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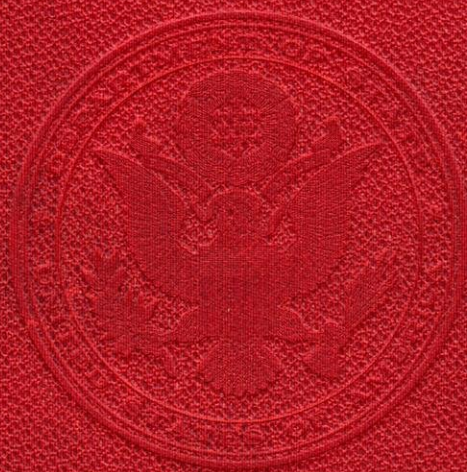
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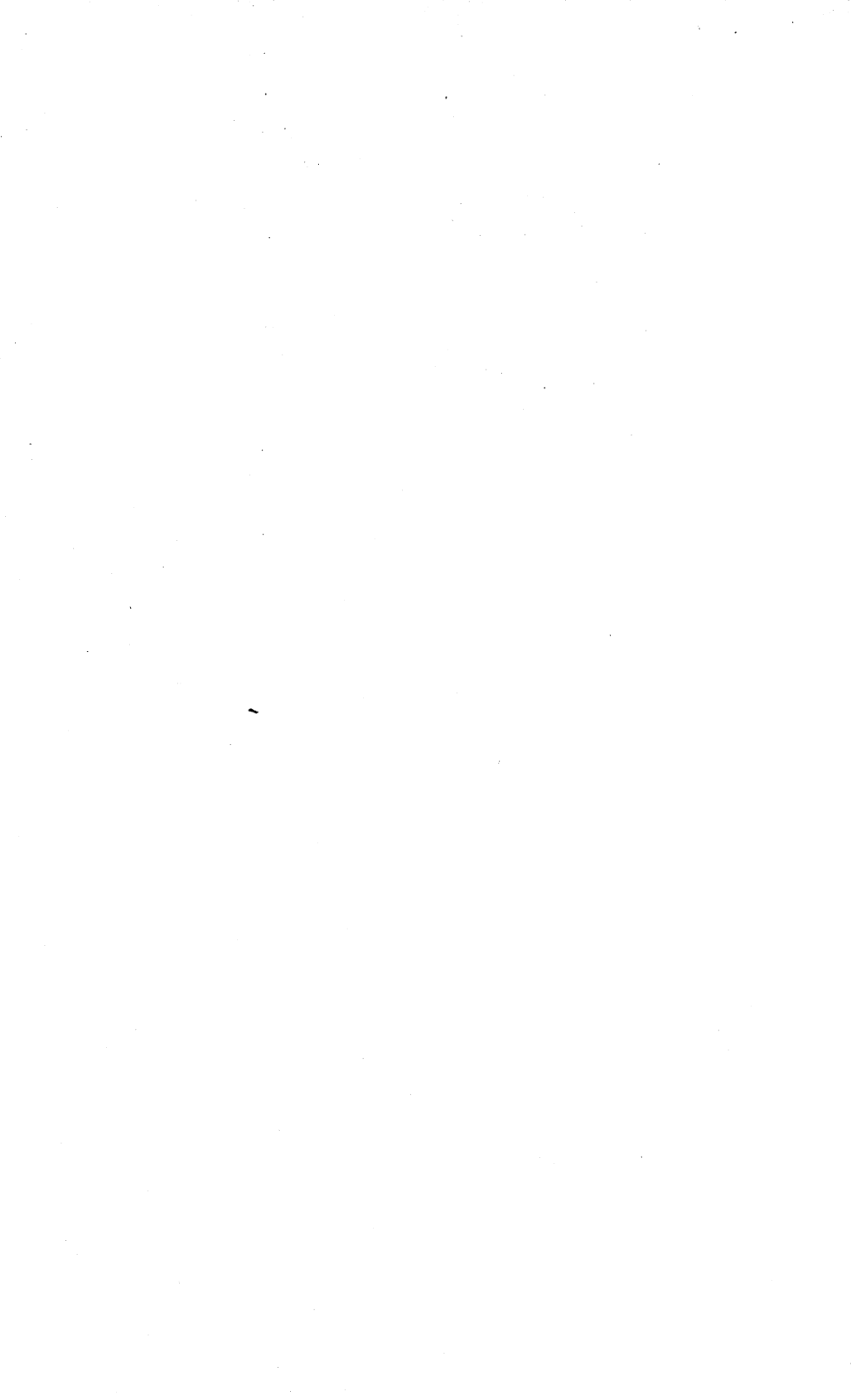
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PAPERS RELATING TO THE
FOREIGN RELATIONS
OF THE UNITED STATES

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THE WORLD WAR

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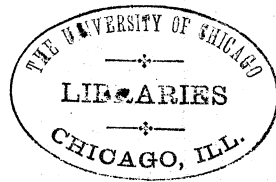
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CONTENTS

LIST OF PAPERS-----

Page
v

PART II

BELLIGERENT RIGHTS AND PRACTICES

ATTITUDE OF THE UNITED STATES REGARDING CONTRABAND OF WAR, VISIT AND SEARCH, ETC.—MEASURES AFFECTING NEUTRAL TRADE: CONTROL OF EXPORTS, IMPORTS, AND BUNKER COAL; BLACK LIST OF FIRMS----	799
Consideration of the control of exports from the United States—Suggestions as to measures for preventing trade beneficial to Germany—Withdrawal by the British and French Governments of the black list of firms in the United States—Advice of the Federal Reserve Board to banks against transfers of funds to neutral countries for German interests, May 10-----	799
Discussions with British representatives during the visit of the Balfour mission—Report of the Joint Subcommittee on Export Licenses—Attitude of the United States toward the British suggestions: reciprocal undertakings desired of Great Britain—Reservation of previous American contentions regarding rights of neutral trade and objections to Allied practices-----	828
The development of an American policy of trade control—Authorization of an embargo in the "Espionage Act," June 15, 1917—Establishment of the Exports Council, June 22—Instructions to American diplomatic and consular officers to procure information on neutral trade; arrangements for exchange of information with the Allied Governments—The President's statement on exports control, June 26—Appeals from the Allied Governments for action in support of their policies-----	877
Proclamation of July 9, 1917, restricting exports—Statement to the European neutrals, July 24, of the American policy of exports control; request for information on their needs—Resolution of the Exports Council, approved August 17, denying licenses for exports to enemies and allies of enemies, etc.—Discussions with the British Government regarding coordination of exports control and trade agreements with neutrals—British proposal for a notice to neutral banks to refrain from transactions in enemy interests—Establishment of the Exports Administrative Board, August 21-----	903
Proclamation of August 27, 1917, further restricting exports; explanatory statements by the President and the Exports Administrative Board—Bunker license rules of August 31 and October 5—Denial of licenses for shipments through the war zone in sailing vessels—Proclamation of September 7 restricting exports of coin, bullion, and currency—Refusal of the United States to join in the proposed notice to neutral banks—Suspension by the United States and the Allies of licenses for exports to the northern European neutrals—Further discussion with the Allies regarding agreements with the neutrals-----	933

	Page
ATTITUDE OF THE UNITED STATES REGARDING CONTRABAND OF WAR, ETC.— Continued.	
Establishment of the War Trade Board, October 12—Press state- ment regarding exports to neutrals—Discussions conducted through American delegates to the Inter-Allied Conference—Proclamations of November 28, further restricting exports and requiring licenses for certain imports-----	963
Publication of the enemy trading list of firms in Latin American countries, December 5—Instructions to consular officers in those countries-----	997
NEGOTIATIONS WITH DENMARK, NORWAY, AND SWEDEN CONCERNING EX- PORTS AND SHIPPING-----	1015
Representations as to the commercial situation and needs of the Scandinavian countries—The Swedish special mission to the United States—The Scandinavian conference, May 9-11—The Norwegian special mission to the United States-----	1015
Memorandum of the Exports Council to the neutral representatives, July 24—Swedish attempt to organize a neutral conference—The Danish special mission to the United States-----	1030
Discussions in connection with the American mission to the Inter- Allied Conference—Negotiations with the Danish and Norwegian representatives at Washington—The Scandinavian conference, November 28-30-----	1057
Negotiations with Swedish representatives at London: the question of purchase of iron ore—Proposals for a temporary <i>modus vivendi</i> with Sweden—Announcement of Christmas concessions to the neutrals—Further negotiations with Denmark and Norway-----	1084
NEGOTIATIONS WITH THE NETHERLANDS-----	1117
NEGOTIATIONS WITH SWITZERLAND: SILK AGREEMENT OF AUGUST 9; GENERAL AGREEMENT OF DECEMBER 5-----	1159
NEGOTIATIONS WITH SPAIN: THE QUESTION OF PURCHASES IN SPAIN BY THE AMERICAN EXPEDITIONARY FORCE-----	1199
CENSORSHIP OF WIRELESS TELEGRAPHY, CABLES, AND MAILS-----	1230
THE TAKING OVER OF GERMAN MERCHANT SHIPS IN AMERICAN PORTS— THEIR STATUS IN FOREIGN COURTS-----	1245
 PART III NEUTRAL DUTIES 	
THE MAINTENANCE OF NEUTRALITY IN THE PANAMA CANAL ZONE: REGU- LATIONS APPLYING TO WARSHIPS AND MERCHANT SHIPS-----	1265
THE TREATMENT OF ARMED MERCHANT SHIPS IN NEUTRAL PORTS-----	1283
THE TREATMENT OF BELLIGERENT SUBMARINES IN NEUTRAL PORTS— SUGGESTED INTERNMENT OF CREWS OF REFUGEE MERCHANT SHIPS-----	1289
INDEX-----	1303

LIST OF PAPERS

[Incoming papers are listed chronologically under date of receipt. Unless otherwise specified, the correspondence is *from* or *to* officials in the Department of State.]

PART II: BELLIGERENT RIGHTS AND PRACTICES

ATTITUDE OF THE UNITED STATES REGARDING CONTRABAND OF WAR, VISIT AND SEARCH, ETC.—MEASURES AFFECTING NEUTRAL TRADE: CONTROL OF EXPORTS, IMPORTS, AND BUNKER COAL; BLACK LIST OF FIRMS

CONSIDERATION OF THE CONTROL OF EXPORTS FROM THE UNITED STATES—SUGGESTIONS AS TO MEASURES FOR PREVENTING TRADE BENEFICIAL TO GERMANY—WITHDRAWAL BY THE BRITISH AND FRENCH GOVERNMENTS OF THE BLACK LIST OF FIRMS IN THE UNITED STATES—ADVICE OF THE FEDERAL RESERVE BOARD TO BANKS AGAINST TRANSFERS OF FUNDS TO NEUTRAL COUNTRIES FOR GERMAN INTERESTS, MAY 10

No.	Date	From and to whom	Subject	Page
	Apr. 9, 1917	Report of the War Trade Committee	Draft bill regarding trade with the enemy.	799
5958	Apr. 7	From the Ambassador in Great Britain (tel.)	Quotes note of Apr. 7 and memorandum of Apr. 6 from the British Minister of Blockade on withdrawal of statutory black list as concerning the United States.	801
3998	Apr. 3 [Rec'd Apr. 18]	From the Consul General at London	Forwards copy of his letter of Apr. 3 to Page and British memorandum of Mar. 30 on effect which U. S. entry into the war might have on blockade. Comments.	803
863	Apr. 18	From the Chargé in the Netherlands (tel.)	British inquiry regarding U. S. attitude toward citizens of enemy origin under suspicion, and adoption of blacklisting system.	806
327	Apr. 20	To the Minister in Denmark (tel.)	Bill introduced in Congress to prohibit exports except under special license.	806
488	Apr. 23	To the Chargé in the Netherlands (tel.)	Black-list measures must be enacted by Congress. Early understanding with Great Britain expected.	807
512	Apr. 27	From the Ambassador in Spain (tel.)	Inquires if he should cooperate with British Embassy regarding blacklisting of Spanish firms.	807
6122	Apr. 30	From the Ambassador in Great Britain (tel.)	British withdrawal of black lists as relating to the United States, Philippines, and Porto Rico.	807
445	Apr. 30	To the Ambassador in Spain (tel.)	Inquires nature of suggested cooperation in black-list measures. No policy yet adopted.	808
6095	Apr. 19 [Rec'd May 4]	From the Ambassador in Great Britain	Transmits Balfour's note of Apr. 10 enclosing summaries of telegrams to Spring Rice on trade and transport, for U. S. consideration.	808

PART II

ATTITUDE OF THE UNITED STATES REGARDING CONTRABAND OF WAR, VISIT AND SEARCH, ETC.—MEASURES AFFECTING NEUTRAL TRADE, ETC.—Continued

No.	Date	From and to whom	Subject	Page
	May 10 [Rec'd May 11]	From the Governor of the Federal Reserve Board	Forwards copy of his circular letter of May 10 to Federal Reserve Banks on desirability of preventing transfer of credits to neutral countries for account of alien enemies.	814
5421	May 4 [Rec'd May 18]	From the Ambassador in France	Transmits copy of French note of Apr. 30 announcing removal of U. S. and Philippine commercial houses from French black list.	816
5410	May 4 [Rec'd May 18]	From the Ambassador in France	Reports French activities in restricting commerce of Central powers. U. S. representation on committees is invited.	817
5449	May 11 [Rec'd May 25]	From the Ambassador in France	Transmits French report on blockade enforcement; measures recommended to the United States. Comments.	821

DISCUSSIONS WITH BRITISH REPRESENTATIVES DURING THE VISIT OF THE BALFOUR MISSION—REPORT OF THE JOINT SUBCOMMITTEE ON EXPORT LICENSES—ATTITUDE OF THE UNITED STATES TOWARD THE BRITISH SUGGESTIONS: RECIPROCAL UNDERTAKINGS DESIRED OF GREAT BRITAIN—RESERVATION OF PREVIOUS AMERICAN CONTENTIONS REGARDING RIGHTS OF NEUTRAL TRADE AND OBJECTIONS TO ALLIED PRACTICES

	May 7	From the British Embassy	Memoranda on attitude of various neutral European countries toward trade with the Allies and with the enemy, and toward shipping.	828
	May 11	From the Commercial Adviser of the British Embassy	Memoranda on control of neutral tonnage and control over the supply of bunkers.	838
	[May 14]	Report of the Joint Subcommittee on Export Licenses	Restriction of trade: procedure and requisite machinery therefor. Coal policy adopted by Great Britain.	846
	May 14	Report of the Subcommittee on Statistics and Sources of Information	Method for supplementing machinery of London committees in gathering information on rationing situation in neutral countries.	863
	May 17	Department memorandum	U. S. policy on questions relating to exports control.	865
	May 17	From the British Embassy	Prospect of an after-war trade boycott causes alarm in Germany.	870
	May 18	From the Commercial Adviser of the British Embassy	Unsettled war-trade questions, for discussion before departure of British mission.	871
	May 23	Department memorandum	Tentative trade arrangements between Great Britain and the United States.	873

PART II

ATTITUDE OF THE UNITED STATES REGARDING CONTRABAND OF WAR, VISIT AND SEARCH, ETC.—MEASURES AFFECTING NEUTRAL TRADE, ETC.—Continued

No.	Date	From and to whom	Subject	Page
	May 25	Department memorandum	Method of exercising bunker control; British draft memorandum of May 24 on this subject. (Read to Lord Percy.)	874

THE DEVELOPMENT OF AN AMERICAN POLICY OF TRADE CONTROL—AUTHORIZATION OF AN EMBARGO IN THE "ESPIONAGE ACT," JUNE 15, 1917—ESTABLISHMENT OF THE EXPORTS COUNCIL, JUNE 22—INSTRUCTIONS TO AMERICAN DIPLOMATIC AND CONSULAR OFFICERS TO PROCURE INFORMATION ON NEUTRAL TRADE; ARRANGEMENTS FOR EXCHANGE OF INFORMATION WITH THE ALLIED GOVERNMENTS—THE PRESIDENT'S STATEMENT ON EXPORTS CONTROL, JUNE 26—APPEALS FROM THE ALLIED GOVERNMENTS FOR ACTION IN SUPPORT OF THEIR POLICIES

6357	June 2	From the Consul General at London (tel.)	Special licenses necessary for U. S. shipments of rubber goods via Halifax.	877
	June 5	From the Ambassador in Great Britain (tel.)	Proposed establishment in London of a permanent U. S. technical mission for war-trade objectives.	877
	June 6 [Rec'd June 8]	From the French Ambassador	Efforts of Inter-Ministerial Financial Commission to block financial interests of the enemy.	877
232	June 11	To the Minister in Sweden (tel.)	Instructions regarding joint meetings of Allied Ministers.	878
	June 11	From the Consul General at London (tel.)	British suggestion of concerted policy to prevent exports to firms in Latin America assisting the enemy.	878
4995	June 14	To the Ambassador in Great Britain (tel.)	Nominating representatives for committees already established, rather than sending technical mission, is being considered.	878
	June 14	From the Commercial Adviser of the British Embassy	Suggestions regarding treatment of neutral countries under U. S. embargo legislation.	879
	June 19	To the Consul General at London (tel.)	Inquiry regarding activity of firms in Latin America assisting the enemy.	881
2213	June 20	To the Nash Motors Co.	Reply to inquiry regarding shipment of automobiles, etc., to foreign countries.	881
	June 20	From the Ambassador in France (tel.)	French invitation to send U. S. representative to Permanent International Committee of Economic Action.	882
	June 20	To the Minister in Sweden (tel.); <i>mutatis mutandis</i> , to diplomatic officers in the other neutral countries	Instructions to forward all available information on enemy trading, and to cooperate with colleagues on war matters. To be repeated to consular officers.	882

PART II

ATTITUDE OF THE UNITED STATES REGARDING CONTRABAND OF WAR, VISIT AND SEARCH, ETC.—MEASURES AFFECTING NEUTRAL TRADE, ETC.—Continued

No.	Date	From and to whom	Subject	Page
2645	June 22	Executive order	Establishment of an Exports Council.	883
	June 22	To Mr. Ira Jewell Williams	Information regarding certain firms suspected of using exports to advantage of the enemy.	884
	June 23	To the Ambassador in Great Britain (tel.); <i>mutatis mutandis</i> , to diplomatic officers in certain other countries	Quotes Department's circular telegram of June 20, with instructions regarding reciprocal cooperation.	885
1003	June 26	From the Ambassador in Italy (tel.)	Inquires meaning of instruction, "Consuls will perform conventional consular services without regard to British black list."	885
	June 27	To diplomatic officers in certain Latin American countries (tel.)	Instructions to give publicity to extracts from the President's statement regarding policy of exports control. To be repeated to consuls.	885
182	June 27 [Rec'd June 28]	From the British Ambassador	British difficulties regarding curtailment of supplies to the enemy pending announcement of U. S. policy.	886
	June 29 [Rec'd July 2]	From the French Ambassador	Expediency of measures to prevent neutrals profiting by U. S. shipments and furnishing the enemy with supplies.	888
6643	July 3 [Rec'd July 4]	From the Ambassador in Great Britain (tel.)	Quotes instructions to British missions in neutral countries directing cooperation with U. S. colleagues in war matters.	891
	July 5	From the British Embassy	Memorandum regarding argument of northern neutrals that restriction of supplies would throw them into the arms of Germany.	892
860	July 6	To the Ambassador in Italy (tel.)	U. S. consuls will continue notarial, invoice, and like services for firms on British black list.	898
6451	June 22 [Rec'd July 6]	From the Ambassador in Great Britain	Meeting to consider proposal for extension of financial blockade. Enclosures: copy of minutes; draft of proposal for publication.	898
4330	June 21 [Rec'd July 7]	From the Consul General at London	Data regarding suspicious firms in Latin America has been sent to British special mission. Liquidation of German firms in the United States and Great Britain discussed.	902

PART II

ATTITUDE OF THE UNITED STATES REGARDING CONTRABAND OF WAR, VISIT AND SEARCH, ETC.—MEASURES AFFECTING NEUTRAL TRADE, ETC.—Continued

PROCLAMATION OF JULY 9, 1917, RESTRICTING EXPORTS—STATEMENT TO THE EUROPEAN NEUTRALS, JULY 24, OF THE AMERICAN POLICY OF EXPORTS CONTROL; REQUEST FOR INFORMATION ON THEIR NEEDS—RESOLUTION OF THE EXPORTS COUNCIL, APPROVED AUGUST 17, DENYING LICENSES FOR EXPORTS TO ENEMIES AND ALLIES OF ENEMIES, ETC.—DISCUSSIONS WITH THE BRITISH GOVERNMENT REGARDING COORDINATION OF EXPORTS CONTROL AND TRADE AGREEMENTS WITH NEUTRALS—BRITISH PROPOSAL FOR A NOTICE TO NEUTRAL BANKS TO REFRAIN FROM TRANSACTIONS IN ENEMY INTERESTS—ESTABLISHMENT OF THE EXPORTS ADMINISTRATIVE BOARD, AUGUST 21

No.	Date	From and to whom	Subject	Page
1385	July 9	Proclamation	Restriction of exports.	903
	July 9	From the Consul	U. S. commercial delegate invited	905
	[Rec'd	General at Rio	to sit with Commercial Committee	
	July 10]	de Janeiro (tel.)	of the Allies. Instructions requested.	
6716	July 12	From the Ambassador in Great Britain (tel.): Commercial Attaché to Exports Council	U. S. measures for control of exports unsatisfactory. Complete prohibition recommended for certain countries.	905
	July 13	To Cook's Linoleum Co.	Reply to request for special permit to receive goods from firm in Sweden on British black list.	906
	July 16	To the French Ambassador	Consideration being given note on expediency of measures for controlling exports to neutrals.	907
	July 17	To the Consul General at Rio de Janeiro (tel.)	Instructions regarding cooperation with consular officers of Governments opposed to Germany.	907
	July 24	The Exports Council to the Danish Legation; <i>mutatis mutandis</i> , to the Legations of the other northern European neutral countries	Statement of American policy of exports control and request for information on Denmark's needs.	908
165	July 25	To the Cuban Minister	The United States has not issued any black list of firms.	911
	July 26	From the British Ambassador	Presents copy of <i>Statistics of Imports into Scandinavia and the Netherlands</i> for May.	911
6830	July 24	From the Ambassador in Great Britain (tel.)	British request for reply regarding suggestions for extension of financial blockade.	911
5520	July 13	From the Ambassador in France	France instructs its missions in neutral countries to cooperate with American missions in supplying needed information.	912
	[Rec'd			
	July 28]			
5236	July 31	To the Ambassador in Great Britain (tel.)	Conversation with British representatives regarding effect of a U. S. embargo on exports to the European neutrals.	912

PART II

ATTITUDE OF THE UNITED STATES REGARDING CONTRABAND OF WAR, VISIT AND SEARCH, ETC.—MEASURES AFFECTING NEUTRAL TRADE, ETC.—Continued

No.	Date	From and to whom	Subject	Page
	Aug. 1	From the British Ambassador	Forwards November edition of British trade agreements with neutrals, and other information on the subject.	914
621	Aug. 2	To the Chargé in the Netherlands (tel.)	Instructions to obtain informally all possible information from British and French colleagues on matters of blockade, statistics, etc.	915
	Aug. 3	From the British Ambassador	Summary of British negotiations with various neutral countries regarding tonnage.	916
5266	Aug. 7	To the Ambassador in Great Britain (tel.)	Certain precautionary measures taken regarding financial blockade; no further action possible until passage by Congress of Enemy Trading Act.	918
	Aug. 8	To the Ministers in northern European neutral countries (tel.)	Data being sought on needs of certain neutrals; further discussions with Great Britain and France on embargo policy.	919
	Aug. 10	To the Brazilian Embassy; <i>mutatis mutandis</i> , to missions of other Allied and Associated countries	Forwards copy of letter of Aug. 1 from Secretary of Commerce regarding issuance of licenses for shipments of iron, steel plates, etc.	919
	Aug. 11 [Rec'd Aug. 13]	From the British Ambassador	Assurance of cooperation in restriction of exports; necessity for revision of certain agreements with neutrals.	920
	Sept. 14	To diplomatic officers in all countries (tel.)	Forwards resolution of Exports Council, approved Aug. 17, denying licenses for exports to enemies and allies of enemies. To be repeated to consuls.	922
249	Aug. 18 [Rec'd Aug. 20]	From the British Ambassador	For U. S. adherence: proposed notice to neutral banks to refrain from transactions in interest of the enemy.	924
2687-A	Aug. 21	Executive order	Establishment of an Exports Administrative Board and an Exports Council.	926
7006	Aug. 22	From the Ambassador in Great Britain (tel.)	British suggestion of an Allied blockade council or blockade consultative body to be set up in Washington.	927
	Aug. 25	From the British Embassy	Measures necessary to secure identic policy between Great Britain and the United States regarding exports restriction.	928
	Aug. 27	From the British Embassy	British proposal of conferences at Washington and London for extending mutual information regarding trade restrictions.	931

PART II

ATTITUDE OF THE UNITED STATES REGARDING CONTRABAND OF WAR, VISIT AND SEARCH, ETC.—MEASURES AFFECTING NEUTRAL TRADE, ETC.—Continued

PROCLAMATION OF AUGUST 27, 1917, FURTHER RESTRICTING EXPORTS; EXPLANATORY STATEMENTS BY THE PRESIDENT AND THE EXPORTS ADMINISTRATIVE BOARD—BUNKER LICENSE RULES OF AUGUST 31 AND OCTOBER 5—DENIAL OF LICENSES FOR SHIPMENTS THROUGH THE WAR ZONE IN SAILING VESSELS—PROCLAMATION OF SEPTEMBER 7 RESTRICTING EXPORTS OF COIN, BULLION, AND CURRENCY—REFUSAL OF THE UNITED STATES TO JOIN IN THE PROPOSED NOTICE TO NEUTRAL BANKS—SUSPENSION BY THE UNITED STATES AND THE ALLIES OF LICENSES FOR EXPORTS TO THE NORTHERN EUROPEAN NEUTRALS—FURTHER DISCUSSION WITH THE ALLIES REGARDING AGREEMENTS WITH THE NEUTRALS

No.	Date	From and to whom	Subject	Page
1391	Aug. 27	Proclamation	Further restriction of exports.	933
	Aug. 27	To diplomatic officers in certain countries	Instructions to give publicity to the proclamation further restricting exports and to the President's explanatory statement as quoted.	937
	Aug. 28	To the Secretary of the Treasury; similar letters to the Attorney General and Secretary of Commerce	Forwards British note of Aug. 18 proposing financial restrictions on neutral banks. Opinion requested.	938
	Aug. 30	Resolution of Exports Administrative Board	Bureau of Export Licenses to withhold for the present licenses for controlled commodities for northern neutrals.	939
	Aug. 31	Instructions of Exports Administrative Board	Granting of bunker licenses.	939
	Aug. 31 [Rec'd Sept. 4]	From the Secretary of Commerce	Supremely important to cut off the enemy's supplies of credit.	940
	Sept. 4 [Rec'd Sept. 5]	From the Attorney General	U. S. assent to financial restrictions on neutral banks suggested by Great Britain would be unwise.	940
267	Sept. 6	From the British Ambassador	Inquires regarding U. S. cooperation with Allies in proposed financial restrictions on neutral banks.	941
2459	Sept. 5 [Rec'd Sept. 6]	From the Ambassador in France (tel.)	Commercial relations with Grubnau & Son, Philadelphia, suspended by France. Inquires action to be taken.	942
	Sept. 6 [Rec'd Sept. 7]	From the Acting Secretary of the Treasury	Control of foreign exchange, etc., obtainable under existing legislation, may attain objects sought by British proposal <i>re</i> financial restrictions on neutral banks.	942
1392	Sept. 7	Proclamation	Restriction in export of coin, bullion, and currency.	943
	Sept. 13	Public statement of Exports Administrative Board	List of certain articles of commerce covered by proclamation of Aug. 27 restricting exports.	945
1782	Sept. 17	To the British Ambassador	Inexpedient now to join in proposed notice to neutral banks.	946

PART II

ATTITUDE OF THE UNITED STATES REGARDING CONTRABAND OF WAR, VISIT AND SEARCH, ETC.—MEASURES AFFECTING NEUTRAL TRADE, ETC.—Continued

No.	Date	From and to whom	Subject	Page
2664	Sept. 18	To the Ambassador in France (tel.)	French attitude toward Grubnau firm not understood, in view of removal of U. S. firms from black list.	946
	Sept. 29	Public statement of Exports Administrative Board	Refusal of export licenses to sailing vessels passing through war zone.	946
	Sept. 22 [Rec'd Sept. 24]	From the Commercial Adviser of the British Embassy	Forwards letter of Sept. 22, with enclosures, from Secretary of British Embassy to McCormick: further discussion of British trade agreements with neutrals.	947
	Sept. 25	From the Commercial Adviser of the British Embassy	Suspension of export licenses on commodities to Scandinavia and Holland from British Empire; exceptions.	951
	Sept. 28 [Rec'd Sept. 29]	From the British Ambassador	Presents memoranda on British and French adherence to U. S. embargo policy, exceptions to be granted by way of barter.	952
5511	Sept. 29	To the Ambassador in Great Britain (tel.)	No shipments to Scandinavia; certain exceptions.	955
	Oct. 2	To the Ambassador in Great Britain (tel.); the same to diplomatic officers in certain other countries	Quotes Swiss press criticism of U. S. export restrictions. Danger of allowing the United States to assume full responsibility for restrictions.	956
	Oct. 3	Public statement of Exports Administrative Board	List of articles not requiring an export license under proclamation of Aug. 27.	956
	Sept. 19 [Amended Oct. 4]	Resolution of Exports Administrative Board	Regulations for suspending export licenses for commodities which are to be carried on sailing vessels through war zone.	957
	Oct. 5	Public statement of Exports Administrative Board	Policy with regard to granting bunkers to neutral vessels.	958
359	Oct. 5 [Rec'd Oct. 6]	From the British Ambassador	Alteration made in proposed notice to neutral banks. U. S. adherence urged.	959
	Oct. 6	To the Ambassador in Spain (tel.); the same to diplomatic officers in certain other neutral countries	Explanation of U. S. blockade policy; French and British decisions will be independent.	960
1835	Oct. 4 [Rec'd Oct. 7]	From the Ambassador in Russia (tel.)	Russian representations against strict embargo on Sweden.	961

PART II

ATTITUDE OF THE UNITED STATES REGARDING CONTRABAND OF WAR, VISIT AND SEARCH, ETC.—MEASURES AFFECTING NEUTRAL TRADE, ETC.—Continued

No.	Date	From and to whom	Subject	Page
5575	Oct. 9	Authorization of the Exports Administrative Board	No vessel permitted to clear U. S. port without license for cargo, bunker fuel, etc.	962
	Oct. 9	To the Ambassador in Great Britain (tel.)	Continued consideration of treatment of northern neutrals and of possible effect of strict embargo.	962
	Oct. 10 [Rec'd Oct. 11]	From the Consul at Barranquilla (tel.)	Shall invoices from German and pro-German firms continue to be certified?	963

ESTABLISHMENT OF THE WAR TRADE BOARD, OCTOBER 12—PRESS STATEMENT REGARDING EXPORTS TO NEUTRALS—DISCUSSIONS CONDUCTED THROUGH AMERICAN DELEGATES TO THE INTER-ALLIED CONFERENCE—PROCLAMATIONS OF NOVEMBER 23, FURTHER RESTRICTING EXPORTS AND REQUIRING LICENSES FOR CERTAIN IMPORTS

2729-A	Oct. 12	Executive order	Establishment of a War Trade Board, etc.	963
7416	Oct. 13 [Rec'd Oct. 14]	From the Ambassador in Great Britain (tel.)	British reasons for desiring complete embargo.	970
	Oct. 16	To Mr. Robert Otis Hayward	Instructions to report at The Hague as Special Assistant of Department of State; duties assigned.	971
	Oct. 16	To the Consul at Barranquilla (tel.)	Consuls will continue to certify invoices from German and pro-German firms.	973
2602	Oct. 15 [Rec'd Oct. 17]	From the Ambassador in France (tel.)	Explanation of French measures regarding firm of Carl Grubnau of Philadelphia.	974
	Oct. 17	To the Ambassador in Great Britain (tel.); the same to diplomatic officers in certain neutral countries	For publication: U. S. policy regarding embargo on exports to neutrals.	974
1141	Oct. 23	From the Ambassador in Italy (tel.)	British request of Italy to cooperate in prohibiting shipments to northern neutrals. Sweden's new Government friendly to Allies.	976
	Oct. 24	From the Commercial Adviser of the British Embassy	Forwards note of Oct. 23 from the Acting Chairman of W. T. B. to Secretary of British Embassy re responsibility for tightening of blockade, and reply of Oct. 24.	976
	Oct. 25	From Assistant Director of Bureau of War Trade Intelligence of W. T. B.	Proposed rule governing applications for licenses for export of arms and ammunition submitted for approval.	978

PART II

ATTITUDE OF THE UNITED STATES REGARDING CONTRABAND OF WAR, VISIT AND SEARCH, ETC.—MEASURES AFFECTING NEUTRAL TRADE, ETC.—Continued

No.	Date	From and to whom	Subject	Page
	Nov. 1	To Assistant Director of Bureau of War Trade Intelligence of W. T. B.	Proposed rule governing applications for licenses for export of arms and ammunition approved.	979 ⁿ
	Oct. 20 [Rec'd Oct. 26]	From the French Ambassador	Approval of British cooperation in embargo on exports to northern neutrals. Enclosure: explanatory note <i>re</i> France's adhesion.	979
2745	Oct. 27	To the Ambassador in France (tel.)	Members of firm Grubnau & Son are American citizens and trade restriction in their case seems unnecessary.	980
	Oct. 31 [Rec'd Nov. 2]	From the Commercial Adviser of the British Embassy	Forwards copy of British note to W. T. B. regarding apportionment between Allies of various rations allotted neutrals.	980
7586	Nov. 2	From the Ambassador in Great Britain (tel.)	Suggests that applications for licenses for shipments to individual American importers come through W. T. B.	982
4955	Oct. 22 [Rec'd Nov. 12]	From the Consul General at London	Recommends that the United States announce white lists in connection with South American trade.	983
5793	Nov. 12	To the Ambassador in Great Britain (tel.): Richards to McCormick	No arrangements yet made to take the place of British navicert system.	984
4	Nov. 15	From the Delegate to the Inter-Allied Council (tel.): to McAdoo	Modification of British financial embargo plan thought necessary before U. S. adherence.	985
7734	Nov. 19 [Rec'd Nov. 20]	From the Ambassador in Great Britain (tel.): McCormick to W. T. B.	Proposes suggesting to British Blockade Ministry plan for control of exports by U. S. licenses in lieu of letters of assurance.	985
	Nov. 19	President Wilson to the Special Representative (tel.)	Disapproves suggested method of controlling Norway's exports; points out only legitimate method.	986
5859	Nov. 20	To the Ambassador in Great Britain (tel.): Jones to McCormick	Explanation of the President's telegram regarding Norwegian exports.	986
7792	Nov. 23 [Rec'd Nov. 24]	From the Ambassador in Great Britain (tel.)	Difficulty in moving U. S. consignments shipped from the East via Great Britain; Pacific route more desirable.	987
2855	Nov. 24	To the Ambassador in France (tel.): W. T. B. to McCormick	Authorization of plan for discontinuance of navicerts in favor of control by U. S. export licenses.	988

PART II

ATTITUDE OF THE UNITED STATES REGARDING CONTRABAND OF WAR, VISIT AND SEARCH, ETC.—MEASURES AFFECTING NEUTRAL TRADE, ETC.—Continued

No.	Date	From and to whom	Subject	Page
	Nov. 27	From the Special Representative (tel.)	U. S. adherence to British and French declaration of policy regarding priority of food shipments to Europe is urged.	988
1410	Nov. 28	Proclamation	Further restriction of exports.	989
1411	Nov. 28	Proclamation	Prohibition of certain imports except under license.	990
	Dec. 1	Public statement of W. T. B.	Governmental control over imports into the United States.	992
23	Nov. 30 [Rec'd Dec. 1]	From the Special Representative of W. T. B. (tel.): to W. T. B.	Quotes Balfour as pointing out increasing export difficulties with neutral powers contiguous to Germany. Recommendations.	994
7865	Dec. 4	From the Ambassador in Great Britain (tel.): Frothingham to W. T. B.	Suggestions regarding machinery for establishing U. S. license system which will displace navicerts.	995
	Undated [Rec'd Dec. 5]	From the Special Representative (tel.)	Reports resolutions of blockade and finance sections of Inter-Allied Conference to insure provisioning of invaded countries, etc.	995

PUBLICATION OF THE ENEMY TRADING LIST OF FIRMS IN LATIN AMERICAN COUNTRIES, DECEMBER 5—INSTRUCTIONS TO CONSULAR OFFICERS IN THOSE COUNTRIES

	Dec. 5	To diplomatic officers in Latin American countries (tel.)	Forwards enemy trading list of firms in Latin American countries. To be repeated to consuls.	997
562	Dec. 6	To consular officers in Latin American countries	Instructions to report data for establishing enemy trading list and list of approved firms. Enclosure: extract from W. T. B. general instructions.	997
	Dec. 10	To the Norwegian Minister	Question of excluding from commerce with the United States Norwegian firms which import goods from Germany.	1002
	Dec. 13	To diplomatic officers in Latin American countries (tel.)	Instruct consuls to forward at once names of firms which should be eliminated from enemy trading list.	1003
	Dec. 12 [Rec'd Dec. 14]	From the Commercial Adviser of the British Embassy	Measures to be used in northern neutral countries for controlling imports when embargo is raised.	1003
	Dec. 17 [Rec'd Dec. 18]	From the Salvadoran Minister	Salvador guarantees future neutrality of Banco Salvadoreño and requests its removal from enemy trading list.	1004
	Dec. 19 [Rec'd Dec. 20]	From the Ambassador in Great Britain (tel.): Crosby to McAdoo	Revision of plan for financial blockade submitted for approval.	1005

PART II

ATTITUDE OF THE UNITED STATES REGARDING CONTRABAND OF WAR, VISIT AND SEARCH, ETC.—MEASURES AFFECTING NEUTRAL TRADE, ETC.—Continued

No.	Date	From and to whom	Subject	Page
	Dec. 21	To the Consul General at London (tel.)	Merchandise from the United States to war zone in Allied sailing vessels prohibited; restriction of neutral sailing vessels attempted.	1006
2950	Dec. 26 [Rec'd Dec. 27]	From the Ambassador in France (tel.)	Invitation for U. S. delegates to join International Committee of Economic Action.	1006
26	Jan. 7, 1918	To the Salvadoran Minister W. T. B. report for 1917	Banco Salvadoreño removed from W. T. B. enemy trading list.	1007
			Organization, functions, and activities of the War Trade Board.	1007

NEGOTIATIONS WITH DENMARK, NORWAY, AND SWEDEN CONCERNING EXPORTS AND SHIPPING

REPRESENTATIONS AS TO THE COMMERCIAL SITUATION AND NEEDS OF THE SCANDINAVIAN COUNTRIES—THE SWEDISH SPECIAL MISSION TO THE UNITED STATES—THE SCANDINAVIAN CONFERENCE, MAY 9-11—THE NORWEGIAN SPECIAL MISSION TO THE UNITED STATES

586	Apr. 16, 1917 [Rec'd Apr. 17] Apr. 23	From the Minister in Denmark (tel.)	Contemplated embargo on northern neutrals will create feeling of resentment against the United States.	1015
		From the Norwegian Minister	Representations regarding commercial situation and Norway's needs.	1016
340	May 8 [Rec'd May 9]	From the Minister in Sweden (tel.)	Swedish special mission <i>en route</i> to the United States; effect upon Russia of restriction of Swedish imports.	1017
346	May 9	From the Minister in Sweden (tel.)	Conference in Sweden of Scandinavian Ministers.	1018
358	May 13 [Rec'd May 15]	From the Minister in Sweden (tel.)	Subjects discussed and measures of cooperation agreed upon at Scandinavian conference.	1018
174	May 15	From the Minister in Norway (tel.)	Scandinavian conference agreed to continue policy of neutrality and to cooperate with neutral states for protection of joint interests; no reexportations.	1019
	May 19	From the British Embassy	Suggests modification of proposed demands upon Sweden regarding compensation for exports from the United States.	1019
	June 11	From the Swedish Commercial Delegate	Sweden's tonnage requirements.	1020
	June 15	From the Swedish Commercial Delegate	List of Swedish ships detained in U. S. ports.	1021

PART II

NEGOTIATIONS WITH DENMARK, NORWAY, AND SWEDEN CONCERNING EXPORTS
AND SHIPPING—Continued

No.	Date	From and to whom	Subject	Page
	June 19 [Rec'd June 20]	From the Norwegian Minister	Will the United States receive Nansen as Minister on Special Mission with a view to securing for Norway necessary importations?	1022
	June 20	To the Norwegian Minister	Nansen will be received by the United States.	1022
	June 25	From the Swedish Commercial Delegates	Postponement of Swedish wheat purchases in the United States.	1022
	June 26	From the Danish Minister	Danish commercial situation; necessity for trade with both belligerent groups.	1023
495	June 28 [Rec'd June 29]	From the Minister in Sweden (tel.)	Question of exports from Scandinavia to Germany. Recommendations.	1027
219	July 11	From the Minister in Norway (tel.)	Recommends that Norway be subjected to less trade restriction than Sweden or Denmark.	1028
	July 13 [Rec'd July 16]	From the British Embassy	Urges emphatic demand that Sweden stop enormous exports of iron ore to Germany.	1029

MEMORANDUM OF THE EXPORTS COUNCIL TO THE NEUTRAL REPRESENTATIVES,
JULY 24—SWEDISH ATTEMPT TO ORGANIZE A NEUTRAL CONFERENCE—THE
DANISH SPECIAL MISSION TO THE UNITED STATES

	July 31	From the British Ambassador	Swedish commercial situation; urgency of stopping Swedish exports to Germany and securing Russian transit.	1030
	Aug. 1	Remarks of Doctor Nansen to President Wilson	Presentation of letters of credence as Minister of Norway on Special Mission.	1035
	Aug. 1	President Wilson's reply to Doctor Nansen	Acceptance of letters of credence as Minister of Norway on Special Mission.	1036
	July 31 [Rec'd Aug. 1]	From the Minister in Norway (tel.)	Reports visit and conversation of Swedish Minister in Norway.	1036
620	Aug. 9 [Rec'd Aug. 10]	From the Minister in Sweden (tel.)	Swedish attempt to organize a neutral conference.	1037
1004	Aug. 11	From the Minister in Denmark (tel.)	Press comment on proposed neutral conference at Stockholm.	1037
	Aug. 14	From the Swedish Minister	Sweden empowers Nordvall to negotiate for U. S. foodstuffs, etc.	1038
652	Aug. 20 [Rec'd Aug. 21]	From the Minister in Sweden (tel.)	Interview with Foreign Minister: Sweden's trade with America and Germany; object of proposed neutral conference.	1038
	Aug. 23 [Rec'd Aug. 24]	From the British Embassy	Possibility of Norway being involved in the war; Germany's threatening attitude.	1039

PART II

NEGOTIATIONS WITH DENMARK, NORWAY, AND SWEDEN CONCERNING EXPORTS
AND SHIPPING—Continued

No.	Date	From and to whom	Subject	Page
1650	Aug. 25	To the Ambassador in Russia (tel.)	Seeks cooperation with Russia on control over imports into Sweden which would benefit the enemy.	1040
676	Aug. 25 [Rec'd Aug. 26]	From the Minister in Sweden (tel.)	France and Italy seek to discourage proposed neutral conference at Stockholm.	1040
682	Aug. 27 [Rec'd Aug. 28]	From the Minister in Sweden (tel.)	Sweden will not sever commercial relations with Central powers; will seek agreement with the United States, however.	1041
1686	Aug. 31 [Rec'd Sept. 2]	From the Ambassador in Russia (tel.)	Reports proposed Russian shipments of oil cake to Sweden; urges restriction of commerce with Sweden.	1041
743	Sept. 11 [Rec'd Sept. 12]	From the Minister in Sweden (tel.)	Dispatch to Washington of Swedish commissioner to continue negotiations for supplies and to discuss Sweden's exports to Germany.	1041
767	Sept. 14 [Rec'd Sept. 15]	From the Minister in Sweden (tel.)	Transit licenses to Russia granted provided the United States will furnish equivalent quantity of goods for Swedish consumption.	1042
5431	Sept. 15	To the Ambassador in Great Britain (tel.)	Urges British permission for passage of rye to Sweden in return for wheat furnished Belgian Relief.	1042
318	Sept. 21 [Rec'd Sept. 22]	From the Minister in Norway (tel.)	Necessity for clear embargo policy on part of the United States.	1043
7251	Sept. 25 [Rec'd Sept. 26]	From the Ambassador in Great Britain (tel.)	Quotes British reply to request to permit passage of consignment of rye to Sweden.	1044
40.A. XXIX	Sept. 27	From the Danish Minister	Difficulties facing Denmark as result of U. S. embargo; more satisfactory arrangement urged.	1045
834	Sept. 29 [Rec'd Sept. 30]	From the Minister in Sweden (tel.)	Believed impossible to compel Sweden to discontinue ore exports to Germany. Curtailment thought possible.	1047
363	Oct. 1	To the Minister in Sweden (tel.)	Negotiations regarding embargo on exports to Scandinavian countries.	1047
5522	Oct. 2	To the Ambassador in Great Britain (tel.)	Instructions to make representations regarding British refusal to permit passage of rye to Sweden.	1049
40.A. XXIX	Oct. 2 [Rec'd Oct. 3]	From the Danish Minister	Requests that Danish commercial representatives be received by Exports Council, Shipping Board, etc.	1049
166	Oct. 8	To the Minister in Norway (tel.)	Future policy will be to refuse Norway supplies while it continues exports benefiting the enemy.	1050
864	Oct. 8 [Rec'd Oct. 9]	From the Minister in Sweden (tel.)	New Swedish Administration may be favorable to Allies. Delay and leniency in trade negotiations advisable.	1050

PART II

NEGOTIATIONS WITH DENMARK, NORWAY, AND SWEDEN CONCERNING EXPORTS
AND SHIPPING—Continued

No.	Date	From and to whom	Subject	Page
538	Oct. 13	To the Minister in Denmark (tel.)	No shipments to Denmark pending negotiations. Understanding to be reached soon.	1051
1398	Oct. 15 [Rec'd Oct. 16]	From the Minister in Denmark (tel.)	Danger of Denmark being forced to compensate Germany in order to secure fuel oil for lights and water.	1051
7460	Oct. 17	From the Ambassador in Great Britain (tel.)	British authorization for passage of consignment of rye to Sweden.	1052
346	Oct. 17 [Rec'd Oct. 18]	From the Minister in Norway (tel.)	Interview with Foreign Minister on reduction of exports to Germany.	1052
172	Oct. 26	To the Minister in Norway (tel.)	Advises noncommittal attitude while negotiations between W. T. B. and Norwegian commission are proceeding.	1053
367	Nov. 2 [Rec'd Nov. 3]	From the Minister in Norway (tel.)	Press criticism of Foreign Minister's withholding U. S. note of July 24; his explanation. Propitious time for securing Norway's cooperation in embargo.	1054
947	Nov. 3 [Rec'd Nov. 4]	From the Minister in Sweden (tel.)	Swedish attitude toward America result of embargo. Impracticable to cut off all Swedish exports to Germany.	1055
	Nov. 8	From the Secretary of the British Embassy	Forwards substance of British telegrams offering further suggestions regarding trade agreement with Denmark.	1056

DISCUSSIONS IN CONNECTION WITH THE AMERICAN MISSION TO THE INTER-ALLIED
CONFERENCE—NEGOTIATIONS WITH THE DANISH AND NORWEGIAN REPRESENTATIVES AT WASHINGTON—THE SCANDINAVIAN CONFERENCE, NOVEMBER 28-30

5754	Nov. 8	To the Ambassador in Great Britain (tel.): W. T. B. to McCormick	Danish trade negotiations with W. T. B.: limit of exports to Central powers.	1057
5755	Nov. 8	To the Ambassador in Great Britain (tel.): W. T. B. to McCormick	Attempted adjustment of trade negotiations with Norway. British agreement on Norwegian tonnage first necessity. Views requested.	1058
7654	Nov. 9	From the Ambassador in Great Britain (tel.): from McCormick	Recommends immediate proposal to Norway concurrently with British and French in regard to trade restrictions.	1059
7659	Nov. 9 [Rec'd Nov. 10]	From the Ambassador in Great Britain (tel.): McCormick to W.T.B.	Urges, with British and French approval, delay in completing Danish trade negotiations until Norwegian agreement is closed.	1059

PART II

NEGOTIATIONS WITH DENMARK, NORWAY, AND SWEDEN CONCERNING EXPORTS
AND SHIPPING—Continued

No.	Date	From and to whom	Subject	Page
7670	Nov. 11 [Rec'd Nov. 12]	From the Ambassador in Great Britain (tel.); to W. T. B. also	Quotes instructions to be sent to British and French representatives in Norway regarding exports agreement. Identical U. S. instructions recommended.	1059
971	Nov. 10 [Rec'd Nov. 12]	From the Minister in Sweden (tel.)	New Foreign Minister outlines basis for agreement with Allies and suggests appointment of commission. Comments and recommendations.	1061
5792	Nov. 12	To the Ambassador in Great Britain (tel.); to McCormick	Quotes W. T. B. regarding delay in trade negotiations with Norway and Denmark. Comments.	1063
1566	Nov. 13	From the Minister in Denmark (tel.)	Danish response to W. T. B. demands will be tempered by Italian defeat. Swedish King's visit.	1064
	Nov. 14	From the Special Representative of W. T. B. (tel.); to W. T. B.	Recommendations regarding settlement of trade negotiations with northern neutrals and Switzerland.	1064
982	Nov. 14	From the Minister in Sweden (tel.)	Foreign Minister inquires when and where conference <i>re</i> trade agreement with Sweden will be held.	1065
5820	Nov. 15	To the Ambassador in Great Britain (tel.): Jones to McCormick	The President's instructions regarding trade agreements with Norway and Denmark.	1065
	Nov. 15 [Rec'd Nov. 16]	From the Special Representatives of W. T. B. and of F. A. (tel.): to W. T. B.	Danish negotiations: meat proposals will be acceptable to Allies, contingent on tonnage agreement.	1066
382	Nov. 16	From the Minister in Norway (tel.)	Immediate negotiations with Norway advisable in view of coming Scandinavian Royal conference.	1066
	Nov. 17	From the Special Representative of W. T. B. (tel.); to W. T. B. also	Danish agreement ready to close. Suggests holding Swedish and Dutch negotiations in Washington.	1067
5842	Nov. 17	To the Ambassador in Great Britain (tel.): Jones to McCormick	Quotes Nansen's letter of Nov. 16 proposing that Norway reduce exports to the enemy in order to obtain needed supplies from the United States.	1068
7721	Nov. 17 [Rec'd Nov. 18]	From the Ambassador in Great Britain (tel.): McCormick to W. T. B.	Prohibition of all exports to Germany to be proposed. Nansen negotiations withheld from Norwegians by Foreign Minister.	1069
	Nov. 18	The Special Representative to President Wilson (tel.)	McCormick proposes to make speedy and safe agreement with Norway. Nansen and Foreign Minister believed not to represent Government or people.	1070

PART II

NEGOTIATIONS WITH DENMARK, NORWAY, AND SWEDEN CONCERNING EXPORTS
AND SHIPPING—Continued

No.	Date	From and to whom	Subject	Page
386	Nov. 19	From the Minister in Norway (tel.)	Scandinavian Royal conference: subjects to be discussed.	1070
414	Nov. 20	To the Minister in Sweden (tel.)	No reason seen for transferring Swedish trade negotiations to London.	1071
390	Nov. 22	From the Minister in Norway (tel.)	Denmark seeks to prevent establishment of Allied naval base in Norway. Germany may attempt similar base in Denmark.	1071
7768	Nov. 22 [Rec'd Nov. 23]	From the Ambassador in Great Britain (tel.): McCormick to W. T. B.	Allied concurrence in Nansen's proposition, with certain changes.	1072
185	Nov. 24	To the Minister in Norway (tel.)	The United States to continue Norway negotiations here conjointly with the Allies.	1073
5916	Nov. 27	To the Ambassador in Great Britain (tel.): to McCormick	Quotes W. T. B. letter of Nov. 27 to Nansen offering revision of his proposed exports terms; to be repeated to Norway with instructions.	1073
5926	Nov. 28	To the Ambassador in Great Britain (tel.); to McCormick also	Quotes W. T. B. letter of Nov. 27 to Danish Minister submitting certain proposals as bases for exports agreement; to be repeated to Denmark with instructions.	1074
	Nov. — [Rec'd Nov. 30]	From the Commercial Adviser of the British Embassy	Expedient that negotiations with Sweden and Holland be carried on in London. Reasons. British policy.	1078
430	Dec. 3	To the Minister in Sweden (tel.)	Negotiations for agreement with Sweden will be carried on in London with McCormick.	1080
5961	Dec. 5	To the Ambassador in Great Britain (tel.): W. T. B. to McCormick	Proposes sending several cargoes of commodities to northern neutrals at Christmas time.	1080
7901	Dec. 7 [Rec'd Dec. 8]	From the Ambassador in Great Britain (tel.): Taylor to Jones	Report on negotiations with northern neutrals.	1081
5993	Dec. 8	To the Ambassador in Great Britain (tel.): W. T. B. to Taylor	Quotes Nansen's note of Dec. 7: Norway accedes in part to U. S. trade proposals; stipulated reservations.	1081
413	Dec. 8	From the Minister in Norway (tel.)	Recommends setting time limit for acceptance by Norway of proposals given Nansen. Influences causing delay.	1083
1681	Dec. 8 [Rec'd Dec. 9]	From the Minister in Denmark (tel.)	Report on Scandinavian Royal conference.	1084

PART II

NEGOTIATIONS WITH DENMARK, NORWAY, AND SWEDEN CONCERNING EXPORTS
AND SHIPPING—Continued

NEGOTIATIONS WITH SWEDISH REPRESENTATIVES AT LONDON; THE QUESTION OF
PURCHASE OF IRON ORE—PROPOSALS FOR A TEMPORARY "MODUS VIVENDI"
WITH SWEDEN—ANNOUNCEMENT OF CHRISTMAS CONCESSIONS TO THE NEU-
TRALS—FURTHER NEGOTIATIONS WITH DENMARK AND NORWAY

No.	Date	From and to whom	Subject	Page
[7946]	Dec. 13 [Rec'd Dec. 14]	From the Amba- sador in Great Britain (tel.); to W. T. B. and W. I. B. also	Proposes purchase by the Allies of Sweden's iron ore.	1084
7952	Dec. 13 [Rec'd Dec. 14]	From the Amba- sador in Great Britain (tel.)	Conference of Allied and U. S. delegates with Swedish represent- atives. Stand taken by latter.	1085
7977	Dec. 14 [Rec'd Dec. 15]	From the Amba- sador in Great Britain (tel.)	Swedish delegates request <i>modus vivendi</i> effective at once. Sub- committees appointed to deal with all questions.	1086
6061	Dec. 19	To the Ambassa- dor in Great Britain (tel.): from W. T. B.	Use of Swedish ore in the United States impracticable.	1086
6082	Dec. 20	To the Ambassa- dor in Great Britain (tel.)	Quotes W. T. B. note of Dec. 19 to Norwegian special mission in reply to trade proposals; to be repeated to Norway with in- structions.	1087
8014	Dec. 20 [Rec'd Dec. 21]	From the Amba- sador in Great Britain (tel.)	Written statement of Sweden's de- sires under proposed <i>modus vi- vendi</i> and of proposed tonnage arrangement in return. Em- bassy's counter-proposals.	1091
8041	Dec. 21 [Rec'd Dec. 22]	From the Amba- sador in Great Britain (tel.)	Tentative proposal made to Swe- den for disposal of iron ore.	1093
8043	Dec. 22	From the Amba- sador in Great Britain (tel.)	Tonnage charter rates and war risk provision added to proposed Swedish <i>modus vivendi</i> ; American delegates withhold consent. In- structions requested.	1094
8057	Dec. 23 [Rec'd Dec. 25]	From the Amba- sador in Great Britain (tel.)	Further insurance and other regu- lations proposed by subcommit- tee on tonnage in Swedish nego- tiations. Views requested.	1095
605	Dec. 5 [Rec'd Dec. 26]	From the Min- ister in Norway	Report on deliberations of Scan- dinavian Royal conference. En- closure: official <i>communiqué</i> , Nov. 30.	1096
	Dec. 22 [Rec'd Dec. 27]	From the Danish Minister	Denmark expresses thanks for proposed Christmas concessions. Enclosure: W. T. B. letter of Dec. 14 offering shipments, equivalent amount tonnage re- quested in return.	1100
	Dec. 26 [Rec'd Dec. 27]	From the Com- mercial Adviser of the British Embassy	Great Britain agrees to proposed Christmas gifts to Scandinavia. Suggestions.	1102

PART II

NEGOTIATIONS WITH DENMARK, NORWAY, AND SWEDEN CONCERNING EXPORTS
AND SHIPPING—Continued

No.	Date	From and to whom	Subject	Page
1743	Dec. 25, 26 [Rec'd Dec. 27, 28]	From the Chargé in Denmark (tel.)	Quotes Danish reply of Dec. 24 to W. T. B. letter: counter-propos- al for imports from the United States, restrictions on Danish exports, and cession of Danish tonnage.	1102
8085	Dec. 28	From the Am- bassador in Great Britain (tel.)	Great Britain approves Sweden's proposals for a <i>modus vivendi</i> , with proper safeguards. Nego- tiations await U. S. decision.	1107
1759	Dec. 29 [Rec'd Dec. 30]	From the Chargé in Denmark (tel.)	Intractable spirit evidenced by Danish reply shows influence of German successes. Recommen- dations.	1108
440	Dec. 30 [Rec'd Dec. 31]	From the Minis- ter in Norway (tel.)	Norway's counter-proposals to W. T. B. recommendations.	1110
8112	Dec. 31 [Rec'd Jan. 1, 1918]	From the Amba- sador in Great Britain (tel.): Sheldon to W. T. B.	Desirability of promptly reaching an agreement with Sweden. In- structions requested.	1111
8106	Dec. 31 [Rec'd Jan. 1, 1918]	From the Amba- sador in Great Britain (tel.); to W. T. B. also	Summarizes Cecil's views on W. T. B.'s latest counter-pro- posals to Norway.	1112
6165	Jan. 4, 1918	To the Amba- sador in Great Britain (tel.): W. T. B. to Sheldon	U. S. decision on proposed Swed- ish <i>modus vivendi</i> .	1113
	Jan. 16, 1918	From the Ship- ping Board Representative on the W. T. B.	Status of Christmas concessions to northern neutrals. Expres- sions of gratitude from Danish and Swedish representatives quoted.	1115

NEGOTIATIONS WITH THE NETHERLANDS

918	Apr. 27, 1917 [Rec'd June 4]	From the Chargé in the Nether- lands	Published account of President Wilson's assurances regarding foodstuffs for the Netherlands.	1117
906	May 10	From the Chargé in the Nether- lands (tel.)	Uneasiness in the Netherlands over embargo notwithstanding assurances of President Wilson.	1117
	May 11 [Rec'd May 12]	From the British Ambassador	Smuggling of foodstuffs from the Netherlands into Germany; American exports of oil to neu- trals of benefit to Germany.	1118
	May 29	From the British Embassy	Temporary <i>modus vivendi</i> regarding Dutch shipping to help meet requirements of the Allies.	1119

PART II

NEGOTIATIONS WITH THE NETHERLANDS—Continued

No.	Date	From and to whom	Subject	Page
6585	June 30	From the Ambassador in Great Britain (tel.): C. R. B. to Hoover	Proposed pressure for allocation of Dutch tonnage to Commission for Relief in Belgium.	1120
1896	July 25	To the French Ambassador	Conditions under which Dutch vessels will be allowed to leave U. S. ports.	1120
	Aug. 8	From the British Embassy	Transit of metals from Belgium to Germany across Dutch territory.	1121
	Aug. 11	From the British Embassy	Measures to provide supplies and transports for occupied territory.	1122
	Aug. 14 [Rec'd Aug. 15]	From the British Embassy	British proposition for release of Dutch ships in American harbors on condition that certain portion of cargoes goes to Belgian Relief Committee.	1123
1207	Aug. 16 [Rec'd Aug. 17] Aug. 29 [Rec'd Aug. 30] Aug. 30 [Rec'd Aug. 31]	From the Chargé in the Netherlands (tel.) From the British Embassy From the British Embassy	Dutch special commission to the United States; its purposes. Restriction of Dutch importation of margarine materials to prevent export to Germany. Considerations influencing Great Britain in Netherlands trade negotiations. Summary of suggested proposals.	1124 1125 1126
4189	Sept. 3 [Rec'd Sept. 4]	From the Netherlands Minister	Information regarding arrival and personnel of Netherlands commission.	1129
4197	Sept. 4	From the Netherlands Legation	Negotiations regarding Dutch grain ships lying in U. S. ports: correspondence with Food Administration quoted.	1129
4316	Sept. 10	From the Netherlands Legation	Offer of Dutch tonnage for Belgian Relief Committee dependent upon supplying of Dutch requirements.	1133
	Sept. 11	To the Netherlands Legation	Dutch note regarding Dutch ships in U. S. ports submitted to Hoover. His reply.	1134
1457	Oct. 9 [Rec'd Oct. 10]	From the Minister in the Netherlands (tel.)	Dutch agitation over attitude of Exports Administrative Board toward Dutch tonnage.	1135
373	Oct. 8 [Rec'd Oct. 11]	From the Commercial Adviser of the British Embassy	Facilities for Dutch commercial cables refused because British representations regarding transit of gravel across the Netherlands unheeded.	1135
726	Oct. 17	To the Minister in the Netherlands (tel.)	Quotes memorandum of Oct. 12 from Exports Administrative Board to the Netherlands commission on U. S. attitude toward trade with the Netherlands.	1136
4981	Oct. 15	From the Netherlands Legation	Netherlands resentment against alleged U. S. discrimination and trade embargo.	1138

PART II

NEGOTIATIONS WITH THE NETHERLANDS—Continued

No.	Date	From and to whom	Subject	Page
1508	Oct. 18 [Rec'd Oct. 19]	From the Minister in the Netherlands (tel.)	The gravel controversy with Great Britain; criticism of the United States because of embargo; economic conditions.	1140
	Oct. 18 [Rec'd Oct. 19]	From the Commercial Adviser of the British Embassy	Forwards copy of Embassy letter of Oct. 18 to McCormick on trade negotiations with the Netherlands; summary of conditions to be fulfilled.	1141
5538	Nov. 10	From the Netherlands Minister	Disappointment felt that Dutch special commission is unable to reach an understanding with W. T. B.	1143
1643	Nov. 16 [Rec'd Nov. 17]	From the Minister in the Netherlands (tel.)	Dutch-German agreement.	1145
5860	Nov. 20	To the Ambassador in Great Britain (tel.)	Instructions to House to discuss with British and French authorities the question of requisitioning Dutch ships.	1147
	Oct. 16 [Rec'd Nov. 21]	From the Consul at Amsterdam	Reports sentiment in Holland changing from pro-Ally to pro-German. Reasons.	1147
7787	Nov. 23 [Rec'd Nov. 24]	From the Ambassador in Great Britain (tel.)	Discussion in London of relations with the Netherlands; recommendations regarding requisition of Dutch ships.	1150
2899	Dec. 3	To the Ambassador in France (tel.): W. T. B. to McCormick	Status of negotiations with northern neutrals. Instructions.	1151
811	Dec. 3	To the Minister in the Netherlands (tel.)	Further negotiations for trade agreement with the Netherlands to be carried on in London.	1151
	Dec. 6	From the Commercial Adviser of the British Embassy	Proposals for chartering Dutch and Swedish ships for carrying wheat; requisition, the alternative.	1151
5982	Dec. 7	To the Ambassador in Great Britain (tel.): W. T. B. to McCormick, Taylor, and Colby	Suggests use of Dutch and Swedish ships while negotiations are in progress.	1153
1742	Undated [Rec'd Dec. 10]	From the Minister in the Netherlands (tel.)	Transit of sand and gravel through the Netherlands: British desire that the United States demand stoppage. Recommendations.	1153
836	Dec. 10	To the Minister in the Netherlands (tel.)	No reply to W. T. B. request for release of Dutch ships for South American and West Indian round trips. Opinion requested.	1154
1750	Dec. 11 [Rec'd Dec. 12]	From the Minister in the Netherlands (tel.)	The Netherlands agrees conditionally to W. T. B. request for tonnage.	1155
7923	Dec. 11 [Rec'd Dec. 12]	From the Ambassador in Great Britain (tel.): Taylor to Jones	Terms of Dutch offer of tonnage.	1155

PART II

NEGOTIATIONS WITH THE NETHERLANDS—Continued

No.	Date	From and to whom	Subject	Page
7967	Dec. 14 [Rec'd Dec. 15]	From the Ambassador in Great Britain (tel.)	Report of conference with Dutch representatives. Allied proposals.	1155
7990	Dec. 17	From the Ambassador in Great Britain (tel.); to W. T. B. also	Allied approval of Dutch <i>modus vivendi</i> , ships to be returned to American ports after unloading. U. S. attitude requested.	1157
8039	Dec. 21 [Rec'd Dec. 22]	From the Ambassador in Great Britain (tel.); to W. T. B. also	Inquires progress made toward adoption of <i>modus vivendi</i> regarding Dutch shipping.	1157
6142	Dec. 29	To the Ambassador in Great Britain (tel.): W. T. B. to Sheldon	Netherland proposal not accepted. Suggestion made for temporary settlement pending final agreement.	1158

NEGOTIATIONS WITH SWITZERLAND: SILK AGREEMENT OF AUGUST 9; GENERAL AGREEMENT OF DECEMBER 5

824	Apr. 24 [Rec'd Apr. 25]	From the Minister in Switzerland (tel.)	Reports Swiss anxiety and requests permission to give assurance that embargo measures are not directed against Switzerland.	1159
559	May 3	To the Minister in Switzerland (tel.)	Instructions to allay public alarm relative to bill introduced in Congress for trade restriction.	1160
	May 7 [Rec'd May 8]	From the French Ambassador	Suggests U. S. cooperation with Allies regarding exports to Switzerland.	1160
938	May 22	From the Minister in Switzerland (tel.)	Commercial agreement between the Allies and Switzerland; its terms.	1161
2295	May 29	To the Ambassador in France (tel.)	Instructions to have Embassy represented at Paris conference to discuss Italy's silk export. British request of May 17 quoted.	1162
989	June 1 [Rec'd June 4]	From the Minister in Switzerland (tel.)	Report on Swiss importations, exports to Germany, and smuggling. Suggestions.	1162
1860	June 7	To the French Ambassador	Bill in Congress for complete Government control of U. S. exports.	1165
2160	June 5 [Rec'd June 7]	From the Ambassador in France (tel.)	Report on silk conference: proposal for control of silk going to Germany for military purposes.	1166
1012	June 7 [Rec'd June 8]	From the Minister in Switzerland (tel.)	Swiss mission to the United States: its personnel and object.	1167
482	June 19	To the Swiss Minister	Assurances given regarding possible effect of the Espionage bill on supplies to Switzerland.	1168
	June 19 [Rec'd June 23]	From the French Ambassador	U. S. cooperation urged for more effective restriction of Swiss exports to Central Empires.	1169
	June 9	Agreement between the Associated Powers	Relative to silks and silk goods.	1169

PART II

NEGOTIATIONS WITH SWITZERLAND, ETC.—Continued

No.	Date	From and to whom	Subject	Page
2456	July 17	To the Ambassador in France (tel.)	Necessary sum set aside to cover expenses of silk conference proposals.	1170
	July 16 [Rec'd July 18]	From the French Ambassador	No shipment to Switzerland of foodstuffs unless consigned to the Swiss Society of Surveillance.	1171
	Aug. 8	From the British Ambassador	The Allies would welcome any further curtailment of Swiss exports to the enemy.	1171
	Aug. 9	Agreement between Switzerland and the Associated Powers	Relative to silks and silk goods.	1172
	Aug. 25 [Rec'd Aug. 29]	From the French Ambassador; similar note from the Italian Ambassador	Suggested restriction on export of machine tools to Switzerland.	1173
	Sept. 4 [Rec'd Sept. 8]	From the British Embassy	British Government endorses position of French Government <i>re</i> restriction on export of machine tools to Switzerland.	1173n
950	Sept. 21	To the French Ambassador; <i>mutatis mutandis</i> , to the Italian Ambassador	Quotes communication from Exports Administrative Board of Sept. 13 accepting principle suggested respecting control of export of machine tools to Switzerland.	1174
2523	Sept. 21 [Rec'd Sept. 22]	From the Ambassador in France (tel.)	Silk agreement of Aug. 9 renounced by Switzerland; substitute of Sept. 4 submitted for approval.	1175
2550	Oct. 1 [Rec'd Oct. 2]	From the Ambassador in France (tel.)	Silk agreement of Sept. 4 ratified by Switzerland. U. S. ratification desired.	1175
1075	Oct. 31	To the Chargé in Switzerland (tel.)	Adjustment of interests with Switzerland promoted by Swiss commissioners in the United States.	1176
31	Nov. 6	To the Swiss Minister	Arrangement for annual exportation of limited number horses to Switzerland.	1177
5812	Nov. 14	To the Ambassador in Great Britain (tel.): W. T. B. to McCormick	Swiss trade agreement should be negotiated and concluded at Paris.	1177
	Nov. 15	From the Special Representative of the W. T. B. (tel.): to W. T. B.	Will attempt to close Swiss agreement at Paris.	1178
	Nov. 22 [Rec'd Nov. 23]	From the Swiss Minister	Approval of proposed transfer to Paris of negotiations for agreement governing exports to Switzerland.	1178
2089	Nov. 22 [Rec'd Nov. 23]	From the Chargé in Switzerland (tel.)	Possibility of sudden attack on Switzerland by Germany in attempting to push forward into Italy.	1179

PART II

NEGOTIATIONS WITH SWITZERLAND, ETC.—Continued

No.	Date	From and to whom	Subject	Page
2846	Nov. 23	To the Ambassador in France (tel.): to Auchincloss	Views of Taylor and McCormick requested in regard to supplying wheat to Switzerland in emergency.	1180
3011	Nov. 24 [Rec'd Nov. 26]	From the Chargé in Switzerland (tel.)	Quotes Swiss President's <i>aide-mémoire</i> of Nov. 23 appealing for wheat. Recommendations.	1180
2865	Nov. 27	To the Ambassador in France (tel.): Hoover to Taylor	The United States can supply Switzerland with certain other grains, but not with wheat.	1182
2814	Nov. 28 [Rec'd Nov. 29]	From the Ambassador in France (tel.): Taylor to Hoover	Important to furnish Switzerland with some kind of grain until Argentine grain is available.	1182
2817	Nov. 28 [Rec'd Nov. 29]	From the Special Representative of the W. T. B. (tel.)	Conference planned for discussion of means to secure grain for Switzerland.	1182
25	Nov. 30 [Rec'd Dec. 1]	From the Special Representative (tel.): Taylor to Hoover	Reduction of cereal rations by Allies; grain requirements from the United States, Argentina, and India.	1183
	Dec. 1 [Rec'd Dec. 3]	From the Food Administrator	Submits for approval proposed reply to Swiss Minister containing list of commodities for export to Switzerland.	1183
	Dec. 3	To the Food Administrator	Proposed reply to Swiss Minister approved.	1183 <i>n</i>
	Dec. 6	From the Food Administrator	Instructing W. T. B. to release to Switzerland articles embodied in list attached to proposed reply to Swiss Minister.	1183 <i>n</i>
	Dec. 5 [Rec'd Dec. 6]	From the Special Representative (tel.): McCormick to W. T. B.	Swiss trade agreement signed.	1184
2934	Dec. 8	To the Ambassador in France (tel.)	Will deposit U. S. quota for financing silk agreement of June 9 when Allies do likewise.	1184
	Dec. 20 [Rec'd Dec. 21]	From the Chairman of the W. T. B.	Forwards text of agreement of Dec. 5 between the W. T. B. and Swiss Government in regard to exports from the United States to Switzerland. Annex: formal approval of French Government.	1185
1257	Dec. 21	To the Chargé in Switzerland (tel.)	Authorizes cooperation in efforts of Allies to secure from Switzerland loans for their Governments.	1196
	Dec. 21 [Rec'd Dec. 22]	From the Swiss Minister	Official notice of formal acceptance by Switzerland of agreement with W. T. B.	1197
	Dec. 17	Protocol to Agreement of June 9	Plans to effect execution of agreement relative to silks and silk goods.	1197
4235	June 18, 1918	From the Ambassador in France (tel.)	Information regarding adhesion of Governments signatory to protocol of Dec. 17.	1198 <i>n</i>

PART II

NEGOTIATIONS WITH SPAIN: THE QUESTION OF PURCHASES IN SPAIN BY THE AMERICAN EXPEDITIONARY FORCE

No.	Date	From and to whom	Subject	Page
	May 8, 1917	Department memorandum	Explanation of U. S. exports policy in answer to Spanish inquiry.	1199
	May 5 [Rec'd May 9]	From the Head of the British Special Mission	Difficulties with Spain in regard to export of iron ore to Great Britain. Cortina agreement. U. S. support requested.	1199
544	May 14 [Rec'd May 15]	From the Ambassador in Spain (tel.)	Minister of Hacienda inquires if the United States can supply Spain with coal. Suggested reply.	1202
481	May 22	To the Ambassador in Spain (tel.)	Limited quantity of coal may be supplied Spain in return for iron ore delivered to Great Britain.	1202
572	May 25 [Rec'd May 26]	From the Ambassador in Spain (tel.)	Probability of agreement between Spain and Great Britain for exchange of iron for coal. Recommendations.	1203
4902	May 31	To the Ambassador in Great Britain (tel.)	Difficulty of securing Spanish pyrites on account of shortage of tonnage.	1203
	June 21	From the Secretary of the British Embassy	Suggestions regarding the pyrites situation.	1204
	June 22	From the Secretary of the British Embassy	Offer of assistance in securing necessary supply of pyrites from Spain.	1205
6678	July 7	From the Ambassador in Great Britain (tel.)	British efforts to facilitate U. S. purchases of Spanish pyrites.	1205
	Aug. 10	From the Chairman of the Exports Administrative Board	Attempt to secure equal tonnage of pyrites for return trip of ships supplying coal requested by Spain.	1205
5408	Sept. 10	To the Ambassador in Great Britain (tel.)	Urgent need of Spanish pyrites: domestic sulphur supplies insufficient.	1206
788	Sept. 15 [Rec'd Sept. 16]	From the Ambassador in Spain (tel.)	Spanish request for U.S. credit of coal. Favorable consideration, on certain conditions, recommended.	1206
797	Sept. 21 [Rec'd Sept. 23]	From the Ambassador in Spain (tel.)	Certain concessions to Spain recommended in order to encourage liberal attitude toward the United States and cobelligerents.	1208
697	Oct. 5	To the Ambassador in Spain (tel.)	Refuses to make concessions recommended.	1208
819	Oct. 8	From the Ambassador in Spain (tel.)	Quotes British statement that withholding supplies from Spain may affect friendly position of present Government.	1209
	Oct. 13	To the Spanish Ambassador	Present policy not to allow exportation of petroleum to Spain; reasons.	1209
	Oct. 12 [Rec'd Oct. 16]	From the Acting Secretary of the Treasury	Spanish demands for shipments of gold refused.	1209
	Oct. 19	To the Spanish Ambassador	Application granted for specific shipment of cotton to Spain.	1210

PART II

NEGOTIATIONS WITH SPAIN, ETC.—Continued

No.	Date	From and to whom	Subject	Page
840	Oct. 24 [Rec'd Oct. 25]	From the Ambassador in Spain (tel.)	Quotes note from Minister of State protesting against U. S. embargo on petroleum and refusal of licenses for certain sailing ships.	1210
	Oct. 25	From the Spanish Ambassador	Requests that prior arrangement be permitted for release of petroleum in exchange for pyrites.	1211
2722	Nov. 12 [Rec'd Nov. 14]	From the Ambassador in France (tel.)	Embargo concessions to Spain to secure supplies for the U. S. Army in France. Dawes and Christie quoted.	1212
2816	Nov. 15	To the Ambassador in France (tel.)	Instructions to discuss with France subject of trade with Spain and to keep Willard informed.	1214
2843	Nov. 22	To the Ambassador in France (tel.)	Embargo concessions to be made to Spain in exchange for supplies needed by U. S. Army in France.	1214
899	Nov. 28 [Rec'd Nov. 29]	From the Ambassador in Spain (tel.)	Official interview on commercial relations; representations regarding Spanish attitude toward German activities in Spain and neighboring waters, etc.	1215
769	Dec. 1	To the Ambassador in Spain (tel.)	Necessity for negotiations for agreement regarding exports to Spain. Release of limited amount of cotton suggested.	1216
910	Dec. 3 [Rec'd Dec. 4]	From the Ambassador in Spain (tel.)	Report on situation in regard to Spanish exports.	1216
	Dec. 4 [Rec'd Dec. 5]	From the Spanish Ambassador	Quotes note from Minister of State suggesting reciprocal agreement between the United States and Spain regarding exports.	1217
913	Dec. 5 [Rec'd Dec. 6]	From the Ambassador in Spain (tel.)	Recommends that no permits to export cotton be granted until further exchange of views.	1217
923	Dec. 12 [Rec'd Dec. 13]	From the Ambassador in Spain (tel.)	Anglo-Spanish trade agreement effected. Certain shipments to Spain recommended.	1218
2902	Dec. 16 [Rec'd Dec. 17]	From the Ambassador in France (tel.)	Proposed conference between U. S., French, and Spanish representatives to reach agreement relative to Allied purchases in Spain.	1218
	Dec. 14 [Rec'd Dec. 17]	From the Commercial Adviser of the British Embassy	Suggests that Spanish supply of oil be kept as low as possible without being cut off.	1219
2971	Dec. 21	To the Ambassador in France (tel.): to Dawes	Inquires whether Spain has granted licenses for export of supplies. Quotes message to Willard regarding his recommendations re certain shipments to Spain.	1220
945	Dec. 23 [Rec'd Dec. 24]	From the Ambassador in Spain (tel.)	Explanation of Spanish situation and reasons for his recommendations.	1220
949	Dec. 24 [Rec'd Dec. 25]	From the Ambassador in Spain (tel.)	The King desires arrangement under which commodity exchanges could be made. U. S. and French understanding on subject urged.	1222

PART II

NEGOTIATIONS WITH SPAIN, ETC.—Continued

No.	Date	From and to whom	Subject	Page
950	Dec. 25 [Rec'd Dec. 26]	From the Ambassador in Spain (tel.)	The United States should make with Spain reciprocal exchange of permits for exports and not lift embargo.	1223
802	Dec. 26	To the Ambassador in Spain (tel.)	Authorization to make, with approval of French Ambassador, reciprocal exchange of export permits.	1223
2951	Dec. 26 [Rec'd Dec. 28]	From the Ambassador in France (tel.): from Dawes	Quotes Willard's telegram, Dec. 20, on efforts to secure Spanish permits for exports to U. S. Army in France; names supplies purchased.	1223
806	Dec. 28	To the Ambassador in Spain (tel.)	Dawes is requested to act with French representative in negotiations for Spanish exports. Instructions.	1224
961	Dec. 29 [Rec'd Dec. 30]	From the Ambassador in Spain (tel.)	Appointment of president of French delegation to Inter-Allied Bureau of Purchases in Spain. Suggests that he represent the United States.	1225
960	Dec. 29 [Rec'd Dec. 30]	From the Ambassador in Spain (tel.)	Requests authority to state that embargo will be enforced; exception, exchange of reciprocal permits. Suggests <i>modus vivendi</i> .	1225
811	Dec. 31	To the Ambassador in Spain (tel.)	Licenses will be issued to send 8,000 tons petroleum to Spain in Spanish ships.	1227
2973	Dec. 30 [Rec'd Jan. 1, 1918]	From the Ambassador in France (tel.)	Quotes resolutions of Franco-American Bureau of Purchases in Spain. Representatives to be sent to Spain to confer with Willard.	1227
812	Jan. 2, 1918	To the Ambassador in Spain (tel.)	Department's views of various phases of Spanish situation. Instructions.	1228

CENSORSHIP OF WIRELESS TELEGRAPHY, CABLES, AND MAILS

2585	Apr. 6, 1917	Executive order	Taking over control of radio stations by the U. S. Government.	1230
5988	Apr. 13	From the Ambassador in Great Britain (tel.): from Bell	Suggestions regarding establishment of postal and cable censorship.	1231
4710	Apr. 17	To the Ambassador in Great Britain (tel.): to Bell	Hoping to establish cable and telegraph censorship.	1232
6059	Apr. 21 [Rec'd Apr. 22]	From the Ambassador in Great Britain (tel.)	Resumption of British cable censorship between the North and South dependent upon establishment of U. S. censorship at Panama.	1233
2604	Apr. 28	Executive order	U. S. censorship of submarine cables, telegraph and telephone lines.	1233

PART II

CENSORSHIP OF WIRELESS TELEGRAPHY, CABLES, AND MAILS—Continued

No.	Date	From and to whom	Subject	Page
6138	May 2	From the Ambassador in Great Britain (tel.): from Bell	Postal censorship should be under military, not postal authorities.	1234
4856	May 21	To the Ambassador in Great Britain (tel.)	Resumption of British cable censorship desirable. Request for conference on censorship.	1234
6407	June 8	From the Ambassador in Great Britain (tel.)	British censorship of cables between North and South America restored. Request for conference on censorship discussed.	1234
5051	June 27	To the Ambassador in Great Britain (tel.)	U. S. consular mail censored in Great Britain. Inquires treatment accorded correspondence of Allied consuls.	1235
6561	June 28	From the Ambassador in Great Britain (tel.)	British position regarding censorship of consular mail. Suggestion.	1235
5087	July 3	To the Ambassador in Great Britain (tel.)	U. S. censorship placed only on messages in transit through continental United States for transatlantic points.	1236
6663	July 6	From the Ambassador in Great Britain (tel.)	British cable censor to be placed at disposal of the United States as liaison officer.	1236
6732	July 13	From the Ambassador in Great Britain (tel.)	Departure of British cable censorship officials deferred pending U. S. approval of plan.	1237
5152	July 14	To the Ambassador in Great Britain (tel.)	Approves sending of British censorship officers to the United States.	1237
	July 25	To the heads of diplomatic missions at Washington	Restriction in dispatch of diplomatic mail to countries abroad.	1237
	July 25	Regulations by Director of Naval Communications	Cable censorship regulations No. 6.	1238
5301	Aug. 15	To the Ambassador in Great Britain (tel.)	Naval cable censorship on messages over Atlantic cables to, from, or in transit through, the United States.	1241
5454	Sept. 20	To the Ambassador in Great Britain (tel.)	Suggests that Great Britain release Swedish diplomatic pouches held at Halifax.	1241
5533	Oct. 4	To the Ambassador in Great Britain (tel.)	British treatment of Swedish mail.	1242
2729-A	Oct. 12	Executive order	Establishment of a Censorship Board for censorship of mails, cables, radio, etc.	1242
5608	Oct. 17	To the Ambassador in Great Britain (tel.)	Representations to Great Britain regarding detention of Swedish mail.	1243
	Oct. 23	Department memorandum	Release of Swedish mail.	1243

PART II

CENSORSHIP OF WIRELESS TELEGRAPHY, CABLES, AND MAILS—Continued

No.	Date	From and to whom	Subject	Page
	Oct. 24?	Department memorandum	Swedish Minister's assurances regarding nature of correspondence in mail pouches.	1244
	Nov. 9	To the Swedish Minister	Disposal of certain letters found in Swedish diplomatic pouch.	1244

THE TAKING OVER OF GERMAN MERCHANT SHIPS IN AMERICAN PORTS—THEIR STATUS IN FOREIGN COURTS

102574	Oct. 22, 1928	Assistant Commissioner of Customs to Deputy Commissioner of Accounts and Deposits of the Treasury	Circular instructions issued by the Treasury Department in 1917 to collectors of customs, on taking over of German and Austrian ships.	1245
	Apr. 17, 1917	To the British Embassy	Requisition of German ships in U. S. ports for use during the war.	1246
	Apr. 28	To the Attorney General	Legal opinion on questions submitted regarding seizure and condemnation of refugee German merchantmen in U. S. ports.	1246
	May 8	To the Commercial Adviser of the British Embassy	Recovery of British cargoes on enemy ships seized by U. S. authorities.	1253
	May 11 [Rec'd May 14]	From the Commercial Adviser of the British Embassy	Release of neutral or Allied cargoes on board enemy ships seized in British ports.	1254
2619-A	May 14	Executive order	Taking over of German ships <i>Odenwald</i> and <i>Praesident</i> lying in San Juan Harbor.	1254
2621	May 16	Executive order	Transfer to the United States of German ship <i>Atlas</i> at San Francisco for use in harbor patrol.	1255
2624	May 22	Executive order	Requisition of certain German ships for service in the U. S. Navy.	1255
2625	May 22	Executive order	Transfer of certain other German ships to the United States for use as colliers and cargo carriers.	1255
231	June 11	To the Swedish Minister	Hungarian steamers <i>Budapest</i> and <i>Morawitz</i> not seized; taken possession of merely for preservation from injury.	1256
	June 20	To the Commercial Adviser of the British Embassy	Disposition of cargoes on German ships requisitioned by the United States.	1256
2651	June 30	Executive order	Authorization for taking over by the United States of any enemy ship within its jurisdiction. List of ships requisitioned.	1257

PART II

THE TAKING OVER OF GERMAN MERCHANT SHIPS IN AMERICAN PORTS, ETC.—
Continued

No.	Date	From and to whom	Subject	Page
	July 9	To the Ambassador in Chile (tel.)	Inquires if former German ships used as U. S. merchantmen will be protected by Chilean Government.	1259
	July 17	From the Ambassador in Chile (tel.)	Chilean protection assured former German ships used as U. S. merchantmen.	1260
	Sept. 6	From the Swiss Minister	Transmits copy of German note of July 29 to Swiss Legation at Berlin inquiring U. S. intention regarding ownership of seized ships and regarding compensation.	1260
	Oct. 6	To the Ambassador in Chile (tel.)	Desires that Chile make formal agreement to recognize as U. S. public vessels U. S. merchant ships formerly German owned.	1261
	Oct. 11	From the Ambassador in Chile (tel.)	Quotes Chilean note of Oct. 10 guaranteeing protection in Chilean waters of U. S. merchant ships formerly German owned.	1262

PART III: NEUTRAL DUTIES

THE MAINTENANCE OF NEUTRALITY IN THE PANAMA CANAL ZONE: REGULATIONS
APPLYING TO WARSHIPS AND MERCHANT SHIPS

1371	May 23	Proclamation	Rules and regulations for management and protection of the Panama Canal and for maintenance of its neutrality.	1265
	June 5	From the British Embassy	British request for dry-dock facilities and supplies at Balboa for British Pacific Squadron.	1268
1496	July 31 [Rec'd Aug. 10]	From the Minister in Panama	Transmits Panaman note of July 31 on British request that British warships be allowed longer stay at Taboga Island than 24-hour limitation. Comments.	1268
	Aug. 13	From the British Embassy	Requests transit facilities in transport of Australasian troops through the Panama Canal.	1269
	Aug. 15	To the British Embassy	Request for transit and harbor facilities in Canal Zone will be complied with according to proclamation of May 23, 1917.	1270
	Aug. 22	From the British Embassy	Request for hospital accommodation at Panama for invalids on Australasian transports.	1272
	Aug. 29	Department memorandum	British Embassy orally informed that question of hospital accommodation at Panama is to be left to the requirements of each shipload.	1272n

PART III

THE MAINTENANCE OF NEUTRALITY IN THE PANAMA CANAL ZONE, ETC.—Continued

No.	Date	From and to whom	Subject	Page
	Oct. 15	Assistant Director of Bureau of Exports of W.T.B. to Shipping Board Representative	No export licenses required for transit of cargoes and shipments through the Canal. Bunkering allowed all vessels.	1272
	Nov. 3	To the Counselor for the W.T.B.	Licensing of ships merely passing through the Canal would be inconsistent with neutralized status of the Isthmus.	1273
	Nov. 9	Bureau of Transportation of W. T. B. to Washington Office of Panama Canal	Instructions regarding passage of ships through the Canal pending adoption of new regulations by W. T. B.	1273
444	Nov. 19	To the Minister in Panama	No objection to British warships remaining at Taboga Island longer than 24-hour limitation.	1274
1697	Nov. 28 [Rec'd Dec. 15]	From the Minister in Panama	Consent, informally given, for British warships to remain in vicinity of Taboga Island longer than 24 hours. Enclosure: copy of British note of Oct. 9 to Panaman Foreign Secretary.	1275
457	Dec. 22	To the Minister in Panama	Approval of action taken regarding British warships at Taboga Island.	1276
1718	Dec. 17 [Rec'd Jan. 9, 1918]	From the Minister in Panama	Panama's verbal consent for British warships to remain off Taboga Island more than 24 hours.	1277
	Dec. 18, 1917	Acting Governor of Panama Canal to Bureau of Exports of W. T. B.	Policy for control of exports in Canal Zone. Enclosures: the Governor's circulars of Nov. 28 and Dec. 12.	1277
	Jan. 11, 1918	Bureau of Transportation of W. T. B. to Washington Office of Panama Canal	Special war-time instructions applying to certain ships passing through the Canal.	1281

THE TREATMENT OF ARMED MERCHANT SHIPS IN NEUTRAL PORTS

May 5, 1917	From the Secretary of War	Proposes that U. S. ships supplying Panama bring back nitrates from Chile. Question of risk of internment in neutral ports.	1283
May 14	To the Secretary of War	Opinion that unarmed merchant ships in neutral ports are not subject to internment.	1283
May 16	From the Secretary of War	Proposed extension of Panama Railroad Steamship Line to neutral ports; inquiry regarding attitude of neutrals.	1284

PART III

THE TREATMENT OF ARMED MERCHANT SHIPS IN NEUTRAL PORTS—Continued

No.	Date	From and to whom	Subject	Page
	May 18	To the Ambassador in Chile (tel.)	Instructions to ascertain attitude of Chile toward certain U. S. ships calling at Chilean ports for nitrates.	1285
	May 19	From the Ambassador in Chile (tel.)	Chilean assurances that arrangement for transporting nitrates is satisfactory.	1285
	May 24	To the Ambassador in Chile (tel.)	Inquires Chile's attitude toward certain U. S. vessels, armed for protection against submarines, calling for nitrates.	1285
	May 24	To the Minister in Peru (tel.); <i>mutatis mutandis</i> , to the Chargé in Colombia	Instructions to ascertain Peru's attitude toward certain U. S. ships used as merchantmen calling at Peruvian ports.	1286
	May 28	From the Ambassador in Chile (tel.)	Defensively armed merchant ships will be treated as such by Chile under certain conditions.	1286
	May 29	From the Minister in Peru (tel.)	Quotes Peruvian note giving assurance that certain U. S. ships used as merchantmen will be considered as such by Peru.	1286
	May 29 [Rec'd May 30]	From the Chargé in Colombia (tel.)	Colombia gives permission for certain U. S. ships to call at its ports as armed merchantmen.	1287
	Oct. 9	To diplomatic officers in certain South American countries (tel.)	Inquires restrictions within ports of country to which accredited on armed U. S. merchantmen engaged in commerce.	1287
	Oct. 10	From the Ambassador in Chile (tel.)	Conditions under which armed merchant ships will be treated as such in Chilean ports.	1287
	Oct. 11	From the Ambassador in Argentina (tel.)	Argentina's proposed reply if formal inquiry is made regarding restrictions on U. S. armed merchant ships entering Argentine ports.	1288
	Oct. 11	From the Chargé in Paraguay (tel.)	No restrictions on entrance to Paraguayan ports of armed U. S. merchant ships engaged in commerce.	1288
	Oct. 12 [Rec'd Oct. 13]	From the Chargé in Colombia (tel.)	Armed U. S. merchant ships engaged in commerce would be regarded as ordinary merchantmen in Colombian ports.	1288
	Oct. 15	From the Minister in Peru (tel.)	Foreign Minister states that U. S. ships of every class may enter Peruvian ports without restriction.	1289
	Oct. 17 [Rec'd Oct. 18]	From the Minister in Venezuela (tel.)	Venezuela freely admits armed merchantmen to its ports.	1289
	Oct. 19 [Rec'd Oct. 20]	From the Minister in Ecuador (tel.)	No restrictions imposed by Ecuador upon armed U. S. merchantmen.	1289

PART III

THE TREATMENT OF BELLIGERENT SUBMARINES IN NEUTRAL PORTS—SUGGESTED
INTERNMENT OF CREWS OF REFUGEE MERCHANT SHIPS

No.	Date	From and to whom	Subject	Page
529	June 12 [Rec'd June 13]	From the Consul at Seville (tel.)	Suggested that Allied Ambassadors request Spain to intern German submarine <i>UC-52</i> .	1289
	June 14	To the Ambassador in Spain (tel.)	Instructions to inquire of Spain what treatment will be accorded the <i>UC-52</i> at Cadiz.	1290
631	June 22 [Rec'd June 23]	From the Ambassador in Spain (tel.)	Spain's treatment of German submarine at Cadiz.	1290
638	June 26 [Rec'd June 27]	From the Ambassador in Spain (tel.)	Informed that the <i>UC-52</i> , after completion of repairs, will be released from Spanish port under German guaranty.	1291
645	June 29	From the Ambassador in Spain (tel.)	The <i>UC-52</i> has left Cadiz.	1291
648	June 29 [Rec'd June 30]	From the Ambassador in Spain (tel.)	Quotes Royal decree prohibiting belligerent submarines within Spanish waters.	1292
566	July 2	To the Ambassador in Spain (tel.)	Neutral merchantmen reported destroyed by German submarines in Spanish waters. Instructions to inquire what protective measures will be taken.	1292
668	July 8 [Rec'd July 9]	From the Ambassador in Spain (tel.)	Quotes note from Minister of State on violation of Spanish territorial waters by German submarines.	1292
714	July 31 [Rec'd Aug. 1]	From the Ambassador in Spain (tel.)	German submarine <i>B-23</i> ordered interned at Ferrol.	1293
626	Aug. 1	To the Ambassador in Spain (tel.)	Cites cases of Norwegian steamers sunk by submarines within Spanish territorial waters. Requests Spanish investigation.	1293
402	Aug. 28	Spanish Minister of State to the American Ambassador	Denies that Norwegian ships were sunk within Spanish territorial waters.	1294
815	Sept. 17	From the Consul at Seville (tel.)	Reports that German submarine <i>U-293</i> at Cadiz will be interned.	1294
	Oct. 6 [Rec'd Oct. 7]	From the Ambassador in Spain (tel.)	Escape of German submarine interned at Cadiz.	1295
818	Oct. 8 [Rec'd Oct. 9]	From the Ambassador in Spain (tel.)	Information regarding escape of the <i>U-293</i> . British and Italian representations to Spain.	1295
704	Oct. 9	To the Ambassador in Spain (tel.)	Instructions to express to Foreign Minister U. S. regret at escape of German submarine from Cadiz.	1295
836	Oct. 22 [Rec'd Oct. 23]	From the Ambassador in Spain (tel.)	Spanish surveillance over interned German submarine <i>B-23</i> .	1296
	Oct. 25	From the British Embassy	Suggested cooperation between Allied representatives in neutral countries to prevent use of territorial waters by submarines.	1296

PART III

THE TREATMENT OF BELLIGERENT SUBMARINES IN NEUTRAL PORTS, ETC.—Continued

No.	Date	From and to whom	Subject	Page
852	Oct. 27	From the Ambassador in Spain (tel.)	France requests internment of crews of German merchant ships in Spanish ports on ground that they aid submarines.	1296
	Nov. 5	From the Ambassador in Argentina (tel.)	Inquires attitude to be taken toward conference of Entente representatives on treatment Argentina should accord submarines.	1297
	Nov. 6	To the Ambassador in Argentina (tel.)	Instructions to express no opinion and attend no conference on Argentine treatment of submarines.	1297
879	Nov. 13 [Rec'd Nov. 14]	From the Chargé in Spain (tel.)	Representatives of Associated Powers discuss advisability of urging Spain to intern crews of German merchant ships.	1297
755	Nov. 19	To the Chargé in Spain (tel.)	Permission to join Allied representatives in urging Spain to intern German crews in Spanish ports.	1298
109-A	Nov. 21	The American Chargé to the Spanish Minister of State	Representations regarding assistance given submarines by German merchant ships in Spanish ports. Internment of crews requested.	1299
1221	Dec. 24 [Rec'd Dec. 25]	From the Minister in Sweden (tel.)	Quotes British recommendations for Allied representations to prevent use of neutral waters by the enemy.	1299
471	Dec. 29	To the Minister in Sweden (tel.)	Disapproves suggested representations regarding submarines except where neutrality is violated, when Department should be notified.	1300

PART II

BELLIGERENT RIGHTS AND PRACTICES

PART II

BELLIGERENT RIGHTS AND PRACTICES

ATTITUDE OF THE UNITED STATES REGARDING CONTRABAND OF WAR, VISIT AND SEARCH, ETC.¹—MEASURES AFFECTING NEUTRAL TRADE: CONTROL OF EXPORTS, IMPORTS, AND BUNKER COAL; BLACK LIST OF FIRMS

Consideration of the Control of Exports from the United States—Suggestions as to Measures for Preventing Trade Beneficial to Germany—Withdrawal by the British and French Governments of the Black List of Firms in the United States—Advice of the Federal Reserve Board to Banks against Transfers of Funds to Neutral Countries for German Interests, May 10

File No. 600.119/42½

*Report of April 9, 1917, of the War Trade Committee, on the Draft Bill Regarding Trade with the Enemy*²

The memorandum referred to the War Trade Committee included the question of the control of exports in time of war. The committee respectfully submits, therefore, a draft of a bill that is believed to cover this subject.³

The reasons for urging the control of exports during the period of the war may be grouped under two main heads: (1) by this means goods are prevented from reaching the enemy; (2) economic considerations make such action imperative. If we are to keep the Allies supplied with food and materials to the extent suggested by the President in his message to Congress, careful supervision will be necessary in order to curtail our exports of certain important materials to countries not actually employing them in the prosecution of the war. For example, there is at the present moment a serious shortage of tin plate. It occurs to the War Trade Committee that in order to insure the supply of tin plate necessary for food containers during the coming season, it may be desirable to prohibit the exportation of tin plate. No detailed argument is necessary to demonstrate the necessity of carefully supervising, and in all probability restricting,

¹ For papers relating to these subjects and to *Instructions for the Navy of the United States Governing Maritime Warfare*, issued June 30, 1917, see *Foreign Relations*, 1918, Supplement 1, Vol. II.

