary of State to the Minister in China (Crane)

WASHINGTON, August 5, 1920—6 p.m.

200. Your No. 212, August 4, noon.

Unless representatives of Powers concerned are agreed on simultaneous communication to the Chinese Government you should withhold representations until further instructions.

COLBY

893.51/2917: Telegram

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

Tokyo, August 11, 1920—1 p.m.

[Received August 11—9:49 a.m.]

413. Your 295 July 29, 10 p.m. Japanese Foreign Office states that views of Japanese Government on proposed representations to China in connection with payment of Hukuang Tientsin-Pukow Railway coupons are as expressed in my 337, July 11, noon [10 a.m.], and that the Japanese Minister at Peking was notified of his Government's views and was instructed at that time that when the matter should come before the Ministers in China of the interested powers he should in harmony with them take such action as might be proper in the circumstances. Repeated to Peking together with my 337, July 11, noon [10 a.m.].

BELL

893.51/2919: Telegram

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

London, August 12, 1920—3 p.m.

[Received August 12—1:41 p.m.]

1214. Your 840 August 5, 6 p.m.¹⁴ Misunderstanding arose from impression that your 802 July 29, 9 p.m. via Paris¹⁵ referred to joint announcement to China regarding Consortium and has been easily corrected with Foreign Office.

While earnestly emphasizing its desire neither to disassociate itself from us nor to hold aloof in this connection, Foreign Office believes it highly desirable further to consider and consult with Alston¹⁶ as to whether proposed announcement regarding Hukuang bonds if made at this moment might not prejudice Chinese opinion concerning the consortium. It therefore expresses wish that joint representation by French and ourselves be deferred pending decision on this point and its examination. Relevant correspondence transmitted in your mail instruction number 856 of July 30¹⁴ which has just been received [was] transmitted to Foreign Office today. In case [*sic*] the London representative of American group, who is in consultation with British group and also by cable with Lamont concerning the highly technical points involved, informally expressed to me the hope that action determined upon may be deferred until these points are settled.

¹⁴ Not printed.¹⁵ Not printed; see telegram no. 295, July 29, 10 p.m., to the Chargé in Japan, p. 653.¹⁶ Sir Beilby Francis Alston, British Minister to China.

I still observe expressions of surprise at the immediate concurrence of the French therein as I intimated in last paragraph of my 1144 July 29, 7 [8] p.m.¹⁷

Paris not informed for fear of complications unless you so instruct.

DAVIS

893.51/2937 : Telegram

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

TOKYO, August 22, 1920—1 a.m.

[Received 6:12 a.m.]

432. Your 286 July 27, 5 p.m. Minister for Foreign Affairs acknowledges receipt of information contained in your telegram referred to above and adds that, inasmuch as matter will be presumably submitted to the consideration [of] the proposed conference of groups' representatives to be held in New York next autumn, he may have occasion to offer some observation on this subject when the result of its consideration by the conference is known.

BELL

893.51/2943 : Telegram

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

LONDON, September 1, 1920—10 a.m.

[Received 5:08 p.m.]

1320. Your 686, June 29, 5 p.m.¹⁸ and my 1299, August 27, 2 p.m.¹⁹ In note just received Foreign Office expresses uncertainty as to whether it is intended to suggest that the protest be extended to all bonds of these German issues irrespective of their ownership since the date of China's entry into the war. Under article 297 of the peace treaty the Allied and Associated Powers reserve the important charges upon German assets and British Government would not feel justified in pressing Chinese Government to adopt a course at variance with the guiding principles followed [by] the other powers including British and recognized as authoritative in the peace treaty, a course which moreover would evidently be repugnant to feelings of Chinese Government. Apart from question of principle such action might prejudice the reception of the reconstituted consortium in China at the outset.

British Government is nevertheless anxious to cooperate with the United States Government and would willingly join with it and

¹⁷ *Ante*, p. 561.

¹⁸ See footnote 5, p. 647.

¹⁹ Not printed.

other Governments concerned, in pressing Chinese to adopt the practice which would obtain in Great Britain in similar circumstances of accepting as sufficient evidence of non-enemy interest a declaration to that effect indorsed by an approved bank or financial house in the form customarily required as regards securities issued [by] any Allied Government proposing to exercise its rights under article 297. British Government feel strongly that it is incumbent upon the Chinese Government to recognize validity of coupons of bonds whether of German issues or not, which can be shown to have been acquired without prejudice to the *onus probandi* of the treaty and at a date and in a manner which would make it impossible for enemies or ex-enemies to have derived any benefit from the transaction during the war.

On May 27th last, Chinese Minister in London informed Foreign Office that his Government only intended to limit restrictions as to payment to that portion of the German issue of Chinese loans which have been or are being held by Germans or other ex-enemy aliens. This statement appears to show that Chinese Government are ready at least to concede the justice of the contention expressed in the foregoing paragraph. The means of insuring that practical effect be given to this intention are yet to be found available which it is suggested will be done if the Chinese Government will agree to accept as sufficient evidence of non-enemy or ex-enemy interest a declaration of the kind mentioned above.

On learning of concurrence of the United States Government, Foreign Office will instruct British Chargé d'Affaires, Peking, to consult with American Minister and act accordingly. Paris informed.

WRIGHT

893.51/2945: Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, September 7, 1920—noon.

[Received September 7—6:50 a.m.]

243. Williams²⁰ advises he assumed office of associate inspector general Wine, Tobacco September 1st. States that, pending formal establishment [of] inspectorate general and to facilitate collection [of] necessary data, he has been instructed as tentative measure to finance [*function?*] under orders [of] Premier and Minister of Finance. Copies of all reports, accounts and returns necessary for full investigation of the revenue concerned will be furnished by [*to?*] him.

²⁰ Charles L. L. Williams, formerly of U.S. consular service.

Legation has not received reply from the Chinese Government regarding extension of option Pacific Development Corporation.

CRANE

893.51/2947 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, September 9, 1920—5 p.m.

[Received September 9—1:18 p.m.]

250. For Lamont:

Referring to telegram from Chow Tsu-chi²¹ to Bruce.²² In a conference held at the request of the Minister of Finance he requested that in view of Williams' installation as from September 1st, the subsequent advances provided for under Pacific Development contract and promised by the corporation be made with at least one installment previous to September 26th. Minister stated this next installment if [of?] \$5,000,000 payable under contract would be utilized to restore credit of Chinese Government. Minister stated provisions of contract would be carried out from June 26, 1920, and that if contract transferred to consortium he would expect a new contract to be drawn up for much greater loan and time of payment extended to thirty years.

Minister of Finance is clearly in desperate condition. It is believed his tenure of office depends on result of this negotiation more especially as his Ministry is entirely without funds. If you consider it advisable to strengthen position [of] present Cabinet and in this way enable them to carry out their announced favorable action on Hukuang question previous to action by consortium, solution of this Pacific Development advance [is] the most adequate method without receding from your position as stated in China. Politically this advance would be advantageous and afford leverage for settlement [of] Hukuang question.

CRANE

893.51/2963 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, September 23, 1920—noon.

[Received 3 p.m.]

265. For Lamont:

Your 240, September 20th, 2 p.m.²³ Statement in first paragraph Legation's 250, September 9th, 5 p.m. is intended to mean ostensibly,

²¹ Chinese Minister of Finance. Telegram not printed.

²² Edward B. Bruce, president, Pacific Development Corp.

²³ Not printed.

payment of advances and all other provisions of contract run for seven months from June 26th.

The Minister of Finance yesterday handed Legation the following text [of] memorandum initialed by him and the Minister of Communications.

“The Chinese agree to honor Hukuang bonds and coupons in question while assuring owner will make a sworn declaration satisfactory to the banks stating that: (1) such bonds were acquired prior to the declaration of war between China and Germany, or (2) there exists no present enemy interest therein and that such bonds have not been acquired directly from enemy subjects. It is understood that the banking groups are prepared to give the financial assistance necessary to enable the Chinese Government to meet the additional obligations assumed hereby and that they are prepared to make immediate advances for continuing construction of the Hukuang railways.”

The Minister states that the memorandum is left with the Legation to facilitate arrangements for a temporary advance by the American banking group and he requests the Legation, in the case no advance is made, to return the memorandum to him and let the affair return to the present *status quo*; in the event of an advance being made the memorandum will be restated in a formal engagement.

The present acute need of money is undoubtedly the cause for this action. Again Lamont's views are met [omission?] as to payment of the additional installments of the wine and tobacco loan contract, the obligations of which we have informed the Chinese Government the group has assumed, has been presented.

It should be borne in mind, that present Cabinet and especially Minister of Finance can only with such advances render any effective aid to consortium project which they are disposed to favor, therefore I venture to suggest that, if such action appears advisable to Lamont, an advance be made with the least possible delay.

CRANE

893.51/2962 : Telegram

The Acting Secretary of State to the Minister in China (Crane)

WASHINGTON, September 27, 1920—5 p.m.

249. Your 250, September 9, 5 p.m.

Lamont, in behalf of American Group replies as follows:

“Have seen the telegram to Bruce and understand that he is advising Peking, just as you have already been advised by the Department, that arrangements have been made whereby American Banking Group may take over the Pacific Development Company's

position with respect to loan contract along lines already advised to Minister, and with which he was in sympathy.

Please advise Minister that International Consortium is to have a meeting in New York in the middle of October at which time the American Group will present this matter to the whole Consortium, with which it must act in accord; any favorable action must necessarily be dependent upon several factors, including the then public attitude with relation to the Hukuang matter, the precise situation regarding the revenues from the Wine and Tobacco Administration, which figures we would hope then to have available, and the state of the investment market.

Please convey to Minister my personal expression of respect and esteem, and assure him that our wishes are to assist him in every way possible."

With reference to two cables of September 15th from Williams to Bruce relative to possible Cabinet crisis²⁴ the American Group offer the following comments which you may make the subject of oral representations to the Minister of Finance:

"Have seen cables from Williams to Pacific Development Corporation referring to the danger of change in Ministry of Finance if second installment of loan under Pacific Development Corporation's option is not available by September 26th. American Group express themselves as most sincere in their desire to work out some loan arrangement but obviously cannot independently of other groups which will meet here next month. While obviously impossible for American Group to give assurance of immediate loan it seems clear that every effort will be made to reach some basis of operation."

DAVIS

893.51/2982 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, October 5, 1920—7 p.m.

[Received October 4—2:47 p.m.]

291. For the information of Department and Lamont:

Ministry of Finance informs me that the director general of Wine and Tobacco has refused to give figures revenue returns and that director general has also telegraphed to Chinese Minister Washington that Company [*Government?*] considers Pacific Development option has expired. Minister of Finance does not recognize validity of this statement.

CRANE

²⁴ Not printed.

893.51/2984: Telegram

The Secretary of State to the Minister in China (Crane)

WASHINGTON, October 6, 1920—6 p.m.

267. Your 265, September 23, noon, paraphrased to American Group which has received similar despatch from its representative at Peking in which China asked advance Mexican \$3,000,000 before September 27th. American Group desires earnestly to serve interests Chinese Government, but, as already pointed out by Lamont, cannot effectively or properly act independently of International Consortium which meets New York next week at which time matter will be taken up and receive such attention as it deserves. Meanwhile, for information of American Group, cable what part of advance requested would have to be used, according to Minister's calculations, to meet obligations on German issue Hukuang coupons now in default. Regarding funds for further early construction Hukuang Railway Lamont reminds Ministers of Finance and Communications of special plan presented early in April by four groups in reply to request dated late in March from Minister of Communications.²⁵ Lamont still believes that plan then presented offers only solution for further construction of Hukuang Railway upon broad and assured basis. Lamont asks particularly that Minister review again plans in question and transmit his views in time for Consortium meeting next week. Please urge also that Williams furnish figures requested regarding revenue over a series of years of Wine and Tobacco Administration.

COLBY

893.51/2982: Telegram

The Acting Secretary of State to the Minister in China (Crane)

WASHINGTON, October 9, 1920—2 p.m.

274. Your 291, October 5, 7 p.m.

Pacific Development Corporation advises Department that it has reason to believe that not only has Williams been denied access to all information concerning Wine and Tobacco Revenues but that Director General is initiating a movement to have the Corporation's contract declared void by reason of its being pooled into Consortium.

In view of the fact that the organization meeting of the Consortium begins October 11 it is desired that you report fully the present status of this matter.

Inasmuch as an obstructive attitude would undoubtedly tend to make difficult any early action by the Consortium for the relief of

²⁵ See the last paragraph as printed of telegram no. 98, Apr. 29, from the Chargé in China, p. 643.

the situation in China it is hoped you can adequately impress upon the Government the necessity of prompt and full compliance with its obligations under the Pacific Development contract.

DAVIS

893.51/2994 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, October 12, 1920—11 p.m.

[Received October 12—9:14 p.m.]

317. Your telegram October 9th, 2 p.m. In a confidential conversation with Minister of Finance to-day he stated he was personally doing the utmost to complete data of revenue returns. He formally restated with the sanction of the Premier that the Director General's attitude was without authority and invalid, that he could not discuss the option *vis à vis* the consortium except as reported in September 9th, 5 p.m., but that as already stated option was to run from June 26th. Also that his further support of transfer of option to consortium or meeting further demands of consortium and even his continuance in office was dependent on some advance under Pacific Development contract.

CRANE

893.48g/14 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, October 15, 1920—10 p.m.

[Received October 16—12:34 a.m.]

323. The Minister of Finance informs me that an official board of famine relief has been formed and that the Chinese Government intends to utilize salt revenues as security for loan of 12,000,000 silver dollars for famine relief. Proposals have been made to French, Russia[n], British, Japanese old consortium banks since salt revenues pledged to them for 1913 loan but Government suggested cooperation other banks might be asked. International consortium and Bennett²⁶ consider it to be possible some twelve foreign banks in North China might be willing to advance six to twelve million for short term loan with repayment from proceeds of bonds or other loan if extension desired. Old consortium as such not disposed engage new business but will refer matter to new consortium. Government's idea sell bonds in China if western markets unfavorable.

²⁶ C. R. Bennett, manager, International Banking Corp., Peking, representative of the American group pending arrival of F. W. Stevens; see footnote 40, p. 601.

The Chinese Government requests my assistance. I respectfully suggest scheme offers new consortium interesting possibilities as regards bond flotation in China where desire to aid famine sufferers is wide spread.

CRANE

893.51/3005 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING [undated].

[Received October 20, 1920—9:45 p.m.]

336. Your October 12, 4 p.m.²⁷ Williams requests Legation to forward following for the information of consortium:

“Official statistics received today from the Wine Tobacco Administration show revenue received: 1917, silver dollars fourteen million fourteen thousand three hundred and eighty-four (14,014,384); 1918, twelve million five hundred and thirty thousand seven hundred and seventy-eight (12,530,778); 1919, fourteen million three hundred and eighty thousand seven hundred and eight (14,380,708).

These returns cover only the provinces recognizing authority of Peking Government and no revenues from southern confederacy of Szechuan is included.[”]

CRANE

893.51/3017 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, October 22, 1920—5 p.m.

[Received October 24—11:05 a.m.]

339. The Chinese Government has received synopsis of the proceedings of the consortium meeting. A high official informally makes following observation for Lamont's consideration.

“The proposal to utilize the land tax as security and establish inspectorate general following Salt Gabelle precedent would endanger success of consortium through arousing popular opposition thereto and should therefore be abandoned.[”]

It will be almost impossible to secure Chinese Government's assent to the transfer of Pacific Development option to the consortium unless at least one additional installment is paid at once and without such payment the Chinese Government will unavoidably be compelled to cancel option in order to realize on it elsewhere. The Government would greatly prefer it to be kept in American hands.

The Chinese Government strongly favors proposed Chinese group carrying out Lamont's assurances in that connection.

²⁷ Not printed.

Prospects for unification of the country under the Central Government improved at present.

CRANE

893.51/3021 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, *October 25, 1920—9 p.m.*

[Received October 25—6:34 p.m.]

344. My telegram number 323, October 15, 10 p.m. This morning four new consortium group representatives informed Chinese Ministry [of] Finance they neither collectively nor individually would consider loans for any purpose unless authorized by new consortium. It appears Chinese as yet refuse to recognize or appeal to the consortium although people starving and governmental needs desperate.

Inspired Chinese press articles against consortium create belief here present government will utilize alleged stringent terms consortium to secure submission to the government of militarists as only alternative to foreign control and other evils.

The [Minister] of Finance today recalled memorandum referred to in my number 265, September 23, noon. Legation does not consider his personal attitude [toward] consortium changed but suspects influence of Liang Shih-yi who opposes it.

CRANE

893.51/3028 : Telegram

The Acting Secretary of State to the Minister in China (Crane)

WASHINGTON, *November 2, 1920—3 p.m.*

308. Your 344, October 25, 9 p.m.

Following from American Group:

“1. The attitude of the Group representatives in Peking is of course entirely proper. Now that the new Consortium has been fully organized the old Consortium in effect ceases to exist, and the Group representatives are bound to act together under the new Consortium Agreement. As already stated, it is impossible for the Consortium to float loans for relief purposes. No market for such loans could be found.

2. American Group fails to understand the allusion to ‘stringent terms of the Consortium.’ What are the Consortium’s terms that are thus characterized as stringent? It is true that the Consortium has laid down three principles of action: (1) its first object shall be the benefit of the Chinese people, (2) loans shall be made for constructive purposes and the objects of same shall be carefully specified, (3) some reasonable safeguard shall be adopted to provide that the proceeds of loan funds are expended for the purposes intended.”

DAVIS

893.51/3027 : Telegram

The Acting Secretary of State to the Minister in China (Crane)

WASHINGTON, *November 2, 1920—7 p.m.*

310. Your 339, October 22nd, 5 p.m. communicated to the American Group which states that it has given the matter careful consideration and replies as follows:

“(1) Land Tax. The Chinese Government must have been misinformed. No proposal has been made for a loan on Land Tax. (2) It is by no means vital to the Consortium that Chinese Government should consent to transfer of the Pacific Development Corporation’s contract. To take that contract over as it stands without change is opposed to the principles of the Consortium which, as the Department is aware, adhere to the idea of specifying the purposes for which any new loan shall be devoted and providing some sort of reasonable supervision. We are not aware that the Chinese Government has any power to cancel the Pacific Development Corporation’s contract, by reason of the fact that the Corporation has fulfilled its obligations up to date. As heretofore stated, the American Group and Consortium delegates are working on a comprehensive loan plan which for its success would depend in large measure on utilizing the Wine and Tobacco Tax as security. It might well be made clear in an informal way to the Peking Government that if steps are taken to make this security unavailable for future Consortium loans there is little hope of carrying out the early and favorable development for which the American Group is working.”

DAVIS

893.51/3030 : Telegram

The Secretary of State to the Minister in China (Crane)

WASHINGTON, *November 4, 1920—6 p.m.*

315. Following from American Group to its representative in Peking:

“1. The Finance Minister has sent us unofficial message through Hsu Un Yuen that he would appreciate temporary advance of \$5,000,000 to tide over present difficulty. We have explained to Hsu and should be glad to have you inform Finance Minister verbally that Consortium cannot consider piecemeal business and that any loan to be successfully offered on American market must form part of comprehensive plan for constructive effort in China; otherwise public will not subscribe. During all of the Consortium meetings there was evident the greatest wish to assist the Chinese Government along constructive lines looking to the development for China’s benefit of her great resources. Nevertheless in view of limited amount of funds available for China in near future because European markets are largely closed to any outside investments, and Japanese market has been undergoing difficulties and American mar-

ket is not yet acquainted with Far Eastern issues, Consortium considers that loan should be raised only for constructive purposes, particularly railways.

2. After having discussed this matter informally with British, French and Japanese representatives of Consortium in New York, we are sending this cable to advise Minister of Finance and other Group representatives in Peking through you that we have been considering means whereby Consortium can be of early practical help, and that, subject always to market conditions, we believe it would be possible to consider a loan looking towards completion Canton-Hankow Railway and, when additional funds become available, for the further development of the Hukuang Railway system.

Conditions precedent would be:

(a) Complete recognition by Chinese Government of liability of complete original issue of Hukuang bonds without distinction. On this point Consortium adopted the following resolution:

'It was resolved, without questioning that the course hitherto pursued by the Chinese Government has been followed in good faith, that it is now manifest that the successful flotation of further Chinese loans in foreign markets, which are necessary if the work of the Consortium for the benefit of China is to be carried out, imperatively requires a public announcement by the Chinese Government with reference to the German issue of bonds forming part of the Hukuang Loan, to the general effect that after consideration of all the facts and the unprecedented conditions involved, and resolving all doubts in favor of the holders of such bonds, the Chinese Government has determined to recognize the entire issue without distinction.'

(b) Provision for separate security for proposed loan operation. In this connection Pacific Development Corporation seems willing to give American Group for benefit of Consortium an option on its entire position under its loan agreement of November 26, 1919. Present contract specifies neither objects for which loan shall be devoted nor provides any measure for supervision of expenditure of loan proceeds. Both these are cardinal principles in new Consortium's policy, and accordingly if Chinese Government is prepared to approve transference of contract to us Consortium will need to revise the existing agreement with provisions specifying objects of any loan to be raised on the security of the wine and tobacco tax, the Chinese Government accepting frankly the principle of reasonable supervision along lines of salt service and expenditure of proceeds for purposes agreed upon, as well as the continuation in office during the full period of any loans made, of the present associate inspector or a successor approved by the Consortium.

(c) Development of the Hukuang Railway Loan Agreement along lines covered in letter addressed to the Minister of Communications by Peking representatives under date of April 28, 1920.²⁸

3. On the foregoing basis we should hope it would prove practicable to proceed before long with a first issue of a loan of which total could be fixed at \$100,000,000 gold, all of such loan to be equally secured by a lien on revenue of Wine and Tobacco Administration *pari passu* with existing loans so far as practicable and prior to any future charges, the loan to cover also the revenues of railways to be constructed. The first issue we would anticipate might be for

²⁸ See the last paragraph printed of telegram no. 98, Apr. 29, from the Chargé in China, p. 643.

the equivalent of \$20,000,000 gold, or possibly \$25,000,000 gold, depending upon what share could be absorbed by London and Tokyo markets. Present conditions in American market would call for an 8% bond, running for twenty or twenty-five years and sold publicly at perhaps 96 or 97, thus realizing in the neighborhood of 90 net to China, the service of the loan to include a sinking fund sufficient to retire, say, not less than 5% of the issue each year either by purchase in market at lowest possible price or by call at, say, 115 along lines of Belgian and other foreign government loans recently issued in America. Out of the proceeds provision would be made for paying Pacific Development Loan and providing for Chinese requirements for Hukuang coupons and bonds now in default, the balance being earmarked for Canton-Hankow line. Future issues would contain such terms as the then conditions would require, and would be subject to the fulfillment of the condition that the then annual revenue of Wine and Tobacco Administration for a period of, say, three consecutive years should not be less than, say, twice the annual service on all outstanding loans secured thereon and on bonds proposed to be issued.

4. You will understand that the carrying out of any such plan as this is subject to all possible modifications required by changing market conditions; in fact, ordinarily we should delay making any concrete proposal but owing to the conditions which it is necessary for the Peking Government to meet in order to clear up their own situation, we think it wise to lay our tentative views before you for informal discussion with the Minister. If such a plan could be carried out, we should expect as part of the program that Chinese Government would authorize an issue of silver bonds to be issued in China, through the banks for subscription locally, under such terms as may be agreed upon between Chinese Government and representative banks, but not more favorable to the investor than terms proposed for the foreign loan.

5. The entire plan is based on our assumption that present charges on Wine and Tobacco Administration are limited to the following:

- Frs. 100,000,000 Pukow Industrial Loan of 1934 [1914?];
- £500,000 Chihli Provincial Loan due—date unknown;
- \$5,500,000 Continental and Commercial Loan due November 1, 1921;
- \$5,500,000 Pacific Development Loan due December 1, 1921.

Please confirm our understanding in this respect, and that charges on Communications Loan of £5,000,000 will continue to be paid out of revenue of Peking-Hankow Railway, and such revenues are sufficient therefor. If, as we understand, no work has been done on Pukow Industrial project and proceeds of loan are on deposit in France, we recommend paying off this loan because of exchange situation."

Mr. Lamont of the American Group asks that in transmitting the above message to the representative of the American Group in Peking, you will be good enough to explain to him that he will of

course confer with his colleagues of the other groups as to the manner of presentation of this tentative plan, which has the approval of the Consortium as a whole.

COLBY

893.51/3047 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, November 9, 1920—1 p.m.

[Received November 11—4:55 a.m.]

363. Your November 2, 3 p.m. Phrase "stringent terms" used by press is based on its understanding that consortium will jeopardize China's sovereignty by system of supervision national finance and railways and possibly of land tax. In official circular telegram of November 4, to provincial authorities Cabinet assailed consortium holding it up as bogey to induce disbandment troops; also Premier made an attack on the consortium in an interview with press men on November 6, see Associated Press report of that date.

CRANE

893.51/3049 : Telegram

The Secretary of State to the Minister in China (Crane)

WASHINGTON, November 12, 1920—7 p.m.

331. Semi-annual interest due November 1st from Chinese Government on 5,500,000 six per cent two-year Treasury Notes of 1919 which were publicly offered and sold by Continental and Commercial Bank, Chicago, has not yet been received by that Bank, though it was due to have been deposited with it on October 22d and paid to coupon holders November 1st. Cablegrams exchanged between Finance Ministry, Bank and Chinese Legation in Washington, make it not clear whether interest has been remitted or whether it will be remitted when ready. Please make inquiry of Finance Ministry as to when and how these interest funds amounting with expenses to 165,825 dollars were transmitted. Bank promptly paid expenses out of its own funds but this generous action will not preserve China's credit in the American market unless Bank is promptly reimbursed. In view of recent organization of new Consortium and prospect of necessary public issue of further Chinese credit in this market it would be extremely unfortunate if Chinese Government does not immediately meet its obligation, with such explanations as will place the matter in a more satisfactory light.

COLBY

893.51/3047: Telegram

The Acting Secretary of State to the Minister in China (Crane)

WASHINGTON, November 15, 1920—5 p.m.

333. Your 363, November 9, 1 p.m.

Lamont's personal comment is as follows:

"It is apparent that the enemies of the Consortium, many of them adherents of the old Anfu crowd, are using the same tactics as when I was in China. When they started this talk about supervision of loan proceeds infringing China's sovereignty, I had to come out in the open and demand that they be specific, asking them in turn whether they wanted a repetition of the Hukuang railway construction situation with a £6,000,000 loan made to China and fully half of it, according to engineers' estimates, wasted. Men of affairs and student leaders came to me privately and declared that there must, at any rate at the start, be proper supervision of loan expenditure.

Even as lately as the Consortium meeting in New York, Hsu Un Yuen told me that Premier authorized him particularly to say to me 'we welcome proper supervision.'

If the Premier has actually made attack on Consortium, perhaps the Minister will deem it wise to inquire from him exactly what is in his mind. Does he want the American Group to recall its new representative just now *en route* to Peking?"

DAVIS

893.51/3064

The American Group to the Secretary of State

NEW YORK, November 16, 1920.

[Received November 17.]

SIR: We beg to acknowledge receipt of your letter of November 5th,²⁹ . . . relative to the Hukuang coupon situation, and referring to paraphrase of cable of September 1st, from the American Embassy at London,³⁰ in which the British Foreign Office expressed uncertainty as to whether it is the intention to suggest that the protest to China be extended to cover all bonds of German issues regardless of their ownership since the time China entered the war.

At the time of the Consortium meetings here it was brought out that the Hukuang issue was in somewhat different position from the two other so-called German issues, which were placed originally in the British and German markets, in that the Hukuang issue was listed in its entirety here, while the other issues were listed in London only to the extent the bonds were originally placed there.

The members of the Consortium therefore were rather sympathetic to the American view that a reason existed for insisting upon

²⁹ Not printed.³⁰ *Ante*, p. 657.

the full recognition of the Hukuang issue, which might be wanting in the case of the other two loans. After full consideration, the Consortium adopted unanimously a resolution recommending that China recognize the Hukuang bond issue in full without distinction, but making no reference to the other German issues of Chinese loans. The British Foreign Office has no doubt been advised by the British of this action.

Since the close of the Consortium meetings the American Group, after an informal discussion with the representatives of the other Groups, has set forth for the information of the representatives in Peking the basis upon which it felt it would be possible to discuss a loan negotiation. One of the conditions precedent to such a negotiation would be the clearing up in full of the situation as to the German issue of the Hukuang bonds. This memorandum was forwarded to the American Group's representative in Peking through the Department.

It would seem to the American Group therefore that until the representatives in Peking have opportunity to discuss these proposals with the Chinese Government, it might perhaps be as well for the Department to suggest that the British Foreign Office take no present step in the matter of a joint protest.

Respectfully,

J. P. MORGAN & Co.
For the American Group

893.51/3066 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, November 18, 1920—5 p.m.

[Received November 18—2:40 p.m.]

388. Your 331, November 12, 7 p.m. Minister of Finance informally advises Legation payment not made owing to lack of funds. He hopes to remit to Chicago interest money end of this month and has so advised. Am writing Minister of Finance in the sense of Department's telegram leaving out reference to consortium.

CRANE

393.51/3097

The American Group to the Secretary of State

NEW YORK, November 30, 1920.

[Received December 2.]

SIR: We duly received your letter of November 26th, (FE-893.51/3073),³¹ and have to thank you for sending us paraphrase of tele-

³¹ Not printed.

gram, dated November 19th,³¹ from the American Legation at Peking, referring to the attitude of the Chinese Minister of Finance with respect to the initiation of negotiations for a loan secured on the wine and tobacco revenue.

We received last evening a further telegram from our representative in Peking, from the copy of which enclosed³¹ you will observe that the Minister of Finance decided to invite the Groups' representatives to confer with him; the net result of the Conference is that the Chinese Government declines for the moment to consider the constructive program which the Consortium has laid before it. It is plain therefore that for the time being the Consortium and the American Group have done all that they possibly can do in the premises. The Peking Government manifestly desires no constructive effort at the present time, but rather seeks simply a loan for administrative purposes, the bulk of which, in our judgment, would probably be wasted. Until the Peking Government finds by experience that Japan will no longer advance loans for administrative purposes, and that the only way the Consortium is prepared to make loans is for constructive purposes directed to the upbuilding of China, we shall be unable to make further progress.

Respectfully,

J. P. MORGAN & Co.
For the American Group

893.51/3094 : Telegram

The Acting Secretary of State to the Minister in China (Crane)

WASHINGTON, December 4, 1920—3 p.m.

356. Messrs. Sullivan and Cromwell complain that contrary to terms of Pacific Development loan contract of November 28 [26], 1919,³² the Chinese Government has failed to deposit the necessary interest with the Chase National Bank which was due December 1st. It is desired that you bring this matter to the attention of the Chinese Government pointing out the very serious effect which such a default has upon the financial credit of China and upon any measures of financial assistance which may be in contemplation. You should urge the immediate remedying of the default.

DAVIS

³¹ Not printed.

³² *Ante*, p. 606.

893.51/3143 : Telegram

The Minister in China (Crane) to the Acting Secretary of State

PEKING, December 16, 1920—6 p.m.

[Received December 18—10:30 a.m.]

442. My 388, November 18th, 5 p.m. Ministry of Finance expresses gratitude for action of bank, states that rise in value of gold has so diminished customs surplus that latter insufficient repay amount due but repayment will be effected in first few days January from salt surplus.

CRANE

893.51/3150 : Telegram

The Minister in China (Crane) to the Acting Secretary of State

PEKING, December 22, 1920—11 a.m.

[Received December 22—6:30 a.m.]

453. Your 356, December 4, 3 p.m. Minister of Finance formally states that Chinese American Bank of Commerce has already been instructed to remit interest in full.

CRANE

893.51/3172a : Telegram

The Acting Secretary of State to the Minister in China (Crane)

WASHINGTON, December 28, 1920—noon.

397. A press item under Peking headline December 1st says Chinese Ministry of Finance has sanctioned cancellation previous order repudiating German section of Hukuang loan bonds and agreed that these bonds will be honored when it is shown they do not possess enemy character in the transaction.

Please verify and report by telegraph.

DAVIS

893.51/3160 : Telegram

The Minister in China (Crane) to the Acting Secretary of State

PEKING, December 30, 1920—5 p.m.

[Received December 31—8:26 a.m.]

470. Your 397 December 28, noon. Following from group representative telegraphed to American group, New York; Legation considers it to be correct:

“Referring to your telegram 21st, advise American group present position of the Chinese Government with reference to German issued Hukuang bonds in the hands of neutrals and Allies not yet on the list of approved bonds is as follows: holders must produce substantial evidence that they purchased the bonds previous to China’s declaration of war by filing prescribed form with the Chinese Minister, London. If such evidence is satisfactory to the Legation lawyer the relative bonds and coupons will be considered valid.”

CRANE

[For correspondence relating to the loan of \$4,000,000 by American, British, French, and Japanese banks on security of receipts from the customs surtax for famine relief, see the following telegrams, pages 728-729 and 730:

From the Minister in China, December 1, 1920, 4 p.m.
 To the Minister in China, December 3, 1920, 5 p.m.
 From the Minister in China, December 16, 1920, 5 p.m.
 From the Minister in China, January 22, 1921, 4 p.m.]

RAILWAYS ³²

Threat by the Chinese Government to Cancel the Siems-Carey Contract

893.77/1843 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, October 2, 1920—11 a.m.

[Received 2:07 p.m.]

285. It is understood that the Chinese Government is now seriously considering cancellation in October of Siems-Carey project ³³ unless business operations resumed and construction undertaken. Ministry of Communications is pressing American International Corporation for immediate reply. Confidentially, Chinese Government has submitted contract to attorneys in America who counsel cancellation of contract upon expiration ten months from last December when Ministry in verbal agreement with Carey granted ten months extension.

Present Government aggressively [asserting] Chinese rights *vis à vis* foreign interests. It is thought [garbled group] attitude of the Ministry [of] Communications [toward] project is being encouraged by the British and Japanese who would render aid in the elimination of American interests from railway enterprise in China. Brit-

³² Continued from *Foreign Relations*, 1919, vol. I, pp. 566-615.

³³ See *ibid.*, 1916, pp. 183-188.

ish interests would welcome consortium funds to complete Canton-Hankow Railway to strengthen their strategic position. Foreign interests are said to be representing to the Chinese Government that terms of Carey contract are distinctly unfavorable to China, that incidental surveys have cost one million, and that small amount accomplished on previous American record in Canton-Hankow, Chinchow-Aigun and Hukuang projects. It is of course doubtful whether another favorable contract could be secured, while failure of Carey project would damage American reputation in China and weaken American position in consortium.

I venture to suggest therefore that everything feasible be done to save this important railway project from lapsing, particularly as a friendly Cabinet is now in power.

It is very advisable for me to be authorized by the Department to urge upon the Ministry of Communications not to take any measures in this connection at this time pending the initial meetings of the consortium.

Viewing question also from humanitarian standpoint the construction of such a railway would contribute towards permanently removing cause of famine, [affording] practical non-pauperizing relief to many thousands.

CRANE

893.77/1843 : Telegram

The Secretary of State to the Minister in China (Crane)

WASHINGTON, *October 2, 1920—4 p.m.*

259. Your 285, October 2, 11 a.m.

You will take means in your discretion to convey orally to the Ministry of Communications that Department is conversant with the letters and telegrams foreshadowing an attempt to cancel the Siems-Carey Railway Contract, and with the circumstances of the oral intimation to this effect given the Company's representative at Peking. After careful consideration of the contract and the operations thereunder the Department is convinced no cause for cancellation exists. It could not, therefore, consider the Chinese Government warranted under present circumstances in any action looking to this end, and feels certain that an attempt to cancel under the circumstances would inevitably react disastrously on Chinese credit and prestige in American financial circles.

Inform Department of the result of your conversation with Chinese Government and communicate this telegram and your reply to Evans.

COLBY

893.77/1848 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, October 10, 1920—noon.

[Received October 10—9:55 a.m.]

309. Your 259, October 2, 4 p.m. I have conveyed contents orally to T. C. Sun of Ministry of Communication and managing director of Chu[chow]-Chin[chow] Railway for presentation to the Minister of Communication. He expresses the view that Chinese Government would be quite justified in cancellation of the contract. He states that the Ministry is seriously disappointed at lapse of four years with no accomplishment, especially in view of oral promise given by Carey, December 1919, that beginning would be made within ten months. The Ministry of Communication would prefer not to cancel contract but, because of heavy unproductive capital charges on advances and maintenance of organization totaling about \$150,000 annually, is compelled seriously to consider cancellation or at least abolition of office organization costing \$6,000 monthly. The Minister categorically insists upon announcement of definite date [of] resumption of operations leading to early construction. Famine makes immediate resumption extremely desirable. The Ministry considers present political conditions will prove no obstacle, instancing Changsha-Wuchang line.

New Minister of Communication being criticised for ultrafavorable terms present contract and moreover determined effect actual construction if only on small scale. He expressed deep personal disappointment at lack of real accomplishment by Americans in Chinese field and the fear that failure of present opportunity would make future American success very difficult. He pointed out the fact that Belgium with Dutch money on easy terms was carrying out provisions for construction of Lung-Hai Railway. He quite personally expressed the hope that even comparatively small advances, say two or three million, be made available annually by Siems-Carey to keep the work going in some measure until money markets and other conditions might become easier. This, he thought, would satisfy Yeh ³⁴ and tide over the present crisis.

Siems-Carey representative cognizant of situation.

CRANE

³⁴Yeh Kung-ch'o, Chinese Minister of Communications.

893.77/1857 : Telegram

The Secretary of State to the Minister in China (Crane)

WASHINGTON, November 10, 1920—6 p.m.

325. Your 309, October 10th, noon.

Following from American International Corporation:

“Corporation believes everything possible under circumstances has been done by it; more perhaps than by any other engaged on work in China of a similar magnitude, and that Carey not only made no promise to begin work within a ten months’ period, but declined to accept any time limitation. The Minister of Communications must know, despite his insistence, how impossible the financial conditions of the world and of the United States and political conditions and unrest in China make it to fix a date for resuming operations. The Company regrets, as China does, that general conditions have been and continue adverse, but points to the survey results as a material accomplishment which, by making it possible to select the best line, will save many times what the surveys cost. The company deeply regrets the famine now afflicting China but is convinced immediate construction of Paoking Line is made impossible by the factors mentioned above. It believes it unwise, despite the necessities of the moment, to do any work piece-meal and not in accord with the larger plans.”

You may orally communicate the substance of the above to the Ministry of Communications and, in your discretion, renew oral representations in the sense of the Department’s 259, October 2, 4 p.m.

COLBY

893.77/1869

The Minister in China (Crane) to the Acting Secretary of State

No. 542

PEKING, December 3, 1920.

[Received January 14, 1921.]

SIR: With reference to the Department’s telegrams No. 259, October 2nd, 4:00 p.m., No. 325, of November 10th, 6:00 p.m., and to the Legation’s telegram No. 309, of October 10, 12:00 a.m. [noon], regarding the Siems-Carey Company and the American International Corporation, I have the honor to transmit herewith memoranda of interviews with Mr. T. C. Sun, of the Ministry of Communications, of October 9th³⁵ and December 1st, 1920.

I have [etc.]

(For the Minister)

A. B. RUDDOCK

³⁵ Not printed; see the Minister’s telegram no. 309, Oct. 10, p. 676.

[Enclosure]

*Memorandum of a Conversation between Mr. T. C. Sun, of the Ministry of Communications, Mr. Torrance, of the Siems-Carey Railway and Canal Company, and Mr. Ruddock*³⁶

[PEKING,] December 1, 1920.

Mr. Ruddock communicated to Mr. Sun the substance of Department's November 10th, 6 p.m., No. 325. Mr. Torrance informed Mr. Sun that the Siems-Carey Company, while believing that the Peking organization of the Company should be maintained, was prepared, contrary to its best judgment, to assent to the curtailment or discontinuance of that office should the Chinese Government so desire. On the other hand the Company was prepared to continue to advance funds to keep the office in operation and to maintain the current deficit. The Company was of the opinion that construction on the Railway should not begin until the survey had been completed, and that in view of existing conditions in China it was not an opportune time to send field parties into the country districts. Mr. Torrance alluded to two recent instances of murder of British subjects by bandits. Mr. Sun claimed that it was entirely feasible to send out field parties, that he did not anticipate that any military operations would take place, but that if they did they would not interfere in any manner with foreigners, particularly those engaged in railway survey work. Mr. Torrance expressed his willingness and desire to report to his Company the views expressed by Mr. Sun in this connection with a possible view to the advance by his company of funds to complete the survey, although he felt that his Company would desire some form of guaranty for the safety of the field parties. In reply Mr. Sun stated positively that the Chinese Government would afford protection but could not give guarantees: other foreigners and native engineers were engaged on the railways without asking such guarantees; if necessary no foreign engineer but only Chinese engineers could make up the personnel of the field parties. Mr. Sun repeatedly confirmed his view that no difficulties would be encountered by field parties.

Mr. Ruddock conveyed the statement contained in Department's 325 that Mr. Carey had made no promise to begin work within a ten month period. Mr. Sun emphatically repudiated this statement and repeated what he had said on October 9th that Mr. Carey had declined to put such an engagement in writing as he said such written statement would be superfluous and that work would begin at once as soon as he could return to America and consult with Messrs. Stone and Wiggin. Mr. Sun expressed the fear that failure of this

³⁶ Albert B. Ruddock, Secretary of Legation at Peking.

enterprise would seriously damage American prestige in China; that other nationalities, namely the French, Belgian and Dutch, were proceeding with their enterprises, notably the Lung-Hai Railway and the Pukow Port development schemes. As a matter of fact to-day ten million francs had just been transferred from Paris and forty million more were available for the latter scheme at a lower rate of interest, say five or six per cent. When it was pointed out that such advances could only be made at a loss by France Mr. Sun assented, stating that such advances were made under a previous contract and were carried out to maintain French good name in China. He expressed the view that American financiers were taking a too purely business point of view in the present instance, as equally large if not larger returns were immediately available in the American market, but called attention to the fact that investments in China, and particularly the carrying out of this contract, would eventually bring in large returns and very much enhance American influence.

Mr. Sun also referred to the fact that the French were about to undertake the construction of a line from Ching-Yu northwesterly into Yunnan. Mr. Sun stated that the Chinese knew well that the United States were in a better financial situation than either France, Belgium or Holland, and were hence unable to understand how these other countries were able to make more favorable financial terms with China than America.

Mr. Sun said that he would communicate the messages from Mr. Torrance and Mr. Ruddock to Yeh Kung Choh, Minister of Communications, and bring back his reply.³⁷

Operation of the Chinese Eastern Railway³⁵: Efforts by the Chinese Government to Extend Its Control—Proposals for Continued International Supervision and Financing—Agreement between the Chinese Government and the Russo-Asiatic Bank, October 2, 1920

861.77/1291 : Telegram

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

PEKING, January 15, 1920—6 p.m.

[Received 10:15 p.m.]

15. Chinese Government is considering taking over full control of Chinese Eastern Railway retaining Stevens and selected staff. To accomplish this financial assistance will be necessary. Shall I encourage Chinese to take this step? Can I give them any assurance of financial assistance?

TENNEY

³⁵ No further report on the subject has been found in Department files.

³⁶ Continued from *Foreign Relations*, 1919, vol. I, pp. 590-615.

861.77/1291 : Telegram

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

WASHINGTON, January 19, 1920—4 p.m.

14. Your 15, January 15, 6 p.m.

The Chinese Government cannot be encouraged in the project to take over full control of the Chinese Eastern Railway because the desired financial assistance could not be furnished and it would not be possible under the circumstances to authorize Stevens or any considerable part of the Russian Railway Service Corps to remain after the withdrawal of the American troops.

LANSING

861.77/1329

*The Chinese Legation to the Department of State*³⁸

MEMORANDUM

General Horvat, Chief of the Chinese Eastern Railway, has issued a proclamation announcing his assumption of all the governmental powers of the Russian people within the jurisdiction of the Chinese Eastern Railway.

Lest General Horvat's pretensions may create misunderstanding among the Allied and Associated Powers, the Government of the Republic of China hereby declares—

1. That as the Chinese Eastern Railway is located entirely in Chinese territory, the Government of the Republic cannot permit any outside power to exercise its governmental powers within the same territorial limits;

2. That General Horvat, being only a railway official, cannot be recognized as having authority to exercise governmental powers;

3. That according to the railway agreement, Russian officials of the railway, as well as Chinese and foreign residents of the railway zone, are all under the protection of the Chinese Government.

861.77/1363 : Telegram

The President of the Technical Board (Stevens) to the Secretary of State

HARBIN, February 11, 1920—10 p.m.

[Received February 21—5 a.m.]

Kolchak, Pepeliaev shot at Irkutsk February 7. General Horvat advises us Japanese Government through the bank offers railway

³⁸ Transmitted by the Chinese Chargé under covering note of Jan. 30 (not printed).

five year loan of 20,000,000 yen without security, simply receipt of railway; asks my advice, told him to let it alone. If consummated it means Japanese domination and I cannot conceive any policy that could be defended that would permit of this. Chinese Government trying to appoint the majority directors [of] Chinese Eastern, seeking for control of railway. Covertly threatening to take charge by force, but I believe are helpless alone. Culmination Chinese Eastern affairs appears to be imminent and if they eventuate as now seems probable, the United States will have much to regret in the future.

STEVENS

861.77/1373

The British Chargé (Lindsay) to the Acting Secretary of State

No. 121

WASHINGTON, February 24, 1920.

SIR: By direction of my Government I have the honour to invite your attention to the importance, having regard to the collapse of all authority in Russia and more particularly to the chaotic conditions at present prevailing in Eastern Siberia, of taking such steps as may be possible to prevent the control of the Chinese Eastern Railway passing exclusively into the hands of any single Power.

With this object in view I am instructed to express the hope that the United States Government will refrain from carrying out their reported intention of withdrawing the American representative from the Allied Technical Board at Harbin. His Majesty's Government attach the greatest importance to the continued exercise of its functions by this Board for as long a period as possible.

His Majesty's Government would also be glad of an expression of the views of the United States Government as to the future of the Railway after the eventual disappearance of the Allied Technical Board and its relation to the Consortium which has formed the subject of recent correspondence between this Embassy and the Department of State, ending with Mr. Lansing's note of the 5th inst.³⁹

I have [etc.]

R. C. LINDSAY

861.77/1417

The British Chargé (Lindsay) to the Acting Secretary of State

No. 158

WASHINGTON, March 12, 1920.

SIR: With reference to my note No. 121 of February 24th, I have the honour to inform you that His Majesty's Government intend to

³⁹ *Ante*, p. 626.

retain the services of General Beckett on the Technical Board so long as Mr. Stevens remains at Harbin. His Majesty's Government are therefore anxious to ascertain whether Mr. Stevens is likely to remain, and if so for how long.

I should accordingly be grateful if you could afford me some information on this point to enable me to reply to the enquiry made by the Foreign Office in London.

I have [etc.]

R. C. LINDSAY

861.77/1421 : Telegram

The President of the Technical Board (Stevens) to the Acting Secretary of State

HARBIN, March 13, 1920—9 p.m.

[Received March 13—9:05 p.m.]

A general strike of all classes of workers in the Chinese Eastern zone including railway employees has already begun and will it is feared soon be in full extent, brought about by the refusal of an ultimatum given to General Horvat by the Social Revolutionists under the authority of Priamur Zemstvo, demanding that he and all the present régime abdicate at once all power. We shall try to keep Czechs moving. Everything quiet at the present moment.

STEVENS

861.77/1430 : Telegram

The President of the Technical Board (Stevens) to the Acting Secretary of State

HARBIN, March 16, 1920—10 p.m.

[Received March 17—3:53 p.m.]

Strike continues but I see signs of early return to work. Good order kept by the Chinese soldiers. Chinese authorities to-day took over by armed force the Russian railway guard headquarters and have disarmed railway guard. They have formally demanded of General Horvath that he surrender his civil power which perhaps will be taken over temporarily by the Russian consul general here with the approval of Social Revolutionists. I believe Chinese authorities intend to take the control of railway and to administer same acting through the Russians until such time as a responsible power is established. It is apparent that the present administration of the railway must go whatever happens. We have had no telegraph lines for two days therefore no report from Trans-Baikal territory.

STEVENS

861.77/1417

*The Acting Secretary of State to the British Chargé (Lindsay)*WASHINGTON, *March 17, 1920.*

SIR: I have the honor to acknowledge the receipt of your Notes Nos. 121 and 158 of February 24 and March 12, 1920, respectively, requesting information as to whether Mr. Stevens, the American representative on the Allied Technical Board at Harbin, will remain at Harbin and if so for how long. In your note of March 12th you state that His Majesty's Government intends to retain the services of General Beckett on the Technical Board so long as Mr. Stevens remains at Harbin.

I have the honor to reply that recent reports from Mr. Stevens indicate that a general strike has occurred on the Chinese Eastern Railway which will doubtless result in a delay in the evacuation of the Czecho-Slovak troops. It is the intention to have Mr. Stevens remain at Harbin at least until the Czecho-Slovak troops have been evacuated and as conditions now prevailing make the completion of their evacuation somewhat uncertain it will be difficult to set any definite limit to his stay.

Accept [etc.]

FRANK L. POLK

861.77/1429 : Telegram

*The Consul at Harbin (Jenkins) to the Acting Secretary of State*HARBIN, *March 17, 1920—9 a.m.*

[Received 3:23 p.m.]

Strike will be declared ended 11 o'clock to-day. Horvat has resigned.

JENKINS

861.77/1438 : Telegram

*The Consul at Harbin (Jenkins) to the Acting Secretary of State*HARBIN, *March 22, 1920—3 p.m.*

[Received March 23—8 a.m.]

General Pao, President of the Chinese Eastern Railway, and wife in Harbin and will doubtless endeavor to formulate plan for future management of railway and settle question as to who shall be recognized as head of the Russian civil administration in place Horvat. Chinese evidently favor recognizing Russian consul but are embarrassed by that official having publicly declared he would work in accord with Vladivostok government which Chinese do not wish to

recognize. It is rumored another strike is possible if radical elements are not assured General Horvat is entirely eliminated from railway as well as civil administration but Chinese say that they have not been approached by strike leaders.

JENKINS

861.77/1457 : Telegram

The Consul at Harbin (Jenkins) to the Secretary of State

HARBIN, April 9, 1920—5 p.m.

[Received April 10—2:26 a.m.]

General Horvat left to-day for Peking, announcement being he is on leave absence. Pimenoff, manager of the Russo-Asiatic Bank will act as manager of the railway during Horvat's absence. Horvat will undoubtedly take up railway situation with Peking authorities.

JENKINS

861.00/6739 : Telegram

The Consul at Harbin (Jenkins) to the Secretary of State

HARBIN, April 12, 1920—4 p.m.

[Received April 13—9:52 a.m.]

Serious fighting took place yesterday at Hailar between Chinese and Japanese troops as a result of the arrest by Japanese of certain Russian railway workmen whom Chinese demanded be released. Chinese greatly outnumbered Japanese and are now in control Hailar Station. Japanese have greatly increased number troops at three stations between Harbin and Changchun. . . .

JENKINS

861.77/1477a : Telegram

The Secretary of State to the Consul at Harbin (Jenkins)

WASHINGTON, April 20, 1920—6 p.m.

Report by telegram in what respects and to what degree Russian functions in regard to (1) actual control of the Chinese Eastern Railway and (2) municipal administration in railway zone have been taken over by Chinese or other non-Russian agencies.

Department desires not only a general view of the situation but also specific instances in brief for its information. Make reply complete but avoid unnecessary length.

COLBY

861.77/1491a : Telegram

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

[Paraphrase]

WASHINGTON, April 24, 1920—2 p.m.

94. The Department wishes report giving all available information concerning what the Chinese Government plans regarding the Chinese Eastern, with particular reference to the possibility of an agreement between General Horvath and the Chinese Government as to the status of that railway.

COLBY

861.77/1164 : Telegram

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

WASHINGTON, April 26, 1920—2 p.m.

425. Second Secretary of British Embassy called April 20th at Division of Far Eastern Affairs and read telegraphic report of recent conflict between Japanese and Chinese on the line of Chinese Eastern Railway. He stated that he was instructed to inquire informally the views of this Government as to the possibility of preserving status of that railway and preventing extension of Japanese control over it. He was advised that this Government has formulated no policy with respect to contingency indicated. He was reminded however that the Inter-Allied Railway Agreement of January 1919⁴⁰ was predicated upon the understanding that any temporary administration of the Chinese Eastern as of the Trans-Siberian Railway would be with a view to their ultimate return to those in interest without the impairment of any existing rights; and that the Allies in operating in Siberia have been acting as trustees for the Russian people, and in the Russian Railway zone in North Manchuria as trustees both for the Russians who have a primary interest in the Chinese Eastern Railway and for the Chinese who have both a present incidental interest and a reversionary interest therein. The French are understood to have a certain indirect interest by virtue of stock ownership in the Russo-Asiatic Bank. It was tentatively suggested that upon the discontinuance of the present Inter-Allied control of Russian Railway in Manchuria it might be possible and advisable to reiterate the principle of trusteeship and to arrange that China as next in interest to Russia would undertake administration of the trust, perhaps with the assistance of foreign technical experts. This tentative suggestion does not represent an official view of this Government but

⁴⁰ See *Foreign Relations*, 1918, Russia, vol. III, pp. 301 ff.

is communicated to you simply in order that you may seek the views of the British Government in reference thereto.

The implied solicitude on the part of the British Government as to the possibility of Japanese encroachment upon Russian interests in North Manchuria is in contrast with the views entertained by Sir Charles Eliot⁴⁰ in regard to Siberia as indicated in Tokyo telegram of April 14th⁴¹ repeated to you April 20th, 5 p.m.

You will endeavor discreetly to ascertain whether Eliot's views are representative of the attitude of the British Government and if so whether it is to be understood that the British Government is more apprehensive regarding Russian interests in Manchuria than regarding such interests in Siberia itself.

COLBY

861.77/1496 : Telegram

The Consul at Harbin (Jenkins) to the Secretary of State

HARBIN, April 28, 1920—5 p.m.

[Received April 29—2:56 a.m.]

Referring to Department's telegram of April 20, 6 p.m. Actual status of control Chinese Eastern Railway and municipal administration in the railway zone is so chaotic it is almost impossible to explain clearly to what extent Russian functions have been taken over by Chinese or others.

1. Chinese now have five members on board of directors and Russians five, instead of former representation of three Chinese and eight Russians. As several Russian members are absent Chinese actually control board at present. Legality of this board extremely doubtful as its members not elected by stockholders. Its functions also not clearly defined.

2. Chinese have abolished entirely Russian police force in railway zone and assumed sole powers of policing including occupancy of Russian police buildings.

3. Chinese Military Governor Pao, who is president board of directors [of] railway, has assumed certain powers formerly exercised by Horvat including responsibility [for] maintaining order and policing in railway zone. However, Pao does not appear to have undertaken Horvat's functions as chief executive officer of railway.

4. Chinese have attempted to eliminate Horvat both as governor of railway zone and as chief executive of railway but latter refuses

⁴⁰ British Ambassador to Japan; formerly High Commissioner and Consul General in Siberia.

⁴¹ Not printed.

totally their authority to remove him. Meantime Pimenoff, Russian citizen, is acting chief executive of railway.

5. With the exception of Horvat and Russian military and police officials all other Russian civil and railway officials continue at their posts. No Chinese railway officials have yet been appointed but believe Chinese contemplate creating office of assistant chief executive to be filled by them.

6. As Horvat was recognized head [of] Russian civil administration in railway zone, his enforced suspension leaves Russians without any chief governmental officer, Chinese not having as yet announced their intention to regard Russian consul as such. All Russian civil governmental departments in zone including municipality continue to function as formerly but without any central head.

7. Chinese have expressed desire to abolish certain Russian courts in railway zone which are separate from consular court but this has not yet been done. All Russians arrested by Chinese police continue to be handed over to Russian courts for trial, though prisoners are actually held in custody of Chinese.

8. Chinese admit that as they are parties with Great Britain, Japan and other powers to agreement recognizing Harbin municipal government they cannot make any radical changes there, nor do the Chinese seem to have any clear idea of separating municipal government from railway civil administration. My personal opinion is British and Japanese consuls will endeavor to maintain *status quo* as far as municipal government is concerned.

9. Although Chinese announced they assumed military and police functions in railway zone Japanese have recently committed numerous acts at various stations along the railway which set both Chinese and Russian authority at naught, . . .

10. General Horvat has evidently been very active with Chinese officials at Peking and there are rumors which may prove true he will shortly return to Harbin and resume functions as director of railway and chief Russian official.

JENKINS

861.77/1493 : Telegram

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

LONDON, April 28, 1920—6 p.m.

[Received April 28—2:56 p.m.]

695. Your telegram number 425 April 26th 2 p.m. Have discussed matter of Chinese Eastern Railway today with Lord Hardinge Under Secretary of State for Foreign Affairs who says that in

February American Government was approached with proposal:⁴² (a) that control by Inter-Allied Board be continued; (b) that operation be confined to Chinese; (c) that finance be arranged not by Japanese but by consortium. To this American Government has not as yet responded. British Government . . . does not share the views expressed by Sir Charles Eliot on the general situation, it wishes Inter-Allied Railroad Board continued for the present with ultimate return of road to Chinese in trusteeship for Russian interest.

DAVIS

861.77/1500 : Telegram

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

PEKING, May 4, 1920—4 p.m.

[Received May 4—9:52 a.m.]

100. Referring to Department's telegram of April 24, 2 p.m. After a consultation with the Premier and with Russo-Asiatic Bank officials and Horvat, I conclude that China does not intend to disregard former agreement with Russia though ambitious to make Chinese influence more effective in the management of Chinese Eastern Railway.

TENNEY

861.77/1496 : Telegram

The Secretary of State to the Consul at Harbin (Jenkins)

WASHINGTON, May 5, 1920—3 p.m.

Your April 28, 5 p.m. states in paragraph numbered 1 that normal [*former?*] proportion Chinese and Russian on Board of Directors was three to eight. Present representation five to five. Was former ratio established either by company charter or by agreement between Russia and China?

COLBY

861.77/1516 : Telegram

The President of the Technical Board (Stevens) to the Secretary of State

HARBIN, May 9, 1920—8 p.m.

[Received May 10—5:10 p.m.]

Your cable May 6, 6 p.m.⁴³ Impossible to give a correct estimate balance sheet Chinese Eastern. Approximately road owes not to

⁴²The proposal appears to have been made orally; see the second paragraph of telegram no. 192, May 17, to the Chargé in Japan, p. 690.

⁴³"What is financial condition of Chinese Eastern Railway and how have its expenses been met during past six months?" (File no. 861.77/1515a.)

exceed five million. But there is due from Allies six million for military transport. Road has been kept going partly by income from operation derived by reason of an exorbitant tariff, from special privileges granted, from a loan of one million from the Chinese Government, by some relatively small payments for military transport, by the use of Allied fund, and by not paying all of its bills.

STEVENS

861.77/1523 : Telegram

The Consul at Harbin (Jenkins) to the Secretary of State

HARBIN, May 14, 1920—10 a.m.

[Received 8:35 p.m.]

Referring to Department's telegram of May 3 [5], 3 p.m. Chinese Eastern Railway charter originally provided for board of nine directors elected by the stockholders, chairman to be appointed by Chinese Government. From Boxer uprising until 1917 Chinese made no appointment but in latter year stockholders meeting invited Chinese to appoint member on board. Chinese accepted again naming chairman. About six months ago three more Chinese were admitted to the board and recently one more making five in all. With the exception of chairman, legal status of Chinese members regarded as somewhat doubtful because their election irregular.

JENKINS

861.77/1548a : Telegram

The Acting Secretary of State to the Chargé in China (Tenney)

WASHINGTON, May 14, 1920—2 p.m.

117. Department asked Russian Ambassador to acquaint it with the following texts:

(1) Li-Lobanov agreement of May, 1896, regarding construction of Chinese Eastern Railroad.⁴⁴

(2) Supposed clause supplementary to agreement of July 3, 1916, between Japan and Russia, providing for transfer to Japan of that portion of Chinese Eastern Railroad lying between Changchun (Kwan Cheng Tzu) and Sungari River.

Bakhmeteff declares texts not available here but states he has requested Russian Minister at Peking to acquaint you therewith.

You may also request the Chinese authorities to acquaint you with the text of the first agreement. Telegraph a brief but full summary.

⁴⁴ Treaty of Alliance between China and Russia, May 1896, MacMurray, *Treaties*, vol. I, p. 81.

Department feels that before deciding upon a request of the Russian Embassy that this Government undertake a further effort to maintain the *status quo ante* on this railroad it should be fully acquainted with all interests involved.

POLK

861.77/1533c: Telegram

*The Secretary of State to the Chargé in Japan (Bell)*⁴⁴

[Paraphrase]

WASHINGTON, May 17, 1920—6 p.m.

192. Your telegram no. 204, April 27.⁴⁵ Recommendation has been made by Smith⁴⁶ that the railway agreement remain in effect until Japanese withdraw. It was definitely provided by the Department's note dated January 9, 1920,⁴⁷ that when Czech evacuation is completed both railway experts and forces are to be withdrawn. Paragraphs 1, 1a, and 5 of the railway agreement itself,⁴⁸ if given a strict interpretation, seem further to provide for continuation without the participation of the British, French, and Americans, which would leave the Japanese in a dominant position, Chinese and Russian participation remaining, but ineffective. The Russian Embassy here has sent to the Department a memorandum⁴⁵ referring especially to the Chinese Eastern Railway in which the proposal is made that the railway be practically internationalized through an international committee with provision for its financing by one of the powers, or by banking interests, or by joint action of the powers. The purpose would be to return the railway, with existing rights unimpaired, to those who hold an interest in it.

Inquiries were received by the Department in January and February from the British Government through its Embassy here in regard to continued participation by Americans on the Inter-Allied Board and Committee. The hope was expressed that for as long a time as practical this participation would continue. Colonel Beckett, the British representative, it was stated, would continue indefinitely. By more recent telegrams from our Embassy in Great Britain and by informal conversations which have been undertaken by a Secretary of the British Embassy in Washington it is indicated that Great Britain is very anxious that one power should not obtain

⁴⁴ Repeated for information and comment to the Ambassador in Great Britain as no. 516 (file no. 861.77/1533b).

⁴⁵ Not printed.

⁴⁶ Charles H. Smith, American representative on the Inter-Allied Committee for supervision of the Chinese Eastern and Trans-Siberian Railways.

⁴⁷ Vol. III, p. 487.

⁴⁸ See *Foreign Relations*, 1918, Russia, vol. III, pp. 301-302.

control of the railway. Three suggestions have been made through the British Embassy here: (1) that the inter-Allied agreement be continued on the Chinese Eastern Railway, (2) that a mandate for the railway be given to China, (3) that the railway be financed by the consortium.

A proposal is being considered by the Department to place the control of the railway in the hands of the Inter-Allied Committee as it is constituted at present; the duties of the Technical Board to be transferred by the Committee to China under a mandate; the technical operation of the road to be managed either by the Chinese Government or by a new board chosen by that Government, with provision for review by the Committee. Of course the Military Committee would be discontinued.

Cable your opinion.

COLBY

861.77/1534 : Telegram

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

LONDON, May 22, 1920—1 p.m.

[Received 2:01 p.m.]

836. Your 425,⁴⁹ my 695,⁵⁰ and particularly your 516, May 17, 6 p.m.⁵¹ At the request of Foreign Office have had two informal conversations regarding Chinese Eastern Railway. Now that consortium agreement is reached and deeming therefore that views expressed in your 407, April 21, 6 p.m.⁵² do not now prohibit tentative discussions I believe Foreign Office opinion to be as follows, in which sense it might perhaps advise Tokyo, Peking, and Washington. It confidently believes that French will concur in its views.

1. Concurring in recognition of primary interest of Russia, secondary interest of China and moral obligation of Allied trusteeship, control of the line should continue under inter-Allied agreement and its organizations with the exception of military board which should be dissolved.

2. As elimination of British, French or American participation [in control] would place Japanese in such a position as to render almost completely null our success in bringing Japan into consortium without reservations, [as] China is manifestly unable to control, operate, or finance the road herself, and as [Japan?] has just ground for participation in protection of her troops in Siberia and her

⁴⁹ *Ante*, p. 685.

⁵⁰ *Ante*, p. 687.

⁵¹ See footnote 44, p. 690.

⁵² See footnote 15, p. 532.

country from the Bolshevik menace, Chinese and Japanese military forces should jointly protect the line.

3. Under foregoing provisions the consortium might properly finance undertaking in view of effect such action would have in controlling Japan, stabilizing China, limiting the Bolshevik menace and publicly proclaiming the first step of the consortium to be of broad international value.

4. As British banking group is delayed in completing financial arrangements the American and Japanese groups might be asked to carry the preliminary advance.

DAVIS

861.77/1535 : Telegram

The Consul at Vladivostok (Caldwell) to the Secretary of State

VLADIVOSTOK, *May 22, 1920—1 p.m.*

[Received May 23—9:50 a.m.]

168. [From Smith:]

“Committee passed following: ‘As Allied military commands January 1919 fixed tariffs for military transportation and stated that transportation would be paid in accordance with such tariffs, that such bills have not all been paid and on account of this Chinese Eastern Railway, a private company, is now practically bankrupt, therefore we desire to call the attention of our respective Governments to this condition’.

If all Governments would pay their bills Chinese Eastern finances would be easy. America pays as fast as bills are presented and checked. Japan does the same but takes her long time to check bills. England owes some but will pay. Italy settled fully. France and Czechoslovakia have paid nothing and owe approximately \$5,000,000; Czechs state Paris Council must decide regarding payment Czech bills. There is bill against Department of State for about \$932 for train of Consul General Harris, which railway states is unpaid. Regarding correctness of bill I do not know, but if correct it should be paid. Committee granted no free transportation except Red Cross trains.

Claim has just been presented to Committee for coal from mines near Irkutsk owned by Polish citizen, amount about \$4,000,000. Statements from Omsk Ministers accompanying claim show nothing was paid. Other claims may follow. These can be paid from amounts due for Allied transportation. Apparently Omsk paid nothing.

Railway inspectors have returned to Nikolsk temporarily. Russian railway employees working well and Japanese not interfering.

Russians have requested Committee secure the return of line Nikolsk-Habarovsk from Japanese military. This has been taken up with Japanese command. Smith.”

CALDWELL

861.77/1536 : Telegram

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

[Paraphrase]

TOKYO, *May 22, 1920—6 p.m.*

[Received May 22—5:02 p.m.]

259. Your 192, May 17, 6 p.m. I have been informed by the British Ambassador that he has always understood that paragraphs 1 and 1a provided that representation on the Committee and Boards should be given to the powers which had armed forces in Siberia at the time of the making of the agreement, that such representation should continue as long as these bodies were in existence, and that withdrawal of the troops by a power implied no obligation to withdraw the railway representatives. The Ambassador was British High Commissioner to Siberia and was well acquainted with the arrangements made when the agreement regarding the railways was put into operation. He gathers that his Government shares these views since the representation of Great Britain both on the Inter-Allied Technical Board and the Committee is indefinitely continuing.

Regarding the several plans proposed, there may be objection by Japan to continuing the railway under the arrangement now in force, with financing by the consortium. The giving of a mandate to China would be almost certain to meet vigorous opposition from Japan. The same would be true as to the proposal in your final paragraph regarding the Technical Board.

If we assume that it is the desire of our Government to see the plan of the Russian Embassy carried out, the best method would, perhaps, be the continuation of the Technical Board and Inter-Allied Committee as they now exist and arrangement for either the consortium or the powers jointly to finance the railway.

BELL

861.77/1534 : Telegram

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

WASHINGTON, *May 27, 1920—1 p.m.*

551. The Department is much gratified by the results of your conversations regarding the Chinese Eastern Railway as reported

in your 836, May 22, 1 p.m., and fully approves the principles of action set forth in heading 1.

As to heading 2, this Government feels that it is doubtless a practical necessity under the present circumstances to allow joint Japanese and Chinese military protection of the line: but in view of the fact that Japanese forces have been placed upon the Chinese Eastern in disregard of the allocation of that line to Chinese protection by agreement of the Allied commanders at Vladivostok in April, 1919, this Government considers that in assenting to Japanese participation therein it should be emphasized that this irregular situation is tolerated only as a temporary expedient in view of an apparent military exigency.

With regard to headings 3, 4, this Government, while disposed to consider that financing by the consortium would be satisfactory in principle, apprehends the possibility that such a suggestion might be misconstrued by Japan. In view of this and of the possible difficulty of floating a loan for the purpose it is suggested that consideration of the question be postponed until Lamont can be consulted.

The concurrence between the British and our own views on the essential questions in reference to the Chinese Eastern Railway problem seems to warrant the hope that in spite of the reservation in respect to financing it may now be possible for the British Government to proceed as suggested to obtain general acceptance of the course proposed.

In communicating the above informally to the Foreign Office please ascertain whether French Government has been approached in the same sense.

COLBY

861.77/1549: Telegram

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

PEKING, June 3, 1920—1 p.m.

[Received June 3—6:32 a.m.]

123. Referring to Department's telegram of May 14, 2 p.m. Li-Lobanov agreement of May 20, 1896, unknown at Peking. No copy of agreement of July 3, 1916, between Japan and Russia at Russian Legation or at Russian Bank. Bank surmises that the only copies are at Russian Embassy in Tokyo and at Petrograd. This agreement has never been made effective by securing the assent of China.

TENNEY

861.77/1550 : Telegram

The President of the Technical Board (Stevens) to the Secretary of State

HARBIN, June 3, 1920—8 p.m.

[Received June 3—10:32 a.m.]

Transportation situation of Chinese Eastern now is better than since 1914. Now that military movements have largely stopped railroad is able to get commercial business going. Earnings increasing, general feeling much better. If we could be assured that no malicious interference with operation would intervene situation would rapidly improve.

STEVENS

861.77/1568 : Telegram

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

[Paraphrase]

WASHINGTON, June 19, 1920—7 p.m.

232. . . .

The Department has also been informed by a telegram from our Embassy in Great Britain dated June 17⁵⁴ that the Foreign Office has been informed by its Legation in China as to the evidence which Stevens has obtained regarding the Japanese intention to gain control of the Chinese Eastern. The British Foreign Office, our Embassy reports, has stated informally that it is strongly opposed to this being done and has requested that the United States cooperate with Great Britain in this matter. In reply the Department is stating its willingness to work with the British with the idea of setting up something in the nature of an international bankruptcy commission to act as a trustee for those having an interest in the Chinese Eastern and to administer the railway in this capacity, assisted perhaps by the consortium in the matter of finances. This plan has been discussed informally with the British and we are now asking them to take the lead in securing the consent of France before taking the question up with the Japanese Government. As we have reason to know that uniting the consortium with the Chinese Eastern problem will be opposed by Japan, you are instructed to hold this information in strict confidence for the present.

COLBY

⁵⁴ Not printed.

861.77/1568 : Telegram

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

[Paraphrase]

WASHINGTON, June 19, 1920—7 p.m.

655. We are repeating telegram sent to the Embassy in Japan. [Here follows telegram no. 232, June 19, to the Chargé in Japan, printed *supra*.]

Inform British Foreign Office informally regarding attitude of this Government as shown in above telegram. Also inform the Foreign Office that the advisability of having the Chinese Eastern Railway financed by the consortium has been urged upon the American group by the Department.

The Department desires that you ask the Foreign Office whether it would be able when requesting the French Government to cooperate in this to also urge that France pay the amounts which she owes the Chinese Eastern for the military use of the railway. It is also our understanding that obligation for the amounts owed to the railway in connection with the evacuation of the Czech troops is assumed by the French Government.

COLBY

861.77/1577 : Telegram

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

[Paraphrase]

TOKYO, June 22, 1920—8 p.m.

[Received June 23—5:45 a.m.]

312. Your 232, June 19. . . . The Ambassador also informs me that, acting on instructions from his Government, he has conversed with the Japanese Minister of Foreign Affairs regarding the four points contained in your telegram no. 211 of June 2.⁵⁵ Uchida agreed with points 1 and 2 but indicated that he did not like the idea of having the consortium connected with the Chinese Eastern Railway and said that the Cabinet must consider this matter. The British Ambassador is to confer with the Minister of Foreign Affairs again tonight and states his opinion that rather than cause irritation by confronting the Japanese with an accomplished fact, it would be advisable to talk things over fully with them in advance. My British colleague was apparently surprised that no instructions had been given to me to act in a like manner.

⁵⁵ Not printed; it quoted, in substance, telegram no. 836, May 22, from the Ambassador in Great Britain, p. 691, and, with the exception of the last paragraph, the Secretary's reply, no. 551, May 27, p. 693.

Has our Government taken this question up with China yet? The British Minister to China is to be in Tokyo within a week *en route* to England for a vacation.

BELL

861.77/1576 : Telegram

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

LONDON, June 22, 1920—9 p.m.

[Received June 22—7:24 p.m.]

979. Guided by enclosure to the Department's mail instructions 758 of May 24⁵⁶ the substance of your 655 June 19, 7 p.m. communicated orally and informally today to Foreign Office which is gratified at continued cooperation and especially at Department's action in advising American group that the consortium should undertake financing of the Chinese Eastern.

I was informed of substance of telegram received June 15 from the British Embassy Tokyo to Foreign Office regarding Eliot's views and conversations with Japanese Government which, as it has direct bearing on the matter, British Embassy Washington will be instructed to communicate to you.

Foreign Office was not aware that French had assumed expenses of Czech evacuation but will endeavor to confirm. It will also now submit the scheme for the administration of the railway to the French Government and inquire whether it is prepared to pay amounts due to railway. It was deemed advisable to await France's definite reply before mentioning the possible alternative that the consortium might advance the amount of these payments provided she assent to the entire plan.

Addis will be immediately informed. I find Foreign Office believe more than ever that the consortium is of great potential value.

DAVIS

861.77/1583 : Telegram

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

[Paraphrase]

TOKYO, June 23, 1920—4 p.m.

[Received 10:17 p.m.]

314. My 312, June 22. Yesterday there was another conference between the British Ambassador, Eliot, and Uchida, Japanese Minister of Foreign Affairs. Uchida was still seemingly in sympathy

⁵⁶ Not printed.

with the first and second points. He was, however, somewhat in doubt as to whether it is expedient to link up the Chinese Eastern Railway with the consortium. He was especially inclined to doubt the expediency of such an association at this time. Eliot was informed by the Foreign Minister that he was expecting to have difficulty in the Diet in regard to the situation regarding Siberia. In case such an agreement was undertaken at present, Uchida was afraid that criticism would be made that his policy in regard to Siberia had opened with the massacre at Nikolaevsk and finished by giving to the consortium the Chinese Eastern Railway. Within a few weeks, perhaps, this question could be brought up, but he did not think it wise to do so now.

On account of the position taken by the Minister for Foreign Affairs, the British Ambassador has sent a telegram to his home Government recommending that at the present time the point regarding the consortium should not be insisted upon. I am forced to add that considering the difficulty which the Government faces in connection with the situation in Siberia and the Japanese troops there, there would be little gain if any in pressing the issue at present. Nevertheless, considering the position of the Foreign Minister regarding points 1 and 2, as the British Ambassador has described it, I can not see why there should not be a definite effort at as early a date as possible to get Japan to agree, in principle, to having the Boards continued or else to the setting up of an international bankruptcy commission such as was suggested by the Department in its telegram no. 232, of June 19.

BELL

861.77/1583 : Telegram

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

[Paraphrase]

WASHINGTON, June 30, 1920—8 p.m.

694. Your 979, June 22, 9 p.m. For your information, telegram regarding Chinese Eastern received from Tokyo as follows:

[Here follows telegram no. 314, June 23, from the Chargé in Japan, printed *supra*.]

The Department has been informally advised by the British Embassy of a report from Eliot substantially the same as given above. It was not indicated, however, that in the near future conditions might be more favorable for a consideration by the Japanese Cabinet of using the consortium for financing the Chinese Eastern Railway.

The suggestion was made to the British Embassy during an informal conversation that it might be practical to go ahead and consolidate the Technical Board and Inter-Allied Committee as a new committee of international character upon which China, France, Great Britain, Japan, Russia, and the United States would be represented. This committee would be similar to a committee in bankruptcy. It would be given authority to perform all the duties which would be necessary for carrying out the trust except that it could not borrow funds for the Chinese Eastern without authorization by the Governments concerned, such authorization to be based on a report regarding the financial condition of the railroad which should be asked of the Commission as soon as possible. The report would be accompanied by the recommendations of the Commission as to what means should be used to finance the railroad.

The railroad administration, in the opinion of our Government, should be placed upon a business footing as far as possible, excluding the military and political features which were inherent in the setting up of Allied control as an incident in the sending of a military expedition into Siberia.

You are instructed to informally present these views to the British Government and learn whether or not it agrees with them. If it does, you are to propose that the United States and Great Britain send instructions to their respective Embassies in Japan to work together in urging the Japanese Foreign Office to accept the above proposal.

DAVIS

861.77/1583 : Telegram

The Acting Secretary of State to the Chargé in Japan (Bell)

[Paraphrase]

WASHINGTON, June 30, 1920—8 p.m.

246. Your 314, June 23, 4 p.m., was repeated to Ambassador in Great Britain with following addition:

[Here follow the last four paragraphs of telegram no. 694, June 30, to the Ambassador in Great Britain, printed *supra*.]

Your 312, June 22, 8 p.m. The Department has not yet taken up this matter with China. The Chinese, however, were very insistent in presenting to Lamont their wish to have the financing of the Chinese Eastern a field for consortium activity.

DAVIS

861.77/1600 : Telegram

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

LONDON, July 8, 1920—5 p.m.

[Received July 8—4:07 p.m.]

1032. Your 694, June 30, 8 p.m., which my 1014, July 1, 6 p.m.,⁵⁷ largely concerns, discussed informally on 7th with Foreign Office which expresses apprehension lest "bankruptcy commission" would imply not only complete insolvency but might have directly adverse effect on French interests and those of Russo-Asiatic Bank. The opinion was further advanced that the proposed arrangement appears merely to take us round the circle again into a consortium of a more complicated form which Japan's probable contentions would again block. It would therefore appreciate an explanation of the reasons for proposed nomenclature and what such commission could accomplish as regards financing of the railway inasmuch as the consortium appears to embody the only interests, able or willing, now to loan money for maintaining. It would also welcome definite information as to the present financial status of railroad and how long it can operate, to supplement figures furnished British Legation, Peking, of May 12th (20th?) last.

[Paraphrase]

No information from France. Great Britain, I gather, would not be opposed to taking a firm attitude in favor of the plan proposed at first, on the basis that although local Japanese conditions are regretted they cannot be allowed to completely break up the plan, and if a strong stand of this kind should not bring the desired result, the Japanese Government might be requested to offer a substitute. The Foreign Office has instructed Embassy at Washington to take up with you all of the above, not including this paragraph.

DAVIS

861.77/1604 : Telegram

The President of the Technical Board (Stevens) to the Secretary of State

HARBIN, July 10, 1920—6 p.m.

[Received 8:35 p.m.]

June result shows that Chinese Eastern operating earnings exceeded expenditures, this [due to] increased commercial traffic and better management. But the present high tariff cannot be main-

⁵⁷ Latter not printed.

tained although substantial reductions [in] cost of operation could be made if had control over them. If the Allies would settle military transport bills enabling road to pay debts, future outlook would be encouraging providing political disturbances do not paralyze efforts.

STEVENS

861.77/1607c : Telegram

The Secretary of State to the Consul at Harbin (Jenkins)

WASHINGTON, July 15, 1920—4 p.m.

What is extent and influence of the authority exercised in Chinese Eastern Railroad zone by Russian Consul over and above his functions as a Russian Consul on Chinese territory and what are his official connections with the railroad? What are his views as to (a) Japanese (b) Semenov (c) control of the railroad?

COLBY

861.77/1600 : Telegram

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

[Paraphrase]

WASHINGTON, July 15, 1920—6 p.m.

746. Your 1032, July 8, 5 p.m. British Ambassador has been told by us the essential motives behind the proposal. We are waiting for the return to Washington of Ambassador Morris before going into more detailed discussion. Further explanations will be made then by the Department and of these you will be advised. Available data regarding the financial condition of the road will also be communicated to you. We wish in the meantime to have it clearly understood that the suggested continuation of control of the Chinese Eastern by international action, whatever form it may be decided to have it take, is for the operation of the road as a strictly economic proposition as differentiated from operating it as an aid to armed forces.

COLBY

861.77/1614 : Telegram

The President of the Technical Board (Stevens) to the Secretary of State

HARBIN, July 19, 1920—10 a.m.

[Received July 20—6:34 a.m.]

Your cable July 15, 6 p.m.⁵⁸ I would not take any steps that would endanger the success of negotiations but if the idea is to continue railway agreement in its present form I would have noth-

⁵⁸ Not printed.

ing to do with it as it is a farce which has not been respected by anybody. Whoever undertakes to run railway must be given full authority which can be enforced. I have had no support from the military of any nation in the enforcement of any order or instructions; . . . Besides the matter of absolute control, provision must be made for finances to be placed in presenting [*under international?*] control, for the Russians have not the slightest idea of economy. The Allied Committee should be done away with; it has been of no positive service and in some respects handicap; passing resolutions without any serious attempt or power to make them effective gets nowhere in this country. Committee has no practical knowledge of railways and their activities are about what might be expected. I can easily understand why negotiations proceed slowly; a certain people playing for time until they stack cards here when their real plans will become clear to everyone. I will await further information from the Department before acting, asking a reply as soon as possible.

STEVENS

861.77/1613 : Telegram

The Consul at Harbin (Jenkins) to the Secretary of State

HARBIN, July 19, 1920—10 a.m.

[Received July 20—3:36 a.m.]

Referring to Department's telegram of July 15, 4 p.m. When General Horvat was forced out by Chinese several months ago Russian Consul-General Popoff declared himself political head of the Russian colony in railway zone and as such has occasionally issued [governmental] administrative orders. Chinese have not recognized consul general's claims to powers over and above those ordinary consul and many Russian factions not disposed to do so. . . . Several months ago he would work with Vladivostok government but soon changed there and now strong indications he is friendly with Semenov. . . . He has no official connection with railway but as consul exercises some influence in its relations with foreigners.

JENKINS

861.77/1629 : Telegram

The President of the Technical Board (Stevens) to the Secretary of State

HARBIN, July 21, 1920—11 a.m.

[Received July 30—5:39 a.m.]

Japanese owe one and one quarter million dollars on their contribution to the Allied fund in aid of railways; delaying rapid develop-

ment. I cannot get any definite promise as to time of payment, consequently can make no commitments. The greater part of the Chinese Eastern coal supply comes from Japanese mines, Mukden; board has paid for this from May, 1919, to March, 1920, both inclusive, nearly two million yen using Japanese funds. I feel that sudden demand will be made for the payment of the balance remaining due on penalty of stopping supply as once threatened. Such action would involve stopping operation which, from the draft of the telegraphic communications with the Japanese member [of] the Board now in Tokyo, I think they hope will happen. We have usually not more than ten days' supply on hand. Will the Department cable International Banking Corporation, Harbin, [five hundred?] thousand dollars to be used at my discretion in an emergency? ⁵⁹ I feel that the stoppage [of] operations would facilitate Japanese plan. Please advise without delay.

STEVENS

861.77/1577 : Telegram

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

[Paraphrase]

WASHINGTON, July 22, 1920—6 p.m.

279. Your 312, June 22.⁶⁰ The Department has taken up the matter of financial assistance to the Chinese Eastern as yet only with Great Britain and only in a tentative and informal way.

Conversations with the British Ambassador at Washington are to be entrusted to Ambassador Morris. You will be informed soon confidentially by telegraph of the main features of the plan which they are to consider in detail.

COLBY

861.77/1632a : Telegram

The Secretary of State to the Minister in China (Crane)

[Paraphrase]

WASHINGTON, July 29, 1920—noon.

193. For Stevens:

"Your willingness to stay at Harbin for a while pending the outcome of the negotiations now in progress regarding the Chinese Eastern Railway is appreciated by the State Department. The seriousness and importance of the situation is fully realized by the

⁵⁹ The Secretary of State replied by telegram of July 31, 5 p.m.: "Your July 21, 11 a.m. Remittance authorized. . . . Colby."

⁶⁰ *Ante*, p. 696.

Department. The cause of delay has been due to our attempts to come to a complete agreement with Great Britain and to work out in detail a plan of procedure which can be agreed upon. The delay has not been due to any negotiations with Japan. The Department has proposed to Great Britain that the British join with us in an effort to have Japanese troops entirely withdrawn from the railway, to have the system of operation and control reorganized in such a way as to give you the authority which is necessary, and to secure at once for necessary expenses an appropriation of \$10,000,000. Great Britain is apparently ready, from evidence we have, to join vigorously with us in such a program. In order to make it possible to communicate directly with you hereafter, we are preparing to provide you with a new code. The Department will continue to keep you informed as to the situation. The negotiations with Great Britain are strictly confidential and you will realize the need of absolute secrecy regarding this."

Send a special messenger with a paraphrase of the above message to Stevens at Harbin. Repeat it also to our Embassy in Japan as no. 290.

COLBY

861.77/1628 : Telegram

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

LONDON, July 29, 1920—7 p.m.

[Received July 29—5:42 p.m.]

1143. French Embassy, London, informs Foreign Office that French Embassy, Tokyo, believes that proposed plan for Chinese Eastern impracticable. Foreign Office infers from this that France is disinclined to pay her share of debts to the railway but feels nevertheless that if France, Great Britain and the United States present united front to Japan the opposition of the latter could be overcome and France would ultimately arrange for liquidation of her share. Paris informed.

DAVIS

861.77/1647a : Telegram

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

[Paraphrase]

WASHINGTON, August 5, 1920—1 p.m.

838. Recently the British Minister at Peking, Alston, came to Washington *en route* to England for a vacation. While here, he and the British Ambassador had an informal conference⁶¹ with Ambassador Morris, the Under Secretary of State, and the Secretary

⁶¹ On July 26.

of State. Questions relating to the Far East, especially the Chinese Eastern Railway, were discussed. After the conference the Minister sent a telegram to his home Government in substance as follows:

"A. All agreed as to the necessity of continuing international control over the Chinese Eastern until such a time as it can revert to its original condition under Russia when the government of that country is reconstituted. Such control should be in the hands of China, France, Great Britain, Japan, Russia, and the United States, the countries whose representatives were on the Technical Commission.