² According to a letter from the Secretary of the Treasury, this committee was designated in the Cabinet meeting of Apr. 3, 1917, and was to be composed of the Secretary of State, the Attorney General, and the Secretary of Commerce. (File No. 763.72112/10418.)

³ Not printed.

our exports of foodstuffs to other than Allied countries. Important metals such as lead, zinc, copper and important alloys such as ferro-tungsten we cannot afford to export to countries other than those allied with the United States in the prosecution of the war.

It is respectfully submitted that the prompt enactment by Congress of legislation embodying the provisions of the bill hereto attached is a matter of urgent national importance.

To administer the export-prohibitions act, the War Trade Committee respectfully recommends that an auxiliary committee of this committee be created by Executive order, to be known as the Exports Control Committee. This committee, we believe, should consist of a representative from each of the following executive departments: War, Navy, State, Treasury, Commerce, Interior, and Agriculture. Some member of the War Trade Committee should be a member and act as a chairman of the Exports Control Committee.

It should be the duty of the Exports Control Committee to recommend to the President the prohibition of exportation of any articles, subject to export licenses granted. This committee should frame rules and regulations governing the issuance of such licenses.

The committee could receive valuable assistance from leading business men in the various industries that would be affected by the restriction of exports, and to this end it should appoint subcommittees to deal with various groups of articles, e. g., foodstuffs, coals, metals, ores and alloys, hides and leather, rubber, etc. A representative of the Government department most concerned should sit on each subcommittee.

We believe the actual issuance of licenses, as well as any other detail work in connection with keeping the records of the Exports Control Committee, could be performed most advantageously in the Bureau of Foreign and Domestic Commerce of the Department of Commerce, which has complete information regarding the country's foreign trade and is in close touch with the productive industries of the country that are most interested in export trade.

To the Treasury Department would naturally fall the duty of seeing that no prohibited article was exported. In other words, the Customs Service in the various ports would require the production of a license before permitting the exportation of any article on the prohibited list.

It is respectfully suggested that the Exports Control Committee (in case the appointment of such a supervisory body meets with your approval) will have a vast amount of preliminary work to do in the way of conferring with representatives of our exporting industries in

order to determine the policy to be pursued with respect to the restriction of exportation of various articles, and that authority should therefore be given to commence this preliminary work at the earliest possible date.

Respectfully submitted,

WAR TRADE COMMITTEE
 CHARLES WARREN
Assistant Attorney General (Chairman)
 L. H. WOOLSEY
Solicitor [Nominate], Department of State
 E. E. PRATT
*Chief, Bureau of Foreign and Domestic
 Commerce, Department of Commerce*

WASHINGTON, April 9, 1917.

File No. 763.72112/3468

The Ambassador in Great Britain (Page) to the Secretary of State
 [Telegram]

LONDON, April 7, 1917, 4 p. m.

[Received 11.45 p. m.]

5958. My 5942, April 4, 8 p. m.¹ I have received from Lord Robert Cecil, who is the Minister of Blockade, the following letter:

April 7, 1917.

My Dear Ambassador: In view of recent events you will be glad to hear that the Government has decided to withdraw the statutory black list as far as the United States are concerned.

The essential principles of the law with respect to trading with the enemy are the same in your country and ours and we are quite content to rely upon the full application of that law which will no doubt take place to give us the security which we sought to obtain by the statutory list.

It was as we always insisted a purely war measure and now that its war purposes will be attained by other means, we hasten to withdraw it.

May I take this opportunity of expressing on behalf of my colleagues and myself our great regret that this measure should have caused misunderstandings between our two countries. When we instituted the statutory list we had no intention of affronting or injuring the American people and we deeply regret that our action should have been so interpreted in some quarters.

Yours very sincerely,

Robert Cecil

¹ Not printed.

Accompanying Lord Cecil's letter is the following confidential memorandum to be considered in connection with the letter and before the latter is made public:

Foreign Office, April 6, 1917.

CONFIDENTIAL MEMORANDUM

It is considered necessary in connection with Lord Robert Cecil's letter to explain to the Ambassador more definitely the measures suggested by our war experience which we would suggest that the United States Government should consider carefully for the purpose of enforcing American law in regard to trading with the enemy as mentioned by Lord Robert in this letter. We would like to suggest three classes of measures as necessary for the purpose:

A. In the case of financial houses in the United States, the United States Government will no doubt wish to establish proper control over enemy houses either by actually winding them up or by placing them under such supervision as will ensure the stoppage of all transactions direct or indirect with or on behalf of the enemy.

B. In the case of commercial houses we would suggest that in order to ensure that no goods are exported from the United States by untrustworthy firms established there or to undesirable consignees abroad (as well as for many other reasons into which I need not enter here), the United States Government should immediately consider the issue of a complete list of prohibited exports so far as possible identical with our list, the export of any goods on that list being made subject to license.

C. In view of the fact that the United States is not at war with Germany's allies it is difficult to see how, unless some special steps are taken outside the ordinary trading with the enemy laws with a view to restrict transactions between the United States and (especially) Austria-Hungary, it will be possible to detect cases where business is done with Austrian houses on German account. We can only leave it to the United States to decide on the particular measures required.

We should like the United States Government to consider whether all these three classes of measures should not be adopted before any public announcement is made of the withdrawal of our statutory list in the United States, since otherwise there will be a serious gap in administrative measures restricting enemy trade. The result might be and probably would be that Germanophil firms would seize the opportunity to make important remittances to enemy countries which would be very undesirable. If the public announcement is postponed till measures of this kind can be put into force we could, I think, at the moment when the public announcement is finally made, simultaneously withdraw from operation the confidential black lists so far as they relate to United States firms, especially the list circulated to our bankers of firms whose transactions it is undesirable to finance, commonly called the finance black list. The establishment of a system similar to that in force in the Allied countries for the prevention

of trading with the enemy and for the licensing of export only after careful scrutiny would render these confidential lists unnecessary.

I have informed Lord Robert that no publicity shall be given to his letter till you have considered the suggestions in his memorandum and until the British Government is informed that it is to be made public.

PAGE

File No. 763.72112/3512

The Consul General at London (Skinner) to the Secretary of State

No. 3998

LONDON, April 3, 1917.

[Received April 18.]

SIR: I have the honor to enclose herewith a copy of a letter which I have sent to the Ambassador, which resumes the course of a conversation which I had some days ago with the British officials named, with regard to the above very important matter [British proposals, informally submitted, respecting carrying on of blockade in the event of American participation in the war]. After having thus written to the Ambassador, Mr. Simpkin, of the War Trade Intelligence Department, sent me a memorandum which he and Mr. Finlay had prepared for submission to Lord Robert Cecil, the Minister of Blockade, a copy of which I enclose. It was quite frankly stated to me that these gentlemen desired me to know what was passing through their minds before proposals of an official character should be transmitted to the Department, through the Embassy.

It is scarcely necessary to add that in all that has passed between myself and the British officials who have to do with the blockade, I have made no suggestions of a direct or indirect character with respect to the probable attitude of the Department of State under changed international conditions.

I have [etc.]

ROBERT P. SKINNER

[Enclosure 1]

The Consul General at London (Skinner) to the Ambassador in Great Britain (Page)

710

LONDON, April 3, 1917.

DEAR MR. AMBASSADOR: As I stated to you on Friday, I had just then returned from a visit to the War Trade Intelligence Department, whither I had been invited by Mr. Simpkin to meet Mr. Finlay, chairman of the contraband committee, and a son of the Chancellor of the Exchequer, to talk about blockade matters as they might be affected in the event of a declaration of war on our part. Naturally, in all that was said I refrained from suggesting what the Department

of State might be willing to do under the changed conditions which now appear to confront us. The gentlemen with whom I had this conversation desired simply to suggest in unrestrained language what they then had in mind as desirable from their point of view, even though it might not be possible from ours, and stated their intention of sending a formal communication on the subject to Lord Robert Cecil, which no doubt will reach you in due time.

Our friends in the Blockade Department are quite prepared to believe, I think, that the Department of State will not recede from its expressed position on points of law, and that it will consider the blockade to be just as illegal after we go to war as now, and will have a still poorer opinion of the black list; but they probably hope that the Department will recognize these weapons as existing *de facto*, and will assume towards them, if I may so express it, an attitude of benevolent neutrality.

At the present time all goods which leave the United Kingdom [States] for European destinations, practically without exception, are covered by British "letters of assurance" or equivalent documents. This means that the shippers consult the British authorities in the United States before forwarding their goods, and give certain guarantees that the ultimate destination of the goods is satisfactory. Then the ship proceeds upon its way, and the cargo is examined either at Halifax, Kirkwall or Lerwick, to see that it is in order, and the enforced call at an intermediate port of course involves considerable danger to the ship, and great loss of time in the manipulation of the cargo. It would be very agreeable to the people here if they might be permitted to perfect machinery in the United States for examining cargoes before putting goods into the ship, and then seal the holds and check up papers, thus obviating the necessity of undertaking similar operations at an intermediate port. From a purely commercial point of view, it would be to the advantage of the carrying vessels to be held up for a day or two longer in New York while this scrutiny was going on, if, by so doing, they might avoid an enforced visit to Halifax, Kirkwall or Lerwick. Furthermore, the danger to the ship would be considerably reduced. Ships thus examined at New York, on passing through the blockade line, would identify themselves very quickly, and would proceed to final destination. The people here think that if we raise no objections to this plan, the commercial interests involved would ask for its application just as they now ask for letters of assurance; and the position then would be that they would be under no obligation to submit to this investigation if they were willing to take the chance of getting through the blockade without "voluntarily" allowing themselves to be examined.

A more spiny problem in connection with the departure of ships from the United States arises in connection with passengers and the

handling of mails. People here assume that on the outbreak of war we ourselves shall adopt very stringent regulations respecting east-bound passengers, subjecting them all to the closest scrutiny, and excluding practically all persons objectionable to British interests as well as to our own. I think they hope, also, that their own secret service agents will be permitted to work in connection with ours, and to support each other. They regard an understanding of this kind as indispensable, unless ships are to be brought into an intermediate port, after clearing from New York.

The handling of the mails probably causes more thought here than anything else. The authorities know that we object to what they have been doing in the past, and they, on their side, deem it to be imperatively necessary to continue this scrutiny. Obviously, ships cannot proceed from New York to European ports without calling at intermediate ports if mails are to be examined, unless the examination is undertaken in the United States. While we shall exercise a censorship, very probably, it is doubted whether our censorship, unless it can be exercised jointly with the British authorities, will be satisfactory. The suggestion was made during our talk that the whole difficulty might be overcome if the British authorities simply required all mails for European destinations to be sent in transit through Great Britain. I think that my informants looked upon the suggestion of all European mails being sent to Great Britain as somewhat revolutionary, but at the same time, quite a practical method of facilitating the dispatch of correspondence.

Mr. Finlay said that if our people were willing to meet them in all or some of these plans, they would be only too happy to grant me access to all their confidential material with regard to contraband, enemy firms, and the like. In fact, they look forward to a close exchange of information of this kind, believing that, as time goes on, our interests will insensibly merge. I listened with attention to all that was said to me, merely putting in a question here and there, and without committing myself in any manner.

It is needless to say that if you desire me to step in for a talk on the general subject I am always at your disposition.

Sincerely yours,

ROBERT P. SKINNER

[Enclosure 2]

Memorandum of the British War Trade Intelligence Department

LONDON, *March 30, 1917.*

1. Mr. Finlay and Mr. Simpkin discussed to-day with the American Consul General various questions relating to the effect which the entry of the U. S. A. into the war might have upon the blockade

organisation. The discussion was completely informal and unofficial; but it was felt that matters were urgent and that an exchange of ideas might be helpful and might prove to be an economy of time and trouble.

2. The principal points dealt with were (a) the navicert system, (b) the machinery for the examination of vessels sailing from the U. S. A. to Scandinavia or Holland, and (c) the question of liaison work in London.

3. It was agreed that the navicert system, which has been in operation for over a year and which is now thoroughly understood both by shippers and importers, should if possible be maintained. Mr. Skinner fully appreciated that our statistical and other methods rendered decentralization practically out of the question and that the system should be worked, as heretofore, from London. Mr. Skinner wished to emphasize his view that shipments covered by navicerts or by N[etherlands] O[versea] T[rust] permits should be subjected to no delays except in the cases where fraud or deliberate intention to transmit goods to the enemy had been discovered. It was considered that the proportion of navicerts which had been dishonoured was extremely small, probably no more than one in five hundred; and it was hoped that the proposed scheme for the approval in advance of N.O.T. permit would remove any ground of objection so far as concerned Holland.

File No. 763.72112/3505

The Chargé in the Netherlands (Langhorne) to the Secretary of State

[Telegram]

THE HAGUE, April 18, 1917, 11 a. m.

[Received 4.15 p. m.]

863. Have been informally and confidentially approached by member of British Legation here regarding attitude which Government of the United States intends to adopt towards American citizens of enemy origin whose business transactions may be under suspicion, and regarding possibility that United States will adopt system of black list similar to British. Respectfully ask instructions in premises.

LANGHORNE

File No. 600.119/42

The Secretary of State to the Minister in Denmark (Egan)

[Telegram]

WASHINGTON, April 20, 1917, 6 p. m.

327. Your 586, April 16, 4 p. m.¹ A bill has been introduced in Congress to prohibit all exports from this country except under

¹ *Post*, p. 1015.

special license, but barring such precautions as may be necessary to guard against trading with the enemy, it is not intended that this measure should produce burdensome restrictions upon or interruptions in our commerce with neutral countries. Notwithstanding that the matter is inchoate at the moment and dependent upon the Congress, you nevertheless should take occasion to allay public alarm relative to its injurious effects on Danish commerce, if the measure indicated should be adopted.

LANSING]

File No. 763.72112/3505

The Secretary of State to the Chargé in the Netherlands (Langhorne)

[Telegram]

WASHINGTON, April 23, 1917, 5 p. m.

488. Department unprepared at present to make any announcement regarding a black-list measure but it is expected that a harmonious understanding will be had with British Government about the general question at an early date. Any measure dealing with subject must necessarily be enacted by Congress.

LANSING

File No. 763.72112/3536

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, April 27, 1917, 10 a. m.

[Received 7.45 p. m.]

512. British Embassy has furnished this Embassy with complete black list of Spanish firms. [Is it] desired that Embassy cooperate in this matter with British Embassy and to what extent?

WILLARD

File No. 763.72112/3551

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

[Telegram]

LONDON, April 30, 1917, 2 p. m.

[Received 3 p. m.]

6122. My 5958, April 7, 4 p. m.¹ Order in council dated 27th instant publishes withdrawal of statutory black list and I am informed this morning by Lord Robert Cecil that British Government has withdrawn the confidential black lists so far as they relate to firms in the United States, Philippines and Porto Rico.

PAGE

¹ Ante, p. 801.

File No. 763.72112/3536

The Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, April 30, 1917, 6 p. m.

445. While certain regulations concerning the question of trading with the enemy have been tentatively considered, no policy has yet been adopted providing for cooperation with the Entente Allies against persons and firms of enemy character or association domiciled in neutral countries and included in what is known as the black list. Cable details as to nature of cooperation suggested.

LANSING

File No. 763.72/4346

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

No. 6095

LONDON, April 19, 1917.

[Received May 4.]

SIR: With reference to my telegram No. 6006 of April 16, 4 p. m.,¹ I have the honor to enclose herewith the copy of a note from the Secretary of State for Foreign Affairs, dated April 10, 1917, transmitting seven memorandums containing certain proposals which have been telegraphed to the British Ambassador at Washington as being the chief questions, in connection with trade and transport, to which the British Government ventures to suggest that our Government should first direct its attention.

The memorandums summarize telegrams which have been sent to Sir C. Spring Rice.

I have [etc.]

WALTER HINES PAGE

[Enclosure]

The British Secretary of State for Foreign Affairs (Balfour) to the American Ambassador (Page)

No. 72539/X

LONDON, April 10, 1917.

MY DEAR AMBASSADOR: 1. I should like to put before you certain proposals which I have telegraphed to Sir C. Spring Rice as being the chief questions, in connexion with trade and transport, to which we would venture to suggest that the United States should first direct their attention.

2. I need hardly say that we have no wish to urge premature action upon the Government of the United States with regard to such delicate and complicated matters, but it seemed to me that an early

¹ Not printed.

formulation of the most urgent needs of the Allies could not fail to be of guidance to that Government.

3. I annex memoranda summarizing our telegrams to Sir C. Spring Rice. Besides these telegrams, I have of course informed him fully of the questions dealt with in Sir Adam Block's recent correspondence with Mr. Laughlin in regard to financial matters; of our arrangements in regard to the statutory list and the black lists embodied in Mr. Leverton Harris' letter to Your Excellency of April 6th and Lord Robert Cecil's letter of April 7th; and of the substance of my recent letter to you in regard to shipping and other matters.

Believe me [etc.]

ARTHUR JAMES BALFOUR

[Subenclosures]

Memoranda Summarizing Telegrams from the British Secretary of State for Foreign Affairs (Balfour) to the British Ambassador at Washington (Spring Rice)

MEMORANDUM I

1. In addition to the measures sketched in the two memoranda communicated to Mr. Laughlin by Sir Adam Block, the entry of the United States into the war raises a question of financial policy of the first magnitude. There are many neutral banks, both in Latin America and in Europe, which are known to be actively assisting the enemy by granting credits as well as in other ways. The Allies have enforced regulations which prevent any such transactions being effected through their own financial markets, but so long as the great financial market of the United States remained open to these neutral banks, it was, for obvious reasons, difficult for the Allies to deny to them all Allied facilities for their business as a whole. If, however, the United States is now prepared, in the common interest, to co-operate with the Allies for the purpose of restricting the neutral financial channels now being used by the enemy, it would become possible absolutely to close all the chief financial centres of Europe and America to any neutral bank engaged in upholding enemy trade or credit, and there can be little doubt that such banks would prefer, in these circumstances, to restrict, if not entirely to sever their financial connexion with the enemy. The extent to which, and the methods by which, such pressure could justly and efficaciously be applied to each particular case would have to be carefully and cautiously considered, but it would be of advantage if the United States Government could without delay decide whether they are prepared in principle to adopt such a policy.

FOREIGN OFFICE, *April 10, 1917.*

MEMORANDUM II

1. As the United States Government naturally and rightly desire themselves to assume control over the trade of their own citizens and as it is to the interest of the Allies that, as in other belligerent countries, such control should be based upon the exercise of national sovereignty rather than on the less certain application of international law, it is hoped that the United States Government will give early consideration to the advisability of prohibiting the export of all important commodities except under licence. As a complement to such a list, and as a guide to the licencing authorities, it will no doubt be necessary for the United States to adopt also, in one form or another, a list of consignees in neutral countries who are to be regarded as undesirable recipients of American goods. For obvious reasons, which have already been recognised by all the Allies, it is desirable that both the list of prohibited exports and the lists of "suspects" should be as nearly as possible identical with those adopted by the Allied countries, and consultation and collaboration for this purpose with the Allies will, no doubt, recommend itself to the Government of the United States.

FOREIGN OFFICE, *April 10, 1917.*

MEMORANDUM III

1. In instituting a system of export licences, the United States Government will doubtless wish carefully to consider the accumulated information now in possession of the Allied Governments in regard to the trade affiliations of firms in neutral countries and in regard to the quantities of goods of various classes needed by neutral countries for their own consumption. The Government of the United States is, of course, aware to how large an extent these two classes of information have been utilised, in administering the system of letters of assurance issued by the trade department of the British Embassy at Washington in the case of exports to Scandinavian countries. This system has been supplemented, in the case of exports to other neutral countries, by a carefully regulated maritime control based on the same information. The discrimination between neutral consignees, and the "rationing" of neutral countries, thus established, have now been embodied in a network of international agreements, the disturbance of which would be as unjust to various neutral interests as it would be detrimental to the interests of the Allies. There will be little difference of opinion as to the need for proper co-ordination between the machinery for issuing American export licences and the methods of trade control hitherto followed by His Majesty's Government and their Allies. The extent and method of such co-ordination is a matter for discussion, but the United States Govern-

ment will no doubt realise how desirable it will be, from every point of view, that the licencing authority to be set up in the United States shall not conflict with the machinery now in operation, just as His Majesty's Government most keenly realise that the continued operation of that machinery must not conflict with the sovereign powers of the United States Government.

FOREIGN OFFICE, *April 10, 1917.*

MEMORANDUM IV

1. The most urgent need of the Allies is, of course, shipping. The general lines on which these needs can best be satisfied have already been fully explained, but there are one or two elements of organisation which have been found necessary in every belligerent country in order to establish the necessary control over the employment of tonnage. The United States Government will doubtless consider the advisability of the following measures:

(1) The establishment of control over the whole American mercantile fleet with a view to the employment of American ships, under licence, in those services which will best conduce to the successful prosecution and early termination of the war.

(2) The establishment of complete control over the export and supply of American coal. This would imply the prohibition of the export of the coal except under licence, whether in the form of cargoes in bulk or in the form of bunkers. Perhaps the most convenient model for such a system is that followed by the British Government. The British organisation, as gradually built up, involves in practice, besides the prohibition of the export of coal, the setting up of a list of undesirable consignees for coal abroad, and a list of reliable ships similar to the British "white list." Here again, the necessary discrimination between various ships must rest upon the nature of their trade, and therefore upon the formulation of a proper list of undesirable neutral traders such as has already been mentioned in Memorandum II.

2. The coal policy of His Majesty's Government has pursued a threefold object:

(1) It endeavours to secure an adequate supply of coal to the Allies.

(2) It aims at preventing coal falling into the hands of enemy countries or firms working for the enemy, such, for instance, as the German coal *dépôts* in South America (South America took over two million tons of American coal in 1916).

(3) It attempts, by withholding—or threatening to withhold—coal supplies, to impose upon neutral governments or shipowners such conditions as to the manner of employing their ships as shall be most advantageous to the Allied interest.

3. Neutral countries largely or entirely dependent on British coal have been able to some extent to evade this control by obtaining coal

from the United States. Both Norway and Sweden obtained considerable quantities of coal from the United States in 1916. This difficulty would cease if the supplies from the United States both to Europe and to Latin America were regulated according to the same general principles as are applied in the case of British coal.

4. It is understood, from reports received from Sir C. Spring Rice, that the United States Government propose to adopt a restrictive policy in regard to coal and if His Majesty's Government may rely on the enforcement of adequate measures on these lines, they would be quite prepared to suspend the bunkering conditions hitherto applied to United States ships trading with South America, as those conditions would have become superfluous and the objects aimed at by them would be more adequately met by the operation of United States sovereignty.

FOREIGN OFFICE, *April 10, 1917.*

MEMORANDUM V

1. The granting or withholding of insurance in respect of transactions operating to the benefit of enemies, is a vitally important element in any control over shipping. The policy of the Allies in this respect has hitherto been much weakened by the fact that any refusal of insurance would, in many instances, merely result in transferring the insurance to American companies, several of which are associated with German concerns. It is assumed that, in pursuance of the American common law against trading with the enemy, the United States Government will intervene to prevent insurance business being done by American firms on behalf of or in the interest of the enemy. The Allies would undoubtedly welcome the closest co-operation between American insurance companies and the insurance organisations in Allied countries, and as a first step to this, it might be advisable to consider the formation of a representative and responsible committee of insurance experts in the United States who would be in touch with the corresponding responsible body here.

FOREIGN OFFICE, *April 10, 1917.*

MEMORANDUM VI

1. It is understood that certain amendments to the shipping bill may be introduced into Congress by the responsible administrative body which might hamper the free employment of ships built, or now building, in American ports to the best advantage of the general interests of all the countries now united in fighting the German menace. Without any desire to comment upon or to interfere with the action of the American Congress, it may be pointed out how deplorable it would be if any provisions were enacted which

would prevent the employment of any ships in the way best calculated to further Allied operations. The United States Government will no doubt see the advantage of not allowing any ships building in their ports to pass under the control of a neutral in the present very serious state of Allied tonnage. But on the other hand, it seems to be a policy of doubtful wisdom in the common interest to restrict the delivery to Allied shipowners of ships building for their order in American ports. His Majesty's Government cannot but view with the greatest sympathy and approval, the well known efforts of the Government of the United States to increase their mercantile marine and to build up the merchant service needed to man it, for a large and efficient American merchant fleet will be of inestimable value in the difficult days of reconstruction after the war. The United States may be willing to consider whether, in reliance upon this sympathy, they would not be well advised to avoid any legislation calculated to delay the immediate putting into commission of merchant ships in United States ports during the period when the new and increased merchant service of the United States is in course of development. If His Majesty's Government can give any assistance by providing crews or taking over vessels built in American ports for the period of the war, they would of course be glad to do so under any conditions which may be mutually agreed upon in the interests of the American mercantile marine.

FOREIGN OFFICE, *April 10, 1917.*

MEMORANDUM VII

The question of the world's supplies of cereals and animal feeding stuffs is a very grave one, from the point of view both of the size of the available stocks and of the tonnage available to transport them. It seems only fair and just that the Allied countries should have first call upon those sources of supply which lie nearest to them, and, after them, those neutral countries whose tonnage is to a large extent employed in services beneficial to the Allies. Those other neutral countries which forbid or discourage their shipping from engaging in such services might in justice be required to employ the ample national tonnage which they have thus reserved for themselves, in transporting their supplies of grain and fodder from more distant markets such as the Plate, Australia or India. The advantages which the Allies would thus gain both in saving tonnage and in increased certainty of supplies cannot be exaggerated and it is suggested that, in the circumstances, there would be ample justification for a prohibition of the export of cereals and feeding stuffs from the United States to neutral destinations except under licence. The United States Government would thus be able to establish a control

over the movement of such exports in accordance with the best interests of all those who are united in the contest against Germany.

FOREIGN OFFICE, *April 10, 1917.*

File No. 763.72112/5251

*The Governor of the Federal Reserve Board (Harding) to the Counselor
for the Department of State (Polk)*

WASHINGTON, *May 10, 1917.*

[Received May 11.]

DEAR MR. COUNSELOR: I have just received your letter of the 10th instant,¹ returning tentative draft of the letter to all Federal Reserve Banks based upon your communication of April 27.¹ I have taken pleasure in making the change suggested by you, and have sent the circular letters out this afternoon. I enclose copy for your information, as requested.

Very truly yours,

W. P. G. HARDING

[Enclosure]

*Circular Letter from the Governor of the Federal Reserve Board (Harding)
to the Federal Reserve Banks*

WASHINGTON, *May 10, 1917.*

DEAR SIR: The board is in receipt of a letter from the Counselor for the Department of State, calling its attention to the desirability of guarding against transfers of banking credits to neutral countries for account of alien enemies, and against the use of domestic credits for similar purposes.

The board is informed that the State Department is not concerned in the ordinary commercial transactions and routine bank accounts of aliens of whatsoever nationality, resident in the United States, with banks situated therein. It is suggested by the Department, however, that each banker doing business in this country should scrutinize with particular care such accounts as may be held by his bank for any resident alien enemy, and in the event any suspicious transactions occur in connection with such accounts, that they be reported immediately to the board for transmission to the proper department.

The transactions which are interesting to the State Department may be divided into three classes:

- (1) Foreign exchange transactions between banks in this country and banks in neutral countries in Europe;

¹Not printed

- (2) Ordinary banking transactions such as the obtaining of credits by alien enemies resident in the United States;
- (3) Banking transactions between this country and Mexico, or Central American and South American countries.

The State Department is especially interested in preventing all transfers of money by cable, by draft, or by shipments of currency or otherwise to neutral countries in Europe for the account of alien enemies.

It is, of course, difficult for a bank to determine offhand whether or not a transfer is for the account of alien enemies, when it is asked by an individual or corporation in this country to make a transfer to a bank in a neutral country.

The board is advised, however, that the State Department is anxious that bankers throughout the country should be warned that they should scrutinize most carefully every application made to them involving the transfers of funds to neutral European countries, which transfers seem intended to give aid to the enemies of this country, either directly or indirectly.

The board is further advised that the State Department is interested in banking transactions between this country and Mexico or other Latin American countries, as there is some evidence in its possession that alien enemies operating either as individuals or through the instrumentality of an American corporation, or otherwise, are desirous of fomenting trouble between this country and other Republics of this hemisphere, and in order to further their plans they must rely upon financial assistance through the form of credits opened in their behalf in this country. It is, of course, true that many accounts held by banks in this country for the benefit of alien enemies resident in countries adjacent to the United States, are ordinary commercial accounts, and up to the present time the State Department has disclaimed any disposition to interfere with the free operation of such accounts, being interested only in such transactions as may appear to the bankers who are requested to facilitate the same as being of a suspicious character.

The board is of the opinion that, in view of your intimate contact with member banks in your district, you are in a position to secure their cooperation in scrutinizing and supervising financial transactions made or attempted to be made for the benefit of alien enemies. Reports of suspicious transactions coming to the notice of banks should be made to the board by wire, in order that the officials of the proper department may be advised and immediately make investigations.

There are, of course, many trust companies, State banks, and private bankers with which your bank has no intimate relationship. The board believes, however, that if an appeal should be made to

these banks and bankers, they would readily observe such precautionary methods as you may, with the approval of the board, ask your member banks to comply with. Express companies and telegraph companies doing a banking business in transmitting currency or credits by express or by wire should also be asked to cooperate on the lines suggested above.

The attention of the Comptroller of the Currency has been called to this letter and he has been asked to enlist the cooperation of the large force of national bank examiners working under his supervision. It is believed that their assistance will be of great value in securing the information desired and in further enlisting the cooperation of the banks with which they come in contact in their work. You are requested to urge the banking departments of the States in your district to cooperate in the same manner through their bank examiners.

It is requested by the board that a copy of this letter be sent to all banks and trust companies in your district, in order that they may understand that, while innocent transactions of a domestic character with alien enemies are unobjectionable, no business of a nature calculated to give aid or comfort to the enemy directly or indirectly will be countenanced.

Very truly yours,

[No signature indicated]

File No. 763.72112/3642

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

No. 5421

PARIS, May 4, 1917.

[Received May 18.]

SIR: Referring to my telegram No. 2049 of the 26th instant [ultimo],¹ I have the honor to transmit herewith copies of the revised French black list,¹ which appeared in the *Journal Officiel* of the 26th ultimo, as well as a communication, in copy and translation from the Foreign Office, in which it is stated that the names of all American houses and persons have been removed because of the measures which the American Government expects to take for the suppression of trade with enemy houses.

I have [etc.]

W. G. SHARP

[Enclosure—Translation]

The French Minister of Blockade (Cochin) to the American Ambassador (Sharp)

MR. AMBASSADOR: I have the honor to inform Your Excellency that because of the measures which the Federal Government expects

¹ Not printed.

to take in order to stop commerce with enemy houses, I have decided to withdraw from the black list, the houses of commerce established in the United States and in the Philippine Islands.

I do not doubt that the Federal Government will see in this act the confidence which the Government of the Republic feels in the effectiveness of the measures adopted by the American authorities in view of cooperating in the economic warfare followed by the Allied Governments against the Central Empires.

Accept [etc.]

D. COCHIN

PARIS, April 30, 1917.

File No. 763.72/4738

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

No. 5410

PARIS, May 4, 1917.

[Received May 18.]

SIR: As the Department is aware, the French Government, in conjunction with its allies, has been active since the beginning of the war in restricting the commerce of the Central powers. The work in connection with this effort, which can be classed under the general head of "blockade", has been apportioned at Paris between three committees, and I have the honor herewith to report to you regarding the results accomplished by these three committees, in so far as I have been able to learn from the Foreign Office, and to transmit a considerable amount of statistics and data in regard thereto.

This question, I have further treated at some length in my telegram No. 2068 of to-day's date,¹ but desire at this time to forward to the Department the information which has been supplied me by the French Government.

The three committees referred to are entitled respectively:

- (1) Committee for Restricting the Provisioning and Commerce of the Enemy (Comité de Restriction des approvisionnements et du commerce de l'Ennemi).
- (2) International Committee on "Contingents" (Commission internationale des Contingents).

This word "contingents" is difficult of interpretation into English as it has been adapted specially since the war in a sense previously not employed. Roughly, the word may be said to represent an average taken from the importations into a neutral country for several years, the said average being accepted as the annual amount allowed to pass into the said neutral country for each class of merchandise to which the "contingent" régime is applied.

- (3) Permanent International Committee of Economic Action (Comité permanent international d'Action économique).

¹ Not printed.

These committees are all placed under the direction of a "Minister of Blockade," who has the official title of "Under Secretary of State" in the Ministry for Foreign Affairs. This office is at present held by Baron Denys Cochin, a member of the Chamber of Deputies, and a distinguished citizen of France who has devoted untiring effort to the accomplishment of the task which has been assigned him. His department, which is composed of a considerable staff, centralizes all economic information relative to the blockade and the economic situation of the Central Empires and furnishes technical reports and exhaustive documents and statistics which are of the greatest importance in the conduct of the economic policy of the Allies.

The *Committee for Restricting the Provisioning and Commerce of the Enemy*, is under the active presidency of Baron Denys Cochin and is composed of representatives technically qualified to decide either on the degree of utility of a product of enemy origin or on the advisability of accepting certain demands presented by private persons to obtain products or merchandise, the importation of which is generally prohibited in view of their origin.

The views of the Committee of Restriction serve as a technical basis for the decisions taken by the French Administration; it is also, when necessary, consulted by the commission in charge of embargo. The members of this committee, who are chosen for their scientific knowledge, are of French nationality, but the proceedings are attended by the counselors of the Italian and Russian Embassies at Paris and by a secretary of the British Embassy, representing their respective Governments.

Baron Denys Cochin has addressed to me an invitation to have this Embassy equally represented. Realizing the importance of this committee and the advisability of collecting information regarding its proceedings, I have replied that I would be glad to accept the invitation by delegating Mr. Bliss, the Counselor of the Embassy, to attend its meetings, and trust that my action will meet with the Department's approval.

The duties of the Committee for Restriction are to gather information regarding the various arrangements or agreements made by the different commercial organizations in neutral countries, and I have the further honor to enclose herewith copies of these agreements, as well as certain reports submitted to this committee which have been supplied by Baron Denys Cochin.

These various agreements and reports are noted herewith in detail and form enclosure No. 1.¹

There is also enclosed a note on the various committees of restriction organized in the Allied countries, namely, France, Great Britain, Japan, Portugal, and Russia, together with a translation thereof, both

¹ Not printed.

in duplicate (enclosure 2).¹ This note contains detailed information regarding the methods and activities of these committees to which I invite the Department's particular attention.

Also enclosed will be found minutes of the various meetings held by the committee from January 10, 1917, to March 28, 1917, and numbered 301 to 337 (enclosure 3).¹

A further enclosure is added, entitled "Treatise on the Economic Relations of the Allies with Switzerland, by the Swiss Society of Economic Surveillance" commonly referred to as the S.S.S. (enclosure 4),¹ to which is added the statutes of the said society (enclosure 5).¹

The voluminous nature of the said treatise, as well as of the documents included under No. 1, does not permit of their being translated at the Embassy without subjecting this despatch to long delay.

The Swiss Society of Economic Surveillance deals with the first two committees treated in this despatch and cannot therefore be classed under either, although its principal negotiations are carried on with the second commission outlined in the next paragraph.

International Committee on "Contingents" (*Commission internationale des Contingents*) is charged with examining and determining "contingent" cases relative to Switzerland, in regard to the transit across France and Italy of merchandise and supplies which Switzerland requires for its subsistence. Its calculations are based on the statistics of imports in times of peace, deduction being made of the proportion of exports directed to the Central Empires.

At the present time it is discussing with Swiss delegates the eventuality of reducing for 1917 the special allowance accorded in 1916.

This commission is under the presidency of a French delegate and comprises representatives from Great Britain, Italy and Russia, and has a permanent bureau of an international character.

Baron Denys Cochin has urged upon me the importance of the United States being represented at this commission not only for the general establishment of the various questions which constitute the very essence of the blockade, but also to determine the means to be employed in the transit of merchandise from the United States.

The members of this commission are men of technical knowledge, having, particularly, training in regard to matters pertaining to customs duties and questions of a like nature, and should our Government desire to be represented on this committee, I beg to suggest that a person be chosen whose knowledge would render his services of use along these lines.

The *Permanent International Committee of Economic Action* (*Comité permanent international d'Action économique*). This committee is composed of representatives of the various Allied Governments and

¹ Not printed.

met at Paris in June, 1916, adopting resolutions which have already been transmitted to the Department in this Embassy's despatches Nos. 3311 and 3544 of June 22 and August 25, 1916, respectively.¹ There is enclosed herewith, in duplicate, a report upon the work of this committee in 1916, in which pamphlet will be found a list of delegates from the various countries and other information of importance to our Government (enclosure 6).²

This committee passes resolutions of a general nature concerning the Allied policy to be followed in matters relating to the blockade especially in regard to questions of insurance, black lists and contra-band.

I beg to be informed whether the pamphlet referred to will not furnish the Department with the information requested of me in its confidential instruction No. 1524, of January 22, 1917.²

Baron Denys Cochin has likewise extended an invitation to the American Government to be represented at the meetings of this committee, and I would therefore request that you inform me by telegram what decision you may reach in this respect, and the name or names of such persons as you designate to represent the United States.

In respect to this general question, I have the honor to enclose a copy and translation (enclosure 7)² of the communication from the Under Secretary, expressing the desire that the Government be represented in the first and last committees referred to herein. The question of representation in the Committee for "Contingents" was extended to me verbally by Monsieur Denys Cochin.

As regards the practical results obtained by these committees, I am led to believe that the second, that is, the one on "contingents" is the most fruitful, as its activities are devoted to the important task of controlling the supplies entering Switzerland. The work accomplished by the first-mentioned committee is also of valuable assistance to the French Government and its Allies in conducting the blockade, by reason of the reports on conditions in neutral and enemy countries which it places at the disposal of the various Allied chanceries. The deliberations of the third committee, are more academic than practical, but it has served as a medium for announcing certain policies of economic procedure acceptable in principle by the several Allied Governments, some of which have been put into execution such as the black list.

I have [etc.]

W. G. SHARP

¹ No. 3311 printed in *Foreign Relations*, 1916, Supplement, p. 974; No. 3544 not printed.

² Not printed.

File No. 763.72/4996

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

No. 5449

PARIS, May 11, 1917.

[Received May 25.]

SIR: Referring to my despatch No. 5434 of the 4th instant,¹ I have the honor to comply with my promise therein made by transmitting herewith a complete translation of the report of Mr. Denys Cochin of the Foreign Office.

A perusal of the various tables contained in pages 13 to 15,² both inclusive, will be very instructive as well as illuminating—especially so is the comment made at the head of page 14 in reference to “the enormous diminution that exports of foodstuffs from the northern countries to England have undergone during the years 1915–16.” The facts learned from this report would seem most assuredly to point to the source from which Germany has in a large part received her foodstuffs during the past year.

I have [etc.]

W. G. SHARP

[Enclosure—Translation]

*Report of the French Minister of Blockade (Cochin)*MEMORANDUM³

Now that the United States have joined the belligerents, it is necessary to consider the best direction their activities can take in all departments, and at what particular point their assistance can complete the work commenced by the Allies.

As far as the food and economic blockade is concerned, it would appear that, little by little, the Allied countries have taken all measures compatible with international law and political exigencies, short of coming into conflict with neutrals on military and naval grounds, so dangerous from a diplomatic point of view. The appearance on the scene of the United States will change this state of things.

With regard to Switzerland, Holland, and the Scandinavian countries, having territorial or maritime frontiers in common with the enemy, the Allies have adopted two methods of procedure:

1. Consignment to trustworthy societies.

In order not to deprive these neutrals of goods necessary to them for food and for the upkeep of their normal commercial existence, while taking precautions that such merchandise does not continue its journey to enemy territory, the Allies have founded in the various

¹ Not printed.² Tables not printed.³ A copy of the French original, transmitted in the Ambassador's despatch No. 5434, of May 4, is stamped with the date “23 Avr. 1917.” (File No. 763.72/4737.)

countries, societies sufficiently powerful and approved of by the local authorities, who undertake to receive consignments of goods sent to them, and to see that they are not re-exported to the enemy.

The first of these organisations was the "Netherlands Oversea Trust" in Holland, then followed "The Swiss Society of Economic Supervision," the Danish Guilds, and many associations of Norwegian manufacturers and consumers were formed.

We may say that these societies have given perfect satisfaction, having applied themselves with energy and utility to the superintendence of the goods consigned to them. The Allies may congratulate themselves upon having resorted to this method, which safeguards the sovereign rights of neutral states and prevents friction and conflict.

2. The rationing of products imported into neutral countries.

In order to increase the power of action of the above-mentioned organisations, to discourage smuggling on the part of secondhand purchasers, and to induce the governments of neutral states to see that, in the interests of the population, the prohibitions laid down by them are duly carried into effect, it was thought advisable to limit the amount of imports to that received by each neutral in time of peace, while deducting that portion they had been in the habit of re-exporting to enemy countries. This is what is called the system of rations or contingents.

In Switzerland, this policy has been somewhat strictly applied, thanks to the formation in Paris of a commission, represented by France, Great Britain, Italy and Russia. Switzerland can only receive supplies via France or Italy, and the International Commission of Contingents, informed by the customs of the two countries of all imports into Switzerland, is able to follow them day by day and to stop them as soon as they are informed that the contingent has been exhausted. As a matter of fact, the Allies have decided to revise the contingents and to reduce them, not from any mistrust of Switzerland, but on account of the ever increasing difficulties of transport, both by land and sea. This revision is now terminated.

In Holland and Scandinavia the application of the rationing system presented great difficulties. It was indeed necessary to stop goods in mid-sea, and consequently, a special right of examination and detention had to be established for the inspection of neutral merchandise under a neutral flag. These measures went against the interests of the neutral country of production and the neutral country of destination. In combining the theory of the continued voyage with the rationing policy, the English prize courts have established a law authorising the seizure of neutral merchandise under a neutral flag when it is proved that the goods are being imported in quantities so

much above the normal as to render local consumption impossible, and thus warranting the presumption that they would find their way into enemy territory.

Thanks to the measures of rationing and consignment, it has been possible to prevent the neutral countries adjoining Germany from being used for the transport, by land or sea, of goods which are under the control of the Allies.

It must, however, be borne in mind that these measures cannot be brought to bear upon the products of the soil, cattle and agricultural produce. In order to control this class of production, it would be necessary to hold up fodder, fertilizing material, and the mineral oils used for the motors of fishing-boats, all of which products, exported chiefly from the United States, undergo various changes in the country to which they are consigned, arriving finally in enemy territory in a state of complete transformation. The fact that the Allies themselves are not producers of agricultural materials and its being to the interest of Great Britain to encourage the production of such material in neutral countries, whence she draws part of her food supplies, increased the difficulty of laying down rules with regard to exports of home produce from countries such as Holland and Denmark. (This peculiar situation with its attendant unfortunate consequences, is detailed in the annexed notes.)

Though we may say with truth that the system of rationing and consignment has been thoroughly carried into effect in Switzerland, and with appreciable results, it must be admitted that Germany continues to obtain from Holland and Scandinavia supplies that are by no means negligible, and which, in fact, may be estimated roughly at 2,300,000 tons for the year 1916 alone, 1,250,000 of which came from Holland, and 500,000 from Norway, i. e., enough to supply nearly the whole German Army for a year.

All reports reaching us from enemy countries point clearly to the growing scarcity of food, and in order that existing supplies may last until the next harvest, the German Imperial Government have fixed alimentary rations that are scarcely sufficient to keep non-working adults alive, and are manifestly insufficient for those that work. It is no doubt to this scarcity of food that the labour troubles in Germany are to be ascribed; the men do less work, and it is necessary to shorten the working day and considerably increase the number of hands, in order to meet the demands of war.

It may be concluded, therefore, that if Germany were obliged to forego the food supplies now coming from her neutral neighbours Holland and Denmark, she would find it impossible to maintain the industrial effort necessary to keep her armies in ammunition and explosives, and would be obliged to draw upon the stock intended for fighting men in order to supply the workmen with food. In either

case, her military force would be considerably diminished. It is also to be remembered that the prolongation of the bad weather, by delaying the harvest, increases the chances of success of a more restrictive policy; and if the Allies wish to reap the immediate benefit of their control of the seas, such policy should be carried into effect without delay.

We have enumerated above the obstacles encountered by the Allies in their attempt to isolate Germany. These obstacles can now be removed by the United States who are, as a matter of fact, producers of materials, without which Holland, Denmark and Sweden can maintain neither their agriculture nor their raising of stock. America can therefore now demand, as a belligerent, that the goods she produces shall go only to neutral consumers and, even after undergoing transformation, shall not serve to feed the enemy and maintain his powers of resistance. In laying down as a condition of the delivery of oil cakes, fertilizing and other agricultural raw material, and petroleum oils, that the importing country shall not re-export to the enemy the products of their soil, America would only be applying the generally admitted rule of international law, viz., that a belligerent is bound to prevent the production of his soil from being used for the benefit of the adversary. This principle has been recognised by the neutrals themselves, Switzerland having admitted that coal supplied to her manufacturers by Germany, could not be used in the fabrication of goods intended for the Allies, even if the other elements of the manufactured object were of neutral or Allied origin.

It will perhaps be objected that, if deprived of the fodder and manure necessary to the preservation of their cattle, the neutrals would be forced to sacrifice all their property and make it over to Germany, thus supplying her with momentary abundance. This argument need hardly be considered, however, as, by so proceeding, the neutrals would ruin their agricultural prospects and lay themselves open to famine for the following year.

One may also argue that the decrease in agricultural produce which would be the result of the cessation of American exports to neutral countries, would deprive Great Britain of the food supplies she draws from these countries. Let it be remembered above all (see notes annexed) that since the note issued by Germany of the 31st January, England, in spite of all her efforts, is far from receiving a normal amount of supplies from neutral countries, whereas the share of Germany has greatly increased. One has reason to believe, however, that owing to the influence of the United States, the neutrals will have to do without the German market and will have to resort to that of England in order to dispose profitably of their redundancy.

When it is found that profit is only to be made in England, sellers and conveyors will not hesitate to take the risks of obtaining it.

It is, therefore, certainly of the most vital importance that this condition of affairs be laid before the United States Government, and that they be asked to take the necessary measures to hasten a victorious peace, which is the natural desire of all the Allies, but more especially of France who, with Belgium has had to bear the most cruel and heavy sacrifices. The Norwegian Government, moreover, has admitted to our Ambassador at Christiania the necessity and efficacy of such measures, and did not hide the fact that "the intervention of America would place the North at the mercy of the Allies." (Christiania, 14th April.)

A number of notes annexed hereto indicate the measures that might be recommended to our American allies.

[Subenclosures—Translations]

Notes of the French Minister of Blockade (Cochin) Indicating Blockade Measures Recommended to American Allies

NOTE I

Since the opening of hostilities, the various belligerents have drawn up lists of prohibited exports, some of which, if considered of vital necessity to a given country, are authorised by way of exceptions, which are freely accorded, but under strict guarantee of their non-reexportation into enemy territory. The required guarantees are of two kinds:

1. Consignment to a society formed in the neutral country of import, entrusted with the superintendence of the quantities consumed.
2. The classification in so called "black lists" of suspected firms, to whom all shipments are refused.

It is evident, however, that neither of these measures are in themselves sufficient, as it is impossible for the local society to control the merchandise throughout all phases of transaction, and a black list is never sufficiently complete. A suspected firm can always make use of an agent or man of straw, who acts for them, and is only discovered after the harm is done.

It follows, therefore, that the list of prohibitions should be very comprehensive, and very strictly applied.

NOTE II

Arrangements have been made with the following societies:

In Holland: The Netherlands Oversea Trust.

In Switzerland: The Swiss Society of Economic Superintendence.

In Denmark: The Association of Copenhagen Dealers, and the Danish Chamber of Manufacturers.

In Norway: A number of agreements have been made by the British Government with various associations of manufacturers and importers. The following are the agreements to which the French Government are parties:

1. "Canners' Union," Stavanger.
- 2, 3, 4, 5. With the various associations of margarine manufacturers.
6. The Association of Manufacturers of Lubricating Oils.
7. The Norwegian Automobile Club for Pneumatic Tyres.
8. With the Norwegian tanners.
9. With the Syndicate of Dealers in Oils and Colours.
10. The Association of Manufacturers of Paper and Chemical Pastes.
11. With the soap manufacturers.
12. With the Norwegian Government with regard to the export of jute.
13. With the Association of Wholesale Grocers.
14. With the various groups representing the preserving industry.
15. With the chocolate manufacturers.
16. With the wholesale food purveyors.
17. The Association of Importers of Grain and Flour.
18. Agreement with regard to bicycle tyres.
19. Agreement with the Norwegian Food Commission.

It would be very interesting if the Government of the United States became also party to these agreements. They all entail the obligation to receive certain consignments for local consumption, under guarantee of non-reexportation to the enemy, such guarantee to apply to the imported product in its original, or any modified form whatsoever.

An agreement has been made between France, England, and Sweden which, if ratified, would take off the embargo which is now laid on all goods destined to Sweden.

NOTE III

RATIONS

The British Government, with the assent of the Allies, applies the rationing system to neutral countries bordering on Germany in "law" or in "fact".

The system is said to be applied in "law", when an agreement is made with the government or with a society of the neutral country, by which a maximum ration is fixed to cover a given period of time. If it is then proved by experience that the amount is too large, fresh arrangements are made with a view to its diminution, and, as a matter of fact, a general revision has just taken place in a restrictive sense with regard to consignments to Switzerland, and the same measures will shortly be adopted for Holland and Denmark.

The rationing system is applied "in fact" to all products (excepting in case of special arrangement) which are proved by British naval statistics to be entering a neutral country in quantities considerably greater than those imported before the war, exclusive of the amount re-exported.

The system is however inadequate, as all boats are not subject to compulsory inspection by cruisers, and the prices offered by Germany for commodities she lacks being high enough to encourage neutrals to keep only what is absolutely necessary for their own use.

NOTE IV

The attention of the United States Government has already been called to the necessity of the establishment of "black lists". They are of two kinds: official lists published in the *Journal Officiel*, and confidential lists, which are submitted to governments only.

The French and British Governments have drawn up these lists in mutual agreement, and those appearing in the *Journal Officiel* are, with few exceptions, identical with the English statutory lists. At the outset, the English and French confidential lists differed widely, but gradually became more and more alike. The French Government included on their confidential list, for the countries of Northern Europe, all those firms appearing on the English general black list, to whom they strictly prohibited shipments to be made.

With regard to Switzerland, the British and Italian Governments apply the French confidential black list, which is communicated to the delegate of the "Société Suisse de Surveillance Economique" in Paris, and no permit is accorded by the "Commission des Dérogations" to firms appearing thereon. Goods addressed to any such firm and consigned to the "S. S. S." are stopped at the frontier by the custom or other competent authorities.

It would appear infinitely desirable that the U. S. Government accept the French black lists at once, forbidding all exports of any kind whatever to the firms included thereon.

As far as South America is concerned, the French Government confine themselves to the use of the list appearing in the *Journal Officiel*.

NOTE V

If the United States Government do not decide simply to put a stop to all shipments to Northern Europe, it would appear absolutely necessary that they make a declaration to the effect that no goods sent to them from America be re-exported to the Central Empires, under any form whatsoever. It would merely be a matter of putting into rigorous practice the following clause of article 5 of the agreement made by France on the 7th December, with the "Netherlands Oversea Trust."

The Netherlands Oversea Trust guarantee that all goods consigned to themselves shall be consumed actually in Holland. . . . This guarantee applies not only to products in their state of importation, but to all articles manufactured or composed therefrom.

For instance, margarine made from fatty substances of oversea origin, cattle fattened on oil cake, and the crops produced by fertilizing material coming from America, must not be re-exported to Germany.

(A similar clause to the above is added to all agreements made with confidential societies in Switzerland, Denmark, and Norway.)

Consequently, it would be well to simply declare that no raw material will be authorised to enter the country, if intended for the fattening of cattle, or for the production of crops to be re-exported to Germany.

Local produce similar to goods imported by the Allies, but in no way connected with or dependent upon them, would come under the same régime. It was stipulated in the agreement made at The Hague between the French Legation and the "Netherlands Oversea Trust," that no export permit would be granted, either directly or indirectly, for goods existing or produced in the country, similar to those consigned by sea to the trust. In case of violation of this rule, the trust would be no longer allowed to receive consignments of foreign products similar to the locally produced goods exported. All substitutes for meat would be prohibited to enter Holland, if the Dutch Government had authorised the export of cattle or meat into Germany.

The rigorous application of these two rules would undoubtedly result in a more effective blockade than that at present in force.

Discussions with British Representatives during the Visit of the Balfour Mission—Report of the Joint Subcommittee on Export Licenses—Attitude of the United States toward the British Suggestions: Reciprocal Undertakings Desired of Great Britain—Reservation of Previous American Contentions Regarding Rights of Neutral Trade and Objections to Allied Practices

File No. 600.119/270

The British Embassy to the Department of State

MEMORANDUM

The attached notes give roughly the general position of the various neutral European countries as regards trade with the Allies and with the enemy, and as regards shipping. It will be seen that pressure of the strongest kind is suggested in the case of Sweden and Spain,

very definite pressure in the case of Norway, and pressure of a highly flexible and judicious character in the case of Denmark and Holland. It is obvious that flexible pressure, no less than very strong pressure, calls for the widest discretionary powers in the Government which attempts to exert it, and the whole diplomatic situation towards neutral Europe will, it is submitted, require the exercise by the United States Government of comprehensive powers of embargo on exports.

The figures given in the attached notes are highly confidential, since they have in large part been obtained from sources which would be closed were it to become known that the statistics were in the possession of the Allies. They should therefore on no account be used in discussions with the Governments concerned.

The seriousness of the present position arises from the fact that the shipping crisis is working with ever increasing force to the detriment of the Allies who depend on sea-borne supplies from neutral countries, and to the advantage of Germany who is in a position to receive neutral supplies across land frontiers.

WASHINGTON, May 7, 1917.

[Enclosure]

Notes of the British Embassy on the Position of Neutrals Regarding Trade with the Allies and the Enemy, and Regarding Shipping

SWEDEN

1. *Exports to Germany*

The most important articles, with figures for the last quarter of 1916 in round numbers, so far as known (metric tons):

Iron ore	1, 500, 000	
Iron, pig, rolled, ingots, bars, etc.	24, 000	
Lathes and machines		
Pyrites		
Purple ore	21, 200	
Copper ore	50	
Carbide of calcium	7350	
Ferro-manganese and ferro-silicon	3, 500	
Ferro-chrome	770	
Cellulose (wood-pulp)	31, 000	
Rosin	1, 000	
Ball bearings	129, 000	kroner in second quarter of 1916
Fish	8, 000	
Cattle		
Meat products		
Beef	650	
Butter and cream	170	
Pork	2, 000	

2. Imports from the United States

The United States and United Kingdom together control all Swedish supplies of:

Cereals and fodder	Tobacco
Syrup and molasses	Anti-friction metals
Mineral oils	Copper
Rubber, raw and manufactures	Lead
Paraffin wax	Tin
Cotton, raw and waste	Asbestos
Cotton, yarn and manufactures	Borax and boric acid
Jute	Abrasives
Leather	Soda compounds

Other commodities in which Sweden is largely dependent upon the two countries are:

Fruit, fresh and dried	Hides and skins
Animal and vegetable oils and fats	Fibres for brushmaking
Rosins and gums	Tanning materials

3. Shipping position

Swedish shipping is almost entirely laid up and its refusal to sail is supported by the Swedish Government.

4. Transit to Russia

This has, for obvious reasons, always been regarded as vital to the Allies. As an instance of the effect which the attitude of the Swedish Government has had upon vital Allied interests may be mentioned the latter's recent refusal to allow the transit of bags from Great Britain to Russia, thus making it impossible to move Russian grain urgently needed in the United Kingdom. Last winter the Russian Government were absolutely dependent upon Swedish transit for obtaining lathes, machine tools, agricultural machinery, crucibles and earthenware and stoneware material, all of which were urgently needed for war purposes.

5. Diplomatic position

In January the British Government arrived at an agreement with Swedish delegates in London on blockade and transit questions. This agreement has never been ratified by the Swedish Government. Meanwhile a most serious controversy has arisen out of the action of the Swedish Government in closing the Kogrund Passage in order to prevent the escape of British merchant ships from the Baltic.¹

¹ Telegram from the Minister in Denmark, May 8, 1917, received May 9, 2 a. m. (File No. 763.72112/3591):

344. British Minister informs me British and Swedish Governments have reached an agreement whereby 90,000 tons of Allied ships now detained in Gulf of Bothnia will be released and allowed to proceed overseas. In return Great Britain will release certain vessels laden with cargoes of cereals destined for Sweden and that from now on Swedish shipping will probably be gradually resumed.

MORRIS

The strongest pressure is now being applied to Sweden by the Allies, by holding up shipments to Sweden, and one of the objects aimed at by this pressure is to force the Swedish Government to ratify the January draft agreement. This agreement provides for the setting up in Sweden, with the recognition of the Government, of trade associations which can control goods imported and prevent their re-export to Germany. It also provides for an elaborate system of exchange between British exports to Sweden on the one hand and Swedish exports to Great Britain plus goods transited to Russia on the other hand. It also provides for the fixing of rations on a large number of articles imported into Sweden.

The dependence of the United Kingdom upon Sweden for munitions and other essential materials may be judged by the following estimate of requirements for 1917:

Pit props.....	400, 000 tons
Mineral ore.....	600, 000 "
Pig iron.....	120, 000 "
Bar iron.....	37, 500 "
Bessemer and Siemens-Martin steel.....	62, 500 "
Scrap.....	12, 500 "
Balls.....	30, 000, 000 (number)
Ball bearings.....	700, 000 "
Refined zinc (either for Great Britain or Russia).....	8, 100 tons
Perchlorate of ammonia.....	1, 400 to 1, 800 "

This estimate was made last December and may be subject to modifications. The Swedish Government engage, in the draft agreement, to facilitate the export to the United Kingdom, against compensation, of not less than the following quantities of specified articles per quarter:

Chemical pulp.....	50, 000 tons
Iron ore.....	150, 000 "
Pig iron.....	30, 000 "
Bar iron.....	9, 375 "
Ferro-silicon.....	750 "
Steel.....	15, 000 "
Pit props.....	50, 000 "
Perchlorate of ammonia.....	450 "
Refined zinc.....	2, 000 "
Balls.....	7, 500, 000 (number)
Ball bearings.....	175, 000 "

It is suggested that the United States should prohibit the export of all articles to Sweden and require from the Swedish Government compensation in the form of transit to Russia for all quantities of American products licensed for export, such compensation to be expressly in addition to the compensation guaranteed by the Swedish Government in the draft agreement with the British Government, which the Swedish Government should be called upon to ratify without delay as a part of the proposed bargain with the United States. The precise terms of any such bargain should, so far as

possible, be worked out in London with the Transits Committee on which the United States Government have already been invited to appoint a representative, but the main object of any such bargain, on which it is possible to insist without further examination of details, is that the Swedish Government should increase the amount of transit guaranteed under the draft agreement with Great Britain, i. e., 3,000 tons a week, winter and summer, via Haparanda and an additional quantity of not less than 3,000 tons a week by other lines when the ports of the Gulf of Bothnia are open.

Besides this general bargain, it is suggested that the United States might impose the further conditions in respect of particular articles that—

- (a) Licenses for the export of fodder to Sweden from the United States will only be granted if the export of Swedish cattle and meat products, including pork products, ceases entirely;
- (b) All exports of mineral oils to Sweden should be suspended until all exports of Swedish fish to Germany have ceased, including all fish products.

The attitude of the Swedish Government being a constant source of anxiety to the Allies, and that attitude constantly taking on new forms detrimental to the Allies, there will probably be new occasions for pressure as the war proceeds, but the above suggestions seem to be the most urgent at this moment. It is not considered probable that the Allies have now anything to fear in the way of actual warlike action by Sweden but she will doubtless always threaten to cut off essential supplies from them and in any negotiations care will have to be taken to prevent any such development.

In addition, detailed suggestions will shortly be made as to the best means of forcing Swedish shipping into employment. For the present, it is suggested that the Swedish Government might at least be informed that Sweden can not, in the existing shortage of world supplies, be given the advantage of the near market of the United States unless a proper proportion of her shipping is employed in the general service of the world's commerce.

SPAIN

Spain stands in a different position from the other European neutrals. The position in regard to her has been already set forth in a letter from Mr. Balfour to the Secretary of State.¹ It may therefore be sufficient to say here that the attitude of the present Spanish Government appears to render advisable the very strongest pressure through the prohibition of exports from the United States, if a continued flow of essential supplies from Spain to the Allies is to [be]

¹ *Post*, p. 1199.

assured. Besides coal, the United States is believed to control other important supplies upon which Spain is dependent, such as cotton and cottonseed oil.

It is, moreover, important that all exports of oil to Spain should be carefully controlled, since Spain has for long been a notorious base for German submarines. Great Britain needs iron ore from Spain for munitions.

NORWAY

1. Exports to Germany

Proper figures of Norwegian exports are not available, so that the position can only be stated in a somewhat complicated form.

(a) Articles in respect of which assurances should, if possible, be obtained as soon as possible that no further export to enemy countries will be allowed.

Pyrites (cupreous and non-cupreous)
Nickel
Iron concentrates
Carbide of calcium
Ferro-silicon and other electric furnace products
Refined zinc
Molybdenite

(b) Articles which the Norwegian Government have themselves stated were exported during the first six months of 1916 (values in millions of kroner).

Canned foodstuffs, herrings and fish	105
Codliver oil and hardened fats	20
Saltpetre, carbide, nitrate of sodium, nitrate of ammonia, ferro-silicon and carbide of silicon	9
Zinc	6
Sulphurous pyrites and iron ore	6
Copper	2½
Fish guano	2

(c) Foodstuffs which are believed, at a rough estimate, to have been exported to Germany in 1916 (amounts in thousands of metric tons).

Milk	67
Fish	145
Fruit	500
Coffee (say)	3½

2. Imports from the United States

The United States and the United Kingdom together control all Norwegian supplies of:

Cereals and fodder	Tinned plates
Vegetable and mineral oils	Lead
Paraffin wax	Tin
Cotton, raw and waste	Asbestos
Leather and manufactures	Borax and boric acid
Tobacco	Agricultural machinery
Copper and alloys	

Other commodities in which Norway is in large measure dependent on the two countries are:

Fruit, fresh and dried
Meat
Sugar
Animal oils and fats
Rosin and gums

Cordage
Hides and skins
Tanning materials
Brushmaking fibres
Pig iron

3. *Shipping position*

Norwegian shipping is employed, in fair proportion, in Allied services, and further negotiations are proceeding with Norwegian shipowners.

4. *Diplomatic position*

Norway, like other neutral countries, fears attack from Germany. Her policy has been to temporize and hope for the best. She exports milk, fish and other important articles to the United Kingdom and in the event of severe controversy with the Allies she might cut these off. At present, however, it is not thought likely either that Germany will attack Norway or that Norway will cut off supplies to the United Kingdom. Caution is however necessary. As a first step it is suggested that the United States might make any further export of copper or copper goods to Norway conditional on an absolute assurance that no further pyrites will be shipped to Germany so long as the war lasts, and might use her control over Norwegian supplies of cereals, feeding stuffs, oil, meat and leather to stop or at least reduce Norwegian exports to Germany, especially as regards nickel, carbide, fish and the other articles under 1 (a) above.

DENMARK

1. *Exports to Germany*

Figures for the fourth quarter of 1916, in metric tons (round numbers only).

Bacon.....	6,000
Butter.....	7,500
Cheese.....	1,500
Eggs.....	1,500
Lard.....	800
Preserves.....	10,000
Meat.....	8,000
Fish.....	32,000
Milk.....	1,500
Cattle.....	50,000 head
Sheep.....	1,800 "

These exports represent about 24 per cent of total Danish exports for this quarter, as against a normal export to Germany before the war of 3 per cent. For the first quarter of 1916 the percentage was about 20 per cent or rather over, for the second and third quarters it was about 15 per cent. At the present moment Denmark is ex-

porting to Germany about 7,000 head of cattle or over (live and slaughtered) a week, as against 5,000 before the war.

2. Imports from the United States

The United States and United Kingdom together control all Danish supplies of:

Grain and fodder	Leather
Vegetable and mineral oils	Tobacco
Rubber, raw and manufactures	Copper
Waxes	Lead
Binder twine	Tin
Cotton, raw and waste	Abrasives
" , yarn and manufactures	Soda compounds
Jute	Agricultural machinery

Other commodities in which Denmark is largely dependent upon the two countries are:

Fruit, fresh and dried	Hides
Rosins and gums	Fibres for brushmaking
Cordage	Tanning materials

3. Shipping position

Some Danish ships are still lying idle in Scandinavian ports, but a regular service of produce boats is being kept running to the United Kingdom, while some vessels are fulfilling their charters in Allied interests and others are allowed to come to the United Kingdom in ballast and return direct with British coal. Danish traffic with overseas countries has also been resumed. Meanwhile, with the consent of the owners, the British Government have requisitioned about 20 Danish ships and intend to requisition others, but further requisitions are for the moment suspended until the result of discussions now proceeding at Copenhagen.

4. Diplomatic position

British policy with regard to Denmark has been controlled by three considerations—first, the helplessness of Denmark against any attack by Germany; secondly, the desirability of not forcing a largely increased slaughtering of cattle and pigs and their export to Germany by a too drastic reduction of fodder imports; and thirdly, the necessity of maintaining the flow of Danish supplies to the United Kingdom, which is at present carried on under an agreement between the Danish and German Governments whereby the latter undertake to respect Danish produce boats to the United Kingdom, at least as far on their voyage as Norway and possibly for the whole voyage. Denmark exported 82,000 tons of bacon to the United Kingdom in 1916.

For the present, therefore, it is suggested that the United States might confine itself to prohibiting the export of fodder to Denmark and informing the Danish Government that licenses will only be

granted if Denmark will continue to supply the United Kingdom with bacon at pre-war percentage rates and curtail exports of cattle and beef to Germany at least to pre-war figures. Unless and until Denmark accepts these terms, it is suggested that licenses for exports of fodder should not be issued and perhaps also that other exports to Denmark should be curtailed, since any such curtailment will set free Danish tonnage for requisition by the British Government. Pressure along these lines can probably be continued through the summer, though the pressure would have to be relaxed if Danish slaughtering began seriously to increase or exports to the United Kingdom seriously to diminish.

This pressure would be much increased in effectiveness if it were reinforced by a threat to cut off oil supplies from the United States.

HOLLAND

1. Exports to Germany

(a) Foodstuffs falling under the agricultural agreement. Official statistics for the fourth quarter of 1916, in metric tons.

Butter.....	4, 358
Cheese.....	4, 317
Eggs.....	2, 437
Meat.....	5, 870
Potatoes and potato meal.....	5, 825
Fruit.....	8, 958
Vegetables-- (not dealt with in the official returns. Exports are very large. A Dutch paper gives the export for the first ten months of the year as 215,434 tons)	
Sugar..... (no figures for the last quarter. Over 12,000 tons for the whole year)	
Live-stock-- (no figures for the last quarter. There was a total export of 35,000 head in the year, of which most must have gone to Germany)	

(b) Other commodities. Statistics as before, in most cases.

Fish.....	37, 918	
Train oil.....	654	
Scrap metal.....	(limited by agreement with the Dutch Government to 20 tons a week)	
	246	
Tar.....	1, 060	
Paper.....	(11,784 for the whole year)	
Flax.....	1, 108	
Margarine.....	71	
Rapeseed.....		
Coffee.....	3, 765	} Dutch colonial products free of control under the N. O. T. agreement
Cinchona.....	893	
Tobacco.....	7, 260	

(c) Smuggling.

This has assumed very serious proportions. The articles chiefly affected are believed to be pepper, chocolate, carbide, spices, fats and soap.

(d) Transit trade between Germany and Sweden and Germany and Belgium.

Iron ore, zinc ore, metals, wood, carbide, matches, etc., pass between Sweden and Germany via Holland. In 1916 130,000 tons of Swedish iron ore passed through Holland for Krupp's and 27,000 tons of zinc ore to Belgium under German occupation.

Enormous quantities of sand, gravel, stone, and appreciable amounts of coal, coke, zinc, fertilizers, tanning materials, alum, pulp, etc., pass between Germany and Belgium. The sand, gravel and stone are for military use on the western front.

2. Imports from the United States

The United States and the United Kingdom together control all Dutch supplies of:

Grain and fodder	Jute
Petroleum (lamp oil)	Hides
Lubricating oil	Copper
Petrol	Lead
Fuel oil	Asbestos
Paraffin wax	Borax and boric acid
Cotton, raw and waste	Abrasives
" , yarn and manufactures	Soda compounds

Other commodities in which Holland is in large measure dependent on the two countries are:

Fruit
Animal and vegetable oils and fats
Rosin and gums
Fibres for brushmaking
Tanning materials

3. Shipping position

Dutch shipping is largely laid up and efforts to induce it to sail have hitherto met with no success.

4. Diplomatic position

The present military position makes it important that Holland should remain neutral. Any course which would involve her in excessive and dangerous friction with Germany should therefore be avoided. The supplies which Holland furnishes to the United Kingdom are:

Foodstuffs under the agricultural agreement
Margarine
Flax-seed
Electric-lamp caps
Spelter
Glycerine

We are specially dependent on her for margarine, flax-seed and condensed milk and we should be very sorry to lose her exports under the agricultural agreement of bacon, butter, cheese, mutton, onions

and eggs. Any attempt to reduce food exports to Germany below the percentages at which they are left by the agricultural agreement would produce a very strained diplomatic situation with Germany. For the moment it is suggested that the United States might—

- (a) Give to the Dutch Government a general statement of its policy as regards conserving shipping and supplies for the needs of the Allies and the home needs of neutrals;
- (b) Give its support to the protests of the Allied representatives at The Hague against the use of Dutch territory for transiting military supplies;
- (c) Make continued exports to Holland conditional on the proper employment of Dutch shipping;
- (d) Examine the possibility of supplying the United Kingdom with margarine, so as to diminish British dependence on Holland. As the development of the manufacture of margarine in the United Kingdom is now under serious consideration it would be useful to have information on this point as soon as possible.

SWITZERLAND

The position of Switzerland is peculiar. The whole rationing of the country is carried out by the exercise of the powers of the French and Italian Governments to control transit. The administrative body is an Allied rationing committee at Paris. It is suggested that any action by the United States Government should be made the subject of consultation with that committee at Paris, and that American representatives should be attached to it for that purpose.

There is, however, one point on which the assistance of the United States Government would be welcome at once. In the third quarter of 1916 the Swiss exports of animals to enemy countries were:

To Germany.....	7, 869 head
To Austria.....	6, 660 "

The British and French Governments propose to join in buying the surplus Swiss cattle which would otherwise be exported to enemy countries and it is understood that the American Minister at Berne has proposed that the United States Government should offer some two and one-half million dollars to the French Government towards this purchase. Any such assistance would, of course, be much appreciated.

File No. 600.119/391

The Commercial Adviser of the British Embassy (Crawford) to the Counselor for the Department of State (Polk)

WASHINGTON, May 11, 1917.

DEAR MR. COUNSELLOR: With reference to our conversation on May 8 with regard to coal and bunker control, I enclose herewith

two memoranda—one, marked “A,” a general consideration of the methods of controlling neutral tonnage which will presumably be of interest to various departments here, and the other, marked “B,” a memorandum of our actual desires in the matter for your own information and for such use as you may think best.

A third memorandum covering the whole ground of our present practice, with an argumentative consideration of the alternatives open to the United States Government, is being annexed to the report of the Sub-Committee on Export Restrictions since that report necessarily touches on the question.¹

Believe me [etc.]

RICHARD CRAWFORD

[Enclosure 1]

Memorandum “A”: Control of Neutral Tonnage

The question of neutral tonnage has two aspects:

- (1) The tendency of neutral countries and shipowners to employ their ships in “safe” trades, or even in trades beneficial to the enemy, and to withhold them from trade with or on behalf of the Allies.
- (2) The tendency of certain neutral countries to lay up their tonnage altogether.

The position with regard to each neutral country has been dealt with in separate memoranda.

The following action has been taken in the past, or is proposed for the future, by the British Government in order to meet these two problems and to induce neutral tonnage to render reasonable services to the Allies. If the United States decide to co-operate in these measures, their effectiveness will be greatly increased, since the Allies will be in control of practically the whole coal supplies of the world and any conditions, short of compelling the neutral shipowner to run his ships at a loss, can be imposed as a *quid pro quo* for the supply of coal.

1. Refusal of bunkers and coal cargoes to all neutral ships proceeding on voyages not in the interests of the Allies, unless and until the owner, or time-charterer if the ship is on time-charter, has satisfied the appropriate Allied authority that a satisfactory proportion of the tonnage owned or controlled by him is in the service of the Allies. Each case must be considered on its merits.

2. Prohibition by the Allies of any private chartering of neutral ships by their citizens, except under special license from the competent authority. It is at this point that any co-operation by the United States would be particularly effective since practically the only employment, other than the supply of their own country, which neutral ships can find outside the danger zone is trade from the

¹ *Post*, p. 857.

United States to South America and elsewhere. Unless therefore the use of neutral tonnage by private American firms is controlled by law, the policy of the Allies may be stultified.

3. Restriction of bunkers given to neutral ships to an amount sufficient to take them to the next suitable bunkering port, and no more.

4. Control over the supply of spare parts, etc., and the repair of neutral ships. If a neutral ship requires extensive repairs, this utilizes valuable Allied material and labour and the British Government therefore insists in each case that the ship, when repaired, or an equivalent ship, shall be chartered to the Inter-Allied Executive.

5. The administration of the above measures is in the hands of the Bunker Committee in London and the Inter-Allied Chartering Executive, also in London. It is essential that the United States Government should be represented on the Inter-Allied Chartering Executive, and it would be desirable that they should maintain a representative or representatives in London who could settle with the Bunker Committee the terms of any agreements with neutral shipowners on whom American coal pressure has been exercised.

6. Besides the above terms, the British Government requires neutral vessels, in return for bunkers, to call for examination at British ports when proceeding to European countries contiguous to enemy countries and it is proposed to strengthen this by requiring that they shall not carry any cargo which has not been definitely approved by the appropriate Allied authority. The object of this additional requirement will be the elimination of the delays involved in the examination of neutral ships and the quicker and fuller use of the tonnage available. Further in order to prevent the supply of coal, oil, etc., to enemy commerce raiders, etc., Great Britain requires that all shipments of coal and oil shall be approved by the British Minister in the port of destination. This prevents cargoes which might be destined for a raider or submarine being sent out to a dummy consignee or even to a real consignee who is unreliable. Vessels whose owners have complied with these conditions are placed on the ships white list, and all coal is refused to ships not on this list, unless engaged directly in the service of the Allies. It is proposed, in the event of co-operation by the United States, to revise this list by removing those firms who refuse to do reasonable service for the Allies.

7. No coal cargoes are licensed for export to neutral countries unless consigned to firms who have agreed to supply bunkers only to ships which have subscribed to the bunker conditions. There exists a list of regular and reliable consignees for coal in neutral countries to which in the event of United States co-operation it is suggested that shipments of American coal should be made exclusively, on the understanding, of course, that additions or subtractions from that list will be considered jointly by the two Governments.

8. There is further a black list of ships which consists of ships believed to be enemy owned or controlled or belonging to owners who have broken the undertaking to abide by the conditions of supply. No coal is ever supplied to a ship on the black list whatever its employment. Ships can be removed from the black list by being chartered to the Inter-Allied Chartering Executive.

The problem of the owners who prefer to lay their ship up rather than perform any service for the Allies is a more difficult one, and would have to be met by direct pressure upon the neutral countries concerned by refusal of supplies.

In view of the military and economic factors involved, the case of each country has to be considered separately. The first step, however, must be the adoption of such a measure of common policy between the Allies as will prevent neutral countries from playing one Ally off against another. Spain, for instance, is under obligation to supply iron ore to Great Britain in return for coal, and it would be highly detrimental to Allied interests if she were enabled to escape from this obligation by obtaining supplies of American coal.

Another method of preventing the laying up of tonnage is that adopted by Great Britain in regard to Denmark, viz., requisition of the tonnage in Allied ports. This power of requisition is exercised by collusion with the neutral owners, but even in the absence of the owner's consent there appears to be no reason why the exercise of the power should not be justified by the law of angary.

It is, of course, understood that all tonnage building in Allied ports for neutral flags has been and is requisitioned and put into Allied service, except in the case of ships sold or time-chartered to an approved Allied firm.

[Enclosure 2]

Memorandum "B": Control over the Supply of Bunkers

The British authorities at present exercise the following control over the supply of bunkers:

- (1) In all British ports the supply of bunkers is regulated by the policy of the prohibition of export. Similar control is exercised in French and Italian ports by the French and Italian Governments, respectively.
- (2) In certain neutral ports (e. g., the Atlantic islands) where the depots are owned by British firms and managed in London, the supply of bunkers is regulated by the firm in accordance with the instructions of His Majesty's Government.
- (3) In all other ports where British coal is used the supply of bunkers is regulated by the British consul by means of the undertaking given by every importer of British coal, namely, that he will not supply bunkers, whatever the origin of the coal, to ships specially notified to him.

In this way a very substantial control is obtained. It is not very effective in Holland where German coal is available, and recently certain firms in other countries have shown an inclination to evade the control by using American coal.

Hitherto the policy adopted has been only to impose upon neutral shipowners conditions which they will recognise as reasonable and are such as to give the shipowner every opportunity of engaging in lucrative trade, so that he is not led either by indignation or by commercial considerations to attempt to evade the bunker control by using American coal. A copy of these conditions is attached, (A). This policy has on the whole been successful. Now, however, that the United States Government are proposing to control American coal, it is possible to impose much more stringent conditions upon the supply of bunkers for neutral ships. A draft of the proposed new conditions is attached, (B). These conditions besides securing the original objects of the bunker control, namely, preventing supplies reaching enemy countries, and preventing neutral ships being used as supply ships for enemy warships, definitely require that a satisfactory proportion of neutral tonnage should be employed in essential Allied trades. It is desirable that as the United States and Great Britain practically control all the available coal in the world, the two Governments should adopt the same policy in regard to the supply of bunkers. It is, however, essential for administrative reasons that there should be only one central authority.

It is accordingly suggested that the United States Government should take the following action:

1. In United States ports

- (a) Prohibit the supply of coal as bunkers without the consent of the appropriate authority (e. g., the collector of customs);
- (b) Instruct the appropriate authority only to authorise the supply of bunkers to (1) Allied ships, (2) ships on the ships white list;
- (c) Instruct the appropriate authority to report to the appropriate government department all other applications for bunkers. This department would exercise its discretion in authorising the supply of bunkers even though the ship was not on the white list, if it appeared that the proposed voyage was in the interest of the Allies. In such cases, however, the master should be warned that the owner must take steps to place the ship on the white list and only sufficient bunkers should be granted to take the ship to the next suitable bunker port.

2. In Foreign ports

If the export of American coal is limited to firms on the Regular and Reliable List, the supply of bunkers by such firms would, under the present arrangements, be under the control of the British consul, who acts in the manner suggested above for the authority in the United States ports, or, as is the case in many of the South American ports, under the control of British firms whose head offices are in London.

If desired, this control could be transferred to the United States consul, who would no doubt in such event work in close co-operation with the British consul, who has had considerable experience in the administration of the bunker control. If, however, the United States Government preferred not to take an active part in the bunker control at ports abroad, it would be quite sufficient for them to limit the export of coals to firms on the regular and reliable list leaving the British authorities to exercise the required control.

It will be seen that the above control is based, primarily, upon the ships white list. It is clearly desirable that there should only be one ships white list applicable both to American coal and British coal. Hitherto the list has been compiled by the British Admiralty under the instructions of a committee in London on which the Foreign Office, Board of Trade and Admiralty are represented. This committee is largely guided by the advice of His Majesty's representatives abroad. The introduction into the conditions of supply of a specific requirement that the shipowner shall employ a satisfactory proportion of his ships in essential Allied trades will involve a series of negotiations with individual shipowners. It will further involve the consideration of the amount of neutral tonnage which may be found essential for various United States trades. It seems desirable, therefore, that the compilation of the ships white list should remain as heretofore in the hands of the Bunker Committee in London, but that the United States Government should appoint some representative in London either to attend the meetings of the Bunker Committee regularly—which scarcely seems necessary, as a good deal of the work is purely routine work—or to be available for consultation with the committee when any question affecting United States trade arises.

[Subenclosure A]

SUPPLY OF BUNKER COAL TO NEUTRAL VESSELS

Bunker coal can be supplied to neutral vessels if the following conditions are complied with in the case of all the vessels owned, chartered or controlled by a particular firm wherever they are trading. Failure to comply with any of the conditions in the case of any one vessel may involve refusal of bunkers to all the vessels:

- (1) The British authorities to be kept informed of the names of all the vessels owned, chartered or controlled by the firm.
- (2) No vessel to be chartered to an enemy subject or company, or to any person whose name may be specially notified to the firm; and no vessel to be let on time-charter without informing the British authorities beforehand.

Particulars of all existing time-charters to be given to the British authorities.

(3) No vessel to trade with any port in any country at war with Great Britain.

(4) No cargo to be carried which proceeds from or is destined for, a country at war with Great Britain.

For this purpose—

- (a) All vessels when inward or outward bound to or from Northern Europe must call in the United Kingdom for verification of papers, and special consideration will be shown to vessels which proceed via the English Channel. If vessels are bound to or from the Mediterranean they should not pass Gibraltar without communicating with the British authorities. If early notice is given of the intended call it will facilitate clearance.
- (b) All goods carried from Scandinavian ports to be accompanied by certificates of origin.
- (c) No goods to be carried which are consigned "to order," and the firm to stipulate that no cargo is to be loaded which it is known would expose steamers to detention by British authorities.
- (d) A clause to be inserted in all bills of lading of all steamers bound to neutral ports in Europe or North Africa enabling the firm to withhold delivery of goods until a satisfactory guarantee is produced to the effect that the goods will not be re-exported.

(5) No coal, petroleum or its products, lubricating oil, or castor oil from neutral countries to be carried unless the consignee is approved by the British Minister in the country of destination, or unless the vessel is calling for verification in the United Kingdom or at Gibraltar on the voyage in question.

(6) No subject of any country at war with Great Britain, if of military age, to be carried.

(7) Contraband goods destined for the United Kingdom or an Allied country only to be refused on reasonable grounds (e. g., that ship itself becomes liable to condemnation, that state insurance becomes invalid, etc.). Vessels carrying cargoes, contraband or other, to Allied ports will receive special consideration.

NOTE. If a firm elects to comply with these conditions, it is requested to forward the lists mentioned in paragraphs (1) and (2) to the Under-Secretary of State, Foreign Office, London, as soon as possible, in order that arrangements may be made for facilitating the bunkering of the vessels at all stations. To save delay, the envelope should be marked "bunker coal."

If a firm is unable to guarantee the observance of the conditions in the case of vessels already chartered to other firms, the names of these vessels should be specially indicated. It will then be for the time-

charterer to approach the British authorities if he desires bunkering facilities.

October, 1915.

[Subenclosure B]

REVISED BUNKER CONDITIONS

Bunker coal can be supplied to neutral vessels if the following conditions are complied with in respect of all ships managed, owned, chartered or controlled by a particular firm wherever they are trading.

Failure to comply with any of the conditions in the case of any one vessel may involve refusal of bunkers to all the vessels.

(1) The names of all vessels under the firm's charter, management or control, together with the names of the ships' masters to be notified from time to time.

(2) No vessel to be chartered to a subject (including a firm or company) of Germany or of any other power allied with Germany or to any person or firm whose name may be specially notified.

(3) No vessel to trade with any port in Germany, or any country allied with Germany.

(4) No German subject or the subject of any power allied with Germany to be carried without the consent of the Allied authorities.

(5) No cargo to be carried which proceeds from, or is destined for Germany or any country allied with Germany.

For this purpose—

(a) All vessels inward or outward bound, to or from Scandinavia, Denmark (including Iceland and Faroe Islands) or Holland, or proceeding to or from any neutral port in the Mediterranean must call for examination at an Allied port, as may be directed.

(b) No cargo which has not been previously approved to be carried from overseas to any European port.

(c) All goods carried from Scandinavia, Denmark (including Iceland and Faroe Islands) and Holland, to be accompanied by certificates of origin.

(d) No goods to be carried which are consigned to "order."
(Goods may however be consigned to "the order of A. B." where A. B. is the actual consignee.)

(6) No coal or mineral oil to be carried unless the consignee has been previously approved. (This does not apply to coal or mineral oil loaded under license in an Allied port.)

(7) If the ship is fitted with wireless telegraphy the sending apparatus is to be sealed in such a manner that no message can be sent without the knowledge of the master. The master to be responsible that no message of service to the enemy is sent by wireless telegraphy, in particular no reports are to be made of ships sighted or of weather conditions experienced.

No wireless messages of any kind to be sent when within 200 miles of any port of any Allied coast except emergency messages relating to vessels or persons in distress.

(8) The owner or charterer will, if requested to do so, dispense with the services of the master, officers or any member of the crew.

(9) No ship to be bought or sold without previous approval.

(10) No ship to be chartered for voyage or time without the previous consent of the Inter-Allied Chartering Executive.

(11) No ship to be laid up in port without approval.

(12) A return to be furnished each month showing in detail the employment of all ships managed, owned, chartered, or controlled by the firm.

(13) Every firm which requires bunker coals from Allied sources to perform a reasonable amount of service in return, i. e., to employ an agreed proportion of their fleet in carrying cargoes to or from Allied ports.

(14) No cargo to be carried which is consigned to or shipped by any firm on the statutory black list.

File No. 600.119/427

*Report of the Joint Subcommittee on Export Licenses*¹

[May 14, 1917.]

This report is based on the assumption that a law will be enacted applying to insular possessions of the United States as well as to continental United States, and including not only exportations of articles in commerce but the carrying out of United States ports of coal, fuel oil or other ships' stores. The question is whether the United States Government would, under the provisions of such an act, be empowered to accomplish the same objects as are accomplished by the Allies by their rationing of neutral countries, letters of assurance, bunker control, and black lists, and if the same objects can be substantially so attained, then what administrative procedure and machinery are necessary for this purpose. The law should prohibit and penalize the carrying out of the United States or its possessions of any article proclaimed by the President except by license and under rules and regulations issued by him.

¹ Signed texts both of this report and the report of the Subcommittee on Statistics and Sources of Information, which follows it, are shown by correspondence in the files of the Department of Commerce to have been sent to the Secretary of State and the Secretary of Commerce on May 14, 1917; none of these original texts has been found. The files of the War Trade Board contain another copy of this report, included with a collection of papers on the subject "General Policies of the Embargo."

I. RATIONING NEUTRAL COUNTRIES

A "ration" is the amount of any commodity imported or permitted to be imported by a neutral country of Europe. The determination of the amount of the "ration" in general depends upon an estimate of the domestic needs of the neutral country, and this estimate is usually made in agreement with the importing interests in the neutral country concerned, such for instance as the Dutch N. O. T., Danish Merchants' Guild, and various Norwegian associations, who agree not to import quantities in excess of the ration fixed. In some cases these agreements are made with the neutral government itself. In fixing the "ration" the aim of the Allied Governments has been—

- (1) To satisfy the home requirements of the neutral country;
- (2) To maintain its exports of imported or native produce to the Allies; and
- (3) To prevent all exports to enemy countries whether of imported or native produce.

It is understood that whereas in the past, in view of the fact that the enforcement of the "rationing" was of necessity based upon maritime international law and not on sovereignty, the Allied Governments have not felt able to introduce as a factor in fixing "rations" the idea of putting pressure upon neutral countries to render services in the form of shipping or otherwise, and have been obliged to take into account the necessity of reaching an agreement with the neutral countries in each case as to the amount of the ration, it will now be possible, should the Government of the United States so desire, to fix rations without obtaining the consent of the neutral countries and to reinforce the rationing system by requiring that, in exchange for exports from the United States, the neutral countries should perform certain services such as employing a reasonable percentage of their shipping in certain trades. Whether or not this is to be done is a question of policy which the sub-committee is not competent to decide.

The sub-committee has had submitted to it the confidential figures in the possession of the British mission as to the imports and exports of neutral countries. We understand that the Secretary of State and Mr. Balfour were anxious to know whether on a purely statistical basis new rations could be worked out for certain neutral countries which would prevent them from exporting their own produce to enemy countries. Such calculations could hardly be made in Washington with the statistics available here, and, so far as immediate questions of policy are concerned the sub-committee feel that they should point out that there can, in the nature of things, be no scientific accuracy in any estimate of the effect upon neutral exports to Germany, of a reduction of overseas imports into the neutral country concerned.

For instance, the imports of fodder into Denmark in the period July to December, 1916, were only 394,319 tons, as against an average import less all exports for six months during 1911-13 of 459,225. Yet, during the third and fourth quarters of 1916, Germany took 15 per cent and 24 per cent of Danish exports, respectively, as against an average of 3 per cent before the war, Danish exports to the United Kingdom being correspondingly reduced. Moreover, while Denmark before the war exported about 5,000 head of cattle a week to Germany (live and slaughtered), she is now exporting over 7,000 head a week.

That is to say that while the fixing of a ration for a neutral country can attain the object mentioned under (1) above, i. e., it can satisfy the home requirements of the neutral country and while it can, to a certain extent, at least attain the object mentioned under (2), i. e., it can maintain exports from such neutral country of imported or native products to the Allies, it cannot of itself prevent all exports to enemy countries whether of imported or native products, i. e., the object mentioned under (3).

In order to attain this last object there must be a definite diplomatic agreement with the government of the neutral country concerned that it will prevent such exports, since without such an agreement, however low the ration of imported goods may be, the native products will inevitably seek the market where they can find the highest prices and that market will, under the present circumstances, always be Germany. In order to reach such an agreement the first thing that has to be done is to restrict exports to the neutral country for bargaining purposes and such restrictions must be made on diplomatic rather than on statistical grounds.

In so far as a permanent and standing modification of existing rations on a statistical basis is now called for, the new rations should, we feel, be worked out by the Rationing Committee and the War Trade Statistical Department in London with the collaboration of an American representative, rather than by any committees in Washington, since these bodies in London have been working at the complicated statistics involved for many months and there is no English representative in Washington with sufficient statistical knowledge to undertake a re-examination of each individual ration. It is believed that the American representative should be appointed as soon as possible to collaborate with these bodies in London.

Until the new rations are determined upon, the United States Government (1) may use the present rations as one factor in determining the issuance of export licenses and (2) may independently use its control to cut off any part, or the whole, of any existing ration as a means of pressure upon neutral countries to enter into agreements. Whether these courses will be followed or not by the United States, the

sub-committee believes that the control of exports provided for in the proposed legislation will confer upon the United States Government full power to do so.

II. LETTERS OF ASSURANCE

Hitherto, the only control over exports from the United States has been carried out by the system of letters of assurance issued by the British Embassy in the case of shipments to Norway, Sweden and Denmark. These letters of assurance represent simply a statement made to such American exporters as may apply to the British Embassy that so far as the British Government is aware, and subject to new facts coming to their knowledge subsequent to the issue of the letter, there is no objection to the shipment of the articles through the British naval patrols. Consequently, a letter of assurance is not a license but simply a facility and operates as a pass attached to the goods for the information of the examining officer at the British port of call, or the British naval patrol.

In order that such a pass may be as certain and effective as possible applications for letters of assurance are referred by the British Embassy to London by telegraph in all cases where the character of the consignee or the amount of the shipment raises any doubt as to its ultimate destination. The letter of assurance thus merely aims at assuring the exporter a maximum of certainty that the goods will reach their destination without difficulty and with the minimum amount of delay in examination.

Under the pending legislation, the President will have authority to do all and more than is accomplished by letters of assurance. It is, however, uncertain at present to how large a range of commodities that authority will in practice be applied.

In the case of commodities against which no prohibition of export has been imposed it may be necessary for the British system of letters of assurance to be continued. In case the prohibition of exportations from the United States is complete, the question is whether American licenses should supersede or accompany British letters of assurance. How this matter may be arranged in the interest of the greatest economy and efficiency may be left to the two Governments concerned.

III. BUNKERS, OIL FUEL, AND SHIPS' STORES

The bunker control built up by Great Britain is dependent upon:

- (a) A prohibition of the supply of bunkers to neutral ships, except to ships approved by the British Government;
- (b) A prohibition of the export of coal to neutral countries, except to firms that have agreed to supply bunkers only to such ships, and generally not to dispose of coal in any way which might be beneficial to the enemy.

As a condition of approval and of the supply of bunkers, neutral shipowners enter into certain agreements with the British Government commonly known as "bunker conditions." Originally the "bunker conditions" enacted by the British Government were directed to two main objects: first, the facilitation of the blockade by requiring neutral ships to call at British ports for examination, etc., and second, the prevention of supply for commerce raiders by preventing the carrying of coal, oil, or supplies except to approved consignees. Another provision was directed against the transportation of enemy reservists. To these original conditions have gradually been added other stipulations, of which the most important is the requirement that ships shall do a certain amount of service beneficial to the Allies, such, for instance, as the carrying of coal from the United Kingdom to the Atlantic islands, i. e., Cape Verde (St. Vincent), and Canary Islands (Las Palmas), etc.

Now that the shipping situation has grown so much worse this last object has become by far the most important and it will be essential to reinforce the "bunker conditions" by requiring all neutral shipowners to perform a fuller measure of service to the Allies in return for the supply of British and American coal and also, as a subsidiary measure, in the direction of requiring neutral ships to take only approved cargoes so as to reduce to a minimum the delay caused by examination in British ports. A memorandum by the British mission on the whole question is attached hereto.¹

The British mission recommends that the licensing of the export of coal from the United States should be on the basis of a list of approved consignees in neutral countries and that no licenses should be issued for any export except to firms on this "white" list. If this procedure is adopted by the United States licensing authorities, it will be desirable that all the Allies should so far as possible work on an identical list of approved coal consignees. The British Government is at present working on the basis of a comprehensive list known as the "Regular and Reliable List of Coal Importers in Neutral Countries" the firms on which have entered into the agreements mentioned under (b) above, and have been reported as trustworthy by H. M. representative in the country concerned.

As regards the bunkering of ships in United States ports, it is recommended that power should be taken to control the supply to ships of coal, oil fuel, or ships' stores. The various possible methods of exercising this control are dealt with in the attached memorandum of the British mission.

The sub-committee believe that the proposed legislation in Congress, will empower the President to obtain by licensing ships' supplies all of the objects attained by the British bunker control. It is essen-

¹ Printed as Annex 1 to this report.

tial that it should apply to bunkers and other supplies shipped for use on board rather than as cargo for trade.

IV. BLACK LISTS—BRITISH STATUTORY LIST AND FRENCH OFFICIAL BLACK LIST

The "statutory list" is the list of persons or firms of enemy nationality and association proclaimed by the British Government under the Trading with the Enemy (Extension of Powers) Act, 1915. British subjects are in every case prohibited by this act from trading with these firms, and therefore no application for exporting to them can, in the nature of things, even be received by the British licensing authorities. The same applies to the French official black list. The "confidential black list" in Great Britain is not published and is not compiled under statutory authority, but is simply a confidential guide used by the licensing authorities as a record of undesirable consignees in neutral countries; that is, consignees whom experience has shown to be acting as channels for the passage of goods or money through neutral countries to the enemy. This list in Great Britain is purely an administrative list for the purpose of the execution of the various acts and orders in council prohibiting exports. The British Government does not necessarily refuse all applications for all goods to all the firms on their confidential black list. There is a subdivision of that black list which is composed of firms against whom there are merely suspicions more or less serious. The placing of a firm on this subdivision of the list is merely a precautionary measure and is especially used as a guide to the customs in exercising their right of challenge.

In regard to the question whether the export licensing system to be set up under the export restriction bill will fulfill the objects intended by the Allied black lists, it must first of all be pointed out that if the export licensing system is of itself to act as a complete bar to trade with any given firm in a neutral country, it would be necessary to prohibit the export except under license of all commodities whatsoever.