"B. Chinese troops should be entrusted with guarding the railway as was agreed upon in 1918, and also the line to the Vladivostok terminal should be guarded by Chinese soldiers.

"C. It was recognized that serious difficulty was involved in having the consortium finance the railway for following reasons:

"(1) The fact that in case of default China has the right to take possession of the railway in accordance with the agreement between China and Russia.

"(2) The matter of a guarantee.

"The proposal was made that for financing the railroad use be made of enough of the Russian gold which has been regained from Germany."

I call your attention to the fact that the first point under C may be misleading. The versions of 1896 railway contract which have been published contain no such provision.

From this talk and others with Alston and Ambassador Geddes, I have been gratified to realize the common interests of Great Britain and the United States in the Far East and to find the British willing to work with us in opposition to the exploitation of particular spheres of interest and to make the open door policy and the maintenance of the administrative and territorial integrity of China a reality.

COLBY

861.77/1648 : Telegram

The President of the Technical Board (Stevens) to the Secretary of State

HARBIN, August 7, 1920—6 p.m.

[Received August 8—2:15 a.m.]

Financial results of July operations Chinese Eastern are the best since normal times year 1914. Receipts real money exceed expenditures 500,000 gold roubles. In addition received 46,000,000 roubles paper money which has practically little value at present. Receipts as stated are purely commercial excluding military transport and company freight. The heavy business will not keep up next two

or three months, but the present showing is an index of what might be accomplished under proper arrangements. With assured shipping tonnage, proper banking and business interests [at] Vladivostok, and the opening of the Trans-Baikal gateway, the railway, even with reduction in tariffs, should be made financial success, especially if the necessary measures economy operations could be accomplished. In connection with this there are some so-called Russian laws which are not laws at all but which are regulations made by former ministers seriously increasing expenses railways, most of such regulations being nonsense. They should be abrogated or at least be left optional with whoever undertakes to manage in case an arrangement is made.

STEVENS

861.77/1628 : Telegram

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

WASHINGTON, August 11, 1920—6 p.m.

862. Department infers that your No. 1143, July 29, 7 p.m. refers to the plan for financing of Chinese Eastern Railway by consortium. Is that correct, and is Department to understand that the French object to that proposal?

COLBY

861.77/1662 : Telegram

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

LONDON, August 13, 1920—6 p.m.

[Received 9:30 p.m.]

1230. Your 862 August 11, 6 p.m. My 1143 July 29, 7 p.m. referred to tentative proposal reported in my 836 May 22, 1 p.m.⁶² regarding control, protection and financing of Chinese Eastern Railroad which Foreign Office brought to the attention of French through French Embassy, London, the channel through which most of the correspondence with French on the subject takes place. All such communications have been merely tentative seeking for a solution. In reply to French statement that the plan is not considered practicable because Japanese would not consent, the Foreign Office has communicated its opinion as reported in my 1143. From this attitude and from fact that no reply has been received from French to inquiry referred to in my 1104, July 22, 2[?] p.m.⁶³ the Foreign Office infers

⁶² *Ante*, pp. 704 and 691, respectively.

⁶³ Not printed.

French disinclination to proposal but is not aware of definite objection thereto.

British Group still apparently in favor of consortium financing the railway. Relevant portions of your 838 August 5th will be discussed in subsequent telegram.

DAVIS

861.77/1662 : Telegram

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

[Paraphrase]

WASHINGTON, August 17, 1920—7 p.m.

881. Please ask our Paris Embassy to discreetly ascertain from Foreign Office its position regarding plan proposed for financing the Chinese Eastern, repeating appropriate part of your 1230, August 13, 6 p.m., and all of your 1143, July 29, 7 p.m.

COLBY

861.77/1767a

The Secretary of State to the British Ambassador (Geddes)

WASHINGTON, August 18, 1920.

EXCELLENCY: I have the honor to acknowledge the receipt of Your Excellency's note of August 7th, 1920,⁶⁴ relative to the informal meeting held at the Department of State on July 26th on the subject of the Chinese Eastern Railway, and requesting information concerning certain points connected with the above mentioned subject.

An admirable summary of the matters discussed and the suggestions made during the informal meeting referred to in Your Excellency's note was prepared after the meeting by Sir Beilby Alston, who very courteously furnished me with a copy.⁶⁵ I presume that the original or a copy was left with your Embassy, but should you fail to find it, the copy left with me is, of course, at your disposal. As I recall it, the summary states accurately the points covered in our informal discussion, and was to be supplemented in detail by a report which I understood Sir Beilby Alston hoped to make personally to his Government. I might add that I recall no new proposals in regard to the provision of funds for financing the railway by Your Excellency's Government. It was pointed out, however, that under the Inter-Allied Agreement, the Government of the United States had already advanced approximately \$3,400,000.

⁶⁴ Not found in Department files.

⁶⁵ Not printed; substance embodied in telegram no. 838, Aug. 5, to the Ambassador in Great Britain, p. 704.

and since the informal meeting of July 26th, it has authorized an additional payment of \$200,000. for the expense of shipment of materials previously purchased, and \$500,000. deemed essential for the continued operation of the railway. Of the other Governments interested, I am informed that up to July 21, 1920, Japan has advanced \$2,750,000.; China, \$500,000.; while I understand that Great Britain and France have, as yet, made no advance under the Agreement, although they have both cooperated earnestly in the Inter-Allied and Technical Committees. Mr. John F. Stevens, who is still acting as Chairman of the Technical Committee, acting under the Inter-Allied Agreement, reports that the further amount required adequately to equip the railroad and efficiently to operate it, would not in his judgment exceed \$10,000,000.

Accept [etc.]

BAINBRIDGE COLBY

861.77/1670: Telegram

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

[Paraphrase]

LONDON, August 18, 1920—9 p.m.

[Received August 19—10:34 a.m.]

1256. Have discussed your August 5, 1 p.m. with Alston and Foreign Office. The informal views of the latter follow:

They agree on section A.

They agree to section B if practical but offer the following observations: (1) Japan might be justified in continuing troops on some parts of the railway on account of the dangerous situation as regards Russia; (2) the understanding by which after our evacuation Japan gained the control it now has from Vladivostok to Nikolsk, which is [apparent omission] to the Foreign Office, has a great deal to do with this; (3) the railway might be endangered by inefficiency on the part of Chinese troops; (4) if we agreed to allow Japan to have a share in guarding the railway, it might make our negotiations on other matters less difficult.

As to section C, the idea of having the consortium finance the railway still has the favor of the British group, as has been reported before. Financial aspect would be more simple if American group would agree. (1) We can find no such clause in the contract for the railway. (2) The Department is asked to explain the matter of guarantees, which is not understood. Even if it were practical to use Russian gold it would involve legal decision as to its use and there would be the necessary delays and complications connected with participation by the governments in financial matters. Financ-

ing would be more easily obtained and more elastic if done by the consortium.

The attitude of the British in all our discussions has been in keeping with that described in your last paragraph.

WRIGHT

861.77/1681 : Telegram

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

[Paraphrase]

PARIS, August 26, 1920—4 p.m.

[Received 9:22 p.m.]

1614. London Embassy's 1230, August 13, 6 p.m. to the Department regarding Chinese Eastern repeated to me and also Department's instructions to ascertain French Government's attitude.⁶⁶

I visited the Foreign Office and from informal interview I gather that regard for the Russo-Asiatic Bank, which is nearly one-half French owned, has caused the Foreign Office to delay in making known its position. I understand that the bank is now seeking to obtain loans for financing the railroad and that the Foreign Office is waiting to learn the results of these efforts, which it should soon, before definitely stating its attitude. In case the bank fails in this the French will be prepared to join with the American and British Governments in making representations to Japan to have the consortium undertake the financing of the railroad. The French Government is not unwilling, I understand, to pay what is due for the transportation of French troops, but it is stated by the Foreign Office that the French Government never made any agreement to pay for the transportation of the Czecho-Slovak Army.

WALLACE.

861.77/1670 : Telegram

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

[Paraphrase]

WASHINGTON, September 2, 1920—7 p.m.

947. Your 1256, August 18, 9 p.m. Referring to point 2, part C. It was proposed that the notes of the Chinese Eastern Railway might be guaranteed by the Chinese Government, as without such guarantee bankers would not consider them marketable securities. Russian interests object to this plan as they fear that sometime in the future such a guarantee might be used by the Chinese Government to enforce claims to the railway property.

COLBY

⁶⁶ See telegram no. 881, Aug. 17, to the Ambassador in Great Britain, p. 707.

861.77/1696 : Telegram

The President of the Technical Board (Stevens) to the Secretary of State

HARBIN, September 10, 1920—10 a.m.

[Received September 10—10:19 a.m.]

Chinese Eastern earnings from commercial transport month of August were about 100,000 gold roubles more than expenses. In addition the great Japanese military transport should give \$400,000 more.

STEVENS

861.77/1717a : Telegram

The Secretary of State to the Minister in China (Crane)

[Paraphrase]

WASHINGTON, September 18, 1920—6 p.m.

239. Reports are current that China has sent a note to Japan making a protest against Japanese soldiers being quartered along Chinese Eastern line. Can you verify these reports? If possible, send early reply.

COLBY

861.77/1727 : Telegram

The Minister in China (Crane) to the Secretary of State

[Paraphrase]

PEKING, September 24, 1920—11 a.m.

[Received 3:02 p.m.]

268. Your 239, September 18, 11 a.m. [6 p.m.] See our 166, July 9, 7 p.m.⁶⁸ Legation informed by Minister for Foreign Affairs that Japanese Minister in presenting statement concerning withdrawal from Trans-Baikal orally stated that Japanese troops would be retained on the line from Harbin east to the Siberian frontier and also between Changchun and Harbin so as to prevent Northern Manchuria from being invaded by the Bolsheviki.

A note was sent on August 7 by the Ministry of Foreign Affairs to the Japanese Minister setting forth comprehensive passport and military measures taken as a precaution by the Chinese Government to prevent entry into Chinese territory by the Bolsheviki. The note announced the earnest intention of the Chinese Government to keep out the Bolsheviki and its assumption of entire responsibility in dealing with this menace. In view of this, Japan was requested to with-

⁶⁸ Vol. III, p. 539.

draw the soldiers mentioned above at the same time as those in Siberia were being withdrawn.

In his reply on August 18, the Japanese Minister stated that it had been decided to withdraw Japanese troops west of Harbin despite fear that the Bolsheviki would enter Northern Manchuria from Heilungkiang and Trans-Baikal. In order to prevent this and to keep a connection between the Japanese troops in South Manchuria and those in the Maritime region and Sakhalin, it was necessary for Japan to retain soldiers south and east from Harbin, but in taking these measures there was no other intention than that of keeping out the Bolsheviki. This would place no obstacle in the way of China's providing the railway guards in accordance with the agreement of April, 1919, among the Allies.

CRANE

861.77/1728 : Telegram

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

PARIS, September 24, 1920—3 p.m.

[Received 8:22 p.m.]

1748. Your 1485, repeated by London.⁶⁹ I asked Foreign Office today informally if my understanding of its former statement was correct, namely, that no engagements were ever made by the French to pay Czechoslovakian transport bill (see my 1614, August 26th, 4 p.m.). Foreign Office replied in the affirmative and stated that the agreement made was only for the maintenance of these troops, not for transportation. Having no instructions I did not go further with the matter.

WALLACE

861.77/1728a : Telegram

The Secretary of State to the Consul at Harbin (Jenkins)

WASHINGTON, September 24, 1920—6 p.m.

For Stevens:

Your September 18, 11 a.m.⁶⁹

Negotiations here in matter of Chinese Eastern more hopeful than at any time. The Department appreciates your long service of more than three years and suggests that if you can conveniently arrange

⁶⁹ Not printed.

it and feel it will not jeopardize the successful outcome of our present plan, that you come to Washington for a conference some time in the late Autumn. You should announce that you are leaving Harbin temporarily for a conference with the Secretary of State. If you approve, it is felt that Colonel Johnson can be left in charge during your absence.

COLBY

861.77/1752 : Telegram

The President of the Technical Board (Stevens) to the Secretary of State

HARBIN, October 6, 1920—10 a.m.

[Received October 8—4:18 a.m.]

Your cable of September 24, 6 p.m.⁷⁰ I could not consider making a trip to the United States with the prospect of returning here under present arrangement. If a definite arrangement covering all the certain absolutely necessary points I have heretofore cabled is certain to be made, then I would be willing. As the whole matter from my limited information now stands I can patiently wait a month or more longer but I object very strongly to remaining here another winter under present conditions. From the information which the American Minister has just given me about the Chinese Government-Russo-Asiatic Bank agreement the outlook for anything satisfactory does not appear very promising although the opinion expressed in your cipher telegraph above mentioned is encouraging.

STEVENS

861.77/1822

The Minister in China (Crane) to the Secretary of State

No. 281

PEKING, October 7, 1920.

[Received November 11.]

SIR: With reference to my telegram of October 5th, 8 P.M. No. 295,⁷¹ I have the honor to transmit herewith the text of the agreement signed by the Ministry of Communications of the Chinese Government, Yeh Kung Cho, and the Russo-Asiatic Bank represented by Messrs. Jezierski and Raindre on the 2nd instant regarding the Chinese Eastern Railway. This text was given me in confidence by the Russian Minister and the Bank. I regret that the

⁷⁰ *Supra.*

⁷¹ Not printed.

shortness of time before the despatch of the pouch prevents the inclusion of an English translation of the text.

I have [etc.]

(For the Minister)

A. B. RUDDOCK

[Enclosure—Translation]

*Agreement between the Chinese Government and the Russo-Asiatic Bank Supplementary to the Contract for the Construction and Operation of the Chinese Eastern Railway, October 2, 1920*⁷²

PREAMBLE

The Chinese Government:—

In view of the payment, as participation, of five million Kuping Taels (Kp. Tls. 5,000,000) to the Russo-Chinese Bank (now the Russo-Asiatic Bank) with a view to the putting into execution of the contract drawn up the 25th day of the Seventh Moon of the twenty-second year of Kuang-Hsu (September 2 [8⁹], 1896) for the construction and operation of the Chinese Eastern Railway;

In view of the sum due by the above-mentioned railway company to the Chinese Government, accruing from the principal, namely five million Kuping Taels (Kp. Tls. 5,000,000), and the interest due thereon, as also the credit rights resulting from the subsequent advances made in recent years in favor of this railway;

In view of the situation created by the complete political disorganization in Russia, rendering temporarily impossible for the said company the maintenance of regular operation;

Having regard, moreover, to its rights of sovereignty:—

Finds itself under the obligation to take measures indispensable not only for the safe-guarding of security in the regions served by the said railway and for the maintenance of communications which are of world interest, but also for effective protection over the property of the said railway.

By reason of the obligations stated above, the Chinese Government has, under date of October 2, 1920, notified to the Bank its decision to assume provisionally, pending such arrangement concerning the railway as the Government may reach with the Russian Government that may be recognized by China, the supreme control exercised over the said railway by virtue of the contract and of the regulations in force, and to resume the advantages and particular interests conferred upon China by the operating contract concluded in the twenty-second year of Kuang-Hsu (1896) and the original statutes of the

⁷² The agreement as received had only ten annexes; the additional annexes, 11 to 15, here printed, were forwarded in despatch no. 879, Mar. 1, 1921 (file no. 861.77/2027).

said Company; and it therefore, under date of the 2nd day of the tenth month of the ninth year of the Republic of China, corresponding to October 2nd of the year 1920, charges the Minister of Communications, representing the Chinese Government, to conclude at Peking with the Russo-Chinese Bank (now the Russo-Asiatic Bank, and whatever may be the name of this Bank hereafter), representing the Central administration of the Bank provisionally at Paris, the following arrangement as a supplement to the contract of 1896.

ARTICLE I

The Chinese Eastern Railway Company, hereinafter designated by the words "the Company", recognizes that it should pay to the Chinese Government, in bonds of the railway, upon conditions which will be made the subject of a separate letter, upon the signing of the present contract, the equivalent of the amounts which should have been paid by the Company, to wit:—

(a) A sum of five million Kuping Taels (Kp. Tls. 5,000,000) which should have been paid to the Government by the Company beginning with the day of the opening of the said line to operation, in accordance with Article 12 of the original contract;

(b) The interest on the sum above named, calculated from the day of the opening of the said railway to operation, at the rate of six per cent (6%) per annum, as provided by Article 16 of the Statutes of the Company, and under the rule of compound interest, up to the year 1920.

Beginning with the year 1921, the interest on these sums will be five per cent (5%), and will be payable semiannually. The repayment of the bonds will be effected in silver, either at the time of the repurchase of the railway by the Chinese Government, or from the funds which are to serve for the repurchase of the said railway.

The bonds issued in payment of the said loan will be guaranteed by a lien upon all the movable and immovable properties of the railway.

ARTICLE II

It is understood that the Chinese Government will have the right to name, in addition to the President, four members of Chinese nationality upon the Board of Management (*Pravlenia*) of the railway. It is not necessary that members thus named by the Chinese Government should be shareholders of the Company. The shareholders will on their side have the right to name freely the Russian members of the Board of Management. In the event of a tie vote, the President will have a casting vote in addition to his vote as a member.

ARTICLE III

The quorum of the Board of Management will be seven members. No decision will be effective unless it has been approved by at least seven members.

ARTICLE IV

It is understood that the Chinese Government will have the right to name, of the five members of the Committee of Audit (*Comité de Révision*), two members of Chinese nationality. The President of the Committee will be elected from among the five members in question, but will be of Chinese nationality.

ARTICLE V

It is understood that, in order to assure the satisfactory progress of operation of the said railway, the posts of the railway will be shared in an equitable manner between Chinese and Russians.

ARTICLE VI

The rights and the obligations of the Company will henceforth be in every respect of a commercial character: every political activity and every political attribute will be absolutely forbidden to it. To this end, the Chinese Government reserves the right to prescribe restrictive measures of any character and at any time.

ARTICLE VII

It is clearly understood that the clauses of the contract concluded the twenty-fifth day of the seventh Moon of the twenty-second year of Kuang-Hsu (September 2 [8[?]], 1896), as also of the Statutes of the Chinese Eastern Railway, which do not conflict with the clauses of the present temporary agreement, remain in force.

The present agreement is signed in four copies, two of them in the French language, and two others in the Chinese language. The French text alone will be authoritative.

Done at Peking, the second day of the tenth month of the ninth year of the Republic of China, corresponding to October 2, 1920.

The Minister of Communications,

YEH KUNG-CHO

*For the Russo-Chinese Bank (now
the Russo-Asiatic Bank, and
whatever may be the name of
this Bank hereafter),*

JEZIERSKI

RAINBRE

[Annex 1]

The Representative of the Russo-Asiatic Bank (Raindre) to the Chinese Minister of Communications (Yeh Kung-cho)

PEKING, October 2, 1920.

MR. MINISTER: As has been agreed in the course of the negotiations leading up to the Agreement signed today, the sum due by the Chinese Eastern Railway Company to the Chinese Government will be calculated in the following manner:—

(a) A sum of five million Kuping Taels (Kp. Tls. 5,000,000) and accrued interest, which should have been paid to the Chinese Government by the Company beginning with the day of the opening of the said railway to operation, in accordance with Article 12 of the original contract;

(b) The interest on the sum above named, calculated from the day of the opening of the said railway to operation, at the rate of six per cent (6%) per annum, as provided by Article 16 of the Statutes of the Company, under the rule of compound interest, to the year 1920.

In view of the fact that there exists a difference of opinion between the Chinese Government and the Bank as to the date of opening of the railway to operation,—which according to the Chinese Government should be 1903, and according to the Bank, 1907,—it is at present impossible to fix the amount due to the Chinese Government. This question will be reserved until one party or the other shall have adduced its proofs, and the question shall have been settled. A special letter will then fix the definitive amount of the sum due, including principal and interest.

Pray accept [etc.]

J. RAINDRE

[Annex 2]

The Representative of the Russo-Asiatic Bank (Raindre) to the Chinese Minister of Communications (Yeh Kung-cho)

PEKING, October 2, 1920.

(The full text of Annex 2 is quoted in Annex 3.)

[Annex 3]

The Chinese Minister of Communications (Yeh Kung-cho) to the Representatives of the Russo-Asiatic Bank

PEKING, October 2, 1920.

SIRS: I have the honor to acknowledge the receipt of your letter of today by which you make known to me that:—

“As has been agreed in the course of the negotiations leading to the Agreement signed today, it is understood that the Vice-President

of the Board of Management (*Pravlenia*) of the Chinese Eastern Railway will be of Russian nationality. The *Pravlenia* will furthermore comprise two Assistant Vice-Presidents who will be elected from among the members of the Board of Management, one of whom shall be of Chinese nationality and the other of Russian nationality. In the event of the absence of the Vice-President, the Assistant Vice-President of Russian nationality will replace the Vice-President.

It is likewise understood that the Manager of the Railway will be of Russian nationality and that an Assistant Manager will be of Chinese nationality.

It is understood, finally, that, in the Departments of Movement and Traffic, of Traction and Material, of Ways and Works, and of General Accounting, there shall be named an Assistant of Chinese nationality under the Department Chief of Russian nationality.

If the Board of Management finds it necessary to create new posts for assistants, these posts will be reserved for Chinese."

By the present letter, I confirm to you my agreement to this arrangement.

Pray accept [etc.]

YEH KUNG-CHO

[Annex 4]

The Representative of the Russo-Asiatic Bank (Raindre) to the Chinese Minister of Communications (Yeh Kung-cho)

PEKING, October 2, 1920.

(The full text of Annex 4 is quoted in Annex 5.)

[Annex 5]

The Chinese Minister of Communications (Yeh Kung-cho) to the Representatives of the Russo-Asiatic Bank

PEKING, October 2, 1920.

SIRS: By your letter of today, you ask me as follows:—

"As has been agreed in the course of the negotiations leading up to the Agreement signed today, we would be grateful if Your Excellency would be so good as to confirm that instructions will immediately be given to the President of the Chinese Eastern Railway to convene at Peking, during the course of October, a general meeting of the shareholders of the Company, which will legally name its Board of Management (*Pravlenia*) and will proceed to the discussion of the reorganization of the line upon a commercial basis.

It remains understood that, in the future, a general meeting will take place annually in accordance with the Statutes of the Company."

I have the honor to acknowledge the receipt of this communication and to confirm to you my agreement upon all these points.

Pray accept [etc.]

YEH KUNG-CHO

[Annex 6]

The Representative of the Russo-Asiatic Bank (Raindre) to the Chinese Minister of Communications (Yeh Kung-cho)

PEKING, October 2, 1920.

(The full text of Annex 6 is quoted in Annex 7.)

[Annex 7]

The Chinese Minister of Communications (Yeh Kung-cho) to the Representatives of the Russo-Asiatic Bank

PEKING, October 2, 1920.

SIRS: By your letter of today, you kindly make known to me the following:—

“As has been agreed in the course of the negotiations leading to the Agreement signed today, the temporary post of Acting Manager of the Chinese Eastern Railway will not be retained, nor any of the other posts which have been created as a temporary matter and which are not contemplated by the Statutes.”

I have the honor to acknowledge the receipt of this communication and to confirm to you my agreement thereto.

Pray accept [etc.]

YEH KUNG-CHO

[Annex 8]

The Chinese Minister of Communications (Yeh Kung-cho) to the Representatives of the Russo-Asiatic Bank

PEKING, October 2, 1920.

SIRS: In conformity with Article I of the contract for construction and operation concluded in the twenty-second year of Kuang-Hsu (1896), the shares of the Company can be acquired only by Chinese and Russian subjects, which carries with it a right on the part of Chinese subjects to purchase these shares.

Article 10 of the Statutes has fixed the amount of capital of the Company at five million roubles (Rs.5,000,000) divided into a thousand shares of five thousand roubles (Rs.5,000) each. The Chinese Government has consequently requested the Bank to sell to Chinese subjects one-half of these shares, that is, an amount of two million five hundred thousand roubles (Rs.2,500,000).

This question having been discussed without its proving possible to arrive at an agreement for the time being, the Chinese Government, in signing the contract of October 2, 1920, declares that it does not forego its right hereafter to take up this question.

We beg [etc.]

[YEH KUNG-CHO]

[Annex 9]

The Representative of the Russo-Asiatic Bank (Raindre) to the Chinese Minister of Communications (Yeh Kung-cho)

PEKING, October 2, 1920.

MR. MINISTER: We have the honor to acknowledge the receipt of your letter of today, by which you declare that in signing the supplementary contract of October 2, 1920, the Chinese Government does not intend to forego its right to take up hereafter with the Bank the negotiations for the purchase by Chinese subjects of shares of the Chinese Eastern Railway Company.

Pray accept [etc.]

J. RAINDRE

[Annex 10]

The Representative of the Russo-Asiatic Bank (Raindre) to the Chinese Minister of Communications (Yeh Kung-cho)

PEKING, October 2, 1920.

MR. MINISTER: AS YOUR Excellency has expressed the desire, we have the honor to certify by the present letter that the Russo-Asiatic Bank (formerly the Russo-Chinese Bank) is a joint stock Company (*société anonyme par actions*) of a purely commercial character, and that it is not connected with any political party in Russia.

We expressly declare that no other nation than Russia and China has an interest in the Chinese Eastern Railway.

Pray accept [etc.]

J. RAINDRE

[Annex 11]

The Chinese Ministry of Communications to the Representatives of the Russo-Asiatic Bank

[PEKING,] October 2, 1920.

I have the honor to state that (1) The Chinese Government subscribed Kuping Taels 5,000,000 in the 22d year of Kuang Hsu, 7th Moon, 25th day, for shares and engaged in business with the Russian Hua O Ta Sheng Bank (Now known as the Russo-Asiatic Bank), which concluded a contract to construct and manage the Chinese Eastern Railway. Secondly, the Chinese Government has a very important interest therein because of money loaned to the said railway in times of need in addition to the 5,000,000 taels due by the Chinese Eastern Railway to the Chinese Government. Thirdly, because of political disturbances, Russia has been unable to manage the said railway and to maintain order. Fourth, the Chinese Government has responsibilities in connection with its sovereign rights,

the maintenance of peace in places within the railway zone, the maintenance of international communications, the protection of the railway property and the maintenance of everything in good order. Combining all the reasons mentioned above, together with the resulting responsibility, this Ministry, representing the Chinese Government, officially informs your bank that the Chinese Government has decided to execute temporarily on behalf of the Russian Government the said railway agreement and assumes the duties and authorities granted by the regulations now in force, and it will also execute the agreement made for joint management in the 22d year of Kuang Hsu and also assumes the special authority granted by the original regulations.

The substitution for Russian authority will last until the date when the Chinese Government officially recognizes the Russian Government and until the two Governments draw up an (another?) agreement for the management of the railway.

I have the honor to request that you take note of the above, and that you favor me with a reply.

With compliments—

MINISTRY OF COMMUNICATIONS

9th year of the Chinese Republic, 10th month, 2d day.

[Annex 12]

The Representative of the Russo-Asiatic Bank (Raindre) to the Chinese Ministry of Communications

PEKING, October 6, 1920.

I have the honor to acknowledge the receipt of the Ministry's communication in which the following is set forth:

(Letter of October 2, 1920, from Ministry of Communications to Russo-Asiatic Bank quoted here.)

and I have the honor to reply that I have taken note thereof.

I have the honor to state that with regard to our discussion of the Chinese Eastern Railway with reference to Your Excellency's requests (demands) I telegraphed to the head office of this bank stating that trustworthy evidence must be offered showing that the Russo-Asiatic Bank control all the shares of the Chinese Eastern Railway.

A telegraphic reply and a letter were transmitted to this Bank by the French Minister to China on September 24th, and I now have the honor to enclose herewith copies. The proof (of ownership) was transmitted through the French Foreign Office and is conclusive proof that the shares of the Chinese Eastern Railway belong to the Russo-Asiatic Bank.

RAINDRE

[Annex 13]

The French Minister in China (Boppe) to the Representative of the Russo-Asiatic Bank (Jezierski)

I have the honor to acknowledge the receipt of your request with reference to the reply to the official despatch from the Chinese Ministry of Communications requesting proof that the share[s] of the Chinese Eastern Railway belong to the Russo-Asiatic Bank, and I now have to inform you that the French Foreign Office has favorably acted upon my request and has instructed the bank to deliver the evidence. This evidence bears the signature of M. Sahmen, the representative in London of the Russian Ministry of Finance. The official despatch has already been sent you by the Paris office under registered cover.

I enclose herewith for your information a copy of the telegram dated September 18th [16th] from the French Premier and Minister for Foreign Affairs. This telegram is sufficient proof of the evidence desired and you may so inform the Chinese Government.

BOPPE

[Annex 14—Telegram]

The French Minister of Foreign Affairs (Millerand) to the French Minister in China (Boppe)

Please inform Jezierski that the evidence requested has been issued. Please transmit the following to him :

“You will receive by the next mail steamer the registered letter with the proof sent you by M. Sahmen, the representative in London of the Russian Ministry of Finance.”

The letter of M. Sahmen, representative of the Russian Ministry of Finance and attaché of the Russian Embassy in London, is proof that the shares of the Chinese Eastern Railway belong to the Russo-Asiatic Bank.

SAHMEN

BY DIRECTOR OF RUSSO-ASIATIC BK.

MILLERAND

PARIS, September 16, 1920.

[Annex 15]

The Representative of the Russo-Asiatic Bank (Raindre) to the Chinese Minister of Communications

[PEKING,] October 6, 1920.

I have the honor to certify that the Russo-Asiatic Bank is a corporation of Russian nationality and is registered at Petrograd.

With compliments [etc.]

RAINDRE

861.77/1761 : Telegram

*The Minister in China (Crane) to the Secretary of State*PEKING, *October 12, 1920—1 p.m.*

[Received October 12—10:25 a.m.]

316. Following is substance of Chinese Presidential mandate issued October 9th regarding Chinese Eastern Railway. The Ministry [of] Communication[s] has been negotiating with Russo-Asiatic Bank with the object of making a supplementary agreement to the Sino-Russian agreement. The essential points arrived at are: increase the number [of] Chinese on staff for joint administration of railway; make it purely commercial concern; and Chinese Government to assume temporarily executive control [of] Chinese Eastern Railway on behalf of Russian Government until definite arrangements are reached with a united Russian Government recognized by China. The proposal of the Ministry of Communication[s] is hereby approved and the said Ministry ordered to exert its utmost in directing Chinese and Russian staff to work for the improvement of the railway. The high military and civil authorities of the Three Eastern Provinces are also ordered to cooperate with the Ministries concerned and adopt measures for the adequate protection of life and property along railway.

CRANE

861.77/1773

*Mr. Thomas W. Lamont to the Under Secretary of State (Davis)*NEW YORK, *October 18, 1920.*

[Received October 19.]

DEAR MR. DAVIS: Referring to our conversation over the telephone last Thursday on the subject of the Chinese Eastern, and your request that the Consortium delegates give their serious consideration to the subject, you will be interested to read the following Minute that was unanimously adopted by the Consortium at its final conference on Friday:

“It was resolved that the Consortium will, if desired by their respective Governments, and if market conditions permit, consider an application for a loan to meet the financial requirements of the Chinese Eastern Railway, estimated at \$10,000,000 Gold, provided satisfactory conditions can be arranged as to security, as to the payment of the debts due from the Allied and Associated Powers, as to the Allied and Associated Powers undertaking that there shall be no military interference with the traffic of the Railway, and as to the position of the representatives of the Consortium Powers on the technical Board (or other administrative body) being regularized and stabilized.

“The Japanese representatives stated that they were not in a position to express their views on this question, for the reason that the Japanese Group were not authorized by their Government to take up the matter, pending negotiations between the Governments concerned and further that the Japanese Group considered the matter as technically lying outside the scope of the Consortium Agreement.”

Technically, I think it is true that the Chinese Eastern for the moment perhaps falls outside the scope of the Consortium and that therefore the action of the Japanese delegates in declining to discuss it was not surprising. At the same time, of course, it is a situation of international importance and the Consortium has been organized for the purpose of trying to help out by international co-operation in Far Eastern problems.

You will note from the Minute quoted that the situation is now up to the Governments as to any request that they may make upon the Consortium.

Very truly yours,

T. W. LAMONT

861.77/1762 : Telegram

The Secretary of State to the Consul at Harbin (Jenkins)

WASHINGTON, October 21, 1920—3 p.m.

For Stevens:

Meeting of Consortium delegates October 15th New York. Extract from Minutes: [Here follows the Minute quoted in Mr. Lamont's letter of October 18, printed *supra*.]

Department instructing Legation, Peking, to repeat its 319, October 13, 6 p.m.⁷⁴ to you for your information, wherein Legation states it feels assured Chinese Government does not intend to discontinue Inter-Allied provisional control.

Your October 6, 10 a.m.⁷⁵ It is not contemplated that you should return to Harbin under the present arrangement. It is desired that you come to Washington for conference and assist in devising a new and better plan. Very important that no idea that United States is withdrawing be created by your departure.

COLBY

861.77/1762 : Telegram

The Secretary of State to the Minister in China (Crane)

[Paraphrase]

WASHINGTON, October 21, 1920—3 p.m.

285. Your 319, October 13, 6 p.m.⁷⁴ You are instructed to earnestly present to the Chinese Government the pressing necessity that

⁷⁴ Not printed.

⁷⁵ *Ante*, p. 712.

it give such assurance as will make it absolutely clear that the inter-Allied agreement concerning the railroads of Siberia, which for this purpose included the Chinese Eastern, still has the active support of the Chinese Government. China should make it clear that in making the contract with the Russo-Asiatic Bank on October 2, nothing was intended inconsistent with the inter-Allied agreement. Using your discretion, secure this assurance in as explicit and positive a form as possible, and without delay. Result should be reported not only to Department but also to our Embassy in Japan and to Stevens.

COLBY

861.77/1803 : Telegram

The Minister in China (Crane) to the Secretary of State

[Paraphrase]

PEKING, November 5, 1920—6 p.m.

[Received November 5—12:46 p.m.]

357. Following telegram from Stevens dated Harbin, November 5, 7 p.m.:

Have just received your telegram of October 25 [21].⁷⁷ As soon as I can arrange affairs at Harbin, where I am returning today, I plan to start for Washington. With reference to your earlier telegram,⁷⁸ in every way Colonel Johnson is completely competent to act in my place while I am gone. As otherwise there may be objection by the members of the Board, I desire that the State Department telegraph instructions authorizing Colonel Johnson to act as temporary president of the Technical Board. In spite of the delay which it would cause I may be able to meet with consortium representatives in Japan. I will have it clearly understood at Harbin that I am to be away for only a short time and that the United States has not withdrawn its interest. Cable reply requested.

CRANE

861.77/1791 : Telegram

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

WASHINGTON, November 5, 1920—8 p.m.

1615. If London has not repeated its No. 1560, October 30, noon,⁷⁹ to you request that it do so.

Do all you can to cooperate with British in Paris in support of British representations that French pay debts due Chinese Eastern

⁷⁷ See telegram of Oct. 21 to the Consul at Harbin, p. 723.

⁷⁸ See telegram of Sept. 24 to the Consul at Harbin, p. 711.

⁷⁹ Not printed.

for maintenance and transportation of Czech troops over Chinese Eastern Railway in order to assist railway in its present financial difficulties and insure uninterrupted operation of the line.

COLBY

861.77/1804 : Telegram

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

TOKYO, November 5, 1920—midnight.

[Received November 5—10 p.m.]

573. Following from Legation Peking to the Department:

“No. 357, November 5, noon [6 p.m.]. Your 285, October 21, 3 p.m. Stevens has been in Peking for two weeks in negotiation with the Chinese. On October 26th Minister of Communications as President of the Technical Board gave Stevens⁸⁰ orally and Peck representing Legation assurances amply covering your 285, October 21, 3 p.m. In reply to [request for] written confirmation from Stevens of this conversation and these assurances given Stevens and Peck, Minister of Communications likewise confirms conversation and adds

‘Action of this Ministry in concluding with the Russo-Asiatic Bank a supplementary contract for the control of the Chinese Eastern Railway had its origin in the relationship established between China and Russia by virtue of the former convention and the Ministry continues actively to support the inter-Allied agreement for the control of the Siberian Railways and the Chinese Eastern Railway. The plans of the Chinese Government also contemplate nothing contradictory to the said inter-Allied agreement. The supplementary convention affects in no wise the continuance of the inter-Allied Technical Board or its powers of control over the Chinese Eastern Railway. The Chinese Government hopes that the Technical Board as heretofore continues to execute its functions in the manner provided for by the inter-Allied agreement and that it will at all times render assistance to the Chinese Government.’

In view of the absolute independence of the Ministry of Communications in such matters as evidenced by its conclusion of recent convention with the bank without going through the usual channels of the Foreign Office, I consider the foregoing written assurances as binding upon the Chinese Government. However, I await further instructions should anything more be desired. This method of procedure was followed to ensure conclusion of matter while Stevens was in Peking. Texts mailed Tokyo and Washington.”

BELL

⁸⁰ I. e., gave Stevens, as President of the Technical Board.

861.77/1803 : Telegram

The Secretary of State to the Minister in China (Crane)

WASHINGTON, November 10, 1920—3 p.m.

324. Your 357, November 5, 6 p.m. For your information and repetition to Stevens.

“Colonel Johnson is hereby designated by the Government of the United States to act as president *pro tempore* of the Technical Board during your absence. Inform Smith.

George [*Frederick?*] W. Stevens, Consortium representative, scheduled to sail from San Francisco November 18 per *Siberia Maru* and Department believes it would be advisable for you to meet him in case you would not be too much delayed.”

Inform Tokyo.

COLBY

861.77/1902 : Telegram

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

LONDON, December 28, 1920—6 p.m.

[Received 7:53 p.m.]

1745. I am informally advised by Foreign Office that British Ambassador [at] Washington has had recent conversation [with] Stevens concerning Chinese Eastern Railway and that they are of concurrent opinion:

- (1) That powers of Technical Board should be enlarged,
 - (a) to assure increased efficiency in administration of railway,
 - (b) to provide proper trusteeship for Russian interests,
 - (c) as a factor in stabilization of the Far East.
- (2) That financial reorganization of the railway should be undertaken to which end the consortium could be immediately operative.
- (3) That united effort be made to secure payment of debts due the railway.

While for certain reasons British Government does not desire to put forward such proposals as (1) and (2), I infer that it would support them if they were advanced by us.

DAVIS

861.77/1907 : Telegram

The Acting President of the Technical Board (Johnson) to the Acting Secretary of State

HARBIN, December 30, 1920—10 a.m.

[Received 1:45 p.m.]

Five thousand Kappel army unloaded and marched east from Pogradichnaya, 5,000 refuse to go east trying to go west, remaining

5,000 will go east; whole army entirely demoralized. Manchuria Station frontier still closed waiting for decision from the Chinese Government. In December Chinese Eastern received 1,000,000 yen due from Japanese Army and half a million gold roubles from the Kappel movement which will pull railway through to the middle of January; [heavy] fuel payments in January necessitate outside assistance before long. Chang Tso Lin interests influenced by Tokyo desperately trying to eliminate unfriendly Chinese members of railway board of directors including Dr. Wang, Chinese representative [on] Technical Board. Chinese-Russian board of directors merely intriguing, accomplishing nothing to relieve railway situation which condition strengthening position of the Technical Board.

JOHNSON

S61.77/1968

The Minister in China (Crane) to the Acting Secretary of State

No. 697

PEKING, January 5, 1921.

[Received February 24.]

SIR: I have the honor to refer to my telegram of September 24th, 1920, 11:00 a.m., No. 268,⁸⁰ regarding Japanese troops in the Chinese Eastern Railway zone. I now learn from the Foreign Office that on or about December 14th, 1920, the Japanese Minister again informed the Chinese Government, in substance, that the Japanese Government declined to withdraw its troops from the zone on the ground that troubles existed in the zone and that the Bolshevik activities rendered it inadvisable at the present time to withdraw; that there was the necessity for the Japanese army stationed in North Manchuria to maintain communications with Japanese forces in South Manchuria; and furthermore that in maintaining their forces in the zone Japan was not violating the inter-allied agreement for the maintenance of troops in the Chinese Eastern Railway Zone.

I have [etc.]

CHARLES R. CRANE

CUSTOMS SURTAX FOR FAMINE RELIEF

Approval by the American and Other Governments of the Proposed Levy

893.48g/8: Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, October 2, 1920—10 p.m.

[Received October 2—6:30 p.m.]

290. Chinese Govt. as a means of raising famine funds proposed to all treaty powers surcharge 10 percent present native and maritime

⁸⁰ *Ante*, p. 710.

duties for one year only, on which security, upon authorization by powers, it is proposed float loan. Matter discussed in Diplomatic Corps meeting, understood unobtainable without first consulting Governments. Japanese Minister objects on the ground [of] burden to Japanese merchants and large share of Japan in China trade. British Ambassador [recommends] approval to [his] Government. I recommend strongly; although Japan's refusal would block measure, it would be well to place America's acquiescence on record.

CRANE

893.48g/8: Telegram

The Acting Secretary of State to the Minister in China (Crane)

WASHINGTON, October 8, 1920—5 p.m.

271. Your 290, October 2, 10 p.m.

Department understands proposed surtax is to be 10 per cent of duties now leviable which in the case of foreign imports are those of the revised tariff of 1919;⁸⁰ and it assumes that it applies to the levy of duties by the Maritime Customs or by such native custom offices as are under its supervision; and that the arrangement will automatically be discontinued after being in operation one year.

On this understanding and in view of humanitarian purposes for which funds are to be used the Department will interpose no objection to the proposed surtax.

DAVIS

893.51/3091: Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, December 1, 1920—4 p.m.

[Received December 1—9:53 a.m.]

419. Bennett⁸¹ advises he and French bank have been approached by the Chinese Government to loan one million each as advance on additional customs surplus famine relief authorized by Department's telegram 271, October 8, 5 p.m. Chinese Government needs this money immediately for famine purposes. Loan does not appear to be within the scope of the consortium. Bennett has received authorization from New York to make loan and has asked Legation's views. Legation is indicating its approval. Security seems ample and loan would enhance prestige of bank and create favorable impression towards America in China. Negotiations will be concluded in the absence of contrary instructions.

CRANE

⁸⁰ See *Foreign Relations*, 1919, vol. I, pp. 640 ff.

⁸¹ C. R. Bennett, manager, International Banking Corp., Peking; representative of the American group.

893.51/3091 : Telegram

The Acting Secretary of State to the Minister in China (Crane)

WASHINGTON, December 3, 1920—5 p.m.

352. Your 419, December 1, 4 p.m.

Assuming that the proposed loan to the Chinese Government for famine relief involves no public flotation of bonds, the Department concurs in the view that it does not come within the provisions of the Consortium Agreement. The Department assumes that Bennett has discussed the matter with the other Consortium representatives and that they concur in this view; and on this condition it offers no objection. You may so advise Bennett.

Which French bank is referred to in your telegram?

The Department desires to be informed whether proposed customs surtax has received assent of the Powers and if so when does it become effective?

DAVIS

893.51/3142 : Telegram

The Minister in China (Crane) to the Acting Secretary of State

PEKING, December 16, 1920—5 p.m.

[Received December 17—1:20 p.m.]