The United States will find itself in the same difficulty with both Great Britain and France as confronted Great Britain with respect to France before the enactment of the British Enemy Trade Extension Act, 1915, unless the United States is at least prepared to regard the British statutory list and the French official black list as lists of persons to whom it is undesirable to issue export licenses. The "confidential black list" would also, in practice, have to be used as a determining guide in the licensing of American exports. A conflict in the matter of the restriction of exports from the United States as between the United States and France or Great Britain would seem to be a fruitful cause for dissatisfaction on the part of the citizens of both countries. If the exporters in the United States are permitted

to ship goods to persons who are not permitted to receive goods from Great Britain, there will be much cause for dissatisfaction on the part of the shippers in Great Britain. The same would be true if the cases were reversed. If, however, the character of the consignee could be agreed upon by the War Trade Intelligence Department in London and the representatives of the United States Government there, to whom all the evidence would be available, such difficulties would be avoided.

The British members of the sub-committee point out that so far as exports to firms of enemy nationality or association are concerned, the licensing system may adequately meet the situation, but they emphasize the fact already mentioned above that this is conditional upon the prohibition of all exports whatsoever except under license and it is hardly possible that such comprehensive prohibition will be issued at first. Moreover, the British experience has been that the control over exports by licensing is apt not to be totally effective in administrative practice as a complete barrier to trade unless reinforced by legal penalties, because it is hardly possible in all cases to prevent the goods passing out of the hands of the original consignee into the hands of parties who may be entirely willing to use the goods for the benefit of our enemies. The black list accomplishes this object by advertising all the concerns which have been found to be for one reason or another undesirable to Great Britain. The original consignee, therefore, and any subsequent persons to whom the goods are later transferred are warned not to deal with persons whose names appear on the black list, under pain of statutory and other penalties.

The British members further point out that, so far as imports from firms of enemy nationality or association are concerned, the licensing system as to exports will not prevent such firms from selling goods to the United States and obtaining from the United States either a remittance of funds or a credit in the United States in payment of such goods. That is to say, a firm whose activities are regarded as being so much in the enemy interest that goods cannot be licensed for exportation from the United States to it will be allowed to receive for its imports into the United States money and credit, which are much more fluid and can much more easily be transferred to any enemy country itself. Moreover, enemy money or credits have been and will almost certainly continue to be used both for conducting German propaganda and intrigue and also for buying stocks of material urgently needed by the United States and the Allies for military purposes and it may be expected that one of the main activities of the enemy in South America will consist in cornering so far as possible, South American supplies upon which, in the present situation, the United States must depend to a peculiar degree.

The British members strongly put forward the view that in remote neutral countries, no less than in countries contiguous to enemy countries, the policy of prohibiting all dealings with enemy firms is of the most direct belligerent value and tends to shorten the war. They have explained that this has been the great object of the British statutory list, that the gradual destruction of long-established organizations providing channels for German trade abroad works powerfully on the German mind against a prolongation of war and that in the contrary case the knowledge that overseas connections are being maintained and that credits are being built up and stocks of raw materials accumulated for post-war shipment is a very substantial asset for the enemy in continuing the war. In short, they point out that every argument commonly used to support the theory that a trade war during peace is an incentive to war emphasizes the conclusion that trade war during the war is an incentive to peace. They would therefore strongly urge that adequate measures should be taken to deal with the situation.

In regard to the above observations it may be pointed out that in so far as the remittance of funds or the creation of credits in respect of imports into the United States is concerned the objects effected by the British statutory-list policy might, under pending or proposed legislation, be in large measure if not entirely accomplished in the following ways:

1. Remittances can be prevented by the control of exports of specie and by the control, through the censorship, of all transfers of money, if a strict postal as well as wireless censorship is established in the United States and is exercised for such objects.

2. The Enemy Trading Act, as drafted, will prevent any business transactions or intercourse by persons in the United States either directly or indirectly with, for benefit of, or in behalf of, persons in Germany or persons in neutral countries doing business in Germany, or German agents in neutral countries or, by proclamation of the President, natives or subjects of Germany in neutral countries. The Enemy Trading Act is drafted to include also the allies of Germany. Under the powers given by the act it will presumably be possible to set up a control of banking accounts, etc., which besides reinforcing the control of transfers by the censorship might, to a certain extent at least, operate to block and prevent the utilization of credits established in the United States in respect of goods imported.

The doubt, however, is how far any censorship control or any control over banking accounts, etc., could operate against monetary transactions with firms in neutral countries with whom transactions in goods are *ex hypothesi* not entirely prohibited. The question, therefore, comes down to the problem how far the Enemy Trading Act, as drafted, would give enemy character to persons in neutral countries who are natives of that country but not agents of the Government of Germany or an ally of Germany, and who nevertheless might

be shown to be actively assisting Germany in such ways as propaganda and intrigue carried on in such neutral countries.

V. PLAN OF PROCEDURE

The procedure for the restriction of exports from the United States presupposes a central authority in the United States that would control by license the exports of the United States to specified countries. The amounts of exports from the United States will be determined by one or more of the following considerations:

1. The conservation of the products of the United States.
2. A "ration" as defined above, for a given neutral country will be fixed by rationing committees in London in consultation with the American representatives. Such a ration, when fixed, will be divided between the various Allies and other neutrals in proportion to their normal exports of the particular commodity.
3. It may be convenient to bring pressure to bear upon neutral countries in order to bargain for one of the following objects:
 - (a) To prevent commodities exported from the United States, or their equivalents or derivatives, passing into the hands of our enemies.
 - (b) To obtain from neutral countries goods or services in exchange for exports from the United States.

When the amount of any specified commodity to be exported from the United States to any country has been fixed, the problem then will arise as to how the total permitted quantity is to be allotted among shippers.

First, as to consignors:

In Great Britain applicants for export licenses are reduced in number by several screenings. The first to be rejected are the applications of those who have been convicted of enemy trade, and second, those whose trade has been shown to be suspicious. Thereafter, the applications of *bona fide* traders are considered by the following tests: (a) whether the proposed export is part of the applicant's normal business, (b) whether he has a firm order for the goods, (c) whether he has any long-established connection or familiarity with the consignee, and (d) whether the agent through whom his customer was introduced to him bears a clean record. When this test has been satisfied, (a) applications are sometimes granted in order of priority; (b) in other cases a proportion of the goods applied for is allotted to each of the applicants whose record is satisfactory, prorated to the amount set out in their applications; (c) in some cases where a comparatively small and well-organized group of exporters controls the business, allotments may be made proportionate to the business generally done in normal times. The last is the procedure followed generally by the rubber and tin exports committee dealing with British exports of rubber and tin.

Second, as to the consignee:

It is undesirable that exports from the United States should be permitted to any persons or corporations through whom our enemies

could derive any advantage directly or indirectly. This is particularly important in the case of the neutral countries of Europe, because goods and especially moneys can be transmitted with comparative ease to our enemies, if the holders so desire.

Great Britain has already worked out an elaborate organization known as the War Trade Intelligence Department for determining facts of this character. They know, for example, that if goods are consigned to certain consignees, those goods or the products thereof will be ultimately in the hands of our enemies. It will be almost impossible to duplicate the machinery already in existence and it would seem to be a waste of time and effort to do so. It would seem, therefore, that the consignees for exports from the United States should be agreed upon with the Government of Great Britain, before being approved by the United States Government.

VI. ADMINISTRATIVE MACHINERY

Certain practical machinery must be brought into existence to carry out the export restrictions under a system of licensing. This machinery is graphically outlined in the chart that accompanies this report.¹

(a) It is recommended that under the authority of the Exports Control Act when passed by Congress the President issue an Executive order (1) creating an inter-departmental committee to be known as the Exports Control Committee; (2) authorizing and directing the Secretary of Commerce to execute the Exports Control Act and the recommendations thereunder of the Exports Control Committee, and to make such rules, regulations, and orders therefor as may be necessary; and (3) directing the Secretaries of War, Navy and Treasury to instruct their respective officers not to permit the exportation or carrying out of any article except under a license or order over the signature of the Secretary of Commerce.

(b) The Exports Control Committee should be composed of representatives of the Departments of State, Commerce, Treasury, War, and Navy, who should determine the general policies to govern the system of licensing. A representative of Great Britain should participate in the deliberations of this committee, especially when international matters are to be under consideration. Its recommendations should be subject to the approval of the Secretary of State through his representative on the committee and should be made to the Secretary of Commerce for his guidance in executing the Exports Control Act.

(c) In order to keep in touch with the various industries of the United States affected by the licensing of exports, expert advisers

¹ Not printed.

of the Bureau of Foreign and Domestic Commerce should be asked to gather, collate, and present the facts with reference to each industry.

(d) The Exports Control Committee should have on its staff a shipping expert to keep the committee in touch with the Shipping Board.

(e) Under the general direction of and reporting to the Exports Control Committee there should be a War Trade Intelligence Division. This division should cooperate first of all with the War Trade Intelligence Department of Great Britain, and should endeavor not to duplicate the information available there, except in so far as such duplication would be practical and would expedite the work of granting licenses. This division should collect such information as may be available through the censorship conducted by the United States, through the State Department and particularly the Consular Service, through the Department of Justice and through the Treasury Department.

(f) All applications for licenses for the exportation of goods from the United States will be referred in the first instance to the British Embassy for advice as to the character of the consignee and other points of information in its possession. In case the British Embassy has not complete information it will refer the application to London, by telegraph, as in the case of application for letters of assurance at present. A representative of the United States Government in London charged with such matters will have an opportunity in each case of examining these applications and telegrams from the British Embassy, as well as the date upon and methods by which they are decided in London, and of attending the deliberations of the competent body in London having charge of such applications.

(g) In order to take care of the necessary and special statistical work, a War Trade Statistical Division should be organized in the Bureau of Foreign and Domestic Commerce which has facilities for this work. Much of the statistical information is already available in that bureau and only needs to be properly arranged and interpreted.

In the actual case of application for exporting a commodity, the application would be addressed to the Secretary of Commerce and would be acted upon by the licensing bureau, that is, the Bureau of Foreign and Domestic Commerce of the Department of Commerce. The licensing bureau would decide whether or not a license should be issued, in conformity with the recommendations of the Exports Control Committee. The license, if the application is approved, would then be issued over the name of the Secretary of Commerce.

The British members of the sub-committee express no opinion upon various recommendations involving questions of constitutional

or administrative machinery and policy of the United States Government, in enforcing the proposed Exports Control Act.

The American members of the sub-committee desire it to be understood that the foregoing report in so far as it sets forth the British methods and practices in the present war, and arguments in support of such methods and practices, does not commit the United States to agreement with or acquiescence in such methods, practices, or arguments.

[EUSTACE PERCY]

On behalf of British members

[L. H. WOOLSEY]

Solicitor Nominate, Department of State

[F. M. HALSTEAD]

*Chief, Division of Customs, Treasury
Department*

[E. E. PRATT]

*Chief, Bureau of Foreign and Domestic
Commerce, Department of Commerce*

[Annex 1]

MEMORANDUM ON THE COAL POLICY AT PRESENT ADOPTED BY THE BRITISH AUTHORITIES

The basis of the coal policy is a prohibition of the export of British coal except under license. Coal supplied as bunkers with the consent of the commissioners of customs is exempted from the prohibition. This is essential in practice as it would be extremely cumbersome, if not impracticable, to require a formal export license to be obtained in every case for the loading of a few tons of bunkers. It will be convenient to divide the memorandum into two sections as follows:

- I. The control over the export of British coal;
- II. The control over ships' bunkers.

I. THE CONTROL OVER THE EXPORT OF BRITISH COAL

The present control over the export of British coal is directed towards the following objects:

- (1) To conserve the supply for home consumption;
- (2) To prevent British coal imported into neutral countries or other coal made available in those countries by the importation of British coal, being used directly or indirectly for the benefit of the enemy;
- (3) To require services or conditions from neutral countries in exchange for British coal. Under this heading is included the bunker policy.

(1) and (3) are attained by fixing the total amount of coal which is to be exported in a given period to the different countries. When

this has been done, (2) is attained by exercising careful discrimination between and supervision over consignees to which the coal available for the particular country is exported.

Originally the licensing authority in Great Britain contented itself with refusing licenses to firms of known enemy activity or connection (i. e., the policy of a black list). It was soon found, however, that this control was not nearly sufficient, as all that an importer on the "black list" had to do was to apply for a license in the name of a "dummy" consignee. Cases occurred in which British coal was actually supplied indirectly to enemy warships. Towards the middle of 1915, therefore, the British Government decided to abandon the policy of the black list in favour of a policy by which British coal is exported only to reliable firms who are known as regular importers, and who have agreed not to supply any coal (not only British coal) to enemy ships or to ships trading to enemy countries or to any other ships specially notified by the British authorities; not to supply coal to any firm known to be supplying goods to the enemy; not to use the coal for the production of goods or by-products destined for the enemy; and, finally, not to transfer coal to another importer without permission. These firms are placed on a list called the "Regular and Reliable List of Coal Importers" or the "coal white list." As a failure to abide by this undertaking renders the firm liable to be refused all future supplies of British coal, firms of high standing and large connections have the strongest inducement to observe the conditions faithfully.

The experience of the British Government has been overwhelmingly in favour of the white-list policy as opposed to the black-list policy. It prevents coal reaching unreliable consignees either direct or through "dummies," and it also prevents ships clearing with cargoes of coal ostensibly destined for a consignee in a neutral port, but really acting as supply ships for enemy warships. On military grounds alone, therefore, the policy is vindicated, but it is also of value because it enables pressure to be put upon manufacturing firms in countries adjacent to Germany to discontinue supplying manufactured articles to the enemy and further it is the foundation of the control exercised over neutral shipping through the supply of bunkers at ports abroad. If, therefore, the United States Government are willing to cooperate with the British Government in this matter, it is suggested that the cooperation should be on the lines of prohibiting the export of American coal to any firm not on a white list. In such event, it would be desirable that the two Governments should, so far as possible, work in close cooperation and that there should be one coal white list common to both Governments.

The British white list is at present compiled by the British Foreign Office on the advice of His Majesty's representatives in foreign coun-

tries. A copy of this list is attached.¹ If a firm desires to import British coal, all that it has to do is to satisfy the British Embassy or Legation in the country that it is trustworthy and undertake to abide by the "Conditions of Supply," of which a copy is attached.² The firm is then added to the coal white list. The British Government would welcome the cooperation of the United States Government in the compilation of the white list in any way which appears desirable. In view of the fact that, from the point of view of tonnage, there are strong arguments, in the common interest, for discontinuing, so far as possible, the export of American coal to Europe, in favour of export to such destinations as the Plate, where American coal can be supplied with greater economy of shipping than British coal, one method of cooperation would be that the British Government should hand over to the United States Government the primary responsibility for the white list in South America, while themselves primarily remaining responsible for the white list in Europe.

II. THE CONTROL OVER SHIPS' BUNKERS

The present control over the supply of bunkers is directed to the following objects:

- (1) The prevention of supplies reaching the enemy. This is effected by requiring neutral ships not to carry cargoes destined directly or indirectly for an enemy country and by requiring all neutral ships proceeding to Europe to call at a British port for examination.
- (2) The prevention of coal, oil, etc., being conveyed to enemy commerce raiders in neutral ships.
- (3) The prevention of the uneconomical use of tonnage in the way of long ballast passages and in certain cases the requirement that the fleet of any one owner shall perform a reasonable amount of service in the Allied interest.

Hitherto the policy of the British Government has been to impose on neutral shipowners, in return for an unrestricted use of British coal, which is practically essential for their trade, conditions which they will recognise as reasonable in the circumstances and are such as to give the shipowner every opportunity of engaging in lucrative trade. A copy of the conditions at present in force is attached.³ This policy has, it is believed, been on the whole successful. It is, however, not very effective in Holland, where German coal is available and recently certain firms in other countries have shown an inclination to evade the control by using American coal.

Now that the tonnage question has become so serious, the third object of the policy, viz., the prevention of uneconomical use of ton-

¹ Not printed.

² Printed as Annex 2.

³ *Ante*, p. 839.

nage and the requirement of a reasonable amount of service in the Allied interest, has become the most important. It is proposed to reinforce the bunker conditions both in the direction of requiring neutral ships to perform a fuller measure of service in the Allied interest and, as a subsidiary measure, in the direction of requiring all neutral ships to take only approved cargoes, so as to reduce to a minimum the delays caused by examination in British ports. Should the United States Government be prepared in principle to cooperate in this direction, the British Government are anxious to enter into a discussion of the provisions which should be added to the present conditions in order to attain the above objects.

The general basis of the bunker control is the refusal of bunkers in British and Allied ports and in foreign ports, where British coal is used, to a neutral ship whose owner—or, if the ship is on time-charter, time-charterer, has not intimated to the British authorities his intention to abide by the "Conditions of Supply" not only in respect of the particular ship, but in respect of all ships owned or controlled by him. When an owner has given this undertaking all the ships controlled by him are added to the ships' white list. They are then treated, generally speaking, in the same way as British or Allied ships and allowed unrestricted bunkers in any port where the control is in the hands of the British or Allied authorities. The ships' white list, of which a copy is attached,¹ is now a very large list and it may be said that the great majority of neutral shipowners have given the required undertakings. The penalty for a breach of the undertaking is removal of the ships from the white list to the ships' black list. The latter is a very small list and consists of ships whose owner or charterer has broken his undertaking, has traded with the enemy or supplied enemy warships. The ships' white list and black list are compiled by the British Admiralty under the instructions of a committee called the Bunker Committee on which the Foreign Office, Board of Trade and Admiralty are represented. Ships are removed from the black list only if time-chartered to the Inter-Allied Chartering Executive.

In the event of the bunker conditions being revised on the lines mentioned above, it would be necessary to remove from the ships' white list those ships whose owners do not make a satisfactory arrangement in regard to the employment of a proportion of their tonnage in essential Allied trades. This would involve a number of negotiations with individual shipowners and these negotiations would be carried out by the Bunker Committee. In connection with these negotiations the committee's object would be to reduce to the minimum the employment of neutral ships in non-essential

¹ Not printed.

trades and to divert the balance into trades essential for the war. The extent to which this object can be attained will depend largely upon the cooperation of the United States Government. If the United States Government does not control the use of American coal at all, it will be possible for the neutral shipowner to evade altogether the bunker control by importing American coal and/or loading bunkers in United States ports sufficient for the round voyage. This will, of course, be very expensive, but the prospect of remunerative trade out of the danger zone might be sufficiently attractive to induce the shipowner to incur this expense.

The machinery by which the bunker control is exercised is as follows:

- (1) In all British ports the supply of bunkers is regulated by the local customs officers who, under standing instructions from London, grant applications for bunkers to Allied ships and neutral ships on the ships' white list. All other applications are referred to London where each case is considered on its merits. If it appears that the proposed voyage is in the interest of the Allies, bunkers are often granted, even though the ship is not on the white list.
- (2) In certain neutral ports (e. g., the Atlantic islands) where the depots are owned by British firms and managed from London, the supply of bunkers is regulated by the firm under a voluntary arrangement with the British authorities and in consultation with them.
- (3) In all other ports where British coal is used the supply of bunkers is controlled by the British consul through the undertaking given by every importer of British coal that he will not supply bunkers, whatever the origin of the coal, to ships specially notified to him. The consul has full standing instructions, allowing him wide discretion, but in case of doubt he communicates by telegram with the authorities in London.

There appear to be three considerations in favour of the United States Government cooperating fully in the bunker policy defined above. First, the success of the war depends in large measure on every available ton of shipping being employed in the most economical manner possible and in essential trades. Secondly, the Allies may claim, not on the ground of their belligerent interests but on broad grounds of justice and public utility, that neutral ships, forming part of the world's commercial service, shall share with the Allies the dangerous trades to a reasonable extent. Thirdly, the interests of the United States must always be an important factor in administering any policy which aims at the control of tonnage and the British Government are therefore anxious that they should be fully informed of the needs and wishes of the United States in a way which can only

be wholly attained by the closest cooperation and consultation. If, therefore, the United States Government should decide to adopt a control on the same lines as and closely coordinated with that adopted by the British Government the latter would welcome such cooperation. If, however, the United States do not wish at this moment to identify themselves wholly with such a policy, it is hoped that they will at least take such steps as are necessary to prevent American coal being used to weaken or evade the control at present exercised by means of British coal. In this event, the necessary steps would be that the United States Government should (1) limit the export of American coal to firms on the Regular and Reliable List of Coal Importers (coal white list) and (2) control the supply of bunkers in the ports of the United States and its territories and possessions in such a way as to prevent a neutral ship bunkering for the round voyage or, in fact, for a voyage further than to the next suitable bunkering port. It must, however, be pointed out that this policy might not really be sufficient to attain the objects aimed at since it might not avail to prevent a neutral ship in an American port from taking sufficient bunkers to carry her to her home port for the purpose of there laying up for the remainder of the war.

[Annex 2]

COAL WHITE LIST CONDITIONS.

REVISED CONDITIONS OF SUPPLY OF CARGO COAL

(1) That no coal of any kind or from any source is furnished directly or indirectly—

- (a) To any vessel belonging to or chartered by a German subject, or the subject of any State allied with Germany;
- (b) To any vessel which is known to trade to Germany or any country allied with Germany;
- (c) To any vessel, the name of which is specially notified.

(2) That no coal of any kind is furnished directly or indirectly to any firm or person known to be supplying goods directly or indirectly to Germany or to any country allied to Germany, or to any firm which may be specially notified.

(3) That no coal is used for the production of goods or of by-products of distillation which are furnished directly or indirectly to Germany or to any country allied with Germany.

(4) That no coal is sold or transferred by one importer to another importer without the express permission of the licensing authority.

File No. 763.72112/3838

*Report of the Subcommittee on Statistics and Sources of Information*¹

It has been suggested in the report of the Subcommittee on Export Licenses that the work of fixing rations on a statistical basis must remain mainly in the hands of the War Trade Statistical Department and the Rationing Committee in London; while the work of investigating and passing upon the character of consignees for goods in neutral countries will have largely to remain in the hands of the War Trade Intelligence Department. The question appears to be "how far the United States Government can assist or supplement the machinery of these committees in London for gathering information as to the situation in neutral countries."

So far as the character of consignees in neutral countries is concerned, it will probably be sufficient to instruct American consular officers in those countries to report any indications that may have come or may come to their notice that American goods are reaching unreliable consignees. For the rest, as the working of the licensing system develops, American consular officers will doubtless be instructed from time to time to report their opinion as to firms whom the British Government informs the United States licensing authority that they regard as unreliable.

To pass on to the very complicated question of what may be called rationing information, the War Trade Statistical Department in London at present has the following information, based upon official statistical reports from consular and diplomatic officers, Secret Service channels, and information supplied confidentially by associations such as the Danish Merchants' Guild:

- (a) Imports into the Scandinavian countries, Holland, and Switzerland from overseas.
- (b) Exports from those countries to Germany (the value or fullness of these statistics vary in different countries—there being hardly any available in the case of Norway and only statistics as to food exports available in the case of Denmark).
- (c) Exports of those countries to the United Kingdom and the other Allies.
- (d) A large amount of information gathered during the past two and one-half years as to the state of various industries in the neutral countries, their need for raw materials, rate of production, etc. Information as to the precise agricultural production is probably less complete than any other class of information for obvious reasons, since statistics as to the number of live stock in the various neutral countries, etc., are usually not available even if the statistics are compiled by the Governments themselves.

¹ See footnote 1, *ante*, p. 846.

The Government of the United States could probably aid the work of the War Trade Statistical Department by furnishing to the Department at short intervals detailed statements of exports from the United States to the various countries. This would to a certain extent enable the authorities in London to dispense with less certain means of information, such as checking of manifests, which is found necessary at present. As regards exports of neutral countries to Germany, it is thought that American consular officers, Treasury agents, and commercial attachés may be able to furnish additional information on certain points, if only in view of the fact that during the past two and one-half years their neutrality has possibly given them access to sources of information from which belligerent consuls have been excluded.

In some cases also American officials may have special knowledge; for instance, the American officials at Amsterdam might be able materially to assist the British Consul in the control of diamond exports.

Generally it would be well that all officials abroad under the control of the Departments of State, Commerce, and Treasury be instructed to offer assistance to their British colleagues and especially to report after consultation with them, whether they have any indications that American goods are passing through neutral countries into enemy hands.

We venture to suggest that the United States Government might furnish very definite assistance to the Allied Governments if they were to demand from neutrals official statements of their exports to enemy countries. As already stated, no statistics can be obtained as to exports from Norway and only statistics as to food exports can be obtained in the case of Denmark though there is every reason to believe that by-products of cattle, such as hair, bone, and hides, are being exported, besides such articles as vegetable fibres. In Holland, Sweden, and Switzerland, official statistics are issued though they are very belated in the case of the latter country, but these official statistics cannot be regarded as complete or reliable and they have to be supplemented by various other sources of information. It is suggested that, when Swedish or other delegates who are on their way to America, begin their negotiations here, they should be informed that it is impossible for the United States Government to feel any certainty in allowing exports until the neutral Governments concerned supply complete and reliable statistics of exports to the enemy. As such countries as Sweden and Holland would doubtless reply to such representations that their existing statistics are absolutely exhaustive and as it will be impossible to meet this argument by any reference to the very confidential figures in possession of the British Government, it would be well to obtain as soon as possible

from the United States consular and other officers in those countries reports giving reasons which could be quoted for believing that the official statistics are incomplete. This might perhaps be done immediately by telegraph.

Similar demands might be made to the neutral Governments for information as to statistics of agricultural and other production in the respective countries.

This subcommittee is in possession of such statistics as are available and can present them to the conference if that body shall so desire. It is not, however, thought that the major conference will wish to take up such a detailed matter as these statistics of the various items of import and export into and from neutral countries.

We also venture to suggest that, if it should be desired that the committee continue in existence for the purpose of collecting statistics, such a committee be formed of the representatives of the Departments of State, Commerce, and Treasury, and be prepared to supervise in a general way the War Statistical Division which in the report of the Committee on Export Licenses it is proposed to set up.

[W. J. CARR]

Director of the Consular Service

[L. H. WOOLSEY]

Solicitor [Nominate] of the Department of State

[E. E. PRATT]

Chief of the Bureau of Foreign and Domestic Commerce

[EUSTACE PERCY]

On behalf of the British members

WASHINGTON, May 14, 1917.

File No. 600.119/427

Memorandum of the Law Adviser for the Department of State (Woolsey)¹

May 17, 1917.

QUESTIONS OF POLICY RELATING TO EXPORTS CONTROL

1. Should the United States use its control of exports to "ration" neutral countries of Europe for the purposes:

¹ Notes attached to this paper:

March 11, 1929.

Mr. Woolsey stated that these notes, while not definitely approved by the Secretary of State as the basis of a formal communication to the British representatives, summarize the attitude taken by the American representatives in oral discussion of the various points raised by the British.

May 27, 1929. The above was confirmed by Mr. Polk.

(a) Of satisfying the home requirements of the neutral country.

NOTE [1]. The United States is willing to have representatives on the international commissions dealing with rationing, and it is expected that these representatives will have access to the data upon which the commissions' decisions are based, and that the American policy as to rationing will be arrived at by an agreement with the United States Government instead of by mere vote of the members of the commission on which the United States is represented and in which the United States would be outvoted. The basis of the cooperation of the United States is not to assist in the blockade of neutral countries, nor to take part in other measures of the Allies which the United States has heretofore regarded as unfounded in international law, but is based on the right of the United States to control its exports to any country, neutral or belligerent, for the purposes (1) of conserving its own supplies for the use of the United States or for the use of its allies, (2) of preventing persons in the United States from trading, directly or indirectly, with, for the benefit of, or on behalf of, the enemy or his agents, and (3) of conserving tonnage for the transportation of military necessities for the United States and our allies.

(b) Of maintaining its exports of imported or native produce to the Allies and to the United States.

NOTE 2. The United States is willing to assist in attaining this object purely on the ground of conserving its supplies as a domestic measure and of conserving tonnage for the carriage of such articles as are needed by the United States and by its allies; e. g., the restriction of exports of coal to Spain unless she is willing to export iron ore to Great Britain for use in manufacturing munitions, in order to save tonnage which otherwise would be used for the transportation of iron ore from the United States to Great Britain for the manufacture of munitions.

(c) Of preventing all exports to enemy countries whether of imported or native produce.

NOTE 3. The United States is willing to assist, on the above-mentioned grounds, in preventing its exports from reaching the enemy or from being used by neutral countries to replace produce exported by them to the enemy; but the United States is unwilling to carry this policy to the point where it might force neutrals into the arms of Germany.

(d) Of putting pressure upon neutral countries to render services in the form of shipping or otherwise, such as employing a reasonable percentage of their shipping in certain trades.

NOTE 4. The United States is unwilling to force neutrals to send their ships through the danger zone in the service of the Allies or the United States further than to insist that they should use their ships to carry their own supplies to and from the belligerents.

(e) Of forcing neutral countries to enter into diplomatic agreements in respect to any of the above.

NOTE 5. The United States is willing, on the grounds mentioned above, to try to induce neutral countries to give satisfactory assurances in respect to the above points.

(f) Of forcing Sweden to a diplomatic agreement in respect to the transit across her territory of goods for Russia.

NOTE 6. The United States will, on the grounds mentioned, assist in obtaining from Sweden an equitable arrangement for transit of goods to Russia, while recognizing Sweden's absolute right to control transit of goods over her own territory. At the same time, the United States has the same right to control exports and to grant as a favor to Sweden exportation of certain articles in return for concessions by Sweden in the line of transit privileges to Russia and limitation of exports to Germany.

Great Britain has heretofore attained the objects set forth above through her exercise of belligerent maritime measures, depending upon the prize court to condemn property violating those measures. The United States regards certain of the measures in question as illegal; but that does not prevent the United States from controlling its exports as a purely domestic measure for the conservation of supplies and of tonnage and for preventing indirect trading with the enemy, and from attaining through bargaining for the exportation of certain articles many of the objects attained by Great Britain.

2. Should the system of "letters of assurance" used by the British Embassy here in case of shipments to Norway, Sweden, and Denmark, preventing contraband carriage and enforcing "rationing," "black lists," and "bunker control" as to these three neutral countries, be replaced by United States licenses to be issued after consultation with the British Government and to be recognized by the British patrol and by British authorities in the United Kingdom under an agreement between the two Governments? Occasionally American cargoes covered by letters of assurance are detained by the British patrol or British authorities in port because of the discovery of new facts between the date of shipment and the date of their detention.

NOTE 7. The United States is willing to undertake gradually to issue licenses for exports on condition that these licenses shall be by agreement recognized by the British patrol and by the British authorities as of the same value as their letters of assurance. There ought to be no difficulty as to the recognition of the validity of American licenses if the British patrol and British authorities are instructed to do so. The licenses may be made by agreement to be issued subject to the discovery of new facts subsequent to shipment, but these should be real facts, and not ostensible facts. The aim of the United States is finally to substitute complete licenses for letters of assurance; but naturally this will have to be accomplished gradually, taking, for example, certain articles at a time.

Or should an American license be issued after consultation with the British Government, and accompany British letters of assurance issued for the same shipment?

NOTE 8. The United States is unwilling to have British letters of assurance accompany an American license. The advantage of American licenses is that American citizens deal entirely with the American Government, the American authorities conferring with the British as to the issuance of licenses.

3. Should the United States undertake "bunker control" by the prohibition of bunker coal, oil fuel, and ships' stores except by license, in order to control:

(a) The supply of bunkers only to such neutral ships as are approved by the British Government?

NOTE 9. The United States Government desires to have an equal voice with the British Government in approving the neutral ships.

(b) The exportation of coal, oil fuel, and ships' stores to such firms as have agreed:

- (1) To supply bunkers only to approved ships;

NOTE 10. The United States desires to have an equal voice in the selection of these firms as well as in the approval of ships.

- (2) Not to dispose of coal, oil fuel, or ships' stores in any way beneficial to the enemy.

NOTE 11. The United States can not go to the extent of refusing coal, oil fuel, and ships' stores, or any of them, to persons merely on account of enemy nationality or association. Some reasonable ground for believing that the coal importers are using the coal for the direct benefit of Germany is essential. The United States is willing to see to it that its coal, fuel oil, and ships' stores are not used to supply enemy raiders or submarines or otherwise in trading with the enemy.

- (c) The movements of neutral ships so that they would:

- (1) Call at British ports for examination;

NOTE 12. The United States is unwilling to force neutral ships to call at British ports for examination, but the issuance of licenses in the United States will make such examination unnecessary unless new evidence is discovered as mentioned in paragraph (2). It may be possible for the United States to allow outgoing ships to carry only a limited amount of coal, fuel oil, and ships' stores, sufficient for reaching the British port of examination.

- (2) Refuse to supply commerce raiders;

NOTE 13. The United States is willing to refuse the supply of coal, fuel oil, and ships' stores to neutral vessels who may possibly supply enemy raiders or submarines.

- (3) Refuse the transportation of enemy reservists and agents;

NOTE 14. The United States is willing to make the supply of coal, fuel oil, and ships' stores to ships conditioned upon their agreeing not to transport enemy subjects or agents on the ground that the supply of coal, etc., is a favor, and in return the ships should not carry persons likely to be inimical to the interests of the United States.

- (4) Agree to do a certain amount of service beneficial to the Allies so as to economize tonnage;

NOTE 15. The United States is willing to induce neutral ships to carry supplies to and from neutral countries, but not to force neutral ships into the danger zone in service for the Allies or the United States.

- (5) Take only approved cargoes, so as to reduce the delay caused by examination in British ports.

NOTE 16. The issuance of licenses by the United States for cargoes going to Europe will, it is expected, by agreement between the two Governments, make delay by reason of examination in British ports unnecessary except in a case where, as mentioned above, new facts regarding the cargo are discovered after its departure.

The foregoing control has resulted in a British "ships' white list" and a list of consignees called the "Regular and Reliable List of Coal Importers," or the "coal white list." The "ships' black list" consists of ships who refuse to agree to this control or have broken their agree-

ment, traded with the enemy, or supplied enemy ships. This list might now have to be extended so as to include (c) (4) (5) above.

NOTE 17. The United States is prepared to agree with the Allies upon a "coal white list" in accordance with the views expressed in Notes 9-16, inclusive. As probably the British "coal white list" is a compromise between France and Great Britain, there should be no objection to a list being prepared to which the United States could agree.

If the United States can not go this far, will it at least take such steps as are necessary to prevent American coal being used to weaken or evade the control at present exercised by means of British coal, by (1) limiting the export of American coal to firms on the "coal white list," and (2) preventing neutral ships from bunkering for the round voyage, or further than the next suitable bunkering port, so that from that point they would come under British control.

NOTE 18. The United States prefers to reserve its decision on the foregoing paragraph until experience shall show how the procedure under the preceding paragraph operates in practice.

4. Will the United States refuse to export to persons on the British statutory list and confidential black list, as well as the French official black list, composed of persons of enemy nationality or association? The British mission point out the convenience of having the list of persons to whom the United States would refuse exports identical with their black lists.

NOTE 19. The United States is not prepared to accept the British and French black lists in their entirety. The United States, however, is prepared to refuse exports on the grounds already mentioned—

- (1) To persons in neutral countries who, there is good reason to believe, are using the goods in trade with, on behalf of, or for the benefit of, the enemy, directly or indirectly; and
- (2) To persons who, for special reasons, are not, in the opinion of the United States, entitled to exports; e. g., revolutionists in Central America, etc.

As the control of exports, to black-listed firms would not control imports from such firms, would the United States, under the Enemy Trading Act, prevent such import transactions as being for and on behalf of the enemy, within the terms of the act? The Enemy Trading Act provides that the President may, by proclamation, place enemies in neutral countries in the same category as persons in Germany; but this is discretionary with him, as the act is drafted to avoid the black list.

NOTE 20. The United States is not prepared to prevent, under the Enemy Trading Act, imports into the United States from black-listed firms and payments to them for such imports unless there is satisfactory reason to believe that the transaction amounts to trading with, for the benefit of, or on behalf of, Germany. The United States is in a different position from European countries as to such trade with South America, in that it can not afford to rouse the ill-feeling of Latin American countries nor to lose the profits which accrue from trading with Germans in those countries—profits which go toward defraying the expenses of the war.

Would the United States make the import transactions prohibitive also through preventing transfers of money and credit by strict censorship of the mails as well as the cables, telegraph, and wireless?

NOTE 21. See Note 20.

Would the United States go to the extent of giving enemy character to natives of a neutral country who are not agents of Germany or an ally of Germany, but who might be actively assisting Germany in propaganda and intrigue?

NOTE 22. The United States is not prepared to go this length, but is prepared to examine each case in order to ascertain the seriousness of the propaganda or intrigue.

5. As to the necessary machinery for carrying out the foregoing, would the United States appoint a representative on the "Rationing Committee" and in the "War Trade Statistical Department" in London, *et cetera*, and allow the British Government to have a representative on similar advisory committees in Washington?

NOTE 23. The United States will appoint representatives on the various committees of the Allies on the understanding that arrangements reached by the Allies are not to be concluded without the approval of the United States Government. The United States desires that it cooperate with the Allies, not in an advisory capacity, but upon the basis of equality and mutual agreement.

Would the United States lend the assistance of the State, Commerce, and other Departments, both here and abroad, in obtaining necessary information regarding rationing, black lists, bunker control, *et cetera*?

NOTE 24. The United States will lend its assistance in obtaining all the information possible for the enforcement of the measures upon which it is in agreement with the Allies and for the enforcement of other measures upon which it is not in agreement, upon the reservation that such action is not to be taken as committing it to those measures.

6. Should the policies upon which licenses are issued by the United States be subject to the approval or disapproval of the Secretary of State?

NOTE 25. It is believed that the Department of State should have a veto power with regard to the issuance of licenses, on account of the international political questions which are involved in any licensing system which may be established. This is shown by the delicate situation of the neutral countries in Europe regarding which the Department of State has confidential information which can not be divulged.

File No. 763.72112/4858

The British Embassy to the Department of State

MEMORANDUM

H. M. Minister at The Hague reports the substance of a long interview which took place there recently between Herr Guttman,

formerly London correspondent and now editor of the *Frankfurter Zeitung*, and Mr. Tower, formerly Berlin correspondent of the *Daily Mail*. The former paper is the German Chancellor's organ and H. M. Minister is of opinion that Guttman came to The Hague at the Chancellor's desire and that the conversation was intended to reach his own ears as a feeler since Tower was not allowed to use it for journalistic purposes.

Guttman said that the prospect of an after-war trade boycott of German houses and goods by the Allies and the U. S. was causing the liveliest alarm in Germany. He added that German trade strings with Hongkong, Singapore and Australia are completely severed and that British, Americans, Japanese and Chinese have already taken the place of Germans.

The Chancellor is seeking guarantees that this trade war will not continue after the conclusion of peace. The only powers [*pawns*] with which he can bargain for such guarantees are Antwerp, Briey and Longwy.

This admission, although it has no direct relation with the statutory list, nevertheless proves that commercial pressure makes a very strong impression on influential opinion in Germany, confirms the contention of H. M. G. that measures inflicting progressive economic damage constitute a direct and forcible weapon of offence, and should serve to convince the U. S. Government of the inadvisability of refraining from the use of a powerful and humane weapon which lies ready to their hand, both by means of action within the U. S. and by means of the statutory list outside, for the purpose of hastening peace.

WASHINGTON, *May 17, 1917.*

File No. 600.119/286

The Commercial Adviser of the British Embassy (Crawford) to the Counselor for the Department of State (Polk)

WASHINGTON, *May 18, 1917.*

MY DEAR MR. COUNSELLOR: On thinking over your suggestion this morning that we should put on record any points which seem to us to be still outstanding from our discussions on war trade matters, in order that it may be possible to clear such points up before the departure of the mission, the situation seems to be as follows:

The subjects discussed fall into three classes:

1. The demands to be made on neutrals both in regard to shipping and in regard to their exports to the Allies and to our enemies. We have already sufficiently explained our difficulties and the ways in which you can help us. We can only leave you to evolve your own

policy from these data. We shall doubtless furnish you from time to time with fresh suggestions as to the directions in which we think further pressure might be applied and we stand ready to tell you anything you wish to know in the course of your negotiations with neutrals. But for the moment there seems to be little more to discuss.

2. Trading with the enemy. Here there is some divergence between our respective views, though in practice that divergence will probably prove to be not so great as discussions of principle or of our past practice may seem to indicate. We have agreed that there shall be an examination into the facts by an American representative in London who will be appointed as soon as possible, and pending this, I hardly think that further verbal discussions would be of much use.

The question of the machinery necessary to a system of export restrictions in this country has, I think, been fully discussed. What remains to be worked out can be worked out by the Embassy and the competent departments here as time goes on, and the mission need hardly concern itself further with the details.

3. There remains the question of bunker and coal policy. Here we have put to you two alternatives, and we have communicated to you a copy of new draft bunker conditions which we should like you to join us in adopting if you decide to accept the alternative of full co-operation. What we should like to do before the mission goes is—

- (a) To go through with you these draft conditions, in order to explain them and point out the respects in which we are prepared to modify them if you wish, and
- (b) To explain the machinery necessary for the proper enforcement of any bunker policy. This will largely be a question of administrative detail, and we can either communicate our information—copies of our rules and forms, etc.—to you, or we can take it up with any department or official you may designate.

If we can have these discussions, I think we shall have unburdened ourselves of the information and suggestions which the mission came to bring, and the rest can be left by the mission for subsequent consultation between you and the Embassy when you have decided on the policy you are prepared to adopt and have acquired the powers to carry it out.

If you can appoint a time for these discussions, we might perhaps take the opportunity of talking over a little more fully and finally the appointment of the various American representatives who are to take up in detail in London the complicated questions which the mission has only been able to raise and explain in principle during their visit here.

Yours sincerely,

R. CRAWFORD

File No. 600.119/427

*Memorandum of the Law Adviser for the Department of State (Woolsey)**May 23, 1917.*

As a result of the conversations held between Mr. Balfour of the British mission and his assistants, and the Secretary of State and his assistants, it is the understanding of the United States Government that the British Government are agreeable to the following:¹

1. In addition to the removal of all persons in the United States and its possessions from the black list (which has been done), all loyal Americans entitled to the protection of the United States and residing in neutral countries will also be removed from the black list as soon as possible.

2. The British Government will remove all American vessels from the black list of ships as soon as the Exports Control Bill becomes a law and is put in operation.

3. The British Government will relieve all American ships from the so-called "bunker conditions" or "bunker agreements" as soon as the existing agreements expire, if at that time the Exports Control Act has become law and is in operation.

4. As the United States Government gradually undertakes the issuance of export licenses in co-operation with the British Government, the latter will discontinue the practice of issuing letters of assurance to exporters from the United States.

5. The British and United States Governments mutually agree to the reciprocal removal from the ships of either country on the high seas of Germans or German reservists without prejudice to the principle involved.

6. The British Government and the United States Government are agreeable to a system of mutual rationing, whereby certain necessary articles required by either may be apportioned in accordance with the needs of (1) the Allies, including the United States, and (2) neutral countries. At present, the most important of such articles are:

- (a) Wool from Australia;
- (b) Pyrites from Portugal;
- (c) Jute burlap and bagging from Calcutta and London;
- (d) Ferro-manganese ore from India;
- (e) Manganese ore from India;
- (f) Rubber from the Far East and South America;
- (g) Tin from the Far East and London;

¹ Note on document: "Draft: This has not been in fact agreed to. L. H. W."

- (h) Plumbago and tin from the Straits Settlements and London;
- (i) Plumbago from Ceylon;
- (j) Antimony from Japan and China;
- (k) Gums and shellac from the East Indies and India.

7. The British and United States Governments will co-operate in working out and putting into operation a plan by which necessary articles, of which those named above are examples, may be dispatched directly to the United States from the countries of origin, instead of via England through the submarine war zones.

8. The British Government grant without reservation entire freedom of access now or after the war (with the liberty of making a copy of the whole or any part thereof if the United States so desires) to the commercial information regarding neutral and belligerent countries which has been accumulated by the British Government during the present war.

9. The British Government will order the prompt release of American goods of German origin now in neutral European countries which have been paid for and concerning which there is no element of fraud or bad faith. This statement, however, is not to be taken as an admission in any way by the United States of the legality of the British measures concerned in the detention of these goods.

10. The British Government heartily desire the full participation by the United States on the basis of equality in economic and other conferences of the Allies and their international commissions.

11. The United States will have an equal position with the Allies or any of them in any trade-after-war arrangements between the Allies themselves or between them and neutral countries.

12. Pending prize cases.¹

File No. 800.119/427

Memorandum of the Law Adviser for the Department of State (Woolsey)

May 25, 1917.

Mr. Woolsey read the following to Lord Percy, but did not give him a copy:

As American export control legislation is still pending in Congress and may be modified prior to enactment into law, all that can be said at the present time in regard to "bunker control" is that if the United States is given legislative authority, it is the present tentative view of the Secretary of State that the most feasible method of exer-

¹ This paragraph added in pencil.

cising bunker control is that set forth in the first British proposal, paragraph (a) of the attached draft memorandum dated May 24, 1917, with the addition at the end of the following proviso:

PROVIDED, That either Government has liberty to propose additions to or removals from the "coal white list," and in the event of disagreement, reserves the right to export coal to such additional persons (not on the "coal white list") who subscribe to the "Conditions of Supply of Cargo Coal" agreed upon by the two Governments, or to refuse to export coal to any persons regarded as undesirable,

with the reservations made by the United States Government in paragraphs (c), (e), and (f) of said attached draft memorandum.

The United States, however, does not commit itself to accepting this proposal, or limit its freedom of action in accepting the second proposal or modifications of these proposals.

[Appendix—Draft memorandum]

May 24, 1917.

The British Government has made two proposals regarding co-operation between the British and American Governments in the matter of "bunker control":

(a) The first proposal is, that the United States take such steps as may be necessary to prevent American coal being used to evade the control at present exercised by the British Government through the supply of British coal, and that this be accomplished by the United States (1) prohibiting neutral ships from bunkering for the round voyage or farther than the next suitable bunkering port, and (2) limiting the supply of American cargo coal to persons on the "coal white list" who have subscribed to the "Conditions of Supply of Cargo Coal," mentioned above.

(b) The alternative proposal is that the United States Government limit the supply of bunker coal, oil fuel, and ships' stores to neutral ships, in accordance with the "Revised Bunker Conditions," a copy of which is attached hereto;¹ and limit the supply of cargo coal to persons on the "Regular and Reliable List of Coal Importers in Neutral Countries," otherwise known as the "coal white list," which is made up of persons who subscribe to the "Conditions of Supply of Cargo Coal," a copy of which is enclosed.²

(c) The United States Government is prepared to accept the first alternative provided it is understood that the control, which would thus be exercised by the British Government, does not apply to ships under the American flag.

(d) The United States could only accept the second alternative on the following additional conditions:

¹ Printed *ante*, p. 845.

² Printed as Annex 2 to the report of the Joint Subcommittee on Export Licenses; *ante*, p. 862.

- (1) That the words "a subject (including a firm or company) of Germany, *et cetera*," in paragraph (2) of the "Revised Bunker Conditions," should be interpreted to mean, in the view of the United States Government, "a person (including a firm or company) in Germany, *et cetera*."
- (2) That the United States Government reserves the right to approve or disapprove independently the consignee mentioned in paragraph (6). The United States Government recognizes, however, the desirability of close co-operation with the British authorities in general in this matter.
- (3) That in administering paragraphs (11) and (13) neutral ships should not be forced into the danger zone against the wishes of the shipowners. This stipulation is made not so much in the interest of the owner as of the crew. To this end paragraph (13) should read as follows: "Every firm which requires bunker coal from Allied sources to perform a reasonable amount of service in return. The amount and character of the service to be determined by a committee composed of representatives of the British and United States Governments. Any neutral ships time-chartered under this arrangement to be allocated by the Inter-Allied Chartering Executive, on which the United States is to be represented."
- (4) That paragraph (14) should have added at the end the words: "unless the consignment is specifically approved by the United States Government."

(e) In accepting either of these alternative proposals, it is to be understood that the United States Government does not thereby waive the contentions which it has heretofore made in regard to the British measures of blockade, rationing, letters of assurance, bunker control, black list, *et cetera*; and that the United States Government is not to be taken as adhering directly or indirectly or by implication to those measures or the grounds upon which they are founded, but that, on the contrary, the action of the United States is based on its intention, as a domestic measure, to prevent supplies from reaching enemy raiders or submarines, to prevent trading with, for the benefit of, or on behalf of, the enemy, directly or indirectly, to prevent the carriage of contraband of war, to conserve the supplies of the United States for its own use and the use of its allies, and to economize ships' tonnage for the transportation of military necessities for the United States and its allies.

(f) In appointing representatives on any committee or commission connected with, or passing upon, matters relating to the supply of coal, fuel oil, or ships' stores, the United States Government does so, simply for the purpose of consultation, and on the understanding that it reserves its freedom of action in any case of dissent from the conclusions arrived at by such bodies.

The Development of an American Policy of Trade Control—Authorization of an Embargo in the "Espionage Act," June 15, 1917—Establishment of the Exports Council, June 22—Instructions to American Diplomatic and Consular Officers to Procure Information on Neutral Trade; Arrangements for Exchange of Information with the Allied Governments—The President's Statement on Exports Control, June 26—Appeals from the Allied Governments for Action in Support of Their Policies

File No. 763.72112/3722

The Consul General at London (Skinner) to the Secretary of State

[Telegram]

LONDON, June 2, 1917.

[Received 9.30 a. m.]

It is intention of British authorities to accept manufactures of rubber for shipment via Halifax as satisfying undertaking of American concerns to ship rubber goods only via United Kingdom provided that in all cases such shipments must be made under special licenses to be issued by British Embassy as in case of ordinary shipments to Scandinavia. Applications for these licenses will be considered in usual way and subject to all conditions which affect granting of export licenses in United Kingdom.

SKINNER

File No. 763.72/5133

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

[Telegram]

LONDON, June 5, 1917, 2 p. m.

[Received 6 p. m.]

6357. Foreign Office informs me that a telegram has been received from the British Chargé d'Affaires in Washington stating that our Government proposes to establish a permanent technical mission in London for all war-trade objects. The British Government hope that the appointment of the delegates will be made as soon as possible so that discussions regarding rationing and tonnage question may take place here at a very early date.

PAGE

File No. 763.72112/3768

The French Ambassador (Jusserand) to the Secretary of State

[Translation]

WASHINGTON, June 6, 1917.

[Received June 8.]

MR. SECRETARY OF STATE: By order of my Government, I have the honor to forward herewith to Your Excellency a number of circulars and documents drawn up by the Inter-Ministerial Financial Commission, instituted by it with a view to supervising financial transactions and preventing the enemy from turning them to his advantage.¹

¹ Not printed.

A perusal of those various papers will enable Your Excellency to see that while keeping in close touch with the British Government in this respect, the Government of the Republic deemed it proper to adjust the measures it took to the peculiar conditions of the French market so as to block as effectively as was possible the financial interests of the enemy.

Be pleased to accept [etc.]

JUSSERAND

File No. 600.119/101

The Secretary of State to the Minister in Sweden (Morris)

[Telegram]

WASHINGTON, June 11, 1917, 6 p. m.

232. Your 402, June 4, 2 p. m.¹ You should not attend joint meetings of Allied Ministers for the present but secure informally all information disclosed at such meetings, advising Department thereof.

LANSING

File No. 763.72112/3778

The Consul General at London (Skinner) to the Secretary of State

[Telegram]

LONDON, June 11, 1917.

[Received 5 p. m.]

Foreign Trade Controller having asked for conference stated his understanding that United States would consent to prevent exportations to Latin American countries for firms known to be assisting enemy. He requests me to obtain Departmental consideration of ways and means of giving practical effect to this idea and would welcome informal expression American views on prevention exports to Latin America for German-owned or controlled houses. He desires to furnish Department with evidence illustrating activity of such houses in Latin America. Controller believes concerted policy matter of greatest importance. He was informed I could only undertake to transmit his suggestions.

SKINNER

File No. 763.72/5133

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

[Telegram]

WASHINGTON, June 14, 1917, 5 p. m.

4995. Your June 5, 2 p. m., 6357. Nothing definitely decided in regard to permanent technical mission. Considering advisability of nominating representatives for committees already established. Decision will be reached shortly.

LANSING

Not printed.

File No. 600.119/272

*The Commercial Adviser of the British Embassy (Crawford) to the
Counselor for the Department of State (Polk)*

WASHINGTON, June 14, 1917.

MY DEAR MR. COUNSELLOR: I enclose, in response to your suggestion, a summary of our suggestions in regard to the treatment of neutral countries under your "embargo" legislation.

We are receiving repeated cables from the Foreign Office enquiring your attitude in regard to various of these proposals, but above all in regard to the two questions of coal for Spain and Swedish transit to Russia. I must really impress on you, under instructions from Mr. Balfour, the extreme urgency of these two questions. Over 40,000 tons of American coal were recently landed in Spain, and the continued difficulties with regard to Swedish transit can not fail to arouse discontent in Russia and further complicate the Russian situation which is already sufficiently serious. Both these questions are ones on which the merits of the case, the obligations of the neutral Governments concerned, the practical considerations arising out of the tonnage situation, and the interests and rights of the United States are all eminently clear and point in one direction, while the dangers of delay, as creating a situation which it will be impossible later to remedy are also obvious. I sincerely trust that you may be able to give me an answer on these two points which will enable me to answer Mr. Balfour's enquiries satisfactorily.

I am [etc.]

RICHARD CRAWFORD

[Enclosure ¹]

The British Embassy to the Department of State

MEMORANDUM

In the memoranda of May 7 and June 6 ² various suggestions were put forward as to negotiations with neutral countries in regard to the export of goods from the United States. The following is a summary of the first steps which it is suggested might be taken in the case of each country.

It is assumed that, as a basis for the proposed negotiations, the United States Government will suspend all licenses for exports to the Scandinavian countries and Holland as soon as the licensing system comes into operation. Then, as a condition precedent to the issue of licenses for any exports, it is suggested that the following demands might be made.

¹ Filed separately under File No. 600.119/271.

² Memorandum of May 7, *ante*, p. 828; that of June 6 not printed.

HOLLAND

(a) No articles of food, including all animals, poultry and fish and all foodstuffs or other produce derived therefrom and also sugar; feeding stuffs of any description; horses, hides and skins or anything manufactured therefrom, to be exported from Holland to enemy countries.

(b) Present exports of food, including margarine and condensed milk, glycerine and other articles to Allied countries to be maintained.

(c) Dutch shipping to be properly employed.

(d) The Commission for Relief in Belgium to be properly supplied with Dutch foodstuffs and Dutch ships, together with Spanish and possibly Swedish ships, to take over whole overseas transport of Belgian and French relief supplies, including carriage of wheat from Australia. (See note on Spain.)

NORWAY

(a) No articles of food as defined above in the case of Holland, but omitting sugar which is not grown or made in Norway; feeding stuffs; metals; minerals; pyrites or other ores; or wood pulp, to be exported to enemy countries.

(b) Exports to Allied countries to be maintained.

(c) Oil obtained from the United States not to be used directly or indirectly to manufacture or transport goods destined for Germany.

DENMARK

(a) No articles of food as above described or horses to be exported to enemy countries, except that export of bacon, cheese, butter and eggs may be allowed in quantities corresponding to percentage of these articles sent to those countries before the war and in no case exceeding pre-war totals so sent.

(b) Exports to Allied countries to be maintained.

(c) Danish shipping to be properly employed.

SWEDEN

(a) No articles of food as above described; metals; minerals; ores; sulphuric acid; wood pulp; horses; hides or skins; leather; wool; manufactures of the foregoing; or cotton goods of any kind, to be exported to enemy countries.

(b) All restrictions on transit to and from Russia to be removed.

(c) Exports to Allied countries to be maintained.

(d) Swedish shipping to be properly employed, including the resumption of trade with the United Kingdom, and possibly also Belgian relief service.

Exporters in the United States to obtain from Swedish importers the same guarantees as are obtained in respect of all goods exported from the United Kingdom to Sweden.

SPAIN

Export of coal from the United States to Spain to be stopped completely and the Spanish Government to be given to understand that it will not be resumed. Beyond this, it is not suggested that the United States should, for the moment, take any action or make any definite demands on the Spanish Government, who will be almost immediately forced into an arrangement with Great Britain, both in regard to supplies of iron ore, pyrites and other essential materials to the Allies and the United States, and in regard to the proper employment of Spanish shipping. The United States will, however, doubtless wish to require Spain to share with Holland—with perhaps the assistance of Sweden—the whole burden of transporting overseas supplies for Belgian and French relief of which the King of Spain and Queen of Holland are the joint patrons. (See note on Holland.)

It is not anticipated that all these demands will be readily agreed to but, once they are made, the United States Government will be in a position to enter into a detailed discussion with the neutral Governments concerned.

WASHINGTON, June 14, 1917.

File No. 763.72112/3778

The Secretary of State to the Consul General at London (Skinner)

[Telegram]

WASHINGTON, June 19, 1917, 6 p. m.

Your 11th *re* prevention exportations to firms in Latin America assisting enemy. Matter being discussed here with British mission. Department glad to have data regarding activity of firms mentioned.

LANSING

File No. 763.72112/3810

The Secretary of State to The Nash Motors Co.

WASHINGTON, June 20, 1917.

GENTLEMEN: The Department has received your letter of June 13, 1917,¹ relative to your desire to be informed as to the present attitude of this Government regarding the shipment of automobiles and motor trucks to foreign countries.

¹ Not printed.

The espionage bill recently passed by Congress and signed by the President authorizes him to issue by proclamation an embargo on the exportation of certain merchandise to certain countries. The Department has not been informed of any measures having as yet been adopted and proclaimed by the President under this authority.

With reference to shipments of this nature to Norway, Sweden and Denmark the procedure heretofore recognized of applying to the Trade Department of the British Embassy at this Capital for navicerts will continue in effect until such time as some measure of export control is issued by the President.

Referring to your inquiry regarding railway privileges and facilities for the shipment of boxed motor vehicles to the Atlantic coast, it is suggested, as a practical matter, that you inquire of the proper officials of the railroads over which you desire to make such shipments for this information.

I am [etc.]

For the Secretary of State:

ALVEY A. ADEE

Second Assistant Secretary

File No. 763.72/5426

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

[Telegram]

PARIS, June 20, 1917, 4 p. m.

[Received 11.10 p. m.]

2213. Referring to my despatch of May 4, 5410,¹ relative to the various French committees blockade. I have just received from the Minister of Foreign Affairs a note expressing the hope that the Federal Government would designate a representative to the Permanent International Committee of Economic Action.

SHARP

File No. 763.72112/3838

The Secretary of State to the Minister in Sweden (Morris) ²

[Circular telegram]

WASHINGTON, June 20, 1917.

To facilitate the enforcement of the law authorizing the President to prohibit exports except under license and prevent trade with the enemy, you will instruct all consular officers in Sweden

¹ *Ante*, p. 817.

² The same, *mutatis mutandis*, on the same date, to the diplomatic representatives in the other neutral countries.

to forward immediately to the Department all information already on file and use their utmost endeavor to procure and forward from this time on all additional information with respect (1) to persons or firms of enemy nationality or association or activity; (2) persons or firms which are acting directly or indirectly in enemy interests; (3) indications that American goods are reaching unfriendly consignees or passing through neutral countries into enemy hands. Information deemed of immediate importance should be telegraphed while other information should be sent by mail in usual manner. Also instruct consular officers to offer assistance to their British colleagues in respect to these matters.

American diplomatic and consular officers will cooperate fully on basis of reciprocity with officers of British, French, Italian, and other Governments opposed to Germany, exchanging information and furnishing them copies of reports and affidavits if they so desire in relation to war matters.

Diplomatic and consular officers will continue to report promptly military and political information of interest to the Department and consuls will perform conventional consular services without regard to British black list.

Diplomatic officers will investigate all concerns on British and French statutory lists, consulting evidence in possession of Allied colleagues and cable preliminary digest and send full details by mail.

LANSING

*Executive Order No. 2645, June 22, 1917, Establishing an
Exports Council*

By virtue of authority vested in me by Title VII of the Act approved June 15, 1917, entitled, "An Act to punish acts of interference with the foreign relations, the neutrality, and the foreign commerce of the United States, to punish espionage and better to enforce the criminal laws of the United States, and for other purposes," I hereby vest in the Secretary of Commerce the executive administration of all instructions issued by the President under said Title VII and of the proclamations thereunder, and the said Secretary is hereby authorized and directed to take such measures as may be necessary to administer and execute the same and to grant or refuse export licenses thereunder, in accordance with those instructions.

I hereby establish an Exports Council, to be composed of the Secretary of State, the Secretary of Agriculture, the Secretary of Commerce, and the Food Administrator, and I hereby authorize and direct the said Exports Council, thus constituted, to formulate, for

the consideration and approval of the President, policies and make the recommendations necessary to carry out the purposes of this Act.

WOODROW WILSON

THE WHITE HOUSE,
22 June, 1917.

File No. 763.72112/3750

The Secretary of State to Mr. Ira Jewell Williams, Philadelphia

WASHINGTON, June 22, 1917.

SIR: The Department acknowledges the receipt of your letters of May 28 and June 6, 1917,¹ in which, on behalf of your clients, The Atlantic Refining Co., you seek advice as to whether they would be justified in shipping petroleum to certain firms in St. Vincent, Cape Verde.

In reply you are advised that this Department is in receipt of information to the effect that Joaquin de St. Maurice, of St. Vincent, Cape Verde, is, in consequence of his intercourse with Hamburg and his relations with the North German Lloyd, said to be under grave suspicion.

It has been made known to the Department that the firm, known as Antonio Miguel de Carvalho & Co., which, apparently, has recently taken over the business of Joaquin de St. Maurice, is under like suspicion, and that there is danger that the consignment of petroleum, to which you refer, if shipped to this company, would be used to the advantage of the enemy.

As bearing on the matter, the Department may call your attention to the rule enunciated by American courts to the effect that intercourse, either directly or indirectly, between residents of enemy countries is illegal; also to the fact that there is now pending before Congress, as you probably are aware, a bill (H. R. 4704) with regard to trade with the enemy. A copy of the bill is enclosed herewith.¹

I am [etc.]

For the Secretary of State:

FRANK L. POLK

Counselor

¹ Not printed.

File No. 763.72112/3838

*The Secretary of State to the Ambassador in Great Britain (Page)*¹

[Circular telegram]

WASHINGTON, June 23, 1917.

The following telegram was sent on 20th to all missions in neutral countries.

[Here follows text of Department's circular telegram of June 20, printed in full *ante*, p. 882.]

Inform the Foreign Office and suggest that British officers be appropriately instructed in regard to reciprocal cooperation with officials of United States; also inquire whether British Government is now willing in accordance with discussions in Washington to accept one or more representatives of this Government in the War Trade Intelligence and War Trade Statistics Departments of Foreign Office and whether, in view of foregoing instructions to American officials in regard to their cooperation with British officers, the Foreign Office is disposed definitely to agree to furnish such copies or abstracts from the files of the two offices mentioned as may be required by the United States.

LANSING

File No. 763.72112/3873

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

[Telegram]

ROME, June 26, 1917, 1 p. m.

[Received 2.35 p. m.]

1003. Department circular 23d. Suggestion made to Italian Foreign Office as directed. Informal inquiry what is meant by following: "Consuls will perform conventional consular services without regard to British black list."

NELSON PAGE

File No. 600.119/244a

The Secretary of State to the Diplomatic Representatives in All Latin American Countries except Haiti, Santo Domingo, and Venezuela

[Circular telegram]

WASHINGTON, June 27, 1917.

Give publicity to following extracts from President's statement regarding policy of export control.² Repeat consuls.

¹ The same, *mutatis mutandis*, on the same date, to the Ambassadors in France, Italy, and Russia and to the Minister in Belgium, omitting the portion of the last sentence beginning with "also inquire."

² The only part omitted from the statement is the first paragraph which is as follows: "It is important that the country should understand just what is intended in the control of exports which is about to be undertaken, and since the power is vested by the Congress in the President I can speak with authority concerning it. The Exports Council will be merely advisory to the President." *The Official Bulletin*, Washington, June 26, 1917 (Vol. 1, No. 40), p. 1.

There will, of course, be no prohibition of exports. The normal course of trade will be interfered with as little as possible, and, so far as possible, only its abnormal course directed. The whole object will be to direct exports in such a way that they will go first and by preference where they are most needed and most immediately needed, and temporarily to withhold them, if necessary, where they can best be spared.

Our primary duty in the matter of foodstuffs and like necessities is to see to it that the peoples associated with us in the war get as generous a proportion as possible of our surplus; but it will also be our wish and purpose to supply the neutral nations whose peoples depend upon us for such supplies as nearly in proportion to their need as the amount to be divided permits.

There will, thus, be little check put upon the volume of exports and the prices obtained for them will not be affected by this regulation.

This policy will be carried out, not by prohibitive regulations, therefore, but by a system of licensing exports, which will be as simply organized and administered as possible, so as to constitute no impediment to the normal flow of commerce. In brief, the free play of trade will not be arbitrarily interfered with; it will only be intelligently and systematically directed in the light of full information with regard to needs and market conditions throughout the world and the necessities of our people at home and our armies and the armies of our associates abroad.

The Government is taking, or has taken, steps to ascertain, for example, just what the available present supply of wheat and corn is remaining from the crops of last year; to learn from each of the countries exporting these foodstuffs from the United States what their purchases in this country now are, and where they are stored; and what their needs are, in order that we may adjust things so far as possible to our own needs and free stocks; and this information is in course of being rapidly supplied.

The case of wheat and corn will serve as an illustration of all the rest, of supplies of all kinds. Our trade can be successfully and profitably conducted now, the war pushed to a victorious issue, and the needs of our own people and of the other peoples with whom we are still free to trade efficiently met only by systematic direction; and that is what will be attempted. Woodrow Wilson.

LANSING

File No. 763.72112/3897

The British Ambassador (Spring Rice) to the Secretary of State

No. 182

WASHINGTON, June 27, 1917.

[Received June 28.]

SIR: I have received the urgent instructions of my Government to point out to you the serious and dangerous difficulties which His Majesty's Government have to encounter in dealing with the question of the curtailment of supplies to enemy countries pending the an-

nouncement of the policy which the United States Government intend to adopt in this matter.

These difficulties extend over the whole field of the various memoranda which have recently been presented to the Department of State on all the aspects of trade with neutral countries contiguous to Germany, and the Embassy has already had occasion to point out the special difficulties and dangers connected with the urgent questions of the shipment of American coal to Spain and the refusal by the Swedish Government of reasonable transit facilities for the passage of goods to Russia. I am now instructed to put before you two additional instances of the grave disadvantage of the present uncertainty.

On April 28 last, His Majesty's Government entered into a contract to buy the output of one of the principal molybdenite mines in Norway. This contract was concluded on very onerous terms in order to prevent the ore reaching the enemy. Several other companies have now approached His Majesty's Government with offers to sell their output. If His Majesty's Government buy, they must do so in competition with Germany and pay exorbitant prices. If they do not buy, the mines will almost certainly make contracts with the enemy who will thus secure large supplies of molybdenite and the transaction, having become a *fait accompli*, will hopelessly prejudice any subsequent demands which the United States may make to the Norwegian Government.

A similar difficulty exists in the case of the fish agreement in Norway, by which His Majesty's Government have for some time past secured a large part of the Norwegian catch. Not only is this agreement unsatisfactory in itself, because it has in the past allowed a quantity of fish to reach Germany amounting to roughly half as much again as the total quantity required for Norwegian home consumption and because it has involved heavy financial expenditures which His Majesty's Government can ill support at this moment. Furthermore its maintenance is now in jeopardy since the Norwegian Government are pressing His Majesty's Government for 25 per cent increase on present prices and for the recognition of an increased percentage of export to Germany. . . . Meanwhile His Majesty's Government have to allot valuable tonnage in order to transport about one hundred thousand tons of salt to Norway a year.

These are of course not the only two instances in which the whole policy of limiting the supplies of the enemy is now in danger. In these circumstances the neutral Governments concerned need only delay and defer negotiations with the Government of the United States until they have created a situation which no intervention by the United States will subsequently avail to remedy. I may add that the present uncertainty also gravely affects the continuance of such humanitarian enterprises as the relief of Belgium and northern

France since it is becoming less and less possible every day to allot to the Commission for Relief in Belgium Allied shipping or neutral shipping under the control of the Allies. The relief work can not therefore long continue unless the course already suggested of requiring the Dutch and Spanish Governments, as patrons of the relief committee, to provide tonnage required for the transport of relief supplies is speedily adopted.

I am therefore instructed by Mr. Balfour to express the earnest hope that you will recognise the urgency of this matter and that you will be able to come to a speedy decision upon the discussions which have now been conducted between our two Governments for two months. I am to add that His Majesty's Government are firmly convinced that on the immediate decision of these problems depends the question whether the war shall be shortened by a drastic restriction of German supplies, or whether it is to be seriously prolonged by the absence of such restrictions.

Mr. Balfour hopes that he may receive this communication at your earliest convenience.

I have [etc.]

(For the Ambassador)

COLVILLE BARCLAY

File No. 600.119/284

The French Ambassador (Jusserand) to the Secretary of State

[Translation]

WASHINGTON, June 29, 1917.

[Received July 2.]

MR. SECRETARY OF STATE: I have had repeatedly occasion to draw by word of mouth or in writing the attention of the Department of State to the expediency of measures to be taken with a view to preventing neutrals profiting by shipments from abroad and being able to help our common enemy with supplies.

By order of my Government I venture to draw Your Excellency's especial notice to the great importance and urgency of measures of this character at this time. This is the time of the year when awaiting the new crop they ought to be most effective. The Germans, of course, are straining every effort to obtain at this critical time large shipments from the neighboring countries; that of 200,000 head of cattle contemplated by Holland, which is known to Your Excellency, is a striking example. It is now that we should be proportionately vigilant to meet those efforts and make as effective as possible this means which we have of expediting in the interest of our fellow countrymen and of the whole world the return of peace. That those shipments have been heretofore extremely important is not open to

doubt. Statistics made with the greatest care show that in 1916 the quantities of foodstuffs imported into Germany from the northern countries alone have almost equalled what is necessary for the whole German Army. They aggregated about 2,300,000 tons; let us say 1,250,000 from Holland; 560,000 from Denmark; and 500,000 from Norway. Now, put the daily ration at one kilo per capita, which is surely higher than the normal, these imports were enough to feed during five weeks the whole German population, or if the Army alone is taken into consideration, nearly the whole of it for twelve months. The imports of meat alone from the same countries reached last year, as will be seen from a document which I will forward to Your Excellency,¹ 440,000 tons. The German soldier's ration being 200 grammes a day, those shipments sufficed to feed eight million men; that is to say, all the Austro-German Army during 275 days. Imports into Holland of grain, corn, fertilizers, fodder, etc., from America enabled the Dutch to carry on intensive breeding to produce much more than they can consume; to export potatoes which, except for the arrivals of American wheat, they would have been compelled to reserve for their own use instead of turning them over to the Germans for food. To the great advantage of the Germans, the fisheries were particularly successful this year. In one day (May 11, last), there was put on shore at Skagen, Denmark, 500,000 pounds of fish, notwithstanding which, so large is the exportation, fish is sometimes wanting in Copenhagen.

In the countries that are growing rich in this way, there are issued, to be sure, statistics showing that on the contrary, their exports are much reduced. Thus, those relative to the Danish herd which are reproduced in the issue of May 26 last of the *Commerce Reports* show that instead of a decrease, the number of head of cattle in the country had rather increased. Now, we know from indisputable consular testimony that the sale of cattle to Germany reached figures which excluded such results. A report from one of our consuls on what he had found during the week ending April 14 shows that in that short period of time at Esbjerg, for instance, out of a total of 1,250 animals on the market, German purchasers bought 1,146; at Holstebro, out of 1,250 head they bought 1,084. For the whole of Jutland, the export to Germany exceeded during that week, 5,000 head. These figures, furthermore, are not exceptional, and are sometimes exceeded. They reached 5,500 in the first week of May.

As for horses, of which an average of 1,500 a month is shipped, a Danish-German arrangement has just authorized the export of 10,000 horses in return for which the Germans would refrain from attacking Danish vessels sailing outside of the danger zone. It could hardly be believed that in order to be admitted to safe naviga-

¹ Not printed.

tion in a safety zone, marked out by the Germans themselves, they should in addition be indemnified in this way. This blackmail applied to neutrals shows once more how our enemies understand the application of the laws of war.

As for ourselves and the means of pressure to be brought to bear on those same neutrals to prevent them from destroying the effect of one of our principal efforts, the situation is quite different. These neutrals apply to several of the countries comprising the group to which we belong, and ask for assistance by which they profit to help our adversaries. We can not be expected to agree to that. It is indeed a generally accepted rule of international law that a belligerent may and must see to it that the products of its soil or industry may not either directly or through go-betweens be used by its enemies. This principle has besides been recognized by the neutrals themselves, and against us. In this way, Switzerland admitted that coal supplied to its manufacturers by Germany could not be used in manufacturing articles intended for the Allies even if the other elements in the manufacture were neutral or Allied. The German Government could not, in any event, even in the worst of tempers, find fault with its neighbors on the ground that they refused to make shipments which they could no longer make if arrivals of provisions coming to them from abroad stopped.

The United States appears to be on account of its immense resources the country from which those neighboring Germany have been endeavoring to draw the largest share of supplies. Now there is no reason, humane or other, for their continuing to obtain them. Your Excellency will no doubt think that under these conditions a positive refusal from the United States, at war with Germany, would be at the present time, as effective as it is warranted. The countries concerned, as a matter of fact, have no actual need of food assistance for themselves, and they are in any event quite sufficiently provided for to await a complete settlement of the question, which is going to be taken up without delay by experts to be designated by the Allied Governments, and notably by the United States. These experts will have to examine what quota may be warranted and under what guarantees according to cases and countries. In the meanwhile, in the large quantities of cattle, pork, cheese, fish, etc., which are still going from Scandinavia or Holland to Germany is a safe guarantee that their people are in no wise threatened with starvation, and that nothing could be more opportune than to compel them to live on their own resources by depriving them of outside help. The same thing applies to the feeding of their cattle. Without mentioning Holland, where the question does not even arise, positive information shows that the Danish cattle can find nearly all their food in Denmark, but that the inhabitants earnestly wish to receive oil cakes and other

fodder from the United States in order to be able to sell their fattened animals to the Germans with a better profit. They have no right to expect us to help them in this.

With all the better reason is it important to deprive those countries of material used in manufactures exported to Germany and directly useful in the prosecution of the war, as, for instance, sulphur which Sweden draws from the United States and which is used in the manufacture of paper pulp. Large quantities of that product are exported to Germany where it is used in making bags for trenches and also to take the place of cotton for certain explosives. Likewise as regards iron from Sweden, pyrites and molybdenum from Norway, etc.

With respect to the situation of the several countries concerned, to which in some regard Spain may be properly added, to the nature of the products which they draw from the United States (grain, oils, fats, fodder, fertilizer, sulphur, coal, etc.), to the regular restrictions it would be advantageous to place on their traffic and particularly so during the present period of the war, to the undertakings which from the standpoint of their exports or the use of their shipping we should be interested in obtaining from them in return for certain facilities they might possibly be granted, the British Government delivered to Your Excellency on the 14th and 27th of June, memoranda in which these several questions are discussed.¹

I am instructed to inform Your Excellency that my Government has had knowledge of those documents, and that it joins as a whole the suggestions therein contained, and that it hopes that the Government of the United States will see fit for the good of the common cause to take into consideration the suggestions therein submitted to its examination.

Be pleased to accept [etc.]

JUSSERAND

File No. 763.72112/3937

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

[Telegram]

LONDON, *July 3, 1917, 1 p. m.*

[Received *July 4, 3 p. m.*]

6643. Your telegram headed circular June 23.² Am in receipt of a note from Foreign Office giving text of a telegram which was sent to British missions in neutral countries on June 13 as follows:

The United States Government have instructed their diplomatic and consular officers to co-operate fully with their colleagues of the Allied Governments and to

¹ *Ante*, pp. 879 and 886, respectively.

² *Ante*, p. 885.

exchange information and furnish copies of reports relating to war matters and restriction of enemy trade.

You should work in closest co-operation with your United States colleague on the lines of instructions and request all consular officers under your authority to do the same.

With regard to last sentence your telegram I am informed as follows:

With regard to your inquiry as to co-operation in blockade measures here in London Mr. Williams has already been in communication with this Department on the subject and I can assure Your Excellency that every possible facility will be extended to any officials whom the United States Government may wish to appoint for the purpose of co-ordinating and harmonizing the blockade policy of the two countries.

PAGE

File No. 600.119/362

The British Embassy to the Department of State

MEMORANDUM

The following memorandum has been drawn up in reply to informal enquiries from the Department of State regarding the weight to be attached to the argument, put forward by neutral European Governments, that drastic restrictions of their supplies from the United States would "throw them into the arms of Germany."

In general, the reply to this argument is that neutral countries, which have given every possible proof for three years of the supreme value which they attach to the maintenance of neutrality, will not take sides with that one of the belligerents with whom their peoples as a whole have the least sympathy, at the very moment when that belligerent has the whole world ranged against it and is, to say the least, facing complete military, economic and political ruin, unless the restrictions imposed upon them are such as to imperil their honour or the livelihood of their people. This general statement applies even to Sweden and Spain, where large sections of the people—that is to say, the governing classes—have in the past shown themselves friendly to Germany, for even in these countries any open departure from neutrality in favour of Germany could not fail to rouse the working classes at least and to lead to strikes and riots, if not to actual revolution.

Now, neither the British nor the American Government have ever contemplated any policy towards these neutrals incompatible either with their honour or their welfare. The policy of restrictions which is now under discussion amounts to nothing more than a threefold statement:

- (1) That no country can, in the existing shortage of world supplies, enjoy much more than a barely comfortable subsistence, reduced to the amount indispensable to the maintenance of full health and vigour;
- (2) That, in so far as the assurance to neutral countries of such a minimum subsistence depends upon the export to them of supplies from the United States or the European Allies, and in so far as their industry and commerce is also maintained by exports from the same sources, the licensing of such exports must be conditional on the cessation of shipments of articles of military value to Germany and her Allies and on the maintenance of such shipments to the United States and European Allies;
- (3) That neutral shipping shall not be laid up in port but shall be reasonably and usefully employed.

There is nothing in such a policy which could arouse that popular resentment and antagonism without which no government can to-day venture upon a rupture of friendly international relations.

More, any such rupture would forfeit the benefits and services which all these countries are now receiving from Great Britain and the United States. British ships have relieved Norwegian ships from the maintenance of dangerous services to Norway in the North Sea. British mines in 1916 provided Norway and Denmark with 4,613,162 tons of coal against a normal peace importation of coal by those countries from all sources, less exports, of no more than 4,972,331 tons. In addition Great Britain has supplied Sweden and Holland in 1916 with 2,992,631 tons of coal, and these figures do not include all the services maintained for the benefit of these countries by British bunkers in British and other ports. These are only two instances of manifold services which are still being continued, partly, it is true, in the interests of the Allies themselves but mainly for no other purpose than to supply these countries with their reasonable needs. The interests of the Allies could have been far better served, so far as merely material considerations are concerned, by a policy of threatening demands, from which they have always consciously and deliberately refrained. Germany cannot replace the services which the Allies have rendered and thus, even if public opinion could allow the neutrals to gravitate towards Germany, they could only do so at the cost of material losses out of all proportion to the reasonable restrictions which it is supposed would cause their alienation.

To sum up this phase of the question, the British Government can guarantee that their present relations with the neutral Governments concerned, tested as they have been by three years of continual negotiation and controversy, give no cause whatever to apprehend any rupture of any kind. If any proof of this were needed it would be found in the fact that, within the last few days, the British Government have agreed no longer to withhold facilities, so far as it concerns

them, for the shipment of large quantities of arms and ammunition and explosives to Holland. They do not, indeed, view such shipments with approval, but their reluctance to facilitate them has had nothing to do with any fear that such equipment could be used against them.

There is, however, another similar argument which is frequently urged by neutrals, namely, that any refusal on their part to allow exports to Germany would expose them to attack from Germany. It is not believed that, in the present military situation, Germany could in any circumstances afford to effect so considerable a diversion of her forces as would be entailed by an attack on Holland, Denmark or Switzerland, still less such a one as would be necessary to attack Norway or Sweden. No one of these countries has been generally supposed to be so open to attack, or has more often alleged her dangerous position as a pretext for maintaining large exports to Germany, than Denmark; yet when recently a bill was introduced into the Danish Parliament to reduce the emergency force maintained as a safeguard against a surprise attack, it was accepted by all parties except the Conservatives. This certainly does not indicate any great apprehension of a German invasion and a similar tendency may be observed in the other countries. It is no longer the German armies that are feared, but the German submarines, and the latter can make few if any worse attacks on neutrals than they are already making. The most, therefore, that contiguous neutrals have to fear from Germany merely as reprisals for an interruption of commercial relations would be sudden acts of terrorism such as aircraft attacks of which both the Dutch and the Norwegians have on various occasions shown themselves afraid. Such attacks might be very serious in such a country as Norway but even this possibility is hypothetical and remote and should be regarded rather as a danger to be forestalled by consultation between the United States and British General Staffs, who are probably in a position to concert measures to meet it, than as an argument in favour of inaction.

The argument as to "throwing the neutrals into the arms of Germany" is, however, sometimes put in a more practical form, namely, that these neutral countries, if they are dependent upon the Allies and upon the United States for supplies and shipping, are also dependent upon Germany for supplies which neither the European Allies nor the United States can furnish. In these circumstances, it is argued, if the neutrals are forced to choose between trade with Germany and trade with Germany's enemies, the economic arguments in favour of either choice may be so evenly balanced as to make the fear of Germany's anger the determining factor, even though that fear might not in itself be sufficient to make them break with the Allies. There is some superficial force in this argument since, as

regards coal at any rate, some of the neutrals are really, as things stand at present, dependent upon Germany. Norway and Denmark receive sufficient coal from the United Kingdom, as has already been pointed out, but Sweden, Holland and Switzerland get a large proportion of their coal from Germany. Switzerland stands on a different footing in many ways from the other contiguous neutrals. As regards Sweden and Holland, their imports of coal from non-German sources in 1916, as compared with their normal imports from all sources, were as follows:

Holland, 1916----	1, 346, 129 tons (all from the United Kingdom)
Normal-----	7, 310, 702 tons
Sweden, 1916-----	1, 749, 936 tons (of which 1,646,502 tons from the United Kingdom)
Normal-----	4, 305, 787 tons

But, while this might seem to furnish a strong case for these neutrals to allege the absolute necessity of continuing their trade with Germany, a closer examination of the situation will show that, if they accept our demands, we are not necessarily incapable of replacing the supplies which Germany might consequently cut off, in so far as those supplies are really necessary. It must be remembered that a general reduction of supplies such as, *ex hypothesi*, the neutrals, like the belligerents, must face, of itself reduces the need for coal. Denmark, in face of the conviction that she would be unable to obtain the large quantities of fats, oils, fodder, etc., which she originally demanded from overseas, has, in recent negotiations in London, stated that she will need only 1,200,000 tons of coal a year from the United Kingdom, owing to the reduction of industrial activity which will be entailed by a restriction of these imports. This amounts to less than half her normal coal imports and, *prima facie*, it might not be unfair to divide the requirements of Sweden and Holland for coal by half in a similar way. The total annual requirements of these two countries would then fall to only some 5,800,000, or no more than about 2,800,000 tons more than the United Kingdom actually sent them in 1916. There would be nothing impossible in Great Britain increasing her coal production for export by this amount, but even such an increase in production might be unnecessary since, as shown above, Denmark is taking this year some 1,100,000 tons less from the United Kingdom than she did in 1916, and in 1916 the United Kingdom sent some 1,130,000 tons to Chile, Brazil, Uruguay and the Argentine, a burden which it is hoped that the United States will now take off our shoulders. The 2,230,000 tons thus hypothetically released would almost suffice to cover the additional needs of Holland and Sweden, provided only that those countries will provide the shipping necessary to carry this coal from the United Kingdom, as the Danes have been doing in the past and will almost certainly continue to do.

It is not, of course, pretended that this calculation is other than extremely conjectural, but it may serve as an instance of the extent to which any allegation as to the necessary dependence of neutrals on Germany must be accepted with reserve and examined in the greatest detail. Moreover, it would be highly dangerous to assume that Germany's exports to these neutrals will not continue in Germany's own interest even if the importing neutrals cease to send supplies to Germany. Germany has markets to preserve in these countries and she has debts to pay there. Even if they entirely stopped all exports to her, her exchange with them would inevitably fall heavily below even its present figure if she were to stop all exports to them. It must be remembered that, during the whole of 1915 at any rate, Germany continued to export enormous quantities of coal to Antwerp for no other purpose than to maintain a long-standing market. For the rest, the detailed problems of neutrals' dependence on the Central Empires must be left for minute examination by the Allies and the United States in concert when the neutrals produce reasoned evidence in support of their allegations. For this purpose, consultation by experts in London would be particularly profitable since constant discussions are proceeding there with all these Governments, the details of which it is very difficult to convey sufficiently quickly and fully to the Allied representatives in Washington.

In conclusion, one other aspect of the question must be considered. Those who plead that they ought not to be thrown into the arms of Germany must show that they are not in those arms already. Short of an actual entry into the war in alliance with Germany, an adventure too wild to be contemplated for a moment, it may seriously be doubted whether some of these neutrals could, by gravitating towards Germany, show her more favour or add more to her strength than they are already doing. One of them, Sweden, has in two years supplied her with 9,000,000 tons of iron ore, with many thousands of tons of steel-hardening metals and with raw material for explosives in enormous quantities, while deliberately barring the way for the passage even of ordinary commercial supplies to her opponent Russia. Sweden has, moreover, forbidden any of her citizens to give the Allies any guarantee against the re-exportation to Germany of any goods imported from overseas and her governing classes have constantly proclaimed their sympathy with the Central Empires and their confidence in their ultimate victory. Norway, Denmark and Holland have, indeed, shown a better appreciation than Sweden of the meaning and obligations of neutrality, but Norway, like Sweden, has provided Germany with indispensable steel-hardening metals and with enormous quantities of sulphur ores, while all three have diverted to Germany the food exports which they normally sent to Allied countries and have very greatly increased those exports for Germany's

benefit, while their own people are to-day going short of food. In any other language than that of extreme legal technicality, these countries have been and are a base of supplies for Germany. Their people are quite aware of this and their sentiment revolts against it. They are indeed sending some similar supplies, though in smaller quantities, to the Allies which must at all costs be maintained, but while this consideration may protect them from any legal accusation of breach of neutrality, it does not lessen the assistance they have afforded to our enemies, and the supreme importance which Great Britain attaches to the maintenance of her supplies from these neutrals is in itself a proof of the incalculable military benefits which Germany has secured from the far larger share of these supplies allotted to her during three years of war. If the policy of the United States towards these neutrals is stated, as it can be stated, in terms of essential justice and moderation, it is far more likely that their people will be confirmed in their present anger against Germany and encouraged to an open expression of their sympathy for the Allies, than that they will gravitate towards the Central Empires.

One last consideration must be emphasised. In this memorandum an attempt has been made to state the broad facts of the situation as a basis for the broad policy already advocated by Mr. Balfour's mission and by the British Embassy. The Allied Governments are convinced that this policy is both right, necessary and safe. But when once that policy is declared, Germany will undoubtedly counter it by a still further hardening of her attitude towards these neutrals, by threats and by demonstrations. The neutrals will come forward with difficult arguments and doubtful pleas, possibly even with requests for protection or assistance. The resulting negotiations will not only involve questions of economic fact on which the British Embassy can in part supply information to supplement the independent investigations of United States representatives abroad, but will also raise military and strategic problems which cannot adequately be dealt with merely through the diplomatic channel. Military and naval measures of a precautionary kind may have to be concerted as a basis for such assurances to neutrals as may be necessary to confirm their resistance to German threats. Short of this, any such problem as that of the coal supply touched on above involves decisions as to the relative importance of man-power in the army and in industry, the allotment of tonnage and the protection of routes in the North Sea. Such decisions are among the most important that any belligerent Government can take and they can be taken only after full discussion between the political, military and naval advisers of the various Allied Governments. It would be highly unsatisfactory, and might be dangerous, to rely solely on cable communication and diplomatic discussion at Wash-

ington for the solution of problems which will always be difficult and may, in the event of German demonstrations become at any moment of the most vital urgency. The avoidance of urgent crises will largely depend on the extent to which the policy of the United States and the European Allies can be given the appearance, as well as the substance, of steadiness and continuity and for this the closest and most constant touch between the United States and the situation in Northern Europe will be absolutely indispensable. The British Government cannot therefore over-emphasise the supreme importance they attach to the acceptance by the United States of the invitation already extended to them to send representatives to London competent to discuss all such matters with the advisers, and if necessary with the cabinets, of the Allied Governments, in order that the United States Government may be fully informed, as they cannot otherwise be, not only of the economic facts of war trade, but also of the strategic and political situation with which those facts must be constantly adjusted.

WASHINGTON, *July 5, 1917.*

File No. 763.72112/3873

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

[Telegram]

WASHINGTON, *July 6, 1917, 2 p. m.*

860. Your 1003 June 26, 1 p. m.¹ Phrase means that consuls will continue to perform notarial, invoice, and other like conventional services for firms on British black list.

LANSING

File No. 763.72112/3980

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

No. 6451

LONDON, *June 22, 1917.*

[Received July 6.]

SIR: I have the honor to report that on June 19, 1917 (copy of letter attached²), Sir Adam Block requested Mr. Beal of my staff to attend a meeting to be held at the office of the Ministry of Blockade on June 21, 1917, to consider a proposal to tighten the financial blockade of the enemy by obtaining general assurances from neutral banks that they will restrict their business within certain limits and confine their operations to transacting such business with the enemy as will not injure the Allies, as a condition of continuing their financial relations with Allied countries.

¹ *Ante*, p. 885.

² Not printed.

In accordance with Sir Adam Block's invitation, Mr. Beal went to this meeting, which was also attended by representatives of the French, Russian and Italian Governments, and I enclose herewith, for your information a copy of the minutes, together with a copy of the suggestions (Exhibit A) made by Sir Adam Block at that time. I also enclose herewith copy of further suggestions (Exhibit B),¹ which Sir Adam Block has since had written out and which have just been received by Mr. Beal.

I have [etc.]

WALTER HINES PAGE

[Enclosure]

*Minutes of Meeting Held at the Office of the British Ministry of Blockade,
Lancaster House, on June 21, 1917*

Present:

Chairman: Sir Adam Block, K. C. M. G., Controller of the Finance
Section of the Ministry of Blockade
France: M. J. Lacoste Seignouret
Italy: M. Paolo Conte
Russia: M. Serge P. Ermolaieff
U. S. A.: Mr. B. Beal

The chairman stated that the meeting should be regarded as entirely unofficial. Lord Robert Cecil, Minister of Blockade, had, however, authorised him to consult the members of the meeting with regard to certain proposals for tightening the financial blockade of the Central powers. Copies of the proposals which were, of course, subject to modification, were in the hands of those present, who would, no doubt, consult their respective Governments with regard to them. Unanimity and concerted action on the part of all the Governments was essential in action based upon the proposals.

It must be understood that so far the proposals had not been officially approved by His Majesty's Government, and consultation with London bankers would also be necessary.

The action taken in the past with regard to the financial blockade by Great Britain and by France had not been altogether similar. In the main, the British authorities had not placed neutral banks upon the financial black list except where they had used their London accounts in connection with enemy transactions.

[The principle now invoked is similar to that already adopted and in force in regard to goods. As Lord Robert Cecil stated in the House of Commons on March 27: "We can legitimately deprive the neutral country of certain advantages, and in consideration of our granting goods and other things that the neutral country wants from us, we ask them to restrict their trade with our enemies."]

Mutatis mutandis this principle should apply to the financial blockade, and the Allies should be free where considered advisable, to

¹ Not printed.

bargain, not with neutral countries but with individual banking institutions in neutral countries, using as a lever the use of the Allies' banking facilities and the use of British-owned and other Allied cables. The weapon is a most trenchant one, seeing that the Allies now hold the financial centres and money markets of the world, and it is most essential that the weapon should be used, subject always to diplomatic considerations and to the balance between injury done to the enemy and injury done to ourselves.]¹

The French authorities have at times already exercised their power in this respect and have placed certain neutral banks upon their financial black list on the ground that they were heavily engaged in enemy transactions.

It may be noted further that whenever the British or the French authorities have taken action against neutral banks, either for involving the Allied banks in enemy transactions, or as in the case of the Banco Hispano Americano for merely having relations with the enemy, the result has almost always been that such neutral banks have been prepared to sign very stringent agreements as a condition of being removed from the black list, and of resuming relations with London and Paris.

The proposals now submitted represented a uniform and united extension on a large scale of the method employed by the French authorities in certain individual cases.

The recent fall of the mark in neutral European countries was, doubtless, in large part, due to the fact that Germany could no longer employ resources in the United States of America and South America, and her more favourable exchange with the United States of America, to acquire neutral European currencies wherewith to pay for her imports from neutral European countries.

It was believed that the steps proposed would lead to still heavier depreciation in the mark, injure Germany's economic position seriously, and make it more costly for her to obtain supplies from neutral European countries.

It was believed that if the five countries acted in concert, neutral European banks could not afford to refuse the limitations on transactions with and for the enemy suggested in these proposals, at the cost of losing access to the money markets of Paris, London, Milan, New York, and Petrograd. It should, however, be carefully noted that by the announcement proposed, the five Governments only "hold themselves at liberty" to take the action in question. This afforded a safeguard in the event of any general refusal on behalf of

¹ The two paragraphs in brackets, not in the original copy of the minutes but included in an amended copy supplied by Sir Adam Block, were transmitted by the Ambassador in despatch No. 6848 of Aug. 21, 1917, received Sept. 1. (File No. 763.72112/4629.)

neutral banks, or of inconvenient diplomatic pressure, or of it being desirable for an exception to be made in respect of any particular bank to whom any of the Governments are peculiarly beholden.

The chairman then put forward the considerations outlined in the attached general memorandum with regard to the suggested extension of the financial blockade.¹

M. Ermolaieff pointed out that with regard to condition (1) in the proposals it would appear difficult to prohibit the granting of commercial credits to the enemy by neutral bankers, and M. Conte expressed his agreement.

The chairman assented to this view which was generally held.

Those present expressed a wish that a memorandum summarising what had passed at the meeting might be supplied to them for communication with their respective Governments.

[Subenclosure—Extract ²]

EXHIBIT A

SUGGESTED EXTENSION OF FINANCIAL BLOCKADE

Notice to be issued in the Swedish press, say, one clear week before the operative date. Similar notice, *mutatis mutandis*, to be issued in the press of other neutral countries.

The Governments of France, Great Britain, Italy, Russia, and the United States of America, have decided that it is inexpedient for banking houses in their respective territories to continue to have dealings with any banking house in Sweden which engages, directly or indirectly in—

- (1) The granting of any loan, credit or overdraft, or the increase of any existing loan, credit, or overdraft, to an enemy of any of those five countries;
- (2) The subscription to or purchase of any loan issued by an enemy of any of those five countries;
- (3) The purchase from, or sale to an enemy of any of those five countries of any currencies other than the currencies of countries at war with any of those five countries;
- (4) The transfer of money, credit, or securities between an enemy of any of those five countries and any neutral country other than Sweden;
- (5) The purchase from, or sale on behalf of, an enemy of any of those five countries of any bond or certificate issued by the Government of, or by any corporation or company in, any of those five countries; or of any dividend warrant or coupon payable in any of those five countries; or of

¹ Not printed.

² A slightly modified form of this proposal is printed in full in the note from the British Ambassador, No. 249, Aug. 18, *post*, p. 924.

- any bill, cheque, or draft payable in any of those five countries;
- (6) The collection, discounting, or negotiation on behalf of an enemy of any of those five countries of any bond, note, bill, cheque, draft, dividend warrant, or coupon payable in any of those five countries;
 - (7) The transmission of any message, letter, advice, or document of any kind, by any means whatever, between an enemy of any of those five countries and any neutral country other than Sweden;

it being understood that in each and every case "enemy" for this purpose includes any person, firm, or company, wheresoever domiciled, whose name appears in a published list of those with whom the subjects of any of those five countries are forbidden to have dealings.

File No. 763.72112/3979

The Consul General at London (Skinner) to the Secretary of State

No. 4330

LONDON, June 21, 1917.

[Received July 7.]

SIR: I have the honor to acknowledge the receipt of the Department's instruction of June 19¹ in cipher forwarded in reply to my telegram of the 11th² respecting the prevention of shipments to concerns located in the countries of Latin America believed to be assisting the enemy. The Department in its instruction states that the question is being treated with the British mission, and that data would be acceptable setting forth the operations of firms of the character under consideration.

I learn from the Controller of Foreign Trade that he has provided the British mission in Washington with duplicates of the reports in the files in London, and he is prepared to supplement those reports with later information as it is received, or to discuss any question of detail arising out of the reports as they stand. In a further private conversation with him he has expressed a very keen hope that the Department will adopt the British point of view, and, in particular, will issue a public announcement to this effect. He is of the impression that a public statement of this character would profoundly discourage the commercial classes in Germany who, he has reason to believe, are much more seriously affected by the breaking up of their foreign connections than is generally supposed to be the case.

With respect to German firms established in the United States, the Controller further expressed the view that sooner or later the

¹ *Ante*, p. 881.

² *Ante*, p. 878.

American Government would find it necessary to close them up, and to liquidate their outstanding business. As the Department is aware, this course was followed in Great Britain after about two years' agitation. When the war began announcement was made that German concerns domiciled in Great Britain would not be interfered with as long as they carried on a merely domestic business, but as the months went by these concerns became the targets for a campaign which terminated with their liquidation. Unfortunately the liquidation itself, in individual instances, provoked a good deal of criticism, perhaps inseparable from an undertaking of this character.

I enclose herewith a cutting from Lloyd's of June 19¹ which indicates the interest felt in commercial circles in London respecting the American attitude on the black list.

I have [etc.]