441. Your 352, December 3, 5 p.m. Various Legations have replied severally to Foreign Office. American, British, Japanese and French banks, latter "Indo Chine", have been approached by the Chinese Government for loan as forecasted in note of Foreign Office. Amount to be \$4,000,000.

Four Legations have suggested to dean calling meeting of the corps [to] discuss question and ascertaining from the Chinese Government when approval of Governments concerned has been given and Inspector General [of] Customs has received instructions to levy tax.

CRANE

893.48g/70 : Telegram

The Minister in China (Crane) to the Acting Secretary of State

PEKING, December 22, 1920—2 p.m.

[Received December 23—5:32 p.m.]

456. Under date of 17th Chinese Government announced to various Legations that the consent of Foreign Governments having been obtained maritime customs stations and native customs stations within radius of 50 *li* of former would begin to impose surtax after January 16th, funds thus collected to go to Famine Relief

Bureau, Ministry of Interior, for audit and disbursement. Meeting of the corps 20th considered matter, certain Legations such as British and French demanded greater degree of foreign control over disbursements or would withhold assent as already notified Foreign Office. Matter now under discussion with the Chinese, probably will result in arrangement for disbursements through mixed commission [of] Chinese and foreigners. French also desire postponement of imposition [of] tax for further period.

CRANE

893.48g/70 : Telegram

The Acting Secretary of State to the Minister in China (Crane)

WASHINGTON, December 29, 1920—3 p.m.

400. Your 456, December 22, 2 p.m.

Department is unable to determine whether the proposed surtax will become effective January 16th, in view of your statement that certain of the Legations, particularly the British and French, have interposed objections either on the ground of foreign control over disbursements or the time when the tax shall be imposed. Please state definitely whether tax will be imposed on date mentioned notwithstanding the objections pointed out in your telegram. You will recall that this Government's acceptance of the surtax was conditional on its being imposed on all countries alike.

When date of imposition of tax has been finally agreed upon, the Department desires to be informed whether tax will be effective on all cargo arriving after that date.

DAVIS

893.48g/81 : Telegram

The Minister in China (Crane) to the Acting Secretary of State

PEKING, January 5, 1921—4 p.m.

[Received January 5—10 a.m.]

4. Your 400, December 29, 3 p.m. Conditions of all Legations must be met before surtax can be levied. Entire matter still under consideration. Date [of] beginning of tax not yet certain.

CRANE

893.48g/98 : Telegram

The Minister in China (Crane) to the Acting Secretary of State

PEKING, January 22, 1921—4 p.m.

[Received January 22—11:40 a.m.]

51. My 4, January 5, 4 p.m. Agreement finally settled between diplomatic corps and Chinese Government for financial committee

of control to disburse proceeds of famine customs surtax. Six Chinese, six foreigners members. Loan with four banks for \$4,000,000 concluded 19th.

Surtax will be applied for all goods entering or leaving China on or after March 1st.

CRANE

INTERNAL TRADE

Proposed Abolition of Likin with Compensating Increase in Customs Rates; Approval by the United States—Disapproval of Proposed Time Limit for Inward Transit Passes

693.003/577

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

No. 3207

PEKING, April 7, 1920.

[Received May 25.]

SIR: I have the honor to enclose herewith the translation of a note received from the Chinese Foreign Office on February 27, 1920, in which the Ministry announces the intention of the Government to proceed at once with the increasing of import duties and the abolition of likin. The note recounts recent suggestions made to the Government that steps be taken to implement Article VIII. of the British Commercial Treaty of 1903 [1902], and gives an undertaking that after the abolition of likin and the increase of import duties;

“likin will not again be levied, either directly or indirectly, in the interior of China on goods of foreign nations on which there has already been paid the increased import duty”.

Throughout the note no reference is made to an increase in the export tariff, probably because with the present charge of two and one-half per cent for an outward transit pass, the proposed maximum of seven and one-half per cent is already attained, but I do not feel that any significance need be attached to this omission.

Exactly one month previous to the date of this note Mr. P'an Fu, Vice Minister of Finance, called at the Legation and announced the fact that the Government was going to take this step toward the abolition of inland taxation of commerce. He stated that he feared Japanese opposition and asked for the support of this Legation, of which he was thereupon given assurance.

Under date of March 17, 1920, the Dean of the Diplomatic Body circularized a communication received from the British Chargé d'Affaires in which the latter pointed out that the Chinese Government in its note desired a second revision of the import tariff in order to secure an effective five per cent and that it further desired

that this revision should take place before the date recommended by the Tariff Revision Committee, i.e. two years after the ratification of peace, on the plea that this higher valuation would be needed in addition to the surtax to compensate for the loss of likin receipts. While opposing any advancement of the tariff revision the British Chargé d'Affaires recommended that the Diplomatic Body assure the Chinese Government as follows:

“(A) That each of the Treaty Powers will be prepared to nominate a representative to commence the work of bringing the tariff to an effective 5% on a specified date (say August 1st, 1921); and

(B) That the levy of a surtax (say equivalent to one and one half times the said duty) will be agreed to. This assurance is based upon the understanding that the abolition of likin and all other exactions to which Chinese and foreign goods are now subjected, whether at the place of production, in transit, or at destination, will be guaranteed by the Chinese Government on the enforcement of the tariff as revised”.

Since the Legation has already had occasion to transmit to the Chinese Government from the Department of State expressions of the sympathy of the American Government with this reform I should have felt no hesitation in joining my colleagues in giving this assurance at once, but they deemed it necessary to refer the matter to their respective Governments.

With especial regard to the Department's instruction No. 529, of January 8, 1909,⁸² (File No. 788/193) in which reference is made to the possible necessity for concluding a loan in connection with this project, I have the honor to observe that while the visit of Mr. Thomas W. Lamont has been an occasion for discussing loans for various other purposes it has not, to my knowledge, been proposed to use any portion of the mooted reorganization loan in connection with the abolition of likin.

It must be conceded that at the present time the Central Government does not appear to possess the power necessary to uproot what is probably one of the most vastly ramifying vested interests in the world, the system of provincial taxation of trade in China. The independence and truculence of the innumerable military leaders who rear their heads throughout the Republic have their origin in this source of revenue. Nevertheless, it is my considered opinion that the attempt to effect this reform would prove in the end an excellent means of solidifying the position of the Government. The measure is one whose propriety no one could impugn, and it would have behind it the moral force of an international engagement that must be carried out. I have the honor therefore, to request that the Legation

⁸² Not printed.

be authorized to give to the Chinese Government the assurance suggested by my British colleague.

I have [etc.]

CHARLES D. TENNEY

[Enclosure—Translation]

*The Chinese Ministry of Foreign Affairs to the American Chargé
(Tenney)*⁸⁸

No. 1133

PEKING, February 27, 1920.

SIR: The Chinese Government has long had in mind the question of the abolition of likin. As the question, however, concerns the annual income of the Central Government, and as the Provinces depend on likin largely for their administrative expenses, it has naturally been found difficult to arrange for its abolition, unless some other reliable form of income were found to take its place. In May of last year (1919) this Ministry received from the Ministers of the Powers which had sent representatives to sign the revised tariff agreement communications stating that the matter of the levying of internal duties in China was one which was having an extremely injurious effect on the advancement of trade between China and foreign nations, and that they greatly hoped that some method might be devised for the abolition of such duties. Again on January 22d of the present year (1920) the British Minister addressed a Note to this Ministry in which he stated:

“The Association of the British Chambers of Commerce in China at the time of the recent conference at Shanghai advocated the carrying out of the various clauses of Section 8 of the Commercial Treaty of the 28th Year of Kuanghsü (1902), with the proviso that, before giving the necessary consent to an increase in the import duties, the various Treaty Powers should obtain from the Chinese Government satisfactory guarantees that the Government would not in future proceed to levy any other form of either direct or indirect taxation on goods; reminding the Government, also, of the earnest hope of everyone,—namely, that the Chinese Government should become united, a question which necessarily preceded any discussion of revenue collection, for the reason that without a united Government there could be no uniformity of revenue collection.”

For this advice the Chinese Government is very grateful. It has to observe that the question of arranging a method for the abolition of likin and the increasing of import duties is one which is engaging the attention at the present moment of the various departments of the Government concerned. It can be clearly stated in advance, that when, in future, the time comes that likin is actually abolished and

⁸⁸ Inadvertently omitted from despatch no. 3207 of Apr. 7, *supra*. Forwarded in despatch no. 4, June 14; received July 21 (file no. 693.003/580).

import duties are increased likin will not again be levied, either directly or indirectly, in the interior of China on goods of foreign nations on which there has already been paid the increased import duty. The praiseworthy sentiment expressed by the British Minister that schemes for a uniform collection of revenue must be preceded by plans for a unified Government meets with the hearty concurrence of the Chinese Government. There are, however, at present certain circumstances in the internal administration of China which unavoidably prevent the unification of the country by force. On the other hand, there has been in the past unity as regards foreign questions. In view, moreover, of the fact that the abolition of likin and the increasing of import duties is a national project, the Chinese Government profoundly believes that the Northern and Southern Provinces cannot but act in accord in this matter,—this, it is believed, can also be confidently stated in advance.

There is still another phase of the question that demands consideration:—After import duties have been increased and the Chinese Government has completely abolished likin, and it is found, after due consideration of the true circumstances of the matter, that the additional import revenue is not sufficient to make up for the losses arising out of the abolition of likin, the Chinese Government naturally cannot but make some arrangement for making up the deficit. In consideration of the fact that the Ministers of the various Powers concerned agreed, at the time, that, in view of the fact that the fixing of prices of commodities under the Revised Tariff had been made during the period of the European War, last year, they were to be subject to further revision two years after the conclusion of peace, therefore the Chinese Government considers that before the procedure now in contemplation for the increasing of import duties and the abolition of likin has actually been put in force it should request the various foreign Powers concerned to take part in a prior revision of the import tariff to make the listed values of commodities correspond with actual values, and to raise an income sufficient, also, to compensate for the loss due to the abolition of likin.

In view of the foregoing considerations, the Chinese Government expresses the hope that the American Government will carry out the arrangement above proposed, so that the friendly relations of the two nations may be strengthened. This Ministry has the honor to bring to your attention, Mr. Chargé, the fact of the Chinese Government's intention to proceed at once with the increasing of import duties and the abolition of likin, and has the honor to request that you inform your Government accordingly.

(SEAL OF THE MINISTRY OF FOREIGN AFFAIRS)

693.003/578 : Telegram

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

PEKING, June 5, 1920—noon.

[Received June 5—9:37 a.m.]

127. The Chinese Government urges reply to its note of February 27th, transmitted by Legation April 7th.⁸⁴ I request authorization to reply in the sense of British recommendation quoted in the Legation despatch number 3207 or if Department prefers to assent to immediate 5 per cent revision and increase with abolition of likin.

TENNEY

693.003/578 : Telegram

The Acting Secretary of State to the Minister in China (Crane)

WASHINGTON, June 26, 1920—6 p.m.

157. Your June 5, noon.

This Government is for its part ready to cooperate in bringing into effect the provisions of Article 4 of its Treaty of 1903⁸⁵ with reference to the abolishment of Internal taxes on imported goods and to that end is willing to join with the other Powers in an assurance to the Chinese Government in the sense suggested by the British Legation as quoted on page 2 of Legation's despatch number 3207 April 7th.

DAVIS

693.003/589

The Minister in China (Crane) to the Secretary of State

No. 225

PEKING, September 20, 1920.

[Received October 27.]

SIR: I have the honor to transmit herewith a copy of a Note dated June 12, 1920 from the Chinese Foreign Office respecting the limitation of duration of inward transit passes, together with a copy of my reply thereto of September 18th, 1920.

There is likewise enclosed copy of Dean Circular No. 162 on the subject.⁸⁶

I have [etc.]

(For the Minister)

A. B. RUDDOCK

⁸⁴ See footnote 83, p. 733.

⁸⁵ *Foreign Relations*, 1903, p. 91.

⁸⁶ Not printed.

[Enclosure 1—Translation]

*The Chinese Ministry of Foreign Affairs to the American Minister
(Crane)*

[PEKING,] June 12, 1920.

SIR: I have the honor to state that I am in receipt of a communication from the Revenue Council of the Ministry of Finance as follows:

“The inward transit passes issued by the Maritime Customs Offices were originally instituted to cover the transportation of foreign goods into the interior for sale. At the present time transportation in the interior is extremely convenient, and it therefore becomes necessary to limit the transit passes to a validity of one year’s duration after which they should be returned for cancellation. Expired passes therefore will be invalid. The various customs offices have already been instructed to conform to this new regulation and it is requested that it be communicated to the members of the Diplomatic Body for transmission to their respective nationals for observance by them”.

I have the honor to request that you will take due note of this ruling and it is hoped that you will instruct the various consuls under your control to promulgate it to American merchants for uniform observance.

(SEAL OF THE FOREIGN OFFICE)

[Enclosure 2]

*The American Minister (Crane) to the Chinese Minister of Foreign
Affairs (W. W. Yen)*

PEKING, September 18, 1920.

EXCELLENCY: I have the honor to refer to the Note from Your Excellency’s Ministry of June 12, 1920, respecting the validity of inward transit passes in which it is stated that whereas at the present time transportation in the interior is extremely convenient, it has become necessary to limit the validity of such passes to one year from date of issue.

In reply I am constrained to observe that in view of the recent complete interruption of nearly all railways in China and of the existing disturbed political conditions in various parts of the country and the prevalence of brigandage along many of the main trade routes which are the cause of delay and loss to shippers, the present moment appears unsuitable for the introduction of a limitation to the validity of such passes.

To my regret, I am, in consequence, unable to agree at the present time to any limitation to the validity of these documents and I trust

that any instructions which may have been issued in that sense by Your Excellency's Government will be recalled. At the same time, I am prepared to state that as soon as conditions shall have become settled in China, the Legation will be glad to take again under consideration any reasonable limitation of the period of validity of inward transit passes which will not prove an impediment to the import trade of American merchants.

I avail myself [etc.]

CHARLES R. CRANE

693.003/589

The Secretary of State to the Minister in China (Crane)

No. 62

WASHINGTON, *November 8, 1920.*

SIR: The Department has received your despatch No. 225 of September 20, 1920, enclosing a copy of your communication to the Chinese Foreign Office objecting to the enforcement at the present time of any time limitation on inward Transit Passes in view of transportation difficulties in the Chinese interior. The Department approves of your action in this matter.

For the Secretary of State:

ALVEY A. ADEE

693.003/614

The Minister in China (Crane) to the Acting Secretary of State

[Extract]

No. 571

PEKING, *December 23, 1920.*

[Received February 2, 1921.]

With reference to the note of the Foreign Office, dated June 12th, 1920, on the subject of the validity of inward transit passes, it is understood that an identic note was addressed by the Foreign Office to other Legations; that the French Legation has refused its consent on the ground of brigandage and disturbed conditions; that the Japanese and Italian Legations have refused on the ground that transit passes, being evidence of payment of dues, are not subject to a time limit, while the British Legation has refused on the same grounds as the American Legation.

CHARLES R. CRANE

**EMBARGO ON SHIPMENTS OF ARMS AND AMMUNITION TO
CHINA**⁸⁷

**Reports of Violations—Representations to Italy Regarding Reported
Violations**

693.119/303

The British Chargé (Lindsay) to the Secretary of State

No. 88

WASHINGTON, February 5, 1920.

SIR: I have the honour to inform you that His Majesty's Chargé d'Affaires at Tokio has reported to His Majesty's Government that the Japanese Ambassador at Rome has been instructed to act with his colleagues in drawing the attention of the Italian Government to the regulations respecting contracts for the importation of arms into China.

The Japanese Government point out that they have faithfully observed the agreement not to import arms or aeroplanes into China and that they have since February, 1919, prohibited the export to China even of arms previously contracted for despite the representations of Japanese firms who have thereby suffered losses and have been injured in their credit with the Chinese authorities.

The Japanese Government inquire if it is the intention to condone the action of the Italians in importing arms and the Chinese Customs in allowing them to be imported, or to prevent future deliveries. If so they desire permit for the export and delivery to Chinese Military authorities of arms contracted for prior to the agreement against the sale of arms to China in view (1) of the fact that these Japanese contracts differ essentially from the Italian contracts in that the latter date from after the agreement, (2) of repeated requests of the Chinese and (3) of the "unspeakable hardships" inflicted on the merchants concerned. The Japanese Government add that delivery would be confined to the portion originally contracted for, and if the Chinese agree, there is no objection to a suitable method of control to prevent the use of the arms before the establishment of an understanding between the North and South.

The Japanese Government also drew the attention of His Majesty's Government to the contract for aeroplanes entered into by Messrs. Vickers which the Japanese Government find it difficult to believe are necessarily for commercial use only as stated by His Majesty's Government.

As a matter of fact the Vimy aeroplanes being sent to China by Messrs. Vickers are strictly commercial machines and are arranged for passenger reasons and mail carrying. To fit them for machine

⁸⁷ Continued from *Foreign Relations*, 1919, vol. I, pp. 667-674.

guns or bombs would, even if it were possible at all to do so, involve more reconstruction than could be carried out in China. This has been pointed out to the Japanese Government and as stated below the explanation was accepted by the Japanese Minister at Peking.

His Majesty's Government have informed the Japanese Government in reply that there is no question whatever of condoning the past action of the Italians and Chinese, and that His Majesty's Government are therefore gravely concerned at the proposal of the Japanese Government to allow the export to China of munitions contracted for by Japanese firms before the date of the resolution of the Powers to prohibit the import of arms into China until the establishment of a government whose authority is recognised throughout the country. From information received by His Majesty's Government it may be assumed that the Japanese contracts are enormous and the delivery of the arms to China at the present time when the Powers interested are agreed in principle on the urgent necessity of disbandment and of the resumption of negotiations between North and South would in the opinion of His Majesty's Government be a little short of disastrous, and would render nugatory the whole policy of the Consortium. Moreover, the justification of their proposed action put forward by the Japanese cannot be admitted.

The Japanese Government have themselves only in December last joined in the representations to the Italian Government to stop the delivery of any further arms, only a portion of which has actually been delivered in China, and to request an assurance that their previous reservation regarding arms previously contracted for will be withdrawn. It is to be hoped this representation will be successful. As regards the Vickers aeroplane contract the Japanese Minister in Peking expressed himself as satisfied with the explanations given him by His Majesty's Minister as set forth above, while similar explanations were given in a memorandum to the Japanese Embassy in London. It may be added that His Majesty's Government did not consent to the Vickers contract until they were satisfied that these aeroplanes were not intended and could not be used for other than *bona fide* commercial purposes.

A request of a British firm to deliver to the Canton Government a consignment of munitions valued at \$500,000.00 which have been detained at Hongkong since June 1918 with considerable loss to the British firm although the contract was made before the North and the South were in open conflict, has been consistently refused by His Majesty's Government who have further disallowed the sale to China of certain dismantled warships. While, therefore, His Majesty's Government would financially be the gainers by a reversion of the present policy, they are imbued with its absolute necessity

and His Majesty's Chargé d'Affaires at Tokio who was instructed to lay the views of His Majesty's Government before the Japanese Government and express their most earnest hope that the Japanese Government will adhere to the policy agreed upon among the Powers, a policy which His Majesty's Government readily admit has so far been carried out with the utmost good faith.

I have [etc.]

R. C. LINDSAY

693.119/271 : Telegram

The Acting Secretary of State to the Chargé in Italy (Jay)

WASHINGTON, February 16, 1920—3 p.m.

25. Department's May 20, 6 p.m., 1919,⁸⁸ and November 28, 2 p.m., 1919.⁸⁹

It is desired that you report by telegraph what if any representations were made by you to the Italian Government and the results thereof.

POLK

693.119/306 : Telegram

The Chargé in Italy (Jay) to the Acting Secretary of State

ROME, February 18, 1920—4 p.m.

[Received February 19—8:25 a.m.]

78. Department's telegram 25, February 16, 3 p.m. received today. Embassy addressed May 25th formal note to Foreign Office giving substance Department's telegram May 20th and emphasizing necessity for uniformity of action.

Referring to Department's telegram November 28th, French Embassy has never broached the subject to me although both Embassies in most friendly relations. In view above and also last part Department's telegram, I have reliable information French Embassy communicated its views to Foreign Office early in December. I have, however, learned from informal conversations at Foreign Office that reason no official reply has been given was owing to absence from Peking of Italian Minister who is alone considered competent to settle this question which, while I understand apparently agreeable in principle to Italian Government, nevertheless required careful protection of Italian interests and that pending arrival of Minister no official reply could be safely made to either the French or our communications.

I called this morning on Acting Minister for Foreign Affairs and later on Director General Political Affairs at Foreign Office who

⁸⁸ *Foreign Relations*, 1919, vol. I, p. 671.

⁸⁹ *Ibid.*, p. 673.

informed me that a definite reply is expected momentarily from new Italian Minister, Peking, whose recent arrival there was greatly delayed by his capture on steamer *Persia* and detention at Fiume by D'Annunzio. Foreign Office promises me a definite official reply very shortly and regrets that owing to resignation of the official in charge of Chinese matters at Foreign Office, no official explanations of delay were furnished Embassy.

Italian Government being so interested in matters nearer home apparently pays little attention to the matter and consequently as in Chinese Siberian [*Eastern?*] Railway matter I have found it difficult to secure definite action.

JAY

693.119/303

The Acting Secretary of State to the British Chargé (Lindsay)

WASHINGTON, *March 13, 1920.*

SIR: I have the honor to acknowledge the receipt of your note of February 5, 1920, referring to the attitude of the Italian Government toward the declaration to the Chinese Government, made by the Diplomatic representatives at Peking, with the approval of the respective Governments, undertaking to restrict traffic in military arms and munitions between their respective countries and China. I note that the Japanese Government has instructed its Ambassador at Rome to join his colleagues in drawing the attention of the Italian Government to that undertaking; and that it has in the meantime inquired of the British Government whether it is intended to condone the action of the Italian Government in which case the Japanese Government would request permission to make deliveries of arms which, unlike those sold by the Italians, had been contracted for prior to the agreement to stop such trade.

I have the honor to state that this Government was informed on May 17th last, that the Italian Government had accepted the arms importation embargo, making an exception, however, in favor of arms already contracted for at the time.⁹⁰ The American Legation at Peking expressed the fear that the insistence by the Italians upon such an exception would upset the entire agreement; and this Government instructed its Embassy at Rome on May 20th to bring the matter to the attention of the Italian Government and to urge that it withdraw its exception to the agreement for the sake of uniformity of action, which was deemed very essential.⁹¹ Later, on November 28th, at the request of the French Government, this

⁹⁰ See telegram, May 17, 1919, from the Minister in China, *ibid.*, p. 670.

⁹¹ *Ibid.*, p. 671.

Government instructed its Ambassador at Rome to join his French colleague in further representations in the premises, should he consider the time opportune.⁹² Until recently the Embassy at Rome has had no information upon which to base any conclusion as to what action the Italian Government determined to take in this matter, although it is understood from information which has been unofficially imparted that the Italian Government is agreeable to the principle involved and that the main reason for delay was the absence from Peking of the Italian Minister.

This Government is disposed to agree with the point of view of the British Government as to the consequences which would follow upon the abandonment of the present policy of restricting shipments of arms to China. It has held this view consistently and has refused to permit any shipments of arms or ammunition, or the materials used in their manufacture, consigned to China, not without considerable opposition on the part of American manufacturers who have received orders for arms for delivery in China.

In so far as the question of Italy is concerned, I have the honor to add that the information of this Government does not indicate such activity in the arms traffic on the part of Italians as would jeopardize the purposes of the embargo or warrant its discontinuance at the present time.

Accept [etc.]

FRANK L. POLK

693.119/315a : Telegram

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

WASHINGTON, April 23, 1920—noon.

91. The Department is in receipt of complaints that Belgium is permitting shipment of arms to China. Was Belgium party to joint declaration reported by you in your 2725 of May 10, 1919,⁹³ and if so report whether you have any evidence confirmatory of statement concerning shipments of arms referred to above contrary to joint declaration.

COLBY

693.119/315a suppl. : Telegram

The Acting Secretary of State to the Chargé in China (Tenney)

WASHINGTON, May 14, 1920—1 p.m.

116. Supplementing Department's No. 91 April 23rd noon to which reply is awaited. The Department is further informed that

⁹² *Foreign Relations*, 1919, vol. I, p. 673.

⁹³ *Ibid.*, p. 669.

in addition to Belgian consignment of arms delivered at Tientsin there have been delivered to a Chinese arsenal from Great Britain steel materials for the manufacture of munitions. Report by telegraph whether you consider that complaints of violation of embargo by Belgian, British, Italian, and Japanese interests are well founded.

POLK

693.119/320 : Telegram

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

PEKING, May 17, 1920—5 p.m.

[Received May 17—2:35 p.m.]

109. Referring to the Department's April 23, noon and May 16 [14], 1 p.m. No confirmation of report of Belgian shipment of arms. The dealing in aeroplanes has been reported already. The Italian Minister assures me emphatically that no Italian munitions have been delivered nor can I obtain proof his statement is inaccurate. Steel and copper have been imported by merchants of different nationalities, including American, nominally for mints or other enterprises which have ultimately reached the arsenals. It is generally believed that the Japanese have been dealing in munitions but proof is not obtainable.

TENNEY

693.119/330 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, June 24, 1920—6 p.m.

[Received June 24—6:06 p.m.]

147. Your June 18, 6 p.m.⁹⁴ In a note from Belgian Chargé d'Affaires to the Chinese Foreign Office dated May 30, 1919 Belgium announced its intention to withhold the exportation of munitions of war to China as expressed in the terms of the joint declaration.

CRANE

War Trade Board Files

Announcement by the War Trade Board Section of the Department of State

W.T.B.R. 841

WASHINGTON, July 8, 1920.

The War Trade Board Section of the Department of State announces that Special Export License RAC-77, W.T.B.R. 833, has

⁹⁴ Not printed; see Department's telegram no. 91, Apr. 23, noon, p. 742.

been extended and reissued, effective July 8, 1920. Special Export License RAC-77 as amended will authorize the exportation by freight or express, without individual licenses to all countries in the world, of all commodities, whatsoever, except (1) certain commodities as listed below when destined to Russia, Hungary, the Republic of Austria, Bulgaria, or Turkey; (2) arms, ammunition, and explosives consigned to China; (3) arms and munitions of war consigned to Mexico, the control over the exportation of which has been vested in the Secretary of State (W.T.B.R. 830, issued September 22, 1919.)

An individual export license must be obtained before any of the commodities hereinafter mentioned may be exported to Russia, Hungary, the Republic of Austria, Bulgaria or Turkey. The importation into the above named countries of the following commodities will be restricted, and individual export licenses will be granted only in exceptional cases:

Aircraft of all kinds, including aeroplanes, airships, balloons and their component parts, together with accessories and articles suitable for use in connection with aircraft.

Apparatus which can be used for the storage or projection of compressed or liquefied gases, flame, acids, or other destructive agents capable of use in warlike operations, and their component parts.

Armor plates.

Armored motor cars.

Arms of all kinds including arms for sporting purposes and their component parts.

Barbed wire and implements for fixing and cutting same.

Camp equipment.

Camp equipment, articles of, and their component parts.

Clothing and equipment of a distinctively military character.

Electric appliances adapted for use in war, and their component parts.

Explosives, especially prepared for use in war.

Field glasses.

Gases for war purposes.

Guns and machine guns.

Gun mountings, limbers, and military wagons of all descriptions.

Harness or horse equipment of a military character.

Implements and apparatus designed exclusively for the manufacture of munitions of war, or for the manufacture or repair of arms or of war materials, for use on land or sea.

Mines, submarines, and their component parts.

Projectiles, charges, cartridges, and grenades of all kinds and their component parts.

Range finders and their component parts.

Searchlights and their component parts.

Submarine sound signaling apparatus and materials for wireless telegraphs.

Torpedoes.

Warships, including boats and their component parts of such a nature that they can only be used on a vessel of war.

Individual export licenses are required for the export to Russia of the following commodities, and will be granted when exporters submit convincing evidence that the articles are destined for civil purposes only:

Locomotives, railroad material, and rolling stock.

Motor cars (freight or passenger) and component parts.

The exportation to Russia, the Republic of Austria, Hungary, Bulgaria and Turkey of the following articles, viz, barbed wire and implements for fixing and cutting the same, articles of camp equipment and their component parts, clothing and equipment of a distinctly military character, electrical appliances for use in war, and their component parts, military wagons of all descriptions, and harness or horse equipment of a military character, is forbidden only on account of the military use to which such articles can be put. If exporters have information showing that the articles are destined for civil purposes, the same should be submitted with their applications for export licenses.

Exporters who desire to make shipments under Special Export License RAC-77, need only present their Shipper's Export Declarations (Customs Cat. 7525) in duplicate, (See W.T.B.R. 828 issued August 21, 1919), to the Collector of Customs at the ports of exit for endorsement to permit the shipments to proceed.

693.119/332a : Telegram

The Acting Secretary of State to the Minister in China (Crane)

[Paraphrase]

WASHINGTON, *July 10, 1920—3 p.m.*

169. Naval attaché's report of April 21⁹⁵ states that following arms shipments have been made to China by Italian Government: 12 tons to Mukden, 2124 tons to Shanhaikwan, and 2460 tons to Tientsin. Report also states that at Shanhaikwan arms were stored in Legation guard compound. Verify report and inform Department as to intended use to be made of arms.

DAVIS

⁹⁵ Not found in Department files.

693.119/333 : Telegram

The Minister in China (Crane) to the Secretary of State

[Paraphrase]

PEKING, July 12, 1920—11 p.m.

[Received 11:50 p.m.]

180. Your 169, July 10, 3 p.m. Naval attaché's report of arms shipment is without doubt correct. Tuan's⁹⁶ troops have received these arms. Complaint that Japanese also have shipped arms has been made formally to diplomatic corps by Tsao Kun.⁹⁷

CRANE

693.119/346 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, September 8, 1920—7 p.m.

[Received September 9—8:55 a.m.]

248. Legation's despatch no. 3118, December 7th [5th], 1919.⁹⁸ Inasmuch as Vickers contract is being supplemented [*implem-mented?*] and carried out without hindrance and various nationals are attempting to complete contracts including air commercial routes along the Yangtze and coastwise, [does] Department object to sale and delivery American aeroplanes to the Chinese Government on terms similar Vickers [contract] without monopolistic features for commercial type planes? If it is the policy of the United States Government to prohibit exportation aeroplanes for China it should be noted that the indisposition of other governments to forbid exportation aeroplanes and apparent impossibility securing exclusive commercial type plane from U.S. would appear to militate against American commercial interests while on the other hand purchase of aeroplanes by the Chinese Government is undeniably a useless and great extravagance and planes will no doubt be put to military use. Gillis claims he is being discredited through lack of action by Curtiss on [contract] by Sevenot, former Curtiss representative with Chinese Navy, see Department of Commerce telegram of August 6th number 6 to commercial attaché Peking,⁹⁹ and is proposing to throw business to others. Is War Trade Board ruling 841¹ to be interpreted as permitting importation of aeroplanes etc. into China?

⁹⁶ Gen. Tuan Chih-kuei, commander in chief of the Anfu army.⁹⁷ Inspector general of Chihli, Shantung, and Honan Provinces.⁹⁸ Not printed.⁹⁹ Not found in Department files.¹ *Ante*, p. 743.

Legation has been supporting application [of] Bonner, American citizen, holding assigned rights from Northwest Trading Company and A. O. Anderson Company, American concern, for importations four navy type planes for commercial use in China under American corporation with some Chinese interest. No action has been taken yet.

Legation desires to reply to [several] notes from Japanese Minister regarding rumored American aeroplanes contracts.

CRANE

693.119/351

The Chief of the Far Eastern Division, Bureau of Foreign and Domestic Commerce, Department of Commerce (Eldridge) to the Assistant Chief of the Division of Far Eastern Affairs, Department of State (Lockhart)

WASHINGTON, September 10, 1920.

MY DEAR MR. LOCKHART: We are enclosing herewith copy of a report on aeroplanes in China, recently received from our Acting Commercial Attaché, Peking, China, in which it is thought you might be interested.

Very truly yours,

F. R. ELDRIDGE, Jr.

[Enclosure]

The Acting Commercial Attaché at Peking (Batchelder) to the Director of the Bureau of Foreign and Domestic Commerce, Department of Commerce (MacElwee)

No. 57

PEKING, July 23, 1920.

Personal attention Mr. Eldridge.

SIR: Possibly you may be interested in the attached cards of one of my callers, Col. Teheng Hung, who stated that he was in charge of the "strictly commercial" aeroplanes which have been sold to the Chinese Government. He made no pretense of being interested in commerce, any more than the foreign instructors, or the young military aviators. You have probably seen the newspaper account that the Italian Legation admitted the sales of arms and members of the Legation saw the trench mortars marked "Italian Navy, Peking," which were sold to Tuan Chi-jui. The recent fighting all over China shows that the arms embargo has been totally ineffective, as predicted in my earlier letters.

The commercial aspect of the matter is that American concerns are losing many profitable sales of munitions, as the U.S. Govern-

ment seems to be the only one which attempts to prevent its nationals from securing munitions contracts. The arms embargo is a dead letter except as regards Americans. Merchants are constantly coming to me to protest, but I tell them all this is a State Department matter and refer them to the Legation. It is thought that you might like to know the real facts in case inquiries are made as to whether shipments are being made.

The representative of one American arms manufacturer told me personally that his concern was making monthly shipment of arms to Chinese Generals through two Japanese concerns whose names he gave me. He also gave this information to the Legation.

C. C. BATCHELDER

693.119/351a : Telegram

The Secretary of State to the Minister in China (Crane)

[Paraphrase]

WASHINGTON, *September 15, 1920—2 p.m.*

237. Cable briefly your comment on last two paragraphs of letter no. 57, July 23, 1920, from the Acting Commercial Attaché Batchelder to the Department of Commerce,⁹⁷ especially on statement that our Government appears to be the only one that is trying to keep its nationals from obtaining contracts for munitions and that the embargo on arms is a dead letter. Any information in your possession regarding statement in final paragraph of Batchelder's letter should also be reported to the Department.

COLBY

693.119/346 : Telegram

The Secretary of State to the Minister in China (Crane)

WASHINGTON, *September 17, 1920—6 p.m.*

238. Your 248, September 8, 7 p.m.

While Department has been disposed to place as broad an interpretation as possible on arms embargo agreement, and had hoped that materials which by any manner of means could be converted to war uses would not be allowed to enter China, still in view of the fact that other Governments have permitted their nationals to enter into contracts for commercial airplanes, this Government does not feel warranted in interposing objections to its nationals doing likewise in case the airplanes are designed and built strictly for commercial use.

⁹⁷ *Supra.*

Regarding Gillis negotiations, Department feels that this is a matter which rests entirely between him and Sevenot and the Curtiss Company.

There is nothing in War Trade Board ruling 841⁹⁸ to prohibit the exportation of commercial airplanes to China.

COLBY

693.119/352 : Telegram

The Minister in China (Crane) to the Secretary of State

[Paraphrase]

PEKING, September 23, 1920—4 p.m.

[Received September 23—2:41 p.m.]

266. Department's no. 237, September 15. At present moment claim that American companies are discriminated against and that embargo on arms to China is dead letter is much exaggerated. Violations of embargo so general, however, by nationals of all nations that yesterday I proposed to Legations of France, Great Britain, and Japan that a new declaration be made of embargo on arms. Identic telegram is being drafted by French Legation to be sent by the Ministers to their respective Governments. . . .

CRANE

693.119/353 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, September 23, 1920—6 p.m.

[Received 11:39 p.m.]

267. My 266, September 23, 4 p.m. Following is identic telegram being sent to-day:

“The British, the French, the Japanese, and American Legations sensible of the benefits to China resulting from the embargo on arms voluntarily entered into by the interested powers over a year ago view with apprehension the actions of Italian nationals now attempting to import arms into China. The Italian Legation admits the presence at Shanhaikuan of a very large stock of Italian munitions. Part of these have already been disposed of and the rest can be released for sale at the discretion of the Italian Legation when they consider the political situation justifies it. Furthermore negotiations at Shanghai between Italians and Chinese have aroused public opinion and obliged the Italian authorities to issue official denials. These latter however do not contain sufficient guarantees for the future. As therefore this threatened Italian arms traffic not only jeopardizes the existence of the embargo the continuation of which

⁹⁸ *Ante*, p. 743.

the four Governments earnestly desire but also places the merchants of these four countries at a disadvantage as compared with Italian merchant[s], the four Legations believe that the moment has come for a response [*reiteration?*] by the interested Governments of their adherence to the embargo and for a pressing invitation to be extended to the Italian Government formally to renew the earlier assurances of a year ago by Count Sforza and to consent officially to leave to the joint decision [of] the interested powers the duty of fixing for all of them the date for removing the embargo, such decision to control the date of disposition on Italian munitions now in China. Failing such assurances it is to be feared that other governments may feel justified in resuming their liberty of action.["]

CRANE

693.119/352 : Telegram

The Secretary of State to the Minister in China (Crane)

[Paraphrase]

WASHINGTON, *September 24, 1920—7 p.m.*

246. Your telegram no. 266, September 23. It is the opinion of the Department that reiteration of the arms embargo agreement will serve no useful purpose and also that it would not be opportune for the United States to take any initiative in the matter at this time in view of the fact that the embargo can be enforced in the United States only by virtue of war powers which probably will soon be terminated. In sending the telegram of September 23, 4 p.m. [*September 15, 2 p.m.*] it was the intention of the Department to secure such information regarding the observance of the arms embargo as would enable the administration to decide as to the wisdom of again making urgent request to Congress for special grant of power for enforcing the embargo after the powers now vested in the War Trade Board are terminated. It was not intended to instruct the Legation in China to initiate any new action.

COLBY

693.119/353 : Telegram

*The Secretary of State to the Minister in China (Crane)*WASHINGTON, *October 1, 1920—11 a.m.*

254. Report to Department substance of replies received by British, French and Japanese Ministers to identic note quoted in your 267 of September 23, 6 p.m. In the meantime take no further action.

COLBY

693.119/377 : Telegram

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

ROME, December 1, 1920—4 p.m.

[Received 7:09 p.m.]

463. My 402, September 17 [*October 27*], 1 p.m.¹ Yesterday French Ambassador informed me that both he and the British Ambassador had received instructions to inquire of the Italian Government why it was selling arms to the Chinese and asked me if I had received similar instructions. He then said the Japanese Government had not made any protest because the initiative in the matter had been taken by the American Minister at Peking among his colleagues there. French Ambassador thought any action taken should include the United States.

JOHNSON

693.119/378 : Telegram

The Minister in China (Crane) to the Acting Secretary of State

PEKING, December 4, 1920—10 a.m.

[Received December 4—9:51 a.m.]

424 *bis*. Your 254, October 1, 11 a.m. I understand French and Japanese Embassies, Rome, are prepared to join British and American colleagues in representations to the Italian Government along lines Legation's 267, September 23, 6 p.m. British Government [have] asked views of their Legation here who agree with me embargo should if possible be maintained. Last sentence of Legation 267, September 23, 6 p.m. inserted at the instance of Japanese Minister. British Legation prepared to recommend omission if so desired.

In this connection Legation reports arrival at Canton November 23rd American vessel *Woudrichem* carrying five seaplanes, machinery and miscellaneous cargo. Legation understands part of the machinery will be used Canton mint, part arsenal.

Consul informs Legation vessel has no export license on board but manifests signed by customs Norfolk, Virginia. Consul understands amended special license RAC-77² covers whole shipment to China. Cargo taken over on the high seas from original consignee, Tom Gunn *et al.*, by British company, Canton, and delivered with the consent of maritime customs. Foreign Office has asked Legation's assistance [in] prevention [of] delivery for Kwangtung

¹ Not printed.² See War Trade Board Ruling 841, p. 743.

arsenal of certain machinery of which this may be part but under above mentioned circumstances Legation knows no method legally to prevent delivery [of] cargo.

CRANE

693.119/377 : Telegram

The Acting Secretary of State to the Ambassador in Italy (Johnson)

WASHINGTON, December 9, 1920—7 p.m.

237. Your 463 December 1, 4 p.m. You may join your British and French colleagues in representations to Italian Government with reference to Italian transactions in arms in China contrary to arms embargo refraining however from any specific invitation to the Italian Government formally to renew the undertaking of 1919 to which it is already a party. You may inform Italian Government that Department is presenting to Italian Embassy at Washington a memorandum setting forth certain facts which would seem to indicate that such transactions have occurred.

DAVIS

693.119/377

The Acting Secretary of State to the Italian Chargé (Brambilla)

WASHINGTON, December 10, 1920.

SIR: You will recall that in May, 1919, the Italian diplomatic representative at Peking joined with the representatives of the other Allied and Associated Powers in making a declaration to the Chinese Government to the effect that the several declarants would undertake to prohibit shipments of firearms and munitions of war consigned to China until it should appear that the importation of such materials would no longer result in perpetuating the unfortunate internal strife now prevalent. At that time the Italian diplomatic representative made certain reservations in favor of arms shipments then undelivered. It is therefore desired to invite your attention to the statements contained in the enclosed memorandum³ setting forth certain facts which have been reported to the Department of State and to request that this Government be informed whether the transactions in arms therein reported are connected with the shipments which were undelivered in May, 1919, at the time of the declaration above referred to.

Accept [etc.]

NORMAN H. DAVIS

³ Not printed.

693.119/379 : Telegram

The Minister in China (Crane) to the Acting Secretary of State

PEKING, December 13, 1920—7 p.m.

[Received December 14—11:23 a.m.]

432. My 424, December 4, 10 a.m.⁴ British Legation informs me that Japanese Foreign Office has sent note [to] British Ambassador outlining alleged violations of arms embargo [for] China by Great Britain, United States and Italy, stating that these Governments thus appear to be incapable [of] imposing effective restrictions on arms shipments whereby Japanese merchants are placed at great disadvantage and proposing that powers should agree [to] delivery to Chinese consignees of all arms ordered but not delivered before imposition embargo. Accusation against British centers around aeroplanes. British claim delivery was made on commercial basis and that only violation was one flight made during fighting last summer by mechanic against orders [of] British instructor; for this, was dismissed. Legation still having great difficulties with planes and have even refused permit flights to Urga. Present accusations against Italians refer presumably [to] earlier deliveries reported by me and also offered sale of gunboats on Yangtze River. British claim have proof sale of boats to Chekiang authorities never effectuated. Claim Americans [involved in] sale \$1,000,000 worth arms and ammunition without specifying details. If this refers to Andersen, Meyer shipment, latter still undelivered [in] godown, Taku. It may possibly refer to latest Canton matter. British Legation very keen to prepare full refutation of warrant for opening arms traffic on grounds given by Japanese. Legation contends, and I heartily concur, that it would be [destructive] at this moment to permit removal of embargo, for so much is virtually what the Japanese propose. The reasons for its enforcement are stronger now than ever. I earnestly recommend the renewal of war powers to permit continuance of our adhesion to the embargo. In this connection British Legation propose [to] prosecute Davis Company, said to be American owned corporation registered at Hong Kong, to which portion [of] *Woudrichem* cargo was transferred on the high seas from original consignees, see my telegram 424, December 4, 10 a.m.⁴

. . . One American pilot was drowned; two others are returning to the United States by the first steamship from Canton.

British Legation claims that they have double check on deliveries, one at the source, and one here, and that we virtually have only one,

⁴No. 424 bis, p. 751.

that at the source. British Legation states that British Ambassador, Rome, now instructed to join in protest to the Italian Government.

CRANE

693.119/383 : Telegram

The Ambassador in Italy (Johnson) to the Acting Secretary of State

[Paraphrase]

ROME, December 20, 1920—11 a.m.

[Received December 21—2:40 p.m.]

479. Upon receipt of Department's telegram no. 237 of December 9, I conferred with British and French Ambassadors. We agreed to wait until Japanese Ambassador had been instructed and present our notes to the Foreign Office separately so as not to cause unnecessary irritation during excited conditions here by using joint pressure. British and French notes are to be presented today or tomorrow. I have seen these notes. The French take a firm attitude and the British note is vigorous. I had the Japanese Ambassador as guest last night. He informed me he would present his note soon but evaded telling me its purport. My note presented today assumes that Italy will use its best efforts to prevent violations by Italy in the future. . . .

JOHNSON

RUSSIAN RIGHTS IN CHINA

Cancellation by the Chinese Government of Agreements with Russia Affecting the Status of Outer Mongolia—Withdrawal by China of Recognition of Russian Diplomatic and Consular Officers—Suspension of the Extraterritorial Rights of Russians—Remonstrances and Proposals by Representatives of the Powers in China

761.93/123

The Russian Chargé (Ughet) to the Acting Secretary of State

WASHINGTON, March 21, 1919.

MY DEAR MR. POLK: I have the honor to enclose herewith a memorandum relative to certain acts of the Chinese Government prejudicial to Russian interests and it seems of great importance to Russia that some action be taken by the Allied and Associated powers to call to the attention of the Chinese Government the inadmissibility of one-sided violation of the existing treaties with Russia. The principles set forth in this memorandum have been submitted to the Governments of France, Great Britain and Japan.

I avail myself [etc.].

S. UGHET

[Enclosure]

The Russian Embassy to the Department of State

MEMORANDUM

There has recently been exposed certain intentions on the part of China to ignore and violate some of the existing treaties with Russia. This policy of the Chinese Government has for instance revealed itself in the one-sided denunciation of the Russian-Chinese agreement of 1916 concerning the manufacture and sale of alcohol in the parts of Manchuria adjacent to Russia as well as in the sending of troops into autonomous Mongolia exceeding the number fixed by the Russian-Chinese-Mongolian agreement of 1915.⁵

Moreover the friendly relations of the Chinese Diplomatic and Consular officials with the Bolsheviki, as well as information to the effect that the Chinese Legation in Petrograd transacted negotiations with Voznesensky, representative of the Bolsheviki, regarding the Chinese Railway, causes fear that the Chinese Government may conclude agreements with the Bolsheviki annulling the existing treaties between Russia and China.

Aiming to preserve the inviolability of all rights of Russia in China arising from treaties and considering that such rights can only be altered with the assent of the recognized Russian Government, it is desired that the Allied powers call the attention of China to the fact that treaties between Russia and China concluded prior to the Bolshevik *coup d'état* can not be one-sidedly annulled, or that the Allies make a joint declaration in which China would participate, stating that treaties concluded with the Bolsheviki are null and void. Such action would in no way prejudice alterations which might be effected in the existing treaties by the Peace Conference and would only tend to strengthen the rights emanating from treaties which would serve as bases for further negotiations.

761.93/123

The Acting Secretary of State to the Russian Chargé (Ughet)

WASHINGTON, April 10, 1919.

SIR: I have the honor to acknowledge the receipt of your note of March 21, 1919, enclosing a memorandum relating to certain acts of the Chinese Government affecting Russian interests, and to state that the contents have been duly noted. I may add that, so far as the Chinese Eastern Railway is concerned, this Government has consistently maintained that any temporary operation of that road, as

⁵ MacMurray, *Treaties*, vol. II, pp. 1324 and 1239, respectively.

a part of the trans-Siberian railway system, by the Inter-Allied Commission, should be without prejudice to any previously existing rights, by whomsoever held.

A copy of your note under reply will be transmitted to the American Minister at Peking.

Accept [etc.]

For the Acting Secretary of State:

ALVEY A. ADEE

761.93/126

The Russian Embassy to the Department of State

MEMORANDUM

Information has reached the Russian Embassy in Washington that the Chinese Government has lately changed its attitude toward the Russian Legation in Peking and has exposed certain intentions to restrict its rights. Such intentions on the part of China is [are] caused by the desire to free itself from obligations existing under treaties with Russia and to hinder the activities of the Russian Legation aiming to guard the Russian interests. The above information seems to be in accord with the statement which the Embassy had the honor to transmit to the Department of State in a letter of the Chargé d'Affaires dated March 21, 1919, with attached memorandum thereto, concerning certain acts on the part of the Chinese Government prejudicial to Russian interests.

The Russian Minister at Peking has requested the Russian representatives in the Allied countries to solicit assistance from the respective Governments in protecting his authority.

Taking into consideration the great importance which would be attached by the Chinese Government to the opinion of the United States Government, it would be highly appreciated if the Department of State would find it possible to give the necessary instructions to the American Minister in Peking so as to make a friendly presentation to the Chinese Government concerning this matter.

[WASHINGTON,] *May 17, 1919.*

761.93/134 : Telegram

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

PEKING, *November 24, 1919—4 p.m.*

[Received November 24—10:40 a.m.]

By Presidential mandate dated November 22nd the independence of Outer Mongolia has been canceled and status of Mongolia has been restored.

TENNEY

761.93/135 : Telegram

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

PEKING, November 25, 1919—10 a.m.

[Received 10:36 a.m.]

Legation's November 24, 4 p.m. Russian Legation has protested to the Chinese Government regarding cancellation of Russian agreements with China and Mongolia of 1912, 1913 and 1915⁵ reserving all Russian rights under said agreement[s].

TENNEY

761.93/131

The Russian Chargé (Bach) to the Secretary of State

WASHINGTON, December 4, 1919.

MY DEAR MR. SECRETARY: In the absence of the Ambassador, I have the honor to enclose herewith a memorandum concerning certain acts of the Chinese Government which have recently taken place in violation of the Russian-Chinese-Mongolian Agreement of 1915, and I beg to assure you that the Russian Government would deeply appreciate it if the United States Government would render its valuable assistance to the effect that the rights emanating from the Agreement be respected and the freedom and self-determination of the Mongolian people guaranteed.

I avail myself [etc.]

HENRY DE BACH

[Enclosure]

The Russian Embassy to the Department of State

MEMORANDUM

With reference to a memorandum submitted to the Department of State by the Russian Embassy with its note of March 21, 1919, relating to certain acts of the Chinese Government affecting Russian interests, the Russian Embassy has been informed that recently China openly violated the Russian-Chinese-Mongolian Agreement of 1915, and has declared the reunion of outer Mongolia to China. The Chinese military commander having sent his troops into Ourga and under threat of arrests forced the Mongolian ministers and a number of princes to sign a petition demanding that Mongolia be taken under Chinese administration. The Hutukhta refused to counter-sign this document and is supported in his opposition to this act by all the priests and a greater part of the population. At a preliminary discussion of the question with the representatives of

⁵ MacMurray, *Treaties*, vol. II, pp. 992, 1066, and 1239, respectively.

the population only one-half of a single Aimak revealed itself in favor of such action. The lower House also resolved not to permit the annulment of Mongolian autonomy and to defend itself by force.

The Russian Government protests against such violation by the Chinese Government of the Agreement of 1915, and requests that the friendly Powers render their assistance to the effect that the rights emanating from the Agreement be respected and the freedom and self-determination of the Mongolian people guaranteed.

[WASHINGTON,] *December 4, 1919.*

761.93/133

*The Russian Embassy to the Department of State*⁶

MEMORANDUM

Referring to the Memorandums dated March 21, May 17 and December 4, 1919, submitted to the Department of State by the Russian Embassy, relating to certain acts of the Chinese Government prejudicial to the existing treaties, the Russian Embassy is at present informed by the Ministry of Foreign Affairs, Irkutsk, that following a border incident which occurred sometime ago when a Chinese gunboat entered the River Amour, the Chinese Government has at present demanded that permission be given to Chinese gunboats to enter the River Soungari. The Chinese Government has threatened in case its demand is not complied with to resort to energetic measures. The Russian Minister at Peking reports that this threat should not be disregarded.

This recent incident revealing the unfriendly spirit of the Chinese Government towards Russia is brought to the attention of the Department of State, and the Russian Embassy begs to emphasize that the efforts of the Chinese gunboats to enter the above mentioned Rivers is a violation to Russia's rights emanating from existing treaties.

In view of the foregoing the Russian Embassy would deeply appreciate it if the American representative in Peking could bring to the attention of the Chinese Government the inadmissibility of violation of international agreements.

[WASHINGTON,] *December 26, 1919.*

⁶ Covering note of same date not printed. Memorandum by the Chief of the Division of Russian Affairs attached to file reads: "Mr. de Bach read me this memorandum on December 23rd. I told him that in principle we were opposed to the prejudice of Russia's legal rights while she is in her present helpless condition, but that, from a human point of view, it was easy to sympathize with the Chinese. D. C. P[oole]."

761.93/138

The Russian Ambassador (Bakhmeteff) to the Secretary of State

The Russian Ambassador presents his compliments to the Honorable the Secretary of State and with reference to a memorandum submitted to the Department of State by the Russian Embassy on December 4, 1919, has the honor to transmit herewith a copy in French of a note dated Paris, December 15, 1919, submitted by the Russian Embassy in Paris to the Allied Powers, concerning violation by the Chinese Government of the Treaty of Peking of 1913 and of the Agreement of Ourga of 1915.

WASHINGTON, *February 4, 1920.*

[Enclosure—Translation ¹]

The Russian Embassy at Paris to the Representatives of the Allied and Associated Governments

The Russian Government has already had occasion to call the attention of the Allied and Associated Governments to the violation by China of her treaty obligations toward Russia.

Persisting in this course, the Chinese Government has just suppressed, in violation of the treaties in force, the existence of the autonomous state of Outer Mongolia, whose autonomous charter was recognized by China in the Peking treaty of 1913 with Russia and in the tripartite agreement of Ourga of 1915 between Russia, China, and Outer Mongolia.

As a matter of fact the Chinese Government has sent its troops to Ourga contrary to art. 7 of the treaty of 1915, and the Chinese general placed at their head has, by threats, forced the Mongolian ministers and some high dignitaries of the country to sign a petition demanding the incorporation of autonomous Mongolia by China. The Khutukhta, spiritual head of Mongolia, as well as the clergy and a majority of the other elements of the country, refuse to recognize the incorporation and are preserving a distinctly hostile attitude toward the Chinese.

In view of the situation created by this flagrant infraction of its international obligations committed by the Chinese Government and of the assault thus made on the political existence of a people which was able to recover its liberty in 1913 after several centuries of slavery, the Russian Government feels obliged to raise a formal protest on the subject before the Allied and Associated Powers, being convinced that the safeguarding of the treaties in force between

¹ File translation revised.

China and the other powers is of the highest importance to all the interested Governments.

The Russian Embassy consequently has the honor to express the hope that the great powers will, in a spirit of international solidarity, kindly join their protests to that which has been made at Peking by the Russian Minister.

PARIS, *December 15, 1919.*

761.93/138

*The Secretary of State to the Russian Ambassador (Bakhmeteff)*⁸

WASHINGTON, *March 20, 1920.*

EXCELLENCY: I have the honor to acknowledge the receipt of your notes of December 4, 1919, and February 4, 1920, with enclosures, relating to conditions existing in Outer Mongolia, making special reference to recent activities of the Chinese Government in that region.

In reply to your request that this Government instruct its Minister at Peking to support the protest of the Russian Minister against the alleged violation by the Chinese Government of the Treaty of 1913 between Russia and China and of the Agreement of 1915 among Russia, China and Mongolia, I have the honor to state that this Government does not find itself in a position to issue instructions in the sense requested, inasmuch as it has never been made privy to the agreements cited, and does not therefore feel competent to judge of the merits of the situation indicated.

Accept [etc.]

BAINBRIDGE COLBY

761.93/141

The Russian Ambassador (Bakhmeteff) to the Acting Secretary of State

WASHINGTON, *April 3, 1920.*

MY DEAR MR. POLK:—Pursuant to our conversation of yesterday I am referring in writing to the recent reports of the press concerning the message from the Soviets of Moscow to China. (*New York Times*, April 1, 1920).

The message is reported to intimate that the Red Army might be available to deliver China from foreign ambitions. The communication proposes further to annul treaties and cancel different rights

⁸ Notation by the Chief of the Division of Far Eastern Affairs: "The original of this note was held pending an opportunity to discuss it with the Russian Embassy, and was handed by me to Mr. de Bach on May 6th, 1920. MacM[urray]".

enjoyed by Russians in China and refers in particular to the Chinese-Eastern Railway and to the Russian tea factories in Hankow which it offers to hand over to China.

Evidently any proposals or dealings completed by the Bolsheviki have no binding force upon Russia and are to [be] considered null and void. It may come to pass however that, without recognizing and even dealing with the Soviet Government, certain practical dispositions may be taken as a consequence to the Bolsheviki proposition which would be detrimental to Russia and prejudice the future relations of China and Russia.

The Government of the United States has shown on many occasions its friendly disposition to safeguard the rights of Russia so that no advantage would be taken of Russia's temporary disability. In particular the Government of the United States on several instances had stated that any temporary accommodations concerning the Chinese-Eastern Railway should not prejudice any existing legal, political or other rights by whomsoever held. I had always felt that the attitude of the United States reflected a general principle, consistently maintained throughout the Russian crisis, that the very essence of international law and justice forbids any one-sided denouncement of rights and that any modification in treaties can only be consummated through mutual agreement of both parties. Any such change therefore can take place only after there is a restored government in Russia, recognized as such by the Russian people and the civilized world.

I earnestly hope that in these new developments the United States Government will find it possible to again exercise its good offices with China so that the principle of inviolability of treaty will be sustained and the interests of the Russian people not prejudiced.

I am [etc.]

B. BAKHMETEFF

701.6193/orig.: Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, September 10, 1920—5 p.m.

[Received September 10—2:06 p.m.]

253. Russian Minister having been deprived by the Chinese Government of the right to communicate by cipher inquired for the reason therefor and was informed September 8th by the Minister of Foreign Affairs that the Chinese Government considers that the Russian Legation in Peking and the Russian consuls in China have lost their status. The Chinese Government expect therefore that these institutions be closed forthwith at the initiative of Prince Kudashev.⁹ In view of the above, Russian Legation and consulates

⁹ Russian Imperial Minister to China.

will be closed shortly. This means that practically extritoriality for Russians in China will have ceased to exist. This is the first tangible victory in China of the Bolsheviki emissaries who have been arriving in Peking of late from different parts of Russia. It is requested that the above be communicated to the Russian Ambassador.

CRANE

661.9331/4 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, September 17, 1920—5 p.m.

[Received September 17—4:06 p.m.]

258. Following is summary of Foreign Office statement in today's press: China must follow example [of] Allies regarding trade representatives of Russia. Due to Siberian conditions and position of old Russian representatives, *modus vivendi* urgently needed to regulate somewhat trade relations and protect Chinese interests in Siberia. Representatives [of] Far Eastern Republic headed by Yourin asked permission to come [to] Peking negotiate commercial matters only. Permission granted several months ago. Have now arrived. At informal meeting 10th with subordinate [of] Foreign Office credentials found apparently in order but telegraphic confirmation [awaited] from Verkhneudinsk, Blagoveshchensk and Vladivostok to assure that mission represents total area. After conclusion of these preliminaries Chinese Government will require certain guarantees notably no Bolsheviki propaganda in China.

Foreign Minister orally confirms above, assures me Russian interests will be respected. He inquired anxiously regarding conversation *re* Chinese Eastern at Washington and Paris. States that Koo⁸ instructed, ask[ed] participation therein as Chinese are now in control. *Peking Leader* declares and Russian Minister advises negotiations will go beyond commercial phase and that Foreign Office has intimated to Russian Minister that he and consuls are anomalous and embarrassing to Chinese and that as properly accredited representatives have arrived, situation would be relieved by his withdrawal. Minister tells me willing to relieve embarrassment but feels that he cannot [leave] post without definite declaration on the part of Chinese Government. Press further announces Government has asked views of high authorities Eastern Provinces. Kirin concurs [in] withdrawal [of] Russian consuls. I understand mission apparently well supplied with money and prepared to stay.

CRANE

⁸ Vi Kyuin Wellington Koo, Chinese Minister at Washington.

The Secretary of State to the Minister in China (Crane) ⁹WASHINGTON, *September 21, 1920—8 p.m.*

242. Your 253, September 10, 5 p.m., paraphrased to Russian Ambassador except that sentence ascribing the Chinese action to Bolshevik influence.

While the Chinese Government is of course free to continue or withdraw its recognition of the official status of Russian diplomatic and consular officers this Government is frankly perturbed lest the contemplated action will lend itself to the construction that China is entertaining the proposals of the Bolsheviks who are reported to be offering a renunciation of Russian treaty rights in China. This Government notes with satisfaction the assurance given you by the Minister for Foreign Affairs as reported in your 258, September 17, 5 p.m., to the effect that Russian interests will be respected, and it construes this assurance as a pledge that China continues to adhere to the principle which has guided the United States in its policy towards Russia and particularly in reference to the administration of the Siberian railway system (including therewith the Chinese Eastern Railway). This Government therefore assumes that it is the intention of the Chinese Government not to make use of the present disability of Russia in order to invalidate or impair its own obligations to Russia. It is however to be apprehended that even while continuing to recognize the substantive rights of Russia the Chinese Government may by its contemplated action jeopardize in practice the enjoyment of those rights—the more particularly as they relate in large part to commercial matters concerning which it is the avowed intention of the Chinese Government to negotiate with the Bolshevik emissaries now in Peking. This Government therefore feels it to be an obligation of good faith towards Russia and of friendship towards China to invite the attention of the Chinese Government to the necessity of so acting as not to lay that Government open to the charge of having connived with the Bolsheviks to violate or ignore the treaty rights of the Russian people.

You will take early occasion to communicate orally with the Minister for Foreign Affairs in the sense indicated above and urge upon him earnestly the advisability of avoiding any act which would result in China's failure to protect valid rights of a friendly nation especially in a time of its helplessness. You will also point out confidentially that it has been proposed to this Government that as the alternative of continuing to permit the functioning of Russian officials in China the interested Powers should establish a joint

⁹ See last paragraph for instructions to inform Tokyo as no. 353.

international commission for the administration in trust of the Russian interests in China. This Government desires to learn the views and intentions of the Chinese Government with respect to the several alternatives available for the conservation of all legitimate rights accrued to Russia.

You will informally advise your Russian colleague of your action taken in this regard.

[Paraphrase]

Information has been received from the French Chargé that his Government has been asked by the head of the Russian Legation in Peking to take charge of the Legation and also of all the concessions which belong to Russia in China. The French Chargé adds that this is thought by his Government to be too great a task for any one country to undertake alone. For this reason the French Government proposes that pending the establishment of a recognized government in Russia the concessions and other interests of Russia in China be taken in trust by France, Great Britain, Italy, Japan and the United States.

If there are any developments regarding this, especially if any action is suggested by the diplomatic corps, you will inform the Department without delay.

You should also report whether a question has been raised by China in regard to paying the part of the indemnity for the Boxer Rebellion which belongs to Russia. Inform the Department whether or not China is still paying Russia's part of the indemnity to the Russo-Asiatic Bank through the International Bankers' Commission at Shanghai. The share due to Russia is about 30 per cent of the total less 10 per cent, payment of which was postponed for five years from the date that China declared war on Germany. In regard to the Gold Loan of 1895 at 4 per cent, inform the Department whether it is being paid in like manner.

Inform Tokyo as number 353.

COLBY

701.6193/6 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, *September 24, 1920—5 p.m.*

[Received 9:35 p.m.]

273. My 270.¹⁰ Following is text of Presidential mandate dated September 23:

“The Ministry for Foreign Affairs reports that of late years contending factions have sprung up everywhere in Russia and political

¹⁰ Not printed.

parties have been in constant disputes there so that up to the present time a government representing the united will of the people has not been organized. Official relations between China and Russia are temporarily impossible of resumption.

The diplomatic and consular officers of Russia accredited to China have long since lost their qualifications as representatives of the nation and it is impossible that they should continue to perform the official duties arising from the responsibilities that devolve upon them. This view has already been communicated orally to the Russian Minister in Peking. The Ministry is now compelled to request that it be publicly announced at once in a Presidential mandate that this Government ceases to recognize in their official capacities the diplomatic and consular officials of Russia now functioning in China.

The several allegations made by the report quoted above are self evident true statements of the facts. But the Chinese Government is deeply mindful of the propinquity of the respective territorial rights of China and Russia and of the strong friendship that has never ceased to exist between the two [Nations] and on this account, although the Government at this time [ceases] to accord official recognition to the diplomatic and consular officials of aforesaid, it, as a matter of course, entertains for the people of Russia as sincere a friendship as it has from the beginning. To all law abiding Russian citizens residing in China, and to their lives and property, the Government will as formerly afford complete protection, while it will in that which concerns the internal disputes of Russia, continue to maintain an attitude of neutrality, governed therein by regard [for] the policies of the Allied Nations.

In the matter of the Russian concessions, the land utilized by the Chinese Eastern Railway, the Russian citizens residing in different parts of China, and all subjects connected therewith, the ministries controlling these matters and the high provincial authorities are instructed to devise and execute appropriate measures. Seal of the President. Signed by all the members of the Cabinet."

CRANE

701.6193/7 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, September 24, 1920—11 p.m.

[Received September 25—1:48 a.m.]

274. Your telegram number 242.¹¹ Statement made to Yen as instructed. He reiterates Chinese intention to observe Russian rights and refers to terms of mandate, see Legation's 273.¹² As [provided] in the last sentence [of] mandate, Chinese authorities are concerting upon details of administration of Russian concessions, etc., in China. Idea is to replace Russian consul in each case by Chinese commissioner for foreign affairs or police commissioner to carry on functions and duties of consul. This Chinese official will administer conces-

¹¹ *Ante*, p. 763.

¹² *Supra*.

sions in trust for future recognized Russian Government. In the meantime, however, extraterritorial quality of Russians [and] Russian property temporarily to lapse and to be subject to Chinese law and control; this nevertheless not to affect status of foreign holdings in Russian concessions. Question of joint international commission to administer Russian interests apparently quite new to Yen who asked time to consider but expressed doubt as to acceptability. Mandates giving details to be expected first of next week. Russian Minister free to remain in Peking, and Legation grounds could be under joint international supervision if desired. Act of Chinese Government not to be regarded as rupture of relations as in the case of Germany and Austria but as interregnum in view of the inability of old régime to function. In fact Chinese propose to make use of the Russian officials in Manchuria and to permit 31 Russian justices of peace to function but Russian court of appeals must cease.

Negotiations with Bolshevik mission still awaiting production of further credentials. Yen states that he has no intention of entering into any political negotiations with this mission or in that connection to prejudice Russian rights.

Meeting yesterday between French, British, Italian, Japanese and American representatives. French, Italian and Japanese were in possession of instructions as described in your telegram 242, which telegram I had not then received. British without instructions. No conclusion reached but French, Italian and Japanese made clear that exclusive Chinese control distasteful to their Governments and urged united and prompt action so that Governments might not be faced with accomplished fact of Chinese control. Japanese apparently anticipated Chinese refusal of inter-Allied control and [inquired] whether other Legations had instructions to cover such eventuality. None of them had. I shall consult further with my colleagues but desire instructions as to whether our Government is disposed to press for control by joint commission with a Chinese member added or abide by Chinese decision which is apparently Chinese control. In this connection it is to be remarked consular corps Tientsin exercised over the question and greatly desires international commission. Chinese record of control German concession Tientsin fairly satisfactory but at Hankow quite unsatisfactory. Intentions of Chinese regarding status or continuation of former Russian municipal councils in Russian concessions and participation of Chinese therein not yet formulated. I expect reply on that point tomorrow. Am informing consuls of mandates advising them pending further instructions to avoid acts constituting recognition of the continued official status of Russian consul.

Last paragraph your 242, Boxer Indemnity. Payments [to] Russia form 28 per cent total indemnity, 10 per cent was deferred December 17, remaining 18 per cent stopped with June payment. French-Russian loan 1895 regularly paid out [of] customs, nothing will affect it.

CRANE

701.6193/9 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, September 25, 1920—12 p.m.

[Received September 26—5:25 a.m.]

278. My 274.¹³ In spite of yesterday's statement of Yen about next week [as time for detailed] mandates, arrangements have been made [for] Chinese commissioner to take over duties and functions [of] Russian consul, Tientsin, noon to-day. Upon learning fact and at urgent instance of American Chamber of Commerce and consuls, Tientsin, Hankow, who very apprehensive, I again inquired intentions Chinese Government and, tacitly assuming that installation Chinese commissioner unavoidable, I suggested as a tentative incomplete plan [for] administration of Russian concessions in which such important American interests located: (1) governing body to be a council elected by the tax payers of the concessions; (2) administration to be in the hands of council and the employees of its choosing and under its control; (3) aside from taxes payable to Chinese Government by all foreigners, taxation of property holders in the concession to be delivered as well as administered by the council and its employees; (4) veto as in [Shanghai?] to be in the hands of consular body. Foreign Office informs me in reply that the plan was to maintain former municipal government as far as possible including council, police and taxation system. Chinese commissioner to take the place of Russian consul in all matters to be [acted upon] on behalf of Russian Government, even in extraterritorial judicial jurisdiction which is otherwise to remain unchanged. Thus Chinese propose to [administer] justice in cases between Americans and Russians where Americans [plaintiffs against Russians;] other arrangements not fixed. This supervision meets my suggestions with the exception of point 4 [regarding] veto. [Supposing] plan conscientiously followed, American rights always appear to be substantially protected. I am not so certain about Russian interests although Government seems to realize its responsibility as conservator in the face of necessity for future strong relations with Russian people as distinguished from any particular

¹³ *Supra.*

Russian government. French and Japanese for strong stand to maintain Russian property under the Legations; British not, but British show no concern about Russian rights and property and Chargé d'Affaires *ad interim* has no instructions in that regard. Chinese feel that it is necessary for them to take charge of entire police protection, Harbin. General Mun authorized [to] keep on many of old Russian police but making three quarters organization Chinese.

CRANE

701.6193/10: Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, September 30, 1920—5 p.m.

[Received September 30—12:43 p.m.]

281. My 278.¹⁴ Chinese authorities apparently proceeding to increasingly close control of Russian concessions. French continue to agitate for international control. British still without instructions. French have taken branches of Russo-Asiatic Bank under protection. Press features rumor that French will endeavor to take control Chinese Eastern basing act on financial interest but nothing tangible is adduced. Yourin not pleased with [omission] turned him down for the present after learning what he might have to offer.

CRANE

701.6193/10b: Telegram

The Secretary of State to the Minister in China (Crane)

[Paraphrase]

WASHINGTON, October 2, 1920—3 p.m.

258. Your 273,¹⁵ 274,¹⁶ 278¹⁷ and Department's 242, September 21, 8 p.m.¹⁸ It must be realized that in assuming the executive and judicial duties of the Russian officials, China has taken upon itself responsibilities of very great magnitude. This is true even though the good faith with which the Government is likely to perform these duties is not questioned. It will lay itself open to serious danger of misunderstanding and suspicion. The only way to prevent this is for it to act with a conscientious consideration of its duties to the Russians as well as with the greatest care in connection with the other interests concerned.

¹⁴ *Supra.*¹⁵ *Ante*, p. 764.¹⁶ *Ante*, p. 765.¹⁷ *Ante*, p. 767.¹⁸ *Ante*, p. 763.

Recently at the Third International [Congress] the Russian Soviet leaders decided that the propaganda which they should conduct in China should be directed against the interests of what they call the capitalistic states. They plan to use the people and Government of China to indirectly strike at America and the other countries which will not recognize or deal with the Soviet Government. For this purpose the Bolsheviks plan to encourage an agitation for the recovery of Chinese rights, a movement which would become one against foreigners, a revival of the Boxer movement as a weapon of the Bolsheviks against the economic and political system of the capitalistic states.

Since the Chinese Government has at present dealings with representatives of the Government at Verkhneudinsk, a Government which has established relations with the Central Russian Soviet and has avowed its purpose to give up the rights in China held by the Czar's Government, we fear that the Government of China will have difficulty in not appearing to be accepting the plans of the Russian Communists and being used for aims opposed to the interests of Governments which in the past have shown themselves to be in sympathy with the Nationalistic desires of the Chinese. By merely appearing to be subservient to the influences of the Russian Communists, China would, it is to be feared, lose the friendly regard of such nations, and also give an excuse for aggressions, justified with a show of reason as being necessary to keep the rights of Russia from being confiscated on behalf of the Russian Reds who possibly would try to make use of them as a weapon against the interests and rights of other countries. Your telegram of September 24, 11 a.m., No. 268,¹⁹ gives an illustration of how the danger from Bolshevism can be used as an occasion to refuse recognition of the right of China to act freely in regard to the rights of Russia in her territory.

In your conversations with Chinese in both official and unofficial circles, you will be guided by the views of our Government as expressed above. The above statement of our Government's views will make it possible for you to indicate to the Chinese how serious the United States considers the responsibilities they have assumed and the danger of misunderstanding and the disadvantage from a tactical standpoint in which they would place themselves if they gave any indication of being subservient to Russian Soviet influence or seemed to encroach upon the rights of Russia.

The question of having foreign countries take part in administering the concessions of Russia in various Chinese cities and of exercising judicial power in regard to the interests of Russia in China is now being considered by the Department.

¹⁹ *Ante*, p. 710.

The Government of China is in special danger of placing itself in a wrong position regarding extraterritorial rights, a matter in which the leading nations all have an interest. For this reason it would appear to be a matter of prudence for China to agree to some plan whereby when cases involving Russians were tried in Chinese courts foreign assessors would be admitted. Advise the Department as to the feasibility of arranging for the admission of an assessor named by the local body of consuls at the city where the trial is to be conducted, in a general way similar to the practice regarding nationals of foreign states not represented in the Mixed Court at Shanghai.

Considering that these matters have aspects of wide scope, the Department believes that proposed plans of a definite nature should be at first discussed among the governments of the nations interested. You are instructed in discussing these questions with members of the Diplomatic Corps to take that attitude.

COLBY

761.93/146

*The Chinese Foreign Office to the Chinese Legation*²⁰

[PEKING,] *October 7, 1920.*

With regard to relations with Russia, the following is the declared policy of this Government:

1. The mandate of September 23rd²¹ does not put an end to the treaty relations between China and Russia, which are merely suspended for the time being.

2. The above-mentioned mandate does not terminate the treaties between China and Russia, or such rights as are derived from the treaties.

3. The arrival at Peking of the representative of the Verkhne-indinsk Government has no connection with the withdrawal of official recognition from the Russian diplomatic and consular officers. As to the internal affairs of Russia, the Government still follows a policy of non-interference in conjunction with the allied and associated powers.

4. The Chinese Government now proposes to protect and administer the Russian settlements, as well as Russian property until such time as a proper Russian Government is established and recognized.

5. The affairs of the Russian Settlements are placed in the hands of the Chinese Commissioners of Foreign Affairs and there will be no change for the time being in the municipal administration of

²⁰ Copy of paraphrased telegram left at the Department by the Chinese Minister Oct. 8.

²¹ See telegram no. 273, Sept. 24, from the Minister in China, p. 764.

those Settlements. In case, however, any changes are proposed in the municipal regulations in the interest of public good and convenience such regulations may be adopted.

6. The Russian Consular Courts are abolished, but in case citizens or subjects of other countries bring suit against Russian subjects in Chinese Courts, the Russian laws will be applied in so far as they are not in conflict with Chinese laws, or some one versed in Russian law may be employed as a legal adviser to the court.

701.6193/11 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, October 7, 1920—11 a.m.

[Received October 7—9:56 a.m.]

300. Shall I advise consuls that, withdrawal [of] Russian consular exequaturs having been published in *Official Gazette*, consuls are thereby officially made cognizant and should no longer accord recognition to former Russian consuls as colleagues, that this also applies to relations of American assessors and former Russian assessors and that in the absence Russian officials Legation assumes that Russians come under jurisdiction [of] Chinese court exercised in manner Chinese Government, in light [of] its treaty obligations, may prescribe?

CRANE

701.6193/11 : Telegram

The Acting Secretary of State to the Minister in China (Crane)

WASHINGTON, October 9, 1920—11 a.m.

273. Your 300, October 7, 11 a.m.

You may if you deem advisable notify American Consular Officers in China proper that in consequence of the Chinese Government's action Russian diplomatic and consular officers including assessors cease to be entitled to any official recognition as colleagues. In the matter of jurisdiction over Russian subjects you should confine yourself to instructing Consuls that they should make no commitments on that subject without previous reference to the Department through the Legation, except in cases where an American citizen or concern is party to the proceedings, in which case a reservation of American rights in the premises should be filed at once with the appropriate local authorities and with the Foreign Office.

DAVIS

761.93/148 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, October 11, 1920—6 p.m.

[Received October 11—3 p.m.]

312. I have confirmed by note received from Foreign Office text given in my 302, October 7, noon.²¹ Foreign Office so far disinclined to reply as a result of diplomatic corps meeting 9th. Dean addressed note to-day Foreign Office in the name of diplomatic body stating that, as corps interested in provisions of mandate in so far as it affected interests of treaty powers, would be glad to receive official confirmation [of] Yen's repeated oral statements that meantime Chinese Government would not permanently derogate Russian treaty rights, but would be only temporary, subject [to] agreement with future recognized Russian government. Also stated corps anxious [to] smooth difficulties for Chinese Government which are foreseen. Proposes reaching of provisory *modus vivendi* between Chinese Government and corps [on] the administration of Russian interests.

Corps on 3d notified Chinese Government that, in view of duty of protocol powers arising from treaty provisions for Legation quarter, to assure safety of Russian Legation property until future Russian Government, powers have assumed officially responsibility for safeguard and confided it provisionally to Kudashev until his departure.

CRANE

761.93/149 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, October 13, 1920—7 p.m.

[Received October 14—5:55 a.m.]

320. Your 273 October 9, 11 a.m. See my telegram of October 11, 6 p.m. 317 [312]. Should Chinese Government accept proposal for provisory *modus vivendi* shall I join with my colleagues in negotiations between diplomatic body and Chinese Government which would cover Shanghai, Tientsin, Hankow and Harbin situation? Although wording of dean[s] note might be construed [to] include Chinese Eastern I no doubt [*do not?*] believe such was intention of the meeting and I did not oppose wording as such international control seems unobjectionable from the point of view of American policy. Shall delay action [on] your October 9, 11 a.m. pending further instructions and receipt of Chinese reply to dean's note.

CRANE

²¹ Not printed; substantially the same as the telegram of Oct. 7 from the Chinese Foreign Office to the Chinese Legation, p. 770.

761.93/151 : Telegram

The Minister in China (Crane) to the Secretary of State

[Paraphrase]

PEKING, *October 19, 1920—3 p.m.*

[Received October 19—9:27 a.m.]

331. On October 16 your 258, October 2, 3 p.m. was deciphered. From our 312, October 11, 6 p.m. and 320, October 13, 7 p.m. you will note that already the action suggested by your instructions has been taken in a united effort with the representatives of other countries to reach an understanding with the Peking Government.

No statement by the Government at Verkhneudinsk that it is ready to yield the rights of the Czarist Government in China has come to our knowledge.

CRANE

761.93/149 : Telegram

*The Secretary of State to the Minister in China (Crane)*WASHINGTON, *October 21, 1920—4 p.m.*

286. Your 320, October 13, 7 p.m., referring to your October 11, 6 p.m., does not make clear what is the nature of the proposed *modus vivendi* nor what are the scope and character of the contemplated negotiations concerning the ports named and possibly the Chinese Eastern Railway.

The Department hopes to receive from you full and clear statements of such proposals as the foreign representatives may have under consideration for presentation to the Chinese Government on this subject in order that it may be enabled to instruct you in accordance with the policy of this Government on the broader issues involved.

COLBY

761.93/154 : Telegram

*The Minister in China (Crane) to the Secretary of State*PEKING, *October 24, 1920—10 a.m.*

[Received 1:56 p.m.]

341. Your October 21st, 4 p.m. As indicated in my October 11th, 6 p.m. on that date dean of the diplomatic corps addressed note to Foreign Office asking that Minister of Foreign Affairs' oral statements be confirmed and at the same time suggested that "Provisory *modus vivendi* be sought for administration [of] Russian interests

between Chinese Government and diplomatic body." No answer [has] been received so that no negotiations have begun for arriving at "*modus vivendi*" nor do I consider the instructions and view of my colleagues sufficiently clarified that I may at this moment forward "full and clear statements of such proposals as the foreign representatives may have under consideration." Upon an answer being received from the Foreign Office I shall not fail to inform the Department fully of any preliminary discussions of the diplomatic body so that before any negotiations are begun with the Chinese Government I may receive the Department's instructions thereon.

CRANE

701.6193/25

The Minister in China (Crane) to the Secretary of State

No. 370

PEKING, October 28, 1920.

[Received December 3.]

SIR: Referring to the Legation's telegram No. 325, October 17th, 1 p.m.,²² I have the honor to forward copy of a note received from the Minister for Foreign Affairs dated October 12th, 1920, relative to the withdrawal of recognition from the Russian Minister and Consuls in China.

I have [etc.]

(For the Minister)

A. B. RUDDOCK

[Enclosure—Translation]

The Chinese Minister of Foreign Affairs (W. W. Yen) to the American Minister (Crane)

No. 48

[PEKING,] October 12, 1920.

SIR: Referring to the withdrawal of recognition from the Russian Minister and Consuls in China I have the honor to recall that on September 24th, 1920, you called upon me and handed to me the copy of a telegram received from your Government,²³ the contents of which I have duly noted. I have the honor to observe that the action of this Government in thus ceasing to recognize the Russian Minister and Consuls had no other cause than the fact that those officers had long since lost their proper qualifications and also their power of effective action. Under these circumstances in order to

²² Not printed.

²³ See Department's no. 242, Sept. 21, 8 p.m., p. 763, and Legation's no. 274, Sept. 24, 11 p.m., p. 765.

avoid difficulties of all sorts there was no other recourse but to adopt the method followed, which policy was put into effect in the different countries of Europe at a much earlier date. A perusal of the Presidential Mandate of September 23rd²⁴ will show that its terms are most explicit, evidencing that the withdrawal of official recognition from the particular persons hitherto acting as Russian Minister and Consuls is in no way to be confused with a disruption of other relations arising from the treaties between China and Russia. The rights and privileges enjoyed by Russian citizens arising from those treaties have not been totally abolished, nor has this method been followed as the result of suggestions from other Russian sources, a fact that I had the honor to communicate to you orally some time ago. It is noted that the American Government in its telegram expresses its satisfaction with the assurance made by the Chinese Government in respect to these points.

The friendly sentiments entertained by China for Russia at the present time are in no respect less than before and the rights and privileges enjoyed by Russian citizens are still among those to which this Government gives the most zealous protection. My Government has not the slightest desire to avail itself of this moment of Russian weakness to cancel without reason or of its own will to impede in any way the legal and due rights of Russian citizens *vis a vis* this country.

Referring to the assertion that the Chinese Government has determined to negotiate with the representatives, now in Peking, of another political faction thus jeopardizing in practice the enjoyment of those rights relating especially to commercial matters, I have the honor to state that this statement in no wise accords with the facts. At the present time no negotiations have been conducted with the faction in question in regard to any subject whatsoever and, moreover, my Government is conducting itself in this regard with the utmost circumspection. The American Government as regards this point may feel the utmost confidence.

In communicating these facts to you, Mr. Minister, I have the honor to express the hope that you will telegraph them to your Government.

With compliments.

SEAL OF THE FOREIGN OFFICE

²⁴ See telegram no. 273, Sept. 24, from the Minister in China, p. 764.

761.93/159 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, November 13, 1920—1 a.m.

[Received November 13—12:12 a.m.]

374. Legation's 341, 320, 312,²⁵ your 286.²⁶ Chinese reply dated October 22²⁷ circulated November 5 restates reasons earlier given for withdrawal of recognition [of] Russians and restates assurances [that] Russians in China continue to enjoy treaty rights. Russian concessions to be for the time being managed by Chinese but without change except for needed reforms; judicial authority [of] Russian consuls in dealing with cases of Russian defendants, other nationals plaintiffs, will be guided by Russian law, thus not conflicting with limits of Chinese law. Possibly experts [in] Russian law may be employed as advisers to law courts. Therefore no need to negotiate with corps *modus vivendi*. Meeting of corps to-day²⁸ agreed, with only this Legation dissenting, [on] following reply, summarized:²⁹

Chinese measures are in contradiction with assurances of Chinese note, notably that Russians are to be tried in Russian courts according to Russian law; now mandate October 31 regarding new judicial organization in Chinese Eastern zone tends to abrogate extraterritoriality of Russians in zone by abolishing Russian tribunals and placing Russians under the jurisdiction of Chinese courts, in this connection foreign counsellors are provided for who would have only secondary role. Application of Russian law to Russians not even mentioned by Chinese. Note criticizes administration of Russian concession in Tientsin, notably police arrangement and goes on to state that Chinese arrangements for Russians in China continue to leave undecided question of civil and notarial acts, contracts, passports, etc., which are of utmost importance for civil officials having duty to pass on such documents. Therefore corps proposes certain modifications:

1. As regards concessions. Acknowledge that Russian concessions must have own police under orders of municipal councils; permit municipalities of Russian concessions continue to function on the basis of existing regulations.

2. As regards legal system. Maintain as much as possible old Russian courts in their organization and personnel; these courts in the

²⁵ *Ante*, pp. 773, 772, and 772, respectively.

²⁶ *Ante*, p. 773.

²⁷ Not printed.

²⁸ Meeting held Nov. 12th.

²⁹ Verbal corrections made in summary to accord with full text of draft enclosed in the Minister's despatch no. 479, Nov. 19, received Jan. 5, 1921 (file no. 761.93/184).

future to dispense justice in the name of China but apply law Russian according to spirit of Chinese decree of August 5, 1918. These courts to assume jurisdiction in cases between Russians themselves, and, should occasion arise, between Russians and foreigners. Cases between Russians and Chinese to be adjudicated either by mixed courts composed of Chinese and Russian judges or by court of defendant if defendant is Chinese. It is to be well understood that this régime, formulated in response to practical difficulties, will be purely temporary and leave in full existence the principle of maintenance of treaty rights of extraterritorial jurisdiction.

3. As regards notarial and administrative functions. To establish in Chinese districts having large Russian population, in offices of Chinese foreign commissioners, Russian counsellors to fulfill administrative and notarial duties for Russians. Useful to institute at Foreign Office Bureau for Russian Affairs composed of Russian counsellors and presided over by high Chinese official to coordinate and supervise action of these organizations.

Details of the above to be worked out in conference called by Foreign Office. Representatives of ³⁰ Russian institutions in China, notably [in] Chinese Eastern zone, to take part therein.

Diplomatic corps considers above system alone capable of smoothing difficulties resulting from withdrawal of recognition. The Russian judges and counsellors to be appointed by agreement between Chinese Government and corps. Reservation made of freedom to discuss with Chinese Government all cases where nationals' interests affected by operations of mandate withdrawing recognition.