ROBERT P. SKINNER

Proclamation of July 9, 1917, Restricting Exports—Statement to the European Neutrals, July 24, of the American Policy of Exports Control; Request for Information on Their Needs—Resolution of the Exports Council, Approved August 17, Denying Licenses for Exports to Enemies and Allies of Enemies, etc.—Discussions with the British Government Regarding Coordination of Exports Control and Trade Agreements with Neutrals—British Proposal for a Notice to Neutral Banks to Refrain from Transactions in Enemy Interests—Establishment of the Exports Administrative Board, August 21

Proclamation No. 1385, July 9, 1917, Restricting Exports

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

WHEREAS Congress has enacted, and the President has on the fifteenth day of June, 1917, approved a law which contains the following provisions:

“Whenever during the present war the President shall find that the public safety shall so require, and shall make proclamation thereof, it shall be unlawful to export from or ship from or take out of the United States to any country named in such proclamation any article or articles mentioned in such proclamation, except at such time or times, and under such regulations and orders, and subject to such limitations and exceptions as the President shall prescribe, until otherwise ordered by the President or by Congress: Provided, however, that no preference shall be given to the ports of one State over those of another.

“Any person who shall export, ship, or take out, or deliver or attempt to deliver for export, shipment, or taking out, any article in violation of this title, or of any regulation or order made hereunder, shall be fined not more than \$10,000, or, if a natural person, imprisoned for not more than two years, or both; and any article so de-

¹ Not printed.

livered or exported, shipped, or taken out, or so attempted to be delivered or exported, shipped, or taken out, shall be seized and forfeited to the United States; and any officer, director, or agent of a corporation who participates in any such violation shall be liable to like fine or imprisonment, or both.

"Whenever there is reasonable cause to believe that any vessel, domestic or foreign, is about to carry out of the United States any article or articles in violation of the provisions of this title, the collector of customs for the district in which such vessel is located is hereby authorized and empowered, subject to review by the Secretary of Commerce, to refuse clearance to any such vessel, domestic or foreign, for which clearance is required by law, and by formal notice served upon the owners, master, or person or persons in command or charge of any domestic vessel for which clearance is not required by law, to forbid the departure of such vessel from the port, and it shall thereupon be unlawful for such vessel to depart. Whoever, in violation of any of the provisions of this section shall take, or attempt to take, or authorize the taking of any such vessel out of port or from the jurisdiction of the United States, shall be fined not more than \$10,000 or imprisoned not more than two years, or both; and, in addition, such vessel, her tackle, apparel, furniture, equipment, and her forbidden cargo shall be forfeited to the United States."

And WHEREAS, the public safety requires that succor shall be prevented from reaching the enemy;

Now, therefore I, Woodrow Wilson, President of the United States of America, do hereby proclaim to all whom it may concern that, except at such time or times and under such regulations and orders and subject to such limitations and exceptions as the President shall prescribe, until otherwise ordered by the President or by Congress, the following articles, namely: Coal, coke, fuel oils, kerosene and gasoline, including bunkers; food grains, flour and meal therefrom, fodder and feeds, meat and fats; pig iron, steel billets, ship plates and structural shapes, scrap iron and scrap steel; ferro-manganese; fertilizers; arms, ammunition and explosives, shall not, on and after the fifteenth day of July, 1917, be carried out of or exported from the United States or its territorial possessions to Abyssinia, Afghanistan, Albania, Argentina, Austria-Hungary, Belgium, her colonies, possessions or protectorates, Bolivia, Brazil, Bulgaria, China, Chile, Colombia, Costa Rica, Cuba, Denmark, her colonies, possessions or protectorates, Dominican Republic, Ecuador, Egypt, France, her colonies, possessions or protectorates, Germany, her colonies, possessions or protectorates, Great Britain, her colonies, possessions or protectorates, Greece, Guatemala, Haiti, Honduras, Italy, her colonies, possessions or protectorates, Japan, Liberia, Leichtenstein, Luxemburg, Mexico, Monaco, Montenegro, Morocco, Nepal, Nicaragua, The Netherlands, her colonies, possessions, or protectorates, Norway, Oman, Panama, Paraguay, Persia, Peru, Portugal, her

colonies, possessions, or protectorates, Roumania, Russia, Salvador, San Marino, Serbia, Siam, Spain, her colonies, possessions or protectorates, Sweden, Switzerland, Uruguay, Venezuela, or Turkey.

The orders and regulations from time to time prescribed will be administered by and under the authority of the Secretary of Commerce, from whom licenses, in conformity with the said orders and regulations, will issue.

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

Done at the city of Washington this ninth day of July, in the year
of our Lord one thousand nine hundred and seventeen and
[SEAL] of the independence of the United States of America the
one hundred and forty-second.

WOODROW WILSON

By the President,

FRANK L. POLK

Acting Secretary of State.

File No. 763.72112/3983

The Consul General at Rio de Janeiro (Gottschalk) to the Secretary of State

[Telegram]

RIO DE JANEIRO, July 9, 1917, 5 p. m.

[Received July 10, 1.45 a. m.]

British Consul produces his instructions to cooperate generally with me in reply to my offer cooperation under your cabled circular 20th to Embassy.¹ British Consul suggesting I influence our American Chamber of Commerce here to delegate two members to sit with the committee of commercial delegates from Portuguese, French, British, and Belgian, but not Italian, local commercial organizations known as "Commercial Committee of the Allies" which has furnished British Consul with most of his data on suspected shipments. Request specific instructions.

GOTTSCHALK

File No. 600.119/236

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

[Telegram]

LONDON, July 12, 1917, 4 p. m.

[Received 6 p. m.]

6716. For Exports Council from commercial attaché:

8. First proclamation regarding control of exports has been noted in conference with Ministry of Blockade. It is remarked that

¹ *Ante*, p. 882.

prohibition does not include such vitally important articles as rubber, oleaginous seeds, animals, vegetables, waxes, chemicals, non-ferrous metals, ores and alloys. The continued receipt of these articles enables Norway, Sweden, Denmark, and Holland to continue exporting native produce to the enemy. From private information placed at our disposal by Foreign Office I am satisfied that only a complete prohibition of all exports to these countries and Spain will cover the situation. Are other prohibitions, having in view complete stoppage of exports of war materials, from Sweden, expected shortly? Am I correct in understanding that Exports Council will refuse license to export any articles to Norway, Sweden, Denmark and Holland where navicert is refused here because of character of consignee or because article is embargoed or rationed by Great Britain notwithstanding article is not on American prohibited list of exports?

PAGE

File No. 763.72112/3857

The Secretary of State to Cook's Linoleum Co.

WASHINGTON, July 13, 1917.

GENTLEMEN: The Department has received your letter of June 21, 1917,¹ relative to the difficulty experienced by you in obtaining 200 tons of wood-flour from Svenska Trämjölfabriken, of Gothenburg, Sweden, because of the fact that this concern is on a British list of firms with whom it is undesirable for British subjects to have business relations. You ask that a special permit be issued enabling you to receive the goods in question.

The Department has noted the information contained in your letter concerning the matter and informs you that there is now pending before Congress a measure having for its object the prevention of trade directly or indirectly for, with, on behalf of, or on account of any person residing in Germany or residing in a neutral country and doing business with Germany.

As bearing on the general question of intercourse with the enemy the Department may refer you to Moore's *International Law Digest*, Vol. VII, page 237; reference may be made also to page 424 of the same volume.

The Department may call your particular attention to the following cases: *Montgomery v. United States*, 15 Wall. 395; *Scholefield v. Eichelberger*, 7 Pet. 586; *Kershaw v. Kelsey*, 100 Mass. 561.

The rules enunciated by the courts in the above-cited cases would appear to be applicable, until such time as they might be altered by

¹ Not printed.

statutory enactments, to the relations between Americans and firms in neutral countries having German connections.

Moore's *International Law Digest* may be consulted in any large public library.

As this Government has up to the present time placed no restrictions upon transactions of this character, it does not issue permits therefor.

I am [etc.]

For the Secretary of State:

WILLIAM PHILLIPS
Assistant Secretary of State

File No. 600.119/284

The Acting Secretary of State to the French Ambassador (Jusserand)

WASHINGTON, July 16, 1917.

EXCELLENCY: I have the honor to acknowledge the receipt of your note of June 29, 1917,¹ relating to the expediency of measures to be taken with a view to preventing neutrals profiting by shipments from abroad and being able to help our common enemy with supplies.

In reply I have the honor to inform you that your communication is receiving consideration by the Government in connection with the control of exports to the neutral countries of Europe.

Accept [etc.]

FRANK L. POLK

File No. 763.72112/3983

The Acting Secretary of State to the Consul General at Rio de Janeiro (Gottschalk)

[Telegram]

WASHINGTON, July 17, 1917, 5 p. m.

Your July 9, 5 p. m. You will explain to the British Consul that Department's instructions to cooperate with consular officers of the Governments opposed to Germany did not contemplate more than an exchange of information and that therefore until the attitude of this Government with reference to trading with enemy nationals in neutral countries shall have been fully formulated and you shall have received full instructions you cannot take formal part with representatives of Governments opposed to Germany in measures of a commercial nature aimed at German subjects in neutral countries or influence the American Chambers of Commerce to do so. Meanwhile you should keep yourself informally in touch with committees and transmit such information as you may gather about their plans as well as about enemy activity.

POLK

¹Ante, p. 888.

[For a statement by the Ambassador in Great Britain that "Williams, commercial attaché, is working admirably with the Ministry of Blockade on all questions that fall to that department," see his telegram 6761, July 18, 1917, Volume I, page 604.]

File No. 600.119/333

*The Exports Council to the Danish Legation*¹

MEMORANDUM

As a result of the cumulative effect of military destruction and consumption, diversion of manhood from production, the failure of harvest in various quarters, the destruction by submarines and the isolation of certain markets by belligerent lines, the Allies are now in need of larger supplies of foodstuffs and materials from the United States than our production affords.

Even the endeavors of American people to increase production and to curtail consumption to the utmost degree still leaves a deficiency in the supply of many commodities essential to those engaged with us against the Central Empires.

It is obviously the prime duty of the United States to first furnish food and supplies to the Allies and for this purpose the American people are undertaking the utmost endeavor and self-sacrifice. Therefore, for the United States to undertake the supply of neutrals it must mean in many commodities alternatively either a deprivation of the Allies, further sacrifice upon the part of the American people, or a diversion of labor and productivity from the necessities of war.

The war has, however, been entered upon by the American people not for any national gain, but in the hope that through the sacrifice of its manhood and resources, the integrity of neutral nations can be established free from jeopardy and beyond this, every sense of humanity and uninterrupted friendship gives the American people the greatest concern in the well-being of the people of Denmark.

In consequence it is believed that the American people will undertake further sacrifice and more extraordinary endeavors to increase their exportable balance. Nevertheless, it is but fair that the people of Denmark should exchange services of equal value in promoting the well-being of the people of the United States. Furthermore, it would seem proper that the sacrifices of the American people should not be directly or indirectly turned to the advantage of the enemy by the people of Denmark. Therefore, in order to secure such arrangements as a safeguard that the sacrifices of the American

¹ The same, *mutatis mutandis*, on the same date, to the Netherland, Norwegian, and Swedish Legations.

people shall not have been in vain, it is hoped that the following notes will obtain earnest consideration by the Royal Government.

(a) That every possible effort shall have been made by the Royal Danish Government to stimulate production of foodstuffs, sea food and other commodities within their own borders and to have secured all available supplies from other quarters abroad and to have regulated consumption with the utmost rigidity by the elimination of wastes and excess consumption of every character. It can hardly be expected that superlabor and self-denial will be made by the American people unless the most intense efforts in these directions will also be made by the people of Denmark.

(b) In the situation of insufficient supplies for ourselves and the cobelligerents alone, the American people cannot be expected to part with food supplies other than in such a minimum amount as will make up the deficiency in the food values arising after the most intensive endeavors as above. In the determination of this minimum, it is felt that the pre-war imports are no longer a criterion of the necessities because more intense production and the reduced consumption render such calculations wholly inapplicable. In this sense it appears that the food resources of Denmark should be at once calculated as to their value in protein, fat, and carbohydrates, and that the consumption should be calculated upon a standard intake per capita of these fundamental requisites. Upon the completion of these calculations it should be evident the amount of deficiency in each of the three particulars which must be supplied abroad and it will also appear in which of these three great food requisites Denmark produces a surplus. In order to arrive at these calculations the United State Government would be glad to establish an agent to Denmark to confer with the Danish authorities.

(c) In this situation of inadequate supply of commodities it is obvious that the question of price is entirely of secondary importance to the commodities themselves. Furthermore, the possession of these commodities is of the utmost importance in the entire strategy and conduct of the war, and if the American people are to part with their supplies to the prejudice of their own interests and of those people who are enemies of the Central Empires, this service given to the people of Denmark by the people of America cannot be wholly liquidated by the purchase price, and some service in return, either to the American people or to the Allies, of relative value to that afforded by the American people, should be furnished.

(d) It is obvious that the prevention of supplies of all kinds reaching the enemy is of vital interest to the United States, and therefore the shipment of foodstuffs from Denmark to Germany is of the utmost concern to the American people. It appears a right assumption in consequence that the Royal Government will undertake to

exclude any suggestion that American protein, fat or carbohydrate or other materials, either directly or indirectly, reach Germany from Denmark.

(e) It is held strongly in the United States that conversion to the enemy's use is not alone the direct transmission of original American commodities, but also the conversion, directly or indirectly, into other commodities exported to Germany or used in manufacture of such commodities, or substitution directly or indirectly for products of Denmark which may be exported to Germany. A case in point is the import of feeding stuffs from the United States to Denmark and the re-export of protein and fat values to Germany created by their use. And in fact the re-transmission of food values in these circumstances is even greater disaster to American interest than if the original feeding stuffs were sent straightway to the enemy, as it thus means not only that American products but Danish labor are being supplied to the enemy. On the other hand the American people do not wish to depart from the high standards of humanity they have set throughout the war and are disposed to consider any reasonable and effective method by which Danish products, derived from sources not American, are applied to purely humanitarian purposes of adding to the supply for women and children even in the enemy's territory.

(f) As a result of the large depletion of the food resources of the United States from the 1916 harvest, the United States Government finds that the position of its people between now and the arrival of the new harvest requires its very serious attention and therefore the immediate situation is one requiring instant reduction in the export of supplies to the barest minimum necessitated by the situation of existing stock in Denmark. And in order for the United States Government to cooperate with the Royal Government during this intermediate situation, the United States Government would be glad to have information upon any commodity which it is desired to export:

- (1) The stock of these commodities in Denmark;
- (2) The amount *en route*;
- (3) The amount owned by Denmark or her nationals in the United States and its location.

(g) The United States Government presents the above basis for consideration by the Royal Government and hopes earnestly that the Royal Government can see its way to fall in therewith, and in the meantime the United States Government wishes to observe:

Pending a mutual arrangement upon the above basis any export of food supplies of any nature to Germany must be taken into account as depleting the supplies available to the people of Denmark and it cannot be expected that such depletion will be considered as part of the deficit to be ultimately supplied from the United States.

WASHINGTON, July 24, 1917.

File No. 763.72112/4055

The Acting Secretary of State to the Cuban Minister (De Céspedes)

No. 165

WASHINGTON, July 25, 1917.

SIR: I have the honor to acknowledge the receipt of your note of July 16, 1917,¹ enclosing a communication addressed to the Department of State of your Government by Señor René Berndes, president of the J. F. [Berndes] Co., and requesting to be informed whether, upon the retirement from the management of the company of the German subject who is its vice president, it would be stricken from the American black list.

In reply I have the honor to inform you that the Government of the United States has not issued any black list of firms in Cuba or in other countries.

Accept [etc.]

FRANK L. POLK

File No. 600.119/367

The British Ambassador (Spring Rice) to the Secretary of State

His Britannic Majesty's Ambassador presents his compliments to the Secretary of State of the United States and has the honour to transmit herewith a copy of the volume of *Statistics of Imports into Scandinavia and the Netherlands* for May, 1917, compiled by the War Trade Statistical Department of His Majesty's Government.¹

This volume, besides statistics of actual imports, contains lists of the "rations" at present in force for each country.

WASHINGTON, July 26, 1917.

File No. 763.72112/4161

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

[Telegram]

LONDON, July 24, 1917, 7 p. m.

[Received July 27, 12.10 p. m.]

6830. Your 4586, March 24, 6 p. m.² Ministry of Blockade would appreciate word with regard to suggestions for extension of financial blockade contained in my despatch No. 6451, June 22,³ and whether United States would be prepared to join in principle in some such action as therein outlined.

PAGE

¹ Not printed.² Vol. I, p. 6.³ *Ante*, p. 898.

File No. 763.72112/4178

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

No. 5520

PARIS, July 13, 1917.

[Received July 28.]

SIR: In compliance with your circular instruction of June 23,¹ quoting a telegram sent to all missions in neutral countries, relative to facilitating the enforcement of the laws which authorize the President to prohibit exports except under license and prevent trade with the enemy, I handed a copy thereof to the Ministry for Foreign Affairs and am now in receipt of a memorandum transmitting a copy of a circular communication sent to the diplomatic and consular agents of France,² directing that they cooperate with their American colleagues in the same manner that they had previously been directed to do with their British colleagues, in placing at their disposal all information regarding individuals and firms of enemy nationality or associated with the enemy, and also information concerning the establishment of official or confidential black lists.

I have [etc.]

WM. G. SHARP

File No. 600.119/313a

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

[Telegram]

WASHINGTON, July 31, 1917, 5 p. m.

5236. I had a conversation to-day by appointment with the British Ambassador, Sir Richard Crawford, and Lord Eustace Percy, in regard to the effect of the United States embargo on exports to the European neutrals. Each neutral was taken up in turn and its relations to the Allies and to Germany in respect to exports, imports, trade agreements, military possibilities, etc., were discussed. I pointed out that the United States was about to formulate a policy on the subject, but that it was embarrassed in doing so by not having formal, authoritative statements from the British and French Governments as to certain important points which appear to have been but vaguely or partially touched upon in the memoranda and interviews of members of the embassies. Indeed, some of the opinions and statements made from time to time seem to me somewhat inconsistent or at variance with each other. It seems that these matters should be cleared up at the earliest moment by frank and full exchange of views. Out of the discussion the following questions arose, upon which I asked the Ambassador to obtain an authoritative expression of views by his Government, for our consideration.

¹ *Ante*, p. 885.² Memorandum and circular communication not printed.

1. What are the agreements Great Britain has with the northern neutrals, and what France has with Switzerland? We have not been furnished with copies of these agreements, but have simply been given general statements regarding them. We feel that we should know exactly the provisions of the agreements which may be broken by our embargo before it is made complete.

2. Is Great Britain willing, and does she desire, to break these agreements with the neutrals? The United States probably would not be willing to appear to cause the Allies to break these agreements, unless it is understood officially that such action is acceptable to and desired by Great Britain and France. On the other hand, the United States would be placed in a peculiar position if it refused to allow wheat, for example, to go to Holland, while Great Britain freely shipped rice to that country under special agreements. If it seems best that the agreements should be terminated, the responsibility should be shared with the United States by the Allies.

3. Are Great Britain, France, and Italy willing to forego the supplies or facilities which they are now obtaining from the neutrals in case these are cut off by the neutrals as a direct or indirect result of the embargo?

4. Are the Allies prepared to meet, with such aid as the United States could supply at the moment, the military situation should Germany attack the neutrals or establish bases on their territory or coasts or otherwise use the neutrals to serve directly its military ends? The responsibility for bringing about so serious a situation and meeting it should be in common.

5. What are the demands which Great Britain and France desire should be made upon the neutrals? Are all exports to Germany to be cut off? Is the use of neutral shipping to be demanded, and to what extent?

The responsibility for the effects of a drastic embargo should be clearly understood before action is taken, the probable effects upon supplies to Germany and the Allies and upon the military situation should be carefully worked out, the preparations necessary to meet and nullify these results, and the extent to which we and the Allies are willing to bear the burden of possible military and naval operations should be duly weighed and decided upon in advance.

I told the Ambassador that I was very anxious to have definite and official answers to these inquiries after they had been considered technically by British authorities to submit to the Exports Council before this Government could consider and possibly recommend the drastic demands which it is understood the Allies desire us to make on the European neutrals.¹

POLK

¹ For a partial reply to the questions in this telegram, with particular reference to Sweden, see the note from the British Ambassador, July 31, *post*, p. 1030.

File No. 600.119/364

The British Ambassador (Spring Rice) to the Counselor for the Department of State (Polk)

WASHINGTON, August 1, 1917.

MY DEAR MR. COUNSELLOR: I have been considering the best way to give you full information as to all of our agreements with neutral countries. While the only really illuminating thing would be for us to let you have a detailed summary of these agreements, that would necessitate such enormous labour and might after all not give you just the information you want, that it seems better to simply let you have the agreements themselves.

Unfortunately we have not got spare copies of the last edition of what we call our *Agreements Print*, but I enclose the edition of November 15th last¹ which contains all the important agreements with the following few important exceptions. In what follows I have ignored various additions to rationing lists, the results of which are all embodied in the lists of rations which have already been communicated to the State Department and also relatively unimportant agreements as to the methods of consignment and regulation of exports from Greenland and such like.

1. *Denmark.* The Danish coal agreement of January 22, 1917. This agreement merely relates to the methods of controlling the British coal to prevent it being used for enemy benefit.

2. *The Netherlands.* Various agreements relating to the disposal of glycerine and guarantees covering tin plate, etc.

3. *Norway.* Agreements with various associations, i. e., Wholesale Provision Merchants Association, Wholesale Grocers Association, National Association of Grain and Flour Importers, Millers Association, Norwegian Food Commission, Cycle Tyre Importers Association, Chocolate Manufacturers Association. The agreement as to Norwegian fisheries by which the British Government is enabled to purchase the whole Norwegian catch except the quantities necessary for consumption in Norway and an additional 15 per cent which may be exported without restrictions. Besides this 15 per cent, it is worth noting that the agreement provides that should there cease to be purchasers in Norway for any of the following classes of products the prohibition of export may be removed from such class, viz., herrings, fresh and salted; wet and dry salted fish and dried fish of various specified kinds; cod oil; herring oil; seal oil; roes and herring and fish meal. In order to provide for the purchase of the fish we had to contract for a loan of 140,000,000 kroner in Norway. The date of the agreement is August the 5th, 1916.

There are certain other agreements with certain individual firms into which perhaps I need not enter, but there is an important supplementary agreement with the Stavanger Cannery Import Union of last January.

¹ Not printed.

4. *Sweden.* An undertaking by the Swedish Government dated October 6th, 1916, not to export grain or the products of grain.

[5]. *General.* Arrangements as to declarations to be obtained from shipowners and fishermen of Norway, Sweden and Denmark regarding all sales to them of mineral oils. Various arrangements for controlling jute. Agreements with certain South American meat packers.

You will see that our agreements in this country are included in this print,¹ but the question what is to happen to these agreements now has as you know formed the subject of detailed discussions with the Department of Commerce and they may be ignored for the purposes of this letter.

In addition I think I had better send you our printed memorandum on exports from Scandinavian countries and Holland to enemy countries. So far as I know there has been no later edition of this document than that which I enclose.¹ Much of the information in this document has already been summarized for you in various memoranda.

Both these enclosures are of course highly confidential, and I have accordingly given this letter a personal character. It would be very serious should any of the figures in the second document be divulged, but I of course send you both documents for the information of the Exports Council and its administrative officers.

Yours very sincerely,

CECIL SPRING RICE

File No. 763.72112/4858a

The Acting Secretary of State to the Chargé in the Netherlands (Langhorne)

[Telegram]

WASHINGTON, August 2, 1917, 6 p. m.

621. At the suggestion of the French Ambassador here you are authorized to confer informally with your British and French colleagues on matters of blockade, statistics, and so forth. Department does not desire, however, that you should take part in any formal conference on these subjects with the French and British Ministers. Department desires merely to obtain all possible information on these subjects.

POLK

¹ Not printed.

File No. 763.72/7106

The British Ambassador (Spring Rice) to the Counselor for the Department of State (Polk)

WASHINGTON, August 3, 1917.

MY DEAR MR. COUNSELLOR: I think it will be convenient at this moment that I should summarise the state of our negotiations with various neutral countries as to tonnage, since I am afraid that the information which we have supplied you in the past was partly given verbally, and that we have never given you a compendious statement to which you can easily refer. In what follows I have ignored the complicated questions of the Spanish and Japanese tonnage. The Spanish tonnage situation remains in the same condition as when Mr. Balfour wrote to the Secretary of State on the subject of the Cortina agreement.¹ The question of Japanese tonnage is one to be treated separately.

1. *Norway.* The substance of the arrangement proposed by the British Government was that British vessels should be substituted for Norwegian vessels in the Anglo-Norwegian trade and that the Norwegian vessels should be taken over to run in Allied trades; that we should give the Norwegian vessels thus taken over a generous rate, while the British ships substituted for them should be run at cost, thus reducing the price of coal to Norway probably from about £12 to about £7 a ton; that Great Britain should guarantee to produce and license for export Norway's full requirements of coal and coke; and that in return for these concessions on the part of the British Government all Norwegian ships not already trading to an Allied country or engaged in carriage of essential goods to Norway should be transferred to Allied service.

The Norwegian Government informed the British Minister at Christiania at the end of April that they assented in principle to these proposals. On July 6th the Foreign Office cabled to me that the agreement was now practically completed and that the British Government were proceeding with the execution of various provisions of it.

2. *Denmark.* Within the last month an agreement has been definitely concluded of which the following are the main points:

Export to Denmark from the United Kingdom in Danish vessels of 100,000 tons of coal a month so long as 200,000 tons dead weight of Danish shipping are chartered to the British Government for trade in European waters. Rates of hire and war risk are provided for, and the British Government state their willingness to provide British crews for Danish vessels time-chartered to them.

Danish vessels of 500 tons dead weight and over, other than those engaged in trade between Denmark, Iceland and the Faroe Islands, and those chartered as above, will engage in trades of interest to the Allies, including the carriage of cargoes for the Commission for Relief in Belgium. Charters of such vessels to be approved by the Inter-

¹ *Post*, p. 1199.

national Chartering Executive, and no Danish vessel to be laid up or withdrawn from trade except with the concurrence of the British Government.

Danish vessels proceeding to South Atlantic, West Indian and Gulf ports or to the East via the Panama Canal should perform intermediate service; e. g., by loading outward cargoes at United States ports. For this purpose space is to be chartered through the International Chartering Executive. Examination at Halifax or other British ports to be expedited in the case of Danish ships whose cargoes have already been approved.

Special provision is made for Danish sailing vessels continuing to trade between America and Denmark. If proceeding to the South Atlantic they are to perform intermediate service in the same way as the steamships mentioned above. These provisions for intermediate service are intended to provide cargo space from the United States to South America. A monthly statement is to be furnished of the position and trading of all Danish vessels of over 500 tons dead weight, including sailing vessels.

The Foreign Office cabled me on July 6th that this arrangement has been accepted by the Danish shipowners and is in force.

3. *Sweden.* You already have a copy of a telegram which I handed to you on August 1st as to proposals made by the British Government to the Swedish shipowners.¹ So far as I know, no reply of any kind has yet been received to these proposals, and I need not therefore deal with them further here. One definite agreement has, however, been made with one Swedish line; namely, the Swedish Transatlantic Steamship Co. A memorandum dated July 26th, regarding this agreement was sent to Mr. Auchincloss on July 28th.¹

4. *Holland.* The Dutch Government have communicated to the British Government a statement intended to justify the present position of Dutch tonnage. We do not regard this statement as at all satisfactory, but the Foreign Office and the Ministry of Shipping are still examining it and I have not yet received their detailed views. No agreement as yet exists in regard to Dutch shipping, but a *modus vivendi* was provisionally arrived at about two months ago providing for the performance by Dutch ships proceeding to the South Atlantic or to the Far East via the Panama Canal of intermediate service by the carriage of coal from the United States to the Canal or other coal-ing stations. You will remember that I informed you of this arrangement at the time, and that we have more than once invited your views as to the cargoes which Dutch ships should be required to carry for the benefit of the United States, both on their voyage from Holland and in the way of intermediate service.² I gather from recent telegrams from the Foreign Office that the Dutch Government have never fully carried out this *modus vivendi*.

To sum up the situation, you will see that the problem of Norwegian and Danish tonnage may now be regarded as solved. Both these agreements provide for the employment of neutral shipping for the benefit of the countries associated in the war against Germany,

¹ Not printed.

² Memorandum from the British Embassy, May 29, *post*, p. 1119; letter from the British Commercial Adviser, July 28, Vol. I, p. 608.

and it only remains for those countries to agree as to the best method of employing the tonnage thus already at their disposal. That matter I need not touch as the Government of the United States is already fully informed as to our desire to discuss the needs of the United States and the Allies and to provide for their satisfaction, and I think it is clearly understood that in all provisions of these agreements, referring specifically to the British Government the latter acts not on its own behalf but as the agent of its associates. The Swedish and Dutch tonnage problems still remain for settlement, but the British Government, again acting not merely on its own behalf, but as agent for its associates, has made proposals, expressed opinions and assumed an attitude which we are sure our associates will take into account.

I hope this explains the position adequately, but if you wish any further information I need hardly say that I shall be only too glad to furnish it.

In general it may be of interest to explain that the two main concessions by which the British Government have obtained the Norwegian and Danish agreements and are seeking to obtain agreements with Holland and Sweden, are the export of British coal to those countries and the granting of permission to their ships to call at ports such as Halifax and Kingston outside the danger zone. To these concessions has been added, in the case of Norway, the very important concession that Norwegian ships are relieved of the most dangerous North Sea trade by British ships.

Believe me [etc.]

CECIL SPRING RICE

File No. 763.72112/4161

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

[Telegram]

WASHINGTON, August 7, 1917, 4 p. m.

5266. Your 6830, July 24, 7 p. m.¹ Until Trading with the Enemy Act, now pending in Congress, is passed, this Government cannot act in this matter. Under this act, as drafted and introduced in Congress, definition of an enemy alien, with a few exceptions, is governed by domicile and not by nationality. Impossible to tell at present date what form final act will take.

Since April 2 banks in New York have voluntarily reported all foreign exchange transactions and often have, of their own initiative, refused to take questionable business.

Federal Reserve Board has sent a warning to all banks under its jurisdiction and an appeal to those banks which are not under its jurisdiction to scrutinize carefully all foreign business.²

¹ *Ante*, p. 911.

² *Ante*, p. 814.

Cable censor refuses to pass suspicious financial cables.

Until Trading with the Enemy Act passes nothing further can be done in this direction.

LANSING

File No. 600.119/332a

The Secretary of State to the Ministers in Norway, Denmark, the Netherlands, and Sweden

[Circular telegram]

WASHINGTON, August 8, 1917, 6 p. m.

Mr. Hoover has been carrying on informal discussions with representatives of neutrals adjacent to Germany in connection as to their needs. He is primarily seeking information for the guidance of Exports Council. In connection with discussions he gave following memorandum to representatives:

[Here follows memorandum, printed in full *ante*, p. 908.]

The above memorandum sent for your confidential information and guidance in discussing this question. It will probably be sent to the various neutral governments by their representatives here. No definite policy has as yet been established. Informal discussions with the neutrals still being carried on and this Government is securing the views of Great Britain and France as to (1) whether trade between Germany and neutrals should be entirely prohibited; (2) if the United States takes this position whether Great Britain and France will cancel outstanding agreements with neutrals, and (3) whether the Allies are prepared to meet such military emergency as may arise as result of cutting off neutrals refusing to [stop] trade with Germany. No definite policy settled.

LANSING

File No. 600.119/316

*The Department of State to the Brazilian Embassy*¹

MEMORANDUM

The Department of State presents its compliments to the Brazilian Embassy and encloses for its information a copy of a letter dated August 1, 1917, from the Secretary of Commerce with reference to the issuance of licenses for the shipment of iron and steel plates, pig iron, iron and steel scrap and steel billets.

WASHINGTON, August 10, 1917.

¹ The same, *mutatis mutandis*, on the same date, to the British, French, Italian, Japanese, and Russian Embassies and to the Belgian, Cuban, Panaman, Portuguese, Serbian, and Siamese Legations.

[Enclosure]

The Secretary of Commerce (Redfield) to the Secretary of State

WASHINGTON, August 1, 1917.

SIR: In accordance with the President's instructions, I am to-day instructing the Division of Export Licenses to act in accordance with the following policy:

That all shipments to those nations associated with the United States in the war are, until further instructions, to be licensed freely, without reservation, and without restriction, except iron and steel plates, pig iron, iron and steel scrap, and steel billets, for which licenses shall be granted only in case said articles are destined for actual war purposes or will directly contribute thereto.

In order that there may be no delay in shipments of iron and steel plates, pig iron, iron and steel scrap, and steel billets, to those nations associated with us in the war, and when such articles are destined for actual war purposes or will directly contribute thereto, may I ask that you secure as promptly as possible from representatives of those nations a formal statement accompanying their applications for licenses for these articles, to the effect that said shipments are destined for actual war purposes or will directly contribute thereto.

Respectfully,

WILLIAM C. REDFIELD

File No. 600.119/2918

The British Ambassador (Spring Rice) to the Counselor for the Department of State (Polk)

WASHINGTON, August 11, 1917.

[Received August 13.]

MY DEAR POLK: You spoke to me this morning about the telegram which Crawford showed you yesterday on the subject of the restriction of neutral exports to Germany. I understood from Crawford that doubts were raised as to certain points in this telegram, and I am trying to clear these points up with the Foreign Office by cable. It may perhaps be best, in these circumstances, to postpone putting this telegram on record until these points are cleared up.

I am, however, now in a position at least to put clearly the point of principle regarding our willingness to go as far as you in the directions we have suggested and to revise our existing agreements with neutrals where such revision is necessary. In order to have this definitely on record, I have written the enclosed official note which embodies the most important part of the telegram.

The points remaining to be cleared up are ones of procedure and I have indicated them at the end of the penultimate paragraph of

the enclosed note. The main point raised by the telegram is that Denmark and Holland sent us 40,000,000 sterling worth of food last year, that we are willing to forego all this food except the Dutch margarine which we now get in return for Dutch imports of various oils and fats, but that if it is cut off from us before Denmark and Holland give way to our proposed demands, it will probably be diverted to Germany, and we therefore doubt whether it is wise, not from the point of view of maintaining our own food supplies but from the point of view of restricting those of the enemy, for us to invite such retaliatory action by appearing too prominently in the initial step of presenting the proposed demands to these neutrals, however strongly and completely we are prepared to support you in those demands. I hope it may be possible to give this point the most careful consideration, and, if you think there is something in it, you will perhaps be able to suggest some method by which we can identify ourselves with your policy without weakening the first step you take.

Yours sincerely,

CECIL SPRING RICE

[Enclosure 1]

The British Ambassador (Spring Rice) to the Secretary of State

WASHINGTON, August, 1917.

SIR: In the memorandum presented to the Department of State under date of June 14,² I had the honour to make, under instructions from my Government and at the invitation of the United States Government, various suggestions as to the trade policy to be pursued towards neutral countries contiguous to Germany. A question having been recently raised as to the extent to which His Majesty's Government would be in a position to identify themselves with such a policy in view of their past negotiations and agreements with the Governments and nationals of these neutral countries, I have been instructed to make the following statement to the Government of the United States:

In order to secure the objects set forth in the memorandum of June 14, His Majesty's Government are prepared to act concurrently with the United States in stopping the export from their territory to Norway, Sweden, Denmark and Holland of all the more important commodities such as foodstuffs, fodder, metals, oils, lubricants and fertilizers and in enforcing by these means the demands to be made upon the neutral Governments concerned. They are prepared to modify or terminate any existing agreement which, in

¹ Filed separately under File No. 600.119/2919.

² *Ante*, p. 879.

the view of the United States Government after conference with His Majesty's Government, is calculated to hinder the adoption of this policy, without securing special counterbalancing advantages to those associated in the war against Germany. It is on the basis of full identity of policy and responsibility with the Government of the United States in dealing with this particular problem that they desire to urge the importance of early action on the lines already discussed and my Government would be glad to arrange with yours how the diplomatic action of the two Governments may best be made to correspond with this identity of policy and responsibility, which appears to be called for by the circumstances of the case.

My Government inform me that further and complete instructions are now on the way to me explaining fully the military, naval and political considerations on which they have based their conclusions, as well as the precise extent of the embargo which they are in a position to impose so soon as an understanding has been reached with the Government of the United States.

I have [etc.]

CECIL SPRING RICE

File No. 600.119/393a

The Secretary of State to the Diplomatic Representatives in All Countries

[Circular telegram]

WASHINGTON, September 14, 1917.

Note and inform all consuls in your jurisdiction:

Following approved by the President August 17, 1917:

RESOLVED: That the Exports Council hereby recommends to the President that he instruct the Secretary of Commerce as follows: Export licenses shall be refused in any case where the consignee is one of the persons described in any one of the following paragraphs, regardless of the nationality of such consignee:

1. The following persons referred to as enemies and allies of enemies:

- (a) Any individual, partnership, or other body of individuals, of any nationality, resident within the territory (including that occupied by the military and naval forces) of any nation with which the United States is at war or an ally of such nation or resident outside the United States and doing business within such territory, and any corporation incorporated within such territory or incorporated within any country other than the United States and doing business within such territory;
- (b) The Government of any nation with which the United States is at war, or an ally of such nation, or any political or municipal subdivision thereof, or any officer, official agent, or agency thereof;

- (c) Such other individuals, or body of individuals, as may be natives, citizens or subjects of any nation with which the United States is at war, or an ally of such nation, wherever resident or wherever doing business, as the President, if he shall find the safety of the United States or the successful prosecution of the war shall so require, may, by proclamation under law, include within the terms "enemy" or "ally of enemy."

The words "United States," as used herein, shall be deemed to mean all land and water, continental or insular, in any way within the jurisdiction of the United States or occupied by the military or naval forces thereof.

2. Persons who participate in, and use the articles exported from the United States in or in connection with any of the following acts:

- (a) To trade, or attempt to trade, with an enemy, or for, or on account of, or on behalf of, or for the benefit of any enemy, either directly or indirectly, with knowledge or reasonable cause to believe that the person with or for, or on account of, or on behalf of, or for the benefit of whom such trade is conducted, or attempted to be conducted, is an enemy;
- (b) To trade, or attempt to trade, with an ally of enemy, or for, or on account of, or on behalf of, or for the benefit of, an ally of enemy, either directly or indirectly, with knowledge or reasonable cause to believe that the person with or for, or on account of, or on behalf of, or for the benefit of whom such trade is conducted, or attempted to be conducted, is an ally of enemy;
- (c) To transport, or attempt to transport, an ally of enemy [*sic*] with knowledge or reasonable cause to believe that the person transported, or attempted to be transported, is an enemy;
- (d) To transport, or attempt to transport, an ally of enemy with knowledge or reasonable cause to believe that the person transported or attempted to be transported, is an ally of enemy;
- (e) To transmit, or take, or attempt to transmit or take, out of the United States, in any manner, any letter, document, writing, message, picture, diagram, map or other device or form of communication, addressed to or intended to be delivered or communicated to an enemy, with knowledge or reasonable cause to believe that the intended recipient is an enemy;
- (f) To transmit or take, or attempt to transmit or take, out of the United States, in any manner, any letter, document, writing, message, picture, diagram, map or other device or form of communication addressed to or intended to be delivered or communicated to an ally of enemy, with knowledge or reasonable cause to believe that the intended recipient is an ally of enemy.

3. An agent of the enemy or of an ally of the enemy (as mentioned in par. 1 hereof) will, for the purpose of the embargo, be regarded as including, until the contrary is shown, any person who assists in plotting or intrigue against the United States or one of the Allies, or in carrying on hostile propaganda for the enemy or an ally of the enemy.

4. Persons who assist in making a portion or any part of the seacoast a base of military or naval operations of the enemy or an ally of the enemy; e. g., one who sells, supplies or furnishes information to German raiders or submarines.

5. Persons who assist in performing unneutral service at sea, such as the transportation of agents, or naval or military persons, the transmission of military information by courier, message, radio or otherwise; the participation in military operations.

6. The foregoing classes of persons will include persons who assist in financing any of the transactions mentioned above.

7. Persons who have assisted in breaking any bunkering or other agreement made with the United States under or by virtue of the embargo law.

8. "Persons" is understood to mean individuals, firms, companies or corporations, regardless of nationality.

9. The words "to trade," as used herein, shall be deemed to include:

- (a) Pay, satisfy, compromise, or give security for the payment or satisfaction of any debt or obligation;
- (b) Draw, accept, pay, present for acceptance or payment, or indorse any negotiable instrument or chose in action;
- (c) Enter into, carry on, complete or perform any contract, agreement or obligation;
- (d) Buy or sell, trade in, deal with, exchange, transmit, transfer, assign, or otherwise dispose of, or receive any form of property;
- (e) To have any form of business or commercial communication or intercourse with.

LANSING

File No. 763.72112/4424

The British Ambassador (Spring Rice) to the Secretary of State

No. 249

WASHINGTON, August 18, 1917.

[Received August 20.]

SIR: It is a matter of the gravest concern to His Majesty's Government, at the present time, that supplies of monetary credit—one of the most vital forms of all aids—continue to reach the enemy through neutral countries, as it cannot be doubted that aid in this form must prolong the war, and so be the direct cause of further loss of life and unnecessary suffering.

As you are well aware, the enemy has only four possible methods by which he can pay for the supplies of goods and other aids which he

obtains from neutral countries. These are (a) to export goods or services; (b) to export gold; (c) to obtain credits from neutrals; (d) to realise his existing investments in neutral countries.

It is obvious that if it is possible to prevent the enemy obtaining credit from neutrals or realising his investments through them, he will be driven, either to export more goods (which will be difficult) or to export gold (which it is unlikely that he will dare to do in sufficient quantity) or finally to decrease or cease his purchases abroad. His Majesty's Government therefore consider that the moment has come for bringing pressure to bear upon neutrals in order to deter them from rendering financial assistance to the enemy, and they suggest the use for this purpose of the very powerful weapon which the Allies possess in the control of the paramount financial markets of New York, London and Paris, as well as Milan and Petrograd.

His Majesty's Government propose that a notice should be issued in the neutral European press in the following terms:¹

The Governments of France, Great Britain, Italy, Russia and United States have decided that it may become inexpedient for banking houses in their respective territories to continue to have dealings with any banking house in ----- which engages directly or indirectly in:

1. Granting of any loan, credit or overdraft or increase of any existing loan, credit or overdraft to an enemy of any of those five countries;
2. The subscription to or purchase of any loan issued after this date by an enemy of any of those five countries;
3. The purchase from or sale on behalf of an enemy of any of those five countries of any bond or certificate issued by the Government, or by any corporation or company in any of those five countries; or of any dividend warrant or coupon payable in any of those five countries, or of any note, bill of exchange or draft payable in any of those five countries;
4. The collection, discounting or negotiation on behalf of an enemy of any of those five countries of any bond, note, bill of exchange, cheque, draft, dividend warrant or coupon payable in any of those five countries;
5. Transmission by any means whatever of any document, letter, message or advice of any kind relating to any of above transactions.

In each and every case "enemy" for this purpose includes not only any enemy government and any person, firm or company domiciled in country of an enemy or in territory occupied by an enemy, but also any person, firm or company wheresoever domiciled with whom the subjects of any of the above-mentioned five countries are forbidden by law to have dealings.

¹ For the first communication of this proposal, see *ante*, p. 901.

Governments, therefore, of France, Great Britain, Italy, Russia and the United States hold themselves at liberty to direct their respective subjects to discontinue all intercourse direct or indirect with any banking house in ----- from which an intimation has not been received by (date) to the effect that it will as from that date abstain entirely from participation in any of the above-mentioned transactions.

In order to minimise trouble and expense to individual banking correspondents in the five countries, which the sending of such intimation would entail upon them, banking houses in ----- may intimate their desire to continue relations with subjects of any of those five countries on the above conditions direct to the Secretary, Bankers Clearing House, Post Office Court, Lombard Street, London, E. C. before (date).

It will be sufficient if telegraphic intimation (which should be confirmed by letter) is worded "desire continue relations," and is addressed -----

An intimation given by head office of a banking house in ----- will be understood to apply to all its branches, which need not therefore send separate telegrams.

A banking house in ----- desiring to continue relations with subjects of any of above-mentioned five countries should send an intimation.

By "banking house" is meant any person, firm or corporation engaged in banking and/or foreign exchange business.

I have the honour, under instructions from His Majesty's Government, to submit the above proposals for your consideration and to express the earnest hope that the United States Government will see fit to adhere to them.

I shall be obliged if you can let me know your decision as soon as possible, and meanwhile I am at your entire disposal to discuss the proposals with you at any time, if you so wish.

I enclose a copy of this note, for convenience, in case you should wish to transmit it to the Secretary of the Treasury.

I have [etc.]

(For the Ambassador)

COLVILLE BARCLAY

Executive Order No. 2687-A, August 21, 1917, Establishing an Exports Administrative Board and an Exports Council

By virtue of authority vested in me by Title VII of the Act approved June 15, 1917, entitled "An Act to punish acts of interference with the foreign relations, the neutrality, and the foreign commerce of the United States, to punish espionage and better to enforce the criminal laws of the United States, and for other purposes":

I hereby establish an Exports Administrative Board¹ to be composed of a representative respectively of the Secretary of State, the Secretary of Agriculture, the Secretary of Commerce, the Food Administrator, and the United States Shipping Board, and I hereby vest in the said Administrative Board the executive administration of all instructions issued by the President under said Title VII and of the proclamations thereunder, and the said Administrative Board is hereby authorized and directed to take such measures as may be necessary to administer and execute the same and to grant or refuse export licenses thereunder, in accordance with those instructions.

I hereby establish an Exports Council, to be composed of the Secretary of State, the Secretary of Agriculture, the Secretary of Commerce, the Food Administrator, and the Chairman of the Shipping Board, and I hereby authorize and direct the said Exports Council, thus constituted, to act in an advisory capacity upon such matters, under this Act, as may be referred to them by the President or the Administrative Board.

This order shall supersede the Executive order of June 22, 1917,² and become effective August 27, 1917.

WOODROW WILSON

THE WHITE HOUSE,
August 21, 1917.

File No. 600.119/351

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

[Telegram]

LONDON, August 22, 1917, 5 p. m.

[Received 8.30 p. m.]

7006. In an interview yesterday with Lord R. Cecil, Minister of Blockade, the questions raised in your 5236 of July 31³ were discussed in great detail. His recent cables to the British Embassy in Washington seem to cover all the questions you raise, especially when their contents are considered in conjunction with his memorandum of August 4, a summary of which I am informed was telegraphed by him to the Washington Embassy some time ago.⁴ The memorandum itself was transmitted with my despatch No. 6758 of August 13 and should now be in your hands.⁵ If there remain any points which are

¹ This board was actually already in existence as a committee of the Exports Council, established by decisions of June 26 and July 3.

² *Ante*, p. 883.

³ *Ante*, p. 912.

⁴ See notes from the British Ambassador, Aug. 11, *ante*, p. 920.

⁵ This despatch was received Aug. 27 (File No. 600.119/359). Neither the despatch nor the memorandum, six large printed pages of detailed discussion, is printed.

not clear or if any new questions have arisen with relation to our share in the blockade, I await your further instructions. The Embassy is in close touch with the Ministry of Blockade which is apparently at pains to keep me informed as to new developments. One suggestion which has just been made by Cecil may be worth emphasizing here. The British Government is quite willing that an Allied blockade council should be set up in Washington and to send delegates to sit in it if desired. On the other hand if our authorities prefer not to be bound by the decisions of a council whose nature might be taken as that of an official inter-Allied body, the British Government is willing to send over men familiar with all phases of the blockade if these men are asked for by our Government. In that case they would come merely in a consultative capacity and their instructions would be to assist the American Government with information as required. I think many grim difficulties would be overcome by the presence of such assistants. I am assured that the French would co-operate in this.

PAGE

File No. 600.119/365

The British Embassy to the Department of State

MEMORANDUM

The British Government understands that the Government of the United States wishes to secure identity of policy between the two Governments in matters of export restrictions. For this purpose two distinct measures appear to be necessary, namely:

- (1) The co-ordination of the licensing policy of the two Governments, and
- (2) The co-ordination of that licensing policy with the naval action of the two Governments under international maritime law.

As regards (1) the British Government has suspended licenses for export from the United Kingdom on all articles embargoed by the Government of the United States and will continue to do so as the United States list of prohibited exports is enlarged. Before, however, complete co-ordination can take place it will be necessary that the prohibited exports lists of the two Governments shall be made as nearly as possible identical. The British list now covers practically all articles whatever, so far as the northern European neutrals are concerned. When the two lists are identical, the British Government will wish to continue certain exports to the northern neutrals from the United Kingdom, the most important of which are coal to Norway and Denmark, munition materials to firms manufacturing munitions for the Allies in Norway and Sweden, margarine materials to Holland

in return for Dutch margarine exported to the United Kingdom, and possibly certain textile goods, etc., exported to these neutrals for the purpose of maintaining exchange to counterbalance expenditures in purchasing the native produce of these neutrals, these expenditures being at present necessary, in the absence of proper prohibitions of export in these neutral countries, in order to keep the produce from flowing to Germany. These continued exports the British Government wishes however to submit to the Government of the United States for their opinion and judgment. Consultation will be necessary for this purpose and, in so far as this consultation involves the expression of an opinion by the Government of the United States on the export policy of Great Britain, the British Government would be glad of an opportunity for regular consultation in London. The same applies to the export policy of the other European Allies, notably the export policy of Russia as towards Sweden and that of Italy towards Switzerland. (Swiss questions are centered in Paris, not London.) It is assumed that the Government of the United States—the United States being now by far the largest exporter to these neutral countries—will wish similarly to consider the grant of certain licenses for export from the United States, either for reasons of domestic policy or because they consider that such exports will be advisable on international grounds. They will doubtless be willing to discuss their policy in this respect and for this purpose the British Government will make adequate provision for such consultation at Washington, if the Government of the United States so desires.

As regards (2), naval action is at present embodied in two British measures—the issue of letters of assurance and the examination of ships at Halifax or Kingston. Letters of assurance are a substitute for export licenses in the case of goods not yet subject to license, and also a passport for the guidance of the naval officer at the port of examination. In the first aspect, their purpose will vanish when the United States list of prohibited exports is made comprehensive, and when the co-ordination of the export policy of the two Governments has been attained, by consultation in London and Washington. In the second aspect, their fate depends to a certain extent on the decision as to the continuance of naval examination at Halifax and Kingston. That examination has three objects: (1) the search of the ship for the purpose of detecting smuggling, conveyance of clandestine correspondence, and undesirable passengers or members of the crew, etc., etc.; (2) the use of detention of ships at the port of examination as a lever to enforce proper behaviour on the part of neutrals; and (3) any detention necessary in connection with naval and military operation, especially in the North Sea or Mediterranean. The abandonment of such examination cannot, therefore, well take place until (1) arrangements can

be made for thorough examination at the port of departure, this examination including not only the checking of the cargo, but a thorough search of the ship herself, satisfactory to the naval as well as to the customs authorities, on the basis of proper interchange of information between the Intelligence Departments of the Governments concerned; (2) the provision of some machinery for co-ordinating, the international, as well as the domestic export, policy of those associated in the war against Germany; and (3) full interchange of information as to naval and military operations. (1) and (3) need no further discussion, though the setting up of much complicated machinery is clearly required. In regard to (2) the following points should be borne in mind. This department of international policy requires not only economic knowledge, but also the fullest information as to the political, naval and military situation in Europe. As methods of consultation in London and Washington have been proposed above, corresponding respectively to the discussion of British and Allied export policy and of United States export policy, so similar dual methods of consultation appear advisable for the discussion of those aspects of international policy involved respectively in the detention of neutral ships by the British naval forces and in the grant of clearance papers to neutral ships by the Government of the United States. Further, it must be remembered that the call at Halifax is imposed on ships coming from other than United States ports, notably ships coming from the Plate, and the British Government would be glad to agree with the United States Government as to the method by which such ships should be now controlled. It is clear that examination at Halifax may still be necessary for naval and military reasons, even after the economic policy of the two Governments has been fully co-ordinated, until such time as adequate naval and military co-ordination can be secured. But even if this is the case, the British Government stands ready, as was explained to the Department of State about the beginning of June, to give an assurance to neutrals that, except for naval and military reasons, ships whose cargo has been approved at the port of departure shall not be detained at Halifax more than (say) from twenty-four to forty-eight hours.

To sum up, as soon as an understanding is arrived at as to the policy to be pursued by the United States, the British Government will be prepared to consider in a spirit of co-operation how the existing machinery of blockade, including examination at Halifax, can be modified and replaced by measures which would be enforced by the United States Government in the common interests of the nations associated in the war against Germany. For its part, the British Government defines its policy as a complete stoppage of exports from all Allied European countries to these neutrals with the exceptions noted above; the submission of these exceptions to

the informed judgment of the United States Government; and the assumption of identical responsibility with the United States Government in demanding that the border neutrals shall stop exports to Germany, maintain exports to the Allies, put their ships into service and adopt, in all such matters as transit, etc., a policy consonant with the principles of international comity.

WASHINGTON, *August 25, 1917.*

File No. 600.119/366

The British Embassy to the Department of State

MEMORANDUM

The British Government have proposed close consultation between British and American representatives on the whole subject of exports to neutral countries contiguous to Germany.

It is important to make it clear that such consultation is proposed solely in order that each representative may severally furnish information to his Government and make his recommendations to them for their independent consideration and decision.

The respective Governments would keep in their own hands the regulation of their own export policy. In so far, however, as that policy is directed to the achievement of a common result it is submitted that the deliberations of each of the associated Governments preceding its determination should be based on a common stock of knowledge of all the considerations which weigh with the other and such common knowledge can be best obtained by consultation and interchange of information.

For example, the British Government do not wish to issue export licenses, still less to initiate agreements with, or put pressure upon, neutral countries without giving the United States Government an opportunity to express an opinion and they hope that the latter wish similarly to keep in touch with them. Above all, in so far as imports into neutral countries are controlled by the British Navy, they do not wish to exercise such control as against the United States or in contradiction to the export policy which the United States may see fit to adopt in any given case.

For the last few months the British Government have made every effort to keep the Government of the United States informed through their representatives at Washington of every phase of British policy towards the border neutrals. They have sought by means of numerous formal and informal conferences to explain their policy, to invite discussion and suggestions and, above all, to subordinate their blockade operations to any export policy which the United States Government may define and declare. Pending, however, the provision of machinery for closer consultation they still issue or refuse letters

of assurance at their own discretion only; they still detain or release ships at Halifax; they are daily, in the course of current negotiations with neutrals, making concessions or insisting upon demands which may alike affect the duration and the success of the war. If they have informed the United States Government of these steps, they have, they fear, failed to convey such information at the only moment when the United States Government could make use of it—namely, at the moment when policy was in course of deliberation. It is in this way that misunderstandings are likely to be avoided and co-ordination of effort secured, wherever necessary, without surrender of independent control. So long, indeed, as the United States Government is without the fuller knowledge to be acquired by direct examination in London of circumstances and considerations influencing the policy of the British Government, the actions of the latter must frequently appear unexpected and inexplicable to the authorities at Washington, who cannot imitate them without a sacrifice of discretion or diverge from them without a sacrifice of efficiency.

These considerations apply especially to the information now desired by the United States authorities as to the limits set to diplomatic and economic pressure on neutrals by naval and military plans and contingencies. The British Government hope to be able shortly to convey to the United States the views of their military and naval advisers, but these views, so conveyed, can be nothing but an approximate forecast based on estimates which may at any moment be falsified. The policy of the Allies towards Sweden in blockade matters was, for instance, suddenly and radically altered in 1915 by the unexpected extent of the Russian retreat and, short of such major changes in the strategic situation, the choice by Germany of a passing moment, particularly favourable to herself, for forcing an issue with any one of the border neutrals, might at any time cause the Allied General Staffs to recommend temporization where they had originally been in favour of adopting a firm attitude. This is particularly the case where naval considerations are involved, by reason of the greater obscurity which necessarily surrounds the naval plans of the Allies at any given moment. It is difficult to gain any true idea of such shades of opinion except by personal cross-questioning of experts.

The British Government cannot conceal their feeling that, in the present situation, the countries associated in the war against Germany can, in matters of war trade, neither avoid friction with each other nor ensure a fair treatment of neutrals. Consequently, they propose:

- (1) A recognized method of continual consultation in London for which purpose they would be glad to welcome American representatives, and
- (2) A recognized method of continual consultation at Washington, for which purpose they are prepared to appoint representatives.

These two sets of conferences at Washington and London would not be Allied councils with joint powers of decision, but meetings of friendly associates for the purpose of mutual information on which each may base his own independent recommendations to his Government. The information and recommendations would relate to two main classes of subjects:

- (1) Applications by exporters for licenses to ship goods to the northern neutrals and applications for free passage of goods to those neutrals through the naval patrols.
- (2) Requests received from the northern neutrals for facilities for the importation of supplies and proposals put forward by them or by any of the Governments associated in the war against Germany as to the conditions upon which such requests might be granted.

It is understood that the French Government similarly desire to welcome representatives at Paris in connection with the central bureaux of economic information and the international committee on Swiss imports established there.

WASHINGTON, *August 27, 1917.*

Proclamation of August 27, 1917, Further Restricting Exports; Explanatory Statements by the President and the Exports Administrative Board—Bunker License Rules of August 31 and October 5—Denial of Licenses for Shipments through the War Zone in Sailing Vessels—Proclamation of September 7 Restricting Exports of Coin, Bullion, and Currency—Refusal of the United States to Join in the Proposed Notice to Neutral Banks—Suspension by the United States and the Allies of Licenses for Exports to the Northern European Neutrals—Further Discussion with the Allies regarding Agreements with the Neutrals

Proclamation No. 1391, August 27, 1917, Further Restricting Exports

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

WHEREAS Congress has enacted, and the President has on the fifteenth day of June 1917, approved a law which contains the following provisions:

“Whenever during the present war the President shall find that the public safety shall so require, and shall make proclamation thereof, it shall be unlawful to export from or ship from or take out of the United States to any country named in such proclamation any article or articles mentioned in such proclamation, except at such time or times, and under such regulations and orders, and subject to such limitations and exceptions as the President shall prescribe, until otherwise ordered by the President or by Congress: Provided, however, that no preference shall be given to the ports of one State over those of another.

"Any person who shall export, ship, or take out, or deliver or attempt to deliver for export, shipment, or taking out, any article in violation of this title, or of any regulation or order made hereunder, shall be fined not more than \$10,000, or, if a natural person, imprisoned for not more than two years, or both; and any article so delivered or exported, shipped or taken out, or so attempted to be delivered or exported, shipped, or taken out, shall be seized and forfeited to the United States; and any officer, director, or agent of a corporation who participates in any such violation shall be liable to like fine or imprisonment, or both.

"Whenever there is reasonable cause to believe that any vessel, domestic or foreign, is about to carry out of the United States any article or articles in violation of the provisions of this title, the collector of customs for the district in which such vessel is located is hereby authorized and empowered, subject to review by the Secretary of Commerce, to refuse clearance to any such vessel, domestic or foreign, for which clearance is required by law, and by formal notice served upon the owners, master, or person or persons in command or charge of any domestic vessel for which clearance is not required by law, to forbid the departure of such vessel from the port, and it shall thereupon be unlawful for such vessel to depart. Whoever, in violation of any of the provisions of this section, shall take, or attempt to take, or authorize the taking of any such vessel out of port or from the jurisdiction of the United States, shall be fined not more than \$10,000 or imprisoned for not more than two years, or both; and, in addition, such vessel, her tackle, apparel, furniture, equipment, and her forbidden cargo shall be forfeited to the United States;"

Now, therefore, I, Woodrow Wilson, President of the United States of America, do hereby proclaim to all whom it may concern that the public safety requires that, except at such time or times, and under such regulations and orders, and subject to such limitations and exceptions as the President shall prescribe, until otherwise ordered by the President or by Congress, the following articles, namely: all kinds of arms, guns, ammunition and explosives, machines for their manufacture or repair, component parts thereof, materials or ingredients used in their manufacture, and all articles necessary or convenient for their use; all contrivances for or means of transportation on land or in the water or air, machines used in their manufacture or repair, component parts thereof, materials or ingredients used in their manufacture, and all instruments, articles and animals necessary or convenient for their use; all means of communication, tools, implements, instruments, equipment, maps, pictures, papers and other articles, machines and documents necessary or convenient for carrying on hostile operations; coin, bullion, currency, evidences of debt, and metal, materials, dies, plates, machinery and other articles necessary or convenient for their manufacture; all kinds of fuel, food, food-stuffs, feed, forage and clothing, and all articles and materials used in their manufacture; all chemicals, drugs, dyestuffs

and tanning materials; cotton, wool, silk, flax, hemp, jute, sisal and other fibres and manufactures thereof; all earths, clay, glass, sand and their products; hides, skins and manufactures thereof; non-edible animal and vegetable products; machinery, tools and apparatus; medical, surgical, laboratory and sanitary supplies and equipment; all metals, minerals, mineral oils, ores, and all derivatives and manufactures thereof; paper pulp, books and printed matter; rubber, gums, rosins, tars and waxes, their products, derivatives and substitutes, and all articles containing them; wood and wood manufactures; coffee, cocoa, tea and spices; wines, spirits, mineral waters and beverages: shall not, on and after the 30th day of August in the year One Thousand Nine Hundred and Seventeen, be exported from or shipped from or taken out of the United States or its territorial possessions to Albania, Austria-Hungary, that portion of Belgium occupied by the military forces of Germany, Bulgaria, Denmark, her colonies, possessions or protectorates, Germany, her colonies, possessions or protectorates, Greece, Leichtenstein, Luxembourg, The Kingdom of The Netherlands, Norway, Spain, her colonies, possessions or protectorates, Sweden, Switzerland or Turkey (excluding any portion of the foregoing occupied by the military forces of the United States or the nations associated with the United States in the war), or any territory occupied by the military forces of Germany or her allies; and

I do hereby further proclaim to all whom it may concern that the public safety requires that, except at such time or times, and under such regulations and orders, and subject to such limitations and exceptions as the President shall prescribe, until otherwise ordered by the President or by Congress, the following articles, namely: coal; coke; fuel oils, lubricating oils, hand-lantern oil, naptha, benzine, red oil, kerosene and gasoline; all bunkers; food grains, flour and meal therefrom, corn flour, barley, rice flour, rice, oat meal and rolled oats; fodder and feeds, oil-cake, oil-meal cake, malt and peanuts; all meats and fats, poultry, cottonseed oil, corn oil, copra, desiccated cocoanuts, butter, fresh, dried and canned fish, edible or inedible grease of animal or vegetable origin, linseed oil, lard, tinned milk, peanut oil and butter, rapeseed oil, tallow, tallow candles and stearic acid; sugar, glucose, syrup and molasses; pig iron, ferro-silicon and spiegeleisen; steel ingots, billets, blooms, slabs and sheet bars; iron and steel plates, including ship, boiler, tank and all other iron and steel plates one-eighth of an inch thick and heavier, and wider than six inches; iron and steel structural shapes, including beams, channels, angles, tees and zees of all sizes; fabricated structural iron and steel, including beams, channels, angles, tees, zees and plates, fabricated and shipped knocked down; scrap iron and scrap steel; ferro-manganese; tool steel, high-speed steel and alloy steels and machine

tools; steel-hardening materials; fertilizers, including cattle and sheep manure, nitrate of soda, poudrette, potato manure, potassium salts, land plaster, potash, cyanamide, phosphoric acid, phosphate rock, super-phosphate, chlorate of potash, bone meal, bone flour, ground bone, dried blood, ammonia and ammonia salts, acid phosphates, guano, humus, hardwood ashes, soot, anhydrous ammonia; aeronautical machines and instruments, their parts and accessories thereof; arms and ammunition; all explosives, nitrate of potash, rosin, saltpetre, turpentine, ether, alcohol, sulphur, sulphuric acid and its salts, acetone, nitric acid and its salts, benzol and its derivatives, phenol (carbolic acid) and its derivatives, toluol and its derivatives, mercury and its salts, glycerine, potash and its salts, all cyanides and films; carrier and other pigeons; anti-aircraft instruments, apparatus and accessories; all radio and wireless apparatus and its accessories; optical glass, optical instruments and reflectors; cotton and cotton linters; wool, wool rags, wool and khaki clippings and wool products; flax, sisal, jute, hemp and all manufactures thereof; hides, skins, leather, leather belting, sole and upper leather, leather boots and shoes, harness and saddles and leather clothing; soap and soap powders; all engines and motors operated by steam, gas, electricity or other motive power and their accessories; metal and wood-working machinery; oil well casing, oil well drilling implements and machinery and the accessories thereof; steam boilers, turbines, condensers, pumps and accessories thereof; all electrical equipment; crucibles; emery, emery wheels, carborundum and all artificial abrasives; copper, including copper ingots, bars, rods, plates, sheets, tubes, wire and scrap thereof; lead and white lead; tin, tin plate, tin cans and all articles containing tin; nickel, aluminum, zinc, plumbago and platinum; news-paper, print-paper, wood pulp and cellulose; ash, spruce, walnut, mahogany, oak and birch woods; and industrial diamonds: shall not, on and after the 30th day of August in the year One Thousand Nine Hundred and Seventeen, be exported from, shipped from or taken out of the United States or its territorial possessions to Abyssinia, Afghanistan, Argentina, that portion of Belgium not occupied by the military forces of Germany or the colonies, possessions or protectorates of Belgium, Bolivia, Brazil, China, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, Egypt, France, her colonies, possessions or protectorates, Guatemala, Haiti, Honduras, Italy, her colonies, possessions or protectorates, Great Britain, her colonies, possessions or protectorates, Japan, Liberia, Mexico, Monaco, Montenegro, Morocco, Nepal, Nicaragua, the colonies, possessions or protectorates of The Netherlands, Oman, Panama, Paraguay, Persia, Peru, Portugal, her colonies, possessions or protectorates, Roumania, Russia, Salvador, San Marino, Serbia,

Siam, Uruguay, Venezuela (excluding any portion of the foregoing occupied by the military forces of Germany or her allies), or any territory occupied by the military forces of the United States or by the nations associated with the United States in the war.

The regulations, orders, limitations and exceptions prescribed will be administered by and under the authority of the Exports Administrative Board, from whom licenses, in conformity with said regulations, orders, limitations and exceptions, will issue.

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

Done in the District of Columbia, this 27th day of August in the year of our Lord One Thousand Nine Hundred and [SEAL] Seventeen and of the Independence of the United States of America the One Hundred and Forty-second.

WOODROW WILSON

By the President,
ROBERT LANSING,
Secretary of State.

File No. 600.119/356a

*The Secretary of State to the Diplomatic Representatives in Certain Countries*¹

[Circular telegram]

WASHINGTON, August 27, 1917.

Give immediate publicity the following:

President to-day issued proclamation concerning control exports from America giving lists articles which may be exported only under license under two categories, first, exports to the enemy and his allies and to neutral countries of Europe and secondly to all other countries. Proclamation is accompanied by following explanatory statement by the President:

The purpose and effect of this proclamation is not export prohibition but merely export control. It is not the intention to interfere unnecessarily with our foreign trade but our own domestic needs must be adequately safeguarded and there is the added duty of meeting the necessities of all the nations at war with the Imperial German Government. After those needs are met it is our wish and intention to minister to the needs of the neutral nations as far as our resources permit. This task will be discharged without other than the very proper qualification that the liberation of our surplus products shall not be made the occasion of benefit to the enemy either directly or indirectly. The two lists have been prepared in the interests of

¹ Great Britain, France, Switzerland, Sweden, Netherlands, Denmark, Italy, Russia, Japan, China, Greece, and all Latin American countries except Santo Domingo and Haiti.

facility and expediency. The first list, applicable to the enemy and his allies and to the neutral countries of Europe, brings under control practically all articles of commerce while the second list, applicable to all other countries of the world, makes only a few additions to the list of commodities controlled by the proclamation of July 9, 1917. It is obvious that a closer supervision and control of exports is necessary with respect to those European neutrals within the sphere of hostilities than is required for those countries farther removed. The establishment of these distinctions will simplify the administrative processes and enable us to continue our policy of minimizing the interruption of trade. No licenses will be necessary for the exportation of coin, bullion, currency, and evidences of indebtedness until required by regulations to be promulgated by the Secretary of the Treasury in his discretion. Woodrow Wilson.

LANSING

File No. 763.72112/4424

The Secretary of State to the Secretary of the Treasury (McAdoo)

WASHINGTON, August 28, 1917.

SIR: I have the honor to enclose herewith a copy of a note from the British Ambassador,¹ wherein he states that his Government considers that the time has come for bringing pressure to bear upon neutrals in order to deter them from rendering financial assistance to the enemy, and sets forth the means which, in the opinion of the British Government, should be adopted in this relation by the Governments of the United States, Great Britain, France, Italy, and Russia.

It is this Department's view that if this statement is accepted and issued by the United States the paragraph following paragraph No. 5 should read as follows:

In each and every case "enemy" for this purpose with respect to each of the five countries includes not only enemy Government and any person, firm or company domiciled in country of an enemy or in territory occupied by an enemy, but also any person, firm or company wheresoever domiciled with whom the subjects of any of the above-mentioned five countries respectively are forbidden by the law of their country to have dealings.

I shall be glad to receive an expression of your views in this matter at the earliest practicable moment.

Letters similar to this have been addressed to the Attorney General and the Secretary of Commerce.²

I have [etc.]

ROBERT LANSING

¹ *Ante*, p. 924.

² Same date as above.

War Trade Board Files

Resolution of the Exports Administrative Board, August 30, 1917

RESOLVED that the following instructions are hereby given to the Director of the Bureau of Export Licenses: . . .

(b) All licenses to export controlled commodities to Norway, Holland, Denmark and Sweden are to be withheld for the present and no applications for such licenses are to be referred to any of the members of the board except upon their special request, provided, however, that applications for licenses to export food to Norway shall be brought to Mr. White's attention.

War Trade Board Files

Instructions of the Exports Administrative Board, August 31, 1917

On motion made and seconded, the board adopted the following as their instructions with respect to the granting of bunker licenses:

Spain. Ships destined for Spain, regardless of the flag, should be given bunker licenses for the outward voyage only.

Danish and Dutch Colonies. Bunkers shall be granted to steamers going to Danish and Dutch colonies, regardless of the flag of the vessel, except where the destination is Iceland or the Faroe Islands, applications for which must first be approved by the board.

Greece. Bunker licenses may be granted freely to vessels going to Greece, but for the outward voyage only.

Norway, Sweden, Denmark and Holland. No bunker licenses shall be granted to any vessel except subject to the approval of the board where vessels are destined for Norway, Sweden, Denmark and Holland, regardless of the flag flown, except that passenger vessels not carrying cargo may have bunker licenses.

Neutral vessels for South America. Vessels flying the Swedish, Danish, Norwegian, Dutch or Spanish flag, destined for South America, shall be granted bunker licenses provided the steamer agrees to return directly to the United States. Vessels flying these flags, not destined for South America, or not returning direct to the United States, shall be referred to the board.

The foregoing remarks do not apply to vessels flying the flag of the Belgian Relief Commission, to which vessels licenses shall always be granted freely.

No publicity shall be given the foregoing instructions, but they shall be transmitted to the collectors of the ports for their guidance.

File No. 763.72112/4663

The Secretary of Commerce (Redfield) to the Secretary of State

WASHINGTON, August 31, 1917.

[Received September 4.]

MY DEAR MR. SECRETARY: I have noted with care your favor of the 28th instant covering copy of letter from the British Ambassador stating in substance that the British Government considers that the time has come for bringing such pressure upon neutrals as will deter them from rendering financial assistance to the enemy and setting forth the means suggested by the Governments mentioned in your letter for bringing the matter into effect.¹

In response to your request for expression of my views at the earliest practicable moment, I beg to advise as follows.

The Department of Commerce regards it as supremely important to cut off as fully and promptly as possible the enemy's supplies of credit. Without credit and credit facilities the enemy cannot purchase needed supplies even if those supplies exist and no other obstruction prevents his securing them. If the means of paying for purchases are gone the possibility of making purchases is indeed remote.

Without entering into the more minute details of the memorandum (concerning which details it is respectfully suggested that the Secretary of the Treasury or the chairman of the Federal Reserve Board is more competent to speak with authority than this Department) the object sought therein is one that it is necessary to obtain if at all possible, the means are deemed legitimate and the proposed course in very large measure practicable. I am not prepared to discuss the question as to whether under existing law authority exists to take the proposed course.

Yours very truly,

WILLIAM C. REDFIELD

File No. 763.72112/4648

The Attorney General (Gregory) to the Secretary of State

WASHINGTON, September 4, 1917.

[Received September 5.]

MY DEAR MR. SECRETARY: I am in receipt of your letter of August 28, 1917, transmitting a note from the British Ambassador of August 18, 1917, relative to the proposition to bring pressure to

¹ See communication from the Secretary of State to the Secretary of the Treasury, Aug. 28, *ante*, p. 938.

bear upon neutrals in order to deter them from rendering assistance to the enemy.¹

I understand the British proposition to be substantially as follows:

That the United States should direct its citizens and banking houses in the United States to discontinue all intercourse, direct or indirect, with any banking house in another country which has any dealings with that class of persons defined as "enemy" by the United States; in other words, if a Brazilian bank A in Brazil should deal with B a German doing business within Brazil and also within Germany (and therefore an "enemy"), the United States should direct a United States citizen C to have no dealings with the Brazilian bank A.

The mere statement of the proposition, in my opinion, demonstrates the inadvisability of any assent by the United States to such a course of action. It would amount clearly to the most extreme form of black list of citizens of neutral nations—restricting American dealings with such neutral citizens simply because the latter might also be entering into transactions with German enemies perfectly legitimate under the law of the neutral nation. Of course, if the trade was to be carried on by a United States citizen with a neutral citizen as an indirect means of trading with the German enemy, it would be unlawful, under the law of the United States as at present constituted, and would be a criminal transaction under the terms of the pending Trading with the Enemy bill.

I can not believe that it would be wise or just for this Government to assent to the proposition laid before you by the British Embassy.

Respectfully,

T. W. GREGORY

File No. 763.72112/4647

The British Ambassador (Spring Rice) to the Secretary of State

No. 267

WASHINGTON, September 6, 1917.

SIR: I have the honour to refer to my note No. 249 of August 18² last on the subject of the proposed notice to be issued in the neutral European press regarding the conditions under which banking houses in Allied countries would in future have dealings with banking houses in the respective neutral countries of Europe.

I have now received a telegram from His Majesty's Principal Secretary of State for Foreign Affairs, to the effect that His Majesty's

¹ See communication from the Secretary of State to the Secretary of the Treasury, Aug. 28, *ante*, p. 938.

² *Ante*, p. 924.

Government regard these proposals as a matter of the greatest urgency, and that they have information that makes them confident that if their proposals are promptly adopted and applied, they will have a powerful effect in tightening the blockade by lowering the value of the mark and affecting the morale of Germany.

I am accordingly instructed to enquire whether your Government would agree to co-operate with the other Allied Governments in the measure outlined in my note above referred to. His Majesty's Government are anxious to learn the views of the United States Government at the earliest possible moment.

I have [etc.]

(For H. M. Ambassador)

T. B. HOHLER

File No. 763.72112/4646

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

[Telegram]

PARIS, September 5, 1917.

[Received September 6, 5 a. m.]

2459. Consul General Marseilles has received letter from Carl Grubnau & Son of Philadelphia to the effect that Waters Ricodeau & Co. of Marseilles have been advised by the Ministry of Blockade to suspend commercial relations with the said firm pending decision of the defense as to trade relations with firms previously carried on the French black list. Does Department desire that the matter be submitted to the French Government with a view to having this restriction withdrawn as regards Grubnau & Son?

SHARP

File No. 763.72112/4676

The Acting Secretary of the Treasury (Crosby) to the Secretary of State

WASHINGTON, September 6, 1917.

[Received September 7.]

MY DEAR MR. SECRETARY: I have the honor to acknowledge receipt of your communication of the 28th of August, enclosing copy of a note from the British Ambassador stating that his Government considers that the time has come for bringing pressure to bear upon neutrals in order to deter them from rendering financial assistance to the enemy.

It seems not improbable that, to a considerable extent, the objects of the publications proposed by the British Government to be made in certain neutral countries can be attained by a control of foreign

exchange and the transmittal of various forms of commercial paper. Such control is now about to be established under recent proclamation of the President, that proclamation being based upon the authority granted to the President by an act of Congress known as the Espionage Act.

In going beyond the limits which could be attained in the method just indicated, it may be that such grave questions of international relationship would be raised that a policy in respect to these should first be determined before intelligent study could be given to the details of the plan proposed by the British Government. If I am advised by you that it is desired that the extreme steps proposed by that Government should be taken by this Government, and no question of neutral rights would be involved in a way to which you would object, I will be glad to make a recommendation as to the advisability, from the point of view of this Department, of the additional value obtained from the proposed steps in our endeavors to diminish the commerce of the enemy over those obtainable under existing legislation.

In the meantime [etc.]

OSCAR T. CROSBY

Proclamation No. 1392, September 7, 1917, Restricting Exports of Coin, Bullion, and Currency

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

WHEREAS Congress has enacted, and the President has on the fifteenth day of June, 1917, approved a law which contains the following provisions:

“Whenever during the present war the President shall find that the public safety shall so require, and shall make proclamation thereof, it shall be unlawful to export from or ship from or take out of the United States to any country named in such proclamation any article or articles mentioned in such proclamation, except at such time or times, and under such regulations and orders, and subject to such limitations and exceptions as the President shall prescribe, until otherwise ordered by the President or by Congress: Provided, however, that no preference shall be given to the ports of one State over those of another.

“Any person who shall export, ship, or take out, or deliver or attempt to deliver for export, shipment, or taking out, any article in violation of this title, or of any regulation or order made hereunder, shall be fined not more than \$10,000, or, if a natural person, imprisoned for not more than two years, or both; and any article so delivered or exported, shipped, or taken out, or so attempted to be delivered or exported, shipped, or taken out, shall be seized

and forfeited to the United States; and any officer, director, or agent of a corporation who participates in any such violation shall be liable to like fine or imprisonment, or both.

"Whenever there is reasonable cause to believe that any vessel, domestic or foreign, is about to carry out of the United States any article or articles in violation of the provisions of this title, the collector of customs for the district in which such vessel is located is hereby authorized and empowered, subject to review by the Secretary of Commerce, to refuse clearance to any such vessel, domestic or foreign, for which clearance is required by law, and by formal notice served upon the owners, master, or person or persons in command or charge of any domestic vessel for which clearance is not required by law, to forbid the departure of such vessel from the port, and it shall thereupon be unlawful for such vessel to depart. Whoever, in violation of any of the provisions of this section shall take, or attempt to take, or authorize the taking of any such vessel out of port or from the jurisdiction of the United States, shall be fined not more than \$10,000 or imprisoned not more than two years, or both; and, in addition, such vessel, her tackle, apparel, furniture, equipment, and her forbidden cargo shall be forfeited to the United States."

And WHEREAS the President has heretofore by proclamation, under date of the twenty-seventh day of August in the year One Thousand Nine Hundred and Seventeen, declared certain exports in time of war unlawful,¹ and the President finds that the public safety requires that such proclamation be amended and supplemented in respect to the articles hereinafter mentioned;

Now, therefore, I, Woodrow Wilson, President of the United States of America, do hereby proclaim to all whom it may concern that the public safety requires that, except at such time or times, and under such regulations and orders, and subject to such limitations and exceptions as the President shall prescribe, until otherwise ordered by the President or by Congress, the following articles, namely: coin, bullion and currency: shall not, on and after the 10th day of September in the year One Thousand Nine Hundred and Seventeen, be exported from or shipped from or taken out of the United States or its territorial possessions to Albania, Austria-Hungary, Belgium, Bulgaria, Denmark, her colonies, possessions or protectorates, Germany, her colonies, possessions or protectorates, Greece, Liechtenstein, Luxembourg, The Kingdom of the Netherlands, Norway, Spain, her colonies, possessions or protectorates, Sweden, Switzerland or Turkey, Abyssinia, Afghanistan, Argentina, Bolivia, Brazil, China, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, Egypt, France, her colonies, possessions or protectorates, Guatemala, Haiti, Honduras, Italy, her colonies, possessions or protectorates, Great Britain, her colonies, possessions or

¹ *Ante*, p. 933.

protectorates, Japan, Liberia, Mexico, Monaco, Montenegro, Morocco, Nepal, Nicaragua, the colonies, possessions or protectorates of The Netherlands, Oman, Panama, Paraguay, Persia, Peru, Portugal, her colonies, possessions or protectorates, Roumania, Russia, Salvador, San Marino, Serbia, Siam, Uruguay, or Venezuela.

The regulations, orders, limitations and exceptions prescribed will be administered by and under the authority of the Secretary of the Treasury, from whom licenses in conformity with said regulations, orders, limitations and exceptions will issue.

Except as hereby amended and supplemented, the above mentioned proclamation under date of August 27, 1917, shall continue in full force and effect.

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

Done in the District of Columbia, this 7th day of September in the year of our Lord One Thousand Nine Hundred and [SEAL] Seventeen and of the Independence of the United States of America the One Hundred and Forty-second.

WOODROW WILSON

By the President,

ROBERT LANSING,

Secretary of State.

*Public Statement Issued by the Exports Administrative Board,
September 13, 1917¹*

[Extract]

The Exports Administrative Board has issued a list of articles for which licenses are required for shipments destined to countries other than the enemy or his allies or the neutral countries of Europe.

The board has determined that every article of commerce is included in the list of articles mentioned in the first division of the President's proclamation of August 27,² and will therefore require licenses when shipped to Albania, Austria-Hungary, . . .

For the further information of shippers the Exports Administrative Board has authorized the publication of the following list comprising articles which have already been determined to be included under the general headings mentioned in the second division of the proclamation of August 27, dealing with shipments destined to all other countries not mentioned above. Additions may be made to

¹ *The Official Bulletin*, Washington, Sept. 13, 1917 (Vol. 1, No. 106), p. 3. See also statement of Oct. 3, *post*, p. 956.

² *Ante*, p. 933.

this list if it is determined that other articles are properly included in these general headings.

Export license is required at present for the following articles:
[List of approximately 800 items omitted.]

File No. 763.72112/4647

The Secretary of State to the British Ambassador (Spring Rice)

No. 1782

WASHINGTON, September 17, 1917.

EXCELLENCY: I have the honor to acknowledge the receipt of your two notes, dated, respectively, August 18 and September 6, 1917,¹ on the subject of the proposed notice to be issued to the neutral European press regarding the conditions under which banking houses in Allied countries would in future have dealings with banking houses in the respective neutral countries of Europe.

In reply I have the honor to say that it is deemed inexpedient at present for this Government to join in issuing the proposed notice, but that this Government will give the matter further consideration.

I have [etc.]

ROBERT LANSING

File No. 763.72112/4779

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

[Telegram]

WASHINGTON, September 18, 1917.

2664. Your 2459, September 5. Communicate with Foreign Office and state that in view of removal of firms in United States from black list Department is at loss to understand attitude of French authorities. Letters of Carl Grubnau giving further details going forward by mail.

LANSING

*Public Statement Issued by the Exports Administrative Board,
September 29, 1917²*

The Exports Administrative Board, in accordance with requests made by the United States Shipping Board and by the Navy Department, has instructed the Director of the Bureau of Export Licenses not to grant licenses for any proposed shipments by sailing vessels going through the war zone. It is, of course, obvious that steamers

¹ *Ante*, pp. 924 and 941, respectively.

² *The Official Bulletin*, Washington, Sept. 29, 1917 (Vol. 1, No. 120), p. 1. See also amended resolution of Oct. 4 and telegram to the Consul General at London, Dec. 21, *post*, pp. 957 and 1006, respectively.

can navigate the war zone with less danger than slow-sailing craft, and sailing ships, if used in safer waters, would to an extent release steam vessels now used in such waters.

The attention of shippers is, therefore, called to the fact that clearance will be refused sailing vessels destined to proceed through the war zone regardless of the fact that the goods themselves may have already been licensed. Licenses will be granted in the future for shipments to European countries only on condition that the goods are to be shipped by some vessel other than a sailing vessel. The board will revoke licenses covering goods to be shipped through the war zone if any shippers attempt to ship them by sailing vessel.

File No. 600.119/410

The Commercial Adviser of the British Embassy (Crawford) to the Counselor for the Department of State (Polk)

WASHINGTON, September 22, 1917.

[Received September 24.]

MY DEAR POLK: I enclose copy of a letter which Percy has written to Mr. McCormick. I think that if you agree with the course proposed this procedure will be the most practical, and we will send you on each occasion a copy of the lists thus submitted to the board.

Yours very sincerely,

R. CRAWFORD

[Enclosure]

The Secretary of the British Embassy (Percy) to the Chairman of the Exports Administrative Board (McCormick)

WASHINGTON, September 22, 1917.

DEAR MR. MCCORMICK: I have been considering how I can best put before the board the subjects on which we desire consultation without overburdening you with lengthy memoranda. I think perhaps the best way would be that I should follow the course I took on Wednesday and submit to you from time to time lists of subjects so that you or other members of the board or the board as a whole may be able to take up these matters with us verbally when you are ready or ask for further written information on any point when it comes up for consideration.

I enclose for convenience of reference a copy of the list of subjects which I handed you at the meeting on Wednesday. Of these (1) is now in full course of consideration; (2) has been discussed and nothing more can be done till we receive the views of the Foreign Office on the

new Danish policy which you have tentatively suggested to us, and (3) is disposed of; (4) and (5) still remain in a somewhat indefinite position.

I now enclose a second list in which I have tried to distinguish between those matters which are urgent from our point of view and those which, so far as we are concerned, can be considered more or less at leisure.

Yours very truly,

[No signature indicated]

[Subenclosure 1]

I. MATTERS FOR URGENT DISCUSSION WITH THE EXPORTS BOARD

1. The British Government are now ready to denounce all their agreements with the various Norwegian associations, except perhaps the tanners' agreement. The agreements in question are as follows:

Grocers, grain and flour importers and millers, grain and flour importers for feeding stuffs, automobile clubs, all the canners' unions, oil and colour merchants, chocolate manufacturers, paper makers and pulp makers, soap makers, cycle tyre importers, lubricating oil merchants, associations of margarine manufacturers, and the understanding with the Food Commission. Does the United States Government desire to see these agreements denounced, and if so, do they agree to the forms of denunciation proposed?

2. The agreement between the British Government and the Danish associations may make it difficult for the former to take action in stopping Danish imports from neutral countries. They propose to make a communication to the associations with a view to keep the agreement alive, but to state frankly that they can not continue to guarantee the free entry of goods covered by the agreement, so long as pending negotiations between the Danish and the United States Governments have not reached a satisfactory conclusion. Do the United States Government agree?

3. The British Government attaches the utmost importance to Switzerland receiving the full amount of 30,000 tons of oil cake for which they are asking.

4. The British Government are in communication with the Netherlands Oversea Trust with regard to the cessation of the "free imports" of coffee, tobacco and quinine from the Dutch colonies. They are also informed by the Dutch Government that the latter intend to transit 370,000 tons of gravel from Germany to Belgium before November 15th, as this is the quantity needed by the Germans up to next spring. The British Government attach importance to an understanding with the United States Government as to the latter's negotiations with the Dutch Government.

5. If, after fixing rations for neutral European countries, those countries are to be directed to fetch their supplies from Australia, the voyage will take four months, and unless neutrals are warned to this effect in advance, there may be a period during which the Wheat Commission may have to cede American supplies to the neutrals. As, however, any intimation to the neutrals that they would have to fetch their supplies from Australia rather than from the United States would drive them immediately to purchase large quantities of supplies in the Argentine, an early settlement of the Argentine question seems to be imperative.

September 19, 1917.

[Subenclosure 2]

II. MATTERS FOR DISCUSSION WITH THE EXPORTS BOARD

(1) *Coal*

(a) The board is fully informed as to the British coal licensing policy so far as control over consignee is concerned. The British authorities would be glad to coordinate British licensing policy so far as concerns the amounts to be licensed to various destinations. It is suggested that the two licensing authorities might exchange regularly weekly statistics of coal actually shipped to countries receiving both American and British coal, especially European countries and South America.

(b) The Argentine draws coal both from the United Kingdom and from the United States. Do the United States suggest any restrictions on the amounts to be licensed from the United Kingdom at the present moment?

(c) The British Government understands that the United States Government are refusing licenses for the export of coal to Spain. They cordially agree with this policy especially as they hope soon to arrive at an arrangement with the Spanish Government by which Spain will definitely agree in future to economize tonnage by obtaining her supplies of coal from the United Kingdom. Eventually, however, they hope to arrive at an agreement with the Altos Hornos Co. in Spain to undertake a long-term contract to carry Spanish iron ore to the United Kingdom. This company is understood to have sent certain Spanish steamers to the United States to load coal but to have been refused export licenses. In the eventuality of this contract being concluded, the British Government would be glad to know whether the United States Government could license shipments of coal to the company by the steamers now in the United States ports if that course became desirable in connection with this contract.

It would be convenient to have an answer to these questions at an early moment.

(2) *For the information of the board*

As before stated the British Government have arranged to suspend the issue of licenses for exports from the United Kingdom of goods embargoed by the United States Government to the Scandinavian countries and Holland with a few necessary exceptions of which a list has already been given.¹ Arrangements have now been made for similar action to be taken by the Government of India, the Governments of the Crown Colonies and Protectorates and the Governments of Australia, Canada, Newfoundland, New Zealand and South Africa. Special measures are understood to have been taken to prevent exports of rice for the present.

(3) *For the information of the board*

Some time ago the board were informed that the British Government had offered to buy the Danish cargoes of oil cake now in United States ports subject to the consent of the United States Government. It has now been found impossible to carry this oil cake to the United Kingdom except in Danish vessels and the Danes refuse to carry it. The Danish Chargé d'Affaires in London has therefore been told that a market may be found for the oil cake in the United States. The British Government would be glad to know in due course what happens in regard to these cargoes.

(4) *Holland*

Besides the questions of the "free" imports of coffee, tobacco and cinchona from the Dutch colonies, the intention of the Dutch Government to transit the whole German winter supply of sand and gravel for the trenches from Germany to Belgium before November 15 and the question of the transit of metals from Belgium to Germany, the question of smuggling from Holland to Germany is a most important one. The Embassy has in its possession a number of reports of smuggling by Dutch labourers crossing the frontier. The smuggling traffic goes on without check to an enormous extent. The British Government also desires to submit for consideration the question of the export from Holland to Germany of articles other than foodstuffs such for instance as the scrap metal exports.

The British Government would be glad to learn the views and intentions of the United States Government on these points as well as regards the export of fish, cattle and agricultural produce.

With regard, however, to the question of "free" imports, the British Government are now in communication with the Netherlands Oversea Trust with a view, if possible, to securing the complete stoppage

¹ List not printed; see memorandum of Aug. 25 from the British Embassy to the Department of State, *ante*, p. 928.

of all free imports and they therefore particularly desire to come to an understanding with the United States Government on this point as soon as possible.

(5) *For the information of the board*

Swedish transit: During July nearly 7,000 tons were forwarded to Finland. On August 1 there were 23,000 tons of transit goods in Sweden and Norway awaiting forwarding to Russia. Transit licenses are still required for over 17,000 tons. Traffic could be easily increased but for the difficulty in obtaining transit licenses.

(6) *For the information of the board*

Norwegian canning industry: The "black cannery" have decided to undercut the prices paid by the "white cannery" to the fishermen. This will mean that in the future still larger quantities of canned goods will go to enemy countries.

(7) *For the information of the board*

Denmark: Offers which the British Government had made to Denmark before the entry of the United States into the war for rations of certain articles have recently matured, and the British Government have been obliged to agree, so far as they are concerned, to these rations. The following is a list of rations thus recently fixed:

Spiegeleisen, 250 tons a quarter.

Canned fruit, fruit pulp and fruit preserves, 50 tons a quarter.

(8) In dealing with Scandinavian countries, the British Government have found great difficulty in regard to exports from those countries to Holland not consigned to the Netherlands Oversea Trust. These shipments are frequently declared in transit through Holland. A demand is now being made on the Norwegian Government that all exports from Norway to Holland shall be consigned to the Netherlands Oversea Trust. Swedish exports are, of course, still going free of all control. The British Government hope that the United States Government will bear this point in mind.

September 22, 1917.

File No. 600.119/409

*The Commercial Adviser of the British Embassy (Crawford) to the
Counselor for the Department of State (Polk)*

WASHINGTON, September 25, 1917.

MY DEAR MR. COUNSELLOR: I enclose a memorandum of certain new developments in our Danish shipping agreement,¹ and also a copy

¹ Not printed.

of "Matters for Discussion with the Exports Board, III."¹ May I take this opportunity of emphasizing the fact that we have suspended the issue of export licenses on all commodities to Scandinavia and Holland from the British Empire, except the half dozen specified, such as coal and salt to Norway, vegetable oils to Holland, and munitions raw materials, of which you already know. We are thus proceeding on the assumption that a complete embargo is in operation against all these countries.

We have not had to wait for the denunciation of our agreements to do this, as those agreements recognize the plea of shortage at home as a ground for the refusal of export licenses. In pursuance of this policy, we have just refused to facilitate the export from Australia to Norway of nine thousand tons of wheat, asked for by the Norwegian Food Commission.

Believe me [etc.]

R. CRAWFORD

File No. 657.119/74

The British Ambassador (Spring Rice) to the Secretary of State

WASHINGTON, September 28, 1917.

[Received September 29.]

NOTE

In presenting the three documents agreed between M. Métin and Lord R. Cecil the British Ambassador desires to make it clear that the general mention in the second document of certain *tempéraments* in the proposed embargo against Norway means merely, so far as His Majesty's Government are concerned, that, as already stated in previous communications, His Majesty's Government must in certain cases continue to facilitate the export to firms in Norway manufacturing munitions for the Allies, of materials absolutely necessary to the execution of Allied orders.

[Enclosure 1—Translation]

The British Embassy to the Department of State

MEMORANDUM

At the conference held in London on September 17, 1917, the British and French Governments, adhering to the principles formulated by the Government of the United States have decided:

1. To give their full support to the policy of embargo on shipments to neutral countries bordering on the Central Empires as practiced by the United States until the three Governments shall have in

¹ Not printed.

common accord determined the amount of imports strictly needed by those countries after they have entirely exhausted their natural resources. Although agreements previously entered into by the British and French Governments do not permit of a general embargo being applied in every case, the general principle which shall hereafter guide their action is that exceptions to the embargo shall not be granted except by way of barter, in exchange for products imperatively needed either for national defence or the revictualing of the Allies or of the territories invaded by the enemy.

Exceptions to the embargo without some return would only be admitted when involving a vital interest recognized by the Allies.

2. To proceed, in accordance with the principles adopted by the American Government, with the immediate determination of the quotas of imports which may be allowed to the countries adjoining Germany in return for the guarantees that they shall furnish to the Allies. Such a determination of restricted quotas is indeed indispensable in order that neutrals may not, for the purpose of securing the benefit of purchases made in other than the Allied countries, claim previous quotas that might not have been denounced.

To that end, the British and French Governments propose to the Government of the United States the immediate institution at London of an Inter-Allied Blockade Committee, composed of representatives of the United States and Allied Governments, working in conjunction with the Inter-Allied Commission of Supplies, and authorized to discuss all the general questions arising from the tightening of the blockade, as well as all the specific applications henceforth devised in common accord.

With a view to pooling the information at the command of the Allied Governments and ensuring its prompt utilization, it would be desirable to provide for the exchange of such information in each one of the three capitals through an Inter-Allied Bureau of Documentation instituted in conjunction with the organization in charge of the blockade.

WASHINGTON, September 28, 1917.

[Enclosure 2—Translation]

The British Embassy to the Department of State

ADDITIONAL MEMORANDUM

The French and English members of the conference held at London in this month of September, after an exchange of their views on the manner of applying the proposition by which their Governments adhere to the policy of the United States, have defined the following measures adopted by them in principle.

1. In the same way as contracts entered into with the trusts or importing firms of northern countries, the contracts entered into with Switzerland shall be adapted to the blockade policy agreed to

by the Allies and, the barter principle being substituted for that of gratuitously supplying the quotas, the French and British Governments will, jointly with that of the United States, demand of Switzerland, in return for the large exports furnished to that country by America, compensation the particulars of which will be determined by immediate communications between the British and French Governments.

2. Sweden will be placed under a general embargo in order to stop its exports, of iron ore in particular, to the Central Empires. The embargo will be especially strict with respect to lubricating and mineral oils, textile raw materials and manufactured products, tannic extracts, vegetable oils and oil seeds. With a view to an agreement, the Allies will consider the means of buying the Swedish output of iron ore or to offer a compensation for the stoppage or reduction of those products.

3. The embargo decreed by the United States will be applied to Norway with such mitigations as the supply of explosives and other products for military use demands, until the day when Allies shall jointly find that such a supply is no longer needed to carry on the war.

4. The embargo will be general and strict on all fodder intended for Denmark as well as on the seeds required for the growing of fodder in Denmark.

5. Regarding Holland, a separate note has been drawn up.

WASHINGTON, *September 28, 1917.*

[Enclosure 3—Translation]

The British Embassy to the Department of State

SECOND ADDITIONAL MEMORANDUM

NETHERLANDS

Subject to the approval of their respective Governments, the French and English members of the London conference have, in common accord, adopted the following measures intended to maintain the restrictions on the indirect revictualing of the enemy through adjoining neutral countries, while securing for the people of the invaded parts of France and Belgium all the supplies that have been promised:

1. It is agreed that supplies intended for the invaded territory in northern France and Belgium shall be regarded as being part and parcel of the revictualing of the Allied countries and it is further agreed that the United States will be requested to adhere to the above-stated principles.

2. The conference adopts the proposition to offer English coal in return for the placing at the disposal of the C[ommission for] R[elief in] B[elgium], until the close of the war, an equal tonnage in Dutch vessels, as being the best solution of the C. R. B. question.

3. If, within a period of time to be made known to the Dutch Government, the proposed barter of Dutch tonnage for English coal should not be accepted, all shipments to Holland will be stopped, the measure being understood to be preventive, in accordance with the policy pursued by the United States, pending further negotiations, and not a final general embargo.

4. Further negotiations may be set on foot on the basis of granting to Holland a quota of grain to be determined by the Allies, and of oil seeds which shall, if required, be used as raw material in the manufacture of margarine. These quotas will be allowed only in return for the discontinuance of shipments of agricultural products to the Central Empires.

5. Should these further negotiations prove fruitless, the Allies would make the raising of a general and lasting embargo, which would then be enforced, conditional not only on the discontinuance or reduction of Dutch shipments to the Central Empires, but also on the cooperation of Dutch shipping in revictualing the invaded territories as well as in regularly supplying the Allies with the products they have heretofore drawn from the industry of Holland and for which they will supply the needed raw material according to percentages determined in common accord, regardless of such quotas as may have been heretofore established.

WASHINGTON, *September 28, 1917.*

File No. 600.119/401

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

[Telegram]

WASHINGTON, *September 29, 1917, 7 p. m.*

5511. Your telegram September 17.¹ Except for certain quantity of food grains which were allowed to go to Sweden and Norway as result of agreements made with Governments those countries, whereby a double quantity of food grains were released for Belgian Relief, and some few other special isolated cases of shipments to Norway, nothing is going to Scandinavian countries.

POLK

¹ Not printed.

File No. 654.119/29a

*The Secretary of State to the Ambassador in Great Britain (Page)*¹

[Circular telegram]

WASHINGTON, October 2, 1917, 5 p. m.

For your information. *Journal de Genève*, September 29, publishes following telegram from Berne:

In regard to economic relations Switzerland and Allies, latter seem to be dominated more and more by pressure United States bringing to bear. American Confederation starts on principle of universal lack of foodstuffs and from fact that Allies as belligerents ought to share in foodstuffs before neutrals, who would thus be obliged to limit consumption. One sees even idea gaining ground in United States that issue food supplies to neutrals is favor which only ought to be accorded against compensation. People in United States have very simple ideas concerning this problem, even a bit elementary, and whose strict application would carry long way. Neutral states of north are in danger of feeling consequences. As far as concerns Switzerland more than once she found advocates in Governments of London and Paris who have intervened with American diplomacy to obtain certain moderation in restrictive measures against neutrals. The difficulties which we have with the Quadruple Alliance seem to be second rate after those provoked by rigid ideas proclaimed by American Confederation.

It would be well to bear in mind the danger of allowing the United States to assume the full onus for restrictions on neutrals especially when the impression is created that this is done against the wishes of other belligerents.

LANSING

*Public Statement Issued by the Exports Administrative Board,
October 3, 1917*²

[Extract]

The Exports Administrative Board has determined that under the President's proclamation of August 27, 1917,³ the following articles do not require an export license at present except when shipped to Albania, Austria-Hungary, that portion of Belgium occupied by the military forces of Germany, Bulgaria, Denmark, her colonies, posses-

¹ The same, on the same date, to the Ambassadors in France, Italy, and Russia and the Ministers in Denmark, the Netherlands, Norway, and Sweden.

² *The Official Bulletin*, Washington, Oct. 3, 1917 (Vol. 1, No. 123), p. 2. See also statement of Sept. 13, *ante*, p. 945.

³ *Ante*, p. 933.

sions, or protectorates; Germany, her colonies, possessions, or protectorates; Greece, Liechtenstein, Luxembourg, the Kingdom of the Netherlands, Norway, Spain, her colonies, possessions, or protectorates; Sweden, Switzerland, or Turkey (excluding any portion of the foregoing occupied by the military forces of the United States or the nations associated with the United States in the war), or any territory occupied by the military forces of Germany or her allies.

The board has further determined that if any of these articles are subsequently classified as requiring a license, nevertheless, they will in general be allowed to proceed without license when covered by ocean bill of lading or by railroad bill of lading marked "for export," dated on or before the date classified. There may, of course, be some special instances where for certain reasons the embargo will have to be effective immediately, regardless of when the goods were shipped, but these cases will be rare, and special attention will be called to them at the time publicity is given to the fact that they have been classified as requiring a license. All future classification lists will give the date of classification and will be given publicity, so as to minimize any question in the minds of shippers or carriers as to what articles do and what articles do not require a license.

Following is the list of those articles which do not require license:

[List of approximately 600 items omitted.]

File No. 652.119/424

*Resolution of the Exports Administrative Board, September 19, 1917,
As Amended October 4, 1917, Concerning Licenses to Sailing Vessels*¹

The director is authorized to take such steps and make such arrangements with the collectors of the ports as may be necessary and proper to bring it about that in any case where a license has been granted and it appears that the commodity so licensed will be transported upon a sailing vessel which proposes to traverse the submarine danger zone, then and in every such case, the validity of such license shall be suspended, and clearance for such vessel withheld until the case shall have been brought to the attention of Mr. Munson who shall thereupon give directions to revoke such license, or such other directions as he shall deem advisable.

¹ See also public statement of Sept. 29, *ante*, p. 946, and telegram to the Consul General at London, Dec. 21, *post*, p. 1006.

*Public Statement Issued by the Exports Administrative Board,
October 5, 1917*¹

The Exports Administrative Board, in formulating its policy with regard to granting bunkers to neutral vessels, are actuated solely by the desire to prevent commodities from going to border neutrals for export to Germany. At the present time the Exports Administrative Board will not permit commodities that may benefit the enemy, directly or indirectly, to be exported from this country to the border neutrals because the board has not yet been able to elicit the information which will enable it to determine whether such commodities will so benefit the enemy; and in accordance with this policy the board feels that consistency demands that it should not grant bunker licenses for a vessel which is bound for a border neutral and carries a cargo which may benefit the enemy, notwithstanding such cargo has originated in another country.

In other words, although the board has no means and does not purpose to prevent trade between other neutrals and the border neutrals, it is, nevertheless, in a position to state that if vessels wish to use the coal of the United States they should not be permitted to apply our coal to the prosecution of a voyage which will result in supplying or assisting to supply the enemy with foodstuffs or feedstuffs or any other commodities.

Numerous cases have been presented to the board where vessels have touched at a United States port *en route* to a border neutral and carrying cargo which did not originate in the United States, but which is destined for a border neutral and will undoubtedly accrue to the benefit of the enemy. This causes a serious embarrassment, and to avoid such embarrassment the board has adopted a policy calculated to prevent such cases arising in the future. This policy consists in stipulating that a vessel *en route* to non-European neutrals which touches at a United States port for bunker coal shall not be permitted to have bunker coal for the voyage unless she will agree to return to the United States with a cargo which would be approved by the board or which is destined for a country other than a border neutral.

The board is anxious to assist neutral vessels in continuing their service to South American and other non-European ports; but pending the receipt of the complete information which has been solicited from the border neutrals with respect to their resources and requirements the board feels that it can properly pursue no other policy than the one outlined above.

The Official Bulletin, Washington, Oct. 5, 1917 (Vol. 1, No. 125), p. 1.

File No. 763.72112/5000

The British Ambassador (Spring Rice) to the Secretary of State

No. 359

WASHINGTON, October 5, 1917.

[Received October 6.]

SIR: I have the honour to recall to your attention my notes of August 18 and September 6, 1917,¹ to which you replied temporarily by your note No. 1782, dated September 17, 1917.²

I attach, for your convenience, two further copies of the proposed notice, and beg to call your particular attention to an alteration which has been made in it, by the insertion of two new clauses, numbered 3 and 4, and the renumbering of those which were originally designated by those two numbers and are now numbered 5 and 6.³

For your information, I may say, that an identical proposal was simultaneously submitted to the French, Italian and Russian Governments and that up to the present time it has been accepted in its entirety by the Russian Government and that the French Government has accepted it except Nos. 1 and 2. No reply has yet been received from the Italian Government.

His Majesty's Government has information which makes them confident that the application of the proposed restrictions would be both practicable and of the highest value; they believe that these restrictions on financial transactions will re-inforce the blockade by their effect in making it difficult for the enemy to obtain new credits or utilise existing resources in neutral countries and will have the immediate result of a further serious depreciation of the exchange value of the mark.

Any further depreciation of the mark (which already stands at a discount of approximately 50 per cent in each of the neutral countries) could not fail to have pronounced effect upon mercantile opinion in Germany where it is recognised how serious is the present exchange position, and how disastrous any further depreciation must be and how long and difficult the recovery after the war.

May I suggest that the adoption of the present proposal by the Government of the United States will be directly useful to the United States as tending to simplify the administration of the Trading with the Enemy Act, inasmuch as it will inhibit at their source, financial transactions of neutrals with the United States on behalf of the enemy.

His Majesty's Government therefore regard the present proposal as of the greatest importance and urgency, both as a preventive of enemy financial transactions and as strongly tending towards the financial

¹ *Ante*, pp. 924 and 941, respectively.

² *Ante*, p. 946.

³ Not printed; the seven clauses correspond to those in the subenclosure to despatch from the Ambassador in Great Britain, No. 6451, June 22, *ante*, p. 898.

exhaustion of the enemy and they earnestly hope that the Government of the United States will express their adherence to the proposal at the earliest possible moment in order that the announcement in the neutral European press may be made without delay.

I have [etc.]

(For the Ambassador)

COLVILLE BARCLAY

File No. 600.119/415a

*The Secretary of State to the Ambassador in Spain (Willard)*¹

[Circular telegram]

WASHINGTON, October 6, 1917, 6 p. m.

The attention of the Department has been called to a statement appearing in the press in regard to the intentions of this Government in connection with the so-called world-wide embargo against neutrals. There is no basis whatever for any statement which implies that any final decision has been reached by the Exports Administrative Board. The matter is still under discussion with the neutrals and with the foreign governments associated with us in the war.

Press despatches further state that it is understood that the United States has urged upon Great Britain, for some time, the necessity for taking stringent measures controlling exports similar to those adopted by this Government and that Great Britain has consented to abrogate all of its trade agreements with the northern neutrals in line with suggestions of this Government.

It must be understood that though the embargo question is being considered jointly, any action taken by Great Britain or France will be based entirely on their own judgment after consultation and not at the dictation of this Government. Department does not wish the peoples and the governments of neutral countries to gain the impression that this Government is dictating to England and France an embargo policy hostile to neutral countries. As a matter of fact, England has been urging us to adopt even a stricter control than we have been willing to sanction. This Government is quite prepared to assume full responsibility for such restrictive measures as it may be called upon to enforce. These will in every case be dictated by necessity with all possible regard for justice and for the feelings of neutrals.

The Department is informed that Great Britain has terminated certain agreements with neutral countries covering exports from Great Britain to those countries. It is stated that this action was taken for the purpose of clearing the way for new arrangements made necessary by changed conditions since the entry of the United States into the war.

¹ The same, on the same date, to the Ministers in Denmark, the Netherlands, Norway, Sweden, and Switzerland, and the Ambassador in Great Britain.

The Exports Board states that one reason why a final policy has not as yet been decided upon by this Government is the failure of the board to obtain information from the Governments of certain northern neutrals repeatedly requested as to the resources and requirements of the northern neutrals and other information necessary for intelligent action.

The efforts of this Government are aimed (1) at preventing aid going to the enemy as a result of the release of shipments by this Government to neutrals, and (2) at securing the cooperation of such neutrals in the furnishing of their products needed by this country or those associated with us in the war. There is absolutely no ground for conjecture to the effect that this Government is influenced by a desire to hamper neutrals in their normal life or inflict upon them any hardships not necessarily resulting from the execution of the aims outlined above. On the contrary our ancient bonds of friendship, our selfish interest and our inclinations prompt us to render them as much aid as possible in the present difficult conditions.

It should be borne in mind that an essential factor in determining this country's policy towards European neutrals is the satisfactory settlement and utilization of neutral tonnage now situated in our ports. The withdrawal from active service of these ships complicates the entire question and imposes upon this Government the need of stricter measures to meet the situation.

Your reports relating to the questions of embargo are very helpful and should be continued and made as complete as possible.

The Department will keep you informed on questions connected with the embargo policy. Negotiations are continuing daily and most of these are oral and tentative and you will not be advised of them unless the Department considers them definite enough to be of assistance to you.

LANSING

File No. 658.119/56

The Ambassador in Russia (Francis) to the Secretary of State

[Telegram]

PETROGRAD, October 4, 1917, 8 p. m.

[Received October 7, 10.40 a. m.]

1835. Have received note from Russian Government stating that according to information received from Stockholm and Christiania, our Government intends to formally request Scandinavian countries to cease all commercial intercourse with the Central Empires, threatening as official [*reprisal?*] a complete cessation of commerce with the Entente countries. Russian Government, while recognizing considerations which induce such a step, points out that it would be

a very grave matter for Russia if commercial intercourse with Sweden were cut off and requests that before any formal action be taken an Allied conference be held to consider the matter.

Similar note sent to British Embassy which has telegraphed London suggesting no decisive action be taken until head of commercial department of Russian Foreign Office, who is *en route*, reaches London.

If plan is as reported to Russian Government I suggest that Russian proposal be agreed to as consequences would be disastrous for Russia under present conditions if Sweden took sides against us.

FRANCIS

War Trade Board Files

Authorization of the Exports Administrative Board, October 9, 1917

After a discussion, the board authorized the director [of the Bureau of Export Licenses] to instruct the collectors of customs that, under the law, no vessel should be permitted to clear from a United States port without a license for her cargo, bunker fuel, sea stores and ship's stores (but only to the extent that the same are subject to license under the first division or second division, as the case may be, of the proclamation of August 27, 1917), notwithstanding that such cargo, bunker fuel, sea stores or ship's stores were not taken on board at a United States port—the fact that they have been brought into a United States harbor being sufficient to subject them to the operation of the statute.

File No. 600.119/413a

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

[Telegram]

WASHINGTON, October 9, 1917, 9 p. m.

5575. The question of treatment of northern neutrals is still being considered. No decision has been reached. The Russian Government have intimated through their Ministers in Norway and Sweden that they fear the effect of a strict embargo on Sweden as it might bring about retaliatory measures against Russia. It is being urged here that the fish export in Norway and iron-ore export from Sweden to Germany be entirely cut off. Department feels careful consideration should be given as to possible result of such drastic action. British Government seems to desire complete embargo but hesitates to definitely recommend such a course.

LANSING

File No. 763.72112/5054

The Consul at Barranquilla (Guyant) to the Secretary of State

[Telegram]

BARRANQUILLA, October 10, 1917, 4 p. m.

[Received October 11, 3.45 p. m.]

Shall we continue to certify invoices from German and pro-German firms?

GUYANT

Establishment of the War Trade Board, October 12—Press Statement Regarding Exports to Neutrals—Discussions Conducted through American Delegates to the Inter-Allied Conference—Proclamations of November 28, Further Restricting Exports and Requiring Licenses for Certain Imports

Executive Order No. 2729-A, October 12, 1917, Vesting Power and Authority in Designated Officers and Making Rules and Regulations under Trading with the Enemy Act and Title VII of the Act Approved June 15, 1917

By virtue of the authority vested in me by "An Act to Define, Regulate and Punish Trading with the Enemy and for Other Purposes," approved October 6, 1917, and by Title VII of the Act approved June 15, 1917, entitled "An Act to Punish Acts of Interference with the Foreign Relations, the Neutrality and the Foreign Commerce of the United States, to Punish Espionage and Better to Enforce the Criminal Laws of the United States and for Other Purposes," (hereinafter designated as the Espionage Act), I hereby make the following orders and rules and regulations:

WAR TRADE BOARD

I. I hereby establish a War Trade Board to be composed of representatives, respectively, of the Secretary of State, of the Secretary of the Treasury, of the Secretary of Agriculture, of the Secretary of Commerce, of the Food Administrator, and of the United States Shipping Board.

II. I hereby vest in said Board the power and authority to issue licenses under such terms and conditions as are not inconsistent with law, or to withhold or refuse licenses, for the exportation of all articles, except coin, bullion or currency, the exportation or taking of which out of the United States may be restricted by proclamations heretofore or hereafter issued by me under said Title VII of the Espionage Act.

III. I further hereby vest in said War Trade Board the power and authority to issue, upon such terms and conditions as are not inconsistent with law, or to withhold or refuse, licenses for the

importation of all articles the importation of which may be restricted by any proclamation hereafter issued by me under Section 11 of the Trading with the Enemy Act.

IV. I further hereby vest in said War Trade Board the power and authority not vested in other officers by subsequent provisions of this order, to issue, under such terms and conditions as are not inconsistent with law, or to withhold or refuse, licenses to trade either directly or indirectly with, to, or from, or for, or on account of, or on behalf of, or for the benefit of, any other person, with knowledge or reasonable cause to believe that such other person is an enemy or ally of enemy, or is conducting or taking part in such trade directly or indirectly for, or on account of, or on behalf of, or for the benefit of, an enemy or ally of enemy.

V. I further hereby vest in said War Trade Board the power and authority, under such terms and conditions as are not inconsistent with law, to issue to every enemy or ally of enemy, other than enemy or ally of enemy insurance or reinsurance companies, doing business within the United States through an agency or branch office, or otherwise, applying therefor within thirty days of October 6, 1917, licenses temporary or otherwise to continue to do business, or said Board may withhold or refuse the same.

VI. And I further hereby vest in said War Trade Board the executive administration of the provisions of Section 4(b) of the Trading with the Enemy Act relative to granting licenses to enemies and enemy allies to assume or use other names than those by which they were known at the beginning of the war. And I hereby authorize said Board to issue licenses not inconsistent with the provisions of law or to withhold or refuse licenses to any enemy, or ally of enemy, or partnership of which an enemy or ally of enemy is a member or was a member at the beginning of the war, to assume or use any name other than that by which such enemy or ally of enemy or partnership was ordinarily known at the beginning of the war.

VII. I hereby revoke the executive order of August 21, 1917,¹ creating the Exports Administrative Board. All proclamations, rules, regulations and instructions made or given by me under Title VII of the Espionage Act and now being administered by the Exports Administrative Board are hereby continued, confirmed and made applicable to the War Trade Board, and all employees of the Exports Administrative Board are hereby transferred to and constituted employees of the War Trade Board in the same capacities, and said War Trade Board is hereby authorized to exercise without interruption, the powers heretofore exercised by said Exports Administrative Board.

¹ *Ante*, p. 926.

VIII. The said War Trade Board is hereby authorized and empowered to take all such measures as may be necessary or expedient to administer the powers hereby conferred. And I hereby vest in the War Trade Board the power conferred upon the President by Section 5(a) to make such rules and regulations, not inconsistent with law, as may be necessary and proper for the exercise of the powers conferred upon said Board.

WAR TRADE COUNCIL

IX. I hereby establish a War Trade Council to be composed of the Secretary of State, Secretary of the Treasury, Secretary of Agriculture, Secretary of Commerce, the Food Administrator and the Chairman of the Shipping Board, and I hereby authorize and direct the said War Trade Council thus constituted to act in an advisory capacity in such matters under said Acts as may be referred to them by the President or the War Trade Board.

SECRETARY OF THE TREASURY

X. I hereby vest in the Secretary of the Treasury the executive administration of any investigation, regulation or prohibition of any transaction in foreign exchange, export or earmarking of gold or silver coin, or bullion or currency, transfers of credit in any form (other than credits relating solely to transactions to be executed wholly within the United States) and transfers of evidences of indebtedness or of the ownership of property between the United States and any foreign country, or between residents of one or more foreign countries, by any person within the United States; and I hereby vest in the Secretary of the Treasury the authority and power to require any person engaged in any such transaction to furnish under oath complete information relative thereto, including the production of any books of account, contracts, letters or other papers in connection therewith in the custody or control of such person, either before or after such transaction is completed.

XI. I further hereby vest in the Secretary of the Treasury the executive administration of the provisions of subsection (c) of Section 3 of the Trading with the Enemy Act relative to sending, or taking out of, or bringing into, or attempting to send, take out of, or bring into, the United States, any letter, writing or tangible form of communication, except in the regular course of the mail; and of the sending, taking, or transmitting, or attempting to send, take, or transmit, out of the United States, any letter, or other writing, book, map, plan or other paper, picture, or any telegram, cablegram, or wireless message, or other form of communication intended for or to be delivered, directly or indirectly, to an enemy or ally of enemy. And said Secretary of the Treasury is hereby authorized and empowered

to issue licenses to send, take or transmit out of the United States anything otherwise forbidden by said subsection (c) and give such consent or grant such exemption in respect thereto, as is not inconsistent with law, or to withhold or refuse the same.

XII. I further authorize the Secretary of the Treasury to grant a license under such terms and conditions as are not inconsistent with law or to withhold or refuse the same to any "enemy" or "ally of enemy" insurance or reinsurance company doing business within the United States through an agency or branch office or otherwise, which shall make application within thirty days of October 6, 1917.

XIII. I hereby authorize and direct the Secretary of the Treasury, for the purpose of such executive administration, to take such measures, adopt such administrative procedure, and use such agency or agencies as he may from time to time deem necessary and proper for that purpose. The proclamation of the President, dated September 7, 1917,¹ made under authority vested in him by Title VII of said Act of Congress, approved June 15, 1917, shall remain in full force and effect. The executive order, dated September 7, 1917,² made under the authority of said title shall remain in full force and effect until new regulations shall have been established by the President, or by the Secretary of the Treasury, with the approval of the President. and thereupon shall be superseded.

CENSORSHIP BOARD

XIV. I hereby establish a Censorship Board to be composed of representatives, respectively, of the Secretary of War, the Secretary of the Navy, the Postmaster General, the War Trade Board, and the Chairman of the Committee on Public Information.

XV. And I hereby vest in said Censorship Board the executive administration of the rules, regulations and proclamations from time to time established by the President under subsection (d) of Section 3, of the Trading with the Enemy Act, for the censorship of communications by mail, cable, radio or other means of transmission passing between the United States and any foreign country from time to time specified by the President, or carried by any vessel, or other means of transportation touching at any port, place or territory of the United States and bound to or from any foreign country.

XVI. The said Censorship Board is hereby authorized to take all such measures as may be necessary or expedient to administer the powers hereby conferred.

¹ *Ante*, p. 943.

² Not printed.

FEDERAL TRADE COMMISSION

XVII. I further hereby vest in the Federal Trade Commission the power and authority to issue licenses under such terms and conditions as are not inconsistent with law or to withhold or refuse the same, to any citizen of the United States or any corporation organized within the United States to file and prosecute applications in the country of an enemy or ally of enemy for letters patent or for registration of trade-mark, print, label, or copyright, and to pay the fees required by law and the customary agents' fees, the maximum amount of which in each case shall be subject to the control of such Commission; or to pay to any enemy or ally of enemy any tax, annuity or fee which may be required by the laws of such enemy or ally of enemy nation in relation to patents, trade-marks, prints, labels and copyrights.

XVIII. I hereby vest in the Federal Trade Commission the power and authority to issue, pursuant to the provisions of Section 10(c) of the Trading with the Enemy Act, upon such terms and conditions as are not inconsistent with law, or to withhold or refuse, a license to any citizen of the United States, or any corporation organized within the United States, to manufacture or cause to be manufactured a machine, manufacture, composition of matter, or design, or to carry on or cause to be carried on a process under any patent, or to use any trade-mark, print, label, or copyrighted matter owned or controlled by an enemy or ally of enemy, at any time during the present war; and also to fix the prices of articles and products manufactured under such licenses necessary to the health of the military and the naval forces of the United States, or the successful prosecution of the war; and to prescribe the fee which may be charged for such license, not exceeding \$100.00 and not exceeding 1 per centum of the fund deposited by the licensee with the Alien Property Custodian as provided by law.

XIX. I hereby further vest in the said Federal Trade Commission the executive administration of the provisions of Section 10(d) of the Trading with the Enemy Act, the power and authority to prescribe the form of, and time and manner of filing statements of the extent of the use and enjoyment of the license and of the prices received and the times at which the licensee shall make payments to the Alien Property Custodian, and the amounts of said payments, in accordance with the Trading with the Enemy Act.

XX. I further hereby vest in the Federal Trade Commission the power and authority, whenever in its opinion the publication of an invention or the granting of a patent may be detrimental to the public safety or defense, or may assist the enemy, or endanger the successful prosecution of the war, to order that the invention be kept

secret and the grant of letters patent withheld until the end of the war.

XXI. The said Federal Trade Commission is hereby authorized to take all such measures as may be necessary or expedient to administer the powers hereby conferred.

THE POSTMASTER GENERAL

XXII. I hereby vest in the Postmaster General the executive administration of all the provisions (except the penal provisions) of Section 19, of the Trading with the Enemy Act, relating to the printing, publishing or circulation in any foreign language of any news item, editorial, or other printed matter respecting the Government of the United States or of any nation engaged in the present war, its policies, international relations, the state or conduct of the war or any matter relating thereto, and the filing with the Postmaster at the place of publication, in the form of an affidavit of a true and complete translation of the entire article containing such matter proposed to be published in such print, newspaper or publication, and the issuance of permits for the printing, publication and distribution thereof free from said restriction. And the Postmaster General is authorized and empowered to issue such permits upon such terms and conditions as are not inconsistent with law and to refuse, withhold or revoke the same.

XXIII. The sum of \$35,000.00 or so much thereof as may be necessary is hereby allotted out of the funds appropriated by the Trading with the Enemy Act, to be expended by the Postmaster General in the administration of said Section 19 thereof.

XXIV. The Postmaster General is hereby authorized to take all such measures as may be necessary or expedient to administer the powers hereby conferred.

SECRETARY OF STATE

XXV. I hereby vest in the Secretary of State the executive administration of the provisions of subsection (b) of Section 3 of the Trading with the Enemy Act relative to any person transporting or attempting to transport any subject or citizen of an enemy or ally of enemy nation, and relative to transporting or attempting to transport by any owner, master or other person in charge of a vessel of American registry, from any place to any other place, such subject or citizen of an enemy or enemy ally.

XXVI. And I hereby authorize and empower the Secretary of State to issue licenses for such transportation of enemies and enemy allies or to withhold or refuse the same.

XXVII. And said Secretary of State is hereby authorized and empowered to take all such measures as may be necessary or expedient.

dient to administer the powers hereby conferred and to grant, refuse, withhold or revoke licenses thereunder.

SECRETARY OF COMMERCE

XXVIII. I hereby vest in the Secretary of Commerce the power to review the refusal of any Collector of Customs under the provisions of Sections 13 and 14 of the Trading with the Enemy Act, to clear any vessel, domestic or foreign, for which clearance is required by law.

ALIEN PROPERTY CUSTODIAN

XXIX. I hereby vest in an Alien Property Custodian, to be hereafter appointed, the executive administration of all the provisions of Section 7(a), Section 7(c), and Section 7(d) of the Trading with the Enemy Act, including all power and authority to require lists and reports, and to extend the time for filing the same, conferred upon the President by the provisions of said Section 7(a), and including the power and authority conferred upon the President by the provisions of said Section 7(c), to require the conveyance, transfer, assignment, delivery or payment to himself, at such time and in such manner as he shall prescribe, of any money or other properties owing to or belonging to or held for, by or on account of, or on behalf of, or for the benefit of any enemy or ally of an enemy, not holding a license granted under the provisions of the Trading with the Enemy Act, which, after investigation, said Alien Property Custodian shall determine is so owing, or so belongs, or is so held.

XXX. Any person who desires to make conveyance, transfer, payment, assignment or delivery, under the provisions of Section 7(d) of the Trading with the Enemy Act, to the Alien Property Custodian of any money or other property owing to or held for, by or on account of, or on behalf of, or for the benefit of an enemy or ally of enemy, not holding a license granted as provided in the Trading with the Enemy Act, or to whom any obligation or form of liability to such enemy or ally of enemy is presented for payment, shall file application with the Alien Property Custodian for consent and permit to so convey, transfer, assign, deliver or pay such money or other property to him and said Alien Property Custodian is hereby authorized to exercise the power and authority conferred upon the President by the provisions of said Section 7(d) to consent and to issue permit upon such terms and conditions as are not inconsistent with law, or to withhold or refuse the same.

XXXI. I further vest in the Alien Property Custodian the executive administration of all the provisions of Section 8(a), Section 8(b), and Section 9 of the Trading with the Enemy Act, so far as said Sections relate to the powers and duties of said Alien Property Custodian.

XXXII. I vest in the Attorney General all power and authority conferred upon the President by the provisions of Section 9 of the Trading with the Enemy Act.

XXXIII. The Alien Property Custodian to be hereafter appointed is hereby authorized to take all such measures as may be necessary or expedient, and not inconsistent with law, to administer the powers hereby conferred; and he shall further have the power and authority to make such rules and regulations not inconsistent with law as may be necessary and proper to carry out the provisions of said Section 7(a), Section 7(c), Section 7(d), Section 8(a), and Section 8(b), conferred upon the President by the provisions thereof and by the provisions of Section 5(a), said rules and regulations to be duly approved by the Attorney General.

XXXIV. The Alien Property Custodian to be hereafter appointed shall "under the supervision and direction of the President, and under such rules and regulations as the President shall prescribe," have administration of all moneys (including checks and drafts payable on demand) and of all property, other than money which shall come into his possession in pursuance of the provisions of the Trading with the Enemy Act, in accordance with the provisions of Section 6, Section 10, and Section 12 thereof.

WOODROW WILSON

THE WHITE HOUSE,
12 October, 1917.

File No. 600.119/411½

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

[Telegram]

LONDON, October 13, 1917, 5 p. m.

[Received October 14, 11.40 a. m.]

7416. Gunther¹ has been shown a series of telegrams sent since October 1 by the Foreign Office to Sir C. Spring Rice outlining imperative demands which the Foreign Office suggests should be made of neutrals. These instructions to Spring Rice seem to answer the last sentence in your confidential telegram to me, 5575 of October 9, 9 p. m.,² to the effect that the British Government seem to desire a complete embargo but hesitate "to definitely recommend" such a course. On the contrary the prolongation of the present British embargo is not in the least desired. It was adopted as a temporary measure pending acceptance by the border neutrals of the Allied demands and concessions. It has already cost Great Britain a matter of £50,000,000 not to speak of the adverse effect on exchange.

¹ Franklin M. Gunther, Secretary of Embassy at London.

² *Ante*, p. 962.

The British Government are confident that complete demands can now be made without risk of driving any border neutral into the war on the side of Germany. The British have examined into this supposed danger, which did exist earlier in the war, by military, political and economic experts, and they have satisfied themselves that the danger now no longer exists. An Allied victory is now so certain that none of these states if it wished would dare join the enemy. Some of the reasons for this conclusion were set forth in Cecil's memorandum transmitted with my despatch No. 6758 of August 13 last.¹

Some of the Scandinavian states are intimating that they might be driven into the enemy's camp. But they have long used this threat against the British and it is natural that they should still use it. They have little else to use. Pending negotiations they continue their profitable exports to Germany which are of great use to the Germans and individual go-betweens take energetic advantage of the interval of indecision.

On the other hand these neutrals are becoming weary of our detention of their ships and there are indications that they would really welcome definite demands by us and that they expect them to be severe. The British believe that the neutral representatives will continue to bluff as long as they think they can thereby gain their ends but that when a clear policy is put into effect they will become tractable.

The Russian objection is not regarded here as of the greatest importance. Doubtless it could be met through diplomatic agreement. It is believed that too much deference can easily be shown to Russia in such case to the jeopardy of the general cause. Even if retaliatory measures are adopted by Sweden, which is believed unlikely, the disadvantage would be of short duration if we act promptly.

In the matter of Swedish transit the Swedes have played both fast and loose. Spring Rice can explain the subterfuge of giving through bills lading to Germany but not to Russia on the grounds of the break in transit at Haparanda.

PAGE

File No. 111.70H33/a

The Secretary of State to Mr. Robert Otis Hayward, New York

WASHINGTON, October 16, 1917.

SIR: In relation to the arrangements entered into between the United States and the Governments of the neutral countries adjacent to Germany, it has become necessary to employ special representatives

¹ Not printed.

of the Department of State who can, without being restricted in their movements by other duties, make inquiries and check up the use being made of commodities imported from the United States and ascertain whether the arrangements entered into are being strictly carried out. To this end you are instructed to proceed with all reasonable dispatch to The Hague and to report to the American Minister at that Capital for duty as a "Special Assistant of the Department of State."¹

It will be your duty to make a careful study of the needs of the Netherlands in respect to imports, the purpose for which those imports are utilized, to what extent if at all those imports are exported to Germany and in what manner; the extent to which in your opinion, based upon such data as you may be able to gather, the imports of various products might safely be reduced; and any other information bearing upon these points which in your judgment might be useful to the War Trade Board or this Department in dealing with the subject of exports to or imports from the Netherlands.

In this work it will be the duty of the Minister and the consular officers in the Netherlands to aid you in every feasible way by supplying information which they may already have collected and by making special investigations in their districts of subjects which you may have been instructed to investigate. You will in turn cooperate with them, keeping them informed of the work upon which you are engaged and giving them copies of such data coming into your possession as may prove useful to them in any studies or investigations of political or commercial conditions which they may be called upon to make. It is the Department's desire that the diplomatic and consular officers and the special assistants shall work together in complete harmony, each assisting the other in his special field to the extent of his capacity and receiving in turn like assistance. It is also the Department's desire that you should bear in mind that, inasmuch as your services will probably terminate at the end of the war, it should be your endeavor so to arrange your work and archives as to enable you to leave behind in the Consulate General as much of the experience and information acquired as may be feasible, in view of the fact that the responsibility for investigating commercial con-

¹According to the *Report of the War Trade Board* (Washington, Government Printing Office, 1920), p. 282, "When the Bureau [of Foreign Agents] was created (Nov. 2, 1917), there were five foreign representatives of the War Trade Board, located in Holland, Denmark, Sweden, and Spain, there being two representatives in Spain. The number of foreign agents was increased during the year 1918 until at the time the armistice was signed the board had representatives in Argentina, Bolivia, Brazil, the Canary Islands, Chile, China, Cuba, Ecuador, England, France, Greece, Guatemala, Italy, Japan, Java, Mexico, Norway, Peru, Portugal, Russia, and Switzerland, in addition to the four countries first enumerated."

ditions and dealing with commercial problems will in the main fall upon the Consul General and other consular officers after the war is over. While the Department does not undertake to indicate the precise manner in which this shall be done, it is convinced that a frank exchange of views between you and the Consul General and the Minister will result in the formulation of a practicable plan.

You will consider such information as you may gather from all sources in the light of such data as you may obtain, through the agency of the Legation, from the missions of the Entente Allies at The Hague and prepare from time to time concise but comprehensive reports upon the general conditions of the country in so far as they relate to the subjects with which the War Trade Board is called upon to deal, your aim being to enable that board to gain in the easiest possible way an intelligent and accurate understanding of the facts which should form the basis of its action.

The original communications from consular officers and other data, upon which your reports are based, should not be forwarded to the Department but should be embodied in your reports, except where it becomes necessary for you to quote or supplement your reports with extracts from such communications of consular officers. It is expected that consular officers will not send to the Department direct copies of the communications which they send to you containing information for your use but you will, on the other hand, before forwarding your reports to the Department invariably submit them to the Consul General at Rotterdam for examination and written concurrence. If, for any reason, he should not concur in your conclusions, he will attach his comments in a separate memorandum.

Pending the arrival of a stenographer you are authorized to employ one at a rate of not in excess of \$1,500 a year.

I am [etc.]

For the Secretary of State:

FRANK L. POLK

Counselor

File No. 763.72112/5054

The Secretary of State to the Consul at Barranquilla (Guyant)

[Telegram]

WASHINGTON, October 16, 1917.

Your October 10 regarding invoices.¹ Yes.

LANSING

¹ *Ante*, p. 963.

File No. 763.72112/5126

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

[Telegram]

PARIS, October 15, 1917, 7 p. m.

[Received October 17, 5.15 a. m.]

2602. Your 2664, September 18.¹ Foreign Office states that black list was suppressed out of deference to the United States at the moment of its entry into war but that this measure being purely one of international courtesy could not be considered as rehabilitating houses established in the United States which are either of the enemy nationality or suspected of enemy association. French houses or houses established in France which resume their relations with the establishments in question fall under the law of April 4, 1915, for trafficking with the enemy. For this reason the French Government found it necessary to warn a French house against the firm of Carl Grubnau which is a German.

The French Government has learned with satisfaction that American Congress has recently voted a law relating to enemy commerce but is ignorant of the (tenor?). If, as it does not doubt, the measures taken in regard to any houses established in the United States are of a nature to furnish all guarantees to French houses, as far as the application of the law of April 4, 1915, is concerned, it will not fail to raise the restrictions hitherto applied to the normal resumption of commercial relations with certain American companies.

SHARP

File No. 600.119/420a

*The Secretary of State to the Ambassador in Great Britain (Page)*²

[Circular telegram]

WASHINGTON, October 17, 1917, 9 p. m.

Department's circular October 6, 6 p. m.³ In view of distorted statements appearing in despatches from neutral countries, it seems desirable that publicity be given to policy of this Government in regard to embargo in trade to neutral nations.

On July 24 the Exports Council handed an identical note to the representatives here of the Scandinavian countries and Holland outlining the policy which the United States had decided to pursue in regard to the assistance it was prepared to lend these northern neutral countries in supplying them with the commodities which they needed

¹ *Ante*, p. 946.

² The same, on the same date, to the Ambassador in Spain, and the Ministers in Denmark, the Netherlands, Norway, Sweden, and Switzerland.

³ *Ante*, p. 960.

for the continuance of their national life and usual pursuits.¹ This note requested information from these countries as to their production, consumption and requirements of all commodities and particularly of foodstuffs set out in the form of protein, fats and carbohydrates. The note expressed the vital interest of the United States in the aid which these countries would furnish to Germany and her allies. The United States gave warning that, pending a mutual arrangement as to furnishing supplies to any of these countries or lending assistance in helping them to obtain supplies for themselves, the United States would consider that any exports which any of these countries might make to the Central Empires would be considered as in reduction of the amount of foodstuffs or other commodities which would be supplied to the country in question for its own sustenance and industry.

If these countries continue to send aid to Germany and her allies it would hardly be possible to expect the United States to help them in securing supplies.

Notwithstanding the above warning some of these countries have continued to send large quantities of vital supplies to the Central Empires and despite repeated requests little information has been forthcoming as to what these countries need for the sustenance of their own people.

The War Trade Board just established by Executive order proposes to continue the embargo policy which has been instituted and to deny export licenses to any of these neutral countries so long as denied the information which has been requested and so long as these countries continue to give aid to Germany and her allies not only directly but also indirectly, such as converting fodder into dairy products, the use of oil for the operation of fishing craft, using lubricating oil in the manufacturing establishments working for German interests, in fact, for all the indirect assistance, which is even more effective against the Allies than if these commodities had been sent directly to Germany since the finished products are delivered to the Germans instead of the raw materials which they are to be manufactured or converted into. It is unreasonable to expect that our farmers shall raise foodstuffs and our people deny themselves the quantities they desire to consume in order that a surplus may be sent to the northern neutrals to render easier for them the help which they are extending to our enemies.

The policy of this Government is in no way inspired by a desire to hamper or interfere with the normal life of neutrals. On the contrary we are willing to help these neutrals even at a sacrifice to ourselves in allowing export to them of commodities we can ill afford to spare, but

¹ *Ante*, p. 908.

in return for this friendly service we must demand some guarantee that these supplies will not be turned against us to kill our sons and prolong the war.

The welfare of the northern neutrals is in their own hands.

LANSING

File No. 600.119/430

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

[Telegram]

ROME, October 23, 1917, 10 a. m.

[Received 8.55 p. m.]

1141. Great Britain has requested Italy to cooperate with the Allies and us and prohibit all shipments to Scandinavian countries and Holland. I understand that Italian Government's view is that shipments should be minimized but not absolutely forbidden, which they consider would throw those countries in arms of Germany. Attention was called to fact that Sweden has a new Government liberal and friendly to Allies. At present all exportation is forbidden unless specifically authorized by commission having charge of exportation, which they say permits no exportation of material useful to Central Empires.

NELSON PAGE

File No. 659.119/93

The Commercial Adviser of the British Embassy (Crawford) to the Counselor for the Department of State (Polk)

WASHINGTON, October 24, 1917.

MY DEAR POLK: I enclose copy of correspondence between Doctor Taylor, of the War Trade Board, and Percy.

Yours very truly,

RICHARD CRAWFORD

[Enclosure 1]

The Acting Chairman of the War Trade Board (Taylor) to the Secretary of the British Embassy (Percy)

WASHINGTON, October 23, 1917.

MY DEAR LORD EUSTACE: We are not a little embarrassed in our negotiations with Denmark by the fact that the Danish Government makes the statement that the British representatives in Denmark have stated to them that the non-shipment of petroleum is not the fault of the British. They are approaching a crisis in their scarcity

in petroleum, and on the basis of the alleged statement of the British representatives, the Danish Government is throwing the entire responsibility upon the United States.

We have advices that indicate that Germany is taking advantage of the present situation and that all limitations on the exportation of cattle, for example, have been removed. An export tax is being collected only on the first seven thousand per week.

Yours faithfully,

A. E. TAYLOR

[Enclosure 2]

The Secretary of the British Embassy (Percy) to the Acting Chairman of the War Trade Board (Taylor)

WASHINGTON, October 24, 1917.

DEAR DOCTOR TAYLOR: Your letter of October 23 about Denmark comes very opportunely, because we have just received a telegram from our Minister at Copenhagen through the Foreign Office, of which I give you a paraphrase below.

Mr. Anderson says that telegrams received by the Danish Government from the Danish mission in connection with negotiations at Washington had created an unfortunate impression, as they indicated that the United States were throwing blame on Great Britain for the tightening of the blockade.

On the other hand, all the blame for this was thrown on the United States in a speech made by Mr. Foss at a recent public meeting.

I received a remonstrance from the First Secretary of the American Legation here recently. He was under the impression that we were throwing the responsibility on the United States. Of course, I told him that he was mistaken, and that the line I had taken in speaking to the Minister for Foreign Affairs and others was that these questions were being now discussed between the Allies, who would formulate their policy together.

It seems to me that the Danes are endeavouring to sow dissension between our two Governments.

The same kind of thing is happening elsewhere. For instance, Mr. McCormick spoke to me the other day about reports he had received from Holland, that we were throwing the blame on the United States. Almost simultaneously we had a telegram from The Hague saying that the impression was being disseminated in Holland that the United States had taken their measures at our instigation.

I have not thought it worth while to trouble you with these reports, but it is perfectly evident that all these neutrals are trying to play us off against each other, and I do hope that we shall not be misled by their efforts.

There is, of course, no smoke without some fire, and when these neutrals come to us, as they sometimes do, asking us to represent to you that your action is resulting in the tearing up of compromise agreements made between us and the neutrals in the past, our representatives are in rather a dilemma what to say. They must avoid giving the impression that your policy is not a completely independent one, taken on the basis of your own sovereignty over your own exports, and they must equally avoid appearing to dissociate themselves from what you are doing. The difficulty is considerably increased by the frequent warnings given to me that opinions expressed in our discussions at the board are not to be taken as anything but informal and unofficial, so that we really have no statement from you with which we can express our agreement when we talk to neutrals.

We shall be glad of any line you can give us as to the exact reply which you would like given in such cases. I am not even sure that the statement which our Minister at Copenhagen says he has made to the Danish Minister for Foreign Affairs does not go further in the direction of associating ourselves with you than is agreeable to the Government of the United States.

Yours very truly,

[No signature indicated]

File No. 600.119/431

The Assistant Director of the Bureau of War Trade Intelligence of the War Trade Board (Dykman) to the Secretary of State

WASHINGTON, October 25, 1917.

SIR: The Division of Latin American Affairs of the State Department has requested the War Trade Board in the future to apply to the consideration of applications for licenses for the export of arms and ammunition to Central and South America the principles heretofore applied by the Division of Latin American Affairs to such applications. The wishes of the division have been made known to the board and in the future, in accordance with this request, such applications will not be referred to the division for advice.

Among other details the Division of Latin American Affairs has recommended that no applications for arms and ammunitions be approved unless the application for license is accompanied by the approval of the embassy or legation in Washington of the country of destination. The Bureau of Exports of the War Trade Board would prefer to establish one rule for all proposed exports of arms

and ammunitions and require a similar approval from the embassy or legation in every country including European countries.

We therefore ask advice from the Department of State whether the promulgation of such a rule meets with its approval.¹

I am [etc.]

For the War Trade Board:

JACKSON A. DYKMAN

File No. 600.119/432

The French Ambassador (Jusserand) to the Secretary of State

[Translation]

WASHINGTON, October 20, 1917.

[Received October 26.]

MR. SECRETARY OF STATE: I have the honor to inform Your Excellency that my Government has just given its approval to the measures taken by the English Government with a view to cooperating in the embargo on exports to the northern countries.

An explanatory note stating the nature of those measures and the reasons for our adhesion has been drawn up in this connection and published. Your Excellency will find a copy herewith.

Be pleased to accept [etc.]

JUSSERAND

[Enclosure—Translation]

Explanatory Note of the French Government, Regarding the Embargo on Exports to the Northern Neutral Countries

The English Government, with a view to doing away with indirect revictualing of the enemy, has suspended licenses for exports to the northern countries and has given notice that articles which could heretofore be freely exported could no longer be so exported without derogation. This is commonly called embargo for short, though it is merely a decision of principle and in some cases a mere warning. The Undersecretary of Blockade has taken, in concert with our Allies, every measure intended to forewarn the French authorities concerned and likewise the export trade. Licenses are accordingly suspended in every case where transit is actually stopped by the English decision.

This is the cooperation which has just received the French Government's approval.

¹ Approved Nov. 1, 1917. (File No. 600.119/431.)

File No. 763.72112/5126

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

[Telegram]

WASHINGTON, October 27, 1917.

2745. Your 2664, September 18 [2602, October 15].¹ Act of Congress approved October 6 makes it unlawful for any person in the United States, except with license granted by authority of the President "to trade or attempt to trade either directly or indirectly, with, to or from, or for, or on account of, or on behalf of, or for the benefit of, any other person, with knowledge or reasonable cause to believe that such other person is an enemy or ally of enemy, or is conducting or taking part in such trade, directly or indirectly, for, or on account of, or on behalf of, or for the benefit of, an enemy or ally of enemy." By proclamation of October 12,² President gives to War Trade Board authority to administer this provision of law. Grubnau & Son state senior member of company has lived forty-four years in the United States and has been American citizen thirty-four years, and that other members of concern are all native Americans.

Bring these facts to attention French Government and suggest that in view thereof restrictive measures referred to seem unnecessary and perhaps derogatory to commercial interests of both countries. Copies of law and proclamation being mailed you.

LANSING

File No. 600.119/446

The Commercial Adviser of the British Embassy (Crawford) to the Counselor for the Department of State (Polk)

WASHINGTON, October 31, 1917.

[Received November 2.]

MY DEAR MR. COUNSELLOR: I enclose a memorandum which has been presented to the War Trade Board in regard to the apportionment between the Allies of the various rations allotted to neutrals. The question appears to be one of machinery, but this memorandum is intended to explain the problem, with a view to detailed discussions on the subject.

Yours very truly,

RICHARD CRAWFORD

¹ *Ante*, p. 974.² Executive order of Oct. 12, *ante*, p. 963.

[Enclosure]

The British Embassy to the War Trade Board

MEMORANDUM

RATIONING OF NEUTRALS

The British Embassy has purposely refrained from confusing the discussion of policy by raising questions of apportionment of rations between the various exporting countries.

The principle which the British Government always sought to adopt before the entry of the United States into the war, has been that in any ration allotted to one of the border neutrals, the United States and the Allies in Europe (and the overseas neutrals—in so far as their export trade is concerned) should share in proportion generally to their pre-war trade and their present facilities for exporting. The British licensing authorities and the Contraband Committee in London, therefore, endeavoured at that time so far as possible to "split" the various rations between United States exporters, British exporters and other Allied exporters, with reasonable allowances in the case of such overseas neutrals as the Argentine.

This problem was discussed in general terms during Mr. Balfour's mission in Washington, but it seemed so clear that a reasonable arrangement of this kind could be arrived at in regard to rations allotted to neutral countries by the United States, that it has not seemed worth while to raise the question at an earlier stage in pending discussions.

The rationing of neutrals by the United States appears to be proceeding on the general line that the neutrals state what quantities they require of commodities—which the United States may *prima facie* be supposed to be able to export. The United States authorities then agree to grant licenses for stated quantities of these articles, provided that the conservation programme of the United States allows it, and that the commodities in question are not obtained from other sources, in which case the amounts licensed by the United States will be reduced in proportion. It is understood that the United States reserve to themselves the right of directing neutrals where to obtain these commodities, but it is not clear whether this right applies in cases where a shortage in United States supplies cannot fairly be advanced as a reason for refusing export licenses from the United States.

The negotiations between the United States authorities and the neutral representatives have proceeded generally on the assumption that the commodities in question are not obtainable from sources other than the United States. Taking the draft agreement with the Danish representatives as an instance, this assumption is not wholly

correct. Practically all the commodities mentioned in the draft Danish agreement are ones of which the United Kingdom or other British dominions or possessions have been accustomed, up to the present moment, to export certain quantities to Denmark. As a matter of machinery, as the question stands at present, the British licensing authorities might appear in a sense to be bound to issue no export licenses for such commodities until satisfied that they could not be exported from the United States, and even if this were not so, Danish importers or the Danish importing associations might be held to be bound under the agreement to purchase these commodities only in the United States. It is, of course, understood that this is in no way the intention of the agreement, but in order that no friction may arise between British and American exporters, it seems desirable that a definite arrangement should be arrived at between the licensing authorities of the two countries on the whole subject.

In order to make the problem as concrete as possible a statistical table is enclosed ¹ showing—

- (1) The proportion of the commodities mentioned in the draft Danish agreement which were exported from the British Empire during 1916, as compared with the imports of such commodities into Denmark from all sources during the same year;
- (2) The imports of these commodities into Denmark from the United States and the British Empire respectively for the first eight months of 1917.

Imports into Denmark from the United States during 1916 were not differentiated in the British statistics from imports from other non-British sources—hence the different basis adopted in the enclosed table for the two years.

File No. 611.419/1850

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

[Telegram]

LONDON, November 2, 1917, 4 p. m.

[Received 9.15 p. m.]

7586. I am frequently instructed by you by cable or otherwise to support applications for export licenses for shipments to individual American importers of commodities whose export is prohibited. As examples I refer to your 5696, October 30; 5695, October 30; 5611, October 17; 5610, October 17; 5585, October 12.¹ Such applications even with my support cannot expect to receive the same consideration on the part of the British authorities as would be the case should they

¹ Not printed.

form part of total stated requirements needed in the United States for any given time.

I have previously invited your attention to this matter in connection with certain commodities, see my telegrams Nos. 7477, 7260, 7249, 7216, 7062 and 7031,¹ and now that the War Trade Board has been formed, which controls all imports into the United States, I venture to suggest as an improvement on the present procedure that all such applications should first be sifted by the War Trade Board in order that this board may group such appeals, with the result that we should be pressing only for licenses covering commodities essential to war purposes in the total amount required by the United States over a period of months. The present practice makes the British War Trade Department invidiously choose between firms in America without knowing their respective qualifications for preference and I fear this cannot but result in the United States not obtaining its proper share of the exportable surplus of such essential commodities. Furthermore, an equitable distribution of these commodities in the United States cannot be effected under the present system. Another reason for suggesting that recommendations for support of applications should come through the War Trade Board is to insure that a situation should not arise in which we might be pressing for the export of articles of which the War Trade Board in the exercise of its authority might prohibit the import.²

I would further respectfully point out that the details of the announcement of the formation of semi-governmental bodies, for the purpose of determining the general requirements of essential material and for the control and rationing of the imports of such, render the task of successfully pressing for our requirements much more difficult of accomplishment. Owing to the urgency of this matter I should much appreciate an early expression of your views and if possible an intimation in advance of the course decided upon.

PAGE

File No. 763.72112/5464

The Consul General at London (Skinner) to the Secretary of State

No. 4955

LONDON, October 22, 1917.

[Received November 12.]

SIR: I have the honor to refer to my telegram of October 19, 1917,³ stating that the British black-listing authorities are extremely desirous

¹ Telegrams referred to not printed.

² See the War Trade Board's statement in connection with the President's proclamation of Nov. 28, 1917, restricting imports, *post*, p. 992.

³ Not printed.

of learning what corresponding plan the American Department propose to put into effect in order to acquaint the business public with the names of firms on the enemy list from the point of view of the law which has just gone into effect in the United States on this subject.

The British officials understand that the President has power under existing legislation to proclaim individuals and firms to be enemy firms wherever they may be, and they are hopeful that such lists will be announced very shortly, or, alternatively, that "white lists" may be announced composed of firms with whom trading is permissible.

The Department will recall that in the case of China and Siam, the British Government adopted the course of indicating in a "white list" the individuals and firms with whom trading was entirely permissible, and this system appears to work very well. It has the great advantage that it stimulates reliable concerns to put themselves unreservedly in the hands of the authorities as a means of getting on to the list.

The British officials who discussed the matter with me some days ago, are especially anxious that South America may be dealt with on identical lines in Great Britain and the United States. Naturally I could only state that I would draw the Department's attention to the whole question, which I accordingly do.

I have [etc.]

ROBERT P. SKINNER

File No. 600.119/438a

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

[Telegram]

WASHINGTON, November 12, 1917, 9 p. m.

5793. Following for Vance McCormick:

My understanding is that no arrangement yet made to do away with navicerts. We understand British ready to discontinue navicerts as soon as we arrange machinery in London to take advantage of information collected by them as to consignees and quantities. Richards.¹

LANSING

¹ Member of War Trade Board.

File No. 763.72112/5525

*The Delegate to the Inter-Allied Council (Crosby) to the
Secretary of State*

[Telegram]

LONDON, November 15, 1917, 6 p. m.

[Received 9.30 p. m.]

No. 4 for Secretary of the Treasury:

The Treasury here reports that financial embargo plan presented by British Government has been favorably considered in Washington. There are serious objections to this plan. It is now being studied here. Cravath and American bankers and some English bankers who have been consulted agree that modifications should be worked out before our Government joins in the plan as proposed. Will wire you further on this in a few days.

CROSBY

File No. 600.119/443

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

[Telegram]

LONDON, November 19, 1917, 5 p. m.

[Received November 20, 5.45 a. m.]

7734. Cable from Vance McCormick to War Trade Board:

I would like to propose for your consideration the following plan to be suggested to the British Blockade Ministry for discontinuance letters of assurance in favor of complete control by American export licenses. I feel certain British authorities will accept this plan.

Please cable progress made with enemy trade list and cable immediately your approval or suggestions *re* following, account my early departure.

War Trade Board to retain London representative to whom Bureau Exports would cable particulars daily of license application for the shipments to border neutral destinations; this representative to confer with War Trade Intelligence here to secure evidence available on consignees. Our London representative can then sit as [by?] formal invitation with Contraband Committee during consideration of evidence submitted by War Trade Intelligence and report to War Trade Board, Contraband Committee finding upon same.

On strength of these reports War Trade Board to render its own decisions on applications and in turn to advise London representative by cable of applications granted, for information of Blockade Ministry, enabling them to make necessary entries in their statistical records of shipments to border neutrals from their own and all other sources. This proposal makes available to us all British Intelligence services which I have investigated and find most complete and which cannot be effectively duplicated in Washington; eliminates the letter of assurance system and any further intermediation of British Embassy, Washington; transfers to War Trade Board undivided control of American exports to border neutral destinations. We estimate this operation would not take more than three or four days for details. See Frothingham's two letters of October 17, to C. A. Richards *re* War Trade Intelligence and Contraband Committee operations on navicerts;¹ also his letters of October 30, suggesting cable code for use in proposed work.¹ McCormick.

PAGE

File No. 657.119/136½

President Wilson to the Special Representative (House)

[Telegram]

WASHINGTON, November 19, 1917, 1 p. m.

Am distressed to differ with McCormick² but inasmuch as we are fighting a war of principle I do not feel that I can consent to demand of Norway what we would not in similar circumstances allow any government to demand of us, namely, the cessation of exports of her own products to any place she can send them. I am convinced that our only legitimate position is that we will not supply the deficiencies which she thus creates for herself if the exports are to our enemies.

WILSON

File No. 103.96/92a

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

[Telegram]

WASHINGTON, November 20, 1917, 8 p. m.

5859. For McCormick from Jones:³

The President showed me his message to you through House of the 19th. I pointed out to him that it would probably convey to you the meaning that he is opposed to any restriction or limitation of exports by northern neutrals to Germany of their own products

¹ Not printed.² See telegram from the Special Representative (House), Nov. 18, *post*, p. 1070.³ Thomas D. Jones, Acting Chairman of the War Trade Board.

as distinguished from products received from us. He directs me to cable you that this was not his meaning; that by cessation of exports he meant complete cessation and not limitation.

LANSING

File No. 611.419/1910

The Ambassador in Great Britain (Page) to the Secretary of State
[Telegram]

LONDON, November 23, 1917, 6 p. m.

[Received November 24, 4.35 a. m.]

7792. Your 5844, November 17, 7 p. m.¹ I would report that Littlejohn & Co. copal license was granted November 15; McKesson & Robbins gum arabic was also granted; Schieffelin valerian root was granted three hundredweight out of half a ton, belladonna was granted. I have received no instructions on the McLaughlin Gormelly King Co.'s request for senna leaves. With regard to Jahn Co. gum arabic see my despatch No. 7705, November 16, asking for further information.¹ The same query arises in regard to the Schieffelin Co.'s application for gum arabic. The ungranted applications referred to in your cable under reply are being considered. The remaining items are largely hides and skins. One of the difficulties in this regard is that they were in almost every case shipped to Great Britain after the British embargo had been published. The American importers were therefore knowingly running the risk of having their merchandise stopped here. I am however again making representations to the Foreign Office in the hope that licenses will be granted for the movement of all these consignments, but respectfully invite your attention to the fact that the question of shipping is the governing factor in all these cases, as well as for many other commodities originating in the East and required by the United States for purposes of war or for commerce; and with a view not only of saving Allied tonnage on balance but also to avoid the double submarine risk of trans-shipment via Great Britain, it is extremely desirable that shipments of all necessary commodities originating in the East be made via the Pacific direct to the United States, and it is in the hope that such an arrangement may be consummated that I am suggesting to the Foreign Office that the hide and skin shipments being retained here shall be released as being the end of such movements involving trans-shipments via Great Britain.² I have for some months felt the need of a competent shipping expert who could represent America unofficially at the Ministry of Shipping and repeatedly requested that one be sent. He perhaps could, if you

¹ Not printed.

² See par. 7 of memorandum of the Law Adviser, May 23, *ante*, p. 873.

wished, facilitate arrangement by utilizing tonnage economically in the bringing of these Eastern products direct to the United States, and I trust that the accomplishment of this plan in one way or another will reopen long-delayed commerce and navigation. You will appreciate that another difficulty in the way of securing the release of these hides and skins is the fact that they are presumably luxuries and not needed for the prosecution of the war. The use of tonnage is therefore reluctantly conceded.

PAGE

File No. 600.119/451

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

[Telegram]

WASHINGTON, November 24, 1917, 10 p. m.

2855. For McCormick from War Trade Board:

Our 13. Submitted your cable November 19 respecting discontinuance navicerts to the President and he approved of our having representative on [of] the board in London to act in the manner and scope indicated in your cable provided it be distinctly understood that the decision of the War Trade Board with regard to licenses will be final and that licenses in all cases are to be honored. This proviso appears to us to be clearly covered by your cable and with that understanding the board has formally authorized the plan suggested by you in its entirety. In connection with Swiss agreement it will probably be necessary for this board to have representatives on the Commission Permanente Internationale des Contingents to supervise shipments to Switzerland. Board has authorized such representative with approval of the President. Enemy trade list has been approved by the President and will be published shortly.

Norway. Nansen says that under article 1 no fish oil is to go to Germany, also that under article 3 no copper or copper-bearing ores are to be exported to Germany. Referring to article 2 he says that some of the commodities mentioned are under outstanding contracts which could not be abrogated but this point remains to be cleared up further. We expect to formulate a counterproposal by Tuesday. War Trade Board.

LANSING

File No. 600.119/452

The Special Representative (House) to the Secretary of State

[Telegram]

PARIS, November 27, 1917, 2 p. m.

[Received 9.45 p. m.]

French and British Governments join in formal declaration that food supplies for Belgium and northern France constitute a priority emphasizing military requirements in program of food shipments to

Europe in Allied shipments neutral tonnage. It strongly urged and regarded as very important that the United States should join in this declaration of policy. Conditions in occupied section of northern France are of especial internal and political importance to the Government of France.

HOUSE

Proclamation No. 1410, November 28, 1917, Further Restricting Exports

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

WHEREAS Congress has enacted, and the President has on the fifteenth day of June 1917, approved a law which contains the following provisions:

“Whenever during the present war the President shall find that the public safety shall so require, and shall make proclamation thereof, it shall be unlawful to export from or ship from or take out of the United States to any country named in such proclamation any article or articles mentioned in such proclamation, except at such time or times, and under such regulations and orders, and subject to such limitations and exceptions as the President shall prescribe, until otherwise ordered by the President or by Congress: Provided, however, that no preference shall be given to the ports of one State over those of another.”

Now, therefore, I, Woodrow Wilson, President of the United States of America, do hereby proclaim to all whom it may concern, that the public safety requires that the following articles (in addition to the articles controlled by the second division of the Proclamation of August 27, 1917¹), namely: iron and steel wire rope, cable and strands consisting of six or more wires; stud link chain cable; micrometers and calipers; lathe chucks; antimony, antimony ore, asbestos, balata, mica, mica splittings, strontium ores, titanium, wolframite and iridium; arsenic and its compounds, opium, caustic soda, soda ash, methyl-ethyl ketone and wood alcohol; acetic acid, glacial acetic acid, acetate of cellulose and all acetates; animal oils and vegetable oils; beans, eggs, peanut meal, flaxseed, soya bean meal, soya bean oil, starch, canned peas, canned tomatoes, canned corn, dried prunes, dried apricots, dried apples, dried raisins and dried peaches; quebracho and chestnut extracts; vegetable fibre bags and bagging, except cotton bags and bagging; rubber, sponges, gutta-joolatong, gutta-percha, gutta-siak, shellac, seedlac and cinchona bark; hospital gauze and surgical instruments; yellow pine wood measuring 1' x 1' x 25' and larger sizes; and poster paper: shall not, on and after the first day of December in the year One Thousand Nine

¹ *Ante*, p. 933.

Hundred and Seventeen, be exported from or shipped from or taken out of the United States or its territorial possessions to Abyssinia, Afghanistan, Argentina, Belgium, her colonies, possessions or protectorates, Bolivia, Brazil, China, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, Egypt, France, her colonies, possessions or protectorates, Great Britain, her colonies, possessions or protectorates, Guatemala, Haiti, Honduras, Italy, her colonies, possessions or protectorates, Japan, Liberia, Mexico, Monaco, Montenegro, Morocco, Nepal, Nicaragua, the colonies, possessions or protectorates of The Netherlands, Oman, Panama, Paraguay, Persia, Peru, Portugal, her colonies, possessions or protectorates, Roumania, Russia, Salvador, San Marino, Serbia, Siam, Uruguay or Venezuela, or to any territory occupied by the military forces of the United States or the nations associated with the United States in the war, except at such time or times, and under such regulations and orders, and subject to such limitations and exceptions as the President shall prescribe, until otherwise ordered by the President or by Congress.

The regulations, orders, limitations and exceptions prescribed will be administered by and under the authority of the War Trade Board, from whom licenses, in conformity with said regulations, orders, limitations and exceptions, will issue. Said Proclamation of August 27, 1917, is hereby confirmed and continued, and all rules and regulations heretofore made in connection therewith or in pursuance thereof, including the Executive Order of October 12, 1917,¹ are likewise hereby confirmed and continued and made applicable to this Proclamation.

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

Done in the District of Columbia, this 28th day of November in the year of our Lord One Thousand Nine Hundred and [SEAL] Seventeen and of the Independence of the United States of America the One Hundred and Forty-Second.

By the President,

ROBERT LANSING,

Secretary of State.

WOODROW WILSON

Proclamation No. 1411, November 28, 1917, Prohibiting Certain Imports except under License

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

WHEREAS Congress has enacted, and the President has on the Sixth day of October, 1917, approved, a law which contains the following provisions:

¹ *Ante*, p. 963.

"Whenever during the present war the President shall find that the public safety so requires and shall make proclamation thereof it shall be unlawful to import into the United States from any country named in such proclamation any article or articles mentioned in such proclamation except at such time or times, and under such regulations or orders, and subject to such limitations and exceptions as the President shall prescribe, until otherwise ordered by the President or by Congress: Provided, however, that no preference shall be given to the ports of one State over those of another."

Now, therefore, I, Woodrow Wilson, President of the United States of America, do hereby proclaim to all whom it may concern that the public safety requires that the following articles, namely: antimony, antimony ore, or any chemical extracted therefrom; asbestos; beans of all kinds; balata; burlap; castor seed, castor oil; cotton; chrome, chrome ore, or any ferro-alloy or chemical extracted therefrom; cocoanut oil; cobalt, cobalt ore, or any ferro-alloy or chemical extracted therefrom; copra; industrial diamonds; all ferro-alloys; flax; gutta joolatong; gutta percha; gutta siak; hemp; hides and skins; jute; iridium; leather, manganese, manganese ore, or any ferro-alloy or chemical extracted therefrom; mica, molybdenum, molybdenum ore, or any ferro-alloy or chemical extracted therefrom; naxos emery and naxos emery ore; nickel, nickel ore, matte, or any ferro-alloy or chemical extracted therefrom; sodium, potassium, or calcium nitrates; optical glass; palm oil; platinum; plumbago; pyrites; rice; rubber, raw, reclaimed, waste or scrap; scheelite; shellac; sisal; soya bean oil; spiegeleisen; sugars; tanning materials; tin in bars, blocks, pigs, or grain or granulated; tin ore and tin concentrates, or any chemical extracted therefrom; titanium, titanium ore, or any ferro-alloy or chemical extracted therefrom; tobacco; tungsten, tungsten ore, or any ferro-alloy or chemical extracted therefrom; vanadium, vanadium ore, or any ferro-alloy or chemical extracted therefrom; wheat and wheat flour; wolframite; or wool, shall not, from and after the date of this proclamation, be imported into the United States or its territorial possessions from Abyssinia, Afghanistan, Albania, Argentina, Austria-Hungary, Belgium, her colonies, possessions and protectorates, Bolivia, Brazil, Bulgaria, China, Chile, Colombia, Costa Rica, Cuba, Denmark, her colonies, possessions and protectorates, Dominican Republic, Ecuador, Egypt, France, her colonies, possessions and protectorates, Germany, her colonies, possessions and protectorates, Great Britain, her colonies, possessions and protectorates, Greece, Guatemala, Haiti, Honduras, Italy, her colonies, possessions and protectorates, Japan, Liechtenstein, Liberia, Luxembourg, Mexico, Monaco, Montenegro, Morocco, Nepal, The Netherlands, her colonies, possessions and protectorates, Nicaragua, Norway, Oman, Panama, Paraguay, Persia, Peru, Portugal, her colonies, possessions and protectorates, Roumania,

Russia, Salvador, San Marino, Serbia, Siam, Spain, her colonies, possessions and protectorates, Sweden, Switzerland, Turkey, Uruguay, or Venezuela, except under license granted by the War Trade Board in accordance with regulations or orders and subject to such limitations and exceptions as have heretofore been made or shall hereafter be prescribed in pursuance of the powers conferred by said Act of October 6, 1917, and the Executive Order of October 12, 1917.

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

Done in the District of Columbia, this 28th day of November in the year of our Lord One Thousand Nine Hundred and [SEAL] Seventeen and of the Independence of the United States of America the One Hundred and Forty-second.

WOODROW WILSON

By the President,
ROBERT LANSING
Secretary of State.

*Public Statement Issued December 1, 1917, by the War Trade Board, in Connection with the President's Proclamation of November 28, 1917, Prohibiting Certain Imports Except under License*¹

[Extract]

For some months exports from the United States have been controlled by the War Trade Board, . . .

Section 11 of the "Trading with the Enemy Act" conferred upon the President a like power to control imports into the United States. Such control of imports was made effective by the Allied Governments many months ago, the necessity therefor having become obvious if the resources of each were to be most effectively utilized for national and international demands. With the organization of the Bureau of Imports of the War Trade Board the requisite machinery has been supplied for increasing the importation of certain indispensable commodities produced abroad. The supply now coming forward to this country is limited by reason of export

¹ *The Official Bulletin*, Washington, Dec. 1, 1917 (Vol. 1, No. 173), p. 1. In connection with this statement, see also pars. 6 and 7 of memorandum of the Law Adviser, May 23, *ante*, p. 873, and telegrams from the Ambassador in Great Britain, Nos. 7586 and 7792, Nov. 2 and 23, 1917, *ante*, pp. 982 and 987, respectively.

embargoes imposed by foreign powers controlling the territory in which such materials originate. Such action was made necessary because of interference with normal production, as well as the extraordinary consumption occasioned by the war. Among notable examples of such materials may be mentioned tin, wool, rubber, ferromanganese, leather, flax, and jute.

Prior to the enactment of this statute there was no governmental agency especially designated to deal with the proper officials of other governments in order to procure the release of commodities required by the United States and which had been embargoed by other governments. The governmental supervision of imports makes possible a more effective scheme of reciprocity, and brings about a closer unity of the countries associated together in the war. Heretofore, in the absence of a responsible agency with which to deal, the Allied Governments were not in a position to know that all products exported by them to the United States would be utilized in a manner most conducive to the success of the great common enterprise. With the extension of scope in the operations of the War Trade Board there is at hand a dependable medium through which the Allies will be enabled more effectively to express their willingness to reciprocate, by making liberal shipments of commodities much needed by this country in exchange for the vast quantities of vital supplies which are going forward to them in an unending stream.

The various trades dealing in the embargoed commodities have been or are being so organized that the total requirements of each industry can be accurately surveyed, the nonessential uses of any material eliminated, and a system of control provided which will insure the equitable distribution of the imported commodity and its consumption in the most essential products. At present all of these materials are permitted by foreign governments to come into this country only under guarantees that they will not be reexported except under specified restrictions; that they will not be used in trading directly or indirectly with the enemy; and that no purchase of any such material has been made as a speculation. At present these guarantees are given to the consul or other representative of the Allied Governments in this country, but this method of handling imports has resulted in some dissatisfaction on the part of American business men affected thereby.

Under the authority conferred upon the President by the "Trading with the Enemy Act" the issuance of a proclamation requiring a

license for the importation of these various articles puts into effect a plan whereby the giving of guarantees by individual parties to a foreign government is obviated, and American individuals or firms will henceforth deal directly with their own Government in connection with their importations.

File No. 103.96/106

The Special Representative of the War Trade Board (McCormick) to the Secretary of State

[Telegram]

PARIS, November 30, 1917, 7 p. m.

[Received December 1, 2.40 p. m.]

Our 23. For War Trade Board from McCormick:

Mr. Balfour has just reached here from the Foreign Office and submitted to us the following:

The increasing difficulties with neutral powers contiguous to the enemy are causing His Majesty's Government gravest concern. Our information is that there is serious unrest even in Norway and the position in Denmark, Sweden and Holland is scarcely better than the Swiss situation with which you are familiar. We cannot, in view of the difficulty of coming to a definite arrangement with the authorities in Washington, even induce the Americans to put forward definite demands as regards these countries although all supplies to them have been cut off. In the cases of Sweden and Holland the danger is especially serious: that danger is that Sweden and Holland will practically pass into a state of complete economic subjection to Germany since they will be forced to make with her the best terms that they can while the very precursory [*with very prejudicial*] effect upon our export. The cessation of all exports except coal from the United Kingdom is a lesser evil though one by no means to be left out of account.

Taylor and I recommend, approved by House, that, due to the Russian difficulties and general situation here, it is most important to come to a speedy settlement with all of the northern neutrals as soon as possible. We understand Norway and Denmark about concluded. Please confirm. We urge the making of definite proposal to Holland at the earliest possible moment and also Sweden. In regard to latter, the Allies and ourselves feel that we cannot bring about a complete cessation of export of iron ore to Germany and that we should therefore negotiate for the greatest possible reduction. Please advise the present status Holland and Swedish negotiations for our information. After frequent conferences with the British, the French, and the Italian representatives, we have agreed upon the Swiss proposal and expect to confer with the Swiss delegates to-day and will take some time to come to a settlement.

MCCORMICK

File No. 600.119/456

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

[Telegram]

LONDON, December 4, 1917, 2 p. m.

[Received 8.34 p. m.]

7865. From Frothingham¹ to War Trade Board:

No. 34. Your 13 to McCormick.² Information *re* discontinuance navicerts. Approval submitted informally to Foreign Office. To place into effect now necessary for State Department to instruct Embassy make formal representation to British Government in order to regularize discontinuance as of specific date. To avoid confusion here in handling and keeping records of border neutral applications submitted it is essential you devise system of identification by consecutive numbers using index letters or names of countries of destination along lines suggested my letter October 30,³ on codes. Consecutive number system enables office copies and accurate check to be kept this end and is essential for accurate keeping of statistical records of border neutral imports. Also instead cabling daily statement border neutrals' applications granted per sentence six McCormick cable of November 19th⁴ it would only be necessary send here week-end cable reports of any decisions in exemption to findings reported from this end thereupon reference to [index letter] and consecutive number system would account for all other applications and proper statistical entries could be made here.

PAGE

File No. 763.72/7967

The Special Representative (House) to the Secretary of State

[Telegram]

PARIS, undated.

[Received December 5, 1917, 10.40 a. m.]

The following resolutions of the Inter-Allied Conference will appear in the French press on Wednesday morning:

RESOLUTIONS ADOPTED BY SECTION OF BLOCKADE

1. The Section of Blockade has first of all examined the conventions of the Allies with Switzerland concerning the questions of the blockade. As a conclusion of meetings held at Paris between 23d and 30th of November, 1917, the following results have been obtained. A project of an agreement between the United States and Switzerland submitted to the conference was unanimously approved.⁵ The

¹ War Trade Board representative.

² *Ante*, p. 988.

³ Not printed.

⁴ *Ante*, p. 985.

⁵ For the agreement, see *post*, p. 1185.

United States will name delegates to participate in the deliberations of the Permanent Inter-Allied Commission on Contingents as well as delegates to the Inter-Allied Commission at Berne.

2. The section to begin the study of measures to take to ensure the provisioning of the invaded countries. It adopted the following resolutions: The Allies declare that they will give priority to all supplies intended for the provisioning of the Belgians and the population of the French invaded territory on the basis of the program of the Committee for the Provisioning of Belgium as it was drawn up in the course of conference held at London between the Committee for the Provisioning of Belgium and the British Government. They guarantee the tonnage necessary for the execution of this program taking into consideration such ships as the Committee for the Provisioning of Belgium at present disposes of and those which it may procure in the future either directly or by the aid of the Allied Governments.

3. The section considers it proper to submit to the conference the following general declaration: The prolongation of the war having caused a consumption of products of all kinds out of proportion to the production, it is evident that the resources available either in the Allied countries or in the various neutral countries are inferior to the actual need for supplies. It is therefore necessary in a general way to extend the principles laid down by the American Government towards the end of July last. The Allies considering that the means of maritime transportation at their disposal as well as the available supplies should be utilized in common for the pursuit of the war have decided to create an inter-Allied organization for the purpose of coordinating their action to this effect in establishing a common program constantly kept up to date permitting the maximum utilization of their resources and the restrictions of their imports in order to release the greatest amount of tonnage possible for the transport of American troops.

SECTION OF FINANCE

The Section of Finance assembled under the presidency of Monsieur Klotz, Minister of Finance, held frequent meetings at which the several financial questions of interest to the Allies were successively discussed. At the end of its work the section unanimously adopted the following resolution: The financial delegates of the powers believe that for coordination of effort it is desirable to have regular meetings in order to decide questions relative to payments, credit and exchange and thus to ensure concerted action.

Mr. Crosby, Assistant Secretary of the Treasury of the United States, and Monsieur Klotz, in the name of France, informed the section that in their opinion these meetings should constitute a permanent organization. The resolutions adopted as well as the intentions expressed by all the delegates are proof of the financial solidarity of the Allies. This solidarity will in practice manifest itself by a methodical coordination of effort which will determine the judicious utilization of resources and the best distribution of their strength.

HOUSE

Publication of the Enemy Trading List of Firms in Latin American Countries, December 5—Instructions to Consular Officers in Those Countries

File No. 763.72112A/13

The Secretary of State to the Diplomatic Representatives in Latin American Countries

[Circular telegram]

WASHINGTON, December 5, 1917.

Repeat consuls and transmit by mail to missions in contiguous countries:

Following is a list compiled by the War Trade Board of firms with whom it is illegal to trade under the Enemy Trading Act, without license. The list is composed of enemies and allies of enemies; other persons, firms and corporations who there is reasonable cause to believe have acted directly or indirectly for, on account of, on behalf of, or for the benefit of enemies or allies of enemies. This does not purport to be complete list. Any person, firm or corporation who there is reason or cause to believe is enemy or ally of enemy, or, in such trade is acting for, on account of, on behalf of or for the benefit of enemy or ally of enemy is not relieved from punishment and penalty imposed by Enemy Trading Act by reason of fact that name of any such person, firm or corporation does not appear upon this list.¹

LANSING

File No. 763.72112/5959a

The Secretary of State to Consular Officers in Latin American Countries

No. 562

General Instructions
Consular

WASHINGTON, December 6, 1917.

GENTLEMEN: Referring to General Instruction No. 554 of November 7, 1917,² enclosing a copy of an act, "to define, regulate and punish trading with the enemy, and for other purposes," approved by the President, October 6, 1917, together with a copy of the Executive order dated October 12, 1917,³ issued by the President of the United States in pursuance of the authority vested in him by the act, your attention is particularly called to section 2 of the act defining an enemy or an ally of enemy, and to section 3 which specifies the classes of persons with whom it shall be unlawful to trade. In this relation, it is necessary to emphasize the fact that it is not only unlawful to trade with enemies or allies of enemies as defined by section 2, but that it is also unlawful to trade with any person of whatever national-

¹ Lists not printed; in the telegram to each country only the list of firms in that country was included. The full list, which "contains the names of some 1,600 concerns in Latin America," is printed, together with a prefatory statement by the War Trade Board, in *The Official Bulletin*, Washington, Dec. 5, 1917 (Vol. 1, No. 176), pp. 8-16.

² Not printed.

³ *Ante*, p. 963.

ity or residence who, there is reasonable cause to believe, is trading directly or indirectly for the benefit, or on account of an enemy or ally of enemy.

For your information there are enclosed copies of the President's proclamations of July 9 and August 27,¹ last, prohibiting, save under license, exportation from the United States of certain articles therein set forth. Export licenses are, under regulations prescribed pursuant to these proclamations, refused in any case where the consignee is a person coming within the definition of enemy or ally of enemy as contained in the Trading with the Enemy Act, or is a person, firm, or corporation suspected of acting on account of, on behalf of, or for the benefit of an enemy or ally of enemy. For your guidance in respect to such persons, there is printed on the overleaf an extract from the general instructions of the War Trade Board to the Bureau of Export Licenses. The application of these is intended to supplement the Trading with the Enemy Act and to attain as one object the prevention of trading directly or indirectly with, on behalf of, on account of, or for the benefit of the enemy, as the term "enemy" is defined in the act.

Consular officers will obtain for the use of the War Trade Board, data with regard to (1) persons, firms and corporations of enemy or ally of enemy character or association, and (2) persons, firms or corporations not of enemy or ally of enemy character or association who might be in position to take over the activities of such persons or firms as representatives or agents of American concerns.

The information will be used, first, by the War Trade Board to establish and correct the lists of those firms with which it is unlawful for American firms to trade, under the provisions of the Trading with the Enemy Act, and, second, by that board or by the Bureau of Foreign and Domestic Commerce to furnish to American firms the names of persons or firms of non-enemy character who might represent their interests.

This survey in each consular district is designed in the first place to include only those individuals and firms which are now engaged directly in business with American concerns or which are in a position to establish such relations. It is essential that the information be submitted promptly and it should be forwarded as collected, without awaiting the completion of the entire work.

Each consular officer will be supplied with forms on which to submit the desired data. It will not be possible in the first report to submit all the data desired, but there should be presented a sufficient number of the essential facts to determine whether the firm is to be classed as an enemy firm or whether it can lawfully establish or

¹ *Ante*, pp. 903 and 933, respectively.

continue trade relations with American concerns. If after the first report is submitted further information with regard to the character or activities of the firm become available, this should be submitted in a supplementary report. This applies particularly to the data called for under item 15.

A small supply of card forms upon which the reports are to be made is transmitted under separate cover. Additional copies of the forms may be obtained upon requisition. All reports should be made in triplicate. The forms call for the following information regarding persons, firms and corporations of enemy or "ally of enemy" character or association, and also those not of enemy or "ally of enemy" character or association which are in a position to take over the activities of enemy or "ally of enemy" firms as representatives or agents of American firms:

1. Name of person, firm, or corporation.
2. Address, giving numbers, street, city and country.
3. Class of goods. (Follow classification identical with the classification in the South American Trade Directory.)
4. Character of business. Indicate whether wholesale, retail, *et cetera*.
5. Buys chiefly where. Indicate countries and proportion from each.
6. Organization. Indicate whether individual, partnership, corporation, *et cetera*. If a branch of a house located in enemy territory, give name and location of such parent house. See also item 15.
7. Capital, volume of business, employees. If definite data are not available, furnish estimates so far as these can be given.
8. Branch houses. If branch or subsidiary organizations are maintained in same or contiguous countries give name, if differing from that of parent house, and location of each.
9. Traveling representatives. Indicate number and territory covered.
10. Banking connections. Furnish names of local and American or other foreign banking connections.
11. Financial references. Give local financial references.
12. Date of report and name of consul or officer submitting same.
13. Name classes of products handled. Enumerate items included in general classification under item 2.
14. American firms represented. State whether the person, firm, or corporation represents American mercantile, mining, financial, or other interests in any way, and if so, specify what these interests are and the nature of relationship existing.
15. Further details, especially as to item 6. Under this head are to be given the following data: If a firm, the name and nationality of each partner; if a corporation, name and nationality of each officer, and all available information as to ownership of stock. Briefly detail the pre-war and

present foreign commercial operations of the person, firm or corporation, stating in what countries principal purchases or sales were made, and the nature and annual value of such purchases or sales. Give any facts obtainable about special activities of the person, firm or corporation that may be directly prejudicial to American commerce, to the prestige and good name of this country, such as pro-German propaganda, or to the interests of this country in connection with its prosecution of the present war. In answering this question it is to be remembered that information is desired not only concerning persons, firms and corporations of enemy or ally of enemy character, and those whom you have reasonable cause to believe are dealing directly or indirectly for, on account of, on behalf of, or for the benefit of enemies or allies of enemies; but also firms which are in a position to take over the activities of enemy firms as representatives or agents of American firms.

In securing the data upon which these reports are based consular officers should endeavor to cooperate fully on a basis of reciprocity with the consular officers of Great Britain, France, Italy, and other Governments opposed to Germany.

The cards containing names of enemy or ally of enemy firms should bear the letters "B L" on the upper left-hand corner and those giving names of approved firms should bear the letters "W L."

It should be borne in mind that the value of the information called for in the above-described card forms depends to a large degree upon the speed with which it is obtained. Consular officers are therefore urged to use all possible despatch in procuring and reporting the essential facts necessary to determine the enemy or non-enemy character of the persons, firms, or corporations in question.

In submitting in your trade correspondence, hereafter, the names of possible representatives or correspondents of American firms desiring to do business in your district, you should omit the names of German nationals, or firms, or companies composed principally of German nationals, whenever there are persons or firms of other nationalities in a position to act in the desired capacity, and you should endeavor in every possible way to supply names of firms not of enemy nationality or activity and preferably Americans who are in a position to act as representatives of firms in the United States.

The War Trade Board is about to establish a list of persons, firms and corporations in Mexico, Central and South America and the West Indies with whom trade is unlawful in the opinion of the board. A copy of this list will be sent you in due time with appropriate instructions.

I am [etc.]

For the Secretary of State:

WILBUR J. CARR

[Enclosure]

*An Extract from the "General Instructions" of the War Trade Board
to the Bureau of Exports*

(2) Persons who participate in, and use the articles exported from the United States in or in connection with any of the following acts:

(a) To trade, or attempt to trade, with an enemy, or for, or on account of, or on behalf of, or for the benefit of any enemy, either directly or indirectly, with knowledge or reasonable cause to believe that the person with or for, or on account of, or on behalf of, or for the benefit of whom such trade is conducted, or attempted to be conducted, is an enemy.

(b) To trade, or attempt to trade, with an ally of enemy or for, or on account of, or on behalf of, or for the benefit of, an ally of enemy, either directly or indirectly, with knowledge or reasonable cause to believe that the person with or for, or on account of, or on behalf of, or for the benefit of whom such trade is conducted or attempted to be conducted, is an ally of enemy.

(c) To transport or attempt to transport, an enemy with knowledge or reasonable cause to believe that the person transported or attempted to be transported, is an enemy.

(d) To transport, or attempt to transport, an ally of enemy with knowledge or reasonable cause to believe that the person transported, or attempted to be transported, is an ally of enemy.

(e) To transmit, or take, or attempt to transmit, or take, out of the United States, in any manner, any letter, document, writing, message, picture, diagram, map or other device or form of communication, addressed to or intended to be delivered or communicated to an enemy, with knowledge or reasonable cause to believe that the intended recipient is an enemy.

(f) To transmit, or take, or attempt to transmit or take out of the United States, in any manner, any letter, document, writing, message, picture, diagram, map or other device or form of communication addressed to or intended to be delivered or communicated to an ally of enemy, with knowledge or reasonable cause to believe that the intended recipient is an ally of enemy.

(3) An agent of the enemy or of an ally of the enemy (as mentioned in par. 1 hereof) will, for the purposes of the embargo, be regarded as including, until the contrary is shown, any person who assists in plotting or intrigue against the United States or one of the Allies, or in carrying on hostile propaganda for the enemy or an ally of the enemy.

(4) Persons who assist in making a portion or any part of the sea coast, a base of military or naval operations of the enemy or an ally of the enemy; e. g., one who sells, supplies or furnishes information to German raiders or submarines.

(5) Persons who assist in performing unneutral service at sea, such as the transportation of agents, or naval or military persons, the transmission of military information by courier, message, radio or otherwise; the participation in military operations.

(6) The foregoing classes of persons will include persons who assist in financing any of the transactions mentioned above.

(7) Persons who have assisted in breaking any bunkering or other agreement made with the United States under or by virtue of the embargo law.

(8) "Persons" is understood to mean individuals, firms, companies, or corporations, regardless of nationality.

(9) The words "to trade" as used herein, shall be deemed to mean:

(a) Pay, satisfy, compromise or give security for the payment or satisfaction of any debt or obligation.

(b) Draw, accept, pay, present for acceptance or payment, or indorse any negotiable instrument or chose in action.

(c) Enter into, carry on, complete or perform any contract, agreement, or obligation.

(d) Buy or sell, trade in, deal with, exchange, transmit, transfer, assign, or otherwise dispose of or receive any form of property.

(e) To have any form of business or commercial communication or intercourse with.

File No. 763.72112/5637

The Secretary of State to the Norwegian Minister (Bryn)

WASHINGTON, December 10, 1917.

SIR: Referring further to your note of November 13,¹ inquiring whether, under the "Trading with the Enemy Act," Norwegian business concerns whose commercial intercourse with Germany is limited to the importation of goods from that country, would by reason of that fact be excluded from commerce with the United States, I have the honor to inform you that the War Trade Board, to whom your note under acknowledgment was referred for consideration, states that even though the business of the Norwegian concerns be of the nature indicated, they would be regarded as subject to the liabilities provided for in the act in question. Any American firm dealing with a Norwegian concern engaged in business of this character could do so only under license. The granting or withholding of such a license by the War Trade Board would be dependent entirely upon the circumstances of the particular case.

Accept [etc.]

For the Secretary of State:

FRANK L. POLK

¹ Not printed.

File No. 763.72112a/180a

The Secretary of State to the Diplomatic Representatives in Latin American Countries

[Circular telegram]

WASHINGTON, December 13, 1917, 6 p. m.

Instruct consuls as follows:

Pending receipt of mailed instructions, investigate as rapidly as practicable each firm in your district listed on enemy trading list and telegraph names of any that in your opinion should be eliminated as not falling within any of following classes: (1) Having branch firms in Germany; (2) engaged actively in trade with enemy firms; (3) acting or having acted as cloak for enemy firms or firms on enemy trading list; (4) engaged in active German or anti-American propaganda; (5) having definitely given aid or comfort to the enemy; (6) having partners resident in Germany. Concisely state pertinent facts upon which your opinion is based. In interest of advancement American foreign trade forward immediately brief list of principal firms free from enemy character, activity, or association who can take over American trade of firms on enemy trading list. Telegraph names when urgently necessary.

LANSING

File No. 659.119/139

The Commercial Adviser of the British Embassy (Crawford) to the Counselor for the Department of State (Polk)

WASHINGTON, December 12, 1917.

[Received December 14.]

MY DEAR MR. COUNSELLOR: I feel that the time has arrived to reach some clearer understanding than we have had hitherto, with regard to the machinery to be used in the northern neutral countries for controlling any imports from the United States or Allied countries so soon as the present embargo is raised.

It is the strong opinion of my Government that the machinery hitherto employed by them should be continued. That is to say, no goods should be licensed for Denmark unless under a permit issued by the Danish associations (i. e., the Merchants' Guild and the Manufacturers' Guild); no goods should be licensed to Holland unless consigned to the Netherlands Oversea Trust (or possibly, in the case of certain commodities, such as wheat, to the Dutch Government); and that no goods should be licensed to Norway unless consigned to one or other of the various trade associations. The machinery for controlling imports into Sweden will have to be set up in the pending negotiations in London, because hitherto the Swedish Government has refused to allow any formation of such machinery as exists in the other three northern neutral countries.

In the case of Denmark and Holland the only thing necessary, if the United States Government agrees with this course, is to recognize the Danish associations and the Netherlands Oversea Trust as they stand at present. But in the case of Norway, where we have, in one form or another, denounced our agreements with the various associations, the final agreement between the War Trade Board and the Norwegian Government must, in some form, provide for the reconstruction of these associations and, possibly, the organization of one or two new ones. This point has already been brought to the attention of the War Trade Board and the suggestion has already been made to them, under instructions from the Government in London, that the provisions of the final agreement covering questions of machinery and methods of control should be drafted, in the first instance, by the United States and British Ministers at Christiania for submission to the two Governments. It seems most important that instructions in this sense should be sent to Christiania at the earliest possible moment and I shall be glad to learn whether you are prepared to send such instructions.

The above suggestions do not, of course, affect the necessity of obtaining general guarantees in your agreements from the neutral Governments themselves, as the War Trade Board are already doing. It is, however, important, in the view of my Government, to recognize that none of these neutral Governments can themselves exercise sufficient control unless the trade interests in their countries are themselves made responsible for the actual supervision of imported goods and, possibly, also of some native goods, to which the agreements may apply. To rely on the Governments alone would be to substitute an endless three-cornered diplomatic correspondence, in which the neutral Governments would be placed between representations from the German Government and from the United States and Allied Governments for the continual unofficial supervision which can be exercised by American and Allied representatives in the neutral countries in close consultation with the friendly commercial interests in those countries.

Believe me [etc.]

RICHARD CRAWFORD

File No. 311.165B22/4

The Salvadoran Minister (Zaldívar) to the Secretary of State

WASHINGTON, December 17, 1917.

[Received December 18.]

DEAR MR. SECRETARY: The name of the Banco Salvadoreño having been included in the enemy trading list published by the War Trade Board, and the bank being a national institution with a large issue of bills in general circulation, the Salvadorean Government has

evinced marked interest in this action by the War Trade Board, and has instructed me to ask that the name be removed from the list.

The Salvadorean Government guarantees to the Government of the United States that in the future the operations and policy of the bank will be neutral in every particular, and that such measures as may be necessary in connection with that institution, will be taken by it to make this guaranty wholly effective.

Any suggestion that may be offered by the War Trade Board in this matter, will receive my Government's most careful attention.

My Government greatly appreciate the interest already shown in its behalf, in this situation and anticipates a favorable outcome.

I avail [etc.]

R. ZALDIVAR

File No. 763.72112/5964

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

[Telegram]

LONDON, December 19, 1917.

[Received December 20, 6.33 a. m.]

From Crosby for Secretary of Treasury:

No. 21. After further conference with British officials have reached following conclusion regarding financial blockade. Advise that our Government promptly require American banks and bankers who have dealings with banks of neutral countries to require their correspondents in neutral countries to execute undertaking that facilities of their American account will not be used to aid enemy substantially similar to undertaking which has been signed by all correspondents in neutral countries of London and Paris banks. Lord Percy and Stevenson have copy this agreement on single sheet with English text on one side and French text on other.

Regarding proposed extension of financial blockade shown in British memorandum dated July 24, entitled: "Suggested Extension of Financial Blockade," which should be in your files.¹ While not convinced it will accomplish as much as has been hoped, am disposed to advise cooperation with Great Britain, France, and Italy as stated below, always having regard both as to time and method to paramount necessity of securing loans in neutral countries for Great Britain and France to cover adverse trade balances. Having this necessity in view following procedure proposed:

- (1) There shall be no attempt, for present, at least, to interfere with direct transactions, including loans between Germany and neutral countries and their banks, being those described in paragraphs 1 and 2 of memorandum;

¹ See the subenclosure to despatch from the Ambassador in Great Britain, No. 6451, June 22, *ante*, p. 898.

- (2) Diplomatic representatives of United States, Great Britain, France and Italy in each neutral country, to be provided with uniform notice to be prepared here to neutral banks in accordance with paragraphs 3 to 7 of said memorandum;
- (3) Preparation of printed forms and machinery for carrying this plan into effect will be begun immediately, time of actual inauguration of plan will be determined after report from neutral countries regarding pending efforts to secure loans for Great Britain and France.

Please cable whether you approve program outlined above, in which event only, immediate action required will be to arrange with American banks to secure signature to undertaking first above mentioned. Copies of this telegram will show British, French and Italians all of whom indicate satisfaction with procedure here proposed.

PAGE

File No. 195.91/740

The Secretary of State to the Consul General at London (Skinner)

[Telegram]

WASHINGTON, December 21, 1917.

Your December 10.¹ Merchandise from United States to war zone in Allied sailing vessels is prohibited, and every effort is being made to restrict neutral sailing vessels going through war zone.² So far only permissions given have been for neutral vessel charters made before our restrictions went into effect.

LANSING

File No. 763.72/8287

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

[Telegram]

PARIS, December 26, 1917, 5 p. m.

[Received December 27, 2.23 a. m.]

2950. Referring to my despatch 5410, May 4,³ and subsequent communications relative to the desire of the French Government that the American Government be represented on the Permanent International Committee of Economic Action, the Minister of Blockade now writes me saying that following the recent conference held at Paris, the American Government had decided to send a special delegate to the International Committee on Contingents, and Minister

¹ Not printed.

² See resolution of Exports Administrative Board, Sept. 19, as amended Oct. 4, ante, p. 957.

³ Ante, p. 817.

requests me to urge that the American Government should also name on the same footing, delegates to the International Committee of Economic Action.

SHARP

File No. 311.165B22/4

The Secretary of State to the Salvadoran Minister (Zaldivar)

No. 26

WASHINGTON, January 7, 1918.

SIR: I have the honor to acknowledge the receipt of your two notes, respectively, of December 14 and December 17,¹ in regard to your Government's desire to have the Banco Salvadoreño removed from the War Trade Board's enemy trading list, and in reply to inform you that, in view of the guarantees given by the Salvadorean Government to the Government of the United States, that in future the operations and policy of the bank will be neutral in every particular and that such measures as may be necessary in connection with that institution will be taken by it to make this guarantee wholly effective, this bank has been withdrawn from the enemy trading list.

The War Trade Board inform this Department that as late as July 16, 1917, the Banco Salvadoreño wrote the Banco Aleman Transatlantico, Barcelona, Spain, stating that they wished to remit funds to Germany by wireless via Nauen. The agent of the bank, Cuno G. Mathies, proposed to remit funds for various parties in Germany.

The Department requests that the bank be instructed to furnish the American Legation in San Salvador with a statement as to the bank's personnel, more especially regarding the present manager.

Accept [etc.]

ROBERT LANSING

Report of the War Trade Board for the Period Ended December 31, 1917²

TO THE PRESIDENT: The War Trade Board, through its chairman, has the honor to present its report for the calendar year ending December 31, 1917.

Prior to August 21, 1917, the authority for the control of exports vested in you by Title VII of the act approved June 15, 1917, was exercised pursuant to instructions issued by you, executive administration thereof being vested in the Secretary of Commerce.

Pursuant to an Executive order dated August 21, 1917,³ there was established an Exports Administrative Board, composed of a representative, respectively, of the Secretary of State, the Secretary of Agriculture, the Secretary of Commerce, the Food Administrator,

¹ Note of Dec. 14 not printed.

² Washington, Government Printing Office, 1918.