Corps anxious to send this note immediately to forestall further Chinese action. Urges your earliest decision. Description of railway zone courts follows.

CRANE

893.041/6 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, November 13, 1920—9 p.m.

[Received November 13—3:35 a.m.]

375. Presidential mandate October 31 established three grades of Chinese Courts of Procuration (Shen Pan Ting) having jurisdiction in Chinese Eastern Railway zone. All officers Chinese but foreign counsellors in purely consultative capacity appointed by Chinese attached to two higher courts who may function [to] slight extent

³⁰ In telegram no. 387, Nov. 17, 7 p.m., the Minister in China reported the insertion, at this point, of the word "non-political" in the final draft (file no. 761.93/163).

in lowest courts in purely Russian actions. Appeals from highest court lie with Supreme Court, Peking. No mention regarding law administered, inferentially Chinese.

CRANE

761.93/159 : Telegram

The Secretary of State to the Minister in China (Crane)

WASHINGTON, November 16, 1920—6 p.m.

335. Your 374, November 13, 1 a.m., and 375 of November 13, 9 p.m.

You may join your colleagues in communicating note to Chinese Government.³¹

COLBY

761.93/171 : Telegram

The Secretary of State to the Minister in China (Crane)

[Paraphrase]

WASHINGTON, November 18, 1920—1 p.m.

340. Your 380, November 14, 6 p.m., opening sentence.³² How delicate conditions are is fully realized. It is the hope of the Department that the Government of China will refrain from making any further move liable to increase the complexity of the situation now existing.

Follow the situation closely and inform the Department without delay of any changes.

In case a favorable chance presents itself you may tell the Minister for Foreign Affairs orally and with discretion that the Government of the United States is deeply interested in conditions at Peking and is following developments with anxiety. Use your discretion as to whether or not to present this matter.

COLBY

761.93/166 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, November 26, 1920—5 p.m.

[Received November 26—10:19 a.m.]

405. Department's 335, November 16, 6 p.m. In a conversation Yen strongly deprecated note of diplomatic corps on Russian affairs.

³¹ The note was communicated under date of Nov. 18.

³² "In a conversation [with] Foreign Minister to-day he stated Yourin had just presented further credentials and Yen felt that Chinese Government could not much longer delay beginning negotiations." (File no. 793.94/1116.)

Claimed he failed to see what interest non-Russian foreign powers had in the matter as Chinese Government willingly offered to negotiate separately on matters interesting to the several governments. Yen especially referred to Russian courts in Chinese Eastern zone the jurisdiction of which American Government had always opposed.

CRANE

761.93/172 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, November 26, 1920—8 p.m.

[Received November 27—10:09 a.m.]

408. Department's 340, November 18, 1 p.m. Intimation conveyed to Yen who advises credentials from Verkhneudinsk, Blagoveshchensk and Vladivostok presented by Yourin. Only Chita missing. Chinese Government would soon have to begin negotiations [on account of] very long common boundary, absence of any means to protect numerous unrepresented Chinese in Siberia from [omission], need of commercial relations, all made it imperative something be determined upon.

Yen asked what the American Government proposed China do. Yen also referred to proposed commercial agreement between England and Moscow, averred no reported increase of radical activities in China and that Chinese totally opposed to Bolshevism. Former Russian Legation advises Finkelstein, alias Litvinoff, is on his way to proceed to support Yourin Mission. Snyder denied any knowledge. Russian Legation also reports Karakhan in Chita. [His name] sometimes linked with current press rumors of Red emissary to Tokyo. Thus far unconfirmed.

CRANE

761.93/203

*The Chinese Minister of Foreign Affairs (W. W. Yen) to the Dean of the Diplomatic Corps in China (Pastor)*⁸³

[Translation]

No. 61

PEKING, November 29, 1920.

The Ministry has had the honor to receive the note of November 18th⁸⁴ and to consider it.

There is really no inconsistency between the measures taken by China at this time with regard to the Russians in China and the declarations contained in the note of October 22d.

⁸³ Transmitted by the Minister in China as an enclosure to his despatch no. 692, Jan. 11, 1921; received Feb. 9.

⁸⁴ See summary of draft in telegram no. 374, Nov. 13, 1 a.m., from the Minister in China, p. 776.

Civil and criminal cases involving Russians ought undoubtedly, in conformity with the treaties, to be examined by the Consular Courts, but China has now ceased to recognize the Russian Consuls in their official capacity. As there are, therefore, in consequence of this withdrawal of recognition, no persons capable of fulfilling the function above mentioned, China cannot do otherwise than assume provisionally the performance of the duties connected with the examination of civil and criminal cases involving Russians in China. This measure is also a practical solution, natural in the situation which has arisen.

So far as concerns Russian courts in the territory of the Chinese Eastern Railway, their establishment was at the time an arbitrary act on the part of the Russians, who never obtained the consent of the Chinese Government; these courts are not based on the contract for the construction of the Chinese Eastern Railway and are not comprised within consular jurisdiction derived from treaties. Such a contravention of treaty stipulations constituted an act infringing the sovereign rights of China. Consequently, and even before the suspension of recognition of the Russian Minister and Consuls in their official capacity, the president of the Board of Directors of the Chinese Eastern Railway, as well as the local authorities, had on several occasions brought up before the Russian Consulate the question of abolishing these courts. Thus a decision was already reached in this question a long time ago and the present measure was in no way a result of the suspension of recognition. This measure and the suspension of recognition are questions quite distinct and the reasons for each entirely clear.

The Chinese Government indeed considers with the most serious attention Russian affairs; the last special mission of the Vice Minister of Justice to Harbin, undertaken in order to familiarize himself with the local situation, had for its object the protection of Russian interests in China. That is why the territory of the Chinese Eastern Railway was made a Special Area and special courts were established in it. The District Court, as well as the Court of Appeals and the Local Branch Courts (Local Courts), may employ foreigners in the capacity of "counsellors" (tzu-yi) and "inquisitors" (tyau-ch'a yuan); both are allowed to assist in the Local Courts in the examination of cases which are purely Russian. Foreign lawyers have, besides, the right to plead in the special courts above named in the capacity of counsel, whilst Russian notaries public are authorized to continue, as hitherto, the exercise of their functions. So far as concerns the application of Russian laws, they are certainly to be applied so long as they are within the limits of the Law Governing the Application of Foreign Laws in China, promulgated by the Chinese Government. It was, therefore, not necessary to mention

this point in the Regulations Governing the Organization of the Courts.

So far as concerns the question of the infringement by the Chinese authorities at Tientsin of the administrative powers of the Council of the Russian Concession, permission had already been given for the provisional maintenance of all the rules governing the activity of this Council, the Official of the Ministry of Foreign Affairs (t'ch-p'ai yuan) having naturally, in his capacity of exercising the functions of the Russian Consul, the right of supervisory control in all affairs. Thus the assertion contained in your note concerning the infringement of the administrative powers of the Municipal Council is probably based on a misunderstanding. It appears besides that the obligation of the authorities to fulfill the duties with which they are charged has not been taken into consideration.

So far as concerns passports, documents and other like matters, these ought naturally to be within the jurisdiction of the officials fulfilling the duties of the Russian Consuls. These matters will of necessity be dealt with thoroughly in conformity with the regulations originally adopted by the Russian Consuls in the interest of Russians resident in China, and so that the interests of foreigners having relations with the Russians will not, it is well understood, be injured. The Ministry prays that no apprehension be entertained on this point.

The Ministry will be obliged to make the following explanations with reference to the modifications proposed by the Diplomatic Corps:

1. With regard to the Municipal Councils of the Concessions, an order has already been issued that they should continue to function as formerly on the basis of the regulations in force. With regard to the police, which are charged with the maintenance of local order and tranquility, the Chinese Government must, of course, in conformity with legal principle, assume the necessary responsibility; but the competency of the Municipal Councils within the limits established for municipal administration will nevertheless in no way be affected.

2. So far as concerns the various judicial courts in the process of being organized in the Special Area of Manchuria and the localities where they are to be established, all these new institutions are organized for the convenience of Russians, following the example of the former Russian Courts, notwithstanding the fact that they had never been recognized by China. Moreover, several former judges in the various Russian courts have been retained as counselors or inquisitors, and it is intended to continue making similar appointments. Certain Russians have in like manner been named

to fill the functions of secretaries and interpreters. Seventeen persons have already entered upon these duties and it is intended to continue making appointments to like posts.

3. The former Russian notaries public have all been authorized to continue to exercise their functions.

Attaching a serious importance to Russian affairs, the Ministry has already established a Commission for the study of Russian affairs (Eh-shih yon-chu hui), in the personnel of which have been included the most important officials of the various departments of the Ministry and persons familiar with Russian affairs, the ex-Minister to Russia, Mr. Liu Ching-jen having been put at the head of this Commission. In the offices of the Commissioners of Foreign Affairs of the localities having a considerable Russian population, as for instance Hankow and Hailar, persons of Russian nationality have already been engaged in the capacity of counsellors. It is intended, moreover, to continue similarly to engage counsellors for like employment in other localities as well.

The points respecting which reply has been made relate in the highest degree to the domain of the internal administration of the Chinese Government. In cases wherein the various Russian organizations in China desire to express their opinion, they are at liberty to present it to the Commission for the study of Russian Affairs at the Ministry; and the Chinese Government will not fail to examine such expression of opinion with the greatest attention. With regard to the convocation of a Mixed Conference this would, considering the great number of Russian political parties, lead not only to complications resulting in many difficult questions, but would constitute a matter affecting the sovereign rights of China. The Chinese Government considers it impossible, therefore, to accede to it and trusts that the Diplomatic Corps will understand the situation.

As to the appointment of counsellors and inquisitors for the courts, this is a matter within the province of the judicial department of the Government and such persons must be named, conformably to the requirements of law, by the Ministry of Justice in accord with the general principle of the independence of the judiciary. As to the appointment of Russian counsellors to be attached to the offices of the Commissioners of Foreign Affairs, this is a matter within the province of the executive department and these appointments must therefore be supervised by the Ministry for Foreign Affairs.

In general, in all cases concerning the interests of foreign subjects, the Chinese Government, as has already been said, will act with the greatest circumspection in order that these interests may not in any case or in any way be injured. The Ministry repeats its previous

request, namely, that complete confidence be entertained respecting the sincerity with which the Chinese Government has cautiously acted in this matter.

With regard to the various questions concerning Russians, the Chinese Government will, in conformity with the decree promulgated by the President of the Republic, protect the interests of Russians and will aid them in their difficulties without ceasing to elaborate measures corresponding to the circumstances and in accordance with the requirements. It merits in this respect a complete confidence, and the Ministry ardently desires that this be taken into consideration by the Diplomatic Corps. In connection with political changes taking place in Russia, several hundred thousand defeated Russian soldiers and Russian refugees sought asylum on Chinese territory along the whole length of the frontier, at Hsin-kiang, in the provinces of Kirin and of Heilungkiang, at Hailar, and at other places. China, in this time when she cannot cope with the famine ravaging the northern provinces, could, as a matter of fact, refuse them all access to its territories. Moved, however, by humanitarian sentiments, it accords all of them assistance, takes them in charge, transports them and undergoes consequently very considerable material loss.

The Ministry has, besides, the honor to state to the Diplomatic Corps the following: The Russians are attacking our frontier territories, are oppressing Chinese citizens resident in Russia, are confiscating goods of Chinese merchants, and are committing generally other actions of this sort too numerous to mention. The impossibility of observing treaty engagements has also for a long time been manifested on the side of Russia. China, on the other hand, taking into consideration the difficulties to which the Russians are a prey, and observing an attitude profoundly amicable toward Russia, has not only not terminated, because of what is set forth above, her engagements, but on the contrary has acted in such a way that the Government and population have assumed a new undertaking involving serious obligations. Such a fact has no parallel in other countries, but exists only in China. The Diplomatic Corps having made certain proposals concerning Russian affairs, the Ministry begs it to put itself in the place of China and in that light to contemplate attentively the matters set forth above.

In conveying to you the above, Mr. Dean of the Diplomatic Corps, I have the honor to ask that you will be so good as to inform all the foreign ministers hereof.

[No signature indicated]

761.93/191

The Minister in China (Crane) to the Acting Secretary of State

No. 546

PEKING, December 7, 1920.

[Received January 14, 1921.]

SIR: I have the honor to transmit herewith, as of interest to the Department, copies of Circular No. 241 of the Dean of the Diplomatic Corps, regarding the status of Russian citizens.

I have [etc.]

(For the Minister)

A. B. RUDDOCK

[Enclosure—Translation ³⁵]

*Circular No. 241 of the Dean of the Diplomatic Corps in China (Pastor)*³⁶

On December 1, the Dean had the honor to transmit to his honorable colleagues a French translation of the note of the Minister of Foreign Affairs, dated November 29 last, No. 61, concerning Russian affairs.

In referring to this note and in discussing it in his capacity of Spanish Minister, the Dean believes it his duty to observe that in view of the attitude of the Chinese Government, it would be, in his opinion, vain to prolong the discussion, although, as in all the Chinese affairs in dispute, the declarations of the Chinese Government are in contradiction to the facts. The situation of the Russians at Ourga, the abuses of the Chinese authorities at Harbin, are only so much more irrefutable proofs of the powerlessness of the Chinese Government to apply the principles that it proclaims in its decrees. On the other hand, it would seem, from the point of view of the general interests, impossible for the Diplomatic Corps to consider satisfactory the reply of the Minister of Foreign Affairs of November 29, inasmuch as this reply is merely in the nature of a declaration which leaves a series of important questions unsettled, questions which concern at the same time the interests of all foreigners in China who have business with the Russians.

It would then be desirable to request the Chinese Government to explain these questions more clearly and more definitely, and the Dean takes the liberty of adding hereto, for the approval of his honorable colleagues, a draft of a note to the Minister of Foreign Affairs, having exactly this end in view.

³⁵ Translation supplied by the editor.

³⁶ File copy bears the notation in English: "Signed without comment for the American Legation."

[Subenclosure—Translation ³⁷]

Draft of a Note from the Dean of the Diplomatic Corps in China to the Chinese Minister of Foreign Affairs ³⁸

I had the honor to make known to my colleagues of the Diplomatic Corps the contents of the note which Your Excellency kindly sent to me on November 23 [29], last, No. 61, concerning the legal status of Russian nationals in China.

The benevolent declarations which it contains and which have since received highest sanction by the Presidential mandate of December 1 have been received with satisfaction by the Diplomatic Corps which has charged me to take note of them. The Diplomatic Corps expresses the hope that the assurances of the Chinese Government will without delay be given a practical application.

From this point of view it must be observed that certain questions of a practical nature are not made sufficiently clear by Your Excellency's note, and as these questions concern the interests of all foreigners in China having business relations with the Russians, I am obliged to request on behalf of the Diplomatic Corps that you give me especially definite answers on the following points:

1. Will the police of the Russian Concessions remain under the orders of the Municipal Councils, in conformity to the law of the concessions, and may it be taken for granted that the control of the police by the Chinese authorities will be exercised only through the medium of the councils?

2. In what cases, how, and by what organizations does the Chinese Government intend that the Russian laws shall be applied, the law of August 5, 1918, providing only for the application of certain parts of foreign civil codes?

3. Russian notaries public exercise these functions only in the Zone of the Chinese Eastern Railway. How will the question of notaries public be solved in other parts of China?

The two last questions are of a particularly important nature and should be explained in all the details so as to enable the respective legations to duly warn their interested nationals as to the precise disposition made of this matter.

4. What will be the competence of the Russian advisers mentioned in your note? Would it not be well to entrust to them the duties necessary for a satisfactory solution of the matters in points 2 and

³⁷ Translation supplied by the editor.

³⁸ The Dean's circular no. 247, Peking, Dec. 14, enclosed in Legation's despatch no. 624, Dec. 23, states: "The Dean has the honour to inform his Honourable Colleagues that the draft Note circulated in Circular No. 241, having been unanimously approved, has been sent in to the Wai Chiao Pu under date of today," and bears the notation, "The American Legation concurred without comment." (File no. 761.93/206.)

3? Does the Chinese Government intend to engage advisers in the provinces of Chinese Turkestan, in Mongolia, and likewise in Peking?
Please accept [etc.]

761.93/176: Telegram

The Minister in China (Crane) to the Acting Secretary of State

PEKING, December 7, 1920—noon.

[Received December 7—5:36 a.m.]

427. Press gives text of note [of] Yourin to the Foreign Office opening negotiations. Denounces imperialistic nature of Chinese-Russian treaties, proposes revision and elimination all privileges not reciprocal. Alludes to growing trade between the two countries which requires consular representation by Russia and judicial qualifications. States Chinese Eastern requires adequate agreement guaranteeing rights of each on the basis of mutual justice and that illegal claims of the Russo-Asiatic Bank must be discouraged decisively. Text by mail.³⁹

CRANE

761.93/199

The Minister in China (Crane) to the Acting Secretary of State

No. 583

PEKING, December 17, 1920.

[Received February 3, 1921.]

SIR: I have the honor to forward herewith translation of a Presidential Mandate issued December 1st, 1920, regarding the welfare of law-abiding Russians residing within Chinese territory.

I have [etc.]

CHARLES R. CRANE

[Enclosure—Translation]

Mandate Issued by President Hsu Shih-ch'ang, December 1, 1920

In the Mandate announcing the withdrawal of official recognition from the Russian Diplomatic and Consular Officials it was explicitly ordered that complete protection should continue to be extended to all law-abiding Russians residing within Chinese territory. But in view of the possibility that this instruction may not be faithfully observed in every particular, and that the protection extended may not be universal and complete, this Mandate is issued strictly enjoining upon all high military and civil officials the issuance by them of orders to their military and police subordinates to continue to afford

³⁹ Not printed.

protection to all Russians living within their jurisdiction and to extend to them considerate treatment, as only in this way will effect be given to the desire of the President to extend benevolent protection to foreigners residing in the territories of China.

761.93/181 : Telegram

The Minister in China (Crane) to the Acting Secretary of State

PEKING, December 21, 1920—1 p.m.

[Received December 21—9:50 a.m.]

450. Your 370, December 10, 9 p.m.⁴⁰ Yourin note dated November 30th.⁴¹ Division Bureau of Russian Affairs just created Foreign Office presided over by Liu, former Minister to Russia. Chinese have commented on Yourin note that there should be: (1) no Bolshevik propaganda in China; (2) no importation of contraband; (3) good treatment of Chinese along border; (4) no abuses of Chinese in adjacent Russian territory.

CRANE

NEGOTIATIONS FOR REGULATING RELATIONS BETWEEN THE MUNICIPALITY OF HARBIN AND AMERICAN RESIDENTS

893.102H/319 : Telegram

The Minister in China (Reinsch) to the Secretary of State

PEKING, October 1, 1917—8 p.m.

[Received October 2—12:50 a.m.]

Consul Moser⁴² now here has been informally discussing the question of Harbin municipality with the Russian Legation and has satisfied himself that while as a matter of *amour propre* the Russians will in all probability consent to no modification of the terms of Anglo-Russian agreement,⁴³ they can be induced to specify, by direct exchange of notes, that agreement is not to be construed so as to impair by any exception the principle of extraterritoriality. Moser has tentatively suggested that the Russians should of their own initiative address the signatories and adherents of the agreement substantially as follows:

“The Russian Government, with a view to establishing municipal administration within the zone of the Chinese Eastern Railway

⁴⁰ Not printed.

⁴¹ Not printed; see telegram no. 427, Dec. 7, noon, from the Minister in China, p. 786.

⁴² Charles K. Moser, consul at Harbin.

⁴³ For text of agreement between the British and Russian Governments respecting municipal administration and taxation within the area of the Chinese Eastern Railway, signed at Harbin, Apr. 17/30, 1914, see *British and Foreign State Papers*, 1914, pt. II, p. 380.

upon a uniformly harmonious and systematic basis, has decided that all administrative acts of the Russian authorities within the zone, including that of the assessment and collection of municipal taxes, should be applied to foreigners only through their respective consuls. Instructions to that effect have been forwarded to the Russian administration at Harbin and will be officially published in the *Harbinsky Vestnik* after which the measure will be immediately effective”

and that this note be communicated to the American Legation with an expression of the hope that the measure indicated would so far modify the working of the agreement as to warrant our Government's adherence to it. Moser reports that Russian Legation seems disposed to consider favorably this suggestion which I heartily endorse as affording a hopeful means of settling the question in such a manner as to conserve and fortify our contentions in respect to the extraterritorial rights of our citizens. He also considers that upon the condition specified American interests would be amply safeguarded without the amendments proposed in my number 569 of March 6th, 1915,⁴³ and approved by the Department's instruction number 268, April 16, 1915.⁴³

I earnestly request your authorization to negotiate for our adherence to the agreement unamended upon the sole condition that the Russians approach us with the request to do so on the basis of their general undertaking that all acts of the Russian authorities *vis à vis* foreign nationals be enforced through their respective consulates.

REINSCH

893.102H/319 : Telegram

The Secretary of State to the Minister in China (Reinsch)

WASHINGTON, October 5, 1917—5 p.m.

Your October 1, 8 p.m. Requested authority to negotiate is granted.

LANSING

893.102H/325 : Telegram

The Minister in China (Reinsch) to the Acting Secretary of State

PEKING, June 9, 1919—9 p.m.

[Received June 9—5:45 p.m.]

Your [*my*] October 1st, 1917. Decision in this matter is urgent as [*activity*] of American firm greatly prejudiced by failure to

⁴³ Not printed.

[acquire] land in Harbin. I beg to request authorization to agree to Anglo-Russian agreement with view safeguarding of [interests].

REINSCH

893.102H/326 : Telegram

The Minister in China (Reinsch) to the Acting Secretary of State

PEKING, June 21, 1919—noon.

[Received June 21—11:04 a.m.]

I beg to request immediate instructions my telegram of June 9, 9 a.m. [*p.m.*] Russian Minister willing to accept statement that where any American objects to application [of] any administrative act [of] municipal authorities, matter will be referred to American consul. American interests consider highly important to accept without delay.

[No signature indicated]

893.102H/326 : Telegram

The Acting Secretary of State to the Minister in China (Reinsch)

WASHINGTON, July 2, 1919—4 *p.m.*

Your June 9 and 21 regarding Harbin.

Department giving matter careful consideration but desires consult Consul Moser, expected in Washington soon, before reaching any definite decision.

PHILLIPS

893.102H/327 : Telegram

The Minister in China (Reinsch) to the Acting Secretary of State

PEKING, July 12, 1919—2 *p.m.*

[Received July 12—9:55 a.m.]

Your July 2, 4 *p.m.*, my June 20 [21], 12 noon. American firm in question is Standard Oil Company which today reports cannot further delay action without losing site for which other interests are competing. They request decision as soon as possible.

REINSCH

893.102H/327 : Telegram

The Secretary of State to the Minister in China (Reinsch)

WASHINGTON, August 2, 1919—4 *p.m.*

Your July 12, 2 *p.m.*

In view of present conditions in Russia and in consideration of Government's policy as communicated to you in Department's num-

ber 958 of April 10, 1919,⁴⁴ it is felt that present is not time for entering into formal arrangement such as you propose. It is believed that interests of American firms can be protected by informal good offices on part of American Consul at Harbin who should be able to effect some temporary method whereby the American firm in question could secure deeds to land on basis Department's instruction to him of May 24, 1910, published on page 230 of the *Foreign Relations* of 1910, pending satisfactory settlement of question of municipal regulations at some future and more opportune time.

LANSING

893.102H/328 : Telegram

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

PEKING, October 11, 1919—1 p.m.

[Received October 11—8:25 a.m.]

Referring to Department's telegram of August 2nd, 4 p.m. Russian Legation will not agree to provisional acceptance of Anglo-Russian agreement. American interests are suffering greatly because of this deadlock. American consulate at Harbin reports practical application of Anglo-Russian agreement free from objection. I favor a promise to accept agreement without proviso when recognition of Russian Government makes ratification possible and ask permission to act accordingly.

TENNEY

893.102H/328 : Telegram

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

WASHINGTON, November 22, 1919—2 p.m.

With reference to Department's telegram of August 2, 4 p.m., and your telegram of October 11, 1 p.m.

Standard Oil Company complains to the Department that they are being denied the right to purchase land by municipal authorities at Harbin unless the word "provisionally" is dropped in connection with this Government's assent to payment of taxes at Harbin by American citizens. If this is true the Department is of the opinion that it indicates that the Russian authorities are endeavoring to use pressure for the purpose of forcing this Government to recognize an unwarranted extension of the rights of the Chinese Eastern Railway at Harbin. As indicated in previous instructions in this matter this Government made great concessions in an endeavor to assist the

⁴⁴ Not printed; transmits copies of notes exchanged with the Russian Chargé at Washington, Mar. 21 and Apr. 10, 1919, pp. 754, 755.

Russian authorities in dealing with the difficult situation at Harbin and it is very much disappointed at the apparent reluctance of the Russians to meet us halfway. Such an uncompromising spirit leads the Department to apprehend that no good would result from further negotiations along these lines and you are therefore instructed to advise the Russian Legation that in the event of the Russian authorities insisting upon the position there taken by them this Government would feel obliged to discontinue such negotiations and withdraw any offers for settlement on the basis of the Anglo-Russian understanding of 1914 reverting to our original position in regard to the political or administrative functions asserted by the railway company.

Repeat to Harbin for its information.

LANSING

861.77/1485

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

No. 3197

PEKING, *March 24, 1920.*

[Received April 22.]

SIR: I have the honor to enclose for the information of the Department the translation of a note received from the Ministry for Foreign Affairs dated March 1, 1920,⁴⁵ in which the Chinese Government assumes full responsibility for the protection of the Chinese Eastern Railway and the maintenance of peace and order in the railway zone. I have the honor to enclose, likewise, a copy of my reply to this note under date of March 4, 1920,⁴⁵ in which I express pleasure at hearing of the intention of the Chinese Government to institute measures for the protection of American citizens residing in the zone. In view of the ever-increasing probability that Harbin and the vicinity of the railway generally may become the scene of conflict between Russian political factions I deemed it most advisable to enlist the support of a more or less stable government in the safe-guarding of American interests there. In default of such action the possibility was acute that American citizens might suffer extensive losses without there being any authority upon which to fasten moral or legal responsibility.

The Department will note that I utilized this communication as an opportunity for the reaffirmation of those views as to the unimpaired sovereignty of China in the Chinese Eastern Railway Zone, the maintenance of equality of opportunity and the safe-guarding of the full enjoyment of treaty rights by our citizens therein that have been so often and so forcibly reiterated by the American Government in its correspondence with the Russian Government concern-

⁴⁵ Not printed.

ing the municipal organization at Harbin, particularly in the note of April 9, 1908, from the Secretary of State to the Russian Ambassador at Washington.⁴⁶

Very fortunately there appears now to be in progress a readjustment of jurisdictional powers in this region that gives promise of eventuating in precisely those conditions for which the American Government has unremittingly striven during the last twelve years. These events are now being reported to the Department by the American Consul at Harbin in frequent telegrams and it is not necessary to describe them herein. As germane to the subject, however, I enclose a copy of my instruction to that office dated February 26, 1920.⁴⁷

It is hardly necessary to ask the Department's attention to the fact that neither in my note to the Foreign Office nor in my instruction to Mr. Jenkins have I expressly or by implication supported Chinese assumption of control over the railway, or any modification of China's conventional arrangements with Russia. I did, however, think it advisable to refer to this fact in a recent conversation held with the Russian Minister.

I have [etc.]

CHARLES D. TENNEY

861.77/1485 : Telegram

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

[Paraphrase]

WASHINGTON, *May 22, 1920—3 p.m.*

122. In spite of the fact that the attitude expressed by you in your despatch No. 3197, March 24, is that which would logically be deduced from the position which we have traditionally taken in regard to the matter of municipal administration by the Russians in the zone of the Chinese Eastern Railway, it is nevertheless the view of the Department that the breakdown of Russian power and the resulting contest for the authority and influence which the Russians formerly held has brought a new consideration into the situation. To maintain this railway as a separate concern with the equities and legal rights of those who have an interest in it unimpaired, it appears to be necessary to keep from raising an issue regarding any change in either its *de facto* or the *de jure* status. Under existing conditions it appears best for the reason indicated that the issue of municipal administration should be left in abeyance.

COLBY

⁴⁶ *Foreign Relations*, 1910, p. 203.

⁴⁷ Not printed.

861.77/1812 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, November 9, 1920—4 p.m.

[Received November 9—10:18 a.m.]

364. Your 122, May 22, 3 p.m. Consideration [for] American business urgently requires at least working settlement of American municipal rights and obligations Harbin. In view of recognized Chinese altered status *vis à vis* new railway agreement and position of Russians, I venture to suggest that American consul Harbin be empowered in consultation with Chinese to draft between the two Governments agreement for the approval of Department. Harbin Taoyin recently in Peking intimated his willingness for early settlement.

CRANE

561.77/1921 : Telegram

The Acting Secretary of State to the Minister in China (Crane)

WASHINGTON, January 15, 1921—2 p.m.

25. Your 364, November 9, 4 p.m. Department deems it unwise for Legation or Consulate at Harbin to take any official action in Harbin Municipality matter at present. At the same time no obstacles should be placed in the way of any efforts of private individuals to acquire land provided such efforts in no way involve commitments of an official character.

DAVIS

PROTECTION OF THE PERSONS AND PROPERTY OF AMERICANS
AND OTHER FOREIGNERS

Rescue of A. L. Shelton from Bandits—Quelling by American Sailors of a Riot in the British Concession at Kiukiang—Murder of W. A. Reimert; American Insistence on Responsibility of the Local Military Commander—Rebuke to an American for Involving Himself in Negotiations between Chinese Factions

593.1111Sh4/- : Telegram

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

PEKING, January 8, 1920—noon.

[Received 9:50 p.m.]

6. A. L. Shelton, missionary doctor, Foreign Christian Missionary Society, kidnaped by brigands January 3rd, traveling Batang to Yunnanfu, two days journey from the latter place. Reported held for ransom. Wife and two daughters safe. Further details

lacking. Have requested cooperation of French consul, Yunnanfu, and have telegraphed to local governor. Will keep the Department fully informed.

TENNEY

893.1111Sh4/6 : Telegram

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

PEKING, *January 27, 1920—1 p.m.*

[Received January 27—9:51 a.m.]

25. I have wired to the military attaché at Saigon instructing him to proceed to Yunnan to negotiate with local authorities concerning release of Doctor Shelton.

TENNEY

893.00/3319a : Telegram

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

WASHINGTON, *March 26, 1920—2 p.m.*

69. Repeat to Consul General at Hankow. Press despatch from Tokyo reports "American marines who landed at Kiukiang at the request of British Consul killed two Chinese coolies according to reports here. They later withdrew at the request of local authorities." Despatch says landing was to quell fight between Chinese policemen and coolies and that feeling against Americans and Europeans is intense as a result of incident.

Investigate and report facts to Department promptly.

COLBY

893.00/3323 : Telegram

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

PEKING, *March 31, 1920—12 noon.*

[Received March 31—7:05 a.m.]

70. Your telegram 69, March 26, 2 p.m. News exaggerated, no casualties. Reporting by mail.

TENNEY

893.00/3353

The Consul General at Hankow (Heintzleman) to the Secretary of State

No. 30

HANKOW, *April 6, 1920.*

[Received May 14.]

SIR: On March 29, 1920, I received a telegram from the Legation at Peking quoting one from the Department wherein I was instructed

to report by mail regarding a Tokyo press despatch received in the United States to the effect that two Chinese coolies had been killed by American sailors in the landing party which had been put ashore on the British Concession, Kiukiang, during the disturbance there on March 14, 1920; the press report further stated that as a result of the incident there was intense local feeling against Americans and Europeans.

In compliance with the above instruction, I have the honor to refer to my despatches to the Legation, Nos. 43 and 45 of March 18, and March 20, 1920,⁴⁸ respectively, on the subject of the recent disorders at Kiukiang. As the Department will recall, these despatches recounted the circumstances under which a party was landed from the U.S.S. *Elcano* and *Samar*. It was also reported therein that two Chinese coolies had been slightly injured at the time by coming in contact with American sailors.

In connection with the Chinese injured by American sailors during the incident, I have received two despatches, dated March 19, 1920, and March 20, 1920, from the Civil Governor of Kiangsi Province on the subject; copies thereof in translation are enclosed.⁴⁹ The Department will note that in the first despatch the complaint is made that Chen Hung-mei, a coolie, and Liao Chia-ping, a merchant, were wounded by American soldiers. In the second despatch it is charged that a Chinese, Tao Chang-sen, was stabbed by one of our sailors. The Civil Governor requests that the commanders of the two naval vessels find out those guilty of the offenses named in order that they may be punished; also, that the commanders be asked to meet the expenses incurred for medical treatment, and in addition pay solatium to the Chinese injured.

I sent copies of the two communications of the Civil Governor to the British Consul at Kiukiang requesting him to verify the statements made therein and inform me as to the extent of the injuries sustained by Chinese at the hands of American sailors. I am informed by Mr. Kirke in a letter, dated April 1, 1920, that the three persons mentioned by the Civil Governor were wounded very slightly; that Chen Hung-mei and Tao Chang-sen have been in the French Hospital; that the former had left recently quite recovered; and that the latter some days since had pulled his dressings off and infected his wounds slightly which has retarded his recovery; he was still in the hospital but doing well. Mr. Kirke further stated that the man Liao Chia-pin was examined by a doctor who expressed the opinion that the wounds were possibly inflicted after the riot; he refused to be taken to the hospital and has since disappeared.

⁴⁸ Neither found in Department files.

⁴⁹ Not printed.

Also, it is Mr. Kirke's view that neither the American naval authorities nor the British authorities at Kiukiang were under any obligation to give these men medical treatment at all; they were wounded unintentionally in a civil commotion and probably because they were too sulky and obstinate to move quickly enough. He added, however, that the hospital fees were small and that the Municipality of the British Concession was paying such expenses as were incurred. Mr. Kirke thinks that in the circumstances the payment of solatium is out of the question; the men have already had far better treatment than they deserved. Mr. Kirke concluded that he and the other members of the community were extremely grateful to the American naval forces for the assistance which they rendered.

I have no hesitancy in accepting the statements of the British Consul, and from his statements as well as those contained in the despatches of the Civil Governor, even though the latter are exaggerated, it is clearly seen that the Japanese press reports that Chinese were killed are untrue. As to the statement in the press report that the incident has aroused intense Chinese feeling against Americans and Europeans in Kiukiang, I may add that this assertion as well is false. I am told by American naval officers, who have been in the port recently, as well as American, British, and other foreign civilians residing there that there are no signs of anti-American or anti-foreign feeling on the part of either the officials or the populace.

I have replied to the despatches of the Civil Governor of Kiangsi in the light of the information furnished by the British Consul at Kiukiang, as reported above. I am hopeful of being able to obtain a settlement of this matter locally.

I have [etc.]

P. S. HEINTZLEMAN

393.1111Sh4/42

*The Military Attaché at Peking (Drysdale) to the Chargé in China (Tenney)*⁵⁰

PEKING, April 8, 1920.

SIR: With reference to the instructions received from the Legation regarding the Shelton affair, I have the honor to report as follows:

Upon my arrival at Hongkong from Bangkok on February 9th, I received your telegram directing me to proceed immediately to Yunnanfu to negotiate with local authorities concerning the rescue of Dr. Shelton. I was unable to get steamer accommodation from Hongkong to Haifeng until the 18th of February; however, I immediately sent a telegram to Yunnanfu to Mr. Thornton, the Manager of the Standard Oil Company there to wire me the latest

⁵⁰ Transmitted by the Chargé as an enclosure to his despatch no. 3233, May 10; received June 17.

developments regarding the Shelton affair and if he still considered my presence in Yunnanfu necessary. I received a reply from Mr. Thornton which reply was transmitted to the Legation that the local authorities had been out of touch with the pirates, that Shelton's whereabouts were not known and that the Chinese Government had sent an expedition of 4000 soldiers against the Bandits, that the situation was grave, and requesting me to come immediately to Yunnanfu. I then proceeded to Canton to consult with Mr. Bergholz the American Consul there. Mr. Bergholz had sent the following telegram to the Military Governor at Yunnanfu on January 24, 1920:

"I am much concerned over Shelton and must earnestly urge you to make such terms with the robbers as will result in his release, otherwise the responsibility for his death, should he lose his life, would rest wholly upon you".

The American Consul General had received a reply from the Military Governor at Yunnan, dated January 29th as follows:

"Your telegram of the 24th noted. Referring to the case of Dr. Shelton, responsible officials have been sent to use every effort in company with the Magistrates of the Lu Fang and Lo Ts'i districts to effect relief. Have met Dr. Shelton many times. His moving, resting, drinking and eating are all well. Clothing and mail matters sent to him by his family have been delivered by special men. Owing to too many unreasonable demands being made by the outlaws, the matter is somewhat difficult to be dealt with. Every means has been used to persuade them with the result that they have now been subjugated and (the captive) may be out of danger within a few days. I therefore first send you this telegraphic reply. 29th. (Signed) Tang Chi Yao. Sealed."

From Canton I proceeded to Yunnanfu via Haifeng and arrived at Yunnanfu on the 23rd of February at 5:00 P.M. I consulted immediately with Mr. Naggiar the French Consul and received a copy of his report which is appended hereto.⁵¹ I consulted with the British Consul General, with Mrs. Shelton, with Father Bailly, the French Missionary and with various members of the American community. In consulting with the French Consul as well as the British Consul General, I found that both of these gentlemen were convinced that the best method of procedure in the Shelton case was to recommend that the Government send an expeditionary force to attack the bandits. Their contention was that by treating with the bandits, brigandage would be encouraged and that the future peace and order of the Province depended upon dealing severely with the bandits that had captured Dr. Shelton. Kindly refer to Mr. Ottewill's report to the British Minister, Sir John Jordan, in which Mr. Ottewill reports as follows:

⁵¹ Not found in Department files.

“The strongest action taken against the bandit is the only means which can result in securing the safety of foreigners and bring about peace in the Province”.

As will be seen from the reports of the Commissioner of Foreign Affairs, the British Consul General and the French Consul, the demand of the bandits if complied with would have resulted in strengthening this band of outlaws and giving them control of what is known as the Western District in the Province.

After a careful study of this situation during which time I received reports from officials and other Chinese sources, I was convinced that the capture of Dr. Shelton by the Bandit[s] was merely an incident in the far reaching political intrigue to remove Tang Chi Yao as Military Governor of the Province and put in his place Li Ken Yuan, the former Commander of the Yunnan Army in the Province of Kwangtung. There was to have been an attempt on the Governor's life on Chinese New Years day. This attempt had been frustrated by the arrest of five conspirators of Yunnanfu; three of these conspirators were high ranking officers of the Army.

I took into consideration that the Chinese troops had been operating against the Bandits in attempting to secure the release of Dr. Shelton for months without results and I argued that in the mountain wildernesses of Yunnan, Chinese troops could operate indefinitely against the Bandits without securing the release of Dr. Shelton or without being able to capture Yang Tien Fu. I believed that troop movement could continue indefinitely without getting definite results and that Dr. Shelton would have remained in the hands of the Bandits indefinitely.

I argued moreover, that we could secure the release of Dr. Shelton and assist the Government at the same time by undertaking negotiations with the Bandit in an effort to induce the Bandits to quit the Province of Yunnan, and that by such a procedure we would assist the Governor in restoring order in his Province and that subsequently if the Bandits were permitted to go to the Province of Szechwan they would be easier controlled in Szechwan Province than on the Yunnan-Tali-fu caravan route where the Bandits were operating. It was certain that the Governor considered the situation as very serious and was willing to concede to any reasonable demand to get Yang Tien Fu out of the Province.

Upon my arrival at Yunnanfu however, I encountered an undercurrent of opposition from the Commissioner of Foreign Affairs and from the Military Commander; both of these gentlemen seemed unwilling to give me any proper information regarding the movements of the troops or the negotiations with the Bandits, and although I went directly to the Tuchun for information, I felt that in order to

accomplish anything quickly, it was necessary for me, through my representative to open negotiations direct with the Bandits. Consequently after consulting with the Military Governor, I sent him the following letter:

From: Lieutenant Colonel W. S. Drysdale,
Military Attaché and Special Representative of the American
Legation, Peking, China.

To: His Excellency Tang Chi Yao,
Tuchun of the Province of Yunnan.

Excellency: As Special Representative of my Legation, I have the honor to make the following proposals to you with regard to the Shelton affair.

That your Excellency issue orders prohibiting all movement of troops against the bandit Yang Tien Fu or his followers, either in pursuit of or intended to prevent their escape. And that orders also be issued to those troops now in the field that they remain in their present positions and that these orders prohibit any further effort to capture or molest Yang Tien Fu or his followers. The orders to be issued prior to the departure from Yunnanfu of my representative.

That your Excellency permit negotiations to be opened by me, or my representative, direct with the bandit Yang Tien Fu. And that in the course of such negotiations I be specifically authorized to offer him the following conditions, or such portions of them as may be necessary, in order to secure the release of Doctor Shelton.

1. That Doctor Shelton be released immediately and delivered over to me, or my representative, uninjured and in possession of his property entire.

2. In case Doctor Shelton is delivered uninjured and in possession of his property, to me or my representative, your Excellency will guarantee the following:

(a) Complete pardon to Yang Tien Fu and his followers for all offences against the Government of Yunnan, committed prior to the date of the acceptance of these demands.

(b) That your Excellency will give and guarantee safe conduct for Yang Tien Fu, and such of his followers as care to accompany him into the Province of Szechwan. That Yang Tien Fu and his followers may proceed with such arms and ammunition as they now possess. The route of travel to Szechwan and their subsequent location therein to be determined by your Excellency. The number of men accompanying Yang Tien Fu to be determined by my representative on the basis of the number of rifles and the amount of equipment actually in the possession of Yang Tien Fu and his followers.

(c) That Yang Tien Fu and such of his followers as care to remain in the Province of Yunnan and return to peaceful and proper occupations, will be permitted to do so unmolested, unhindered and free from prosecution or punishment for all previous offences.

(d) That your Excellency will cause to be turned over to Yang Tien Fu and his followers such monies as we may mutually decide to be sufficient to permit them to resume peaceful and proper occupations.

(e) That in case Yang Tien Fu elects to proceed to Szechwan Province, your Excellency will cause him to be gazetted a Battalion Commander and permit him to organize his followers there, under his own personal command.

3. In case Yang Tien Fu or his followers attempt to escape or show bad faith during the negotiations, troop movement may be resumed upon notifying me of such intention.

4. The Yunnan Government agrees to purchase, at rates published in orders, such rifles as may be turned in to my representative.

5. That in case Yang Tien Fu or his followers refuse the terms outlined above within a reasonable time; such time to be decided by me; the negotiations will automatically cease and troop movement may be resumed.

In conclusion, I respectfully request that the above proposals be given immediate consideration. And, in the event that they meet with your approval, your Excellency turn over to me properly executed documents covering the safeguards and guarantees as outlined above. This in order to hasten the departure of my representative so that negotiations may be resumed with the least possible delay.

I take [etc.]

W. S. Drysdale,
Lieutenant Colonel U. S. Army.

Yunnanfu, Feb. 27, 1920.

To this letter the Governor replied in writing expressing his approval of the conditions as set forth. Translation of his letter as follows:

Yunnanfu 27, February 1920.

To: Colonel W. S. Drysdale,
Special Representative for American Legation, Peking
Yunnanfu.

Dear Sir: I, the undersigned, have duly received and noted your letter of even date.

The same terms as you propose now were brought up previously for discussion with Yang Tien Fu by our deputies in hopes of facilitating the early release of Dr. Shelton, but Yang Tien Fu was so deceitful, that he did not keep his promises. You can easily have an idea of what we have been doing with regard to this case from the statement drawn up by the Bureau of Foreign Affairs, so there is no need for me to repeat the same thing here.

Although this Provincial Government has now altered its plan of employing peaceful means into that of adopting force, the safety of Dr. Shelton is still considered as the main object to be attained.

I, the undersigned hereby agree to all the terms you propose. They are similar to those which we discussed in person yesterday and they all have for their object the release of Dr. Shelton. I, the undersigned, have issued orders instructing all the civil and military officers concerned to take note of the same and act accordingly.

But I, the undersigned, must draw your attention to the following conditions, namely, that after the surrender of Yang Tien Fu and

his followers, the location to be appointed for them to remain, the number of Yang Tien Fu's followers who will surrender and the route that they shall take when leaving Yunnan province should be left to the decision of the Provincial Government. Furthermore, in order to avoid misunderstandings, a military officer from the Headquarters of the Third Garrison shall be appointed to accompany your representative to the Wuting district to assist in discussion of the terms of surrender.

In short, I, the undersigned, pledge myself to pardon Yang Tien Fu's past misdeeds and the misdeeds of his followers, provided Yang Tien Fu hands back Dr. Shelton to your representative at an early date, thus proving the sincerity of his offers of surrender.

(Signed by) Tang Kye Yao,
Military Governor
Yunnan Province.

Upon receiving the Governor's sanction to my opening direct negotiations with Yang Tien Fu, I immediately selected Mr. J. P. Thornton, Manager of the local Standard Oil Company in Yunnanfu as my personal representative with full powers to act for me and to proceed to Wuting with an expedition consisting of representatives of the Government as well as Chinese writers, Chinese runners and servants. Mr. Thornton was accompanied by Dr. Osgood, who represented the same Missionary Society in China as Dr. Shelton, and Mr. Frederick A. Smith the correspondent for the *Chicago Tribune*. The entire expedition was sent out guarded by special troops from the Governor's personal body guard, and my orders to Mr. Thornton and the other foreigners were in no case to leave the immediate vicinity of the Military Guard furnished them by the Chinese.

Wuting was three days by caravan from Yunnanfu and that many days closer to the districts in which the bandits were operating. I was connected with Mr. Thornton with a private telephone line and I remained at Yunnanfu in order to make sure that the Military Commander and the Commissioner of Foreign Affairs complied in every respect with the agreement entered into with me by the Tuchun. The opposition of these two men, had I been absent from Yunnanfu might have prevented me from continuing negotiations. This decided me to remain in Yunnanfu where I could immediately appeal to the Governor in case subordinates failed to comply in every respect with his instructions. Upon arriving at Wuting, Mr. Thornton immediately sent out two parties of runners carrying letters for Yang Tien Fu and for Dr. Shelton. These letters stated that the American Representative had arrived and had secured permission from the Military Governor to open negotiations with Yang Tien Fu in attempt to settle the Shelton affair peacefully, and requesting him to send his representative to consult with our representative at Wuting. At the same time that our runners were sent out, the

Chinese Magistrate at Wuting also sent out between twenty and twenty-five runners into the districts in which the bandits were operating to again get in touch with the bandits and discover the exact whereabouts of Dr. Shelton.

Before our letters were delivered to Yang Tien Fu or to Dr. Shelton, one of the spies sent out by the Wuting Magistrate found Dr. Shelton in a small village about 50 *li* west of Yuen Mow. Dr. Shelton had become ill and unable to travel and had been left hidden in a barn in this small village by the bandits and guarded by one Chinese and three aborigines. Dr. Shelton had been in this barn for five days recuperating and had gotten well enough to travel. His Chinese guard had left him to notify Yang Tien Fu, so that the bandit could send for him and take him away. This left his guard to the three ignorant aborigines, and the villagers who were evidently in sympathy with the bandits. When the runner from the Wuting Magistrate arrived, the villagers recognized him as a Government official and immediately gave the alarm that the Chinese troops were coming. The three aborigines as well as the villagers fled at this alarm and Dr. Shelton went out and found this runner from the Wuting Magistrate and was escorted by him to the nearest Chinese Garrison at Yuen Mow. In this manner it will be seen that Dr. Shelton was secured without conceding anything whatsoever to the Bandits who immediately were pursued by all available troops. It is interesting to note that the followers of the Bandits number at least 600 men, and when pursued by troops these followers scattered into small bands, and again assembled when convenient in such place as seemed to them suitable.

Throughout the entire proceeding the Military Governor showed an unusual interest in the Shelton affair and assisted me in every way possible in these negotiations. Such orders or instructions as I requested he issue to his Military Commander or his Civilian officials he issued promptly and showed every indication of active cooperation.

I wish to especially mention to the Legation, the services rendered by Mr. Naggiar the French Consul at Yunnanfu, by Mr. Claude Bailly, French Missionary, by Mr. J. P. Thornton, American Agent of the Standard Oil Company at Yunnanfu and of Mr. R. Ch. Forest Lynn, Chinese Representative of Yunnan Governor, for assistance rendered the American Legation in securing the release of Dr. Shelton, and I venture to suggest that a letter of thanks from the Legation be sent to these gentlemen.

Enclosed please find report of the British Consul General, Mr. Ottewill, to the British Minister, Peking; translation of French Consul's statement to Colonel W. S. Drysdale regarding the Shelton affair; report of Mrs. Shelton at Yunnanfu; translation of a report

of the Commissioner of Foreign Affairs of the Yunnan Government; four documents in French from the Commissioner of Foreign Affairs of the Yunnan Government, and a copy of a personal diary kept by Dr. Shelton while he was in the hands of the Bandits from the time of his capture until the 23rd of February.⁵¹

I have [etc.]

W. S. DRYSDALE

893.00/3359

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

No. 3208

PEKING, April 12, 1920.

[Received May 25.]

SIR: With reference to a riot created by cargo-coolies in the British concession at Kiukiang on the 14th of March last, which was the subject of the Department's cable No. 69 of March 26th and my reply thereto No. 70 dated March 31st last in which I stated that there had been no casualties and that the reports of the so-called riot had been greatly exaggerated, I have the honor now to enclose copy of a letter from the British Chargé d'Affaires which accurately describes the events on that occasion. In a letter to the Acting Minister for Foreign Affairs the Legation summarized a detailed account sent from the office of the American Consul General at Hankow to the effect that after the incident between the coolies and the policeman, the coolies struck work and invaded the concession. The mob took the British superintendent of police away from the concession and subjected him to many indignities. When affairs were in this dangerous situation, since there was no British gun-boat in port the British Consul requested the two American ships in port to land an armed party to assist in restoring order and protecting foreign life and property.

The American sailors were in the concession at Kiukiang only a few hours and they left when the Chinese authorities sent soldiers to protect the residents and property there. It was unnecessary to use force in restoring order, but two Chinese coolies were slightly injured.

I have [etc.]

CHARLES D. TENNEY

[Enclosure]

The British Chargé in China (Lampson) to the American Chargé in China (Tenney)

PEKING, March 29, 1920.

MY DEAR COLLEAGUE: On the 14th of March a riot was created by cargo coolies in the British Concession at Kiukiang. The trouble

⁵¹ None of these documents found in Department files.

appears to have been started by a constable pushing a coolie, carrying a bag of rice, who refused to leave the footpath as directed by the constable in accordance with the Concession Regulations. According to the reports I have received the man fell down, was not injured, but malingered. The mob of cargo coolies became excited, set upon the constable in question and knocked him about together with three of his fellow constables; they further dragged the British Inspector of Police off to a yamen in the city, kicking and maltreating him on the way.

The situation was somewhat alarming and might well have developed more seriously had it not been for the courtesy of the Commander of the United States gunboat *Elcano* who landed men in response to the request of His Majesty's Consul and cleared the mob out of the Concession. In the opinion of His Majesty's Consul the mob were handled with tact and consideration, no injury being caused to any but two coolies were pricked with the bayonet on account of their slowness in moving.

I desire to express my thanks and those of the British community at Kiukiang for the assistance kindly rendered by the Commander of the *Elcano* and trust that you will cause an intimation of my appreciation to be conveyed to him.

I am [etc.]

MILES W. LAMPSON

893.00/3410

The Consul General at Hankow (Heintzleman) to the Secretary of State

No. 57

HANKOW, June 12, 1920.

[Received July 21.]

SIR: With reference to my despatch No. 30 of April 6, 1920,⁵² regarding the disturbances in the British Concession at Kiukiang on March 14, 1920, when several Chinese coolies were injured by American sailors in the landing party which had been put ashore at the time, I have the honor to enclose copy of a despatch, in translation, dated June 5, 1920, received by me from the Civil Governor of Kiangsi on the subject.

From the enclosure the Department will note that the matter has been amicably adjusted. I am also glad to be able to report that the incident, so far as the United States Navy had any connection therewith, has left no ill-feeling on the part of either the native officials or populace against the United States men-of-war on the Yangtze or American residents in this region.

I have [etc.]

P. S. HEINTZLEMAN

⁵² *Ante*, p. 794.

[Enclosure—Translation]

*The Civil Governor of Kiangsi (Chi Yang) to the American Consul
General at Hankow (Heintzleman)*

NANCHANG, June 5, 1920.

SIR: I have the honor to acknowledge the receipt of your despatch of April 6, 1920 (in Chinese and foreign texts), regarding the recent disturbances at Kiukiang, wherein you state, with particular reference to the Chinese injured by American sailors, that you have carefully investigated the matter; that, as a result of your investigations and inquiries it has been found that the three Chinese who have been wounded have recovered; that it is reported that the British Municipal Council at Kiukiang is paying such expenses as were incurred in rendering medical treatment to the Chinese wounded; and that, as the American sailors in question went ashore on the British Concession merely to restore order and at the request of the British Consul, no responsibility therefor attaches to the American authorities. You add that you have requested the Commander of the Yangtze Patrol to caution the officers under his command to be very careful in future in their actions during periods of civil commotions of any sort, etc.

In this connection, I have to inform you that I am in receipt of a report from the local authorities at Kiukiang to the effect that Chen Hung-mei and Liao Chia-ping have recovered from their wounds, but that the wounds received by Tao Chang-sen were pretty heavy and, though he has been in the hospital for two months, he has not yet fully recovered. The medical expenses connected with this case have been fully paid by the British Municipal Council and the entire case has been amicably settled by the British Consul and the local authorities. Therefore, naturally it should not be taken up further.

Regarding the acts of American naval vessels, your courtesy in requesting the Commander of the Yangtze Patrol to caution the officers under his command that they should be very careful in their actions during periods of local disturbances of any sort shows your good-will and I trust that the commanding officers of the various gunboats will heed your request in restricting their actions, and that hereafter there will be no repetition of such actions as were witnessed during the recent disorders.

With compliments,

SIGNATURE AND SEAL OF CHI YANG .

393.116/204 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, June 16, 1920—10 p.m.

[Received June 16—6:40 a.m.]

135. One American missionary murdered by Chang Ching-yao's troops at Yochow. Mission premises looted. Am making strong representations to Peking Government.

CRANE

393.116/205 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, June 19, 1920—3 p.m.

[Received June 19—9:45 a.m.]

140. Your June 17, 5 p.m.⁵³ Name of murdered missionary William A. Reimert of the Reform Church.

CRANE

393.116/207 : Telegram

The Minister in China (Crane) to the Secretary of State

PEKING, June 30, 1920—11 p.m.

[Received June 30—3:24 p.m.]

154. Referring to my telegram of June 16, 10 p.m. By Presidential mandates of June 13th and 29th Chang Ching-yao has been deprived of offices of military and civil governor of Hunan and all military command in consequence of the loss of province to Southern forces. The Chinese Foreign Office expresses profound regret and is investigating circumstances of the murder. Vice Consul Huston has made full report from Yochow which has been in Southern hands since the 26th. Am negotiating compensatory and disciplinary settlement.

CRANE

893.00/3644

The Vice Consul in Charge at Canton (Adams) to the Secretary of State

No. 165

CANTON, November 3, 1920.

[Received December 7.]

SIR: I have the honor to supplement despatch No. 153 dated October 21, 1920, from this Consulate General regarding the protection of American missionary interests in this consular district.⁵⁴

⁵³ "Telegraph name of murdered missionary." (File no. 393.116/204.)

⁵⁴ Not printed.

On October 28, 1920, the American residents of Tungshan, a suburb of Canton, were warned of prospective trouble there and advised to move their women and children to safer quarters. On November 1st fighting occurred there between Cantonese troops and about 2,000 Yunnan troops whom the former were seeking to disarm. Many bullets struck houses of American missionaries and several shells fell close by American homes, but fortunately no considerable damage was done and no American was injured.

On Sunday evening of October 31, 1920, the following message was received by the American Baptist Mission at Canton from their Mission at Yingtak on the North River:

"There is much cause for anxiety. Magistrate anti-foreign. Attacked by soldiers, officials did not act, situation has not improved, hostile proceedings threatened, immediate help is needed, U.S. gunboat.

(sd) Rev. A. R. Gallimore
Miss A. M. Sandlin
Miss Grace Elliott
Miss Ruth Pettigrew[""]

At this season of the year there is not more than a foot of water at certain points in the river below Yingtak and it was, therefore, impossible to send up a gunboat. Upon receiving the information contained in the message quoted above, I immediately communicated by telephone with the Military Governor's office and requested that the Chinese authorities here endeavor to telegraph the magistrate at Yingtak, although that place is still under Kwangsi control, warning him that he would be held personally responsible for any harm to American missionaries or their property. I also endeavored to telegraph to both the magistrate at Yingtak and the Military Governor of Kwangsi regarding the matter but was not able to get a message through. Finally after some difficulty arrangements were made with the Asiatic Petroleum Company to send one of its motor boats in charge of an experienced man up to Yingtak to bring the missionaries down. I am holding a draft drawn by the American Baptist Mission for \$10,000.00 U.S. currency as a guarantee of payment for any possible damage that the boat may incur during the trip which is somewhat hazardous at this time on account of the low water. There are eight American missionaries at Yingtak.

The whole North River district is in a greatly disturbed state and it is probable that fighting between retreating Kwangsi soldiers and the Kwangtung forces will continue there for some time, as well as along the West River beyond Samshui. I am apprehensive for the safety of Mr. Paul R. Montgomery and Miss Elda Patterson at Linchow and Miss Todhunter at Shiuchow.

Three American Seventh Day Adventist Mission chapels near Waichow were, on November 1st, reported looted by Kwangsi soldiers. Two Chinese Christian watchmen were killed there during the looting. More details are needed in connection with this affair.

On November 1, 1920, I received a letter from Dr. W. H. Dobson of the American Presbyterian Mission at Yeungkong from which it appears he has allowed himself to become involved in local disturbances in a manner calculated to arouse antagonism toward American missionary work. I am enclosing a copy of his letter and of my reply thereto.

A copy of this despatch is being sent to the American Legation in Peking for its information.

I have [etc.]

WALTER A. ADAMS

[Enclosure 1—Extract]

Dr. W. H. Dobson to the Consul General at Canton (Bergholz)

YEUNGKONG, *October 26, 1920.*

SIR: I have the honor to report concerning the recent disturbances at Yeungkong, Kwangtung, as follows:

Arriving at this place on October 1st I found Kwangsi troops in possession of the city and opposing forces gathering at various places in the country around. The gentry invited me to come at once to a conference and I was delegated to confer with the Kwangsi military looking to a stay of hostilities for three days which was granted on condition that the other side made the same concession. I accompanied the delegates to the other side some distance away and we got small satisfaction except that the Kwangsi forces must clear out. Upon the strength of our reply the Kwangsi forces immediately became independent of Kwangsi with a man Chan as the commander. The other side was commanded by Mr Ong. Mr. Ong continued to press toward the city and captured a representative of Li Yiu Hon, the general appointed to control this section of the province under Chan Kwing Ming. (Chen Chiung Ming)

While visiting some wounded of Mr. Ong he asked me to take any words or letters from his captive to the city commander, Mr. Chan, and to protect a representative that Mr. Ong was sending to consult on terms. This led to fresh peace negotiations with myself as the protector of the representatives of either side in the camp of the other. I lost many hours of sleep and travelled many miles of road in doing this service. These negotiations came to nothing except that they delayed hostilities until the long looked for arrival of General Li Yiu Hon at Yeungkong. New negotiations

were opened (after three or four days of fighting just before Mr. Li arrived). I knew nothing of these new negotiations until Mr. Li Yiu Hon asked me to come and witness the peace treaty conclusion. After having had the articles read and explained I signed the paper as "seeing the transaction" being careful not to "witness" or guarantee anything. Everything seemed to be in good faith.

The next day Mr. Ong came into the city and I accompanied him, at the request of his father, to see the General and Mr. Chan, the city commander, that night six or seven principal parties including myself assembled at a feast with the General. The next morning firing was heard in the city and Mr. Ong was surrounded and imprisoned. The General said Mr. Ong had violated the articles of peace, but most of the people said it was a pre-arranged [trick,] going so far as to say that I had cognizance of it. This, of course, was entirely false.

This action is more or less a reflection on my integrity as an American conducting peace negotiations at the request of both parties concerned. Should Mr. Ong be killed my situation would be rendered more difficult and American integrity be smirched.

Yours respectfully,

W. H. DOBSON, M.D.
*Treasurer, Yeungkong Station,
 American Presbyterian Mission*

[Enclosure 2]

The Vice Consul in Charge at Canton (Adams) to Dr. W. H. Dobson

CANTON, November 2, 1920.

SIR: I am very much surprised to read the contents of your letter of October 26, 1920, stating that you had undertaken to act as protector of the representatives of opposing factions in Yeungkong with the result that Chinese accuse you of being a party to a pre-arranged trick planned to capture a commander of one of the fighting forces.

It is unfortunate that you should have seen fit to disregard the repeatedly expressed views of the Government of the United States as to the desirability of American citizens residing abroad carefully refraining from any act or expression which might be interpreted as an interference, either in the internal affairs of the country in which they have elected to reside or in political questions of an international character. In March of this year a circular was sent from this Office to all American citizens and Missions in this Consular

District enclosing a copy of a circular issued by the American Minister and Consul General at Seoul, Korea, under date of May 11, 1897, setting forth the attitude of our Government.⁵⁵ This enclosure stated that all Americans should strictly refrain from expressing any opinion or from giving advice concerning the internal management of the country where they reside or from any intermeddling in its political questions and stating that if they did so, it was at their own risk and peril. I am informed that you addressed a communication to General Chen Chiung Ming's representative at Swatow requesting that the captured official referred to in your letter be released. In this connection I have to invite your attention to the following, quoted from the treaty between the United States and China on June 18, 1858:

"If the citizens of the United States have special occasion to address any communication to the Chinese local officers of Government, they shall submit the same to their Consul or other officer, to determine if the language be proper and respectful, and the matter just and right, in which event he shall transmit the same to the appropriate authorities for their consideration and action in the premises."

Very respectfully yours,

WALTER A. ADAMS

393.1123R27/13

The Minister in China (Crane) to the Secretary of State

No. 420

PEKING, November 4, 1920.

[Received December 8.]

SIR: I have the honor to refer to the Department's telegraphic instruction of October 11th, 5 P.M., No. 275,⁵⁶ and to the Legation's reply of October 30th, 11 P.M., No. 353,⁵⁶ regarding the murder of the missionary, William A. Reimert.

There are enclosed copies of pertinent correspondence.⁵⁶

This case has formed the subject of unremitting representations on the part of the Legation, both oral and written. As the Department will note the Legation has never wavered from its original position that General Chang Ching-yao, then Military Governor of Hunan, on account of his failure to provide the guard asked for in ample time by the missionaries at Yochow thereby became personally responsible for Mr. Reimert's death. The Legation was therefore reassured when on June 29th, 1920, a Presidential Mandate was issued summarily stripping Chang Ching-yao of all his offices and rank and directing him to come to Peking for investigation, since

⁵⁵ For circular of May 11, 1897, see *Foreign Relations*, 1919, vol. II, p. 459.

⁵⁶ Not printed.

the Legation would thus be in a position to personally insist upon due attention to this particular crime. It should be noted that this action in the case of the Military Governor was, from the Chinese standpoint, of unusual severity and for the moment the Legation felt assured that it would be able to secure justice in the matter of the murder. Unfortunately, however, the chaotic conditions which have obtained throughout China during the last year and have left the Peking Government in so weak a state, have enabled the authorities at Hankow to disregard the solemn and emphatic orders of the Government. Thus in spite of the Legation's reiterated and urgent representations and notwithstanding the expressed desire of the Peking Government further to investigate the misdeeds of Chang Ching-yao at Peking the latter has been able in some way to remain unmolested in a foreign concession in Hankow and on October 2nd, with the assistance of a Japanese firm, to leave that port and to take refuge in Japan. The fact of his escape was notified to the Legation by President Hsu Shih-chang through a personal secretary with an expression of his regret.

The Chinese Government has, however, so far recognized the justice of the Legation's representations that it compelled Chang Ching-yao himself to pay to the Mission and to the family of Reimert a solatium of \$45,000. silver, of which \$44,371.71 went to Mrs. Reimert and \$628.29 to the Mission. Copies of receipts for these sums are enclosed herewith.⁵⁷

The Legation is naturally still deeply dissatisfied with the fact that Chang's responsibility for the death of this American citizen was not formally and specifically investigated by the Government and as the Foreign Office has been unable, although expressing its desire to secure such a trial, to cause it to be held I considered it advisable to take the matter up in an informal way with the Premier himself. Accordingly I yesterday instructed the Acting Chinese Secretary, who is on terms of personal acquaintance with General Chin Yun-p'eng to call upon him and lay before him the views of the Legation in regard to Chang's personal responsibility. The views of the Premier are set forth in a memorandum of the interview, enclosed herewith,⁵⁷ and coincide with those expressed a day or so ago by the Minister for Foreign Affairs. These views are, briefly, that Chang's responsibility in the matter is limited to a charge of negligence. This negligence was merely a detail in a whole body of misdeeds while in office for which the Government has punished him in the severe manner already described. On this account the Chinese Government finds it illogical and unnecessary further to investigate him for one particular act of remissness in duty, although

⁵⁷ Not printed.

it compelled Chang personally to pay the solatium, which constituted on his part an admission of personal responsibility for the murder and so far as possible an atonement therefor. Indeed, it is evident that the Government is not deeply incensed at Chang Ching-yao's escape and the Premier failed to concede Mr. Peck's⁵⁶ contention that a serious affront had been given the national dignity both of China and of the United States.

Under these circumstances and in the face of the extreme weakness of Peking the Legation finds itself confronted with a difficult problem, i.e. that of exacting from the Chinese Government such further measures as will constitute a recognition of the grave wrong perpetrated by one of its officials against a friendly nation and shall serve as a deterrent in the future. It will be noted that the Premier considered that the action taken by the Chinese Government in this matter has satisfied every claim of friendship and justice, while all that is lacking is a presentation of the facts in their true light in a formal communication from the Chinese Foreign Office to the Legation, which communication he has instructed shall be sent.

Further events in these negotiations will be reported promptly to the Department as they transpire. The Legation has been so confident at every juncture of an immediate satisfactory conclusion to this case that it has postponed until the present time submitting a complete copy of all the correspondence relating thereto, but the *impasse* resulting from Chang's escape to Japan renders this full report urgently necessary.

I have [etc.]

CHARLES R. CRANE

893.1123R27/10

The Secretary of State to the Minister in China (Crane)

No. 65

WASHINGTON, November 10, 1920.

SIR: The Department has received your telegram No. 353 of October 30, 11 p.m.,⁵⁷ and regrets to note that the Military Governor of Hupeh has permitted General Chang Ching Yao to leave Chinese territory despite orders of the Chinese Government for his arrest and trial on a charge of negligence resulting in the death of an American citizen at Yochow in the Province of Hunan.

The Department is impressed by this evidence of a seeming want of desire on the part of the Military Governor of Hupeh to make an example of General Chang Ching Yao who was guilty of gross negligence through his failure, while in command of the military forces occupying Yochow, to furnish proper guards for Americans resident at that place. This is not the first case of negligence on the part of

⁵⁶ Willys R. Peck, vice consul, detailed to Peking.

⁵⁷ Not printed.

General Chang Ching Yao which has been brought to the attention of the Department of State. The Legation will recall that in connection with General Chang's operations in Hunan in 1918, foreign lives and property were much endangered at Pingkiang and at Liling⁵⁸ because of his lack of control over his men and the Department therefore believes that the Chinese Government should have taken advantage of this opportunity to impress upon the Military officers in its service the necessity for conducting operations entrusted to them with due regard to the safety of non-combatants. The Department cannot escape a feeling of apprehension that this negligence on the part of the Chinese Government to deal strictly with so conspicuous an example as Chang Ching Yao will only serve to encourage other military leaders as irresponsible as himself in treating lightly their obligations to give all due and proper protection to the foreign lives and property in their charge.

The Department desires that you bring these views to the attention of the Ministry for Foreign Affairs and that you urge upon the Chinese Government the necessity for holding General Chang and others guilty of similar offences to a strict accounting.

I am [etc.]

BAINBRIDGE COLBY

393.1123R27/14 : Telegram

The Minister in China (Crane) to the Acting Secretary of State

[Paraphrase]

PEKING, December 13, 1920—5 p.m.

[Received December 13—11:58 a.m.]

431. Am ordering Spiker⁵⁹ to Shanghai to ascertain whether it is possible to secure arrest of Chang Ching Yao reported to be there and have him tried by Mixed Court on the charge of refusing protection in Reimert case. Definite knowledge of his whereabouts will at least make it possible for the Minister to demand that he be apprehended and tried by the Government of China. As Chinese officials are indifferent, some step of this kind is positively necessary to prestige of the United States. Instructions are desired.

CRANE

393.1123R27/14 : Telegram

The Acting Secretary of State to the Consul in Charge at Shanghai (Perkins)

WASHINGTON, December 16, 1920—7 p.m.

If Spiker has reached Shanghai in matter of Chang Ching-yao, instruct him to return to Peking and leave investigation entirely in

⁵⁸ See *Foreign Relations*, 1918, pp. 99 ff.

⁵⁹ Clarence J. Spiker, vice consul, detailed to Peking.

hands of Consulate. If Chang is in Shanghai report fact to Legation with request that Legation ask Chinese Government to institute proceedings for his arrest and trial.

DAVIS

**THE SHANTUNG QUESTION: CONTINUED EFFORTS BY JAPAN
TOWARD SEPARATE NEGOTIATIONS WITH CHINA**

793.94/1056 : Telegram

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

PEKING, January 22, 1920—4 p.m.

[Received January 24—4:33 a.m.]

21. The Japanese Minister presented notification dated January 19th to the Chinese Ministry of Foreign Affairs stating the desire of the Japanese Government to begin direct negotiations through commissioners appointed by the two Governments for the settlement of all questions relating to Shantung. Special mention is made of the organization at an early date of the railway police force, presumably as defined in the exchange of notes following Sino-Japanese loan agreement of September 29th [28th], 1918.⁵⁸ The Japanese Minister's memorandum was confidential but I have been furnished a copy. The Chinese are in a panic realizing that direct negotiations will lead to the strengthening of Japan's hold on Shantung. They would like to refer the matter to the League of Nations but hesitate to do so unless the United States Government is to be represented in the League of Nations. As soon as the ratification of the treaty by the Senate is accomplished I advise that the United States Government insist upon the reference of the Shantung question to the League of Nations.

TENNEY

793.94/1062 : Telegram

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

TOKYO, January 26, 1920—noon.

[Received January 26—8:30 a.m.]⁵⁹

26. The Japanese Foreign Office issued the following statement to the press last night:

With the coming into effect of the treaty of peace the rights and interests of Germany in Shantung have definitely passed into the

⁵⁸ The exchange of notes did not follow the loan agreement; the notes preceded the agreement. For texts of notes, dated Sept. 24, 1918, see *Foreign Relations*, 1919, vol. 1, pp. 571-572.

⁵⁹ Text printed from corrected copy received Jan. 30, 3:32 a.m.

hands of Japan. With a view to fulfilling its often repeated declaration and promises and carrying out the retrocession of Kiaochow Bay and other reconstruction measures, the Imperial Government has instructed the Imperial Japanese Minister at Peking to make representations to the Chinese Government in the following sense:

Inasmuch as the Peace Treaty has finally come into effect the Imperial Government in its often repeated declarations is desirous of entering into negotiations with the Chinese Government in regard to the retrocession of Kiaochow Bay and other questions of reconstruction measures and to prepare for a speedy settlement of these questions. It therefore hopes that the Chinese Government also will make the necessary preparations.

With reference to our troops along the line of the Shantung Railway it is desired, decision has previously been declared, to withdraw the troops as quickly as possible as soon as an agreement in regard to the retrocession of Kiaochow Bay and other matters is concluded between Japan and China or even before. If there is no one to take charge of the protection of the railway after the withdrawal of our forces there will be no way of assuring the safety of transportation. This will be disadvantageous not only to Japan but also to China who as a copartner in this enterprise will share alike in its interests. Therefore, although our troops will for the present have to be retained for its protection until China completes the organization of a police force and takes charge of the protection of the railway, if China speedily commences and completes the organization of this police force our troops will be withdrawn even before the conclusion of a Sino-Japanese agreement. It is therefore, hoped that the Chinese Government will understand this and will complete the organization of the police force as speedily as possible.

MORRIS

793.94/1082a : Telegram

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

WASHINGTON, April 8, 1920—3 p.m.

76. A belated press telegram dated Tokyo March 2d states that unofficial exchanges between the Chinese and Japanese in Peking concerning Shantung are reported to have reached a point satisfactory to both sides and that direct negotiations between the two Governments will be opened shortly. Please investigate discreetly and report by telegraph whether such indirect negotiations have been carried on and if so with what results.

Repeat to Tokyo for similar action.

COLBY

793.94/1083 : Telegram

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

PEKING, April 14, 1920—5 p.m.

[Received April 14—11:52 a.m.]

80. Referring to the Department's telegram of April 8, 3 p.m. I am unable to ascertain facts regarding unofficial negotiations between Chinese and Japanese regarding Shantung settlement. The Minister for Foreign Affairs denies that direct negotiations are proceeding, or are contemplated by the Chinese Government.

TENNEY

793.94/1084 : Telegram

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

Tokyo, April 23, 1920—1 p.m.

[Received April 23—8:48 a.m.]

197. Your April 8th, 2 p.m. [3 p.m.] via Peking. As far as I can learn confidential and unofficial exchanges are continually going on between Chinese and Japanese persons here and in Peking and I have no doubt that extended discussions have taken place in regard to Shantung. Apparently satisfactory assurances have now been given that China is prepared to begin official negotiations. At all events the Minister for Foreign Affairs informed me last night that the transfer of all title-deeds and papers in regard to Shantung had been completed in Berlin and he had taken this occasion to instruct Obata again to approach the Chinese Government and urge an immediate conference on the subject.

MORRIS

793.94/1091

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

No. 3245

PEKING, June 1, 1920.

[Received June 28.]

SIR: I have the honor to enclose a copy of the text of the note sent by the Chinese Ministry of Foreign Affairs to the Japanese Minister on the 22nd ultimo. I succeeded in obtaining the text of the note only yesterday, hence the delay.

It is reported that the Japanese response is to increase the number of Japanese soldiers along the Shantung Railway.

The ruling faction at Peking would undoubtedly prefer to negotiate with the Japanese, but public sentiment is so strong upon the question that they are afraid of a popular uprising if they consent to negotiate.

I have [etc.]

CHARLES D. TENNEY

[Enclosure—Translation]

The Chinese Minister of Foreign Affairs (W. W. Yen) to the Japanese Minister in China (Obata)

[PEKING,] May 22, 1920.

EXCELLENCY: I have the honor to acknowledge the receipt of your note of April 26, 1920, in regard to the returning of Tsingtau and other questions of reorganization in Shantung. Previous to this in January of the present year Your Excellency delivered to me a note

verbale to the effect that as the result of the going into effect of the treaty the Japanese Government intended to return Tsingtau and the note set forth preparations to be made for the removal of the troops along the Kiaochau-Tsinan Railway.

My Government has taken due cognizance of these facts. However, as the Chinese Government was unable to carry out its policy in respect to Kiaochau Bay at the Peace Conference at Paris it did not sign the Treaty of Peace with Germany and it follows as a consequence that it has not been in a position to enter into direct negotiations with Your Excellency's Government concerning Tsingtau in accordance with the terms of the German treaty. Furthermore Your Excellency is undoubtedly thoroughly cognizant of the great popular excitement on the part of the people of this nation in reference to this question. Constrained by these considerations and actuated by a desire to conserve the friendly relations between China and Japan my Government has found it impossible to return a hasty, ill-considered reply.

By the revised statement contained in a subsequent *note verbale*, delivered in translation, my Government was more thoroughly apprised of the desire of the Japanese Government to remove the troops stationed on the Kiaochau-Tsinan Railway, and the Chinese Government at that very moment was engaged in consulting with the local authorities in order to make arrangements for the transfer of selected *gendarmerie* from other places to the Railway, so that it might assume responsibility for the protection of the entire line.

When your note was received covering these different points I informed Your Excellency orally of the reasons preventing my Government from entering into immediate negotiations with the Japanese Government, which fact is matter of record. But in view of the circumstances as they actually exist at the present time, the state of war against Germany having long ago ceased to exist, there is naturally no longer any necessity for the continuance of the military measures taken by Japan within and without the Kiaochau Bay area and the protection of Kiaochau-Tsinan Railway should as soon as possible be restored to the condition obtaining before the European war. That the latter measure shall be taken is the earnest hope of the Government and the people of China. The obligation of course arises to make adequate preparations for taking over from the Japanese troops now guarding the Railway the maintenance of peaceful conditions along the entire line. But this matter is entirely separate and distinct from that of the return of Tsingtau, and I feel confident that Your Excellency's Government will on no account delay in its execution, since such delay will accentuate the mistaken view taken by the people of this nation and the world at large.

If your Excellency's Government will entirely abolish these military measures appertaining to a state of war, thus evidencing the restoration of peace, it will naturally devolve upon my Government to issue instructions to the local authorities to enter into negotiations with the Japanese consular and other officials in regard to necessary measures.

I have the honor to make this reply for your information.

[No signature indicated]

793.94/1094

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

No. 594

TOKYO, June 17, 1920.

[Received July 22.]

SIR: I have the honor to enclose herewith the full text of the Foreign Office statement referred to in my telegram Number 301, June 16, 6 P.M.⁶⁰

I have [etc.]

EDWARD BELL

[Enclosure]

*Statement by the Japanese Foreign Office in Connection with the Note Handed to the Chinese Government by the Japanese Minister on June 14, 1920*⁶¹

When the treaty of Peace with Germany became effective in January, 1920, and the German rights and interests in Shantung passed into the possession of Japan by virtue of the provisions of that treaty, the Japanese Government, in accordance with their repeated declarations and pledges, with the desire and intention to effect the restoration of Kiauchau to China, and to settle matters incidental thereto, instructed the Japanese Minister in Peking to inform the Chinese Government:

(1) That the Japanese Government desiring to open negotiations with the Chinese Government relative to the restoration of Kiauchau to China and the settlement of details incidental thereto, hoping thus to effect a speedy solution of the entire question, expressed the hope that the Chinese Government would make the preparations for that purpose;

(2) That it is the intention of the Japanese Government to withdraw the Japanese troops from along the Shantung Railway, as a matter of course, upon agreement being arrived at between the two Governments as to the dispositions at Kiauchau; that in fact, the

⁶⁰ Telegram not printed.

⁶¹ Published by *Kokusai*, June 16, 1920.

Japanese Government wishes to withdraw these troops as speedily as possible even before an agreement was entered into, but that, in the absence of any force to assume the duty of guarding the railway after evacuation, they were constrained to keep those troops stationed for the time being in order to insure the security of communications and safeguard the interests of Japan and of China who is equally interested in the railway as co-partner of the joint enterprise. The Japanese Government, therefore, hoped that the Chinese Government, appreciating the intentions of the Japanese Government in this matter, would with despatch, organize a police force to take the place of the Japanese troops in guarding the railway in order that these Japanese troops might be withdrawn even before an agreement was reached as to other details and arrangements.

The Japanese Government were prepared to proceed with the negotiations, but three months passed without any reply being forthcoming from the Chinese Government.

It is a source of the deepest regret to the Japanese Government that, at a time when all the nations of the world are making efforts for the establishment of an enduring peace, questions of such importance should remain unsettled between Japan and China. The Japanese Government have been informed that the Japanese Chargé d'Affaires in Berlin had received from the German Government the various documents specified in Article 158 of the Peace Treaty. Therefore the Japanese Government, being all the more desirous of speedily settling the matter for the mutual benefit, instructed the Japanese Minister in Peking on April 26 to urge upon the Chinese Government the importance of taking the necessary steps in accordance with the previous request made by the Japanese Government in January.

It was not until May 22, that the Chinese Government gave a reply to the request of the Japanese Government.⁶² This reply was in the nature of a request for delay in opening negotiations. The Chinese Government said:

“The Chinese Government fully appreciates the intention of the Japanese Government to restore Kiauchau Bay and to prepare for the evacuation of the troops along the Kiauchau-Tsinanfu Railway which are incidental to the carrying out of the terms of the Treaty of Peace. China, however, has not signed the Treaty of Peace with Germany, and it is not now in a position to negotiate directly with Japan on the question of Tsingtau on the basis of the Treaty with Germany. Furthermore, the Japanese Minister at Peking well knows that the people throughout China have assumed an indignantly antagonistic attitude toward the question of Kiauchau. For these reasons, and in consideration of amity between Japan and China, the Chinese Government do not find themselves in a position to make a reply at this moment.

⁶² *Ante*, p. 816.

On the other hand, the state of war with Germany having ceased to exist, all Japanese military establishments within and without the leased territory of Kiauchau are unnecessary, and the restoration of all pre-war conditions along the Kiauchau-Tsinanfu Railway being heartily desired by the Chinese Government and the people of China, China proposes to effect a proper organization to take the place of the Japanese troops in order to secure and maintain the safety of the whole line. However, as this is independent entirely of the question of the restoration of Kiauchau Bay, the Chinese Government trust that the Japanese Government will not delay in the execution of evacuation."

Upon receipt of this reply the Imperial Government of Japan addressed a note to the Chinese Government, urging reconsideration of the position taken in the reply above quoted. This memorandum, addressed to the Chinese Government, is as follows:

"In their memorandum, the Chinese Government has stated that they did not find themselves in a position promptly to meet the request of the Japanese Government for the opening of negotiations looking to the adjustment of questions and arrangements provided for in the Treaty of Peace with Germany because of the importance which they attached to the relations of amity between Japan and China; also because China has not yet signed the Treaty of Peace with Germany, and therefore cannot act in accordance with the said Treaty, and further, because the attitude of the whole people in China toward this question is one of indignant antagonism. The Japanese Government, however, would point out that as a fundamental principle in connection with this question, there exists already, a formal agreement between Japan and China as to the disposition of the leased territory of Kiauchau. The repeated declarations of the Imperial Japanese Government leave no room for doubt as to the singleness of purpose with which Japan seeks a fair and just settlement of this question at the earliest date. The Imperial Japanese Government therefore, fails to understand the contention of the Chinese Government that they do not find it convenient to confer directly with Japan on the question of Tsingtau, on the ground that China has not signed the Treaty of Peace with Germany, and because of the existence of popular excitement in connection with this question.

It is a plain and positive fact that all the rights and interests which Germany formerly possessed in Shantung by virtue of a treaty with China, have been transferred to Japan in accordance with the Treaty of Peace with Germany. Since the Chinese Government had previously given consent to this transfer, these rights and interests have of right come into the possession of Japan. It follows, naturally therefore, that these rights cannot be affected in any way by the refusal of the Chinese Government to sign the Treaty of Peace with Germany.

Immediately upon the coming into force of the Treaty of Peace with Germany, the Japanese Government, in accordance with repeated declarations and pledges made in the past, proposed to the

Chinese Government to open negotiations with a view to the restoration to China of those rights and interests that are to be restored under the understanding reached in Paris, and to confirm such matters as called for action in connection with the restoration to China of the territory formerly leased by her to Germany. The Japanese Government were at the time confident that the Chinese Government would respond readily to the proposal, and would not hesitate to open a way for the Japanese Government to demonstrate by concrete action their attitude of fairness and justice towards China. Contrary to these expectations, however, the Chinese Government after a delay of several months, have replied that they did not find it advisable to open negotiations, giving as their reasons, the failure of China to sign the Treaty of Peace, and the attitude of the Chinese people towards this question.

This position taken by the Chinese Government prevents the Japanese Government from realizing a sincere desire to carry out with the utmost good faith their treaty obligations, and to fulfill their expressed pledges. It need hardly be pointed out with whom rests the responsibility for delaying the settlement of the questions over Shantung. The Imperial Japanese Government, however, always considering amity and good neighborhood between Japan and China, hereby repeat the declaration that they will accept a proposal for a negotiation of this question at any time considered agreeable by the Chinese Government. The Japanese Government do not believe that the Chinese Government wish to bear the responsibility for delays in settlement, and in this belief, urge a reconsideration by the Chinese Government of their former reply.

On the subject of the railway guard along the Shantung railway lines, the Imperial Japanese Government refer to their note of January 19, 1920, containing a statement of intention to withdraw the Japanese troops at once, even before the conclusion of negotiations in connection with the restoration and the former German rights and interests in Shantung, if the Chinese police force should have been organized to take over the responsibility of guarding mutual interests in Shantung. The Japanese Government believes that China will carry out the organization of such railway guards as previously agreed upon, and in connection with which an understanding was reached between Japan and the Powers at the Paris Conference. When such organization shall have been completed, and the Chinese and Japanese officials shall have agreed upon instructions as to the transfer, the Japanese Government will withdraw the troops.

Reference has been made to the military equipments established in and around Kiauchau Bay. These constitute grounds for negotiations between the Chinese Government and the Japanese Government, and it is with a desire to definitely settle with China as to the disposition of these equipments that the Japanese Government seeks to commence negotiations. If the Chinese Government shall proceed to negotiate, and a settlement of the Shantung question shall be reached, it need hardly be emphasized that all questions such as this will be solved simultaneously."

In conclusion, the Foreign Office statement says that while the Imperial Japanese Government deeply regrets the delay in carrying out the understandings and agreements reached at the Paris Conference, they stand unchanged in their sincere desire to promote a fair and just solution of this question with the least possible delay, and will continue in their efforts to carry out what is a fixed policy in their dealings with China.

COLOMBIA

TREATY OF APRIL 6, 1914, WITH THE UNITED STATES¹

Concern of the Colombian Government over Delay in Ratification by the United States

711.21/524 : Telegram

The Minister in Colombia (Philip) to the Secretary of State

Bogotá, January 17, 1920—11 a.m.

[Received January 21—9:24 a.m.]