³ *Ante*, p. 926.

and the United States Shipping Board, and there was vested in this board the executive administration of all instructions which might be issued by you under Title VII of said act of June 15, 1917.

The Exports Administrative Board continued to operate as such until October 12, 1917, when, by Executive order,¹ there was established a War Trade Board, composed of representatives, respectively, of the Secretary of State, of the Secretary of the Treasury, of the Secretary of Agriculture, of the Secretary of Commerce, of the Food Administrator, and of the United States Shipping Board.

There was vested in said War Trade Board authority, as in said Executive order is more particularly set forth, to issue or refuse to issue licenses for the importation or exportation of articles the importation or exportation of which might be restricted by any proclamation issued by you in accordance with law, and there was further vested in said War Trade Board certain authority to issue or refuse to enemies or allies of the enemy, other than enemy or ally of enemy insurance or reinsurance companies, licenses to do business in the United States, and certain authority to grant or refuse licenses to trade with an enemy or ally of enemy. The War Trade Board was, by said Executive order, authorized to and did take over and exercise, without interruption, the powers theretofore exercised by the above-mentioned Exports Administrative Board. The War Trade Board has, since its creation, been exercising the powers thus conferred upon it, and in addition, since November 23, 1917, it has been acting as the agency of the Secretary of the Treasury in administering the authority vested in him relative to transmitting out of the United States communications intended to be delivered to an enemy or ally of enemy.

For the purposes of this report the operations of the Exports Administrative Board are included as though they were those of the War Trade Board.

The membership of the War Trade Board is as follows:

Vance C. McCormick, Chairman, representative of the Secretary of State.

Albert Strauss, representative of the Secretary of the Treasury.

Alonzo E. Taylor, representative of the Secretary of Agriculture.

Clarence M. Woolley, representative of the Secretary of Commerce.

John Beaver White, representative of the Food Administrator.

Frank C. Munson, representative of the United States Shipping Board.

Mr. T. D. Jones, representative of the Department of Commerce, to the great regret of his associates, resigned from the board on December 28, 1917, as a result of ill health, occasioned by the heavy burden of responsibility which he had borne.

¹ *Ante*, p. 963.

The activities of the board are roughly divisible into three spheres, viz., those relating to the control of exports, those relating to control of imports, and those relating to enemy trade.

CONTROL OF EXPORTS

By means of its authority to grant or withhold licenses to export commodities, the export of which was controlled by presidential proclamation, the board has sought, first, to conserve for ourselves and for those associated with us in the war such commodities as are required to maintain adequately the economic life of the several nations and to carry out their war programs. Other objects sought have been to prevent our commodities reaching the enemy, directly or indirectly, as by releasing like goods for the enemy, and to prevent commercial transactions between persons within the United States and an enemy or ally of enemy. In several cases, in seeming contravention of the first principle above referred to, exports have been offered to neutrals even where our own supplies and those of our cobelligerents have been very limited. In such cases the board has been actuated by a desire to prevent acute suffering in those neutrals and to prevent them from falling under the economic power of the enemy. It has been thought that even though such exports would entail an additional sacrifice on the part of our own people this burden should nevertheless be borne as a tangible evidence of the friendship of our people to those foreign peoples whose governments were endeavoring to maintain their neutrality on an equitable basis.

The application of the foregoing principles has been particularly important in the case of those European neutrals which are in trade relations with the enemy, and it has been found necessary in the case of such neutrals to enforce temporary embargoes pending the securing of information indispensable to permit the board to issue licenses in accordance with the principles above expressed.

On December 5, 1917, the board adopted a comprehensive measure dealing with licenses to export goods to Switzerland. This assures to Switzerland the periodic receipt of certain amounts of grain, of which Switzerland will have urgent need, and it contemplates the licensing for export to Switzerland of additional supplies of food-stuffs and other commodities required by Switzerland to maintain its economic existence. The Swiss Government, on the other hand, gives satisfactory assurances against exportation to our enemies of imported commodities and agrees to limit, in certain other respects, her trading with the enemy. Negotiations with other European neutrals have for some time been in progress and have advanced to a point where it is hoped that definite and comprehensive understandings can shortly be reached. In the case of certain of those neutrals

there has been a regrettable delay owing to failure to receive from them information necessary to guide the board's action, and owing to pressure brought to bear on them by the enemy.

The supply of ships with bunker and ship's stores, while controlled by virtue of the board's general authority over export licenses, has necessarily been exercised in accordance with special considerations, the most important of which has been to assure the utilization of our own restricted supplies of coal, fuel oil, and ship's stores primarily by ships performing services useful to the United States and her associates in the war. In exercising its authority in this respect the board has sought to cooperate closely with the United States Shipping Board.

In order to guide our merchants in their transactions with foreigners there was published on October 6, 1917, an enemy trading list containing the names of individuals and associations in neutral countries who were enemies or allies of enemies within the purview of the Trading with the Enemy Act.¹ This list is not a fixed and unchanged classification, but is subject to constant revision, and the board has been able to remove from the original list many firms who have cleared themselves from the taint of enemy character.

CONTROL OF IMPORTS

In exercising its authority to grant or refuse licenses to import commodities the importation of which is controlled by presidential proclamation, the board has sought, first, to secure to this country supplies adequate for the conduct of the war and the general welfare of the country, and, secondly, to control when necessary the distribution of important materials, to the end that they might be devoted to the needs of the country in the order of their urgency. The exercise of control over imports has in many cases been necessary to secure importation of adequate supplies, as many commodities are controlled by cobelligerents who have such need therefor themselves that they are not willing to permit exportation to this country unless assured that the goods will be devoted to uses which will assist in the successful prosecution of the war. Opportunity has frequently arisen, and has been availed of, to stimulate foreign production, and thus to insure increased imports of desired commodities.

CONTROL OF TRADE WITH THE ENEMY

In exercising the authority conferred upon the board to license in certain cases commercial transactions with or by an enemy or ally of enemy, it has been sought in each case to ascertain and balance the

¹ Not printed; see circular telegram of Dec. 5 from the Secretary of State to the diplomatic representatives in Latin American countries, *ante*, p. 997.

relative national advantages and disadvantages which would flow from issuing a license, and in cases where the advantage has preponderated, such a license has been issued. As illustrating the class of cases where licenses have been issued, there may be noted transactions entered into and in part completed before the declaration of war which still require some unimportant action on the part of an American firm in order to secure compensation for the whole; corresponding with an enemy necessary to collect debts due to persons in the United States; transactions with an enemy necessary to protect the interests of the Alien Property Custodian, etc.

The board has sought to attain the fullest measure of cooperation with those nations associated with us in the prosecution of the war. This cooperation was very largely promoted by the visit of the chairman and Doctor Taylor to Europe as members of the House mission, a report of which has already been submitted to you.¹ Not only has coordination of policy been sought and very largely attained, but it has also been the War Trade Board's endeavor through international understandings to reduce to a minimum the control machinery which must necessarily be established. Progress along these lines has been such that it is confidently believed that calls at Halifax by vessels sailing from our ports will be eliminated and export licenses issued by the War Trade Board will be recognized by our cobelligerents without the aid of national documents of their own.

The task of the War Trade Board, as the foregoing will have indicated, has been not so much the creation of new forces as the supervising and directing of an existing force, our foreign commerce, to the end that it shall most effectively assist in the prosecution of the war. Indications are not lacking that this is being successfully accomplished. The agreement with Switzerland has already been referred to. In the case of the northern European neutrals, where temporary embargoes are in force pending the conclusion of comprehensive agreements, their exports of foodstuffs to the Central powers have declined from last year's corresponding exports in amounts estimated at from 65 to 85 per cent, depending on the neutral, and there has been a decrease in the export of many other important commodities. In November, 1917, we became a party to Great Britain's tentative agreement with Norway, as a result of which action on our part 1,400,000 tons dead weight of Norwegian shipping were chartered into the service of the United States and Great Britain for the period of the war. Shortly following the date as of which this report speaks (December 31, 1917) temporary agreements were concluded with Holland and with Sweden. That with Holland gives us the use for periods up to 90 days of 450,000 tons dead weight

¹ Vol. I, p. 334.

of her shipping which had theretofore for a long period lain idle. The agreement with Sweden gives us the use for three months of tonnage estimated at 250,000 tons dead weight which had not theretofore been employed in services useful to us.

Specific accomplishments of this character are, however, far from constituting a full measure of the results achieved by the War Trade Board during the period under review. The elimination of enemy advantage from our trade and to a considerable extent from that of the world, the securing and conserving of commodities essential to ourselves and those associated with us in the war, the bringing of shipping generally into the services most useful to us—these results can not be accurately stated or appraised at the present time, nor have they been accomplished by any single act or agreement. It is by a daily routine, where thousands of commercial transactions are scrutinized and acted upon, that there has been created a powerful economic weapon which is being utilized, and it is believed effectually utilized, to augment the power of the United States and her cobelligerents, and scientifically to undermine the strength of the enemy.

To permit of the efficient transaction of the business which has come before it, the board has from time to time created various bureaus charged with the duty of administering, under the direction of the board, policies formulated by the board, and securing the information necessary to guide the board's actions. The following are the bureaus so created, with a brief statement of their respective duties:

Bureau of Exports. This bureau applies policies formulated by the War Trade Board relative to the disposition of applications for licenses to export from the United States controlled commodities. Mr. C. A. Richards is director of this bureau.

Bureau of Imports. This bureau applies policies formulated by the War Trade Board relative to disposing of applications for licenses to import controlled commodities, and it devises ways and means for obtaining increased supplies of commodities required by this country from abroad. Mr. Fred B. Peterson is director of this bureau.

Bureau of Transportation. This bureau administers the rules of the War Trade Board relative to granting licenses for bunker fuel and ship's stores. Mr. L. L. Richards is director of this bureau.

Bureau of Enemy Trade. This bureau issues licenses permitting transactions involving trading with an "enemy" or "ally of enemy," in so far as such transactions are within the jurisdiction of the War Trade Board. This bureau further administers by license the continued conduct of business in the United States by enemy concerns. Mr. John Henry Hammond is director of this bureau.

Bureau of War Trade Intelligence. This bureau investigates the character of the persons involved in commercial transactions for which

a license is applied, to determine whether or not any such person is an "enemy" or "ally of enemy." Mr. Paul Fuller, jr., is director of this bureau.

Bureau of Research. This bureau concerns itself with statistical problems of an economic and commercial character. Prof. W. M. Adriance is director of this bureau.

Bureau of Tabulations and Statistics. This bureau tabulates the licenses granted and refused by the War Trade Board, and prepares statistical studies covering these matters. Mr. Lowell J. Reed is director of this bureau.

Bureau of Foreign Agents and Reports. This bureau instructs and directs special agents of the Department of State in foreign countries who may be engaged in carrying out the policies of or collecting information for the War Trade Board. From these agents and other sources the board receives reports and information on trade matters. Mr. Charles Denby is director of this bureau.

Bureau of Administration. This bureau has charge of the office needs of the War Trade Board and of its bureaus, such as purchasing supplies, printing, messenger service, disbursing of funds, renting and maintaining buildings, etc. Mr. H. A. Engman, jr., is director of this bureau.

The War Trade Board has as representatives abroad, Mr. Sheldon at London and Mr. Dresel at Berne. These gentlemen have been appointed and duly accredited by the Department of State. Arrangements are well under way for the appointment of similar representatives to certain other foreign capitals.

An appreciation of the volume of business coming before the board may be gathered from the following:

The Bureau of Exports has handled approximately 425,000 applications for licenses to export. At present the bureau is handling daily between four and five thousand applications, which range in total value between ten and fifteen million dollars per day.

The Bureau of Imports, of more recent formation, has received 5,279 applications for licenses to import; 4,719 licenses have actually been issued covering commodities of an aggregate value of \$237,810,949.

The Bureau of Transportation has granted 1,872 bunker licenses.

The Bureau of War Trade Intelligence has prepared approximately 50,000 cards containing information on separate individuals and associations in the United States and abroad, and is examining about 1,500 documents per week dealing with the supposed enemy character of various firms. It passes on the character of various firms. It passes on the character of the consignor, consignee, and other persons involved in approximately 2,500 applications daily received for licenses to export or import.

The personnel of the War Trade Board as of the date of December 31, 1917, amounts to 1,526. The total amount of financial obligations incurred up to December 31, 1917, is \$541,498.80, whereof \$435,213.50 was incurred by the War Trade Board proper since its creation on October 12, 1917, and whereof \$106,276.65 was incurred by the Exports Administrative Board, this including outstanding liabilities of August 27, 1917, contracted by the Department of Commerce and paid by the Exports Administrative Board. No salary paid by the board exceeds \$3,500.

The board maintains branch offices in the cities of Boston, Mass.; Chicago, Ill.; New Orleans, La.; New York, N. Y.; San Francisco, Calif.; Seattle, Wash.; St. Louis, Mo.; Galveston, Tex.; Savannah, Ga.; Mobile, Ala.; Los Angeles, Calif.; Portland, Oreg.; and Philadelphia, Pa. In the city of Washington the board and its several bureaus occupy all or parts of 12 different buildings. The necessity for a physical separation of the different offices of the board has militated against complete cooperation and economy of time and labor. A contract has now been made for the construction of a new two-story building with 204,552 feet of space, and it is hoped that this building will be ready for occupancy by April.


To create in a brief period an organization adequate to control a very substantial portion of the world's international trade has been a problem of magnitude. Such measure of success as may have been realized has been due very largely to the personal loyalty of those comprising the organization. They have given their best endeavor whole-heartedly, and in large part without adequate financial remuneration. The cooperation of other governmental departments has been of the greatest assistance to the board. Business and commercial interests of the United States have, with hardly an exception, accepted without complaint the measures adopted by the War Trade Board, even though such measures may have been burdensome and have involved them in financial losses. Their attitude in this respect has been a striking testimonial of their loyal support of the Government in the conflict in which it is engaged.

I have the honor to be,

Very respectfully yours,

VANCE C. McCORMICK

Chairman, War Trade Board



NEGOTIATIONS WITH DENMARK, NORWAY, AND SWEDEN
CONCERNING EXPORTS AND SHIPPING

Representations as to the Commercial Situation and Needs of the Scandinavian Countries—The Swedish Special Mission to the United States—The Scandinavian Conference, May 9–11—The Norwegian Special Mission to the United States

File No. 600.119/42

The Minister in Denmark (Egan) to the Secretary of State

[Telegram]

COPENHAGEN, April 16, 1917, 4 p. m.

[Received April 17, 6 a. m.]

586. The publication in Danish papers of the last few days that a Senate resolution is about to be voted upon restricting or prohibiting the exportation of wheat and other cereals to countries contiguous to Germany has caused great alarm.

This resolution if passed will cause in Denmark, and I believe in the other Scandinavian countries, a feeling against the United States that will react unfavorably after the war.

The control of all foodstuffs by Great Britain is now most effective. The British policy in regard to exports necessary for the farmers has been alternately too drastic or not drastic enough. The old quarrel between the British Foreign Office and the Admiralty led to confusion and often to injury. Even now when the Danish committees are acting in accordance with British control it looks as if Denmark would be thrown commercially into the arms of Germany after the war. It is important that the small neutrals should not be turned against us commercially. This control by the British has engendered among the merchants and others much bitter feeling in these northern countries. The prohibition by us of wheat, etc., would put on us the onus of explanation that is now borne by the British. Besides we are holding a certain amount of money as against, I understand, the purchase of agricultural necessities.

It is felt here that the trade of the United States should be kept open with Denmark. It might be arranged that American bottoms should not be used to carry foodstuffs and other supplies intended for Denmark.

I respectfully urge that the most careful consideration be given to this matter and that the question of embargo be settled without delay.

EGAN

File No. 600.119/70

The Norwegian Minister (Bryn) to the Secretary of State

AIDE-MÉMOIRE

As he understands that the question of regulating the exportation of foodstuffs from the United States to some of the neutral countries in Europe is among the matters to be considered during the forthcoming conversations at Washington between the American Government and representatives of Great Britain and France the Norwegian Minister begs to communicate to the American Government for their confidential use the following information received from the Norwegian Government:

The entire importation of foodstuffs from America to Norway is covered by prohibitions of exportation and by agreements between the Norwegian importers in the branch of commerce concerned and the British Government. The Norwegian Government has approved these agreements whereby exportation of imported goods contrary to declarations made at the time of the importation of such goods, is rendered punishable. The Norwegian Government have pledged themselves towards the British Government not to grant permit for the exportation of goods contrary to the said agreements unless such permit shall have been recommended by the Norwegian association representing the branch of commerce concerned, the Norwegian associations of the branches of commerce having in their turn bound themselves towards the British Government to recommend that such permit be granted only against the written consent thereto of the British Legation at Christiania. This obligation on the part of the said Norwegian associations does not only affect the goods imported into Norway under the agreements in question between the Norwegian branch of commerce concerned and the British Government, but it embraces also products of Norway of a similar kind. For instance, by the agreement between the Norwegian association concerned and the British Government in regard to grain and flour the Norwegian Government is bound not to grant dispensation for exportation to Germany either of domestic Norwegian or of imported grain and flour as well as of products thereof. In the same way the agreement in regard to raw materials for margarine prevents the Norwegian Government from granting dispensation for exportation to Germany even of butter made in Norway. All the agreements concluded between the Norwegian branch-associations concerned and the British Government are based on the same principle which prevents from being exported to Germany all similar articles of Norwegian production.

The Norwegian Minister of Foreign Affairs has finally directed the Minister at Washington to represent to the American Government

that owing to Norway's own insufficient production of foodstuffs famine would result in Norway unless the country's supply of foodstuffs from the United States be maintained as up to the present time.

The Norwegian Minister ventures to hope that the above information may be found satisfactory.

WASHINGTON, *April 23, 1917.*

[For a description of the general position of Denmark, Norway, and Sweden "as regards trade with the Allies and with the enemy, and as regards shipping," together with recommendations as to American policy, see memorandum from the British Embassy, May 7, 1917, *ante*, page 828.]

File No. 600.119/59

The Minister in Sweden (Morris) to the Secretary of State

[Telegram]

STOCKHOLM, *May 8, 1917, 4 p. m.*

[*Received May 9, 5.30 a. m.*]

340. I am requested by the Foreign Office to inform you that Envoy Lagercrantz is proceeding to America accompanied by his assistant, Mr. Nordvall, on the steamer *Oscar II* sailing from Christiania May 4 as a representative of the Royal Swedish Government to confer with the American Government regarding importation from United States to Sweden of foodstuffs and raw material. Mr. Lagercrantz was formerly Swedish Minister at Washington. He is one of the influential business men of Sweden and enjoys the confidence and intimacy of his Government.

In connection with the above the control of American supplies into Sweden is important in consideration of Sweden's relationship with Germany. Also a matter of important consideration in connection with any question of Swedish food supplies is the fact that Sweden does not permit the entry of food or other articles with few exceptions into Russia except under licenses granted by the Swedish Government in return for permission from Great Britain to import supplies for Swedish consumption. Naturally, Russia being largely cut off from their supplies through this Swedish law, it has had a serious effect upon Russia's not receiving freely supplies through Sweden which at times has been practically the only route of transportation and at all times is an open, easy and important route.

Therefore, I am calling the Department's attention to the importance of these matters in connection with the subjects which Lager-

crantz will bring up for discussion. The matter of import of food to Sweden is at present a most sensitive question with the Swedish Government. It has been the subject of continuous negotiation between the British and Swedish Governments and has caused great irritation. . . .

MORRIS

File No. 763.72/4513

The Minister in Sweden (Morris) to the Secretary of State

[Telegram]

STOCKHOLM, May 9, 1917.

[Received 10.15 p. m.]

346. Prime Ministers and Foreign Ministers of Denmark and Norway have arrived in Sweden to-day to confer with Swedish Government regarding matters of mutual interest. I learn this is for similar purpose other conferences held by these three countries heretofore.

MORRIS

File No. 763.72/4655

The Minister in Sweden (Morris) to the Secretary of State

[Telegram]

STOCKHOLM, May 13, 1917.

[Received May 15, 8.30 a. m.]

358. Referring our 346. Following has been given out officially to which conference agreed:

To continue impartial neutrality policy heretofore followed. Consider it out of question to take initiative either alone or in conjunction with other neutral countries in mediation of peace or to take other similar measures. To try to bring about cooperation with other neutral states for mutual interests at time of or after ending of war and also interest of neutrals to participate in general work to be taken up concerning future international laws. Three governments have attention called to fact that inter-parliamentary groups of Scandinavian countries have taken up this latter question. Question of present difficult situation of importation by sea was most carefully discussed. Certain principal lines were established for economic cooperation during and after war and desirability of continuing economic cooperation and exchange of goods between Scandinavian countries during war and of further development this cooperation. That it would be advisable have renewed conferences between technical representatives of three countries as to which measures should be

taken to prepare for overcoming of danger from mines even after war ended. All parties expressed hope that present cooperation might be continued.

MORRIS

File No. 763.72/4666

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

[Telegram]

CHRISTIANIA, May 15, 1917, 5 p. m.

[Received 6.45 p. m.]

174. Upon his return from Stockholm where he attended the meeting of the Scandinavian Prime and Foreign Ministers held May 9 to 11 the Minister for Foreign Affairs informed me that it was unanimously agreed that the three countries would continue their policy of impartial neutrality and that the question of mediation would not be considered except at the explicit request of the belligerents. He stated that it was agreed that the Scandinavian countries must cooperate to the fullest extent possible with other neutral states in order to protect their joint interests during and after the war. It was also decided that the three countries must continue as before to help each other as much as possible by economic cooperation and that every effort should be made to exchange domestic products. His Excellency added that particular emphasis was given to the fact that no imported goods would be exchanged or sent out of the countries and that in this connection the hope was expressed that the United States would not impose too many restrictions. It was decided further that a meeting of technical representatives would be advisable to discuss measures to be taken for overcoming the danger of mines both now and after the war. The question of submarine warfare was discussed but no further action would be taken beyond the joint protest which was made in February last.

SCHMEDEMAN

File No. 658.119/1

The British Embassy to the Department of State

MEMORANDUM

In the memorandum, dated May 7,¹ in which was explained the situation as regards each neutral European country in war trade matters, it was suggested that the Government of the United States should only license exports to Sweden in return for equivalent com-

¹Ante, p. 828.

pensation from Sweden in the form either of exports to the Allies or of transit facilities to Russia. It was further suggested that it should be made clear that such compensation should be in addition to the compensation already provided for in the draft agreement between the British and Swedish Governments, the ratification of which by the Swedish Government should, it was proposed, form part of the demands to be put forward by the Government of the United States.

In view of changed circumstances, the British Government now doubt whether the final conclusion of this draft agreement would be advantageous. While, therefore, the suggestions made in the memorandum of May 7 still represent the wishes of the British Government in all other particulars, that Government would now prefer that the United States Government should not press for the ratification of the draft agreement but should simply stipulate, in negotiating for compensation with the Swedish Government, that such compensation should be in addition to similar compensation granted or to be granted in exchange for exports or services obtained from Great Britain or her allies.

WASHINGTON, *May 19, 1917.*

File No. 600.119/205

The Swedish Commercial Delegate (Lagercrantz) to the Secretary of State

MEMORANDUM

We have been placed in a position to give the following information regarding Sweden's requirements in tonnage:

During the year 1914 the tonnage used for Sweden's import and export consisted of 51 per cent Swedish and 49 per cent foreign tonnage; during 1915 the corresponding figures were 48 per cent and 52 per cent. It should, however, be taken into account that about 18 per cent of the Swedish merchant marine then was occupied in foreign trade (outside of Sweden). Even if these 18 per cent could be used for Sweden's account, it is evident from the figures above given that the requirements of the country could not be filled even by using the total Swedish tonnage.

Moreover, one has to take into consideration the fact that during the war the Swedish merchant marine has been diminished by accidents (through submarine warfare, etc.) as well as by sale of vessels to foreign countries, and also that a great part of the Swedish tonnage lies idle in foreign ports (mainly on account of lack of facilities from the British side).

Considering these facts, it will be understood that Sweden's import and export can not be handled by Swedish tonnage alone under now existing conditions, unless a considerable decrease in our foreign trade should take place; but even if such decrease should occur it would not be possible for the Swedish tonnage to satisfy Sweden's absolute needs unless the British Government will make such facilities available so as to render it possible for the Swedish vessels now tied up in foreign ports to resume regular trade for Sweden's account.

It is therefore of utmost importance to Sweden that the Swedish tonnage now in American and English ports be released.

H. L. F. LAGERCRANTZ

WASHINGTON, *June 11, 1917.*

File No. 600.119/205

The Swedish Commercial Delegate (Nordvall) to the Secretary of State

MEMORANDUM

List of Swedish steamers now lying in different ports in U. S. with cargo consigned to Sweden which steamers cannot proceed until permission of visitation at port outside England has been granted.

The following list does not include steamers with grain consigned to the Swedish Government which are still lying in different ports in U. S. A. and which according to agreement made with England are to be allowed to proceed.

5. S.S. <i>Oscar Fredrik</i>	From	Newport News	Cargo	pig iron
3. S.S. <i>Sir Ernest Cassel</i>	"	Philadelphia	"	coal and lubricants
2. S.S. <i>Bia</i>	"	Halifax	"	maize
2. S.S. <i>Boren</i>	"	Halifax	"	pig iron and cotton
5. S.S. <i>Ocean</i>	"	Halifax	"	general
4. S.S. <i>Regina</i>	"	Savannah	"	cottonseed cakes
4. S.S. <i>Olivia</i>	"	Savannah	"	"
4. S.S. <i>Irene</i>	"	Savannah	"	"
2. S.S. <i>Emanuel</i>	"	Norfolk	"	maize
1. S.S. <i>Torbjörn</i>	"	Newport News	"	phosphate
4. S.S. <i>Elisabeth</i>	"	Savannah	"	cottonseed cakes
4. S.S. <i>Aila</i>	"	Savannah	"	"
1. S.S. <i>Sigrid</i>	"	Norfolk	"	phosphate
2. M.S. <i>Pacific</i>	"	Colon	"	nitrate
2. S.S. <i>Alida</i>	"	Buenos Aires	"	maize

The figures indicate in which order vessels should proceed.

I understand S.S. *Sir Ernest Cassel* has already been afforded facilities to proceed.

A. R. NORDVALL

WASHINGTON, *June 15, 1917.*

File No. 033.5711/12

The Norwegian Minister (Bryn) to the Secretary of State

WASHINGTON, June 19, 1917.

[Received June 20.]

MY DEAR MR. SECRETARY OF STATE: The Norwegian Government is desirous of sending Dr. Fridtjof Nansen to this country in the capacity of "Ministre Plénipotentiaire en mission spéciale" for the purpose of negotiating with the United States Government with a view to securing for Norway the necessary importation of necessities, especially food, from this country.

In consequence of this I have the honour to ask if it would be entirely agreeable to the United States Government to receive Mr. Nansen in the said capacity.

I beg to add that Mr. Nansen who is now a professor at the University of Christiania, was formerly Norwegian Minister in London. He is well known as an arctic explorer.

I should be thankful for a reply at the earliest convenience as there is a sailing opportunity for Mr. Nansen on the 24th instant.

Believe me [etc.]

H. BRYN

File No. 033.5711/12

The Secretary of State to the Norwegian Minister (Bryn)

WASHINGTON, June 20, 1917.

MY DEAR MR. MINISTER: I beg to acknowledge the receipt of your note of the 19th instant in which you state that the Norwegian Government desires to send Dr. Fridtjof Nansen to the United States in the capacity of "Minister Plenipotentiary on Special Mission" for the purpose of negotiating with this Government in order that Norway may obtain the necessary importations from the United States of necessities, especially food.

I beg to say in reply that it will be entirely agreeable to this Government to receive Doctor Nansen in the capacity mentioned.

I am [etc.]

ROBERT LANSING

File No. 600.119/205

The Swedish Commercial Delegates (Lagercrantz, Nordvall) to the Secretary of State

MEMORANDUM

In view of the food situation here, and the impression conveyed by many newspapers, that the neutral countries of Europe are draining

the supply of the United States, and thus threatening a serious condition in this country, we desire to make the following statement:

The Swedish Government took entire charge of the grain situation in that country early in 1915, and since then the stocks of grain, as well as the sale and distribution thereof, have been under the control of the Swedish Government. All purchases of grain for human consumption have been made by the Royal Swedish Victualling Commission, and all purchases of this commodity have been made by the authorized agent of that commission in New York. The last contract for food cereals in the United States was placed by this agent on the 27th of last January, and since that time no further purchases have been contracted for in this country.

Because of shipping restrictions it has not been possible to export these purchases, and the wheat has been and is now stored in elevators here.

It is true that in some cases it has been necessary to exchange old wheat for equal quantities of the new crop, and these are the only transactions made for Swedish account since the 27th of January.

We have not been in the American market for any further quantities of food cereals since the beginning of the year, and, although there is great need in Sweden, we have felt that it was advisable to postpone all further purchases until the attitude of the United States toward exportation should be made clear. We have no desire whatever to create difficulties for the United States Government, and have scrupulously avoided any premature action that might so result.

We have now stored in elevators in this country, for Swedish account, purchased before the 27th of January, 1917, less than a million and a half bushels of wheat altogether.

An embargo has been laid upon all exports of cereals from Sweden, and no licenses for such export are given to anyone.

H. L. F. LAGERCRANTZ
A. R. NORDVALL

WASHINGTON, June 25, 1917.

File No. 600.119/201

The Danish Minister (Brun) to the Secretary of State

WASHINGTON, June 26, 1917.

DEAR MR. SECRETARY OF STATE: On May 15, I had the honor of addressing to you a note concerning the exports from Denmark before and during the present war,¹ with a view especially to correct any misconception of this matter which might possibly have been

¹ Not printed.

created by certain erroneous reports in the newspapers on both sides of the Atlantic.

In my endeavour and anxiety to contribute everything in my power to make the actual situation in Denmark and our point of view clear to you, I cabled at the same time to the Danish Minister of Foreign Affairs, suggesting to him to place at my disposal such full and actual information regarding our position and situation that I could lay it before you with some prospect of serving a useful purpose, as owing to the irregularity of mail-communications during the war and the distance from home, I did not feel that I was fully enlightened myself on the said points or in possession of such complete information that would allow me to set the matter forth to you with the weight which the subject undoubtedly requires.

In reply the Minister has now cabled me what I have stated in the memorandum enclosed herewith, and he has at the same time instructed me to seek an interview with you and to say to you then what I have stated in the memorandum.

I beg that when you have acquainted yourself with the contents of the memorandum, you will be so good as to indicate a day and an hour when it will be convenient for you to see me on this subject.

Yours very sincerely,

C. BRUN

[Enclosure]

The Danish Minister (Brun) to the Secretary of State

MEMORANDUM

In the daily press and in public and private discussions in the United States surprise has repeatedly been expressed when the fact was mentioned that during the present war Denmark has continued its commercial relations with Germany (and Austria), and the suggestion has been made that Denmark should voluntarily cease to trade with the Central powers or by measures taken by the Allies be placed in such a position that it could no longer trade with the Central powers.

The following remarks will to a certain degree make it clear why Denmark could not voluntarily stop the said trade and what the consequences would be if an attempt were made at compelling Denmark to cease all commercial relations with the Central powers:

When one remembers the geographical situation of Denmark and takes into consideration the dependence of the industry of Denmark on importations of raw materials from Germany and the necessity for the Danish farmers of selling their cattle and horses in the

German market, it will be clear at once that it is an absolute political duty for the Danish Government to endeavour to promote good neighbourly relations with Germany, and the necessity of this policy during the present war conditions is surely self-evident. For it must not be overlooked that, whatever may be the outcome of the war, Germany will always remain the nearest neighbour of Denmark and, whether victorious or defeated, will always have a deciding influence on the political and economical life of Denmark.

Therefore, just as it is politically and economically necessary for us to endeavour to continue our exportation to the West, it is also indispensable to maintain our exportation to the South.

Furthermore, any other procedure or tendency on the part of Denmark would be a violation of the determination of the Danish Government declared at the beginning of the war and often repeated since then, to maintain an equal and impartial neutrality towards both of the belligerent groups of countries.

Denmark has thus continued to trade with and to export its own products to both of the belligerent groups, as it was our right and our duty, and Denmark has also in accordance with the fifth Hague Convention impartially and loyally towards both parties carried out such restrictions of free commerce and trade which the Government during the war found it necessary to establish, although in their effect these restrictions, and especially the embargoes, were almost exclusively to the detriment of Germany, which might easily have led to political consequences reaching far beyond their real economical importance.

The Danish embargoes have given to the Allied powers, in connection with their efforts to the effect of blockading Germany, an absolute guarantee that imported articles were not reexported from Denmark, and the United States now also has this guarantee with regard to the export to Denmark of articles necessary for the Danish agriculture, such as for instance feedstuffs and petroleum.

Owing to the measures taken by the belligerents with regard to the final destination of all articles, it became necessary for the Danish Government to delegate the work in connection herewith to the Danish commercial and industrial organizations, and the Danish Government has in every possible way supported these organizations in the task thus undertaken by them.

When owing to the beginning of the submarine war in 1915 and to the British counter-measures the question of provisions became foremost in Germany, the exportation of agricultural products from Denmark to England, which our farmers had conscientiously continued in spite of the low prices in England as compared with the

ever increasing costs of production, was in danger of being stopped by the German naval forces.

For it must in this connection be remembered that the Danish waters are within the sphere of operation of the German Navy and that the German Navy has it in its power to stop our exportation at any moment.

But by negotiations at Berlin the Danish Government obtained that our exportation to England of our agricultural products could be continued, provided that Germany received her part of our agricultural export, and that on the other hand England did not place any obstacles in the way of the importation to Denmark of articles necessary for our agriculture, especially feedstuffs.

This question of importations to Denmark is of all absorbing importance, for it is the argument which on the part of the Danish Government has been successfully used in negotiations with Germany for the purpose of making exportation from Denmark to England possible. If importations are suppressed, no reason remains for Germany to allow exportations to England.

This arrangement which has not assumed a fixed and concrete form, and which here has only been indicated in its great lines, is the main point and turning-point of the political relations between Denmark and the two great adversaries: England and Germany.

The British Government has repeatedly declared in the British Parliament that both the Danish Government and the Danish people had conscientiously and loyally carried out the engagements that had been undertaken. The British Government has evidently also been forced to recognize that the policy followed by the Danish Government was the correct policy, for, in spite of the loud accusations against Denmark by a certain extreme part of the daily press, no demand has ever been made by the Allied powers that Denmark should establish still further restrictions with regard to imported articles to the effect that animal products indirectly produced by such imported articles should only be exported to the Allied powers.

It has indeed been rumored that the Allied powers were now endeavouring to induce the American Government to issue such drastic orders with regard to the use made of feedstuffs, etc., imported into Denmark from the United States.

The Danish Government wishes in these circumstances to again declare that there is absolute security against reexportation from Denmark of the said importations from America, and admits being unable to perceive for what reasons the American Government should contemplate changing their policy towards Denmark (and the other Scandinavian countries) and making exportations conditional upon restrictions with regard to the use of the exported ar-

ticles, such as the British Government on its own behalf and on behalf of the Allied Governments after three years' warfare has not considered it expedient to demand.

It is believed that too much importance is attached to the export from Denmark to Germany, which however is insignificant as compared with the population of Germany of about seventy millions, and surely can have no influence on the progress of the war.

All that would be accomplished by a policy of such drastic nature would be, that Germany would cut all exportation off from Denmark to England, a situation which would lead to the economical ruin of Denmark and create serious political difficulties for us in our relations with Germany. Such a policy would consequently not in any way do harm to Germany. It has invariably been the case during the present war with every encroachment from one or the other side of the belligerents, and it would be the case again here, that the real loser would be Denmark, not the other belligerent.

A policy of this extreme nature would finally not be in accordance with the policy which the American Government championed so valiantly, while as a neutral it had to defend the rights and duties of neutrals and thereby vigorously assisted the small nations in their struggle to preserve the rights of the neutrals as recognized by international law.

This being so, and the British Government not having thought it wise or expedient to change their blockade policy towards the neutrals in the direction under discussion, it would seem that there would be so much the more occasion for the Government of the United States to consider, whether it would be politically wise for them to do, what the other Allied powers from political motives have hereunto abstained from doing, because they recognized the weight and correctness of the arguments here set forth and explained.

C. BRUN

WASHINGTON, *June 26, 1917.*

File No. 600.119/168

The Minister in Sweden (Morris) to the Secretary of State

[Telegram]

STOCKHOLM, *June 28, 1917, 5 p. m.*

[*Received June 29, 4 p. m.*]

495. Department's 246.¹ Since beginning of war great quantities of foodstuffs and other merchandise have been exported from Scandinavian countries to Germany. This is especially true of Sweden and Denmark. British Minister informs me that reason his Government has adhered to policy of permitting continuance these exportations

¹ Not printed.

from Denmark to Germany is that England felt that to compel Denmark not to export to Germany would result in Germany's occupation of Denmark which was undesirable. This question of exports to Germany is of vital importance in connection with the feeding of Germany. Before any licenses are granted permitting exportation from America to Scandinavia, I earnestly recommend that agreement be secured from the Scandinavian Governments effectively to embargo all exports of foodstuffs to Germany and that Swedish Government also agree without other compensation to permit all merchandise not included in Swedish decree of January, 1915, that is to say munitions of war, freely to pass through Sweden to Russia.

The British Minister and myself are convinced that it is absolutely essential to Sweden's economic life that she continue to procure coal from Germany. As pointed out in my 348,¹ Sweden is now securing her coal supply from this source in return for exports to Germany which have been of untold value to that country. Germany will endeavor to compel Sweden to continue exportation foodstuffs. It is thought that the need in Germany for Swedish iron and steel, ore and woodpulp is such that she will continue to furnish Sweden with coal in return for these commodities.

MORRIS

File No. 600.119/230

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

[Telegram]

CHRISTIANIA, July 11, 1917, 6 p. m.

[Received 9.15 p. m.]

219. Department's circular telegram of June 20.² I have had several consultations with Allied Ministers here and it is our joint opinion, for political reasons and in view of the fact that Norway has rendered special services to the Allies, that a distinction should be made by the United States Government in the treatment to be accorded the three Scandinavian countries in regard to exports from the United States. I therefore take the liberty of suggesting to the Department that when considering the question of regulation of exports Norway should, if possible, be subjected to less restrictions than Sweden or Denmark, the two latter countries having rendered no special services to the Allies. I am forwarding by mail strictly confidential statistics tending to show that Norway's trade with the enemy has already been limited as much as was possible prior to entry of the United States into the war. It is apprehended that too

¹ Not printed.

² *Ante*, p. 882.

great severity on the part of the Government of the United States toward Norway may react to the disadvantage of the Allies without improving our position as far as the other two Scandinavian countries are concerned.

SCHMEDEMAN

File No. 600.119/256

The British Embassy to the Department of State

MEMORANDUM

SWEDEN'S EXPORTS OF IRON ORE

The British Embassy was instructed a few days ago to bring urgently to the attention of the Government of the United States the large shipments of iron ore which were going from Sweden to Germany. These shipments come very largely from the Gulf of Bothnia via the Kiel Canal and through German and Dutch territorial waters where it is impossible to intercept them. The same instructions drew the attention of the Embassy also to certain recent evidence of very large exports of copper ore, iron ore, and sulphur pyrites and pulp, besides quantities of preserved meat, cellulose wadding and steel billets. Action was taken on these instructions verbally, but no official statement on the subject was made to the United States Government in writing.

Now, further information has reached the Embassy which makes the situation even more grave and urgent.

One item of information is that in the three weeks ending June 16th, 83,000 tons of iron ore was exported to Germany from the one port of Oxelösund alone.

Fuller information states that in the two months, May and June last (the shipping season begins on the 1st May) the Swedes have shipped 465,000 tons of iron from Luleå and Oxelösund. They hope to ship during this season two and one-half million tons which they will be able to do at their present rate of shipment unless some steps are taken to prevent it. If they succeed in transporting this quantity, German requirements will be covered up to the end of 1918. Ore is pouring into every available German port, especially Stettin, Lübeck, Hamburg, and Emden. Last year large quantities went via Rotterdam but none appear to have gone by this route since January 23rd of this year. Stettin is however already blocked with traffic and when the other German ports are filled it is anticipated that traffic via Rotterdam will recommence.

The vast importance of these exports of iron ore to Germany is due to the fact that the Germans have built up their munition works and their pig-iron and steel industries to deal with these high-grade

Swedish ores. If these ores were cut off, all munition works would have to be reorganized so as to deal with inferior ores and the pig-iron and steel industries would be seriously in danger.

The Swedish Government argue of course that it is absolutely necessary to have to continue this export in exchange for German coal but this argument cannot be accepted until the Swedish Government have at least shown themselves willing to test fully the possibility of obtaining coal from the United Kingdom. The Swedish Government also argue that they are supplying Great Britain also with iron ore. This is true but British requirements of iron ore annually from Sweden are probably less than one-seventh of what Sweden has exported to Germany in each of the years 1915 and 1916.

In view of these facts the British Government venture to urge upon the Government of the United States that this situation affords an opportunity for strong and effective action at once and that the stoppage of iron ore to Germany should be made the subject of an emphatic demand upon the Swedish Government without delay.

WASHINGTON, *July 13, 1917.*

[*Received July 16.*]

Memorandum of the Exports Council to the Neutral Representatives, July 24—Swedish Attempt to Organize a Neutral Conference—The Danish Special Mission to the United States

[For the memorandum of July 24, 1917, from the Exports Council, requesting information as to the northern neutrals' supplies of foodstuffs and stating the conditions upon which exportation from the United States might be allowed, see *ante*, page 908.]

File No. 658.119/18

The British Ambassador (Spring Rice) to the Counselor for the Department of State (Polk)

WASHINGTON, *July 31, 1917.*

MY DEAR MR. COUNSELLOR: I am cabling to Mr. Balfour about all the points you raised yesterday.¹ I am sure that you do not think that we have intentionally left you in the dark about these points. Our difficulty has rather been that we were uncertain which of the aspects of the problem were preoccupying you and have been concentrating our efforts on informing you as to facts and figures rather than as to forecasts. You have, however, doubtless read the general

¹ See telegram to the Ambassador in Great Britain, No. 5236, July 31, *ante*, p. 912.

survey of the situation in the personal memorandum¹ handed to Mr. Woolsey at his request on July 5, which shows that we are fully alive to the considerations you put forward yesterday. I venture again to urge the importance of some more satisfactory and direct means of obtaining expert information as to the military naval and political situation in Europe, as suggested at the end of that memorandum. We are of course most anxious to continue to furnish you information here where the deliberations of the Exports Council are proceeding, but you will realise that much of the information you require is of the kind which commonly forms the subject of consultations between the Allied Cabinets and General Staffs themselves and that diplomatic discussions on this side of the Atlantic can, in many matters, only convey to you a partial and incomplete view of plans worked out and contingencies foreseen at London and Paris.

On thinking over our conversation, there is one point which I think merits further immediate consideration. If I may say so, I think you are quite right to exact as clear a forecast as possible from us before you embark on the full execution of a policy towards Norway, Denmark and Holland, even though the broad lines on that policy and the concrete ends we hope to gain are clear enough. Moreover, though all these questions are urgent in view of the present stage of the war, there is a sense in which the question of Danish and Dutch food exports to Germany can be suspended for a week or two without too serious consequences. A month lost in these matters might at worst prolong the war a month. In the case of Swedish exports of ore, however, a month lost now may make all the difference between gravely disturbing Germany's munitions resources before the end of the war on the one hand and on the other allowing her to protect herself fully up to the end of the war. As you know, the continuance of Swedish exports of iron ore for the rest of the Baltic shipping season will result in fully protecting German resources up to the end of 1918.

Now, in the case of Sweden, we have to reckon with hardly any of the doubtful factors on which you insisted yesterday.

To take first the military situation. Up to the end of 1916, to give a rough date, we were very apprehensive of pressing Sweden too far. So far as the British Government were concerned, we did not indeed, believe that Sweden would ever throw in her lot with Germany, but the Russian Government represented so strongly the disastrous effects on the military situation of any threat to Russian communications in Finland that we had perforce to adopt a cautious attitude at the behest of our ally. Our preoccupations are pretty

¹*Ante*, p. 892.

clearly set forth in the enclosed secret memorandum, drawn up in the Foreign Office at the end of last year, which I hope you will regard as very strictly confidential.¹

In the first few months of this year, however, our apprehensions diminished and we finally came to the settled conclusion that the possibility of Sweden taking Germany's part actively might be ruled out of consideration. We have proved this conclusion by practically blockading Sweden this spring and we have wrung from her in this way a most important concession in the form of the release of our merchant ships from the Baltic. We have no longer any fear that Sweden might go to war with us.

Per contra, real attack by Germany on Sweden would be the most serious military adventure she could undertake—so serious that the possibility of it need hardly be entertained. As to naval or air raids, Germany could only lose by such an outrage. The Socialist leader, Herr Branting, has urged in the past that Sweden should stop her exports of iron ore to Germany until Germany abandoned her submarine methods. Any armed raid on Sweden would merely make this policy inevitable for it would assuredly throw the pending election into the hands of the Liberals and Socialists and ruin the chances of the pro-German Conservatives. A Liberal Government carried into power on a wave of popular resentment against Germany could not yield to her pressure but would have no course but to break with her finally.

As regards our agreements, we have practically none with Sweden and have a practically free hand to join with you in any embargo policy, however drastic. We have only three agreements with the Swedish Government, namely, those relating to rations of cotton and lubricants, and that providing for the importation into Sweden of Norwegian and Icelandic herrings. Besides these we have agreements with various oil companies, providing for rations of mineral oils. There are just two other agreements with individual firms, one with the International Harvester Co. of Chicago, and one with the Goodrich Rubber Co. of London. The former of these two agreements and the regulation of all rations of cotton, lubricants and mineral oil are now in practice under the control of the United States Government, and not of the British Government—or will be as soon as the United States Government have prohibited the export of cotton. The agreement with the Goodrich Rubber Co. does not bind His Majesty's Government to license exports to Sweden, and neither of course does the passage of Icelandic and Norwegian herring into Sweden come under the control of any British licensing authority.

¹ Not printed.

There is one further agreement with the Swedish Government dating back to December, 1914, in which the British and French Governments engaged generally to permit Sweden to import from Allied countries materials or goods for the wants of Sweden "in so far as the same materials or goods shall not be absolutely necessary for consumption in Great Britain or in France, and providing also that such goods and the products manufactured therefrom are placed on the Swedish prohibited exports list." This undertaking is, however, of a very indeterminate nature. Its actual character may be tested by the fact that during the whole of the five months, January to May of this year, during part of which time Swedish imports were being largely cut off, only the following goods were imported into Sweden from the British Empire:

	Tons
Fresh fruit.....	626
Meat.....	326
Oil seeds, oils and fats.....	206
Tar and tar products.....	986
Textiles.....	1, 234
Fibres, hair and bristles.....	124
Ferro alloys.....	516
Iron and steel.....	2, 859
Zinc.....	1, 562
China, earthenware and sand.....	1, 153
Coal.....	220, 297
Machinery.....	284
Miscellaneous.....	806

or a total of only 10,602 tons,¹ excluding coal. In May only 715 tons were imported into Sweden from the British Empire, excluding coal.

I think there is no doubt that most if not all even of these exports could be cut off absolutely during such period as the United States may be pressing demands on Sweden, except two classes of commodities. The first of these commodities is, of course, coal, which for obvious reasons it would be undesirable to cut off, and the second is raw materials or semi-raw materials, exported to Sweden on behalf of the Ministry of Munitions to firms manufacturing for the Allies. An instance of such exports during the first five months of this year is the 1,562 tons of zinc. Some of the above exports have already been embargoed since the beginning of the year: e. g., animal and vegetable oils and fats as from May 29, tar as from May 2, and vegetable fibres as from March 13.

His Majesty's Government have just offered the Swedish ship-owners to supply Sweden with as much coal as she needs in return for the proper employment of Swedish ships.

As regards mineral oils and lubricants His Majesty's Government, in return for a very recent undertaking by Sweden to enforce the

¹ If the items above are correct, this total should be 10,682 tons.

landing at Swedish ports of all fish caught by Swedish fishing boats, have agreed not to interfere with the resumption of such shipments, which have been for some time interrupted, on the clear understanding, however, that this agreement is entirely subject to the action decided on by the United States Government in connection with their licensing policy.

I think this gives you fairly fully the facts in the case of Sweden. If I were asked to make a suggestion it would be that the more urgent questions relating to Sweden could be taken up at once without waiting for our further reply to the questions raised by you yesterday, and without necessarily involving ourselves in the comprehensive discussion of all our desiderata.

As you know, in our view Sweden should be required to stop all exports to Germany; to maintain exports to the Allies; to employ her shipping fully in agreement with you and us, and to guarantee regular transit across her territory to and from Russia. Germany is no longer supplying Sweden with any important commodities; even her coal exports to Sweden have sunk to insignificance; Great Britain is ready to supply Sweden with coal and if there are any commodities from Germany on which Sweden is in some measure dependent, there is nothing that cannot be supplied to her by the Allies. If, however, the Swedish Government could be induced to prohibit all exports of iron, iron ore, steel, copper, pyrites, ferro-chrome, ferro-manganese and ferro-silicon, sulphate and sulphite pulp, and sulphuric acid from Sweden to Germany directly or indirectly, while maintaining her present rate of exports to the Allies, and if they would agree to make this prohibition effective by the end of August, this immediate concession would be so important that, in exchange for it and without entering into any binding agreement not terminable at any moment when it became advisable, it might be worth while to agree to issue licenses for the export to Sweden of the rations of lubricants and mineral oils already fixed in our agreements with the Swedish Government and the oil companies, and also to issue licenses for the ration of cotton provided for in the *modus vivendi* between the Swedish Government and the British Government of August, 1916. If Sweden, in response to a demand from the United States, were to accept such a proposal, the United States would still have in hand foodstuffs, copper and other articles for use in the discussions which would follow in regard to Russian transit, shipping, etc., etc., while if Sweden were to refuse, matters would rest where they are at present and we should in no way have compromised our position.

I should add that in order to influence the pending elections in Sweden any demands upon Sweden should, Mr. Balfour thinks,

be coupled with a public assurance that we strongly desire to facilitate the maintenance by Sweden of her neutrality.

I am so impressed with the urgency of the Swedish iron ore position, and also with your arguments yesterday, that I wish to indicate a method by which it would be possible to make important demands immediately without running the risk either of having to recede from such demands once made or of compromising the attainment of any one of the objects we have in view. I should not have ventured to make these suggestions if you had not asked us yesterday to make clear the kind of negotiations we have had in mind in the case of each neutral country.

Believe me [etc.]

CECIL SPRING RICE

File No. 033.5711/22

Remarks of Doctor Nansen on the Occasion of His Presentation of Letters of Credence as Minister of Norway on Special Mission, August 1, 1917

YOUR EXCELLENCY: You will be aware, Mr. President, of the extremely difficult conditions under which Norway has laboured during the great war. In her endeavour to maintain a strict and just neutrality she has encountered the same problems and dangers that have met all the neutral countries. Norway's commercial fleet has been decimated and the lives of her sailors taken by the hundreds on the high seas. Her supplies have to a great extent been cut off and many of her usual sources of supply have been definitely closed for the length of the war.

Under these circumstances my country has to look to the United States for the supply of those articles which are required for the maintenance of her people.

With the purpose of securing such supplies and among these first of all the things required for the feeding of the Norwegian people, my Government has sent to the United States a mission of experts, headed by me, with the object of taking up with the Government of this country the question of how this purpose can be attained in a manner satisfactory to both countries.

In presenting to Your Excellency my credentials as Minister Plenipotentiary on Special Mission, I have the honour on behalf of my Government, to express the earnest conviction that the mission will succeed in placing before the Government of the United States evidence which will leave no doubt as to Norway's actual position.

My Government fully recognize the tremendous demands which are at the present moment made on the United States, but never-

theless they sincerely hope that in continuation of the long and extremely friendly relations between the two countries it shall be possible to find a happy solution of the questions at issue.

File No. 033.5711/22

President Wilson's Reply to the Norwegian Minister on Special Mission (Nansen) on the Occasion of His Presentation of Letters of Credence, August 1, 1917

MR. MINISTER: It gives me pleasure to receive from your hands the letters whereby His Majesty, the King of Norway, accredits you as Minister on Special Mission near the Government of the United States, and to accord you formal recognition in that high capacity.

The United States having suffered destruction of life and property by the relentless and inhuman tactics employed by Germany, can not fail to deeply sympathize with Norway in the crushing blows which have been inflicted upon her commerce and the lives of her subjects.

It has been my earnest desire, in this time of strife and unrest, that the United States and Norway, in the conduct of their intercourse, should be animated by a desire and determination to deal justly and helpfully with each other. You are received among us as a representative of a brother nation, both sufferers from the same arbitrary acts, with the assurance that the representatives of your mission will receive the attentive consideration of the officials of this Government.

File No. 763.72/6088

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

[Telegram]

CHRISTIANIA, July 31, 1917, 1 p. m.

[Received August 1, noon.]

I beg to report to the Department for what it is worth that the Swedish Minister who . . . has just returned from a visit to Stockholm called upon me a few days ago after having spent the previous evening in the company of German Minister for the purpose of discussing the question of exports from the United States to Scandinavia, explaining that too severe measures would affect the neutrality of Sweden; my replies were entirely non-committal. He then tried to sound me as to the attitude of the United States towards the war and asked my opinion as to its probable duration. I replied that it was impossible for any one to predict duration of the war but that it would certainly continue until we had accomplished our purpose. He said that all the nations now wished for peace and that he knew

from information received that France ardently desired it. His visit gave me the impression of having an object and his pretext for making it was futile.

SCHMEDEMAN

[For a summary of the state of British negotiations with the northern neutrals regarding tonnage, see the letter from the British Ambassador, August 3, 1917, *ante*, page 916.]

File No. 763.72/6320

The Minister in Sweden (Morris) to the Secretary of State

[Telegram]

STOCKHOLM, August 9, 1917, 7 p. m.

[Received August 10, 7.10 a. m.]

620. Swedish Minister for Foreign Affairs has invited neutral diplomatic representatives Stockholm to obtain authority of respective Governments to establish preliminary negotiations with a view to a conference at Stockholm to protect neutral rights and interests at close of war and thereafter.

MORRIS

File No. 763.72/6382

The Minister in Denmark (Egan) to the Secretary of State

[Telegram]

COPENHAGEN, August 11, 1917, 3 p. m.

[Received 9.20 p. m.]

1004. Newspapers here reported yesterday with *Aftenposten* at Christiania as their source that the Swedish Government has invited the Governments of the neutral countries in Europe—Denmark, Norway, Spain, Holland and Switzerland—to participate in a ministerial conference which is contemplated to take place at Stockholm. It would be the object of such a conference to discuss the position into which the neutral countries have been brought by America's entry into the war.

Berlingske Tidende comments on this in part as follows:

It is a common fact in all these countries that the conditions are now worse and more severe than they have perhaps ever been. There will be enough subjects to discuss. Whether it will be of any avail, however, cannot be foreseen. The possibility exists, however, that a common earnest representation on the part of the neutrals setting forth the difficulties to which they are now subjected will find hearing and understanding.

In conversation to-day at Foreign Office it was stated that Stockholm conference was not called to discuss food control question but before continuation of the former conferences held by neutrals. Attention is called, however, to fact that former conferences were only between the Scandinavian countries.

EGAN

File No. 658.119/8

The Swedish Minister (Ekengren) to the Secretary of State

WASHINGTON, August 14, 1917.

YOUR EXCELLENCY: As is known to Your Excellency my country is quite largely dependent upon foreign markets for foodstuffs, fodder and many raw materials, absolutely necessary to its industrial life. Ever since the war began we have more and more, because of exhausted supplies or embargoes in the European states, had to look to America for these essentials, and we still must.

In view of this, America's entry into the war and the consequent restrictions on the export, my Government has empowered Mr. Axel Robert Nordvall, who has for some time been here as a Royal delegate, to, along with me, negotiate with Your Excellency's Government for the purpose of reaching an agreement through which it may be possible to obtain from America foodstuffs and other articles, necessary for the maintenance of our people and industries. The power in question is contained in a cable from Stockholm dated the 9th instant.

I beg to add that Mr. Nordvall and I are ready to begin negotiations when, where and with whom Your Excellency pleases to designate.

With renewed assurances [etc.]

W. A. F. EKENGREN

File No. 763.72/6540

The Minister in Sweden (Morris) to the Secretary of State

[Telegram]

STOCKHOLM, August 20, 1917, 3 p. m.

[Received August 21, 5.30 a. m.]

652. Had long conference to-day with Admiral Lindman, Minister for Foreign Affairs. Lindman discussed at length Sweden's position as regards imports from America. He stated that Sweden was in urgent need of certain articles which are absolute necessities but added that for economic reasons Sweden could never agree en-

tirely to discontinue exports to Germany. He pointed out however that during May and June only two thousand head of cattle were exported from Sweden to Germany.

Lindman . . . states that this year's crops in Germany are good and that he even has hopes that there will be a surplus of grain as well as of mineral oil which can be exported to Sweden. I queried Lindman as to the proposed neutral conference at Stockholm, see my 620. He stated that it had nothing to do with the effect upon neutral countries of America's entry into the war. That this conference had nothing to do with peace negotiations but that it was called to discuss the question of the rights and interests of neutral countries after the close of the war.

MORRIS

File No. 763.72/6611

The British Embassy to the Department of State

MEMORANDUM

The following opinion, expressed by the British Minister at Christiania in reply to Mr. Balfour's enquiries, has been telegraphed by the latter to the British Ambassador.

The possibility of Norway being involved in the war owing to some unforeseen incident, such as the sinking of a German submarine in defence of a Norwegian ship, cannot of course be excluded, but the present efforts of Germany to conciliate Norwegian sympathies, though hitherto unsuccessful, confirms the opinion which has already been expressed that the danger of forcing Norway into the war is fully appreciated by the German Government, and will be carefully avoided by them on the ground that any such development would give the enemies of Germany a naval base on the Norwegian coast.

It may be true that at the recent interview at Sassnitz, already mentioned to the Department of State, the German representative declared that if Norway cut off all exports to Germany it would mean war, but as this declaration is in complete contradiction with the present attitude of Germany towards Norway, it would appear certain that this is only another instance of the threatening attitude which Germany maintains for the purpose, not merely of frightening the Norwegian Government, but also of providing that Government with an argument which it could advance as an excuse for not acceding to the demands made by the enemies of Germany.

WASHINGTON, August 23, 1917.

[Received August 24.]

File No. 658.619/2a

The Secretary of State to the Ambassador in Russia (Francis)

[Telegram]

WASHINGTON, August 25, 1917, 10 a. m.

1650. Department is informed that the Russian Government is negotiating to ship oil cake to Sweden upon condition that Sweden does not export dairy products to Germany for a period of six weeks. The Department is now carrying on negotiations with Sweden with regard to the whole question of food and feed supplies to that country which includes also the right of transit and the guarantee of tonnage across Sweden of goods to Russia, and it is of the most vital importance that the success of these negotiations should not be endangered at the present moment by any separate arrangement which Russia may undertake, and also that the supply of oil cake to Sweden should not be sufficiently in excess of the actual needs of Sweden to permit of the production of dairy or meat products for export to Germany.

Please make clear to the Russian Government that this Government does not seek to interfere in any way with Russian trade with Sweden, but rather to facilitate it on account of Russia's proximity to Sweden. Moreover, this Government would be glad to cooperate with the Russian Government on the subject of rationing Sweden, and merely takes this opportunity to urge Russia now not to commit herself to the approval of the future export of dairy or meat products from Sweden into Germany. In view of the importance of exercising control over the imports of food supplies or other materials that would benefit our common enemy, it would seem that a satisfactory arrangement for rationing Sweden might be complicated if an undertaking was made now by Russia to permit food exports to Germany after a period of six weeks.

Please take this matter up orally and immediately with the Foreign Office and cable the views of the Russian Government.

LANSING

File No. 763.72119/765

The Minister in Sweden (Morris) to the Secretary of State

[Telegram]

STOCKHOLM, August 25, 1917, 2 p. m.

[Received August 26, 12.15 a. m.]

676. Referring to my 620, Italian and French Ministers here have been advised by their Governments that they are not in sympathy with neutral conference which Sweden has called to be held in Stockholm and have been instructed to try in discreet way to discourage same.

MORRIS

File No. 658.119/14

The Minister in Sweden (Morris) to the Secretary of State

[Telegram]

STOCKHOLM, August 27, 1917, 2 p. m.

[Received August 28, 12.40 a. m.]

682. On the 23d instant Swedish Minister for Foreign Affairs delivered a public address in Stockholm in the course of which he said that the Swedish Government would not sever commercial relations with the Central powers as a condition to obtaining foodstuffs from America. He stated that the population of Sweden need not fear a famine during the coming year and that the Government therefore will not be compelled to accept an agreement which is unacceptable to the Swedish people. The Minister for Foreign Affairs added, however, that the Government will endeavor to come to an agreement with the United States. A copy of the address is being forwarded to the Department by mail.¹

MORRIS

File No. 658.619/3

The Ambassador in Russia (Francis) to the Secretary of State

[Telegram]

PETROGRAD, August 31, 1917, noon.

[Received September 2, 2.45 p. m.]

1686. Answering your 1650 Minister for Foreign Affairs says Russian Government agreed to ship to Sweden 20,000 tons oil cake in exchange for steel and detonators. Assures me however that shipment to Sweden be strictly limited to aforesaid obligation as steel and detonators already shipped. I have endeavored to impress upon Russian Government as on Department wisdom of confining commerce with Sweden to most restricted limitations as I think Sweden continually shipping to Germany.

FRANCIS

File No. 658.119/30

The Minister in Sweden (Morris) to the Secretary of State

[Telegram]

STOCKHOLM, September 11, 1917, 3 p. m.

; [Received September 12, 6 p. m.]

743. Dr. Hjalmar Lundbohm is being sent as special commissioner by the Swedish Government to continue in Washington the negoti-

¹ Not printed.

ations undertaken by Lagercrantz to try to make some arrangements regarding supplies for Sweden. Lundbohm sails on *Bergensfjord* for Christiania 7th instant. He is one of the most representative business men in Sweden, being the head of large steel and iron industries of which the Swedish Government is part owner. He enjoys the fullest confidence of his Government and is a personal friend of the King.

In recent conversations with Lundbohm I drew out from him that because of his intimate knowledge of steel and iron and American conditions he would probably discuss this phase with our Government. The principal Swedish exports to Germany are now iron and steel. For your information I am quoting below statistics which have been obtained by French secret service in Sweden after much labor and expenditure. French Minister states that these figures are absolutely authentic and correct.

[Here follow the statistics.]

MORRIS

File No. 658.11251/89

The Minister in Sweden (Morris) to the Secretary of State

[Telegram]

STOCKHOLM, *September 14, 1917, 3 p. m.*

[Received September 15, 6 a. m.]

767. Legation's requests for transit licenses to Russia now being granted by Swedish Government on the condition that Legation furnish certificate to the effect that nothing stands in the way of exportation to Sweden from America during the current year of equivalent quantity of goods for Swedish consumption together with declaration from shipper committing himself to exportation of goods in question.

MORRIS

File No. 658.119/34a

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

[Telegram]

WASHINGTON, *September 15, 1917, 5 p. m.*

5431. The Department authorized an arrangement by which the Belgian Relief obtained approximately 700,000 bushels of wheat from the Swedish authorities here on condition that 270,000 bushels of rye should be released for export to Sweden. The British authorities here countenanced the arrangement, it was accordingly

closed and the wheat has gone to Belgium. We are now informed that the British Government do not see their way to granting a pass for the rye. The Department is thus placed in a very awkward position and it seems clear that if we are to maintain even an appearance of good faith the necessary pass should be issued to permit the uninterrupted passage of this cargo. In the present delicate situation it is most important that no excuse be given for the belief that we are putting pressure on the Swedish people. Granting of pass at this time would doubtless have good effect on Allied cause.

Please take the matter up with Mr. Balfour with the request that it be given immediate and favorable attention. Early telegraphic report desired in order that we may inform Swedish commissioners and thus avert harmful developments. For your information I am advised that it has been intimated by the British authorities here that the pass will be granted if we care to press for a favorable decision.

LANSING

File No. 657.119/56

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

[Telegram]

CHRISTIANIA, September 21, 1917, 5 p. m.

[Received September 22, 10.15 a. m.]

318. The Legation continues to receive very many verbal as well as written communications from Norwegian importers, merchants, and representatives of industry asking assistance in obtaining export licenses from the United States. Interested parties always emphasize their purpose to insure goods being used only in this country. Legation acts in the sense of Department's July 9,¹ referring applicants to their American connections to obtain export licenses and upon investigation Legation forwards letters in this connection to the Department for appropriate action.

This procedure is becoming increasingly unsatisfactory to all concerned in the absence of information about the policy of the United States in regard to exports. As indicated in my cipher telegram No. 311, of September 14,¹ urgency of a decision in this matter seems great and an announcement of a definite policy will go far to remove present state of uncertainty here which, despite general good will, will be productive of a spirit among Norwegians essentially damaging to our interests, political no less than commercial, if present conditions last much longer.

¹ Not printed.

Should we, however, soon undertake the execution of a clear and unhesitating embargo policy along the lines suggested in my telegram of September 14 or along other lines tending to the same result, all the pressure now being exerted on the Government of the United States and on this Legation would almost certainly be diverted to the Norwegian Government and probably lead quickly to willingness on the part of the latter to accept our conditions in regard to exports. The mere fact that some people obtain American products with fair regularity has the bad effect, in the absence of knowledge as to our policy, of delaying development of or even partially crippling industry and demoralizing commerce generally in this country; and the measures taken up to the present do not appear to touch the real object in view, namely, to secure cessation of domestic Norwegian export to the enemy besides effective control of our own exports.

In view of the foregoing the Legation very respectfully requests more definite information as to the stand the Government of the United States has taken or contemplates taking in this matter, also whether British certificates, etc., must be obtained at present for goods from the United States in addition to American licenses and finally as to the agreements which are understood to have been negotiated by the Norwegian commission now in the United States.

SCHMEDEMAN

File No. 658.119/43

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

[Telegram]

LONDON, September 25, 1917, 4 p. m.

[Received September 26, 2.15 a. m.]

7251. I took up your 5431, September 15, 5 p. m., with Foreign Office on 17th instant and am to-day in receipt of reply. I quote in full as follows:

In reply to your memorandum of the 17th instant in regard to the cession of 700,000 bushels of wheat to the Belgian Relief Commission by the Swedish authorities in the United States in return for the export to Sweden of 270,000 bushels of rye I have the honor to state that Your Excellency's note is the first intimation that His Majesty's Government have received that the wheat in question has already been shipped to Belgium. It is also understood from communications with Mr. Poland¹ that up to 21st instant the Commission for Relief in Belgium had no definite knowledge that the transaction was actually closed. His Majesty's Government were under the impression that the matter was still the subject of negotiation between

¹ W. B. Poland, Director for Europe, Commission for Relief in Belgium.

the United States and Swedish Government and had accordingly instructed His Majesty's Ambassador at Washington to represent the undesirability of allowing any cereals at this juncture to proceed to Sweden.

In view, however, of the statement contained in Your Excellency's note under reply His Majesty's Government will raise no further objection to the shipment of the proposed consignment of rye to Sweden and will be willing to allow the vessel carrying this cargo to be inspected at Halifax instead of in the United Kingdom if the United States Government so desire but having regard to the ignorance of the Commission for Relief in Belgium of the actual conclusion of the negotiations I should be much obliged if Your Excellency would first confirm the impression conveyed by your note that the United States Government feel that they can not properly prevent this rye from reaching Sweden. His Majesty's Ambassador at Washington has been informed accordingly.

I would point out to Your Excellency that it was never the intention of His Majesty's Government that the wheat in question should be secured for the Commission for Relief in Belgium without granting facilities for the compensating export of rye to Sweden but that in view of the number of other cargoes of wheat recently arranged for the Commission for Relief in Belgium it was hoped that the United States Government might have found it possible to abandon entirely the negotiations with the Swedish Government in respect of these cargoes.

PAGE

File No. 659.119/70

The Danish Minister (Brun) to the Secretary of State

J. No. 40.A.XXIX

WASHINGTON, September 27, 1917.

SIR: On July 24 the American Government through the agency of Mr. Hoover delivered to the commercial department of the Danish Legation a memorandum¹ setting forth the necessity for regulating the export of supplies to Denmark and, while expressing the greatest concern in the well-being of the people of Denmark and declaring the reduction in the export of supplies to the barest minimum necessitated, declared this to be only an intermediate situation and added the expectation that a mutual arrangement on a basis described in some detail might be arrived at.

On September 5 I had the honor to transmit to you a reply from the Danish Government in a memorandum,² which in the first place gave an expression to our invariably cordial and friendly feelings towards the United States, and in the second place, while explaining again the economic policy of Denmark as followed in the present war and dictated by our neutrality, pointed out the hardships and diffi-

¹ *Ante*, p. 908.

² Not printed.

culties in which the embargo of the United States had placed Denmark and would create for Denmark in the future, and the sacrifices already made by Denmark in the interest of the Entente and the powers joined with the Entente, but at the same time declared the readiness of the Danish Government to at once receive a proposal from the American Government regarding an arrangement on the subject under discussion.

The Danish Minister of Foreign Affairs now instructs me by cable to submit to you the earnest request that a proposition as indicated above may be made without delay and an arrangement concluded. The Minister directs me in this connection to say that the American embargo, which at the outset was declared to be intended as a provisional measure only, has now assumed a rather permanent character and that, if a change is not to be expected soon, the effect of the embargo, in connection with the similar measures taken by Great Britain, will undoubtedly be that Denmark will so to speak be thrust into the arms of Germany, not only economically by the fact that Denmark will to an ever increasing degree be dependent upon importations from Germany and Germany in return, well aware of this situation, will in the same proportion increase its demand of compensation from Denmark in quality and value, but also politically, because it can under such circumstances not be avoided that the Danish people by and by becomes convinced that the fate of Denmark is indifferent to the nations now warring against Germany, and that many Danes, whose sympathy is now with the powers of the Entente and those joined with the Entente, will feel themselves drawn towards Germany in the same measure in which Denmark is compelled to look to Germany for obtaining the necessities for our national life.

By a policy of maintaining summary embargoes with regard to Denmark, which are not understood either by the leading men or the masses of the people in Denmark, the Entente powers and the powers joined with them would, therefore, only benefit Germany and increase the influence of Germany in Denmark (and other neutral countries).

In representing these facts and arguments most earnestly to you, I have the honor to ask that you will give your serious and favorable consideration to the subject, and be good enough to use your influence to the effect that an arrangement as described may be concluded at the earliest possible moment, lending support to our efforts to avoid economic ruin and a political situation that could only be disastrous.

I have [etc.]

C. BRUN

File No. 658.119/49

The Minister in Sweden (Morris) to the Secretary of State

[Telegram]

STOCKHOLM, September 29, 1917, noon.

[Received September 30, 7 a. m.]

834. British Minister informs me he has received telegram from his Government stating that the American Exports Council has made proposition to Swedish delegates to purchase from Sweden all surplus iron ore¹ but that Swedish delegates have replied categorically stating that rather than discontinue all exports of ore to Germany Sweden would forego imports from America. British Minister has telegraphed his Government that he believes that Sweden can never be compelled entirely to discontinue ore exports to Germany; that he believes, however, that an arrangement might be made whereby Sweden would greatly curtail her exports to Germany and increase those to the Allies. British Minister has also informed his Government that in his opinion the Allies can make an agreement by which Sweden will be of more benefit to us than to our enemies. I concur with the views of the British Minister.

MORRIS

File No. 658.119/51a

The Acting Secretary of State to the Minister in Sweden (Morris)

[Telegram]

WASHINGTON, October 1, 1917, 4 p. m.

363. Your 824, September 26, 5 p. m.² For Morris from Polk: Strictly confidential, for your information. Every endeavor will be made to keep you posted. Difficulty has been that so far the discussions have been informal and no decision as to treatment of Sweden and other unneutrals has been arrived at. Pending decision all exports have been more or less held up. The embargo board take the position, and they are encouraged in that position by representatives of the British and French that efforts should be made to cut off all exports from Sweden to Germany in return for shipments from this country. Swedish representatives state that it is impossible to cut off shipment of some commodities particularly ore without running the risk of causing Germany to declare war. At

¹ Note attached, dated Oct. 2, 1917, as the result of an inquiry addressed by the assistant to the Counselor for the Department of State (Auchincloss) to the Exports Administrative Board: "No such proposition as that outlined in the telegram was ever made by the Exports Administrative Board. The only proposition ever made was a tentative one to take over the entire ore output."

² Not printed.

the same time they state that the shipment of ore is not as important for Germany as we seem to think. They say that Germany has a large stock of ore on hand and it would not make much difference if shipment was cut off. In the same breath they urge that cutting off shipment would seriously affect their relations with Germany. This question is being investigated and Department would be interested to have your views. When the Exports Board reaches a decision they will make recommendation for the approval of the Department and the President. Until President approves of their recommendation no policy can be officially announced. Swedish representatives realize the difficult situation that confronts them and the danger of being cut off. The British seem to urge the policy of demanding that Sweden absolutely cut off Germany. We are trying to look at the matter from all angles and particularly have in mind the possible effect on Russia of Sweden's throwing in its lot with Germany.

Since this Government published German despatches transmitted by Sweden representatives of Allies have stopped all communications by cable between Sweden and this country. They also seized certain bags that Lundbohm¹ brought over with him. The bags are now in Halifax. Department feels that this matter can be pressed too far and has informally recommended that the British be more liberal in their treatment of mail and telegrams. We are awaiting reply through British Embassy. Swedish Counselor is leaving for home this week with pouch. We have suggested to British Government that this be allowed to go through. The bags in Halifax will probably be sent here to the British Embassy, and the suggestion of British Government is that they be opened by the Swedes in the presence of a representative of the British and this Government. We are disposed to accept word of Minister for contents, but matter has not been settled.

In regard to treatment of Norway, negotiations are being carried forward. Principal difficulty seems to be the question of large shipments of fish from Norway to Germany. British are anxious to cancel the agreement they have for the purchase of large amount of fish, and at the same time insist on Norway's seizing shipment to Germany.

Negotiations with Denmark have been impeded by failure of representatives of Danish Government to give full information.

Negotiations with Holland pending, and no more progress has been made owing to obvious difficulties, political, economic and military.

POLK

¹ Dr. Hjalmar Lundbohm, Swedish Special Commissioner.

File No. 658.119/43

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

[Telegram]

WASHINGTON, October 2, 1917, 6 p. m.

5522. Your 7251, September 25, 4 p. m. You may confirm to British Government impression conveyed by your note that this Government feel they can not properly prevent the rye from reaching Sweden. The arrangement for taking over the wheat for the Belgian Relief was approved by Lord Eustace Percy, and subsequent change of position was most embarrassing. It is hoped the British Government will see their way to granting permit for export of rye to Sweden without delay. Please report by telegraph.

LANSING

File No. 659.119/64

The Danish Minister (Brun) to the Secretary of State

J. No. 40.A.XXIX

WASHINGTON, October 2, 1917.

[Received October 3.]

SIR: I have the honor to advise you that Capt. (R.D.N., retired) C. M. T. Cold, Director General of the United Steamship Co. of Copenhagen, and Mr. H. P. Prior, Director General of the Northern Cable- and Wire-Factories, Ltd., of Copenhagen, have arrived here from Denmark in order to promote the interests of their companies, and also in order to cooperate with this Legation in our efforts to reach an agreement with the Government of the United States regarding export licenses for the articles of American origin which are needed in Denmark.

In introducing these two gentlemen to you and in adding that both occupy prominent and highly considered positions in Denmark, and are willing and able to furnish authentic and valuable information on many of the subjects under discussion, I beg to request that you will be good enough to invite the authorities, with which they will have to deal, particularly the Exports Council, the Exports Administrative Board and the U. S. Shipping Board, to receive them favorably and to give earnest consideration to any matter which they may submit to the said authorities with a view to reaching the understanding which is highly needed and, I venture to think, equally desired from both sides.

Messrs. Cold and Prior are already in this city, and I would be much obliged to you for informing the said authorities as soon as may be convenient.

I have [etc.]

C. BRUN

File No. 657.119/56

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

[Telegram]

WASHINGTON, October 8, 1917, 6 p. m.

166. Your 318, September 21, 5 p. m.¹ Our policy is being formulated on the basis of our being unable to continue furnishing supplies to Norway while they continue their exports for the benefit of the enemy. British certificates will later be superseded by export licenses. Agreements entered into by Norwegian mission have been of special character and except for a few minor matters have been for 68,000 tons of cereals and flour.

LANSING

File No. 658.119/61

The Minister in Sweden (Morris) to the Secretary of State

[Telegram]

STOCKHOLM, October 8, 1917, 10 a. m.

[Received October 9, 10 a. m.]

864. For Polk:

Thanks for your 363. Shall greatly appreciate being kept in touch with situation.

In reply to your request for my views: As previously stated in my No. 834, I do not believe that it could be arranged with the Swedish Government that iron ore shipments to Germany could be discontinued; neither do I think it would be advisable to try to force complete cessation of ore shipments to Germany on this point. All the Allied Ministers, Stockholm, have at various times, expressed the same feeling.

The old Government has now resigned and all the Allied Ministers here feel that the new Administration will be composed of Socialist-Liberal element and will be more favorable to the Allies. Therefore, I suggest delaying negotiations with the Swedish commission composed of Lundbohm and Nordvall, who are now in America, until result of formation of new Government is known. Should the Liberal Government come in it would be important to have representatives in the Swedish delegation chosen by new Government who will reflect their ideas. When the new Government comes in undoubtedly large advantages can be arranged for by the Allies without forcing the issue too far and creating friction. My British colleague is in sympathy with me in this point of view. Regarding ore shipments to Germany which is by far the most important export and which,

¹ Ante, p. 1043.

based on previous figures, will probably total more than four million tons this year, I would refer to my telegram No. 860¹ which ought to be taken into consideration in connection with this entire matter. Referring to what you say regarding the treatment of Swedish bags I am in thorough accord with the Department's views in not being too severe and in being careful not to do anything which would unnecessarily make [difficulties].²

I shall keep you advised as soon as new Government comes in and provided it is made up as is expected of a Liberal-Socialist cabinet, and if cabinet proves favorable to the Allies I think our policy towards Sweden should be guided accordingly so as to derive the most benefit. I should like to say that the change in the Government as anticipated would be most important as affecting the political conditions of Sweden and also the Swedish Government point of view towards Germany and the Allies.

MORRIS

File No. 659.119/65

The Secretary of State to the Minister in Denmark (Egan)

[Telegram]

WASHINGTON, *October 13, 1917, 2 p. m.*

538. Your 1306, October 2, 6 p. m.¹ No licenses being issued for shipments to Denmark and no boats going to Denmark pending negotiations. Denmark submitted information requested by Exports Administration Board and understanding probably shortly. Printer's ink in itself, for printing purposes, will not be restricted.

LANSING

File No. 659.119/78

The Minister in Denmark (Egan) to the Secretary of State

[Telegram]

COPENHAGEN, *October 15, 1917, 7 p. m.*

[*Received October 16, 5.15 a. m.*]

1398. The danger of Denmark's being forced to make compensation to Germany to secure fuel oil for the electric light and water works is growing. Even an expression of opinion from our Government on the subject might help to allay irritation and astonishment that an embargo, which can only injure our interests here, continues. Our allies, the British, declare that it is not their fault.

¹ Not printed.

² See telegram No. 5454, Sept. 20, from the Secretary of State to the Ambassador in Great Britain, *post*, p. 1241.

The Danes are anti-German but their need of light and mechanical power grows more imperative as the dark days approach. The provincial towns are clamoring for relief.

EGAN

File No. 658.119/75

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

[Telegram]

LONDON, October 17, 1917, 6 p. m.

[Received 8.50 p. m.]

7460. Your 5522, October 2, 6 p. m. Foreign Office state that British Ambassador, Washington, has been authorized to issue letter of assurance regarding consignment rye from United States to Sweden.

PAGE

File No. 657.119/93

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

[Telegram]

CHRISTIANIA, October 17, 1917, 7 p. m.

[Received October 18, 4.05 a. m.]

346. My telegram No. 341, October 14, 2 p. m.¹ I was not able to see the Minister for Foreign Affairs until to-day. He volunteered no information on the subject of his Government's attitude with regard to American exports until I broached the subject. I mentioned that the French Minister had spoken to me as reported in my telegram 341. Minister for Foreign Affairs said he had called French Minister because of receipt of a telegram from Norwegian Minister to France reporting that in his opinion the time had come when the question of Norwegian imports might profitably be discussed with the Allies. Minister of Foreign Affairs continued in the sense of my 341, substantially confirming French Minister's statement. I inquired whether Minister for Foreign Affairs had a proposal to make and received a negative reply. He said that Norwegian Government was merely ready to discuss the question and suggested that it might be discussed either here or at Paris or London or at Washington by Norwegian commissioners who have received instructions. I asked him what was meant by reduction in exports to Germany which he had stated Norwegian Government was prepared to make. This he stated would be the subject of discussion; I did not suggest total embargo against Germany but am

¹ Not printed.

inclined to think that Minister for Foreign Affairs realized our demand was likely to involve it although it may be natural for him not to have given any intimation of this realization.

My general impression, as suggested in my cipher telegram 339, October 11, 2 p. m.,¹ is that this Government is not yet committed to outright acceptance of the conditions it is assumed that the United States will lay down. It appears to be waiting to be approached by us. Obviously our position would be stronger if we wait until Norwegian Government comes to us with proposals of some sort; it might do so soon considering increasing exhaustion of stocks here. But on the other hand the question may be settled more quickly if we take an early opportunity to state our terms and of course we must consider Swedish pressure. In any case total embargo against the enemy must be guiding principle of our policy towards Norway.

I understand that for some time past trade relations between Norway and the United States have been a subject of regular discussion between the Foreign Minister and the German Minister at every conference between them. While the Minister for Foreign Affairs still speaks of impossibility of total elimination of all exports to the enemy on account of danger of retaliation, it seems to be growing clearer that his expression of fear on that score is becoming less sincere. The logic of the situation would also seem to point away from the probability of such danger since it is apparently realized that German retaliation on Norway would improve the naval situation of the Allies who are thought here not to be averse to such an eventuality.

What attitude does the Department desire this Legation to take?

SCHMEDEMAN

File No. 657.119/93

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

[Telegram]

WASHINGTON, October 26, 1917, 4 p. m.

172. Your 346, October 17, 7 p. m. The War Trade Board has been furnished with a copy of your cablegram and suggests in pursuance of Department's request for a suggestion as to your course under present circumstances the advisability of your preserving non-committal attitude while the negotiations between the board and the Norwegian commission are proceeding.

LANSING

¹ Not printed.

File No. 657.119/115

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

[Telegram]

CHRISTIANIA, November 2, 1917, 5 p. m.

[Received November 3, 1.35 a. m.]

367. My telegram No. 356, October 23, 5 p. m.,¹ regarding alleged failure of the Norwegian Government to receive the American note of July 24² until October 19. The Minister for Foreign Affairs in open session of the Storthing yesterday explained the reasons for the delay in a long speech. The speech was occasioned by accusations in the press against him for having kept the country in ignorance of the contents of the note, which it is alleged foreshadowed a serious situation for Norway, and for the Government having failed in consequence to take necessary measures to provide against this contingency. The Minister for Foreign Affairs stated that communications from the Norwegian Minister at Washington led him to presume that the note was not important and that no reference was made to it in despatches and telegrams from Washington either from the Norwegian Minister or the Norwegian commission before the receipt of a copy at the Foreign Office on October 19. The Minister for Foreign Affairs gave a summary of the note and it was unanimously decided to discuss his speech at a later session of the Storthing. Immediately after making it he sent for me and requested me to inform you that he was extremely sorry that the note had not been properly handled and that he hoped the unfortunate occurrence would not affect the existing good relations between the United States and Norway as the delay had been quite unintentional on his part; he seemed to be extremely disturbed about the whole matter and I believe that momentary situation created by this incident is particularly propitious for securing cooperation of the Norwegian Government with regard to embargo against the enemy. He said that he had requested Minister Bryn to obtain permission of the United States Government to publish the note in its entirety, that Bryn had replied that the United States Government was willing that this should be done, but that the Norwegian commission advised that only a summary of it be published. It is apparent that whatever may have been the cause or possibly the motive of the delay the Minister for Foreign Affairs is endeavoring to lay the responsibility on the Norwegian representatives in Washington. The matter has been reported fully in my despatches Nos. 542 and 546¹ and a translation of the speech to the Storthing is being mailed.¹

SCHMEDEMAN

¹ Not printed.² *Ante*, p. 908.

File No. 658.119/81

The Minister in Sweden (Morris) to the Secretary of State

[Telegram]

STOCKHOLM, November 3, 1917, 4 p. m.

[Received November 4, 2.25 a. m.]

947. I wish to report that the feeling of resentment towards America among a large part of the Swedish population is increasing daily and this feeling, which is now becoming one of bitterness, is manifested and stimulated by the Swedish press in articles which deal with American subjects, such for example as the press stating that they receive letters from Swedes who have come from America, that Swedish subjects are against their will being drafted into the American Army. One also experiences this anti-American feeling in public as occasion and opportunity arise. This, as I previously cabled, is due primarily to the cutting off of Sweden from food supplies. As I cabled before, the prices of food and living have become beyond all reason and even the necessities of life have become beyond the reach of many, while many articles of food are practically unobtainable. I am informed by people who have made a study of the prices in various countries throughout the war, that the food prices of Sweden are higher to-day than exist in any country in the world.

This feeling above mentioned is helped along by German propaganda as the Germans take every advantage which arises towards increasing the bitterness. In connection with embargo on exports to Sweden I would respectfully refer again to my 834¹ and would again emphasize that I do not believe it is practicable or feasible to try and have Sweden discontinue entirely their trade with Germany. Even with the new Administration, which I believe to be kindly disposed to the Allies, I do not think they would entertain a proposition of entirely cutting off export to Germany and in trying to do so it would increase the feeling already existing which I have described. However, I do not believe that in the future even with an adjusted food embargo great advantage can be gained in Sweden for the Allies most of which advantages Germany has heretofore received. It is also interesting to know that I am reliably informed that Sweden has now contracted for three thousand tons lubricating oil from Germany and it is probable that Sweden will try to continue making arrangements for further supplies of other commodities from Germany, all of which tends towards making the relationship between Sweden and Germany more intimate.

MORRIS

¹Ante, p. 1047.

File No. 659.119/872

*The Secretary of the British Embassy (Percy) to the Counselor for
the Department of State (Polk)*

WASHINGTON, November 8, 1917.

DEAR MR. POLK: Sir Richard has asked me to send you at once the substance of recent Foreign Office telegrams about Denmark. The following is the substance of two telegrams:

1. It seems agreed that in the case of Denmark it may be necessary to concede the principle of certain exports of fish and cattle to Germany. We hope however to secure a fuller interruption of trade with Germany in the cases of Norway and Holland and if these countries knew that we were prepared to make concessions to Denmark that knowledge could not fail to stiffen their attitude towards us. It would be prudent to avoid this possible complication by allowing the Danish negotiations to stand over until we have settled with the other countries.

2. The draft agreement with Denmark enclosed in your despatch of October 19th fixes figures for rations on which we should like to make detailed comments and, in some cases, counter-proposals. We are preparing and sending out material. We have arrived at a complete understanding with the French Government as to figures for rations for all northern neutrals which will be telegraphed to you shortly, but we should like to discuss the figures for Denmark with American and French and possibly also Russian delegates here before they are finally fixed. For this reason also we should welcome the postponement of a definite proposal to the Danish Government.

I should add that, while the first telegram above is not a new element in the discussion, as it represents a view which has more than once been informally discussed with the War Trade Board, the second does somewhat go back on the statement made previously to the board under instructions from London that we were prepared to accept the rations provisionally fixed by Doctor Taylor as an inducement to Denmark to accept our last proposals. The change is due to the fact that the full text which the Foreign Office now has is more complete than the summary which we had telegraphed. In view of this change, I am sending a copy of this letter to Mr. White.¹

I understand that our position here now is that we are ready to settle finally with you the proposals to be made to Denmark in return for supplies sufficient for her needs, but we hope that Doctor Taylor will go fully with our experts into our statistics in London to determine more exactly what her needs really are and we should like to reserve the question of the appropriate moment for actually presenting our proposals to the Danish Government.

Yours sincerely,

EUSTACE PERCY

¹ Beaver White, Food Administration representative on the War Trade Board.

Discussions in Connection with the American Mission to the Inter-Allied Conference¹—Negotiations with the Danish and Norwegian Representatives at Washington—The Scandinavian Conference, November 28–30

[In despatch No. 7889, January 1, 1918, from the Ambassador in Great Britain (File No. 763.72/8534), is enclosed a list of proposed rations for Sweden, with notes regarding certain items, drawn up November 6, 1917, "at a conference . . . between representatives of the U. S. A., France, and the United Kingdom." Note 1 reads in part:

Doctor Taylor explained that America would be prepared to allow Sweden to import cereals in the form of rye, wheat, rice or oats, in order to supplement home supplies to such an extent as would permit of a per caput ration (assuming Swedish population to be 6,700,000 persons) equivalent to 250 grams of flour per diem (or 300 grams if negotiations terminated very satisfactorily).

In order to determine how far Swedish supplies would contribute towards this ration American representatives would make an estimate of the Swedish crops and regard as contributing to the ration: the whole of the wheat crop, milled to 80 per cent; the whole of the rye crop, milled to 70 per cent; half of the barley crop, milled to 70 per cent.

Sweden would be expected to import her cereals, other than rice, mainly from the Argentine.

In telegram to the Ambassador in Great Britain, No. 7784, May 17, 1918, for Sheldon, No. 505 (File No. 658.119/378c), Captain Dulles of the War Trade Board states:

At the conference held in London on the 6th of November between the representatives of the War Trade Board and the French and British Blockade Committees it was agreed as an act of policy with respect to cereals for human and animal consumption that Sweden under normal conditions was a self-supporting country in war time; that in consideration of crop failure she should be permitted to import cereals to supplement home supplies up to an agreed ration, the milling of the grain to be controlled and the sustenance of the livestock determined by the need for meat and dairy products.]

File No. 659.119/112a

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

[Telegram]

WASHINGTON, November 8, 1917, 7 p. m.

5754. For McCormick from War Trade Board:

Danish negotiations: British have given their consent conditioned on limit of exports to Central powers being 5,000 head of cattle per

¹ See also the report of the Special Representative of the War Trade Board, Vol. I, p. 400.

week, no horses, no pork, dairy products or eggs, 2,100 tons fish per month and \$2,000 manufactured products per month. Danes state these conditions impossible and if insisted upon negotiations will have to be abandoned. State Department believe they can induce British to withdraw these conditions and consent to following arrangement, viz., one-half of all pork, dairy products and eggs and 2,000 horses per month to Central powers. Danes complain of delays and profess readiness to return home. State Department urges prompt conclusion to prevent further irritation in which we concur. Majority board here ready to close on above basis especially in view urgent necessity for tonnage which is increasingly evident since your departure, but before closing would like your and Taylor's views. White thinks we should stand out for only one-quarter of fats to Central powers in view of situation respecting hog slaughtering, or guaranteed minimum of 30,000 tons per annum to British. Prompt reply important.

LANSING

File No. 657.119/129b

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

[Telegram]

WASHINGTON, November 8, 1917.

5755. For McCormick:

Progress with Norway has been impossible owing to Norway's failure to furnish details of her requirements. In order to make perfectly clear that delays are not our fault we favor making immediate proposal through our Minister at Christiania concurrently with British whose consent after hearing from you we will attempt to secure on basis our agreeing to supply Norway's reasonable requirements on condition her supplying Central powers with bare minimum of fish. *Sine qua non* of such offer must be agreement by British on Norwegian tonnage based on first allowing Norway sufficient her necessary trades then equal division between England and America all remaining.¹ Tonnage negotiations to be conducted here. Cable your and Taylor's views. War Trade Board.

LANSING

¹ For further discussion of this proposal, see "Cooperation of the United States with the Allied Powers in the Provision and Administration of Shipping," Vol. I, pp. 593-651.

File No. 763.72/7638

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

[Telegram]

LONDON, November 9, 1917.

[Received 6.50 p. m.]

7654. Your 5755, 9th [8th]. Following from McCormick attention of Mr. Polk:

Concerning negotiations with Norway, Taylor and I approve making immediate proposal through our Minister at Christiania concurrently with British and French and would suggest in order to save time all negotiations with the exception of tonnage be conducted here by us. This would be greatly facilitated by interview with Schmedeman. Our negotiations with British proceeding most satisfactorily. When you reach conclusion in tonnage agreement please cable us immediately; also may we suggest your instructing Schmedeman in accordance with the above.

PAGE

File No. 763.72/7648

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

[Telegram]

LONDON, November 9, 1917, 9 p. m.

[Received November 10, 5.45 a. m.]

7659. Your 5754, November 8, 7 p. m. Following for War Trade Board from McCormick:

After an interview here Taylor and I, with approval of Lord Robert Cecil and French representatives, strongly urge delay in closing Danish negotiations until we close Norway agreement which we hope to accomplish through our Ministers in very near future as per our cable to-day, No. 7654. We agree to tenor of your suggestions of allocation.

PAGE

File No. 657.119/121

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

[Telegram]

LONDON, November 11, 1917, 2 p. m.

[Received November 12, 2.35 a. m.]

7670. For attention of Mr. Polk and War Trade Board:

The following is an identic telegram which will be addressed immediately by the British and French Governments to their repre-

sentatives at Christiania. McCormick and Taylor recommend that identic instructions be issued to Schmedeman at once:

Norwegian negotiations: [British], French and United States Governments have definitely agreed to transfer of negotiations to Christiania, you should accordingly on your colleagues receiving similar instructions open negotiations for an agreement on lines already communicated to you which may be briefly summarized as follows. We desire to obtain if possible—

- A. Cessation of all exports direct or indirect to enemy countries.
- B. Continuance of existing exports and former facilities to the Allies.
- C. Complete and reliable statistics of all exports to be furnished monthly.
- D. No landing of Norwegian fishermen's catch at other than Norwegian ports without consent of Allies. In return for acceptance of these conditions you may promise facilities for supply and importation of commodities on rationed basis estimated to satisfy Norway's legitimate home requirements.

Detailed lists of the proposed rations as approved by the three Governments will be telegraphed within next few days.

If you find that entire cessation of all exports to the enemy is unattainable without undue delay you may offer concession in the matter of fish exports. We should be prepared in the last resort to agree to such export up to a maximum of forty thousand tons per annum in fixed monthly installments; the term fish should include every description of fish and fish products, the weight being calculated on the basis of the amount of freshly caught fish represented in the products derived therefrom.

Enemy armies are largely supplied with Norwegian canned goods and you should therefore make a special point of suitably limiting proportion of the fish exports to the enemy which may be sent in form of canned goods.

Confidential. It is important that Norwegian negotiations shall be completed as rapidly as possible since the negotiations with Denmark are being gracefully held up till that happens.

For your information. The British will add to their telegram the following paragraph: "E. Renewal of loan for fish purchases due for repayment next July till some month after in conclusion peace."

It is hoped that only one more conference here will be necessary to determine definitely scale of commodities estimated to satisfy Norway's legitimate [requirements]. This conference will probably be held on Monday.

File No. 658.119/91

The Minister in Sweden (Morris) to the Secretary of State

[Telegram]

STOCKHOLM, November 10, 1917, 5 p. m.

[Received November 12, 9.50 a. m.]

971. For Lansing:

I have just had a conference with Hellner, Foreign Minister of the newly appointed Liberal-Socialist Government. In this conference he asked me to inform you in a general way of the desire of the new Government to come to some arrangement between Sweden and the Allies. He outlined basis upon which Sweden would be willing to initiate negotiations looking to the consummation of an agreement with the Allies. I do not think that the basis as outlined is final with the Swedish Government and I believe that further concessions particularly as to tonnage might be obtained. I did not express any opinion to Hellner during the conference as to how our Government would feel or how they would entertain these matters which he discussed but I told him that I would immediately cable same to you. He desired to state that the Swedish Government wishes to appoint two commissioners empowered to negotiate on this arrangement and confidentially suggested to me that they would be Mr. Marcus Wallenberg, president of the Enskilda Bank, and Mr. Carl Carlson, an influential steamship man. He wishes to know whether it would be the desire of our Government to meet in London or in Washington regarding these negotiations and when. In either event he stated it would be his intention to have the present commissioners, who are now in America, remain in Washington for the time being.

I have learned from my British colleague that his Government have wired their Ambassador in Washington to try to have these negotiations carried on from London, claiming that London is more central and easier of access to handle these matters. The Foreign Minister had a similar conference with the British Minister who has cabled his Government likewise. Therefore, I request a reply to give the Foreign Minister as to your disposition regarding carrying on these negotiations, and at what place and when.

The British and French Ministers and myself have conferred upon this matter and we are all in accord that now is an opportune time for these negotiations, and we furthermore feel that it is highly probable a beneficial arrangement can be made with this

present Government who are kindly disposed toward the Allies. We feel that if no arrangement is made with this Government it is probable that they will continue becoming more intimate with and closer to Germany both commercially and otherwise. In a conversation with Foreign Minister he confirmed to me that Sweden had purchased from Germany three thousand tons of lubricating oil. Also he inquired of British Minister whether it would prejudice Sweden's cause with the Allies if Sweden accept from Germany grain and other supplies. My colleagues and myself feel that the points which they bring out for discussion in making an arrangement, which basis I quote below, are entirely different from anything which the Swedish Government have been willing to make up to the present time. It is so encouraging that we feel quite sanguine that some mutually satisfactory arrangement now can be made. I also wish to draw Department's attention to my telegram 947¹ showing the bitter feeling being developed in Sweden due primarily to the embargo. Allied Ministers and myself are of the opinion, as I telegraphed previously, that it is not feasible nor practicable for Sweden entirely to discontinue trading with Germany and that it would be a mistake to ask her to do so and my colleagues have telegraphed their Governments in this light. As an example, if Sweden were compelled to entirely discontinue trading with Germany they would be unable to get coal from England except in very limited amounts. Should Sweden be cut off from obtaining coal from Germany you can readily see the natural results which would ensue to Sweden's economic life and how it would affect their industrial life as well as transportation. From what I learn and also my conversation with Hellner it seems that the Swedish Government is of the opinion that it is America particularly who wishes to stop Sweden's trading with Germany. In the opinion of myself and Allied colleagues no time should be lost in arranging to meet the Swedish delegates for a conference on these matters. The following is the basis Hellner informed me they would be willing to adopt to start negotiations with Allies, Sweden of course to receive certain goods for home consumption in return for which the following arrangements might be considered:

(1) Swedish Government to give assurances:

- (a) Against reexporting to enemy of goods imported or products of such goods, and of goods made with the assistance of goods imported from the Allies, for example, by factories using British coal;
- (b) Against exports of Swedish goods similar to those imported, for example, export to Germany of Swedish pork while Sweden received American pork.

¹Ante, p. 1055.

(2) Transit: Hellner asked if this question could be satisfactorily settled by assurance on the part of Swedish Government that they would grant transit licenses freely without direct compensation. He explained that Swedish Government preferred not to abolish present system by which export prohibitions applied to transit goods as well as goods of Swedish origin. My opinion is that if prohibition of export was raised as regards transit goods we should have far greater difficulty in controlling transit traffic and deviations would be much more frequent. Hellner said that the Swedish Government would have to make exceptions as regards free grant of transit licenses in the case of goods of which there was great lack in Sweden and which for embargoes or other reasons Sweden could not import. Export of arms and ammunition would of course continue to be prohibited.

(3) Shipping arrangement: All Swedish vessels which are employed in inland, coastwise, or Baltic trade to be excluded from agreement. Of the remaining tonnage a quantity sufficient to carry imports for Sweden's own needs to be set apart for Swedish trade exclusively, the rest being permitted by the Swedish Government to trade in Allied interests.

(4) Respecting exports of iron ore and metals to Germany: Minister for Foreign Affairs stated that the Swedish Government could not possibly agree to complete stoppage of such exports. They were prepared to go a considerable way to meet all our wishes but the question was a most important one and required careful consideration.

MORRIS

File No. 411.57N83/191a

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

[Telegram]

WASHINGTON, November 12, 1917, 8 p. m.

5792. For McCormick:

5. *Norway*. We think agreement with British for division of Norwegian tonnage should be made before initiating suggested negotiations with Norway.

Denmark. We think it improbable that Danish negotiations can be protracted much longer without complete rupture and if we are not to proceed with these negotiations here to final conclusion without delay then we think Danes should be frankly informed that negotiations are transferred to London. War Trade Board.

For McCormick from Polk:

In regard to above message feel it necessary that we should state to representatives of Danish Government here that negotiations have been delayed and transferred in compliance with wishes of French and British Governments. This important in order to prevent this Government from being charged with bad faith. Please cable your views.

LANSING

File No. 763.72/7709

The Minister in Denmark (Egan) to the Secretary of State

[Telegram]

COPENHAGEN, November 13, 1917, 4 p. m.

[Received 10.30 p. m.]

1566. As was to be expected the Italian defeats have made a profound impression in Denmark. In the Danish mind the invincibility of the German arms is once again demonstrated and always having cringed before the mailed monster, they are totally unable to comprehend how we can think of continuing the war. They ask the question and greet the reply with raised hands and a groan for they know that these reverses will only spur America and her allies on to more determined efforts which must include a more relentless enforcement of the embargo against the Central powers. With their nerves in such a state, a whole-hearted response to the demands of our War Trade Board can hardly be expected.

The recent twenty-four hours' visit of the King of Sweden was uneventful. The only passages in the otherwise stereotyped toasts exchanged at the banquet table declared the determination to continue economic cooperation. Everything possible was done to divest the visit of any appearance other than that of a return for that which the Danish King made to Stockholm in May last. Doctor Egan has been confidentially informed that the sole question which was officially discussed was that of mutual economic help during the present critical times: that the Norwegian King did not come since he had no visit to return. The three Scandinavian countries are apparently becoming alive to the fact that if put to the test they can supply one another with probably a large majority of the commodities they need for their national life. Recent speeches in Norwegian Storting are indications of this.

AMERICAN LEGATION

File No. 103.96/78

*The Special Representative of the War Trade Board (McCormick)
to the Secretary of State*

[Telegram]

LONDON, November 14, 1917, 1 p. m.

[Received 3 p. m.]

For War Trade Board:

Our 1, your 5.

Denmark. Prefer you continue Danish negotiations Washington, D. C. Notify Danes negotiations delayed owing to questions

arising here which we hope however to straighten out satisfactorily. We will advise you when these matters are adjusted. We are most anxious that no break should occur but most important Norway be closed first.

Holland. Negotiations with Holland to be carried on in Washington, D. C., but not closed until after Norway and Denmark in order named.

Sweden. Will advise you later concerning Sweden as some Swedish delegates expected here soon.

Switzerland. If Sulzer does not accept conditions Taylor will adjust same in Paris.

McCORMICK

File No. 658.119/92

The Minister in Sweden (Morris) to the Secretary of State

[Telegram]

STOCKHOLM, November 14, 1917, 3 p. m.

[Received 8.25 p. m.]

982. My No. 971. Swedish Minister for Foreign Affairs today asked me again where our Government would desire conference and when. He would also like to know whether we have a commission now in London empowered to negotiate on this matter.

MORRIS

File No. 657.119/132a

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

[Telegram]

WASHINGTON, November 15, 1917, 5 p. m.

5820. For McCormick:

The President sent for me this afternoon to ascertain the exact situation of Norwegian negotiations in preparation for appointment which he has made for Doctor Nansen. I explained present situation and all that led up to it and stated to him proposed negotiations to be carried on at Christiania as stated in your cable 11th. He discussed with me the program therein outlined and directed me to cable you that he is entirely unwilling to go any further than the principle of action already settled, namely, that we will supply or attempt to supply nothing to Norway except what we can be shown the people actually lack and we cannot undertake to supply them with any food elements of which they deprive themselves by exportation. He is not willing to take part in insisting that there be no export from Norway to Germany as he regards that as inconsistent with the principle upon

which the United States has always insisted and the rights which she has always demanded for herself. In view of above he further directs me to say that in his judgment we cannot in good faith hold up the Danish agreement awaiting any other negotiations. Jones.¹

LANSING

File No. 659.119/114

The Special Representatives of the War Trade Board (McCormick) and of the Food Administration (Taylor) to the Secretary of State

[Telegram]

LONDON, November 15, 1917, 11 p. m.

[Received November 16, 2.10 a. m.]

For War Trade Board:

Our 4. Allies will accept following meat proposals.

Denmark. Contingent on immediate carrying out of tonnage agreement as per War Trade Board proposal exportations from Denmark to Germany limited to the following: cattle, 6,000 head per week; fish, 2,100 tons per month; horses, 2,500 per month; industrial products as per our understanding.² Exportation to Scandinavia and Holland to be controlled. Much prefer to have agreement closed in Washington, D. C., with these provisions added to our previous agreed upon ration with a few minor changes which will be cabled promptly and on receipt of you can close.

Phosphate to Portugal and Spain; also cotton for a few weeks if legally advisable.

All neutrals must secure whatsoever wheat is allotted from Australia because Argentina must be reserved for Allies.

We will handle Swiss agreement.

McCORMICK

TAYLOR

File No. 657.119/132

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

[Telegram]

CHRISTIANIA, November 16, 1917, 2 p. m.

[Received 6.50 p. m.]

382. My telegrams 380 and 376 yesterday and November 14, respectively.³ It is officially announced to-day that on the initiative

¹ Thomas D. Jones, Acting Chairman of the War Trade Board.

² Telegram No. 10, Nov. 17 (File No. 103.96/87), reporting recommendations on other commodities, not printed.

³ Not printed.

of the King of Sweden a meeting of the three Scandinavian Kings accompanied by their Prime and Foreign Ministers will be held in Christiania November 28 to 30, next. It is not unreasonable to presume this meeting is in conformity with German wishes and is being held for the purpose of keeping Norway in line with the policy of Scandinavian cooperation. Such a course of action unquestionably has the support of certain members of the Norwegian Government particularly the Foreign Minister and the President of the Storting.

In view of the forthcoming meeting Department may consider it advisable that conversations regarding Norwegian imports from America should be initiated here at once in order that Norway may not after the meeting present us with a *fait accompli* if we delay beginning of negotiations.

British and French Ministers are telegraphing their Governments in the same sense.

Referring to the Department's 180, November 14, 6 p. m.,¹ I am quite prepared to confer with McCormick at London but will await further instructions before acting.

SCHMEDEMAN

File No. 657.119/135

*The Special Representative of the War Trade Board (McCormick)
to the Secretary of State*

[Telegram]

LONDON, November 17, 1917, 3 p. m.

[Received November 17, 2.55 p. m.]

For Polk and War Trade Board:

Our 8. I believe that if the President authorizes the Norwegian negotiations to be continued as outlined I feel confident that we can persuade the British Government to agree to 50-50 proposal regarding Norwegian tonnage. Sweden negotiations should be conducted in Washington, D. C. From past experience do not think much can be gained by your holding present commissioners, new commissioners might be an improvement. Holland negotiations should also be conducted in Washington, D. C. We are conferring with these countries here to obtain all information possible for your assistance. Please keep us posted if anything new develops in these negotiations. Cabling complete Danish agreement to-day ready to close.

McCORMICK

¹ Not printed.

File No. 103.96/89a

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

[Telegram]

WASHINGTON, November 17, 1917, 5 p. m.

5842. For McCormick from Jones [of War Trade Board]:

Our 10. Following letter delivered by Nansen late last night to Jones:

In confirmation of my communications to you during our conversation this morning I beg to state that my Government desire me to put the following question to the Government of the United States of America. Would the United States be able to see their way, as far as their ability goes, to secure during the length of the present war the necessary supplies for Norway, if Norway on her side in order to attain this purpose declares herself willing to lead the following unusual policy. Norway reduces her trade exchange with Germany and her allies in the following manner:

(1) Of food articles Norway will only export to Germany and her allies 40,000 tons a year of canned fish, fish and fish products of the kinds covered by the fishery agreement with England and 8,000 tons a year of fish and fish products not covered by this agreement, consequently altogether 48,000 tons a year of canned fish, fish and fish products.

(2) Norway will only export to Germany and her allies the following yearly quantities of the following articles: calcium carbide, 20,000 tons; ferro-silicium, 5,000 tons; calcium nitrate, 18,000 tons; molybdenite, 100 tons.

(3) Of the articles covered by the copper agreement with England, Norway will export to Germany only to that extent which the said agreement makes possible. Norway has already pledged herself to such an obligation by this agreement.

(4) Norway will not at all export the following articles to Germany or her allies: antimony, bismuth, manganese, mica, nickel, tin, titanium, and wolfram.

The presupposition will naturally be that Norway pledges herself to provide that no American goods imported in accordance with an eventual agreement with you should either directly or indirectly reach the enemies of the United States and also that the Norwegian Government in all cases of export of Norwegian goods to Sweden and Denmark will procure security that such goods shall not reach Germany or her allies in any way contrary to such an eventual agreement with you. It will likewise be the presupposition of such a possible agreement that the carriage to Norway of goods for which the United States give license must not be hindered by seizure from the side of the Allies.¹

As was mentioned during our conversation this morning chrome ore is not mentioned by my Government. I presume that this is

¹ Comparison with another text of Doctor Nansen's letter indicates that there has been an omission of several paragraphs at this point.

due to some mistake but I am telegraphing home for new instructions on this point.

I sincerely hope that the above proposition of my Government may be favorably received by the Government of the United States and that we will be able to reach an agreement on this basis. If this proposition will be accepted I can not think it will give us much difficulty to arrive at a satisfactory agreement as regards the minimum supplies necessary for the Norwegian people.

Letter seems to us here fair basis for negotiation and accords an opportunity for active negotiation invited by them. Our opinion clear and decided that it would be mistake to throw this matter back to Christiania and that negotiations should be carried on here at once with determination to reach best obtainable solution without delay. Board has received no detailed reasons for your recommendation that negotiations should be transferred to Christiania nor arguments of British Government in favor of this change. Please telegraph fully.

POLK

File No. 657.119/136

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

[Telegram]

LONDON, November 17, 1917, 2 p. m.

[Received November 18, 7.25 a. m.]

7721. Your 5820, November 15, 5 p. m. Following from McCormick for War Trade Board:

Our 9. Jones' cable 5820 concerning proposed Norwegian agreement received. I am sorry there seems to be some misunderstanding as the agreement is based upon same general principle as Danish agreement which I understand President approved, the exception being that our Minister to Norway confirmed by the Ministers of Great Britain and France, believing that the Norwegian Government and people might accept a prohibition of all exports to Germany if we gave them all their needs and also guarantee them a market for their usual exports, desires an opportunity to try this proposal. If total cessation of exports to Germany will not be acceded to, which we doubt, our proposal approves of an export of forty thousand tons of fish which is not far below the amount suggested to us by Doctor Nansen before we left America.

We find that a full disclosure of our negotiations with Nansen has been withheld from the Norwegian Government and people by the Foreign Minister . . . and that he has been concealing the true facts, and it is the opinion of those best informed that our proposition would be acceptable to the Government and people.

This agreement seems vital to me to prevent the enemy from securing most important materials for munitions and food and does not interfere with Norway's normal business and cares for her own needs. Delay serious because Germany is now trying to make a trade.

PAGE

File No. 657.119/136½

The Special Representative (House) to President Wilson

[Telegram]

LONDON, November 18, 1917.

McCormick and Lord Robert Cecil appreciate how delicate the situation is and nothing is contemplated which will bring about a crisis in Norway and Denmark. They believe Nansen and the Norwegian Secretary of State for Foreign Affairs . . . do not represent the sentiment of either the Government or the people. McCormick believes if you will allow him to go ahead as planned a speedy agreement can be secured. He proposes not to press the matter beyond the safety line.

Australia and Argentine first [omission?] and a solution will be arrived at shortly.

EDWARD HOUSE

File No. 763.72/7788

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

[Telegram]

CHRISTIANIA, November 19, 1917, 6 p. m.

[Received 10.20 p. m.]

386. Pursuant to my telegram No. 382, November 16, reporting meeting of Scandinavian Kings. About ten days ago Swedish Minister here came from Stockholm to Christiania and informed the King of Norway of the desire of the King of Sweden to visit him. Upon learning this Danish Minister here informed his Government and the King of Denmark immediately proposed to come at the same time. It is not improbable, however, that the meeting had been suggested during the recent visit of the King of Sweden to Copenhagen.

According to information which I consider absolutely reliable it is anticipated that subjects to be discussed at the meeting on the 28th will be the following: an endeavor on the part of Sweden to secure support of the other two countries with a view to obtaining control of the Åland Islands; the attitude of European neutrals in

regard to future peace proposals on the part of Central powers (there has been considerable peace talk here recently which apparently has its origin in Stockholm); strengthening of Scandinavian cooperation with a view to resisting Allied pressure in regard to import and export situation.

Visit of the King of Sweden here for the first time since the separation in 1905 must be considered a very important political event.

SCHMEDEMAN

[For further definition of the President's attitude toward the proposed demand for total cessation of Norway's exports to Germany, see the telegrams to the Special Representative, November 19, 1917, and to the Ambassador in Great Britain, November 20, *ante*, page 986.]

File No. 658.119/92

The Secretary of State to the Minister in Sweden (Morris)

[Telegram]

WASHINGTON, November 20, 1917, 6 p. m.

414. Your 982, November 14.¹ War Trade Board state negotiations have been proceeding here and they see no reason for transfer to London at present. No formal proposals have been put forward by either side as yet.

LANSING

File No. 763.72/7835

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

[Telegram]

CHRISTIANIA, November 22, 1917, 2 p. m.

[Received 10.08 p. m.]

390. I learn on good authority that the principal object of the King of Denmark in coming to the Royal conference here November 28 is to prevent this Government from engaging itself to permit the Allies to establish a naval base in Norway in any contingency that may arise. German Minister for Foreign Affairs is believed to have let it be understood that in case the Allies attempt to establish such a base in Norway the German Government will at once scramble for a similar base on the west coast of Denmark. It is not improbable that the foregoing plans have taken shape in consequence of visit of the

¹*Ante*, p. 1065.

naval attaché of this Legation and the British naval attaché to London.

SCHMEDEMAN

File No. 103.96/94

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

[Telegram]

LONDON, *November 22, 1917, 11 a. m.*

[Received November 23, 3 a. m.]

7768. For War Trade Board from McCormick:

Your No. 10 containing Nansen proposition was considered this morning in conference with British, French and Italian representatives and approved after making the following changes:

Fish, 25,000 tons if possible, 40,000 tons if necessary. All exportable surplus of fish oil to go to Allies. If maximum amount of fish granted suggest elimination of ferro-silicon. Molybdenite and chrome to be classified under paragraph (4) your cable, and add "any alloys thereof." Instead of paragraph (3) we recommend, "In consideration the supply by the United States of copper to cover the reasonable domestic needs of Norway, Norway agrees to suspend exportation of copper, cuprous pyrites and ferrous pyrites except to the Allies or approved neutral destination." Reserve to Allies right to continue present imports of calcium carbide and calcium nitrate, and all supplies of all commodities which the Allies are now receiving to be maintained. We suggest that Holland and Switzerland be included with Denmark and Sweden in all classes of the export Norwegian goods to Germany as suggested in paragraph (4), and that any of these commodities should not release substitutes to Germany.

Subsequent to conference Lord Robert Cecil upon the advice of their experts desires us to state that he cannot unreservedly express concurrence in any arrangement which will permit the exportation of the stated amount of calcium carbide and calcium nitrate and desires to lodge a protest with regard to these particular commodities which he considers of great value for munition purposes. He further suggests that his expert advisers also take a strong view as to the desirability of excluding ferro-silicon. He recognizes however that if the negotiations are to be conducted in Washington the authorities there must be left discretion within certain limits to do the best they can for the Allies as a whole.

With all these proposals before you Taylor and I will approve such final settlement as you see fit to make.

See Colby's cable to Shipping Board concerning division of tonnage which I think you will find satisfactory. Leaving for Paris.

PAGE

File No. 657.119/130

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

[Telegram]

WASHINGTON, November 24, 1917, 5 p. m.

185. Your 380, November 15.¹ After long discussion and consultation by cable with McCormick in London, it has been decided to continue negotiations with Norway here. As soon as the Allies and ourselves have agreed on the terms to be presented, the terms will be cabled to you. Negotiations are going on here with Nansen, and some progress being made.

For your confidential information, the Department thinks it would be desirable for you in your discussions of the matter with Norwegians to lay stress on the fact that we are acting with the Allies and frequently we are compelled to yield to them and make terms more onerous on neutrals.

LANSING

File No. 657.119/145a

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

[Telegram]

WASHINGTON, November 27, 1917, 7 p. m.

5916. Forward following message to McCormick:

Our 14. We have delivered to-day, after conference with Percy and Grimpel,² following letter to Nansen:

While your proposal of November 16 is acceptable to us in principle, we are not in full accord with you upon all of its details and we therefore desire to make the following proposal which, if accepted, will permit us to accomplish the object of these negotiations, that is, to supply your country with its reasonable requirements, so far as permitted by our own needs, and in case those requirements go beyond our own resources, we shall expect to render every assistance possible to Norway in supplying her needs elsewhere. We accept your proposal regarding Norway's fish export not to exceed 48,000 tons per annum and no export of fish oil to Central powers conditioned that said tonnage be measured in terms of fresh fish and the exports shall be in the same proportions fish and fish products as prevailed to Central powers during the past year. In consideration that the United States shall supply copper sufficient to satisfy the reasonable domestic needs of Norway it should be agreed by Norway to suspend exportation except to Allies, or approved neutral destination, of cuprous pyrites and ferrous pyrites, and copper, excepting such amount of crude or refined copper as may be necessary in equivalent exchange for manufactured copper received by Norway, plus 5 per cent to cover wastage. Since we are to grant export licenses for kerosene we propose that you sell us all of your exportable calcium carbide. Norway not to permit the export to the Central powers of any ferro-silicon or molybdenum in any form. Since we are to grant export licenses for fertilizers we propose that you sell to us all your exportable calcium nitrate. Norway will continue her exports to the Allies in so far as they may require the same. All of the foregoing on the under-

¹ Not printed.

² Temporarily attached to the British and French Embassies, respectively.

standing that Norway will not export or reexport except as hereinbefore provided any articles to any country in such a manner as to benefit our enemies; this to be guarded by proper restriction clauses in our final agreements. If you can see your way to meeting these suggestions, the War Trade Board will in so far as their own and their Allies' needs permit, license your needs to be fairly ascertained as soon as you furnish us with a complete estimate of your requirements.

War Trade Board

Repeat message in full to Christiania. In message to Christiania add the following:

You will communicate at once with your British, French and Italian colleagues and tell them that the above proposal has received the approval here of the representatives of the British and French who joined in the negotiations. The Ministers of these countries will receive instructions from their Governments to state to the Norwegian Government that the offer is satisfactory to them and has their approval. After seeing your colleagues present informally the agreement at Foreign Office, and state that it is your understanding that this agreement was to be cabled by Nansen. For your confidential information these terms are in the main the best that can be secured by Norway and you should urge on that Government the advisability of accepting the same.

Also repeat to Christiania for his information our November 17, 5842,¹ and inform McCormick that above message has been cabled to Christiania.

LANSING

File No. 659.119/124a

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

[Telegram]

WASHINGTON, November 28, 1917, 9 p. m.

5926. Repeat following to McCormick and Copenhagen except instructions at end which intended only for Copenhagen:

Following letter dated November 27 was handed Danish Minister to-day.

We regret that the negotiations with the representatives of the Danish Government here have not yet reached a conclusion, and the following is submitted to you as our proposal of a general arrangement between Denmark and the War Trade Board, and with the desire of pushing forward the negotiations in every way possible we have set down the following bases, which we hope will lead to an early conclusion of the negotiations we have been carrying on.

The principal delay has been because your representatives have felt that they must insist on a 50 per cent division of your exportable surplus of pork and dairy products. We regret that we have not been able to agree to this principle, and we propose instead the basis of

¹Ante, p. 1068.

pre-war percentages of exports from Denmark shown by the average annual exports during the three years immediately preceding the outbreak of the European war, that is, years ending July 1, 1912, 1913 and 1914.

The War Trade Board will agree to issue export licenses for the following commodities for the needs of Denmark so long as the needs of the United States and her Allies permit; it being understood that Denmark will agree to stipulations and conditions of a draft of final arrangement by which she will not permit exports or re-exports which may benefit the Central powers.

The following are the articles which we understand constitute Denmark's needs, in metric tons unless otherwise stated:

Sulphur	270	Apples	2,000
Asbestos	275	Bananas	1,000
Graphite	100	Dried fruits	3,000
Copper	2,500	Rice from Orient	2,000
Zinc	1,000	Coal pitch	600
Lead	2,000	Lubricating oils, greases	45,000 bbls.
Silver	14	Crude fuel oil	50 tons
Antimony	25	Dark refuses	15,000
Brass wire	34	Turpentine oil	500 tons
Brass screws	36	Linseed oil	6,000
Mineral turpentine for varnish	300	Vernishes	700
Paraffin	600	Resin	1,500
Kerosene and gasoline	79,000	Shellac	90
Wax	100	Wood tar	900
Zinc and lead paints	2,500	Turpentine, refined	15
Asphalt	3,250	Tragacanth, various gums	90
Flower bulbs	740	Various sorts of glues and limes	500
Timothy and other grass seeds	1,250 tons	Coffee	15,000
Garden and tree seeds	117	Tea	400
Cotton and cotton goods	10,500	Cocoa	3,000
Hemp	2,000	Glucose	250
Cordage	5,000	Spices	330
Binder twine	1,600	Pepper	42
Mexican fibres, etc	1,100	Starch	2,200
Wool	800	Saltpetre	35,000
Boots and shoes	280	Rubber goods and auto tires	500
Leather goods	300	Other rubber articles	255
Soles	800	Phosphate rock	56,000
Uppers	640	Electric lamps	70
Apricot and peach ker- nels	50 tons	Machine packing	50
Cocoanuts	100 tons	Tobacco	5,000
(Up to September, 1918; thereafter double that quantity.)		Silk	100
Other nuts and kernels	250 tons	Feathers	400
		Various woods	300
		Talc	150

We propose that Denmark limit her exports of the following:

Twenty-one hundred tons per month fresh fish or fish products measured in terms of fresh fish to be the maximum quantity exported to Germany or her allies.

A maximum of 6,000 head of cattle during any one week.

A maximum of 2,500 head of horses to be exported during any one month.

Of the total exports from Denmark of pork and pork products, butter and eggs for said period, there shall be exported to Germany

not more than pre-war percentages for the years ending July 1, 1912, 1913 and 1914.

Of the total exports from Denmark to Great Britain of pork and pork products, butter and eggs for said period, there shall be exported to Great Britain monthly not less than the pre-war average percentages for the years ending July 1, 1912, 1913 and 1914.

The products of cattle originating in Denmark for German consumption may be exported to Germany, but Denmark agrees to limit the exports to such products.

Manufactured products not to exceed \$2,000 in value in any one month.

Lubricants, oils, kerosene or gasoline received from the United States shall not be employed in factories or in manufacturing plants of any kind (excepting dairies) operating to produce commodities of any kind for exportation to Germany.

All exportable surplus hides are to be shipped to the Allies and we in return to grant the licenses on heavy hides and adequate tanning material.

That 300,000 tons of Danish ships and motorships of over 1,000 tons dead weight are to be delivered on or before January 15, 1918, to the United States Shipping Board under charter for the period of the war on the following terms and conditions:

It is understood that about 100,000 tons of these vessels will be used for the Belgian Relief Commission, and that the balance is to be under the direction of the United States Shipping Board.

This arrangement is made with the understanding that there will be more than 100,000 tons of shipping left over after the above are provided for, and that any surplus shall be divided half and half between the United States and Great Britain.

It is understood that 100,000 tons of these vessels shall be free to be used by the Shipping Board in the trade to and from the war zone. It is understood that the balance of 100,000 tons are to be used in safe trades.

It is understood that vessels which are employed in the European war zone shall receive compensation at the rate of 45/- per ton dead weight, and those employed outside of the war zone shall receive 35/- per dead-weight ton.

The value of the vessels is to be on the basis of £30 per dead-weight ton, for which the United States Government on all vessels under charter to it is to be liable to the Danish owners against any loss by war risks.

Charter is to be made on the New York Produce Exchange form of time charter: that hire is to be payable in dollars in New York or Washington at the option of the Shipping Board.

As regards the deliveries of the above tonnage, all ships will be delivered as promptly as possible, but it is agreed that the Danish owners will make no new charters from the time this agreement is consummated until the full 300,000 tons has been delivered.

It is also understood that Denmark is to have for her necessary trades to and from Denmark to England and America and the world about 350,000 tons dead weight of steamships and motorships. Any balance of tonnage above that quantity and

what is chartered to Great Britain and the United States shall be on the first 100,000 tons chartered to Great Britain and above that quantity equally divided under charter to those two countries.

The 350,000 tons dead weight allotted to Denmark shall be free to engage in general trade when they are not engaged in trade to or from Denmark, Iceland or the Faroe Islands. It is understood that these vessels will engage in trades of interest to U.S.A. and Great Britain, and to ensure this no Danish vessel will be chartered for voyage or time or engage in any trade without the previous consent of the U.S. Shipping Board, if charter concluded on this side, or, if elsewhere, not without the consent of the Inter-Allied Chartering Committee.

Danish ships engaged in any of the above named trades, either to Denmark or with the consent of the U.S. Shipping Board or in [of?] the Inter-Allied Chartering Committee, to be granted all facilities with regard to bunker coal, or oil for motorships, of American origin.

The Danish commission is to furnish to the War Trade Board a list of all their vessels and their charters and the length of said charters.

It is understood that the U.S. Government will on such vessels as are used to the European war zone include them in its convoys.

All voyages and cargoes on vessels trading from American ports are to be approved by the War Trade Board. Where the United States aids Denmark to secure cargoes elsewhere voyages shall also be approved.

Since the quantities of protein and fat foods available for importation into the Scandinavian countries must be limited by present world shortage, it is anticipated that Danish surplus production of such foods must be relied on in the coming months to supplement domestic Norwegian and Swedish production, and the board will be glad to learn whether the Danish Government is prepared to accept as an obligation the supply to Norway and Sweden of the full amount of pork and dairy products and meat needed for their internal consumption, as a prior claim on any exportable surplus of Danish produce.

The board will be glad to receive as soon as possible the reply of the Danish Government to this definite proposal, with a view to the consideration of reasonable modifications.

Accept, my dear Mr. Minister, the renewed assurances of my highest consideration. Signed, Thomas D. Jones, Vice Chairman, War Trade Board.

Following only for Copenhagen.

Deliver copies of the foregoing to the British and French representatives. The letter was written after long consultation with the British and French representatives here and has their approval. As soon as you have delivered copies to them, deliver a copy to Foreign Office and state that this copy was forwarded by cable at the request of the Minister.

LANSING

File No. 658.119/137

*The Commercial Adviser of the British Embassy (Crawford) to the
Counselor for the Department of State (Polk)*

WASHINGTON, November, 1917.

[Received November 30.]

MY DEAR MR. COUNSELOR: I feel that we should come to a clear understanding in writing as soon as possible regarding policy towards the four northern neutrals. We have reached a substantial agreement in regard to Norway and Denmark. I would only say here, in regard to these two countries, that my Government's view is that the desiderata of our associated Governments which have now been put in writing to the Norwegian and Danish Governments should be strongly pressed before further concessions are made.

As regards Sweden and Holland, I understand that the American delegates in London approved an invitation to these two countries to send representatives to London to negotiate there. This invitation was sent, but the delegates have now left for Paris and apparently their return is uncertain.

We are instructed to press you to let negotiations with Sweden and Holland be begun in London and to express the earnest hope that Mr. McCormick and Doctor Taylor may return to London to take a leading part in such negotiations as soon as their business in Paris is completed. Our reasons for this proposal are as follows:

1. *Sweden.* There is no one in Washington accredited by the present Swedish Government or representing their views. The representative now here is an iron ore expert, but probably not competent to discuss other subjects. Neither is there anyone here empowered to represent the Russian Government, while the presence of M. Nordmann in London, who has strong views on the settlement of the Swedish question, makes it possible to act there more or less in agreement with Russian interests, even though joint action in such matters with the present Russian "Government" is impossible. Moreover, the Swedish question has such an immediate and serious military significance that discussions in Europe, taking into account the changing military factors, seem to be imperative. My Government can not provide for proper representation in Washington for negotiations so difficult as this. I understand the policy of my Government in regard to Sweden to be as follows:

(1) An early attempt to reach a definite settlement to be made. If this prove impossible, the negotiations should be adjourned on the basis of definite proposals put forward on paper and rejected, so that the Swedish Government may be made responsible to the Swedish people for their action.

(2) As large a proportion as possible of Swedish iron ore to be purchased by the Allies. Exports to Germany to be cut down to a minimum. The Allies to attempt to buy the German shares in the Grangesburg Co.

(3) Swedish tonnage to be obtained as in the case of Denmark, to be shared on an equal basis by the I.A.C.E. and the Shipping Board.

(4) Export of foodstuff, including fish, metals, ore other than iron ore, hides and leather to Germany to be stopped. This should not be very difficult, the metals and ores other than iron not being a dominant Swedish interest.

(5) Export to Germany of pulp and chemical preparations and derivatives of pulp to be stopped.

(6) Free transit to and from Russia to be secured.

(7) Swedish loan to the Allies.

2. *Holland*. The Dutch problem consists mainly of the following questions:

(1) Transit of military material for German account.

(2) Tonnage.

(3) Imports of coffee, tobacco and cinchona for German account.

(4) Export of agricultural produce to Germany.

(5) Smuggling.

(6) Loan to the Allies.

On all the first four questions we have already been obliged to open negotiations with or make demands upon Holland, and we have actually practically secured a tonnage arrangement. The fourth point is intimately bound up with our margarine imports from Holland and with our agricultural agreement. The fifth has been the subject of repeated discussions between ourselves and Holland, while the sixth very closely affects the continuance of our agricultural agreement, the well-being of the French and Belgian relief works, and our whole financial stability. Negotiations in London would, therefore, we believe lead to a much speedier and more satisfactory settlement than at Washington where M. van Vollenhoven has shown little disposition to discuss any other subject than the Dutch ships now in United States ports. At the back of any such negotiations lies, moreover, the military problem which may at any moment become a very urgent one. We believe we can attain all the objects stated above except the export of Dutch agricultural produce. This has been complicated by the recent German agreement and the main conflict will centre round the export of fats to Germany. The degree to which we can succeed will probably mainly depend on the extension of our agricultural agreement and it is to be feared that if the negotiations are carried on solely at Washington the Dutch representatives will prevent any arrangement by referring to this agree-

ment as the furthest point to which Holland can go and as being satisfactory to the British Government.

For all these reasons I trust you will consent to the Swedish and Dutch negotiations beginning in London forthwith in order to secure a speedy and clear definition of the policy of our associated Governments towards the northern neutrals with a view to end the present uncertainty. In so far as that uncertainty arises, as it no doubt does, from defects in British representation at Washington in blockade matters, my Government are all the more anxious to be in a position to discuss these matters with their associates and with neutrals at London, where they can explain their views better and in a manner less likely to cause delay at a moment when their main object is expeditious action.

Believe me [etc.]

RICHARD CRAWFORD

File No. 658.119/109b

The Secretary of State to the Minister in Sweden (Morris)

[Telegram]

WASHINGTON, December 3, 1917, 6 p. m.

430. After consultation with McCormick it has been decided negotiations of agreement with Sweden should be carried on in London. McCormick returning from Paris this week to take up this question with British and French and will try to reach some understanding.

LANSING

File No. 600.119/455a

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

[Telegram]

WASHINGTON, December 5, 1917, 6 p. m.

5961. For McCormick from War Trade Board:

Our No. 17. In view of growing feeling on part northern neutrals against our embargo board are in favor of allowing one or two cargoes to be sent forward at once to Norway, Denmark, Holland and Sweden of selected commodities such as kerosene or coffee or lubricating oil. We believe this would aid negotiations and create better feeling on the part of people in these countries, offsetting some of the German influence. A decision to do this now should have a good effect in these countries at the Christmas season. Please cable your advice to-morrow as must act promptly.

LANSING

[For suggestions as to the temporary employment of Swedish ships, see letter from the Commercial Adviser of the British

Embassy, December 6, 1917, and telegram to the Ambassador in Great Britain, No. 5982, December 7, *post*, pages 1151 and 1153, respectively.]

File No. 657.119/167

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

[Telegram]

LONDON, December 7, 1917, 8 p. m.

[Received December 8, 12.10 a. m.]

7901. Following for Jones, War Trade Board, from Taylor:

Norway proposition all right but no metals except aluminium carbide and ferro-silicon to go to enemy. Danish proposals all right but the exportable butter and pork will be too small to hold up agreement on. We have made up a new Dutch ration, also a Swedish ration. Accepted that we are to have half of their available tonnage. Agreeable to suggest[ed] voyage of boats in our harbors.

PAGE

File No. 657.119/172a

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

[Telegram]

WASHINGTON, December 8, 1917, 6 p. m.

5993. Our No. 19. Following for Taylor from War Trade Board:

Your cable 7th concerning our Norwegian proposal received. Board has received from Nansen following, dated 7th, to which board asks your suggestions and copy of which please send to Foreign Office.

The Norwegian special mission has now received the Norwegian Government's answer to the proposals contained in your note of November 27.¹

1. The Norwegian Government regret for important reasons not to be able to accede to your proposal that the 48,000 tons of fish and products of fish for export to Central powers should be measured in terms of fresh fish. For the sake of control it is absolutely necessary to have the quantities stipulated in export weight and thus avoiding the possibility of dispute. The Norwegian Government must therefore maintain the proposed 48,000 tons fish and fish products export weight, but are willing to guarantee that the export of "klipfisk" (i.e., salted dried fish) and "torfisk" (i.e., dried fish) shall not exceed 8,000 tons a year in all, and canned fish goods, if you so desire, shall not exceed 15,000 tons. It has not been the presupposition of the Norwegian Government that all export of fish oils

¹Ante, p. 1073.

and train oils should be excluded, but they are willing to guarantee that the total export to Germany of such oils shall not exceed 300 tons per annum.

2. The Norwegian Government cannot agree that Norwegian compensation for manufactured copper received from Germany should be limited to crude or refined copper but must reserve the right to give such compensation in copper, copper ore, pyrites containing copper and purple ore, as stipulated in our agreement with Great Britain. The concessions made by this agreement are so considerable that the Norwegian Government feel confident that they will also satisfy the American Government.

3. The Norwegian Government are willing to agree that the export to the Central powers of—

- (a) Calcium carbide shall not exceed 15,000 tons per annum;
- (b) Ferro-silicon shall not exceed 4,000 tons per annum;
- (c) Molybdenite shall not exceed 50 tons per annum.

4. The Norwegian Government regret to have to maintain the proposed right to export 18,000 tons calcium nitrate to Central powers.

5. In the case of an agreement being concluded the Norwegian Government are willing to guarantee that the following articles shall not be exported to Central powers: antimony, bismuth, manganese, mica, nickel, tin, titanium and wolfram.

6. The Norwegian Government guarantee not to export to Germany any foodstuffs of any kind except the fish and fish products mentioned above.

7. The Norwegian Government must reserve the right of export from Norway of any other article than those mentioned above. It would seriously affect our position if the American Government should demand that all goods not specially mentioned should not be allowed to be exported to the Central powers.

8. The Norwegian Government consider it absolutely necessary in case of an agreement being concluded that the American Government not only undertake to grant export licenses but that as regards the most important articles the quantities required for the needs of our people are guaranteed.

9. All licenses to be granted under the agreement shall be understood to include all and every license for goods as well as tonnage necessary to move the goods to Norway.

10. It is further the understanding of the Norwegian Government that the shipment of goods licensed by the United States Government according to the agreement shall not in any way be hindered, held or seized on the part of the Allies.

11. It has been the supposition of the Norwegian Government that the agreement should be valid for the duration of the war but if this should not be agreeable to the American Government they propose to conclude the agreement for one year from the date of signature with mutual rights of 3 months' notice of termination after such period.

File No. 657.119/168

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

CHRISTIANIA, December 8, 1917, 2 p. m.

[Received 11.34 p. m.]

413. I have no information indicating that Norwegian Government is making any special effort to expedite favorable consideration of War Trade Board's proposal of November 27¹ to Nansen. My impression is that peace rumors are responsible for this attitude to a great extent. In the same way certain section of the press is beginning to publish articles criticising our attitude in stopping exports pending conclusion of negotiations as incompatible principles of justice and unfair to Norway. This view is not held in all quarters but seems to be becoming more common. As indicated in previous reports to the Department such a development has seemed very likely to take place but can not have a determining effect in overcoming growing difficulties here due to increasing lack of food and raw material. When the pressure becomes more severe and hopes of early peace prove illusory a more reasonable attitude on the part of Norway towards our proposals is sure to be assumed.

My British colleague intimated fearful of the consequences of early resumption of export to the enemy which may begin as a result of denunciation of British-Norwegian trade agreements and has urged upon his Government expediency of setting a time limit for acceptance by Norway of our proposal to Nansen. I concur in the recommendation but not for the same reasons, as my opinion still is that such resumption of export to the enemy would not be tolerated for any length of time by people of this country and even if it should be no relief of local shortage would result. I strongly recommend however that a time limit be set for acceptance.

If at any time negotiations indicate probability of conclusion of an agreement on the basis of War Trade Board's proposal I venture to suggest that the Department before final decision inform me of the contemplated terms of such agreement in detail in order to afford opportunity for suggestions made with knowledge of local conditions here. Such final agreement must include safeguards concerning which the Legation should be able to make pertinent observations. Embassy at London informed by telegraph.

SCHMEDEMAN

¹Ante, p. 1073.

File No. 763.72/8013

The Minister in Denmark (Egan) to the Secretary of State

[Telegram]

COPENHAGEN, December 8, 1917, 1 p. m.

[Received December 9, 5.10 a. m.]

1681. By the Minister. The Norwegian Minister here, Mr. Irgens, . . . says that no mention of the Åland Islands was made in the conference of the three Kings at Christiania.¹

King Haakon had planned to go to Stockholm to thank King Gustav for having initiated the Malmö meeting; but King Gustav thought that as a sign that Sweden had unreservedly accepted the secession of Norway it would be well for him to go to Christiania. He was received by the Norwegian people in the streets with sufficient enthusiasm.

The *communiqué* is a reflex as to what occurred preliminary to the meeting of the Interparliamentary Conference consisting of four members from each of the Scandinavian countries to consider the question as to how Denmark, Norway and Sweden might be more united politically and economically.

The suggestion that any belligerent power should seize a base in Norway was not considered at either of the meetings. Irgens says that Norway relies on the promise of the powers that its neutrality shall not be broken. The three Scandinavian countries he said emphatically would join in repelling such an aggression.

EGAN

Negotiations with Swedish Representatives at London: The Question of Purchase of Iron Ore—Proposals for a Temporary "Modus Vivendi" with Sweden—Announcement of Christmas Concessions to the Neutrals—Further Negotiations with Denmark and Norway

File No. 658.119/128

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

[Telegram]

LONDON, December 13, 1917, 4 p. m.

[Received December 14, 6.15 a. m.]

7956 [7946]. A matter of first importance has arisen in connection with the Swedish negotiations. The details of the proposal as regards ore arranged by Doctor Taylor before his departure contemplated the retention in Sweden for her domestic manufacture for all ore having less than .04 per cent phosphorus. In view of

¹ For further report on this conference, see despatch from the Minister in Norway, No. 605, Dec. 5, received Dec. 26, *post*, p. 1096.

the great importance to the German war industry of Swedish ore it is the opinion of the Allies here that no efforts should be spared which would make possible the utilization by them of a very considerable portion of the ore with higher phosphorus content which previously had been going to the enemy. The only method of reducing such shipments to enemy appears to be the purchase and removal of a part of the higher phosphorus ore and I am requested to ascertain with as little delay as possible how much of such ore could be absorbed by the United States.

The importance of this ore to Germany is represented to be such that the cost or trouble of possible changes, if any, that might have to be made in existing American furnace methods would be small as compared with the benefits of depriving the enemy of this ore. The French and English authorities are making similar inquiries, and as the proceedings in the Swedish negotiations will be considerably [affected by] the amount of this ore that the Allies can take, it is of first importance that the information be furnished me at once. Owing to peculiar local conditions the purchase and storage of ore in Sweden is practically impossible in addition to its being unwise to leave large stocks in Sweden as a temptation to enemy. If proposed plan successful the output of the mines would be reasonably restricted so that reduction of shipments to enemy will be determined by amounts Allies can take. Please furnish copy War Trade Board and War Industries Board.

PAGE

File No. 658.119/127

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

[Telegram]

LONDON, December 13, 1917, 10 p. m.

[Received December 14, 7.45 a. m.]

7952. Swedish delegates were received to-day by Allied-American delegates under chairmanship of Lord Robert Cecil. Only business transacted was that chairman, speaking for Allied delegates, requested Swedes to submit memorandum of their desires and of what they were willing to do in return. Another meeting will be held to-morrow when Swedes are expected to present their memorandum.

Marcus Wallenberg head of Swedish delegation last night informally told Cecil that Sweden was willing in principle to agree to our demands regarding reduction of ore export to Germany and on the question of tonnage. But he flatly stated that it would be impossible for Sweden to cease exports of iron ore to Germany altogether and also that Sweden's most urgent needs were petroleum and

coal. Sweden has heretofore secured a great majority of her coal from Germany and the fact that she is now desirous of securing it from the Allies is taken as a favorable indication. It is anticipated that the Swedes will offer objection to the use of their tonnage in danger zones. It will be pointed out to them that this is exactly where tonnage is needed but it is most desirable to know just how far our Government desires American delegates to press this point in negotiations. The question of ore is dealt with in my telegram No. 7946, December 13, 4 p. m., and it is urged that telegraphic instructions be sent me on both these points earliest possible moment.

PAGE

File No. 658.119/131

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

[Telegram]

LONDON, December 14, 1917, 12 p. m.

[Received December 15, 5.15 a. m.]

7977. Referring to my telegram 7952, December 13, 10 p. m. A further meeting was held this afternoon to receive Swedish proposals which were found to be of a general nature and it was therefore decided to appoint sub-committees to deal respectively with rations and imports, tonnage and iron ore.

These committees will begin work at once. Swedish delegates stated they were under instructions before commencing negotiations to endeavor to secure a *modus vivendi* under which they would be able immediately to obtain certain necessities urgently required in Sweden [as part] of their [eventual] deliveries. They mentioned to-day only the release of two grain ships detained at Las Palinas [Las Palmas] and the discharge by our Government of about 25,000 tons of nitrates which it is understood they have already purchased.

A committee was also appointed to deal with the question of the *modus vivendi* and will hold its first meeting to-morrow afternoon.

PAGE

File No. 658.119/149

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

[Telegram]

WASHINGTON, December 19, 1917, 11 a. m.

6061. [From War Trade Board]:

Your 7956 [7946] regarding Swedish ore. War Trade Board reports that there are no basic Bessemer or Thomas process steel plants in this country and that by this process alone can high

phosphorus ore be used. All existing plants suited only to low phosphorus ores. Under existing industrial conditions no plant would on private account feel warranted in making changes necessary to use high phosphorus ores. Only steel plants situated at or near seaboard could use Swedish ore of any kind because railroad freights to inland points would be prohibitive. These facts in connection with present high ocean freights preclude bringing of high phosphorus ores to this country for use in near future as a commercial proposition. If these ores are to be purchased at all it must be on Government account and for use at distant date. If Sweden will not reduce export to Germany to point of crippling her the only result of our Government purchasing would be to relieve Sweden of its surplus ores.

LANSING

File No. 657.119/221a

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

[Telegram]

WASHINGTON, December 20, 1917.

6082. The following note has been delivered by the War Trade Board to Norwegian special mission to-day.¹

The War Trade Board has given serious consideration to your note of December 7² containing the reply of the Norwegian Government to the proposals contained in our note to you of November 27.³

(1) *Fish and fish products.* The board accepts the proposal of your Government in this respect and agrees to the exportation of 48,000 tons export weight of fish and fish products per annum to the Central powers. With respect to fish oil Norway is requesting considerable quantities of fats from the United States and its associates. While fish oil may not be an edible fat it is readily made edible and nutritious by admixture with certain other oils such as cotton-seed oil which Norway requests the United States and its associates to supply. Whatever oils Norway may export to the Central powers would be in diminution of Norway's own supply of fats and our own exports of fats to Norway would to that extent be in substitution for fats exported to the Central powers. This board cannot consent to supply any commodities to Norway whether fats or other commodities which in effect will be substituted directly or indirectly for commodities exported to the Central powers. We assume that no fish or products of fish caught or in any way prepared with supplies imported from the United States or its associates are to be exported in any form to the Central powers and that the export of each class

¹ The note is dated Dec. 19.

² *Ante*, p. 1081.

³ *Ante*, p. 1073.

of fish and fish products is to be made in the form in ordinary commercial use in the past.

(2) *Copper*. The stipulations of this paragraph of your note do not seem to the board to be just. Your Government is asking for large quantities of copper from the United States and its associates. The exportable surplus of copper controlled by them is not sufficient to meet all demands. But so far as the war needs of the United States and its associates permit the board will assist in every way in supplying the copper needed by Norway. We agree to the export of copper to the Central powers in compensation for copper received from those powers in manufactured form plus 5 per cent to cover wastage. Your Government now claims the right to export compensation copper to the Central powers not in the form of crude or refined copper but in the form of the copper contents of ores which with exception of purple ore are lean in copper but rich in sulphur. The sulphur contents of these ores greatly exceed in value their copper contents. Sulphur is a commodity of prime importance in the manufacture of explosives and is of the greatest value as well to the United States and its associates as to the Central powers. The proposal of your Government would therefore result in granting to the Central powers under guise of compensation for copper a large amount of valuable war material which has nothing whatever to do with the principle of compensation. This board is unwilling to accept a proposal which has such results. No pyrites has in fact been exported by Norway to the Central powers for a considerable period of time. The compensation copper exported to the Central powers should be in the form of crude or refined copper as stipulated in our note to you of November 27.

(3) and (4) *Calcium carbide, calcium nitrate, ferro-silicon, and molybdenite*. These two paragraphs of your note may well be treated as one. In them your Government reserves the right to export to the Central powers 15,000 tons of calcium carbide, 18,000 tons of calcium nitrate, 4,000 tons of ferro-silicon and 50 tons of molybdenite. The use of calcium carbide as an illuminant and of calcium nitrate as a fertilizer is more familiar to the public than the use of each of these commodities in the making of munitions. Each of the commodities covered by these two paragraphs is however not only usable but is largely used in the manufacture of munitions. Ferro-silicon and molybdenum are of course materials of the first importance in the manufacture of implements of war. In all of our communications with you in regard to Norway's external trade we have sought only the free meeting of minds upon the question what would be fair concessions for the United States and her associates to expect from Norway in consideration of the large amount of commodities which Norway is asking from them. We cannot be wholly indifferent to the uses to which these commodities shall be applied. Your Government will not find it difficult to understand the grave reluctance of this board to the granting not only of large quantities of foodstuffs but of other commodities essential to the maintenance of the industrial life of Norway in its full vigor only to see that vigor expended in the forging of weapons of warfare against ourselves and our associates and we feel confident that upon reconsideration your Government will appreciate

this reluctance and will agree with us that the United States and its associates will be fairly entitled to a prior option upon such commodities as are referred to in these paragraphs if they supply to Norway the commodities which she needs.

(5) We note that you include among the products which are not to be exported to the Central powers antimony, bismuth, manganese, mica, nickel, tin, titanium and wolfram. You are aware from our repeated conversations that no satisfactory reason has been given to us why chrome is not included in this list. This board expects it to be included. We assume that this paragraph covers all ores and alloys of the commodities mentioned.

(6) The stipulation of your Government not to export to the Central powers any foodstuffs of any kind except fish and fish products is accepted.

(7) This paragraph presents some difficulties. Your Government reserves the right to export from Norway to the Central powers all other articles than those mentioned above without any limitation whatever as to kind or quantity. If we were to accept this paragraph as it stands we would be consenting to the export freely by your Government to the Central powers of many of the commodities which we are asked to furnish to Norway as well as all forms of nitrate of which Norway produces many besides calcium nitrate. Iron ore, iron, steel, zinc and aluminum would pass freely to the Central powers. This paragraph leaves the door wide open to unexpected developments which might easily cause deplorable misunderstandings and disagreements. The considerations stated above relating to the commodities described in paragraphs 4 and 3 of your note bear directly upon all commodities which are recognized as ingredients of munitions and supplies of war whether specifically mentioned by you or not and we submit to your Government that in consideration of the supplies to be furnished to Norway by the United States and its associates your Government should prevent the exportation of all commodities of that character to the Central powers. Your Government will of course agree that no commodity which the United States or its associates may furnish to Norway shall be exported to the Central powers or shall be used in the production of any other commodities which may be exported to the Central powers and that no commodity except fish and fish products upon which Norway has in the past placed restrictions of export by virtue of any agreement or understanding between herself and the British or French Governments before the entry of the United States into the war shall be exported to the Central powers. And in case Norway shall export to any neutral country contiguous to the Central powers, or either of them any commodity which Norway agrees not to export to the Central powers Norway will provide by agreement with the Government of such neutral country that no commodity so exported shall be re-exported directly or indirectly to the Central powers. This point was covered in your note of November 16.¹

(8) This board cannot absolutely guarantee to Norway a supply of foodstuffs which will be subject to the uncertainties of future har-

¹Ante, p. 1068.

vests or of other commodities the supply of which is necessarily dependent upon conditions of production which cannot be foreseen. Nor can the requirements of the United States and its associates in the war be in all respects definitely estimated in advance. Your Government is aware that as to foodstuffs there is at the present time sufficient for all reasonable needs and that the main difficulty in the light of Germany's piratical submarine activities lies in bringing supplies to the countries where they are needed. The United States and its associates control the larger part of the available supplies of such commodities and any agreement which may be reached with Norway will be entered into only with the concurrence of the associated powers. The board of course assumes that the Norwegian Government will consult with the United States and its associates as to the sources from which Norway shall from time to time obtain her supplies and if this be done the board feels warranted in assuring your Government that in case an agreement shall be reached the reasonable requirements of Norway can and will be met and that the United States and its associates will use all their efforts to this end.

(9) and (10) This board will in case an agreement shall be reached exercise all its power in granting not only export licenses for the commodities covered by such agreement but also for bunker coal and ship stores to facilitate the transportation to Norway of such commodities in such amounts as may be specified in the agreement and the board is assured by the Allied Governments with which it is acting in full accord in these matters that they will in every way facilitate the transportation to Norway of all commodities which shall be moving in full compliance with the terms of such agreement.

(11) As to the duration of the agreement this board agrees that it shall be operative for the period of the war subject to termination by either party at the expiration of one year from the date of the agreement and at any time thereafter provided three months' notice shall be given of such termination. In case an agreement shall be concluded later than December 24, 1917, this board will expect your Government to keep an account of the fish and fish products exported to the Central powers from that date and that the total exportation of fish and fish products to the Central powers shall be at a rate not in excess of 4,000 tons per month from that date until the expiration of the agreement. And this board will expect the Norwegian Government to take prompt and effective steps to provide adequate organization to ensure that the agreement shall be properly carried out in every respect and that no commodities imported by her from overseas shall pass directly or indirectly to the enemies of the United States and its associates. The Norwegian Government will doubtless be ready to outline such organization in the final agreement. Your Government will also be expected to supply full statistics of imports into and exports from Norway at the request of the United States and its associates at such periods as may be specified by them.

Repeat message in full to Christiania. In message to Christiania add the following:

You will communicate at once with your British, French and Italian colleagues and tell them that the above proposal has received the

approval here of the representatives of the British and French who joined in the negotiations. The Ministers of these countries will receive instructions from their Governments to state to the Norwegian Government that the offer is satisfactory to them and has their approval. After seeing your colleagues, present copy of the agreement at Foreign Office. Doctor Nansen will not cable copy but will advise Foreign Minister that you will hand copy to him. For your confidential information, as stated in cable November 27,¹ these terms are in the main the best that can be secured by Norway and you should urge on that Government the advisability of accepting the same.

LANSING

File No. 658.119/138

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

[Telegram]

LONDON, December 20, 1917, 9 a. m.

[Received December 21, 7.13 a. m.]

8014. With reference to my telegram 7977 of December 14, noon.² Swedish delegates have submitted written statement of what they desire under proposed *modus vivendi*. This includes:

- (1) Release of the steamers *Jemtland* and *Österland* and cargoes of maize of 11,000 tons now detained Las Palmas.
- (2) Release steamer *Sigrid* and cargo 3,600 tons phosphate rock now detained in United States.
- (3) License to export from the United States 25,000 tons phosphate rock corresponding to three months' supply which is urgently needed for conversion into fertilizer for next year's crop.
- (4) Three months' supply of illuminating and fuel oil estimated at 25,000 tons and 6,750 tons, respectively.
- (5) Shipping facilities including visitation outside blockade zone and bunkers for 23,000 tons maize and 7,000 tons oil cake owned by Sweden now stored at Buenos Aires.
- (6) Permission for Sweden to import 22,000 bags coffee under arrangement already existing with Great Britain in regard to transit to Finland of certain amount of coffee as well as the right to import an additional 50,000 bags.
- (7) Release of certain hides, leather, cocoa and dried fruit now detained at Copenhagen and Christiania.
- (8) Permission to secure from Switzerland certain amount of cork bricks for refrigerating purposes which Sweden has purchased in Switzerland.

Tonnage subcommittee referred to in my 7977 had preliminary meeting to-day, Swedish delegates agreeing to recommend to their

¹Ante, p. 1073.

²Ante, p. 1086.

Government in return for acceptance by Allies of eight proposals above referred to—

- (1) To permit Swedish shipowners to charter their vessels to Belgian Relief Committee without imposing any conditions.
- (2) To grant licenses for all Swedish ships now idle in Allied European ports to be chartered to the Inter-Allied Chartering Executive for three months for employment in the war zone.
- (3) To grant licenses for all Swedish ships idle in American ports for a period of four months for employment in Allied interests outside of European waters.
- (4) To permit all Swedish ships now engaged in trades of interest to the Allies to continue such trades, list of these ships to be agreed upon; this list to include besides ships on time-charter to the Allies' vessels now trading contiguous Allied ports overseas and between Sweden and Allied European countries as well as vessels now chartered to Belgian Relief Commission.
- (5) Swedish Government to grant licenses Swedish ships now idle in Swedish ports to resume trading with [Allies?] voyage by voyage upon conclusion of general agreement and not to obstruct direct negotiations between Allies and Swedish shipowners for this purpose, provided—
 - (a) That Swedish Government is satisfied in each case that vessel is not actually required for service of Sweden.
 - (b) Formal assurance on behalf of Allied and United States Governments to be given in each case that every facility, including sufficient bunker coals, examination outside of danger zone, *et cetera*, will be allowed to enable such vessels to return to a Swedish port (in ballast if necessary) on completion of voyage for which chartered and that no conditions will be exacted with regard to future employment or movements of vessels but that no cargo of any description will be loaded on these vessels without previous approval of Allied Government concerned.
- (6) That eight points mentioned in Swedish *modus vivendi* can not be carried out by Allies if vessels referred to in first four clauses mentioned above actually enter upon services described.

Considerable importance is attached to the admission in principle by the Swedish delegates that Swedish Government will not obstruct direct negotiations between Allies and Swedish shipowners. This has been the bone of contention in the past, the Government having declined to permit Swedish shipowners to deal directly with Allied Governments except in the case of direct voyages to or from Sweden.

In regard to point 5 of the proposed Swedish *modus vivendi*, the Swedish delegates point out that unless fodder is obtained they will

be absolutely unable to maintain present cattle supplies even on greatly reduced rations and that the necessary result will be slaughter and exportation to Germany as there are no storage facilities in Sweden.

I should like to have as soon as possible an expression of opinion on all of the above points and this communication should emphasize the importance of the early termination of the present negotiations as the Swedish Parliament convenes on January 15 and unless the present Government is able to show some definite progress toward securing necessary imports they will be seriously attacked by their political opponents and the German element and according to our information may be face to face with a very grave situation.

The Embassy submitted to the Allied delegates substitute comments and suggested counter-proposals to Swedish *modus vivendi*, which are too lengthy to telegraph, but as a result of which there has already been elicited from the Swedes a recognition of the doctrine of similar products, etc., and of the principle of control satisfactory to all concerned. The suggested counter-proposals to each clause of the Swedish *modus vivendi* were formulated upon the theory that negotiations for the final agreement could not last over a month and that therefore a month's supply of fodder be granted rather than the total amount asked for and upon the principle of a *quid pro quo* of tonnage for each concession. No views [*In view*] however of the unexpected Swedish disposition to allocate their tonnage *en bloc*, the plan of hastening each individual concession against an equivalent amount of tonnage may well be abandoned for the present.

PAGE

File No. 658.119/139

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

[Telegram]

LONDON, December 21, 1917, 12 noon.

[Received December 22, 3.15 a. m.]

8041. Our telegram 7946, December 12 [13], 4 p. m.,¹ and your 6061, December 10 [19], 11 a. m.² At meeting of subcommittee on iron ore it was tentatively proposed to Swedish delegates that export of best grade Swedish iron ore containing less than .2 per cent phosphorus, the record grade containing .2 to .4 per cent phosphorus, and all slag be entirely prohibited; that all products of these three grades of ore so far as not exported to Allies shall be consumed in Sweden; and that as regards remaining ore containing

¹Ante, p. 1084.

²Ante, p. 1086.

higher percentage of phosphorus, subject to satisfactory arrangement that present output shall not be increased during the war, Allies shall have option to purchase up to 50 per cent at same price paid by Germany.

Marcus Wallenberg stated he would telegraph this proposal to his Government but that he could not recommend it and was sure it would be immediately declined. Wallenberg states that a very large part of the highest grade ore can be consumed in Sweden and that considerable quantities will probably be exported to Denmark and Norway next year. He has informally intimated to one of the American representatives that he would be willing recommend to his Government that all ore exports be equally divided between the Allies and Germany. I should like to have early instructions on this point. Wallenberg points out that even this arrangement would present serious difficulties for Sweden as she would be obliged to decrease her exports to Germany who would undoubtedly retaliate by curtailing exports to Sweden of coal and other necessities.

Suggest that Doctor Lundbohm be consulted regarding qualities of the various grades ore produced in Sweden as he is thoroughly conversant with the subject.

PAGE

File No. 658.119/140

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

[Telegram]

LONDON, December 22, 1917, 9 p. m.

[Received 11 p. m.]

8043. My 8014, December 20, 9 p. m. [*a. m.*] At further meeting of tonnage subcommittee to-day it was decided to add following paragraph to those quoted in my 8014 December 20, 9 p. m. [*a. m.*]

The rates for Swedish vessels time-chartered by the Inter-Allied Chartering Executive, trading in the danger zone, under this agreement are to be as follows: up to 500 tons, 58 shillings per ton dead weight per month; 500 to 1,000, 54 shillings per ton dead weight per month; 1,000 to 2,300, 49 shillings per ton dead weight per month; 2,300 to 4,000, 46 shillings and 6 pence per ton dead weight per month; 4,000 to 6,000, 43 shillings and 6 pence per ton dead weight per month; over 6,000, 41 shillings and 6 pence per ton dead weight per month.

Charters on the usual Inter-Allied Chartering Executive terms. Charterers will be responsible for war risk on the following values: steamers under 10 years old, 50 pounds per ton dead weight; steamers

10 years to 30 years old, 40 pounds per ton dead weight; steamers over 30 years old, 30 pounds per ton dead weight. Charterers also agree, if requested to do so by the owner, to insure the excess value up to 35 per cent of the value indicated above at a premium of 3 per cent per month payable by the owner.

In view of these undertakings on Sweden's behalf, the Allied delegates on the committee decided to recommend to plenary committee that the eight items of the Swedish *modus vivendi* be granted *in toto*. American representatives stated that they made distinct reservations on each point and would not participate in the above recommendation to the plenary committee. Negotiations for tonnage are therefore at a standstill pending the receipt of your instructions.

In this respect we are not authorized to commit the Government of the United States to any decisions that may be reached in Swedish negotiations. It is essential that instructions be telegraphed at the earliest possible moment. Otherwise we shall be placed in the very embarrassing position of delaying negotiations on every point discussed and will not be able to conclude negotiations by the time the Swedish Parliament convenes on January 15 which, as I have previously pointed out, would be most unfortunate.

PAGE

File No. 658.119/142

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

[Telegram]

LONDON, [December 23, 1917, 11 a. m.]

[Received December 25, 10.55 p. m.]

8057. My telegram No. 8043, December 22, 9 a. m. [p. m.] Subcommittee on tonnage has proposed to Swedish delegates that in addition to war risk at values already cabled your charterers will be prepared to insure for further amount at rate of 4 per cent per month provided amount so insured shall in no case exceed 75 per cent of the value of the ship. Swedish delegates agreed to recommend this basis to their Government and to endeavor at once to secure list of vessels whose owners are ready to sign charters for period of three months subject to consent of Swedish Government before charters take effect. Committee further agreed that Inter-Allied Chartering Executive at London should sign these charters as soon Swedish owners agreed and that allocation of vessels so chartered should be the basis of a special agreement between Associated Governments based on principles decided upon. At recent

Paris conference American representatives made reservation on points agreed upon but stated they would cable you as above.

Swedish delegates expect receive list of ships above referred to by latter part next week and I should like if possible to know the views of our Government by that time.

PAGE

File No. 763.72/8291

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

No. 605

CHRISTIANIA, December 5, 1917.

[Received December 26.]

SIR: Pursuant to my despatch No. 593 of November 30, 1917,¹ and in confirmation of my telegrams Nos. 405 and 409 of the 1st and 4th instant, respectively,¹ I have the honor to enclose herewith copy and translation of the official *communiqué* of the deliberations of the Scandinavian Kings and Prime and Foreign Ministers in Christiania, which was handed to me by the Royal Norwegian Minister for Foreign Affairs.

As stated in my telegrams referred to, it has been extremely difficult to obtain any definite information regarding the actual deliberations of the Royal conference which circumstance in itself would appear to be significant. My Allied colleagues, who are as anxious as I am to obtain information, have encountered similar difficulties in regard to securing it.

While the *communiqué* has all appearance of being of considerable interest in as far as Scandinavian co-operation and relations are concerned, its international political import seems to be relatively small, the chief point of interest in this respect being the declaration of the three Governments to maintain their friendly relations, no matter what may be the development or the duration of the war. There is no doubt that King Gustaf's initiative in bringing about this meeting has strengthened the relations of the three countries; it is only reasonable to presume, however, that he came here with a purpose. I have been unable to ascertain the exact nature of any concrete propositions put forward by His Majesty, but I am convinced that notwithstanding the general impression that the Norwegian Government (Liberal) is more willing to co-operate with the present Swedish Liberal Government than with the former Conservative Cabinet, the King of Sweden has found it more difficult than he anticipated to secure the support of Norway in all matters.

I have also been unable to obtain any information regarding the rumors, emanating from Copenhagen, that the main object of the

¹ Not printed.

Danish King in coming to Christiania was to induce the Norwegian Government to refrain from entering into any agreements for the establishment of a naval base in Norway by any foreign power, fearing that in such a contingency Germany would immediately establish a base in Jutland off the Danish coast.

As at all previous official meetings which have taken place in Scandinavia since the outbreak of the war, resolutions were passed to continue joint work for the preservation of neutrality, the safeguarding of the interests of neutral nations within the limits of their power, and the desirability of co-operation in Scandinavia.

The decision to appoint immediately special representatives to draft proposals having for their object an effort to develop the exchange of inter-Scandinavian commodities is undoubtedly due to the existing shortage of practically all commodities since the cessation of imports from the United States and the uncertainty of the Scandinavian countries as to the policy to be adopted by the United States and the Allies. As I have repeatedly informed the Department, an attempt may be made by these countries to manage with their own resources rather than to discontinue all export to Germany. The Minister for Foreign Affairs makes frantic endeavors to impress upon me the possibility of their succeeding in such an attempt; the Norwegian Government likewise is making desperate efforts to lead the public to believe that such a scheme is feasible; but it seems incredible that the Government itself can really imagine that an effort in this direction could meet with any lasting success. I asked the Minister for Foreign Affairs, at a recent interview, what commodities Norway could exchange with the other Scandinavian countries; he replied, after meditating for some minutes, that she could furnish them with fish, saltpetre for fertilizing purposes, carbides, and raw copper. It is, of course, quite out of the question that Norway, at any rate, could manage to exist for more than a few months without foreign imports.

When calling on the Minister for Foreign Affairs yesterday, I endeavored to obtain information in regard to the subjects which I had previously been informed from a confidential and reliable source would come up for discussion during the conference.

He denied that the questions of Finland and the Åland Islands were officially discussed and declared that in any case they were purely a Swedish affair and that, under no circumstances, could Norway become a party to the furtherance of Swedish ambitions in connection therewith (see my despatch No. 596 of November 30¹). In diplomatic circles here, however, it is felt that, even though

¹ Not printed.

these questions may not have been formally discussed at the conference, they must have formed the subject of unofficial conversations.

In regard to the attitude of the three countries towards peace proposals, Mr. Ihlen stated that no action had been taken and that he considered it inexpedient to discuss the question. He also informed me that nothing had been done in regard to the calling of a conference of neutral nations.

Undoubtedly one of the principal topics which came up for discussion at the conference was the question of the Scandinavian attitude in regard to Allied pressure concerning the export and import situation. I have been informed from several reliable resources that it was mutually agreed that a complete cessation of Scandinavian exports to the enemy would be impossible and that if an attempt should be made to bring pressure to bear on any of the three countries in order to enforce such cessation it would be jointly resisted. However, the information of my British colleague on this point differs from the information which I have received; he has been led to believe that it was resolved that if any of the Scandinavian countries concluded agreements to discontinue exports to any of the belligerents, it would not be considered an unneutral act by either of the Scandinavian neighbors. I will investigate this point very carefully and should I find that the British Minister's information is correct I will immediately telegraph to the Department to that effect.

I endeavored to sound Mr. Ihlen as to whether the question of an alliance had been brought up; he replied in the negative stating that the deliberations of the conference had been confined to informal accords having in view the furtherance of Scandinavian co-operation and amicable relations.

As a matter of fact, given the peculiar situation and the physical conditions of each Scandinavian country, an alliance tending to restrict their individual liberty of action and right of independence in commercial and foreign political relations would seem to be inexpedient at these critical times. On the contrary, I gather from information which I have sought regarding this subject that, in the opinion of the thinking members of the community, solidarity in the North should only imply amity and co-operation in inter-Scandinavian matters for the furtherance of their mutual interests and the preservation of a joint neutrality if possible.

As stated in the *communiqué*, the Minister for Foreign Affairs confirmed that representatives will be appointed to discuss economic and political problems both during and after the war.

It was also agreed that closer co-operation is necessary to combat against the Scandinavian countries being overrun by spies and that

adequate measures should be adopted in order to render police activities in this respect more effective. It is possibly with this in mind that the question of the amendment of the laws pertaining to aliens came up for consideration.

The belligerent diplomats were not invited to assist at any of the functions during the Royal visit, with the exception of the German Secretary, Prince Wied, and his wife who were present at a reception given for the King of Sweden at the Swedish Legation.

I have [etc.]

A. G. SCHMEDEMAN

[Enclosure—Translation]

Official "Communiqué" on the Scandinavian Royal Conference Held in Christiania, November 28-30, 1917

COMMUNIQUÉ

November 30, 1917.

During the visit of the Kings in Christiania, from the 28th to 30th November, 1917, deliberations took place between the three Kings, the Norwegian Prime Minister, the Danish Prime Minister, the Swedish Prime Minister, and the Foreign Ministers of the three countries.

King Haakon opened the meeting with the following speech:

It is a great joy for me and the Norwegian people to see Your Majesties with us to-day, and with Your Majesties the two countries' Prime and Foreign Ministers, thus affording an opportunity, at a personal meeting, to discuss important questions for the three countries.

I will first of all utilize this occasion to express to the King of Sweden the gratefulness which Norway feels towards Your Majesty for having personally taken the initiative to bring about our meeting at Malmö and thereby having facilitated the invaluable co-operation between the three countries during the war. To this is now added the deep satisfaction at Your Majesty having come personally to Christiania in order to give us a definite proof that that which formerly divided us no longer casts any shadows over unity in Scandinavia.

This meeting at Christiania will confirm to the whole world that the desire of the three Scandinavian countries to preserve neutrality, in future as heretofore, will remain firm and unshaken and that their protection of joint interests is continually in progress.

Once the unfortunate World War shall have ended and each of the three countries, thanks to their union and co-operation, stands saved and free, the war will in any case have borne one good fruit for the North by having further developed the feelings of fraternity.

With this purpose in view, I am convinced that the deliberations which we are about to proceed to to-day will lead to the goal in view.

King Haakon's speech was responded to by King Gustaf who expressed his thanks for the greeting of welcome addressed to himself

and King Christian. His Majesty expressed the hope that King Haakon would understand the feelings with which he had again set his foot upon Norwegian soil and expressed his thanks for the courtesy which had rendered it possible for him to visit the King of Norway. Finally, His Majesty expressed his best wishes for the success of the deliberations of the conference together with the hope that the co-operation which had been commenced in Malmö and had since been continued would lead to a good and successful result for the three Scandinavian peoples.

During the meeting unanimity was confirmed in regard to the following: On the basis of the solidarity of the three countries, the Governments have agreed to declare that whatever may be the duration of the World War and whatever may be its further development the friendly and intimate relations between the three Kingdoms will be maintained.

In accordance with former declarations and the policy they have pursued hitherto, it is the firm intention of each of the three Kingdoms to do their utmost to maintain neutrality towards all of the belligerent powers.

Mutual expression was given to the desirability of each country helping the other with supplies of necessary commodities to an increased degree during the existing difficulties. In order to further a more effective exchange of commodities between the three countries than hitherto, it was agreed that immediately after the meeting special representatives should meet in order to draft the requisite proposal to this end.

The question was discussed of the possibility of amending the laws pertaining to aliens in the three countries as well as those relating to the subjects of the other two countries.

It was agreed to continue the preparatory work for the protection of the joint interests of neutral states both during and after the war.

As at previous meetings, renewed expression was given to the desirability of the co-operation between the three countries being continued.

File No. 659.119/151

The Danish Minister (Brun) to the Secretary of State

WASHINGTON, December 22, 1917.

[Received December 27.]

DEAR MR. SECRETARY OF STATE: I beg to enclose copies of a letter to me from the War Trade Board, dated December 14, and of my reply, dated December 22,¹ regarding the intention to permit two

¹ Reply not printed.

cargoes of kerosene and coffee to go to Denmark from the United States at this Christmas time.

The Danish Government has instructed me to express to the Government of the United States their warm thanks for the generous Christmas gift to Denmark and for the good will and friendship of which the offer of two cargoes at this time is such a handsome and genuine testimony.

It is with a very deep feeling of the meaning and importance of this good will that I attempt to interpret to you the thanks of my Government and that I beg your leave to add the assurance that no less friendship and good will is felt in Denmark towards the United States, their Government and people.

Believe me [etc.]

C. BRUN

[Enclosure]

The Acting Chairman of the War Trade Board (Munson) to the Danish Minister (Brun)

WASHINGTON, December 14, 1917.

DEAR SIR: Supplementary to our talk of to-day, this is to propose to you that the War Trade Board desires, as an evidence of the good will of the American people towards the Danish people, that we shall allow certain shipments, which shall be of benefit to the Danish people as a whole, to go forward promptly. This is done at this particular season of the year as an expression of Christmas good wishes.

We are prepared to license some thousands of tons of kerosene and of coffee on such ships as you may designate, say two cargoes, and only ask in return that you charter to us, at the present current market prices, an equivalent amount of tonnage for either two West Indian round or one South American round trip, which is estimated to occupy about the same time as the Danish vessels going to Denmark would take for the round trip.

We realize in selecting the above commodities that the nights are long in Denmark at this period of the year, and that kerosene may, therefore, be more broadly appreciated by and useful to your people than some other commodity which might be selected. We also know your national characteristic of coffee drinking.

We shall be glad to have you express this proposal to your Government by cable, and to have you indicate, if you are in accord with the proposal, as we understand you to be, which vessels would be more suitable for the purposes outlined.

With highest assurances of my regard [etc.]

FRANK C. MUNSON

File No. 600.119/3069

*The Commercial Adviser of the British Embassy (Crawford) to the
Counselor for the Department of State (Polk)*

WASHINGTON, December 26, 1917.

[Received December 27.]

MY DEAR POLK: The Foreign Office have now sent us a reply regarding the question of the proposed Christmas gifts to Norway, Sweden and Denmark. They state that in deference to your views they are willing to agree to the principle of the despatch of these shipments. They suggest, however, that the Norwegian ships to be chartered in return for Christmas concession should, if possible, be taken from class 5 and employed in trades of importance to the conduct of the war. They presume that, in any case, the ships carrying these cargoes will give a guarantee to return to a United States port.

Yours very truly,

RICHARD CRAWFORD

File No. 659.119/152

The Chargé in Denmark (Grant-Smith) to the Secretary of State

[Telegram]

COPENHAGEN, December 25 [and 26], 1917, 4 p. m.¹

[Received in sections, December 27, 5.03 a. m.

and December 28, 6 a. m.]

1743. Your telegram 5926, November 28, 9 p. m.² The following reply has been received from the Danish Minister for Foreign Affairs:³

Copenhagen, December 24, 1917.

Monsieur le Chargé d'Affaires: I have the honor to acknowledge the receipt of the note which the Vice President of the American War Trade Board was good enough to hand to the King's Minister at Washington, D. C. on the 28th ultimo, copy of which you kindly handed to me a few days after.

The Danish Government also regret that the negotiations which have lately been conducted in Washington, D. C., have not reached a conclusion but note with satisfaction that your Government are animated with the desire of pushing forward the negotiations in every way possible and that the proposal which you have put forward as a basis of the negotiations is open to modifications.

¹ Transmitted by the Ambassador in Great Britain, Dec. 26 and 27.

² Ante, p. 1074.

³ Minor corrections have been made in the text, based on the copy later received from the Chargé. (File No. 659.119/191.)

In conformity herewith I have the honor to set forth below a counter-proposal on the part of the Danish Government asking you to be good enough to bring the contents of this note to the knowledge of your Government and to request them to hand a copy of the same to M. Brun.

It seems to me that the proposal of the United States Government can suitably be divided into three principal groups:

- (1) The offer of goods from America and the conditions connected with their use;
- (2) The restrictions demanded by America in Danish agricultural exports;
- (3) Delivery of Danish tonnage to the American Shipping Board.

I would beg to suggest that these three groups and the subdivisions of same as indicated here be maintained in further correspondence for convenience in telegraphing.

Group 1, subdivision 1. The list of goods for which license will be granted should be brought back to quantities and species originally settled between the commercial department of the Danish Legation at Washington, D. C., and the American negotiators toward the end of October last, as per enclosed copy¹ with the exception of "casings" and "hair," especially "bristles" which has again been refused by the War Trade Board.

The following alterations in the list are, however, desired: copper raised to 2,500 tons; coffee raised to 16,000 tons; cocoanuts raised to 100 tons; tea raised to 600 tons; spices raised to 500 tons; pepper raised to 168 tons; rubber goods, rubber shoes and rubber tires, 700 tons. It is desired that the ration for wood, 300 tons, should be abolished and the materials given us in accordance with our needs.

The Danish associations do not wish to protract the negotiations by further demands for goods but would stipulate that negotiations respecting such goods as well as respecting the rations fixed may always be possible. The associations also desire that the goods already bought be liberated even if they in all surpass the rations fixed and even if not on list. It is desired that the rations be equally divided over the year and that it is assured that season articles arrive on time.

Subdivision 2. The Danish Government further think that the arrangement should only comprise goods originating in America, but from the fact that the American Government have entered on this list goods which do not originate in America, the Danish Government draw with pleasure the conclusion that imports to Denmark which come under the control of the naval forces of the United States or loaded on ships supplied with American coals or oil deposited abroad will not be interfered with. As regards particularly Chile saltpetre on the adequate and timely arrival of which raw material the whole supply of Denmark with cereals for next winter depends, the idea that any stoppage could be thought of in connection with this import can only cause the greatest anxiety to the Danish Government.

¹ Not printed.

Subdivision 3. As regards the stipulations and conditions for the employ of the goods received from America the Danish Government suggest that the guarantee system established by the "Grosserer-Societet" and the "Industriraad" be accepted as satisfactory. In this connection I hereby state that the Danish Government are convinced that these two institutions to the best of their efforts will fulfil the obligations upon which they enter as has been clearly manifested by the work of the associations during the last two years. For this reason the stipulation that the exports of manufactured articles from Denmark must not exceed \$2,000 becomes superfluous. The Danish Government have, however, no objections to accept the special conditions respecting the use of lubricants, kerosene, and gasoline.

[Beginning of section 2.]

Group 2, subdivision 1. The Danish Government exceedingly regret the position which the American Government have taken respecting the export of Danish agricultural produce and which, according to the reports received from our Legation in Washington, does not coincide with the position previously taken by the American representatives during the negotiations. As I have repeatedly had the honor to state to your Government, through the American Minister here and through the King's Minister at Washington, the large export of butter, bacon, and eggs to England during the war could only be maintained as long as the import of fodder-stuff to Denmark was free. A change in the existing distribution is therefore only possible should the policy of the United States and Great Britain and her allies be altered so as to allow the free import of fodder-stuffs, but in any case it would not be possible to revert to the pre-war percentages, but only to 38 per cent for butter and about 18 per cent for bacon to Germany, the distribution existing until the stoppage of the fodder-stuff imports occurred.

I beg also to state that though the Danish Government had declared to the British Government that the consequence of the stoppage of the fodder-stuff import would be that largely increased exports would go to Germany, the Danish Government have succeeded in carrying through that only about 50 per cent of the total exports of butter, bacon and eggs actually go to Germany after the home market together with Scandinavian markets have been supplied. This solution of the situation has been accepted by the British Government. Sweden and Norway receive now about 30 per cent of the exportable surplus and Germany actually gets only 35 per cent of bacon and butter, thus for the last-mentioned article somewhat less than before the stoppage of the fodder-stuff import. In order, however, not to leave any attempt untried to reach an agreement, the Danish Government are willing for a period of six months to guarantee that the export of bacon and butter to Germany will not go beyond 800 tons a week. This can only be considered an average amount, a certain option being reserved for a period of at least two months' duration.

Subdivision 2. The existing fish arrangement will be upheld, so that a total of about 25,000 tons will be exported to Germany or a monthly average of about 2,100 tons, any previous deficit being made

good in the following months. The Danish Government take it for granted that petroleum imported from America in conformity with the basis of the fish arrangement can be used for the fishery.

Subdivision 3. Denmark is willing to limit the export of cattle to Germany to an average of 8,000 per week. A right of being four weeks ahead in the export must be reserved.

Subdivision 4. Horses: Denmark will limit the export of horses to Germany to an average of 3,000 per month with the reservation that during the two months January and February an extra quantity of 15,000 may be exported.

Subdivision 5. Hides: Denmark is willing to divide the exportable surplus of hides between the Allies, Sweden and Germany, as has previously been done.

Group 3, subdivision 1. The demand of the American Government for the cession of tonnage in return for licenses for export, especially for an amount of tonnage of such dimensions, involves difficulties of a political nature, both external and internal, as well as of an economic nature.

At this period of the war when from German side every effort is made to destroy as much tonnage as possible, in order to prevent the supplies reaching its opponents, a further cession of tonnage practically comprising the remaining surplus of the Danish Fleet will be viewed with the greatest dissatisfaction and suspicion. The Danish Government therefore feel compelled to object to sanctioning the cession of such tonnage as such action on their part may entail grave political consequences for Denmark in her relations with her southerly neighbor. Should it nevertheless be necessary to cede tonnage, the Danish Government must likewise even more strenuously object to the employ of such tonnage, wholly or partly, in the danger zone.

But also for internal political reasons the question is most difficult to solve. When Danish shipping ceded 200,000 tons to England in June, 1917, it was done on the understanding that no further demands for duty voyage or other tonnage would be put forward so that the remainder of Danish shipping could be employed without danger in bringing the supplies of which the country was in need. As the question now stands, it amounts to a demand on the shipping community of Denmark to give up the entire control of their Fleet to be used at the will of another country. In the United States, where commercial, industrial, and shipping communities have the fullest freedom to arrange their affairs, as they think it best, I believe it will be easily understood with what feelings the demand of the American Government has been received by the entire Danish shipping world. A cession of this kind would necessarily have to be voluntary, for it stands to reason that it is difficult, not to say impossible, to pass laws whereby Danish citizens would be compelled to cede the use of their property to a belligerent country.

Apart from the political considerations, it will be understood that every shipowner strenuously objects to allowing his ships to sail in the danger zone. A Danish company can reasonably be expected to expose the lives of the crew intrusted to his care and his ships in order to bring supplies through the danger zone to Denmark, but not from one belligerent country to another. The anxieties and

unwillingness of Danish shipowners to enter upon an arrangement is further increased by the fact that lately the British Government have put forward a claim to have the 200,000 tons ceded to them in June, 1917, maintained to the full amount, so that Danish shipping shall not only bear the losses suffered in Allied trade, but even expose more ships to the same danger. They naturally think there is a limit to the demand which can be made on them, however much they wish to ease the political situation of their native country. The amount of tonnage claimed by the British Government is 35,000 tons which will materially alter the basis on which the American calculations are made.

The difficulties of economic nature are manifold, but it will only be necessary to point out that not only does the tonnage lost constitute a great danger for the economic development of the companies themselves, it being impossible within reasonable time to replace the ships, but the loss of tonnage is a danger to Denmark's whole economic life, as after the war this country risks to stand denuded of ships wherewith to bring home the necessary raw materials for the rebuilding of her agriculture which is now and perhaps for many years to come, crippled.

The Danish Government wishing to come to an agreement with the United States, are still negotiating with the shipping companies. This is the reason why this answer has been delayed and why the following counter-proposals can only be termed the tentative position of Danish shipping to the general question of the cession of tonnage.

[*Subdivision 2.*] In order to bring to Denmark coals from England and oversea supplies 450,000 tons of tonnage will be necessary. As regards the employ of the tonnage left for Denmark, no conditions as to its use can be accepted. The Danish Government must in principle insist that whatever tonnage is ceded, the supply of tonnage at Denmark's disposal ought always be kept up to the quantity necessary for Denmark's supplies.

Subdivision 3. Whatever tonnage Denmark may cede must definitely settle the question of cession of tonnage, no further claims can therefore be put forward either by the United States Government or by their co-belligerents.

Subdivision 4. Danish shipping insist on the Baltime form for charters.

Subdivision 5. Time-charter freights for Belgian Relief should be equal to the freight offered for possible traffic in the danger zone. The indemnity for losses should be raised to £40 per ton dead weight and Danish shipping desire that freights as well as indemnities for losses be fixed in American dollars and not in sterling.

Subdivision 6. For all ships employed in Danish trade or in trade recognized by the United States Shipping Board or the Inter-Allied Shipping Committee, full bunkers must be guaranteed both for voyage out and back and likewise ship stores and provision should be delivered in conformity with the wishes of the owners.

Subdivision 7. The tonnage which is already, or will be, employed in traffic between the United States and the Allies should be calculated in the tonnage to be placed at the disposal of the United States.

Subdivision 8. In order that the full value of the tonnage left at the disposal of Denmark be as effective as possible, all inspection

harbors must be avoided. The ships shall be entitled to sail directly from loading port to Denmark.

Subdivision 9. Danish shipping further urge that no ships placed at the disposal of the United States be used for "ore trade," Danish ships being entirely unsuitable for such traffic.

For political reasons the Danish Government finally think it right that this agreement, as prior agreements respecting Denmark's imports and cession of tonnage, in form be concluded between the commercial, industrial and shipping associations and the American Government, but the King's Minister at Washington has been fully authorized to negotiate with the American Government respecting the conclusion of the arrangement on behalf of the said associations. Finally, I beg to suggest that an agreement in conformity with other similar agreements be terminable on giving reasonable notice, say a fortnight.

I sincerely hope that by this counter-proposal I have made it possible to arrive at an agreement with the United States Government and avail myself of this opportunity to express to you, Monsieur le Chargé d'Affaires, the assurance of my most distinguished consideration. Signed, Erik Scavenius.

[GRANT-SMITH]

File No. 658.119/145

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

[Telegram]

LONDON, December 28, 1917, 8 p. m.

[Received 10.28 p. m.]

8085. My telegram 8014, December 20, 9 a. m.¹ British are prepared to grant article 1 Swedish *modus vivendi* and release of the 22,000 bags of coffee mentioned in article 6. But [And?] they will approve the request for permission to import an additional 50,000 bags. Articles 7 and 8 are under consideration. Present difficulties which could only be surmounted by proper safeguards especially in regard to the leather which might be used by the Swedes for manufacture of boots for Germany or release equivalent quantity, and the cork bricks which would be used for storing meat which might subsequently be released to the enemy.

It is desirable that the other requirements in the Swedish *modus vivendi* be met. Nothing prevents fullest extent possible in order that a tonnage *modus vivendi* may be put promptly into operation. The negotiations are in abeyance pending our decisions.

PAGE

¹*Ante*, p. 1091.

File No. 659.119/160

The Chargé in Denmark (Grant-Smith) to the Secretary of State

[Telegram]

COPENHAGEN, *December 29, 1917, 6 p. m.*

[Received December 30, 5.40 p. m.]

1759. Referring to the Legation's telegram 1743 of 25th and 26th¹ I venture to submit the following communication on the Danish Government's reply relative to the embargo.

As forecast in my telegram 1566 of November 13,² the Danish reply evidences a more intractable spirit than could have been expected before the recent successes of the Central powers. Aside from the generally unsatisfactory tone of the note, indications of German inspiration appear in almost every paragraph. It would seem hardly possible that many of their counter-proposals which are clearly impossible of acceptance could have been made seriously. The proposal of maximum terms for bargaining purposes such as the demand for the liberation of all goods already purchased, the protraction of the negotiations in anticipation of an early peace, or at German instigation, in the hope of obtaining in the meantime the return to Denmark of a considerable portion of their tonnage, may all have exercised their influence in the formulation of the Danish demands.

In group 1, subdivision 2, the assumption that goods imported in ships supplied with American coal or oil, preferably coal or oil of Allied origin, would not be interfered with might apparently be met by a provision that the amounts should not exceed the total ration proposed while not losing sight of the possible interpretation of "interfered with" to guarantee exemption from inspection or detention.

[Subdivision] 3: An endeavor is evidently made to interpret our demand that manufactured products not to exceed \$2,000 in value should be exported to the Central Empires in any one month as applying to goods of American origin alone. No mention is made of oils with reference to use. It is suggested that the stipulations be made to include all petroleum and petroleum products of other than enemy origin.

Group 2, subdivision 1: Owing to the steadily decreasing [production, continued allowance] of 50 per cent of the surplus bacon and butter to Germany after the Danish, Norwegian, and Swedish markets have been fully supplied would seem preferable to the proposed 800 tons weekly. The introduction of cumulative provisions and the deliberate vagueness found in this and the following pro-

¹Ante, p. 1102.²Ante, p. 1064.

posals unmistakably show the hand of Germany endeavoring to insure increased imports during the months of her greatest need. It is recommended that the proposed increase in the number of cattle and horses to be exported be disallowed and that no tanning materials be licensed so long as hides are exported to Germany.

Subdivision 2: Advantage is taken of the difference in terminology to put forward the presumption that petroleum of American origin may be used for fishing boats now almost exclusively operated in the German [interest].

Group 3, subdivision 1: I have reason to believe, aside from the implication in the note, that the Danish Government have been warned that Germany would consider the placing of any tonnage at the disposal of an enemy of the latter as bordering on a breach of neutrality from which they endeavor to extricate themselves by declaring that any "cession of this kind would have to be voluntary" on the part of the shipowners.

Subdivision 2: The claim for the need of 450,000 [tons] of shipping for Danish domestic needs is based presumably on the 150,000 tons of coal monthly for which Great Britain has promised to issue licenses and the full complement of rations demanded. Germany has recently agreed to supply Denmark with 400,000 tons of coal distributed over four months and the British import has averaged 68,000 monthly since September last. In a recent letter one of the principal Danish financiers, especially well informed in this regard, states that by strict economy and the use of peat and wood "the Danish coal consumption may be reduced to about 200,000 tons per month." Thus with the German contract fulfilled but 100,000 tons monthly would be needed from England which by speeding up the voyages could presumably be carried by 100,000 tons of shipping. The failure to impose conditions as to the employment of tonnage allotted for Danish use would make possible not only the accumulation and tying up of shipping in Danish ports but also its immediate availability for German service on the advent of peace. The contention that Denmark should always have at her disposal ships enough to meet her needs is in principle reasonable but an exaggeration of those needs may always be counted on.

Subdivision 6: By guaranteeing full bunkers out and back to Denmark we would surrender one of our most effective means of control. The delivery of stores and provisions in conformity with the wishes of the owners could hardly have been made seriously.

Subdivision 8: If on the plea of efficiency inspection harbors are to be avoided vessels sailing from a South American neutral port to Denmark would be immune from any but inspection at sea. The fortnight's notice for termination would seem acceptable provided it applied even only to notice given by the United States Government.

Should it not be found possible to reach some grounds I should venture to suggest that the Danish tonnage now in our control might be made utilizable through bunker contracts and such vessels as might persist in lying idle forced into traffic through special harbor dues. The Danish Government would thus be relieved of their embarrassment *vis à vis* the Germans and the latter would not be able to avail themselves valuable propaganda material which would attend requisitioning. In order to prevent an accumulation of shipping in Danish ports and its probable detention in response to German pressure the suggestion is ventured that no Danish ship be permitted to sail from a United States port for Denmark until one of equal tonnage bound from Denmark to United States had passed west of the line of blockade.

AMERICAN LEGATION

File No. 657.119/217

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

[Telegram]

CHRISTIANIA, December 30, 1917, 3 p. m.

[Received December 31, 5.48 a. m.]

440. A secret meeting of the Storthing Foreign Affairs Committee took place on December 28. War Trade Board's proposal of December 20¹ to Nansen was discussed. According to information which I consider reliable but which I give under reservation, opposition to acceptance of our proposal was led by Minister for Foreign Affairs and by President of Storthing. Konow, supported by two other members of the committee, strongly urged acceptance denouncing dilatory tactics of the Government, which would inevitably lead this country into a most distressing situation in a relatively short time. After long discussion, and against minority opinion, it was decided to make a counter-proposal to our offer of December 20 on the following conditions: Norway to limit fish export to Germany to 4,000 tons monthly pending continuation of negotiations, other exports to Germany to continue as heretofore; foregoing against immediate American license for export to Norway of 10,000 tons grain, 5,000 tons oil, and 5,000 tons phosphates.

I am informed that Nansen has telegraphed Minister for Foreign Affairs that our proposal of December 20 was stated by Jones of War Trade Board to be the best Norway could possibly expect but that Jones had qualified his statement by saying that if our terms entailed

¹*Ante*, p. 1087.

possibility of Norway's becoming involved in war, they might be mitigated to some extent. If the last statement was actually made, I venture to point out that it is likely to have a most regrettable effect, and will tend to increase difficulty of obtaining agreement.

Prime Minister Knudsen recently stated in a private conversation that our terms would not be acceptable, in any case until spring, when conditions might be such as to make it indispensable to accept them. This provides index of present attitude here which has been considerably modified in the course of past two months, as the result of Russo-German situation. Certain [as] it may be that shortage of essential foodstuffs and raw materials will make itself felt with increasing severity from now on, the moral atmosphere has changed and the present feeling in Government circles seems to be one of expectancy.

Summing up I see no reason whatever at the present time for altering or in any way qualifying our last proposal in its general principles. London informed.

SCHMEDEMAN

File No. 658.119/147

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

[Telegram]

LONDON, December 31, 1917, 10 p. m.

[Received January 1, 1918, 6.03 a. m.]

S112. For War Trade Board from Sheldon:

I cannot impress on you too strongly and [the?] desirability of cabling quickly answers to the following cables: 8085, December 28, 8 p. m.;¹ 8057, December 23, 11 a. m.;² 8041, December 21, 12 p. m. [noon];³ especially 8014, December 20, 9 p. m. [a. m.];⁴ 7952, December 13, 10 a. m. [p. m.].⁵ I am unable usefully to assist at future Swedish conferences without instructions from you on the points raised. The present favorably disposed Swedish Government will, it is believed, face a difficult political situation on the 15th January on the option of their Parliament unless they can make some favorable statement toward fulfilling one of their pre-election promises of securing necessary imports and we should not fail to take advantage of this situation which every delay jeopardizes.

PAGE

¹ Ante, p. 1107.

² Ante, p. 1095.

³ Ante, p. 1093.

⁴ Ante, p. 1091.

⁵ Ante, p. 1085.

File No. 657.119/220

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

[Telegram]

LONDON, December 31, 1917, 6 p. m.

[Received January 1, 1918, 11.20 a. m.]

8106. Your 6082 of December 17 [20]¹ *en clair*. For your information and that of War Trade Board.

A copy of the latest counter-proposals of the War Trade Board was submitted to the Foreign Office for comment and the reply has just been received from Lord Robert Cecil. Briefly summarized it is as follows:

I have studied the text of the letter carefully and am happy to be able to inform you that I consider its terms generally satisfactory and that they represent in a general way the lines of policy which His Majesty's Government would be prepared to adopt in the final agreement to be concluded with the Norwegian Government.

The only points on which I have any serious observations to offer are the following:

1. The stipulation in paragraph 2 that no pyrites should be allowed to go to Central powers in exchange for copper is satisfactory so far as it goes but in view of large Norwegian production and Germany's urgent need we should have preferred absolute prohibition of export of pyrites to enemy.

2. The prior option asked for in paragraphs 3 and 4 on calcium carbide, calcium nitrate, ferro-silicon and molybdenite will be an effective safeguard only if United States and the Allies are prepared to buy up to prevent production. Moreover it is not quite clear whether prior option is intended to absolve Norwegians from their previous undertaking to restrict exports to enemy to fixed figures or whether they are now free to export any quantity or (on?) which we do not elect to exercise our rights of prior option. In latter case there is danger of Allies having to buy more than they require and the absence of any stipulation as to a reasonable price may make it possible for Germans to run up prices against them. This is especially true in case of molybdenite and we should have preferred absolute prohibition of exports of this material.

3. We attach special importance to that portion of paragraph 7 referring to "ingredients of munitions and supplies of war." We note that it is hoped that the Norwegian Government will see reasonableness of prohibiting export to our enemies of all materials of this description whether specifically mentioned by Doctor Nansen or not. We trust that in further course of negotiations the United States Government will adhere strongly to this point of view and will use every means at their disposal to induce the Norwegian Government to give their formal adherence to it.