9. In a confidential memorandum received from President Suarez last week² allusion was made to the undesirability of our Government making favorable action on the treaty contingent upon the celebration of contracts between the Colombian Government and American nationals. I have considered this as a probable misinterpretation of confidential and personal remarks of my own when conversing with the President to the effect that I believed that the closing of contracts such as the Pierce proposition or offer³ at this juncture would have a beneficial effect upon the treaty situation in the United States by inspiring confidence and demonstrating the good will of Colombia etc. Reports have also reached me that it is being hinted in political circles that the Government of the United States is behind the Pierce offer. I am about to send a confidential memorandum,⁴ in reply to the President, plainly stating that my Government has no intention of making such further reservations in regard to the treaty and is not lending its support to any particular undertakings in which Americans may be engaged with the Colombian Government; and further that any personal views I may have expressed were given unofficially and with the sole idea of assisting Colombia and not of seeking favors for American citizens. It occurs to me that possibly pertinent conversations regarding pending contracts may have taken place between the Department and the Colombian Minister at Washington; if such is the case I respectfully request to be advised of the gist of them at as early a date as possible.

PHILIP

¹ Continued from *Foreign Relations*, 1919, vol. I, pp. 726-763.

² Printed in S. Doc. 64, 68th Cong., 1st sess., p. 57.

³ Negotiation for railway contract by Dr. Walter B. Pierce.

⁴ Printed in S. Doc. 64, 68th Cong., 1st sess., p. 59.

711.21/524 : Telegram

The Acting Secretary of State to the Minister in Colombia (Philip)

WASHINGTON, January 24, 1920—6 p.m.

6. Your January 17, 11 a.m.

Department approves your informing Colombian Government that the American Government has never contemplated the policy of withholding action on the treaty to force concessions for American nationals, and is not lending its support to any particular undertakings in which its citizens are engaged with the Colombian Government.

Department is unaware of any conversations with Colombian Minister concerning concessions.

POLK

711.21/537b : Telegram

The Secretary of State to the Minister in Colombia (Philip)

WASHINGTON, June 4, 1920—6 p.m.

28. Senate Committee presented favorable report on treaty Thursday morning June 3. Full committee submitted favorable report to Senate same day 5:00 p.m. Treaty is therefore restored to Senate calendar but impossible to secure its consideration before Congress adjourns tomorrow. Treaty therefore goes over to next session, but remains on Senate calendar. Forward Department by mail copy note Minister Foreign Affairs accepting amended treaty dated sometime between February 28 and March 1, 1919.⁴

COLBY

821.032/28

The Minister in Colombia (Philip) to the Secretary of State

[Extracts]

BOGOTÁ, July 24, 1920.

[Received August 17.]

SIR: I have the honor to report that the national Congress of the Republic of Colombia was convened on the 20th instant with the usual ceremonies attendant upon the anniversary of Independence.

I have the honor to transmit herewith copy of the Message delivered by the President of the Republic to the assembled Houses on that occasion.⁵

⁴The note, dated Feb. 27, 1919, is printed in *Foreign Relations*, 1919, vol. I, p. 733.

⁵Not found in Department files.

The message has been subjected to violent criticism by the opposition press. This criticism is obviously inspired by the usual desire to make political capital out of the public utterances of the President. These articles cite the attitude of the President towards the freedom of the press as being intolerant and unprogressive, and what is described as the tendency of the President to interfere in the official business which pertains to the various Ministries of the Government alone, is also condemned. The Conservative press on the other hand expresses complete satisfaction with the Message, which it describes as a statesmanlike and temperate exposition of the affairs of the Nation.

I beg to append herewith free translations of such parts of the message as appear to be of particular interest to the Department:

Diplomatic and Commercial Relations.

By virtue of legislative authorization, Colombia consummated her adherence to the League of Nations, our representatives recording, indeed, that the acceptance of Article 10 of the pact does not imply on the part of Colombia the recognition of Panama as an independent nation; for this would be one of the consequences of the Treaty of the 6th of April, 1914, which is still held up in the Senate of the United States. . . .⁶

Treaty of the 6th of April, 1914.

The Convention signed by the United States and Colombia in order to put a quick end to the differences proceeding from the separation of Panama, which occurred in 1903, is still pending, not having yet been approved by the Senate of the United States, whose Committee of Foreign Relations has not up to now presented to it the report necessary for the discussion of that international document.

The Government on its side being desirous of cooperating in favor [*for the settlement?*] of a controversy which has been going on for 17 years, and which not only delays reparations more than just, but which occasions continual obstructions in the way of the commercial and legal relations of Colombia with some countries, has attentively awaited the termination of this affair and has continued to be guided by good faith and good will, as was expressly acknowledged by Senator Fall, to whose lot it has fallen to discharge functions of the first importance in the Committee of Foreign Relations referred to.

It is true that the Treaty of 1914 entails absolute rights and obligations and [*which are?*] independent of any other rights and interests, public or private, concerning the United States or its citizens. But in order that the Republic may continue to work in a discreet manner, the Government has resolved to remove on its side as many difficulties as possible in the light of equity, justice, and decorum, in order that Colombian citizens may not experience prejudicial effects on account of the lack of an equitable and truly patriotic spirit in the acts and counsels of the Government.

⁶ Omission indicated in Minister's despatch.

Loan of \$2,000,000.

The Minister of Finance, as the representative of the Government at the Financial Conference at Washington, remained in the United States and took advantage of the opportunity to make a contract in New York with the company called "Baldwin Locomotive Works" of Philadelphia for a sum up to \$2,000,000, for the purpose of buying railway materials from the same firm. The Government will secure this credit in proportion as it makes use of it, by orders on the Treasury of the Republic, payable in ten years with 7 per cent. annual interest, the firm of Baldwin obligating itself to accept them at par without specific guaranty and without the incumbrance of [*encumbering?*] any public revenue, and the Government having the privilege of taking them up before they are due with a rebate of two per cent. per annum on the amount taken up. The Government is not obliged to make use of the credit, and in case of so doing, it will be with previous agreement as to the price of the materials which are to be bought.

This matter, studied with the greatest attention by the Minister of Finance and afterwards examined with exceptional care by the national press and by the bodies called upon to ratify it, will facilitate the construction of the Pacific Railway, both in the extensions to Cartago and Aganche, and in the one which will connect Ibague with the foot of the Quindio; and will likewise facilitate the construction of the Northern Railway (*Ferrocarril del Norte*) between Nemocon and Chiquinquirá, projects which, being the most important and practicable, play a principal part in the public improvements undertaken by the present Administration.

Petroleum and Mines.

The importance of oil wells, determined by the richness of our territory, and the increasing consumption of this article in the world, was the cause of the Government issuing decree 1255 *bis* of 1919,⁷ before the meeting of the last Congress, it being based on legal considerations and on a comparison of Colombian with foreign laws, and likewise with the legislation which has traditionally governed these matters in Spanish law. But the new conditions affecting the matter to-day, due to the manifold uses of petroleum, to the increasing price of the article, to the abundance of this wealth in our territory, to the exigencies of interests already vested, and the facilities required for the exploitation of the oil fields in order to energize the national commerce and the relations of Colombia with powerful nations, brought it about that this decree gave rise to studies and discussions by the press and petitions addressed to the Government and to the Supreme Court demanding a decision which would impugn the legality of this administrative act.

This last was what the Court did by means of its decision of November 21, last,⁸ which prepared the way for you, studying the matter in the deliberate and enlightened manner which was necessary, to pass Law 120⁹ of the same year, in regard to beds or deposits of

⁷ *Foreign Relations*, 1919, vol. I, p. 765.

⁸ *Ibid.*, p. 779.

⁹ *Ibid.*, p. 784.

hydrocarbons. The system, more or less traditional, which indicated the nationalization of oil lands, has been replaced in this law by the system which unites as a general rule the property in the soil and in the subsoil in favor of the owner of the former. The law seems to have been well received, and it is hoped that in practice it will have results favorable to industry and to private interests, as well as to the national treasury. It naturally will entail much work in the expedition of applications for the exploitation of hydrocarbons in accordance with the dispositions of law in force.

Decree No. 920 of the present year, organizing the Office of Mines in the Ministry of Public Works, having been issued, a contract was made with the German professor, Scheibe, by which his services and those of four other geologists were secured to constitute the personnel of the office and to study the region of Urabá, all in accordance with the law mentioned. . . .¹⁰

I have [etc.]

HOFFMAN PHILIP

CABLE CONCESSION

Dispute between the All America Cables Company and the Colombian Government

821.73/6½

The Minister in Colombia (Philip) to the Secretary of State

No. 498

Bogotá, November 29, 1920.

[Received December 20.]

SIR: Adverting to my despatch No. 85 of June 13, 1919,¹¹ and to other correspondence regarding a contract between the Colombian Government and the Central and South American Telegraph Company for the establishment of a submarine cable at Cartagena, I have the honor to transmit herewith copy and translation of this contract which was signed at Bogotá, June 18, 1919, and which I find I have never sent to the Department in their entirety.

Mr. Julius Arthur Liggett, the representative of the All America Cables Company at Cartagena, (formerly the Central and South American Telegraph Company), has lately been in Bogotá for the purpose of reaching an agreement with the Colombian Government in the matter of several differences of interpretation which have arisen concerning this contract.

It appears that the main cause of dispute came up through the action of the Company in starting to construct, without the prior consent of the Government, a land telegraph line to connect the city of Barranquilla with its port at Puerto Colombia. When this was brought to the attention of General Morales Berti, Colombian Di-

¹⁰ Omission indicated in Minister's despatch.

¹¹ Not printed.

rector of Telegraphs, that official ordered the immediate cessation of the work. At the same time the press took up the matter—the result being that the position of the Cable Company was rendered more difficult than probably would have been the case had the subject been arranged with the Government in advance.

Article I of the contract concedes to the Central and South American Telegraph Company the right to establish, maintain and operate a submarine cable uniting the city of Cartagena and the other ports of the Atlantic littoral with the All America cable system, etc.

I understand that the Cable Company considered that, as Puerto Colombia is the seaport of Barranquilla, the contract gave it the right to establish its cable at the former place and to construct a land line to Barranquilla. The Government on the other hand strenuously opposes this as an infringement upon Colombian rights.

It may be mentioned that it would be possible under the contract for the Cable Company to conduct its cable through the mouth of the Magdalena river and thus directly to the city of Barranquilla, but I believe this course is not favored on account of the expense involved. If this were done it would obviate the delicate question of competing with the Colombian Government telegraph system and the possible reduction of the Government tolls to which great importance is attached here.

Subsequent to the Barranquilla controversy, the Colombian Director of Telegraphs evinced a disposition to create difficulties respecting the cable office at Cartagena. He at first insisted that the office there should be situated immediately on the seashore, and not in the interior of the city as the business situation demands. This decision was later rescinded and permission given for the establishment of the office in the city. He has refused to permit the cable Company to deliver incoming messages to the addressees in the city as it would prefer to do. In this connection the Director of Telegraphs suggested that Colombian officials might be stationed in the Company's office to receive and deliver such messages, but this the Company refused to accede to. As the matter now stands, all incoming messages will be sent from the Company's office to the Government Telegraph office a short distance away—either by a special connecting wire or by hand. This arrangement will probably cause much delay in the delivery of messages in the city, . . . Owing to these and other misunderstandings the opening of the Cartagena service was delayed several months. It was eventually decided by the Company to initiate the service, however, and Mr. Liggett, I think rightly, considers that when the advantages of the improvements proposed by the Company are fully understood by the business public, the demand from this quarter will probably have

the effect of causing the Government to withdraw its opposition to them.

For the present, therefore, these differences have been set aside and the situation appears to be satisfactory.

At the time when relations between the Government and the Company were somewhat strained, the Colombian Director of Telegraphs remarked in my presence that he believed the All America Cables Company to be directly under the control of the Government of the United States—inferring that this was an important reason for caution on the part of Colombia. I took occasion at the time to emphatically contradict this statement.

I have [etc.]

HOFFMAN PHILIP

[Enclosure—Translation]

*Contract between the Colombian Government and the Central and South American Telegraph Company for the Establishment of a Submarine Cable Uniting the City of Cartagena and the other Ports of the Atlantic Littoral*¹⁶

No. 1059. In the city of Bogotá, Department of Cundinamarca, Republic of Colombia, on the 11th of July one thousand nine hundred and nineteen, before me, Augustín S. García, third Notary of this Circuit, and the witnesses of this instrument Messrs. Guillermo Novoa and Rafael E. Rodríguez, adults, over twenty-one years of age, residents of this city, of good standing and in whom rests no legal impediment, appeared Doctor Marcelino Arango, Minister of Government of the Republic, in whose official character I give faith, and Doctor José María de la Vega, in his character as legal agent of the Company known as The Central and South American Telegraph Company, domiciled in the city of New York, both men, in their majority, and residents the former of this city and the second of Cartagena, whom I personally know, and set forth:

That by means of the present they put in public writing the contract formed by the Ministry of Government, in the name of the Nation, with the said de la Vega in his said character, and which refers to the permission to establish, maintain, and operate a submarine cable uniting the city of Cartagena and the other ports of the Atlantic littoral with the All America cablegraphic system; a contract which was approved by His Excellency the President of the Republic under date of the 2nd of July in course, previous favorable opinion given by the honorable Council of Ministers, and which says "verbatim":

"The undersigned, to wit: Marcelino Arango, Minister of Government, with the authorization of His Excellency the President of

¹⁶ From *Diario Oficial*, Aug. 23, 1919.

the Republic, party which shall hereafter be called the Government, and José M. de la Vega, in name and representation of The Central and South American Telegraph Company, in accordance with power issued in New York, on the 14th of December one thousand nine hundred and eighteen, before Notary Public Frank Simon, duly authenticated, party which shall hereafter be called the Company, declare the following contract to have been formed:

ARTICLE I. The Government concedes to the Company permission for the term of twenty (20) years, counting from the fifth of March of the present year, to establish, maintain, and operate a submarine cable uniting the city of Cartagena and the other ports of the Atlantic littoral with the All America cablegraphic system, so as to connect the new line with the submarine cable system of Venezuela, providing that that nation is in accord with it.

Paragraph. The Cartagena station must be established and operating with regularity the service for which it is intended within thirty-three months, counting from the date of the definite approval of the present contract, saving in the event of superior force or unforeseen circumstances.

ARTICLE II. The Government concedes to the Company the free use of such shores bordering on the sea which are the property of the Nation and which are not already especially disposed of, for the sole purpose of laying the cable and constructing the buildings indispensable for the Administration of the same, within the time fixed in Article I.

ARTICLE III. The Government agrees to transmit over its telegraphic lines all messages for private individuals which may be delivered to it by Agents of the Company and those which from the interior are directed to be transmitted by cable, collecting the cost of transmission in accordance with the tariffs which are established or may be established in the future for telegraphic despatches from the interior.

Paragraph I. The Government does not assume any responsibility in relation to the Company for any delays which may occur in the transmission of the despatches concerned in this article.

Paragraph II. The accounts between the Government and the Company, by reason of the service of which this article treats and of the official despatches which are transmitted by the cable, will be liquidated at the expiration of every six months.

By special agreement between the parties the manner of liquidating said accounts will be determined in such a way as to enable the Government to take such action as will assure their exactness.

ARTICLE IV. In case of foreign war or of internal trouble, or of anything, which in the judgment of the Government and communicated to the Company or its agents, may constitute imminent peril, the cable service in Colombia will remain under the vigilance of the Colombian authorities and the Government will be able to subject to official censorship the despatches which may have been transmitted by the cable or those from abroad for delivery in the country. The Company will be obliged to respect the decisions of the official censor.

Paragraph. The Company or its agents, without the necessity of prior censorship, will abstain from transmitting or delivering private messages which may harm the peace or security of the Republic

or its international relations, or compromise its neutrality. In case of doubt they will consult with the Government.

ARTICLE V. The Company obligates itself to receive, transmit and deliver all telegraphic despatches coming from any point whatsoever of the Republic of Colombia and addressed to any point or place included in the system or cable lines of the Company, for a price which in no case will exceed that fixed in the tariff by way of Buenaventura or of that which the Company may have fixed or may fix for the most favored Republic of South America.

Paragraph. The official despatches of the President of the Republic or the person entrusted with the Executive Power, and of his Ministers and agents in the interior, will be given preference in regard to the time of their transmission, and the cost will be liquidated with a reduction of fifty per cent (50%) of the price stated in the tariff. The official despatches of the Diplomatic, Consular and Fiscal Agents which may be sent from abroad will enjoy an equal reduction.

The Company will perform its despatch service in accordance with its regulations and those of its associated companies.

ARTICLE VI. If the Government requires it, the Company will admit in its stations one or two students designated by the Government itself for the purpose of making a study of cable communication, without any obligation on the part of the Company of paying them any salary.

The Company obligates itself to give preference, in the case of an equality of circumstances, to the employment in its stations of [off] the Colombian Atlantic coast, to individuals of Colombian nationality.

ARTICLE VII. The permission which by this contract is conceded to the Company does not imply an exclusive privilege or right, nor prejudice the rights acquired by other persons or companies, and the Government remains at liberty to contract for the establishment of other cables or other classes of communications, or to concede permission to establish them and to use the territorial waters and shores, providing that such contracts, permissions, or concessions do not constitute exclusive privileges or rights.

ARTICLE VIII. With regard to the financial security the Enterprise of which this contract treats is not to be considered as an official Enterprise, nor will the Government have to contribute in any way to its establishment.

ARTICLE IX. The Company assures the fulfillment of the obligations which it contracts by the present instrument with a deposit of five thousand pesos (\$5,000) in legal tender or Colombian Internal Debt Bonds, placed in one of the Banks of this city. The Government will be able to dispose of the deposit in case the caducity of the contract is declared.

Paragraph. The interest which this deposit may produce belong[s] to the Company.

ARTICLE X. The Company will maintain in the capital of the Republic a legal agent with all necessary powers to represent it in every subject related with the fulfillment of this contract.

ARTICLE XI. The Company renounces its right to diplomatic intervention with regard to the rights and duties arising out of the contract, except in the case of a denial of justice, as defined in the terms of Article forty-two (42) of the Fiscal Code (*Código Fiscal*).

ARTICLE XII. The Company will not have the right to transfer this contract to another person or Company without the permission of the Government, and in no case will it be able to transfer it to a foreign Government.

ARTICLE XIII. This contract may be declared administratively expired by the Government, outside of the provisions fixed for every contract by Article forty-one (41) of the Fiscal Code, if the Company does not give the cable service within the term fixed by Article I, with the restrictions therein expressed, and if during the time of the contract, the new line having been once installed, there occurs any interruption of the service for a period of nine months, or various periods of more than one month the sum of which will make nine months (9) within a period of three years.

ARTICLE XIV. This contract to become valid only needs the approval of the President of the Republic, with previous consent of the Council of Ministers.

For consistency two exact copies are signed, in Bogotá, the eighteenth of June, one thousand nine hundred and nineteen.

MARCELINO ARANGO

JOSÉ M. DE LA VEGA ”

Council of Ministers—Bogotá, 2nd of July 1919.

In its session of the 21st of last June the honorable Council issued a favorable opinion in regard to the terms of the preceding contract.

The Secretary, GERARDO PULECIO

Executive Power—Bogotá, 2nd of July 1919.

Approved—MARCO FIDEL SUAREZ—*The Minister of Government,*
MARCELINO ARANGO.

COSTA RICA

RECOGNITION OF THE GOVERNMENT OF COSTA RICA BY THE UNITED STATES

818.00/971 : Telegram

The Consul at San José (Chase) to the Secretary of State

SAN JOSÉ, May 9, 1920—9 a.m.

[Received May 10—11:20 a.m.]

18. The inauguration of yesterday was well conducted and the Costa Rican Government is now well established. The President's inaugural address contained many good recommendations. If it is desirable a summary will be sent at once by cable, otherwise by mail. He spoke of the desire to maintain intact the friendly relations which happily existed between the Costa Ricans and the United States of America and in addition he stated, translated from the Spanish,

“Now that the commotion of restoration has ended and the country has returned to peace and calm the occasion is propitious to render the homage of frank sympathy and gratitude to the very excellent Mr. President Wilson, who placed his inflexible will on the side of our people, in defense of right and law, refusing his consent to the acts committed, which gave great encouragement to the work of popular recovery; to the American Consul Mr. Benjamin F. Chase, who seconded the purposes of his Government with incomparable serenity and decision.”

No other foreign government officer was mentioned.

Provisional President Aguilar seems to have fulfilled the condition of Department's telegram 30th of August last.¹

CHASE

818.00/983

The Consul at San José (Chase) to the Secretary of State

No. 779

SAN JOSÉ, May 14, 1920.

[Received May 24.]

SIR: I have the honor to transmit herewith for delivery a sealed envelope addressed to The Honorable The Secretary of State, which was handed to me this morning by the Under Secretary of State for

¹ *Foreign Relations*, 1919, vol. I, p. 857.

Foreign Affairs of Costa Rica for such purpose and which he said contained an autographic letter from His Excellency Julio Acosta, President of Costa Rica, to His Excellency Woodrow Wilson, President of the United States.

I have [etc.]

BENJAMIN F. CHASE

[Enclosure—Translation ²]

President Acosta to President Wilson

GREAT AND GOOD FRIEND: I have the honor to make known to Your Excellency that by the vote of my fellow citizens I have been called to exercise the duties of the Presidency of the Republic for the term of four years commencing to-day, when I assumed this high office. In the fulfillment of the duties of the First Magistracy of the State, I shall be pleased to promote and strengthen the friendly relations which happily exist between Costa Rica and the United States of America.

It is with pleasure that I avail myself of this occasion to present to Your Excellency my sentiments of cordial affection.

I am Your Excellency's Great and Good Friend,

JULIO ACOSTA

The Secretary of State for Foreign Relations,

ALEJANDRO ALVARADO QUIRÓS

SAN JOSÉ, May 8, 1920.

818.00/991a : Telegram

The Secretary of State to the Consul at San José (Chase)

WASHINGTON, August 2, 1920—noon.

16. The President has issued instructions to recognize the present Government of Costa Rica. You are therefore directed to communicate this fact to the Minister for Foreign Affairs and to be governed accordingly.

COLBY

818.00/999

The Consul at San José (Chase) to the Secretary of State

No. 823

SAN JOSÉ, August 6, 1920.

[Received August 17.]

SIR: I have the honor to acknowledge the receipt early on the morning of August 3rd of the Department's cable advising that recognition of the present Government of Costa Rica had been directed by the President.

² Translation supplied by the editor.

Immediately upon receipt of the cable an appointment was made with the Minister of Foreign Affairs and the information conveyed to him. A few minutes later the Minister of Foreign Affairs, the Under Secretary, the Protocol and the writer went to the President's residence and told him. In a few minutes it was advised by the President to the Banks and others. There was great rejoicing and the newspapers gave the notice much prominence. It counteracted the effect produced by the British notice of recognition to a large extent. That was considered as a direct result of the British representations on the Amory Oil concession and the notes held by The Royal Bank of Canada.³ The press is very bitter in arraigining Great Britain on the latter.

Herewith is enclosed an extract from *La Gaceta* of August 4th,⁴ giving the text of my note, in translation into Spanish and of the reply. My note in English was:

“ San Jose, Costa Rica, August 3, 1920.

His Excellency

Alejandro Alvarado Quiros,
Minister of Foreign Affairs.

Sir: I have the honor to confirm my verbal message of this morning advising that the President of the United States has issued instructions granting recognition to the present Government of Costa Rica.

I take great pleasure in communicating the following as the message referred to above: [Here follows paraphrase of Department's telegram of August 2, printed *supra*.]

With the assurance of my highest consideration and esteem, I have [etc.]

Benjamin F. Chase,
American Consul.”

The reply in translation was:

“ No. 19, E.

San Jose, August 3, 1920.

Mr. Benjamin F. Chase,
Consul of the United States of America,
San Jose.

Mr. Consul: I have had the honor to receive your courteous note of this date, in which you confirm the notice which you gave me verbally this morning, relative to that, [the] Most Excellent, the President of the United States, has had the goodness to give his recognition to the Government of Costa Rica, over which presides Mr. Julio Acosta.

³ By legislative decree of June 28, 1919, the Tinoco regime authorized the issue of 15 million colones in currency notes, and by legislative decree of July 8, 1919, it authorized the circulation of notes of 1000-colones denomination. In a transaction with the Tinocos the Royal Bank of Canada came into possession of 998 of the 1000-colones notes. The Law of Nullities No. 41 of Aug. 21, 1920, nullified these issues.

⁴ Not printed.

It is a pleasure to manifest to you again the satisfaction which this agreeable notice causes to the Government of Costa Rica, and I trust that the relations between the two countries will be in the future as intimate and cordial as before.

I take [etc.]

Alejandro Alvarado Quiros "

I have [etc.]

BENJAMIN F. CHASE

CONCESSIONS⁵

Cancelation of the Tinoco Concessions by the Costa Rican Congress—Formal Protest by Great Britain on behalf of the Amory Concession

818.00/974

The Consul at San José (Chase) to the Secretary of State

[Extract]

No. 772

SAN JOSÉ, *May 7, 1920.*

[Received May 19.]

SIR:

A Bill was introduced in congress and referred to a specially elected commission for examination providing for the trial of Tinoco and his adherents for military rebellion and declaring his acts during the time from January 27, 1917 to September 3, 1919, as null and void, with exceptions for the exclusive benefit of the Treasury. . . .

I have [etc.]

BENJAMIN F. CHASE

818.6363Am6/42 : Telegram

The Consul at San José (Chase) to the Secretary of State

SAN JOSÉ, *July 16, 1920—9 a.m.*

[Received July 17—10:25 a.m.]

39. Last night Costa Rican Minister for Foreign Affairs called at my room to show a note he had just received from the acting British Consul dated 13th July advising that (translation of the note in part as follows) :

["]The Legation of his Britannic Majesty in Panama and Costa Rica has received instructions from His Majesty to present to the Costa Rican Government a vigorous protest with respect to the projected legislation in so far as it may affect the Amory contract and to indicate that His Majesty's Government would view the cancellation of the contract (in which there is British capital invested and in

⁵For previous correspondence concerning oil concessions, see *Foreign Relations, 1919*, vol. I, pp. 865 ff.

the fulfillment of the clauses of which they have already spent considerable sums) as a serious attack against British rights legally acquired, for which there exists no justification.”

See your telegram of December 9, 5 p.m.⁶ last year and my confidential June 19, 4 p.m.⁷

The question as to the cancellation of that concession with others is before Congress and my information is that part of the bill has passed third reading. See my despatch number 790 June 4th.⁷

Lack of recognition of this Government by our Government is placing it in jeopardy and threatens its very existence. This British question is one of many which it cannot handle properly without prompt recognition by the United States, and American interests in general are affected injuriously as a result. Instructions advised by telegram June 19, noon,⁷ have not been received. Please instruct if any further information required before the question of recognition of the present Government can be determined.

CHASE

818.602/7 : Telegram

The Consul at San José (Chase) to the Secretary of State

SAN JOSÉ, July 21, 1920—4 p.m.

[Received July 22—12:20 a.m.]

43. Yesterday afternoon Congress passed finally the law nullifying all of the Tinoco concessions and other acts as reported with my despatch number 790 June 4th⁷ with some unimportant modifications. The President is expected to sign it promptly.

Your December 9, 5 p.m. last year.⁶ The Amory concession is thereby entirely annulled.

CHASE

818.00/990 : Telegram

The Consul at San José (Chase) to the Secretary of State

SAN JOSÉ, July 28, 1920—4 p.m.

[Received July 29—7:14 a.m.]

44. My July 21, 4 p.m. Please examine enclosures with my despatch number 790 June 4th.⁷ The President has called a meeting of citizens for next Saturday to advise as to whether the law should be approved. This is reputed to be because of fear on account of the very strong representations made by the British Government as

⁶ *Ibid.*, p. 876.

⁷ Not printed.

to the Amory concession and the Royal Bank of Canada claim, the latter reported as practically an ultimatum.

CHASE

818.00/992: Telegram

The Consul at San José (Chase) to the Secretary of State

[Extract]

SAN JOSÉ, August 3, 1920—1 p.m.

[Received August 4—1:55 p.m.]

46. . . .

My July 28, 4 p.m. The President has vetoed the act referred to on the advice of the junta of notables apparently with pressure of Great Britain. Congress has referred it to a special committee and may pass it over the veto.

CHASE

818.602/10: Telegram

The Consul at San José (Chase) to the Secretary of State

SAN JOSÉ, August 11, 1920—5 p.m.

[Received August 12—3:47 a.m.]

52. Reliably informed that Costa Rican Congress this afternoon passed the law annulling Tinoco contracts, etc., referred to in last paragraph my August 3, 1 p.m. over the veto by more than two thirds. This includes Amory concession.

CHASE

818.602/12: Telegram

The Consul at San José (Chase) to the Secretary of State

SAN JOSÉ, September 4, 1920—11 a.m.

[Received September 5—6:46 p.m.]

62. Your 22, August 17th, 7 p.m.¹¹ The following concessions to foreigners appear to be annulled by the recent act of Congress:

British: (1) Construction of a storage place for explosives and their free entry into the country; (2) Amory oil concession.

Spanish: (1) Monopoly to manufacture paper; (2) the right to grow beans for export.

Colombian: Coastwise launch service on the Pacific Ocean.

Panamanian: Exclusive concession to take pearl shells and to manufacture buttons from them.

Some other concessions were annulled by the Provisional President and some others appear to be lapsed and others may not have been found.

CHASE

¹¹ Not printed.

818.6363Am6/53 : Telegram

*The Consul at San José (Chase) to the Secretary of State*SAN JOSÉ, *October 5, 1920—4 p.m.*

[Received October 6—10:55 a.m.]

69. Today the Costa Rican Government published the reply to the British Government relative to Amory concession and the Royal Bank of Canada denying their right to diplomatic intervention and advising that the Costa Rican courts are available to them. Particulars by mail.

CHASE

818.6363Am6/58 : Telegram

*The Chargé in Costa Rica (Martin) to the Acting Secretary of State*SAN JOSÉ, *December 31, 1920—4 p.m.*

[Received January 1, 1921—10 p.m.]

25. British Minister delivered yesterday formal protest against cancellation vote for Amory concessions. Note sustains original thesis that the annulment of the laws and acts of Tinoco is unconstitutional and declares that the British Government has a direct interest in concession. Government of Costa Rica is much concerned at British attitude and at intelligence that the cruiser *Cambrian* will shortly return to Punta Arenas and remain in Costa Rican waters a month.

MARTIN

Efforts by the Costa Rican Congress to Cancel the Pinto-Greulich Concession—Apparent Conflict between the Terms of the Concession and the Rights of Other American Enterprises

818.6363/30 : Telegram

*The Consul at San José (Chase) to the Secretary of State*SAN JOSÉ, *May 22, 1920—9 a.m.*

[Received May 23—6:22 p.m.]

22. The Committee on Public Works yesterday submitted to Congress a report that the Pinto-Greulich oil concession¹² is not a law of Costa Rica. A copy of the report is not yet obtained.

CHASE

¹² The so-called "Greulich Concession" of 1916 is referred to in official Costa Rican publications as the Pinto-Greulich Contract, from the names of the signatories, Enrique Pinto, Secretary of Fomento, and Leo J. Greulich, concessionaire. It was acquired, in 1917, by the Costa Rica Oil Corporation, of which the holding company was the Sinclair Central American Oil Corporation. See *Foreign Relations*, 1919, vol. I, pp. 866 *passim*.

818.6363/30 : Telegram

The Secretary of State to the Consul at San José (Chase)

WASHINGTON, June 4, 1920—11 a.m.

8. Referring your 22, May 22, 9 a.m. regarding Pinto Greulich oil concession, you are instructed to cable full report of all proceedings aimed at the rescission of this concession, the names of persons who have participated at any point in the discussion and the interests which they represent. We are informed that a party named Field has made the unfounded statement that this Government does not view with disfavor the cancellation of the concession. This statement if accurately reported is without any prior knowledge on the part of this Government and has not received our sanction. The concession is claimed by the Sinclair Oil and Refining Company, a responsible American concern of standing which has invested large sums in Costa Rica under the concession. Any action of the authorities in Costa Rica looking to cancellation would be a source of concern and a subject of inquiry. This is an important matter on which we desire accurate and full knowledge at the earliest moment.

COLBY

818.6363/34 : Telegram

The Consul at San José (Chase) to the Secretary of State

SAN JOSÉ, June 9, 1920—5 p.m.

[Received June 10—7:20 p.m.]

27. Conversations have been had with a brother of the President, the president of Congress and ex-President González as to the proposition to cancel the oil concession after receiving your June 4, 11 a. m., and gave copies of paraphrase to the last two. All express a desire to comply with the wishes of our Government in every way possible.

Ex-President González says he did not know Field was coming to Costa Rica until he arrived and that he had no understanding with him.

The delay in formal recognition from the United States is a matter of much anxiety to many people of this country and is giving opponents a chance to circulate stories and embarrass the Government.

CHASE

818.6363/48 : Telegram

The Consul at San José (Chase) to the Secretary of State

SAN JOSÉ, July 19, 1920—6 p.m.

[Received July 20—2:30 p.m.]

40. The following resolution was recently enacted by Congress, translation in part:

“to urge the Executive, (a) to without delay demand before the courts of the Nation, and through the medium of the public office, or of a special attorney, the annulment of the decree and publication specified in order that the nonexistence of the Pinto-Greulich contract be declared, adopting the measures deemed fit in the benefit of national interests.”

On receipt of this resolution of Congress President Acosta last Saturday called a conference of seven prominent lawyers who advised him that the said contract was legal. This information was given to me confidentially by the President's brother today.

CHASE

818.6363/51 : Telegram

The Consul at San José (Chase) to the Secretary of State

SAN JOSÉ, August 16, 1920—5 p.m.

[Received August 17—8:55 a.m.]

56. My telegram number 40, July 19, 6 p.m. Resolution quoted passed Congress this afternoon again by more than two thirds after the President had refused to act upon it.

CHASE

318.115Un3/— : Telegram

The Secretary of State to the Consul at San José (Chase)

WASHINGTON, August 17, 1920—6 p.m.

21. Department informed that Costa Rican law of November 25, 1913, providing for nationalization of certain Hydrocarbons including petroleum appears to be interpreted by decree of April 18, 1914, and by the granting of certain concessionary rights by Costa Rica, to apply to lands whose titles were acquired from nation prior to date of law mentioned and that operations threatened under such interpretation imperil subsoil rights of American citizens in lands so acquired.¹³

¹³ On Aug. 9 the United Fruit Co. informed the Department through its attorneys that it believed its subsurface rights were being imperiled by the Pinto-Greulich concession. Letter not printed.

Request Foreign Office to advise you whether Costa Rican Government interprets this law to have the retroactive effect mentioned, so as to provide for separation of subsoil rights in petroleum from surface rights to lands and this without compensation to owners of lands whose titles were acquired from nation prior to date of law.

In this connection you will please refer to provisions of Article 20 of the Constitution of Costa Rica to effect that private property is inviolable and shall not be appropriated without due compensation. Refer also to understanding of Government of United States that Article 18 of Mining Law of 1868 provides that in future only ledges, placers, or deposits of metals, half metals, or precious stones may be denounced and conceded in lands owned by private parties and that Article 505 of the Civil Code of 1888 has been in force since that year and provides that "the rights of ownership are not limited to the surface of the land but extend by accession from or upon the surface and also downward. Save the exceptions established by the law or by convention, the proprietor may establish all the constructions or qualifications which he wishes and also construct underneath as he deems fit, and extract from those excavations all the products encountered."

In making this inquiry, Department does not desire to be understood as withdrawing its support to any American concession in so far as it does not interfere with petroleum and other underground rights already vested in other American interests under the laws of Costa Rica prior to 1913. Make it clear that Department's purpose is to obtain view of Costa Rican Government as to important laws of that country which may affect American interests and that Government of the United States should not be understood as discriminatory in favor of or against any responsible American citizens who have interests in Costa Rica, but is only concerned as, of course, is the Government of Costa Rica in the maintenance of the lawfully acquired rights of such American citizens.

COLBY

818.6363Am6/49: Telegram

The Consul at San José (Chase) to the Secretary of State

SAN JOSÉ, August 30, 1920—11 a.m.

[Received August 31—5:07 a.m.]

59. President Acosta vetoed all acts of the final session of Congress including the resolution referred to in my telegram of July 19, 6 p.m., Sinclair oil concession, which had passed Congress that day over a former voting [*veto?*], and much other important legislation, alleging that regular term expired a day earlier by limitation of time.

CHASE

318.115Un3/11 : Telegram

*The Consul at San José (Chase) to the Secretary of State*SAN JOSÉ, *October 8, 1920—6 p.m.*

[Received October 9—10 a.m.]

70. Your number 21, August 17, 6 p.m. The reply of the Costa Rican Government¹⁴ has just been received alleging that subsoil rights always belonged to the State. The communication is long. Particulars by mail today.¹⁵ I will send summary by cable if desired.

CHASE

818.6363/61

The Chargé in Costa Rica (Martin) to the Secretary of State

No. 13

SAN JOSÉ, *November 10, 1920.*

[Received November 22.]

SIR: Adverting to my telegram No. 5 of October 30; 5 p.m.,¹⁵ relative to the demand of the Government of Costa Rica that the Costa Rica Oil Corporation, an American company, make a full report before the 12th, instant, regarding its obligations, operations, production and the ownership of its stock, I have the honor to transmit herewith the text and translation of the communication embodying the demand, which was published in *La Gaceta* of October 30, 1920.¹⁵

In his reply to the Costa Rican Government, copy enclosed,¹⁵ which was delivered today, Mr. Herbert G. Wilson, Manager of the Costa Rica Oil Corporation, states that the Company has complied with all the terms of the contract, that it has not been found necessary to take advantage of the extension of time requested after the entrance of the United States into the World War, and that since the acquisition by the Company of the Pinto-Greulich concession in New York on January 29, 1917, there have been no negotiations whatever with respect to the transfer of the contract to the Sinclair Central American Oil Corporation, which is simply a "holding company".

The aggressive attitude of the Costa Rica Government in threatening to annul the concession in case of non-fulfilment of the terms of the contract, without the extension of time which was declared void, is accentuated by the action of Mr. Alejandro Alvarado¹⁶ in addressing a letter, in his capacity as Minister of Justice, to the

¹⁴ Dated Oct. 5; not printed.¹⁵ Not printed.¹⁶ Alejandro Alvarado Quirós.

Attorney General, requesting an investigation of the charge of bribery brought against the Pinto-Greulich *cessionnaires* by Congress last year. The letter was published in the issue of "*La Gaceta*" of October 31, 1920.

The Attorney General is required:

1. To request of ex-President González Flores the necessary excerpts from his private papers which were used as evidence by the members of Congress, and
2. To file with the courts a charge of bribery, if the case so merits.

As I had the honor to point out in my telegram cited above this action on the part of the Government may possibly be regarded as a manoeuvre calculated to placate Congress. On the other hand, as suggested in my telegram No. 7 of November 2; 6 p. m.,¹⁷ there is ample ground for the belief that an effort is being made to provoke a discussion of the question of subsoil rights in the forthcoming special session of Congress. It is conceivable that such a debate if precipitated now would jeopardize the Costa Rica Oil Corporation's concession. Yesterday the Minister for Foreign Affairs, of his own motion, told me that the Government did not desire to raise the question of subsoil rights until the next regular session.

If Mr. Alvarado's statement reflects the true sentiments of the Government, it can only be assumed that the present agitation against the Costa Rica Oil Corporation is inspired by rival interests.

The Standard Oil Company of California, in conjunction with the United Fruit Company has succeeded in inducing 45 municipalities out of a total of 55 to petition the Government to present the subsoil bill (private ownership of subsoil deposits) to Congress at once. Three more municipalities are reported to have promised to sign the petition.

To counter the danger which the proposed measure might involve if it were submitted to Congress during the investigation of the Pinto-Greulich concession, the lawyers of the Costa Rica Oil Corporation have been spreading the report that in case the Congress declares for government ownership the United States will sustain claims for damages. This impression, obviously erroneous, was doubtless derived from the first part of the Department's cable No. 21 of August 17; 6 p.m.

The representative of the Standard Oil Company of California, in turn, has intimated to me that ex-President González Víquez, who is supposed to have drafted the Foreign Office Note of October 5, 1920, which was transmitted with Consul Chase's despatch No. 868 of October 8th, last,¹⁸ is retained both by the Costa Rica Oil Corporation

¹⁷ Not printed.

¹⁸ Not printed; see consul's telegram no. 70 of Oct. 8, *supra*.

and the Amory Company which have a community of interests and that his real motive in opposing the subsoil question is to resuscitate the Amory concession.

When questioned by me as to the verity of the foregoing assertions Mr. Wilson stated that his Company had no interests in common with the Amory Company, and that the latter was much more likely to seek a new concession than to attempt to revive the contract annulled by the Costa Rican Congress.

The situation as described herein is further complicated by the endeavor of the Pan-American Oil Company, whose representative, Mr. M. B. Hereley, arrived in San José last week, to obtain a concession to exploit oil lands. I also understand that another company, of whose identity I am ignorant, is also attempting to persuade the President to present its proposal to Congress. Every effort will be made to ascertain what interests are financing the last named venture. In the meantime I should welcome for my guidance and confidential information an expression of the Department's policy with respect to the subsoil question.

I have [etc.]

JOHN F. MARTIN

818.6363/61

The Acting Secretary of State to the Chargé in Costa Rica (Martin)

No. 7.

WASHINGTON, December 13, 1920.

SIR: The Department acknowledges the receipt of your telegram No. 5 of October 30, 5 p.m.¹⁹ and your despatch No. 13 of November 10, 1920, relative to the demand of the Costa Rican Government that the Costa Rican Oil Corporation, an American company, make a full report before the twelfth of November, regarding its obligations, operations, production and the ownership of its stock, and transmitting a copy and translation of the demand as well as a copy of the reply of the Costa Rican Oil Corporation.

In reply, the Department informs you that it is awaiting the receipt of further memoranda both from the Costa Rican Oil Corporation and the United Fruit Company concerning the appropriate interpretation of the Costa Rican laws relative to the ownership of subsoil deposits, particularly of petroleum, and pending the receipt of such memoranda, has arrived at no final conclusion regarding the matter as affecting the controversy between the Costa Rican Oil Company on the one side and the United Fruit Company and the Standard Oil Company on the other side, concerning the rights of the first-named Company under the terms of the so-called Pinto-Greulich concession.

¹⁹ Not printed.

With respect to the statement made by you in the next to the last paragraph on page 3 of your despatch ²⁰ regarding the possibility of the support of this Government being given to claims for indemnity on the part of the Costa Rican Oil Company in the event that its concession shall be invalidated or rendered less valuable through the action of the Costa Rican Government, you are informed that if the Government of Costa Rica should take action against the concession, of an apparently unwarranted nature, the Government of the United States would be disposed to give careful consideration to any claims for indemnity which the Costa Rican Oil Corporation might file as a result of such governmental action by Costa Rica.

This Government understands that upon the occurrence of an alleged invasion of the property rights of one of the American companies by the other, the correct procedure would be to have the matter adjudicated by the parties in the Costa Rican courts.

I am [etc.]

For the Acting Secretary of State:

ALVEY A. ADEE

²⁰ See despatch no. 13, Nov. 10, from the Chargé in Costa Rica, 8th paragraph, p. 843.

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