On the whole the British Government seem to be satisfied with the War Trade Board's reply and their comments are largely con-

¹Ante, p. 1087.

cerned with the phraseology of our stipulations. Copies of Cecil's letter will be forwarded in the pouch leaving to-morrow. This telegram has been repeated Christiania for the information of Mr. Schmedeman.

PAGE

File No. 658.119/147

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

[Telegram]

WASHINGTON, January 4, 1918, 6 p. m.

6165. For Sheldon from War Trade Board:

Answering your cables 8112, December 31; 8085, December 28; 8057, December 23; 8041, December 21; 8014, December 20; and 7952, December 13, the following is complete answer.

From your cables we judge Swedish Government prefers temporary arrangement to broad permanent arrangement.

Referring 8014:¹

Clause 1. We agree to release one maize cargo. Since this is only temporary proposition we can agree to only one in view of rationing basis.

No. 2. The *Sigrid* is now discharging a cargo of phosphate rock and charter is being negotiated here as part of the Christmas idea.

No. 3. We agree to license exportation 25,000 tons phosphate rock.

No. 4. We agree three months' basis—

Illuminating oil, equal to	25,000 tons
Fuel oil, equal to	6,750 "

No. 5. Maize will be provided in accordance with rationing agreement on a three months' basis, to include cargo under clause 1.

No. 6. Coffee will be liberated on the basis of three months' rationing, equal to 22,000 bags and also to import the additional 50,000 bags, but not to exceed 5,000 tons. This to be obtained from France, out of her Brazilian supply.

No. 7. Figuring on the basis of three months' rations we will agree to release dried fruit, cocoa.

No. 8. We do not favor agreeing to this clause, but are willing to leave matter with you and English to decide.

That all of the above commodities are to be licensed by the War Trade Board with a definite agreement on the part of Sweden that none of them, or articles that they can replace, shall be re-exported.

¹Ante, p. 1091.

Understand that exportable surplus of low-phosphorus iron ores be delivered to Allies until excess amount of these ores delivered to Germany as against Allies since beginning of war has been equalled.

Exportation of high-phosphorus iron ore to be reduced below figure of last year in accordance with ration of December 6.¹

Exportation of fabricated steel and iron to be limited to amount of 1917.

No exportation to Germany of molybdenum, chrome, mica.

No exportation of fish.

If copper is imported must not be re-exported to Germany.

Exports of slag to be curtailed, as per rationing December 6.

Otherwise follow rationing agreement dated December 6 in London.

Replying to the Swedish delegates' agreement to recommend to their Government our answers are as follows:

No. 1. Regret we can not agree to allow Swedish shipowners to charter their vessels to Belgian Relief Committee without usual conditions of return as we desire as a part of this agreement to see all Swedish tonnage moving because on any other basis we can not let the necessary commodities go forward to Sweden. We appreciate disposition of Swedish representatives to get all tonnage moving and they may rest assured that we will give every possible co-operation in this direction.

No. 2. Sweden to agree to charter to Inter-Allied Chartering Executive and to the United States Shipping Board on a 50-50 basis the Swedish ships now idle in Allied or European ports for use in war zone for a period of three months.

Rates in safe trades to be those of the American Chartering Committee which are 35 shillings for West Indies or east coast of South America and 40 shillings for west coast South America. Rates on vessels travelling to war zone to be same as those shown in your cable December 22, which are identical with those being paid under Norwegian agreement with Great Britain.

No. 3. We agree to values on insurance against war risks as proposed covering steamers under 10 years old, basis 40 pounds per dead-weight ton, over that age 30 pounds. War risk insurance to be covered by the Government having vessel under charter, and will be against loss by war risks only. We can not agree that all Swedish charters will be signed by Inter-Allied Chartering Executive in London but whole matter must be on basis of charters to Shipping Board and to Great Britain 50 per cent to each after allowing for Sweden's necessary trades above outlined. Reallocation of tonnage

¹ Not printed.

to our allies will be arranged after mutual conferences, but until broader plan worked out this basis must be carried out. Will authorize you or representative Shipping Board later named to sign charters.

No. 4. Present Swedish vessels chartered to Belgian Relief to continue to be chartered to them. The Swedish ships now engaged in trades of interest to Allies are to be placed in necessary trades to be mutually arranged between England and United States and to be chartered half to United States and half to Great Britain, at rates above mentioned.

No. 5. Swedish Government to have for its own trade vessels needed to run between Sweden and Great Britain and also to United States, estimated to be about 250,000 tons. All the balance of the tonnage is to be chartered to the United States and Great Britain, 50 per cent to each with proper provisions as to Belgian Relief, war zone trade and outside trade, at present employed. We desire if possible to follow the basis proposed between Denmark and United States which was about one-third safe trades and two-thirds in the war zone with our option of using some of these in the Belgian Relief. These boats must be definitely chartered for three months if war zone, or if safe trades four months' basis in accordance with the above clauses.

The United States will agree to arrange examination outside danger zone and to give sufficient bunker coals. It must be understood that the usual conditions of return shall be agreed to by Sweden, but that this condition will not be made onerous in view of the basis of vessels being chartered to respective governments.

Last paragraph of this cable. We will be agreeable to giving some feed concentrates if it can be spared from this country under understanding on tonnage agreement along lines of agreement and arrangement concluded.

LANSING

File No. 659.119/184

The Shipping Board Representative on the War Trade Board (Munson) to the Counselor for the Department of State (Polk)

WASHINGTON, January 16, 1918.

DEAR MR. POLK: I understand you have requested a memorandum of how the Christmas idea stands at present.

Denmark. We licensed 1,000 tons of coffee and 3,000 tons of kerosene. In exchange the Danish Government chartered to the United

States Shipping Board the steamship *Annam* of 10,400 tons dead-weight, which vessel is now making coastwise voyages to relieve the coal situation and thereafter will make voyages to the west coast of South America bringing back nitrates.

Sweden. The arrangement is that we license 5,500 tons of kerosene and 2,500 tons coffee which are to go forward on the steamships *Stockholm* and *Bris* at an early date. In exchange this Government has chartered to us the steamship *Götaland*, 6,000 tons dead-weight, the steamship *Sigrid*, 4,200 tons and the steamship *Magda*, or a substitute, of 3,300 tons dead-weight. The last two are for two round trips to the West Indies and the *Götaland* is to go to the east or west coast of South America, in the option of the Shipping Board.

Norway. This country has been slower in working out the Christmas idea but they have accepted it in principle and are going to name their boats very shortly. Cables seem to have been slower in being passed between Doctor Nansen and his Foreign Office.

The feeling created has been very good and it is interesting for you to know that since the British approved the Christmas idea on the 24th of December they have come around to the belief that a larger amount of all commodities should be licensed to the different countries as a matter of keeping good feeling and preventing German propaganda having too much influence.

The Dutch arrangement will also soon be completed and I will be glad to give you further memoranda when it has been finished.

The feeling of each country is expressed in a paragraph that I quote from the letters [of their representatives] as follows:

Denmark:

From newspaper reports and press telegrams you will already have noticed how deeply this generous offer and Christmas gift has been appreciated in Denmark, and the Danish Government as a matter of fact immediately cabled me the instruction to express to you their sincere sense of gratitude together with the assurance that the feelings of good will and of Christmas good wishes, to which you had given such a unique and in its kindness thoroughly American expression, were more than reciprocated by the Government and people of Denmark.

Sweden:

We desire to express to you the sincere thanks from our Government for the kindness you have shown in giving license for these commodities and ships during the time of hard distress in Sweden. This act of yours, we assure you, will be highly appreciated by the Swedish people.

Cordially yours,

FRANK C. MUNSON

NEGOTIATIONS WITH THE NETHERLANDS

File No. 600.119/99

The Chargé in the Netherlands (Langhorne) to the Secretary of State

No. 918

THE HAGUE, April 27, 1917.

[Received June 4.]

SIR: I have the honor to inform you that a great deal of anxiety has been expressed in the Dutch press on account of the publication of articles reaching this country through Reuter's Agency, to the effect that the American Government intended to stop shipments of foodstuffs to countries in close communication with Germany.

In connection with these reports, the Foreign Office issued the following *communiqué* to the press:

In consequence of the proposals introduced into Congress to discuss the limitation of exports from the United States, particularly of foodstuffs and metal, the Dutch Minister at Washington was instructed to obtain the feelings of the Government on the subject. The Minister has had an interview with the President of the United States and explained to him the situation, together with what the consequences would be to Holland of an eventual prohibition of exports especially of food and metal.

Mr. Wilson pointed out that the proposals as introduced did not involve prohibition of export but simply gave him the power to issue such a prohibition if necessary.

The President added that only in the case of utter necessity, which at present he did not foresee, should he be brought to forbid the export of foodstuffs and metal to Holland, for he was aware of the position in which this country was placed in regard to the belligerents.

The President took the opportunity of assuring our Minister of his great sympathy for our country.

I beg to enclose a clipping from the *Gazette de Hollande* of the 24th instant, giving an article from the *Vaderland* which expresses the satisfaction now felt in the assurances given to the Dutch Minister in Washington by the President.¹

I have [etc.]

MARSHALL LANGHORNE

File No. 600.119/61

The Chargé in the Netherlands (Langhorne) to the Secretary of State

[Telegram]

THE HAGUE, May 10, 1917, 5 p. m.

[Received 6.05 p. m.]

906. The Minister for Foreign Affairs informed me in a conversation to-day that a great deal of uneasiness is being expressed

¹ Not printed.

in Holland in connection with the reports regarding the possibility that the United States will place an embargo on the shipment of foodstuffs to neutral countries adjacent to Germany. He stated that he has been approached by members of the Netherlands Government with a view to taking up this question with the Government of the United States but that he invariably replied that he did not consider this step necessary as he had entire confidence in the assurances given to the Dutch Minister at Washington by the President in a recent interview.

An official statement of this interview was given by the Foreign Office to the Dutch press on April 23 and was reported to the Department in my despatch No. 918 April 27.

LANGHORNE

File No. 600.119/67

The British Ambassador (Spring Rice) to the Secretary of State

WASHINGTON, May 11, 1917.

[Received May 12.]

MY DEAR MR. SECRETARY: On May 8, Sir R. Crawford handed to Mr. Polk a memorandum, dated May 7,¹ drawn up by Mr. Balfour's mission with full notes on the position with regard to the various neutral European countries in connection with the possible prohibition by the United States Government of various exports to those countries. In the notes on Holland it was explained that smuggling of Dutch and overseas produce to Germany had assumed very serious proportions, but no suggestion was made as to the method of dealing with this situation.

I am now instructed to make the following suggestion to you which I should be glad if you would regard as an addition to those made in the note on Holland in this memorandum. According to all the reports which reach His Majesty's Government considerable quantities of foodstuffs are crossing the frontier from Holland into Germany in addition to the authorised exports. The Netherlands Government have in the past been inclined to reply to all protests on this subject that the question of smuggling was solely a domestic Dutch question, but it is suggested that the United States Government might, in the present situation, insist that the Netherlands Government should provide the necessary means to prevent smuggling in future since otherwise there can be no certainty that foodstuffs or other goods imported from the United States will not pass directly into the hands of the enemy.

¹Ante, p. 828.

I should like to take this opportunity of communicating to you one further general suggestion which Mr. Balfour wishes to make as an addition to the memorandum. The United States Government will doubtless realise that American exports of mineral oil to the various neutral European countries can be and are used directly to facilitate the supply of goods to the enemy. This is a somewhat complicated question, but if the United States Government were prepared to ask for undertakings from importers in such countries of oil from the United States that that oil should not in any way be used, as fuel or otherwise, for the manufacture or transport of products destined for the enemy, His Majesty's Government would be glad to consult with them as to the directions in which and the methods by which such undertakings could most usefully be obtained.

Believe me [etc.]

(For the Ambassador)

COLVILLE BARCLAY

File No. 763.72/5165

The British Embassy to the Department of State

MEMORANDUM

The British Government has been in negotiation with the Netherlands Government on various trade matters, including shipping. Pending a favourable reply from the Netherlands Government to the proposals made to a Dutch representative in London, the British Government has decided, as a *modus vivendi*, to allow Dutch ships sailing to or from Dutch ports to call at a British port outside the danger zone for examination, provided that all such ships inward bound to Holland carry only approved cargoes, and provided that ships outward bound to South America or to Pacific destinations via the Panama Canal will agree, so far as cargo space will permit, to call at a United States port and load American coal outwards to the West Indies, the Panama Canal, the Plate or even the Atlantic islands (Canaries and Cape Verde) if required.

This *modus vivendi* will, however, only last till June 9, by which time a reply from the Netherlands Government is required to the full British proposals. Under this arrangement, Dutch vessels will be able to leave Dutch ports for the United States in ballast. Ballast voyages westwards have always been necessary owing to the absence of cargo for American destinations, but if the United States requires goods from Holland, or elsewhere which could be carried by Dutch vessels, the British Government would doubtless be glad to add this to the conditions, . . .

It will be seen that the above arrangement, purely temporary in its character, only endeavours to meet one of the many requirements of

the Allies in the matter of Dutch shipping. The efforts of the British Government have always been, and must continue to be, directed to release Allied ships so far as possible from such essential overseas services as the supply of coal to the Atlantic coaling stations and also to release British ships, and the ships of other European Allies to as great an extent as possible, from transatlantic trades, so as to divert such shipping and also British coal resources to the service of the Allies in European waters. Thus this *modus vivendi* with Holland dovetails to a certain extent with other proposals already made to the United States Government, notably the suggestion that American ships should, so far as possible, take over the carriage of goods from the United States to the United Kingdom, Italy and France, which are at present carried in British or other European Allied ships, thus releasing the latter for the carriage of coal and other supplies from the United Kingdom to Italy and France.

WASHINGTON, *May 29, 1917.*

File No. 855.48/808

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

[Telegram]

LONDON, *June 30, 1917, 11 a. m.*

[*Received 6 p. m.*]

6585. Commission asks that following be transmitted to Hoover.

15. See our 14 to Washington.¹ British Ship Control would be glad if pressure could be put on Dutch in the United States to allocate tonnage to commission. In consideration of generous allotment to us, say 60,000 tons monthly, could Dutch cargoes held in United States be allowed proceed? What are prospects?

PAGE

File No. 855.48/615

The Acting Secretary of State to the French Ambassador (Jusserand)

No. 1896

WASHINGTON, *July 25, 1917.*

EXCELLENCY: I have the honor to acknowledge the receipt of Your Excellency's note of July 22¹ in which you inform me that the want of food is sorely felt in Belgium and the invaded parts of France and that the French Government has agreed with the British Government that Dutch vessels carrying provisions and held in

¹ Not printed.

United States ports be, if this Government is willing, allowed to leave, provided the cargoes are previously bought by the Commission for Relief in Belgium and the commission is able to obtain from Germany safe-conducts for those vessels.

In reply I have the honor to inform Your Excellency that this recommendation has the full approval of this Government which will be disposed to put it into operation, provided that the conditions which you mention can be carried out.

Accept [etc.]

FRANK L. POLK

[For a summary of the state of British negotiations with the Netherlands regarding tonnage, see the letter from the British Ambassador, August 3, 1917, *ante*, page 916.]

File No. 656.119/10

The British Embassy to the Department of State

MEMORANDUM

On July 3rd, the Department of State and the Department of Commerce were informally acquainted with the situation as regards transit of metals from Belgium to Germany across Dutch territory—a question which had previously been explained by Mr. Balfour's mission in written communications to the State Department.

In view of the military importance of the metals and minerals thus passing from Belgium to Germany and in view of the requisitioning of metals on a large scale by the Germans in Belgium, the British Government had repeatedly urged the Netherlands Government to cease affording passage for these goods (scrap copper, iron lead [*sic*], iron ore, sulphur ore and zinc). So far as concerns metals, the Netherlands Government gave an assurance on June the 11th that no more permits for the passage of such cargoes would be given and it was on the strength of this assurance that at the beginning of July at the time of the informal communication with the State Department mentioned above, the British Government authorised the issue of letters of assurance for cargoes of metals for the Netherlands Government by the *Noordam* and *Zyldyk* from the United States.

Notwithstanding this assurance, however, large shipments of lead, old iron and iron ore from Belgium have been passing across Dutch territory and the Netherlands Government are now making reservations as to their original undertaking.

The British Government are insisting that the traffic must be effectively stopped and meanwhile no licenses are being given for the export of metals to Holland from the United Kingdom.

The British Government would welcome any action that the United States Government can take towards the adoption of a similar policy.

WASHINGTON, *August 8, 1917.*

File No. 855.48/622

The British Embassy to the Department of State

MEMORANDUM

Owing to the shortage of tonnage for the relief of Belgium and northern France, His Majesty's Government have decided that special measures must be taken, so far as lies in their power, to provide the supplies and the transports necessary for the populations of the occupied territories. They have therefore issued strict instructions to the officers at British ports of examination, and also to all British consular officers concerned that no relief ship is to be delayed at her port of departure or port of examination, for any reason of general policy arising from controversies between His Majesty's Government and Holland, or the neutral country whose flag the vessel flies.

Further, His Majesty's Government are informing the Netherlands Government that they will raise no objection to the transfer to the Dutch flag of six German vessels in Dutch East Indian ports, provided that these vessels are placed forthwith in the Belgian Relief service, and continue in this service without lying up as long as the Allied Governments require them to do so. Two further conditions are imposed, namely, that the transfer of these vessels must be outright, no German interest being retained in them, and secondly, that they shall unload the cargoes now on board and load full cargoes of goods for the Belgian Relief.

The Netherlands Government is also being informed that His Majesty's Government will agree on similar conditions to raise no objection to the transfer to the Dutch flag of the German steamer offered in compensation for the torpedoed Dutch steamer *Blommersdyk*.

In addition, a suggestion has been made to His Majesty's Government that neutral vessels lying in United States ports actually loaded with foodstuffs for neutral European countries, might be made the subject of a bargain with the Government of those countries, by which the greater part of such cargoes should be surrendered to the Relief Commission in return for license to export the balance to their original destinations. This last suggestion clearly raises many difficulties, and His Majesty's Government have not as yet fully

considered the matter, though they would be reluctant to advocate any concessions of this kind to Sweden. The decision in the matter lies, however, with the Government of the United States, within whose jurisdiction these cargoes are, and His Majesty's Government will be glad to learn the views of the United States Government on the subject.

WASHINGTON, *August 11, 1917.*

File No. 855.48/623

*The British Embassy to the Department of State*¹

MEMORANDUM

The present memorandum on the subject of Belgian relief is in continuation of that addressed by His Majesty's Ambassador to the State Department on the 11th instant.

His Majesty's Government have expressed to the Dutch Government their readiness to allow the passage of the Dutch ships which are in American harbours and which are already loaded, on the condition that only one-third of the cargoes goes to Holland, whilst two-thirds shall be destined for Belgian relief. The total of the cargoes on the 42 Dutch ships now in the United States amounts to 194,600 tons, but the representative of the Belgian Relief Committee in London states that at the present moment they can only take a total of about 80,000 tons, so that approximately 115,000 tons of the cargoes of the above-mentioned Dutch ships would go to Holland.

The total amount required for relief is 230,000 tons. The 80,000 tons provided by the above proposal leave 150,000 tons. Of this 67,000 tons might be provided by despatching with suitable cargoes the 14 Dutch ships now lying in American ports. The balance might be provided by sending to America Dutch ships now in Holland to fetch relief supplies, and if necessary some of these ships might make a second journey.

It is to be remembered that all shipping arrangements have in the past been negotiated with the Netherlands Oversea Trust, who are held responsible for all American shipments. Consequently, a release of the ships' cargoes now in American waters properly comes within the province of the trust. It is also to be remembered that the arrangements which His Majesty's Government is endeavouring to complete were originally in the way of a bargain in return for facilities accorded at Halifax. Further developments which have grown up are due to influences hostile to our interests and against

¹ Transmitted as an enclosure to a note from the Second Counselor of the British Embassy, same date (File No. 855.48/624), which is printed in *Foreign Relations*, 1918, Supplement 2.

the wishes of the Netherlands Oversea Trust, which body offers the soundest guarantees for a scrupulous fulfilment of their engagements, and His Majesty's Government consider it most desirable to maintain the prestige and credit of the trust.

The advantages to Holland of the above proposals are obvious. She will get a large number of ships released and a considerable portion of their cargoes will be assured her for her own consumption.

WASHINGTON, *August 14, 1917.*

[*Received August 15.*]

File No. 763.72112/4404

The Chargé in the Netherlands (Langhorne) to the Secretary of State

[Telegram]

THE HAGUE, *August 16, 1917, 1 p. m.*

[*Received August 17, 12 noon.*]

1207. From conversation which various members of this Legation have had with members of the commission, the Dutch special commission which is now scheduled to leave for the United States August 18 instead of August 15 as reported in my 1192 of August 12,¹ it may be fairly assumed that the commission has the three following purposes in view:

1. To persuade the United States Government and the American people through the medium of the press and influential men that exports to America [of] foodstuffs and raw materials may be resumed and that neutral Holland be allowed to export her home-grown products in exchange for German coal. The commission will probably point out that the Netherlands Oversea Trust has worked to the satisfaction of the Allies in keeping articles from overseas and similar articles of domestic origin from reaching the enemy and that Holland's agricultural agreement has been closely adhered to [to] the prejudice of both Germany and Holland.

2. As a considerable section of opinion, as reflected in the Dutch press and in utterances of public and private persons, has come to fear that the extensive system exercised by England and France through the intimate medium of the Netherlands Oversea Trust practically threatens Holland's independence and may be expected to persist after the war if the Allies then combine an economic alliance against the Centrals, it is possible that the commission may have the intention of suggesting opportunely that the United States take over the control of her own exports to Holland instead of leaving them under the present régime. The commission may feel that it should utilize the

¹ Not printed.

present moment, when the United States policies are not yet fully determined upon, for making this change, for they may believe that the administration of trade control by the United States Government would be less rigorous and would be more easily shaken off.

3. It is also possibly a purpose of the commission to emphasize to the United States the commission's opinion of the importance to the United States of the Dutch East Indies and the danger to the United States interests in the Philippines of having the Dutch East Indies fall into the possession of another power.

LANGHORNE

File No. 656.119/23

The British Embassy to the Department of State

MEMORANDUM

NETHERLANDS—IMPORTATION OF MARGARINE MATERIALS

The British Government do not consider the present arrangement with the Dutch Government as to the importation of oils and fats into Holland satisfactory. They are therefore considering an arrangement with the Dutch Government by which either imports of raw materials for margarine should be reduced to such a figure as would compel the Dutch to consume their own butter and margarine or, failing that, an arrangement on the following conditions:

- (1) All raw materials imported from the United Kingdom and any part of the British Empire on British vessels to be used for the manufacture of margarine for the United Kingdom only;
- (2) All oils and fats imported from the United States to be utilized exclusively for the same purpose;
- (3) The Dutch only to be allowed for their own purposes a supply equivalent to 20 per cent of raw materials imported from other sources, i. e., oils and fats from South America and vegetable oils from the Dutch East Indies.

In any case the British Government proposes to insist on the entire suspension of the export of margarine from Holland to Germany.

The British Government will be glad to learn the views of the United States Government on any such arrangement. They understand that the United States Government do not contemplate giving licenses for the present for the export of oils and fats from the United States to Holland. It is assumed that they would be prepared to lay down in any case as a condition precedent to the grant of any such licenses that any such oils and fats should only be

utilized for the manufacture of margarine for the Allies. So far as exports from the British Empire are concerned, the dependence of the United Kingdom on Dutch supplies of margarine make it impossible for the British Government to suspend altogether exports to Holland of raw materials for this industry. Provided, however, that the condition of such export is that all the resultant products, with the exception of small quantities of fatty acids, are re-exported from Holland to Allied countries, there would appear to be little danger of increasing supplies available for Dutch home consumption, and thereby diminishing the efficacy of any proposals which the United States Government may contemplate submitting to the Netherlands Government, for the restriction of the export of Dutch home products to Germany.

WASHINGTON, August 29, 1917.

[Received August 30.]

File No. 656.119/19

The British Embassy to the Department of State

MEMORANDUM

HOLLAND—SHIPPING

The British Ambassador is instructed to submit herewith a summary of proposals which the British Government desires to lay before the Netherlands Government as a basis for a comprehensive shipping arrangement. The British Government has been influenced in drafting these proposals by the following considerations.

Dutch estimates of requirements recently submitted have been found to be exaggerated by at least 100 per cent, making it advisable to re-consider the whole basis on which shipping negotiations with the Netherlands Government have hitherto been unsuccessfully conducted. Moreover, it appears that the Netherlands Government is at the present moment being subjected to the severest pressure by the German Government in connection with the export of coal from Germany. It is indeed reported from confidential sources that the German Government are refusing to supply coal to Holland, unless Dutch miners are sent to the German mines. As the Dutch coal situation is serious, there is some danger that this demand will eventually be acceded to, unless Dutch coal requirements can be supplied from other sources. In addition to this demand, the German Government appear to have demanded that the Netherlands Government should provide a credit to the German Government of 60 gulden in exchange for every ton of coal exported to Holland in excess of 100,000 tons, this credit to be used for payment of German purchases in Holland.

Dutch requirements of British coal, which would, it is understood, relieve them from this German pressure, are between one and two hundred thousand tons a month. By supplying Holland with this quantity the British Government would appear to have an opportunity not only of obtaining Dutch shipping for the service of all the countries associated in the war against Germany, but also of rendering more difficult the financing of German purchases of Dutch agricultural produce.

The Dutch requirements of British coal being as large as they are, the enclosed proposals would probably operate to provide for the service of the Commission for Relief in Belgium the greater part of the tonnage which they require (their requirements being understood to be approximately 180,000 tons gross).

It will also be observed that care has been taken in drafting these proposals to safeguard the interests of trade between Dutch colonies and United States ports.

The British Ambassador is directed to submit these proposals to the United States Government immediately, and to express the earnest hope of His Majesty's Government for an early expression of their acquiescence. The British Minister at The Hague has been instructed not to submit the scheme to the Netherlands Government until he learns that it has been approved by the Government of the United States.

In emphasizing the urgency of this matter, the British Ambassador is also instructed to point out that coal is the only remaining important commodity which Great Britain can offer in exchange for concessions from Holland, and as the arrangement proposed will tie their hands in respect of this commodity, the other desiderata of those associated in the war against Germany—namely, the stoppage of Dutch exports of native produce to the enemy, and the continuance of the supply by Holland of margarine and other commodities indispensable to the Allies—can only be secured by the exercise by the United States Government of their control over important American products needed by Holland.

The proposals in question are annexed.

WASHINGTON, August 30, 1917.

[Received August 31.]

[Enclosure]

Summary of Suggested British Proposals to the Netherland Government

1. No Dutch ships to be laid up except by mutual arrangement.
2. His Majesty's Government to grant licenses for export of coal which Holland requires, and in return an agreed number of suitable

Dutch ships to be chartered to the Belgium Relief Commission at agreed rates. The gross tonnage of these vessels to be not less than the quantity of coal for which licenses are granted each month.

3. His Majesty's Government agree to Dutch ships loading coal, though they may arrive in the United Kingdom in ballast.

4. To save tonnage and delay at ports of examination, Dutch vessels not to load cargo to Holland without letters of assurance, or similar permit.

5. Dutch ships, other than those engaged in Dutch trade or in regular lines between Dutch colonies and countries associated in the war against Germany, to be free to engage in general trade, including trade outside Europe, of interest to those associated countries, and coal and other facilities to be given for such voyages, each voyage to be subject to the approval of the associated Governments.

6. Dutch ships outward bound from Holland to distant ports to call at Halifax and load cargoes in North America for some intermediate port, and to be chartered through International Chartering Executive.

7. Examination facilities to be given to Dutch ships proceeding to and from Holland at ports outside the United Kingdom.

8. Dutch ships (other than those on black list) to be allowed bunkers at British ports, where supply is controlled by His Majesty's Government, subject to observance of bunker conditions.

9. Dutch ships now on black list to be removed on acceptance of bunker conditions.

10. Neutral ships (other than Dutch) built or repaired in Holland to be regarded as Dutch, so long as under control by Netherlands Government.

11. Dutch ships now on Allied charter or sailing in Allied interests to fulfil their existing engagements and no objection to be raised to continuation of their present charter; if this is not possible, Allies to be allowed to charter equivalent tonnage, namely, 90,000 tons.

12. Eighty-one Dutch ships now engaged in trade between Dutch colonies and Allied countries not to be withdrawn without approval.

13. Number of Dutch vessels in Dutch-Scandinavian trade to be reduced to ten, and only to carry Scandinavian products to Holland, and Dutch imports to Scandinavia.

14. Monthly statements as to trading of Dutch vessels to be furnished.

File No. 033.5611/20

The Netherland Minister (Van Rappard) to the Secretary of State

[Translation]

No. 4189

WASHINGTON, *September 3, 1917.*

[Received September 4.]

MR. SECRETARY OF STATE: I have the honor to inform Your Excellency that the Netherland commission entrusted by my Government with the duty of supplying the Government of the United States with all the information the latter may desire concerning the imports and exports of the Netherlands left Amsterdam on August 18 on the S.S. *Billiton* shortly due in Norfolk.

The commission consists of Mr. van Eelde, former Director of the Government Cereals Office, Mr. van der Houven van Oordt, former Vice President of the Council for the Dutch East Indies and Mr. Joost van Vollenhoven, Manager of the Bank of the Netherlands. These gentlemen have with them Messrs. van der Wielen and Heldring as secretaries.

I venture to beg Your Excellency kindly to see to it that the above named gentlemen meet with no difficulty on their arrival at Norfolk and take this opportunity to renew to Your Excellency the assurance of my highest consideration.

W. L. F. C. VAN RAPPAARD

File No. 855.48/628

The Netherland Legation to the Department of State

No. 4197

MEMORANDUM

August 10, 1917, the Netherland Minister opened negotiations about the Dutch grain ships lying in different American ports with the Acting Secretary of State.

The Acting Secretary of State suggested to the Netherland Minister that he should take up this matter with Mr. Herbert Hoover.

The same day the Netherland Minister had a conference with Mr. Hoover. As a result of that conference Mr. Hoover wrote the same evening the following letter to the Netherland Minister:

With regard to our conversation upon the assignment to the Commission for Relief in Belgium, of certain cargoes lying in American ports, I have now had an opportunity of consulting the Exports Council and they are disposed to recommend—

1. That all of the wheat cargoes and 40,000 tons of the corn cargoes be delivered to the Belgium Relief at Rotterdam;
2. In that case exports permits to be issued for Holland for 13,500 tons of barley and the balance of the loaded corn up to 37,000 tons;
3. The cargoes to be inspected in American ports and those accepted by the Relief to be assigned to them;
4. The Commission for Relief in Belgium to pay the cost and original charter money and insurance, for the cargoes assigned to them, without demurrage.

As a preliminary carrying out of this agreement of August 10, on August 25 an understanding was reached as formulated in following letter from Mr. Rickard to the Netherland Minister:

In carrying out our agreement of August 10 we propose as a preliminary division of your grain cargo ships the following arrangement:

THE COMMISSION FOR RELIEF IN BELGIUM

Ameland	Corn	205, 944 bushels	
Arundo	"	194, 226	"
Gorredyk	"	200, 000	"
Oosterdyk	"	240, 000	"
Winterswyk	"	178, 032	"
		1, 018, 202	"
Ryndam	Wheat	261, 500	"
Total		1, 279, 702	"

THE NETHERLAND GOVERNMENT

Beukelsdyk	Corn	320, 000	"
Cornelis	"	134, 473	"
Dubhe	"	195, 300	"
Maartensdyk	"	200, 000	"
Ryswyk	"	82, 634	"
		932, 407	"
Jason	Barley	216, 553	"
Total		1, 148, 960	"

In regard to the fulfillment of the balance of the agreement we will be glad to receive your suggestions.

On account of the deterioration of parts of the cargoes of the ships named in the letter of August 25 this last agreement was slightly changed and formulated in a telegram sent on August 30 by Herbert Hoover's office to Prentiss Gray,¹ New York City, and worded:

Schilperoort is consulting Dutch Minister on proposal made to him whereby we abandon present agreement and enter into new arrange-

¹ Director, Commission for Relief in Belgium; Chief of Marine Transportation Division, U. S. Food Administration.

ment whereby all corn steamers are to sail at once whether assigned to the commission or Dutch Government. We agree to divide good corn on outrun at Rotterdam on basis of 40 to commission and 37 to Dutch. The Dutch Government take over all rejected corn on their own account and pay portion of freight insurance and charges on transportation to Rotterdam. Have reason to believe this will be acceptable as have impressed upon Schilperoort saving to him on steamer demurrage. Hoover agrees that under circumstances we had better accept this new agreement. Edgar Rickard.

As proof of this arrangement the Netherland Minister wrote to the United States Food Administration on August 30 the following letter with enclosure:

In view of your issuing all the necessary export licenses and your guaranteeing the granting by the co-belligerents of the United States of free passage for the steamers, I hereby confirm the sale of various parcels of grain to the Commission for Relief in Belgium as per steamers and conditions stated in the letter of the 30th instant from the purchasing agent for the Netherland Government, Mr. G. Schilperoort of 8-10 Bridge Street, New York City, to the Commission for Relief in Belgium in New York.

It should be distinctly understood that in this agreement is included the steamer *Jason* with a cargo of approximately 216,553 bushels of barley belonging to and destined for the Netherland Government in compensation of the sale of the parcel of wheat per S.S. *Ryndam* to the Commission for Relief in Belgium.

The enclosure read:

Commission for Relief in Belgium,
New York City.

Referring to the arrangement made in Washington between the Netherland Legation and the Commission for Belgian Relief I hereby confirm having sold to you for account of the Netherland Government the following quantities of wheat:

S.S. *Ryndam*, wheat----- 261, 500 bushels

Price. Original purchase prices of the Netherland Government free on board Atlantic port plus actual freight to Rotterdam, Holland, plus the cost of marine and war risk insurance.

Quantity as per ship's receipt final in those cases where cargo has not been rehandled; if cargo has to be rehandled reloaded quantity final.

Quality final as per U.S.A. inspection certificate.

Condition to be approved by you at loading port, which inspection is to be final.

Insurance (inclusive war risk) from loading port to Rotterdam to be effected by the Netherland Government.

Payment. Cash in Holland on arrival of the goods at Rotterdam against bill of lading.

Furthermore with regard to the following quantities of corn the following agreement has been arrived at:

Ryndam-----	2, 100	tons or however much the steamer may load	
Ameland-----	205, 944	bushels approximately	
Arundo-----	194, 226	"	"
Gorredyk-----	200, 000	"	"
Oosterdyk-----	240, 000	"	" plus about 3,500 tons
Winterswyk-----	178, 032	"	"
Beukelsdyk-----	320, 000	"	" plus about 900 "
Cornelis-----	134, 473	"	"
Dubhe-----	195, 300	"	"
Maartensdyk-----	200, 000	"	" plus about 2,100 "
Ryswyk-----	82, 634	"	"

Should any portion of the corn not arrive in sound condition this shall be allotted to the Netherland Government and the balance of the cargo shall be divided on the basis of 37 to the Netherland Government against 40 to the Commission for Relief in Belgium.

Price for the portion of the sound corn allotted to the Commission for Relief in Belgium shall be the original purchase prices of the Netherland Government f.o.b. Atlantic port plus actual freight to Rotterdam plus the cost of marine and war risk insurance at the premium as paid by the Netherland Government or as prevailing at the time of sailing in case the Netherland Government has preferred to run the risk herself.

Quantity as actually allotted to the Commission for Relief in Belgium under the above agreement.

Payment. Cash in Holland against tender of the goods.

Signed, The Purchasing Agent for the Netherland Government, G. Schilperoort.

Notwithstanding the fact that in the original arrangement of August 10 Mr. Herbert Hoover wrote to the Netherland Minister:

I have now had an opportunity of consulting the Exports Council and they are disposed to recommend.

Mr. G. Schilperoort, Purchasing Agent for the Netherland Government who had negotiated in the name of the Dutch Minister with Mr. Edgar Rickard, representing Mr. Hoover, received on August 31 the following letter:

Your letter of August 30 concerning the allocation of Dutch cargoes to the Commission for Relief in Belgium and the Netherland Government has been submitted to the Exports Administrative Board in order that they may determine whether we can proceed in following out the tentative agreement which we have entered into. Signed, The Commission for Relief in Belgium, Edgar Rickard.

In this letter the agreement entered into on August 30 is for the first time named "tentative" and next day the Netherland Minister was informed that the Exports Administrative Board had refused the licenses.

WASHINGTON, September 4, 1917.

File No. 855.48/859

The Netherland Legation to the Department of State

No. 4316. On September the 4th last the Netherland Minister received cabled information from the Minister for Foreign Affairs at The Hague to the effect that a conference had taken place between the presidents of the Committees for Relief in Belgium and Northern France, the Dutch delegate at Brussels, who takes the place of the former American delegate, and the Commission for Belgian Relief at Rotterdam. In this conference the conditions of utmost distress prevailing in the invaded districts of Belgium and France were under consideration and special stress was laid on the difficulty to secure a sufficient amount of tonnage which must be added to the Belgian tonnage now available. Jonkheer Loudon expresses in the message referred to above his deep personal sympathy with the Belgian relief work to which the Netherland Government has been glad to lend its direct and active cooperation since the American representatives were obliged to leave the occupied territories, and is anxious to cause the Netherland Government to take any action within its power to alleviate the increasing suffering of the inhabitants of those regions. Jonkheer Loudon is even prepared to place at the disposal of the Belgian Relief the amount of tonnage which it still needs and which has been estimated at 150,000 tons. It is however feared that if the Netherland Government gave in to this humanitarian impulse, it would encounter a great obstacle in the public opinion in Holland, which would fail to understand that full cargoes are handled at Rotterdam for the benefit of its neighbours and that for the same purpose Dutch merchant vessels run the risks of the more and more dangerous sea voyage, whereas the population of Holland itself remains without its necessary supplies. Recently the arrival of a cargo *exclusivement* destined for the Belgian Relief called forth a manifestation on the part of labor at Rotterdam. Jonkheer Loudon is confident that the importance of such popular movements will be readily understood in a democratic country as the United States and therefore trusts that the United States Government will not fail to see that the generous offer of 150,000 tons cannot well be definitely made unless the Netherland Government has reason to expect that it will be placed in a position to supply in a fair measure the requirements of the Dutch population, to distribute among it sufficient bread, which is the principal food of the labor classes, and to dispose as freely as possible of the remainder of the Dutch tonnage.

WASHINGTON, *September 10, 1917.*

File No. 855.48/628

The Department of State to the Netherland Legation

MEMORANDUM

In reply to the memorandum of the Netherlands Legation dated September 4, 1917, the Department of State desires to say that this memorandum has been submitted to Mr. Hoover for his comments, and the Department is now in receipt of his reply. Mr. Hoover states in substance that the representatives of the Netherlands in the negotiations in question were constantly informed that the question at stake was between themselves and the Commission for Relief in Belgium, and not the United States Food Administration, and that the result of the negotiations was subject to the approval of the Exports Council.

It appears further from the statement of Mr. Hoover, that the negotiations were begun on the assumption that the ships' cargoes were made up of a considerable amount of material suitable for human food, the actual amount to be determined by inspection of the cargoes; whereas it turned out that there was practically only a small percentage of human food actually on board the ships, there being no cargo that could be accepted by the Relief Commission *in toto*. In conclusion Mr. Hoover states that the object of the negotiations was to secure human food for the Belgians, a certain amount of the cargo suitable for human consumption to go to Holland on the condition that a certain amount of human food be delivered to the Belgian Relief Commission. The matter of securing fodder was not contemplated, and did not enter into the negotiations in any respect.

WASHINGTON, *September 11, 1917.*

[In statements to the Exports Administrative Board, September 18 and 25, 1917, the special commission of the Netherland Government urged the disastrous effects of stopping the exportation of fodder to the Netherlands, but agreed to confine to food-grain cargoes the special arrangement for licensing shipments subject to division with the Commission for Relief in Belgium; the Netherland commission proposed, accordingly, that licenses be granted for some 27 vessels reloaded exclusively with such cargoes, that the fodder grains, etc., be stored, and that about 50 other ships be released for various purposes. These papers are in the War Trade Board files, Holland Negotiations, Volume I.]

File No. 656.119/55

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

[Telegram]

THE HAGUE, *October 9, 1917, 7 p. m.*[*Received October 10, 9.45 a. m.*]

1457. In a conversation with the Minister for Foreign Affairs to-day I found him rather stirred up at what seemed to him the unfriendly attitude of the Exports Administrative Board. He said that the board had proposed a plan which the Dutch Government with reluctance had agreed to about a fortnight ago and he could not understand why there should be delay in putting it into effect unless indeed the board had thought of a new proposition after their own proposal had been agreed to. He said that two things were particularly worrying him at the moment: (1) your decision which had been telegraphed him by Rappard to refuse bunker coal to Dutch vessels to Netherland Indies unless they agree to discharge their return cargoes in the United States,¹ and (2) the newspaper reports that Dutch vessels in the United States are to be requisitioned. Loudon admitted that with the 40 per cent reduction in breadstuffs consumption now in force Dutch internal supplies would not be exhausted before March. If the statements regarding requisitionings are untrue could you not so inform me.

Growing agitation here might be counteracted by a quick decision of the Exports Administrative Board. Is the inability to decide upon a basic policy due to failure to secure information requested from Holland? Loudon states emphatically that everything requested has been given. From British and other good sources it appears that the Dutch have faithfully lived up to their agreements and that nothing is now going to Germany that they have agreed should not go. Unless demanded by greater exigencies it would appear unwise to drive them into changing this attitude.

GARRETT

File No. 656.119/110

The Commercial Adviser of the British Embassy (Crawford) to the Counselor for the Department of State (Polk)

No. 373

WASHINGTON, *October 8, 1917.*[*Received October 11.*]

MY DEAR MR. POLK: With reference to our conversation of to-day the following is the substance of a telegram which we have just received from London.

¹ See the public statement by the Exports Administrative Board, Oct. 5. *ante*, p. 958.

In view of the fact that the Netherlands Government have returned no satisfactory reply to the urgent representations which were made to them by His Majesty's Government with a view to the definite discontinuance of transit facilities for cement, gravel, sand, etc., between Germany and Belgium, His Majesty's Government have been compelled to refuse facilities for the transmission of Dutch commercial cables. The Netherlands Government were some time ago warned that this action would be taken.

Mr. Balfour adds that as the matter is one which is of immediate military importance it would be of great advantage if your Government could see their way to supporting the British Government in this question.

I am [etc.]

RICHARD CRAWFORD

File No. 656.119/63a

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

[Telegram]

WASHINGTON, October 17, 1917, 5 p. m.

726. For your information. On October 12 following memorandum was handed by the Exports Administrative Board to the Netherlands commission in this country:

The Holland Government commission on the 18th of September presented in person a memorandum to the Exports Administrative Board, and on September 25 addressed a letter to the board making certain proposals.

In considering the points raised in the memorandum and letter, the board desires to review the note presented to the Holland Government by the Exports Council on the 24th day of July, 1917.¹

This note expressed the hope that certain matters mentioned therein would receive the earnest and earliest possible consideration of the Holland Government.

Among other matters mentioned there was requested full information as to the production, consumption and needs of the people of Holland, and particularly of foodstuffs set out in the form of protein, fats and carbohydrates.

The vital interest of the United States in the supplies being furnished by Holland to the Central Empires was expressed, and information was requested as to the kind and quantity of exports being thus made. It was also stated that pending a mutual arrangement as to furnishing of supplies to Holland or lending assistance in obtaining supplies for Holland, the United States would consider that any exports to the Central Empires must be taken as in reduction of the amount of foodstuffs or other commodities for the obtaining of which Holland might be given assistance.

¹Ante, p. 908.

The Exports Administrative Board, in view of the foregoing, wishes to make the following observations:

1. Since the 24th day of July (the date of the Exports Council note) the board has been waiting for the information requested. The Minister from Holland to the United States in answer to queries of the board has stated from time to time that the commission being sent by his Government would fetch full particulars concerning all matters requested.

The board would be pleased if, providing the commission has this information, it would make the same available in order that the board may know what the needs of the people of Holland are.

2. The memorandum presented to the Exports Administrative Board on the 18th of September¹ draws the conclusion that the United States is not inclined to grant licenses for export of fodder to Holland.

The board knows of no reason for this conclusion. On the contrary the information requested has as one of its objects the determining of the needs of Holland for fodder, and if Holland has such needs, then the board would be glad to grant licenses for the export of such commodities as can be spared by the United States even though this may mean considerable sacrifice, and notwithstanding that the United States can ill afford to let go such articles at the present time.

The killing off of live stock as suggested in the memorandum would appear therefore to be entirely unnecessary and the United States would regret if this should occur, and especially if the famous dairy herds of Holland should be thus depleted.

3. The Exports Administrative Board understands that notwithstanding the suggestion that exports into the Central Empires should be considered as in reduction of imports to be expected from the United States, that large quantities of various commodities have continued to be exported.

The Exports Administrative Board therefore wishes to point out to the Holland Government commission clearly that it cannot license for export foodstuffs, fodder and other materials and commodities when such articles are to be used—

- (a) For export to the Central Empires;
- (b) For release of other foodstuffs or commodities to be so exported;
- (c) For the production of dairy products to be so exported instead of for the sustenance of the people of Holland;
- (d) For the production directly or indirectly of any articles or the transportation thereof destined for the Central Empires, and above all for the transport through or across Holland territory of war materials of enemy origin and ownership being sent directly to the enemy army and to the enemy trenches.

¹ Not printed.

If Holland is to continue to supply what is equivalent to a large part of the ration of the Germany Army, it must follow that the United States cannot supply directly nor can it lend assistance in obtaining those things which the Holland Government commission requests.

4. The proposal put forward by the Holland Government commission for the disposal of cargoes and for the bunkering of ships lying in United States harbors provides for the employment of Holland tonnage, which object the board would be glad to facilitate, but the proposal gives no assurance that Holland will not employ the commodities for which export licenses are requested and continue to employ her resources for the benefit of the enemy. The proposal is therefore not acceptable.

In the meantime, pending negotiations, the Exports Administrative Board cannot agree to grant licenses for coal and ships' supplies to Dutch vessels bound for Holland or Scandinavia or when proceeding to other points to procure cargoes destined for Holland or Scandinavia, when it has no assurance as to the purpose for which such cargoes are to be employed.

5. The board wishes to suggest, pending the discussion of the above matters, the advisability of employing Holland tonnage in increasing the available quantity of foodstuffs in the United States by assisting in bringing into the United States such commodities from Java, Australia, Africa, the Far East, South America, or other places as would release for export a like quantity of other or similar goods, or of employing the tonnage in the worthy causes of sending supplies to Belgium for the Commission for Relief in Belgium.

The board hopes to arrive at a satisfactory conclusion with the Holland Government commission after a discussion, and will therefore be glad to have the information suggested at the earliest moment.

LANSING

File No. 656.119/60

The Netherland Legation to the Department of State

No. 4981

The United States Minister at The Hague has informed the Minister of Foreign Affairs of the Netherlands that the articles published in the press about the final decision of the United States concerning the embargo were inaccurate and that the United States Government wishes to consider the treatment of neutrals in a friendly spirit of justice, its only aim being to prevent American articles from aiding the Central powers and to come to an understanding concerning the matter of tonnage.

Her Majesty's Minister of Foreign Affairs in his answer to the United States Minister has been very grateful for that expression

of those friendly sentiments but has not been able to conceal to Mr. Garrett, that the latest events have created the impression in the Netherlands that Holland is not treated by the United States Government in a friendly way.

On September 10 the Netherland Minister presented to the Secretary of State under No. 4316 a proposition concerning Dutch tonnage to be put at the disposal of the Belgian Relief.¹ Till to date no answer to that proposal has been given and in the meantime Swedish and Norwegian steamers have been chartered for the Belgian Relief at the cost of 130 guilders pro ton, whereas the Netherland Government offered transport for 65 guilders.

Grains belonging to the Netherland Government are allowed to deteriorate in Dutch bottoms notwithstanding the fact that the Netherlands proposed to transport same to Europe on conditions highly advantageous to the Belgian Relief.

The Netherland Fleet is kept in the United States harbours, which entails enormous expenses to the Netherlands Government.

The sailing of the *New Amsterdam* is refused without any valid reason.

All this happens notwithstanding the fact that we render great service to the United States Government by our Pacific fleet and by importing raw materials from our East Indian possessions.

It is evident that, as a neutral country, we cannot dispose of our resources one-sidedly and therefore our offer of tonnage for the Belgian Relief is founded on an acceptable basis.

Before an understanding has been arrived at concerning the proposal contained in memorandum No. 4316, offered to the Secretary of State by the Netherland Minister on September 10 and also concerning the proposal submitted by the commission to the Exports Administrative Board,² the Netherland Government does not feel justified to allow their shipowners any other employment of their vessels, and the inaction of the fleet thus caused by the attitude of the United States means a loss of tonnage detrimental to the United States as well as to the Netherlands.

The Netherland Government to their utmost regret observe that the public opinion in the Netherlands resents the attitude of the United States Government toward a country with whom till now only the most friendly relations have existed.

WASHINGTON, *October 15, 1917.*

¹ *Ante*, p. 1133.

² Not printed.

File No. 656.119/62

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

[Telegram]

THE HAGUE, *October 18, 1917, 7 p. m.*[Received *October 19, 6.40 a. m.*]

1508. You will have seen from the recent press summaries that agitation in the papers now chiefly over the gravel controversy with Great Britain and the drastic cutting off commercial cables with which our alleged harsh intentions and alleged unfriendly procrastination in reaching agreement on outstanding questions are frequently coupled. In regard to the gravel controversy Loudon tells me that his Government is firmly decided not to yield to such methods as the British are employing. He will act, however, immediately [to] stop all the gravel and sand transit if British Government will give him proofs that this material is being put to military use. The Dutch engineers who have investigated the matter report that all this material is being used for repairs of roads, canals, etc., outside army zones. It does not appear that the Dutch officers were taken into the army zones. British Minister tells me he has given convincing proofs of military usage. He says that matter is so serious to British and French troops that there can be no compromise. I understand that the Dutch Government will welcome the receipt of proofs which will enable it to stop the traffic and say to Germany that it is done because Germany has broken faith by using the material for purposes she had promised not to put it to. Without such proof they dare not take action which might serve Germany as excuse for denouncement of Rhine treaty which Germany has long desired to be freed from. The proofs submitted, as far as I have been able to learn, are not necessarily convincing although they undoubtedly tend to show destination and use of the material in army zones.

In regard to criticism of us it is, when you come down to it, based, if on anything, largely on guesses at our intentions. Of course, we cannot be dissociated from those with whom we are fighting but the agitation against us helps neither Holland nor ourselves. I have made informal use of your telegram of October 6¹ but I suggest that the situation might be cleared by a statement from you or by me under your instruction. This people . . . think now that we are wilfully holding at New York not only their ships but cargoes which they have bought and paid for which are deteriorating and may be wasted entirely and that this is an action that

¹ *Ante*, p. 960.

benefits nobody. They say that their commission reports itself up against stone wall; that it is met by the reiterated statement of the Exports Board, "As long as Holland exports anything to Germany nothing shall go from the United States to Holland." This does not seem to agree with your statement of our aims in your October 6.

It is impossible here for the nurses [*masses*] and press to comprehend this situation given the absence of authentic news or of official statements.

Aside from the rationing, shipping, bunker and other questions, it would seem that unless certain industries are supplied with raw materials at least in sufficient quantities to keep them going they must shut down and throw out of employment labor which may be forced to seek employment in German munition factories. I am informed that one-sixth of the regular operatives in Dutch spinneries is already employed in Germany. There are things which we can very well let them have with advantage to both of us that no way, either as raw material or after manufacture, can be of benefit to Germany. For example hardware, cotton, electric apparatus, soda, cotton-seed oil for manufacturing margarine, which goes to England except 10 per cent consumed here, lubricating gas and other mineral oils, tanning material, turpentine. It is said for instance that three or four shiploads of gas [and] oil would have relieved the coal situation to such an extent that Holland would have been able to use greater strength versus Germany during the negotiations which led to the agreement mentioned in my 1449, October 7.¹

Germany undoubtedly is playing easy with Holland at the moment and deriving advantage from the campaign against Great Britain and ourselves.

GARRETT

File No. 656.119/91

*The Commercial Adviser of the British Embassy (Crawford) to the
Counselor for the Department of State (Polk)*

WASHINGTON, October 18, 1917.

[Received October 19.]

MY DEAR MR. COUNSELLOR: I enclose copy of a letter which has been written to Mr. McCormick in reference to Holland.

Yours very truly,

R. CRAWFORD

¹ Not printed; see telegram No. 1643, Nov. 16, *post*, p. 1145.

[Enclosure]

The Secretary of the British Embassy (Percy) to the Chairman of the War Trade Board (McCormick)

WASHINGTON, October 18, 1917.

DEAR MR. MCCORMICK: You asked me on Tuesday whether I had anything to say about Holland in anticipation of your meeting with the Dutch mission either to-day or to-morrow. I replied in the negative, because I thought that our views had all been put before you many times, and I did not want to bore you by reiteration. I think, however, that the board had better have in their hands the enclosed summary, taken from a recent Foreign Office telegram, which is intended to state the minimum that we hope will be obtained. I think there is nothing new in this summary, except point 2, regarding the loan, which is analogous to the provision inserted in the proposed agreement with Denmark.

I would also draw your attention to the prohibition of export from Holland of hides, horses, charcoal and leather. As regards horses, we have a despatch from the Foreign Office, drawing attention to the very large importation of automobiles by Holland in the past, including motor cycles, etc., and this despatch suggests both that an absolute prohibition against the export of motor vehicles of all kinds to enemy countries should be imposed by Holland, and that the export of horses to enemy countries should be likewise prohibited on the replacement principle.

You will observe that the enclosed summary suggests that imports of feeding stuffs and fertilizers should be absolutely refused to Holland. This I do not think entirely agrees with your position, as taken up in your memorandum of October 12th, but I think we all agree on the principle (the exact application of which is a question of statistics) that no feeding stuffs should be allowed to Holland beyond the needs of her own population solely, and that if, in order to supply the needs of her own population, some feeding stuffs have to be imported into Holland, then certainly Holland should be allowed to import no oils or fats, since *ex hypothesi* she would have sufficient dairy products to supply her fat needs.

Yours very truly,

E. PERCY

[Subenclosure]

(A) SUMMARY OF CONDITIONS TO BE FULFILLED BY HOLLAND

1. Tonnage arrangement between Holland and Great Britain must be concluded satisfactorily on basis now being discussed between the two countries.

2. A loan to the Allies by the Dutch.
3. Transit traffic via Holland of cement, gravel, sand, metals, etc., must immediately and completely cease.
4. Exports to enemy countries as follows must be stopped: skins (even on live animals), hides, horses, charcoal, all leather, food, foodstuffs (including fish, shellfish, fresh water fish and fish products).
5. Continuation of exports to the Allies and United Kingdom.
6. Belgian relief supplies to be continued.
7. All imports to be under trust control.
8. A monthly statement to be furnished containing complete and reliable statistics of all exports.

[B] SUMMARY OF FACILITIES TO BE ALLOWED TO HOLLAND

1. Wheat and flour imports in fixed proportion to imports made for Belgian relief.
 2. Rationed imports of other articles on a scale to be fixed excluding however all imports of feeding stuffs and fertilizers.
 3. Bunker facilities for Dutch vessels abroad.
 4. Coal to be put at disposal of Dutch in United Kingdom.
- We attach greatest importance to conditions under "A" numbered 3 to 7 inclusive.

File No. 033.5611/24

The Netherland Minister (Van Rappard) to the Secretary of State

No. 5538

WASHINGTON, November 10, 1917.

MY DEAR MR. SECRETARY: I had the honor to announce to you on September 7 the arrival of the Dutch special commission which my Government had sent to the United States in order to restore if possible normal commercial relations between our two countries and to find a way to provide employment for our ships, now lying idle in the U. S. harbors.¹

You were so kind to inform me that Mr. Vance McCormick, chairman of the War Trade Board, had been designated by you as the authority with whom the Dutch commissioners had to negotiate and accordingly I had much pleasure in introducing my countrymen to that distinguished gentleman.

The Netherland commission has since that time done whatever it could to come to an understanding with the War Trade Board, but to its great disappointment has up to now not reached any result.

Mr. Taylor, one of the members of the War Trade Board, having expressed the wish to obtain several data on Netherland exports and imports, which were necessary in order to come to a definite arrange-

¹ For members of commission see despatch No. 4189, of Sept. 3, from Netherland Minister, *ante*, p. 1129.

ment, those data were submitted to him October 24, whereas on November 1 still some supplementary figures were handed to him which, at his demand, had been forwarded to us from Holland.

Mr. Taylor was so kind to express his entire satisfaction with the accurate information given to him by the Netherland commission, and even informed the commission that he would be able to give an answer to them within a short period.

In the meantime the reports I get from my Government make it clear to me that the general conditions in my country become worse and worse and that the Netherland Government looks forward with great anxiety to a solution of the problem of getting raw materials either from America or from our own colonies, and to a means to find employment for the tied-up Netherland vessels.

The commission having left the Netherlands already three months ago, the situation in Holland having become much more serious, the commission having realized that the standpoint taken by the U. S. Government regarding the export to Holland from this country and regarding the delivery of bunker coal to ships, differs greatly from what the Netherland Government supposed it to be at the moment the commission left Holland, I have thought it advisable to send the president of our commission, Mr. van Vollenhoven, to Holland, in order to discuss with Her Majesty's Government what might be done to come to the so much wished-for understanding with the U. S. Government.

As there was no certainty that any of our ships would be able to leave for Holland in the near future, I availed myself of the opportunity offered to me by the presence of Her Majesty's battleship *Tromp* at New York, to convey Mr. van Vollenhoven to Holland on board this warship, which has left this morning. Mr. van Vollenhoven hopes to return to America at the first occasion that will present itself, and in the meantime the other members of the commission and myself are always ready and at your disposal to continue the impending negotiations with the War Trade Board or with whomsoever you will be kind enough to designate to this effect.

Believe me [etc.]

W. L. F. C. v. RAPPARD

[For a brief narrative of the discussion of Dutch rations and tonnage with Allied blockade authorities at London, November 8-22, 1917, see Mr. McCormick's report to Colonel House, Volume I, page 400.

For the statement that, in the opinion of the Allied authorities, "the time has been reached to consider seriously requisition progressively and as required, at least, Dutch tonnage wherever situated," see Mr. McCormick's telegram No. 2, November 15, 1917, Volume I, page 636.]

File No. 656.119/72

The Minister in the Netherlands (Garrett) to the Secretary of State
[Telegram]

THE HAGUE, November 16, 1917, 6 p. m.

[Received November 17, 10.40 a. m.]

1643. My 1452, October 8, 5 p. m.¹ Following facts regarding Dutch-German agreement have just been obtained from Dutch Foreign Office in the strictest confidence.

Holland was forced to capitulate particularly on the question of credit [and?] on the question of the threatened coal famine.

Agreement runs from October 1, 1917, until April 1, 1918.

Holland is to receive 200,000 tons German coal per month at 45 florins per ton and 50,000 Belgian coal at 32 florins and [at?] 50 cents.

Holland is to receive 20,000 tons structural and shipbuilding iron and steel per month. Germany at first required that the shipbuilding steel should be used only for building and repairing ships which [Holland] guaranteed not to charter, sell or trade to or in interest of the enemy during the war. Question not settled and pending settlement parts essential for completion are being withheld. Foreign Office confidently expects that it will arrange that vessels repaired or built with this steel will be allowed to trade to enemy ports if in Dutch interests even when carrying cargo to enemy ports.

Holland's trade with Austria and Switzerland to be free from all German transit restrictions, see Austro-Hungarian arrangement below.

Germany will grant absolute safety to Dutch colliers which go to England to fetch coal if each individual ship is accompanied by paddle boat. These conditions will make it almost impossible to bring appreciable amounts of English coal except under convoy. For the present, Dutch vessels in small numbers are in practice following convoys both ways with the tacit consent of British. Germany agrees unofficially that tankers of American and Bataafsche petroleum companies on which half capital is said to be owned by Standard Oil and Shell companies, respectively, will not be considered as prize by German courts. This will possibly facilitate trade of these vessels to Holland.

Germany will continue to supply beet seed, salt, agricultural machinery, potash, lime, chemicals, dyes, *et cetera*, so far as she can spare them in the quantities which Holland requires.

Germany has agreed to widen free passage in the North Sea from present minimum width of two and one-half miles to minimum width of ten miles.

¹ Vol. I, p. 231.

Holland agrees to make no objection to granting of Dutch credit of 11,250,000 florins per month. Dutch syndicate of importers of German coal is being formed to finance 5,000,000 florins of this per month. Similar syndicate of importers of German steel is being formed to accept 2,250,000 florins per month and export *centrale* will issue 4,000,000 florins per month of its notes on the security of notes drawn in gilders on the principal German banks for that sum. Netherlands Bank has volunteered to re-discount this total credit at rumored nominal rate of about 90 per cent. It is noticeable that rate of exchange on Berlin has risen in the past four weeks from about 29 to 33 florins per hundred marks. Above credit to be restricted to 33 florins per ton of coal actually imported and 150 florins per ton iron and steel actually imported. Holland agrees to export minimum quantity of butter and cheese to Germany. Exact quantity unknown but Foreign Office and Agricultural Export Bureau state that this requirement is but a sop obtained by German negotiators for their Berlin principals and that the quantity is far below normal and probably actual exports and may be revised downwards if domestic production is below normal.

I have no reason to believe that Germany required anything further of Holland but, on contrary, Germany apparently continually followed [policy] of befriending Holland. However, they showed their teeth early negotiations by stating that they would have no interest in leaving free passage in North Sea open unless Holland satisfactorily settled credit question and also by cutting off coal from August 1 until about October 4 when agreement was finally reached.

Dutch Foreign Office and people apparently feel that they have been fairly reasonably treated by Germans and [expect] renewal of agreement on April 1, 1918.

It is understood that the British had formerly received Dutch credit of 22,000,000 florins for the purchase of Java sugar and just now a further 7,500,000 florins for the same purpose. This credit effected by re-discount of British Treasury notes by leading Dutch banks.

Austro-Hungarian agreement provides that those countries provide Holland with sawed oak wood, pine boards, oak timber, soft woods, 50 cisterns lubricating oils, asphalt, tanning bark, calves' stomachs, *et cetera*. In return for which a private syndicate of Dutch bankers understood to be headed by Netherlands Bank and Rotterdam Bank furnish 2,800,000 florins per month credit to Austria and 1,200,000 florins to Hungary. Apparently this separate agreement is considered by Austria-Hungary as species of declaration from Germany and has little other significance except that tanning

materials and lubricating oil are customarily obtained from United States.

GARRETT

File No. 656.119/182a

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

[Telegram]

WASHINGTON, November 20, 1917, 8 p. m.

5860. For House:

Question of the requisitioning of Dutch ships is being again urged. Request that you discuss matter with British and French authorities in order to find out their views as to political effect of such action, also the views of the military and naval authorities on this question, having in mind the possibility of Holland turning to Germany if ships are requisitioned.

From Polk for Auchincloss:

Let me know if there is any particular information or news that you want from here. Public much interested in proposed inter-Allied military conference and the fact that we are to be represented. An important message is being sent House by Page from Rome.

LANSING

File No. 763.72/7819

The Consul at Amsterdam (Mahin) to the Secretary of State

AMSTERDAM, October 16, 1917.

[Received November 21.]

SIR: I have the honor to submit a report on certain conditions and sentiments in the Netherlands, mainly due to the entrance of the United States into the war. I should hesitate about making this report were it not for the concluding paragraph of General Consular Instruction No. 536, of July 21, 1917, on "Political Events of Interest in Foreign Countries," where justification may be inferred from this direction:

Especial attention should be paid to the effect of American participation in the war and the attitude toward the belligerency of the United States, adverse or otherwise.

Merely as explanatory, I would say that six years' official residence in Holland has brought me into acquaintanceship, intimate in some cases, with many Dutch people, of divers classes, from which has naturally been gained a clear knowledge of the sentiments prevailing in private, official, and commercial circles.

From the beginning of the war up to a year ago, the sentiment of fully three-fourths of the Dutch people was evidently pro-Ally. This preponderance was probably even greater in Amsterdam and vicinity and along the Belgian border, where the people had personal knowledge of German atrocities. The principal financial, commercial, and professional people of Amsterdam were pro-Ally, and also the masses of the people. If a pro-German was found, it was usually he or she who had family connections in Germany, or more important business or professional relations with Germany than with the Allied countries. Occasionally it would be a person whose affairs other than with Germany had suffered from the British blockade and censorship. Army officers generally inclined toward Germany from admiration of its remarkable organization. But where sentiment was unaffected by personal considerations, and was based solely upon ideals of right and wrong and justice and humanity, it was always, so far as I could perceive, pro-Ally.

During the past year, a sentiment rather anti-English has been developing because of severe British restrictions, particularly upon Dutch shipping. More indignation has been apparent against this, at times, than against the ruthless destruction of Dutch ships, with loss of life, by the Germans. When asked why they were more indignant over a smaller than over a greater offense, the Dutch would reply that they expected anything from the Germans, but did not expect harsh treatment from the British, whom they regarded as friends.

The entrance of the United States into the war was not received by the Dutch people with general approval. Some greeted it with enthusiasm, but more, among them ardent friends of the Allies, expressed fear that it would increase the difficulties with which Holland was contending. The results, in their opinion, have justified that fear. The detention of Dutch ships and of Dutch passengers in American harbors and the reported refusal of the American authorities to permit the export of any foodstuffs to Holland and even to grant coal to ships returning from Dutch colonial and other ports, together with the announcement that the Dutch commission sent to the United States has failed to secure any concessions whatever, have led to very severe criticism by people from whom but a few months ago was heard only ardent expressions in favor of the Allies. One of Holland's foremost men . . . has just told me that the present severe methods were turning the people toward Germany. Assuming this to be true, and Germany aware of it, the opportunity of that country is manifest. It could be so generous in granting supplies of coal and iron and in pledging safety to Dutch shipping that, opposed to the presumed hostility of England and of the United

States in particular, it would seem to be a staunch friend in sore need, and might be able to secure concessions of serious consequence to the Allies. One hears, in talk, that the Scheldt might be opened to the Germans, and that they might even be granted special privileges at the ports of Amsterdam and Rotterdam. One hears the belief expressed with angry indignation that English influence is controlling the United States, and that Lord Northcliffe is "making trouble for Holland" during his sojourn in the United States. Mention is heard of the rupture of diplomatic relations and even of war with the United States, and the remark is not uncommon that Holland is being "forced into the arms of Germany."

Large manufacturers have told the writer that they would prefer to be entirely independent of Germany and receive all their supplies from England and the United States, but that this was rendered impossible by those countries themselves. One of these manufacturers states that a cargo of iron for which he has urgent need is detained at New York on one of the Dutch ships. This manufacturer, one of the most important in Holland, was formerly strongly pro-Ally. Now his expressed sentiments, while not distinctly pro-German, are materially changed. It is presumable that he is representative of many other manufacturers.

It is peculiarly unfortunate that the worst sufferers from the present severe regulations have been strong friends of the Allies from the beginning of the war.

Everywhere, now, one hears not merely surprise and regret at the attitude of the United States, but also indignant denunciation. It is asked what Holland has done to deserve such treatment. It is said that this country must have coal and iron from Germany, because it cannot obtain them elsewhere, and that it must pay therefor with foods from its surplus products, but that the quantity of the foods which it sends to Germany in a whole year would scarcely feed the people of that country one day. It is also recalled that at the time of the American Revolution the Dutch were most friendly to the struggling colonies; that they supplied them freely with money, and also with a warship built at Amsterdam; and that Holland was the first country to recognize the independence of the colonies and the first to receive a Minister from the new Republic. It is also declared that the present treatment of Holland by the United States is in direct conflict with its own expressions of solicitude for the freedom and fair treatment of the small nations, and that among its announced objects in entering the war to insure those rights to such nations. This opinion as to the inconsistency of the United States appears to be so strong that no amount of argument that it is erroneous and based upon mistaken premises produces any visible effect.

On the whole, the present situation as regards the relations between Holland and the United States is really critical. I do not, of course, presume to suggest anything, but only to point out facts and to quote opinions which are freely and generally expressed, not only by the average Dutch citizen, but also by persons of great influence and of high position.

I have [etc.]

FRANK W. MAHIN

File No. 656.119/184

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

[Telegram]

LONDON, November 23, 1917, 4 p. m.

[Received November 24, 5.40 a. m.]

7787. Your unnumbered despatch [telegram No. 5860] of November 20 for House was delivered to him on the eve of his departure for France. He asked me to take subject up with the British Government and answer. Mr. Balfour and Lord Robert Cecil think that requisitioning the Dutch ships would cause irritation in Holland but neither they nor the military and naval authorities have the least fear that it would drive the Dutch into war against us. One of several strong reasons why they would not join Germany is the certainty that they would lose their colonies. . . .

A Dutch commission is now here discussing with Lord Robert Cecil the whole relations of Holland to the Entente powers. Cecil makes the suggestion that if we decide to requisition the Dutch ships in American ports we refrain from making a dramatic seizure of them all at once. If a small number of them be requisitioned with the best understanding that can be made with the shipowners, the Dutch Government will be easier to deal with thereafter. This was the general plan followed by the British with Norway. The success of it in Cecil's opinion will depend on the secrecy with which it be done. Complete secrecy will greatly lessen Dutch humiliation and irritation and is here regarded as absolutely necessary. If you decide to requisition these ships the irritation would be softened by the exportation to Holland of certain well-chosen commodities.

PAGE

[For a letter from the Commercial Adviser of the British Embassy, received November 30, 1917, urging that negotiations with the Netherlands be conducted in London and discussing the questions involved, see *ante*, page 1078.]

File No. 600.119/460a

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

[Telegram]

WASHINGTON, December 3, 1917, 3 p. m.

2899. For McCormick from War Trade Board:

Our No. 16. Read text our proposals Norway 29th [27th]¹ Denmark 28th² via London which brings matter to date. We have received no reply. Are requesting Ministers Christiania, Copenhagen to send reply when received through London for your information.

Holland. Do you wish us cable schedule Dutch needs presented before your departure? We proposed and Dutch accepted subsequently food ration based on 2,800 calories per day per capita to include entire food intake population. We proposed to Dutch mission here that they release all tonnage now lying idle American ports for one voyage safe trade pending completion negotiations at rate 35 shillings. We have no reply. Recommend you repeat this proposal with addition of all Dutch tonnage letting those which are loaded be discharged.

Sweden. No progress since your departure. We agree limitation and not exclusion ore exports Central powers.

LANSING

File No. 656.119/89a

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

[Telegram]

WASHINGTON, December 3, 1917, 5 p. m.

811. After consultation with McCormick it has been decided negotiations of agreement with Holland should be carried on in London. McCormick returning from Paris this week to take up this question with British and French and will try to reach some understanding.

LANSING

File No. 656.119/185

The Commercial Adviser of the British Embassy (Crawford) to the Counselor for the Department of State (Polk)

WASHINGTON, December 6, 1917.

MY DEAR MR. COUNSELLOR: I had a conference with Mr. Munson of the War Trade Board in regard to Dutch and Swedish tonnage,

¹ *Ante*, p. 1073.² *Ante*, p. 1074.

yesterday, and as a result of this conference we have telegraphed to the Foreign Office making the following proposals for a *modus vivendi* with the Dutch and Swedes in regard to tonnage, pending the conclusion of a comprehensive agreement.

1. All Dutch ships now in United States ports to be chartered to the Shipping Board for one round-trip voyage to South America, provided, however, that a proportion of these ships to be agreed on, will proceed to Australia and return with cargo of wheat to a United States Atlantic port.

2. All Swedish ships in United States Pacific ports to go to Australia and return with a cargo of wheat to a United States Atlantic port. All Swedish ships in other United States ports to be chartered to the Shipping Board for one round trip to South America. All Swedish ships in ports in the United Kingdom to be chartered to Furness Withy for one round trip outside the danger zone, such as to the Plate and back with wheat to a United States Atlantic port. In return, Sweden might be allowed to export some coffee and kerosene from the United States in conformity with the recent request made by the Swedish delegates to the War Trade Board.

3. If the Dutch and Swedish Governments refuse these reasonable proposals or do not speedily reply to them, it will be advisable that the British Government should requisition Swedish ships now in United Kingdom ports on the understanding that the United States Government will requisition Dutch and, perhaps, also Swedish ships in United States ports.

As I explained to Mr. Munson, we shall probably be unable to requisition Dutch ships in United Kingdom ports because, if we proceed with our provisional agreement with the Netherlands Oversea Trust, as to tonnage for Belgian Relief (a course which I understand the American delegates in London have approved), all Dutch ships in United Kingdom ports will be needed to carry coal to Holland.

The British Government hopes, as has already been intimated in our official note to the Secretary of State on the general tonnage question, that the United States Government will feel itself in a position to requisition Dutch ships in United States ports if the Dutch Government, or the Dutch owners, refuse to employ them in some such manner as the above, which in the present wheat situation may be regarded as essential to the feeding of the European nations, neutral as well as Allied. We understand that the Dutch have already failed to reply to a reasonable proposal on these lines submitted to them by the War Trade Board in respect of the 27 empty Dutch ships now in your ports and we venture to submit for your consideration the question whether this failure does not in itself form a ground for requisitioning these 27 ships even before the above comprehensive *modus vivendi* has been discussed with the Dutch Government. This applies, especially, to cases where

the Dutch owners are willing to acquiesce in requisitioning measures and the British Government does not anticipate that any bad effects will be produced on pending negotiations by such measures, especially if requisitions take place gradually and quietly.

Yours very truly,

RICHARD CRAWFORD

File No. 103.96/126b

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

[Telegram]

WASHINGTON, December 7, 1917, 8 p. m.

5982. For McCormick for Taylor and Colby from War Trade Board:

Our 18. We suggest in order to get the ships moving that you propose that all Dutch steamers whether empty or loaded be allowed to make two round voyages to West Indies or one to South America or Pacific during the progress of these negotiations, rates to be those of our Shipping Board Chartering Committee. Propose the same to Sweden understanding that some of those now in Pacific Ocean would need to be allotted to carry grain from Australia.

Above after conference with Crawford, Percy.

LANSING

File No. 656.119/94

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

[Telegram]

THE HAGUE, undated.

[Received December 10, 1917, 4.20 a. m.]

1742. There is evidently a desire in London that the permanent stoppage of transit from Germany to Belgium through Holland of all sand and gravel should be demanded by the United States as a condition precedent to granting rations to the Netherlands, releasing Dutch vessels and adopting general economic agreement with this country. Such a demand at the present time seems unnecessary.

The British attempt to force stoppage of this traffic by cutting off commercial cables has been complete failure so far and the view of their representatives here is that they have no further means of bringing pressure. . . . We should help them if possible in bringing about undertaking that this traffic cannot again be resumed as it was of serious consequence to the British and French troops and may be to our own. On the other hand we should be careful not to allow ourselves to be used in a way that would simply shift odium

on us without accomplishing our object. In the minds of most Dutch people America's withholding food and detention of ships will quickly obliterate memory of temporary inconvenience of the British stoppage of commercial cables. The sand, gravel transit traffic stopped November 15 and it is expected to resume it about mid-March. The prohibition of commercial cables though slightly relaxed is still in force.

It would seem that what we, as well as the British, want might be accomplished more certainly if further pressure in this matter be not attempted until after we have come to an agreement as to rationing and use of ships. There is undoubtedly a belief here that the Dutch case in the transit matter is not a good one and that the traffic was wrong. Townley¹ tells me that Loudon has asked the German Government's permission to send three Dutch officers to investigate the use of gravel and sand in parts of occupied districts not previously visited by Dutch officers and where it is presumed the material is being used for war purposes. Germany has not yet answered. If this new investigation or its refusal gives the Dutch an excuse it is not impossible that they will find the strength and courage to refuse this transit next year. However, if no other satisfactory solution is found the British would have a much stronger weapon of coercion than they have yet used if, we having already agreed to rationing and release of ships, they could hold or threaten to hold up these ships at Halifax.

Above sent Embassy, London.

GARRETT

File No. 656.119/185a

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

[Telegram]

WASHINGTON, December 10, 1917, 6 p. m.

836. Over 3 weeks ago War Trade Board requested of Dutch commission here that all steamers be released for West Indian and South American round trips at rate of 35 shillings. No reply has been received by commission from Holland to this request despite fact that commission was optimistic about favorable reply. Please take matter up with Foreign Office informally and cable your opinion as to why such reasonable request has not received favorable consideration.

LANSING

¹ Sir Walter B. Townley, British Minister to the Netherlands.

File No. 656.119/187

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

[Telegram]

THE HAGUE, December 11, 1917, 6 p. m.

[Received December 12, 12.35 a. m.]

1750. Your 836, December 10. Minister for Foreign Affairs tells me that in the belief that these questions were being discussed with War Trade Board's representative now in London he instructed his representative there to agree to War Trade Board's request with proviso that agreement should include grant of such part of tonnage in question as might be needed for Belgian Relief under British-Dutch provisional agreement and for Dutch rationing.

GARRETT

File No. 656.119/186

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

[Telegram]

LONDON, December 11, 1917, 4 p. m.

[Received December 12, 6.30 a. m.]

7923. The following for Jones, War Trade Board, from Taylor:
Dutch offer to unload ships in New York, 100,000 tons gross to be permanently placed at disposal of Belgian Relief, *Zeelandia* to be allowed to proceed home, eight boats from colonies be allowed to go to Holland and return cargoes to count in our rations. Ships named *Celebes*, *Ceylon*, *Nias*, *Ternate*, *Gorontalo*, *Adonis*, *Hercules* and *Samarinda*, 66,000 tons cargo capacity *in toto*. All other ships in United States to be sent for one trip as we designate out of present submarine zone, not all on long trips as to Java and Australia British ore. Considering Relief looks good to me and would produce good effect in Holland.

PAGE

File No. 656.119/104

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

[Telegram]

LONDON, December 14, 1917, 5 p. m.

[Received December 15, 1.45 p. m.]

7967. Your 6011, December 11, 5 p. m.,¹ and my 7940, December 12, 8 p. m.¹ Before Taylor's departure numerous conferences were held with British, French and Italian representatives. A list of rations was drawn up by mutual Allied agreement and a set of pro-

¹ Not printed.

posals was agreed upon for presentation to the Dutch representatives. These proposals which were presented to the Dutch representatives at the first conference held December 11, embody the following main principles.

1. That there should be no export to Holland of foodstuffs or fertilizer as long as Holland exports agricultural produce to Germany but the diversion of exportable surplus of Dutch agricultural produce in general should remain as at present provided for by the existing agricultural agreement.

2. That all vessels subject to Dutch requisition which are not required to lift the rations to be agreed upon, or to conduct necessary Dutch inter-colonial trade, or to fetch licensed coal from Great Britain to Holland, except 100,000 tons gross considered ships suitable for the Belgian Relief Commission, should be placed at the disposal of the Allies as agreed between them for use as far as possible outside the war zone, only as far as insisted upon by the Dutch, this being subject to negotiations as they had already intimated they would not be able to accept proposal which required them to send their vessels in the war zone.

The question of the export of horses to Germany was not dealt with.

In this first meeting also presided over by Lord Robert Cecil, the Dutch were informed that the question of the export of sand, gravel, timber, *et cetera*, and the transit traffic in these same materials was an important one but at the instance of the American delegates the discussion of the question was to be reserved for the present by the Allies pending decision as to the attitude to be taken on it by the American Government.

In a second and subordinate committee members [*meeting with?*] the Dutch to consider resolutions held on December 11, the principle of not allowing fodder or fertilizer to be imported into Holland was maintained and justified on the grounds that if such traffic were allowed the amount of the exportable surplus in which Germany would share would become larger. The Dutch maintained that this was not the case and Allies stated that they could not change this policy unless proof were advanced by the Dutch that supported their above contention. This the Dutch agreed to submit, delivering it on the night of the 12th. Their attempted proof was examined yesterday and in the opinion of the Allies it was found to have no weight. It was therefore decided to tell the Dutch to-day that they had advanced nothing to cause the Allies to alter principle 1.

A convoy is expected from Holland to-day bringing Van Vollenhoven and Sir Francis Oppenheimer, the British commercial attaché at The Hague.

The Foreign Office has been advised telegraphically by the British Minister at The Hague that Van Vollenhoven returned from

America because he was out of sympathy with the policy of attempting to play off Allies against each other; that he now has full powers to negotiate and has been urged by the Queen to come to an early agreement owing to the increasing seriousness of the situation. It is further reported that he is further prepared to conclude an agreement which will not call for the import of fodder or fertilizers while produce is going from Holland to Germany.

PAGE

File No. 656.119/188

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

[Telegram]

LONDON, December 17, 1917, 4 p. m.

[Received 8.07 p. m.]

7990. (Copy to War Trade Board.) Lord Robert Cecil has to-day approved the Dutch *modus vivendi* suggested in Taylor's 7923, December 11, 4 p. m., calling for release of *Ceylon, Nias, Ternate, Gorontalo, Adonis, Hercules, Samarinda, Celebes, Zeelandia* on condition that feed-stuffs, fertilizing and oil-bearing seeds be removed from cargoes before these vessels are ready for [sailing]. This *modus vivendi* is now approved also by Italians and French. It is of course understood that these vessels shall be accepted only upon the furnishing of guarantees to return to American ports after unloading. I wish particularly to emphasize the necessity of strict observance all Allied measures calculated to prevent these cargoes in any way benefiting the enemy as advised by Lord Robert. This would apply to any N[etherlands] O[versea] T[rust] "free" cargoes. Please telegraph whether this meets your approval.

PAGE

File No. 656. 119/189

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

[Telegram]

LONDON, December 21, 1917, 11 p. m.

[Received December 22, 3.58 a. m.]

8039. Please deliver copy of following to War Trade Board:

My 7990, December 17. Please inform me as soon as possible what progress has been made towards adoption of *modus vivendi* regarding Dutch shipping proposed in Taylor's 7923, December 11, 4 p. m., and my 7990, December 17. Conference of Allies here in London has just asked Dutch to furnish full information as to entire Dutch merchant fleet. When this is obtained, when the exact ration figures

are determined, and when a calculation is made of the requirements of Dutch inter-colonial trade, we will immediately calculate and cable a statement of the remaining tonnage which is to be placed at the disposal of the Allies as agreed between them. The British are very anxious to commence immediately the discussion of the trades insisted upon. This surplus Dutch tonnage will be used but as we have no authorized representatives of the United States Shipping Board here it is very difficult for me to conduct these discussions.

The British are also anxious to consider a second *modus vivendi* which might supplement my first or in case the first fails replace it which would call into immediate operation additional Dutch vessels principally those now in Dutch ports. As this proposed British *modus vivendi* involves allocating considerable Dutch tonnage in various trades I am again considerably handicapped by lack of instructions and by not having in London a representative of the Shipping Board.

PAGE

File No. 656.119/119a

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

[Telegram]

WASHINGTON, December 29, 1917, 11 a. m.

6142. From War Trade Board for Sheldon:

Regret exceedingly unavoidable delay in answering your cable December 11, No. 7923, to Jones at the request of Taylor.

We cannot accept proposal of the Netherlands Government contained therein. Pending the final agreement we propose as a temporary agreement that all Dutch ships now in American waters be discharged, except the eight ships from colonies, and chartered to the United States Shipping Board for a period up to the conclusion of the permanent agreement at the present American Chartering Committee rates. Part of this tonnage to be used for Belgian Relief and the balance for Allied needs outside of war zone. We cannot agree that any cargoes or vessels should go forward to Holland, except possibly cargo of coffee via S.S. *Adonis*, until general agreement is completed. In order that we may plan ahead for food supplies of Allies and neutral nations we urge prompt acceptance.

Please submit this proposition at once and wire us immediately Dutch answer.

LANSING

NEGOTIATIONS WITH SWITZERLAND: SILK AGREEMENT OF
AUGUST 9; GENERAL AGREEMENT OF DECEMBER 5

File No. 600.119/45

The Minister in Switzerland (Stovall) to the Secretary of State

[Telegram]

BERNE, April 24, 1917, 5 p. m.

[Received April 25, 10 a. m.]

824. The Swiss are very much exercised over the rumor that the United States intended to cut down the importations of wheat and cotton so as to conform to the figures of 1913. The Swiss explain that before the war they drew much of their wheat from Russia and Roumania which now they are obliged to get from America. The large increase in imports from the United States does not mean that Switzerland is shipping surplus of food or raw materials to Germany but that these supplies are actually needed in Switzerland. Swiss Foreign Office explains this to me with much care and emphasis and assures the President of the United States that the Swiss Society of Surveillance guards exports and imports very severely and assures the absolute regularity of commercial relations of Switzerland with the Allies. This fact is borne out by British Minister here who naturally watches the situation very closely and who assures me privately that his Government is very well satisfied with the present attitude of Switzerland. There is great sympathy for Switzerland on the part of France and England. Switzerland has no seaport and in spite of her great need for charity and her kindness to all parties she is at the mercy of conflicting interests and warring nations clamoring for compensation and restricting her commercial independence. As exaggerated press reports have initiated public opinion and created some feeling against the United States, I suggest that I be authorized to communicate something like the following to the Swiss Foreign Office:

Pursuant to instructions from the President of the United States I have the honor to convey to the Swiss Federal Council, and through it to the Swiss people, the assurance that the measures which my Government may find necessary to take in order to prevent the exportation of foodstuffs and other supplies from the United States into Germany are in no wise directed against the legitimate requirements of Switzerland. The United States has entered into this war to defend the rights of neutrals unjustly infringed by illegal submarine warfare as conducted by Germany. To prevent supplies from reaching Germany forms but one of the measures of war which my Government has adopted and this measure as all others is directed at Germany and in no wise at Switzerland, a sister Republic with which the Government and people of the United States are attached by ties of deep and lasting friendship.

STOVALL

File No. 600.119/45

The Secretary of State to the Minister in Switzerland (Stovall)

[Telegram]

WASHINGTON, May 3, 1917, 4 p. m.

559. Your 824, April 24, 5 p. m. A bill has been introduced in Congress to prohibit all exports from this country except under rules and regulations made by the Government but, except as to such precautions as may be necessary to guard against trading with the enemy directly or indirectly, it is not intended that this measure should produce burdensome restrictions upon or interruptions in our commerce with neutral countries. Notwithstanding that the matter is inchoate at the moment and dependent upon action by Congress, you nevertheless should take occasion to allay public alarm relative to its injurious effects on Swiss commerce, if the measure indicated should be adopted. The Department will consider authorizing some such statement as you suggest if the bill now before Congress is enacted.

LANSING

File No. 763.72/4480

The French Ambassador (Jusserand) to the Secretary of State

[Translation]

WASHINGTON, May 7, 1917.

[Received May 8.]

MR. SECRETARY OF STATE: The press having recently announced that the United States intended to establish a strict scrutiny of shipments intended for Switzerland, the Government of the Republic wishes me to confirm that information which could bring it but the highest satisfaction.

The Minister of Foreign Affairs however thinks that such a scrutiny of Swiss imports being organized in Paris and carried on through an inter-Allied commission, there would be the greatest advantage if the American Government would—

- (1) Refrain from a final decision until it had arrived at an understanding with the Allied Governments in the matter;
- (2) Be represented at the earliest possible date on the International Commission on Contingents sitting at Paris. That commission has in its possession all the documents with which to determine with some degree of accuracy the needs of Switzerland and fix the conditions under which those needs may be met by the Allies.

I should be thankful to Your Excellency if you would enable me at your earliest convenience to report to my Government how this suggestion which has already been offered to the Ambassador of the United States at Paris without any objection from him shall have been received by the Federal Government.

Be pleased to accept [etc.]

JUSSERAND

File No. 654.0031

The Minister in Switzerland (Stovall) to the Secretary of State

[Telegram]

BERNE, May 22, 1917, 9 a. m.

[Received 9.30 p. m.]

938. A commercial agreement was signed in Paris May 12 between representatives of Governments of France, Great Britain, Italy, and Switzerland which enters immediately into effect on its ratification by the Governments concerned and lasts until March 15, 1918. Denys Cochin signed for France which implies ratification for that country, and Italian Government has informed its delegate that it approved the terms. Agreement provides:

Italy must send Switzerland before fixed dates certain quantities of oil cakes and linseed, bulk of which are already owned by the Swiss Government; Allies agree to allow the transit of 3,000 wagons of oil cakes. Switzerland agrees not to ship except to Allies, Spain, or overseas more than 30,000 head of cattle during force of agreement. If they must export more through lack of fodder Allies have four weeks' option of purchase or sending fodder. If they do not comply with either provision, Switzerland free to ship where she will. Switzerland agrees to sell to Allies 70 per cent her total export of milk; of the 30 per cent remaining one-third at least must be sent neutral countries. If exportation passes 3,000 wagons, 80 per cent of excess must go to Allies. Switzerland will not send to Central powers more than three-quarters of the mean export of butter and cheese to those countries for the years 1911 to 1913. If Italy does not fulfill her part of this agreement concerning oil cakes, agreement is void. Switzerland is to recompense Italy with additional quantities of wood and Italy must send five wagons of sulphate of copper.

This reduces the quantity of cattle from the quantity exported during past year to Germany by about 12,000, which reduction I am informed was brought about by the threat of action on the part of United States in grain shipments. . . .

STOVALL

File No. 600.001/85a

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

[Telegram]

WASHINGTON, May 29, 1917, 7 p. m.

2295. The following memorandum, dated May 17, has been handed to the Department by the British Embassy:

Questions connected with silk exports are about to be discussed by an inter-Allied conference which is to meet in Paris June 5.¹ Among these questions is the problem of Italian thrown silk, which is still allowed to go free through Switzerland to Germany.

The reluctance of the Italians to ruin their largest industry is the main difficulty, but it is possible that this could be solved if compensating markets were found. It has been suggested that the United States might cooperate in finding a solution as they are the world's largest silk consumers. The products of the Milan industry have some military importance, but the first consideration is, that while Italian silks pour through Switzerland it is absurd to detain silk exports to Scandinavia and Holland.

Would the United States Government be willing to instruct their representative at Paris to take part in the conference?

You are authorized to detail the most suitable member of the Embassy to attend this conference and frame a report to the Department thereon.

LANSING

File No. 600.119/98

The Minister in Switzerland (Stovall) to the Secretary of State

[Telegram]

BERNE, June 1, 1917, 4 p. m.

[Received June 4, 11 a. m.]

989. Please see my previous telegrams Nos. 832, 868, 872, 889, 934, and 938,² concerning the question of the proposed restriction on the part of the United States Government of the shipment of foodstuffs to neutrals. I have made an extensive and independent investigation of the general question of importations in Switzerland and submit the following summary.

In 1914 before outbreak of hostilities Switzerland entered into agreements with France and Germany whereby Switzerland was to receive cereals through intermediary of France and coal through

¹ The original memorandum suggested Rome as an alternative to Paris and set the date at "about May 25" (File No. 600.001/139). According to a notation on the telegram, the memorandum itself could not be found at the time the telegram was dictated, and the version here given was then received orally from the British Embassy.

² Only No. 938 is printed; *ante*, p. 1161.

intermediary of Germany without compensation. Allies have fulfilled their agreement while Germany has demanded compensations for coal alleging that agreement applied only to transit through their country and that they were not obligated to produce and ship commodities. Swiss Federal Council gave its adherence to this interpretation in its reply to the Allies November 17 last.¹

Swiss Society Surveillance is Swiss corporation established with consent of Federal Council for the sake of preventing export to Central powers of all goods which are either produced by Allies or shipped through them and cooperates with Federal authorities for this work. The only goods of above category permitted to be shipped to Central powers are certain ingredients which enter in proportion less than 5 per cent value in the manufacture of certain articles which can not be used for warlike purposes. Switzerland has been free to ship where she will the produce of her own land. The exportation to Central powers of articles produced in Switzerland of similar character to those which they import has been restricted but not stopped by reducing the ration per [*for*] articles which Swiss may receive through Allied countries. Switzerland has agreed to limit its shipments of its own produce (see my 938, May 22, 9 a. m.) in certain articles notably milk, cheese, butter as compensation for certain acts on Allies' part. Latter two articles however are not important since quantity at home so limited she does not wish to export.

Both British and French have unofficial and official agents near frontier and their reports agree with those of our consular officers that contraband in goods imported under Swiss Society Surveillance guarantees is sent across frontier but that it is impossible to say in what quantities. Even with its utmost endeavors it would be impossible for Federal Government to prevent smuggling because of the excessive profits that the Germans offer, because of the amount of bribery they practice, because the people in that portion of Swiss territory are thoroughly pro-German in sympathies and because in some portions of the frontier there is only an imaginary line which it is impossible adequately to control even with the help of the military who have been called upon to assist. Allied Governments endeavor to make rations of various commodities small enough so that Switzerland will feel the pinch and use utmost endeavors to prevent exportation.

For the foodstuffs which Switzerland exported to the Central powers in 1916 the only food she received in any quantity in return

¹ Not printed.

was potatoes, somewhat under 59,000 tons, much of which was of inferior quality, I am informed, and unfit for human food.

Germany has recently endeavored to prevent exportation to Allies of all goods manufactured from German raw materials or with assistance of German coal and Allies have retaliated by providing that in manufacture of articles for Germany no oil supplied by Allies may be consumed nor may any machines be used imported subsequent to August 1, 1914. The preceding question is still in state of negotiations.

I understand that Allies' Legations here are about to urge their Governments to take measures with Department of State to ask latter to endeavor to negotiate a convention with Switzerland whereby we agree to provision this country as well as [possible] after the needs of the Allies have been cared for in return for Switzerland's agreement to the doctrine of similar articles; that is to say, Switzerland will not export any article to Central powers of which she imports quantities from or through Allies. This should not only apply to identic articles but to [articles] of same general class; for example, Switzerland's exportations to Germany of certain class of leather goods are important. These goods are of leather of home production but Switzerland imports considerable quantities of leather through Allies. [In] confidential list of exports leather is the article of greatest importance in this category. It is suggested that these negotiations be inaugurated about July 1, since a German-Swiss agreement expires on July 31, and the fact of American demands independent of Allies would have salutary effect in forcing Swiss to adopt a resolute attitude to resist Germany's further exactions. I will send further details on this point when I have the text of the recommendations of the Legations to their Governments.

As the Department already knows the only articles from Germany which Switzerland can not do without are coal and iron, especially coal, of which they received from the Central powers in 1916 a quantity of 3,143,000 tons. If the Allies or ourselves were in a position to deliver a reasonable proportion of this quantity we could justly demand as compensation for our shipments a complete stoppage of traffic with Germany, shutting out what food the latter receives from Switzerland, shut off even more important shipments of electrical machines which are manufactured in Switzerland from commodities supplied by Germans, and align Switzerland completely with the Allied group in economic questions. In this connection I might add that Switzerland's most profitable trade with Germany has already received a serious blow through Germany's prohibition of the import of articles of luxury (only 18,000,000 francs may be imported in the three months' duration of present agreement) in spite of commercial

treaty with Swiss Government guaranteeing import. My telegram No. 832, April 25, 5 p. m., explains how Germany demands shipment of cattle as compelling [omission].

Germany has contracted for an electrically wired fence some kilometers back of her frontiers from Sweden [*Switzerland*] and the Swiss claim they must feed the population within the fenced district since they have no communication with rest of Germany. British Minister is ready to make representations to Swiss concerning this and demand that Swiss Society Surveillance material be not sent into Germany on this excuse and that Germany must feed her own people. French Ambassador has asked for permission to make joint representations with British and they have suggested that I follow up their action with an informal conversation with Minister for Foreign Affairs suggesting that while the question of food shipments is acute in the United States it would make a bad impression to refuse this demand of the Allies. I shall follow such a course unless the Department instructs me to the contrary.

The question of fodder is becoming more difficult and it seems highly probable that cattle will be offered for sale to the Allies (see my 832 and 938). I therefore respectfully request that Department will consider advisability of following plan suggested in my No. 832.

France is allowing transit through her territory without compensation because of her agreement with Switzerland. Germany is demanding compensations other than money for her shipments in spite of understood agreement. I can see no reason why America with no agreement should not demand a *quid pro quo* which will give our cause an advantage when we are supplying the most essential commodities of all.

STOVALL

File No. 763.72/4480

The Secretary of State to the French Ambassador (Jusserand)

No. 1860

WASHINGTON, June 7, 1917.

EXCELLENCY: Referring to Your Excellency's note of May 7, 1917, relative to a recent press announcement that this Government intends to establish a strict scrutiny of shipments destined for Switzerland, I have the honor to inform you that there is about to be passed by Congress a measure which, when introduced, contemplates, for the public safety and the interest of the Allies, the complete control by the Government of all exports from the United States under rules and regulations by or under the authority of the President.

The extent to which this control should go and the cooperation of the Allies in its enforcement have been tentatively discussed by mem-

bers of the Department and members of the British and French missions. I agree with your Government that a representative of the United States could advantageously be a member of the International Commission of Contingents and I shall take steps to have such a representative appointed if there appears no objection to that course when the present conferences are finished and the proposed measure has become a law.

Accept [etc.]

ROBERT LANSING

File No. 600.001/87

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

[Telegram]

PARIS, June 5, 1917, midnight.

[Received June 7, 2.10 p. m.]

2160. Your 2295, May 29. Complying with your instructions to have the Embassy represented at the silk conference, I asked Mr. Bliss and Mr. Veditz, commercial attaché, to attend the sessions of yesterday and today. They will continue for a day or two longer.

It appears that certain varieties of Italian silks whose export is only permitted to Italy [*Switzerland?*] are sent to Germany and are there used for important military purposes. The necessity for a drastic restriction of the exportation of Italian silk into Germany is further emphasized by the fact that on account of the increasing scarcity of cotton Germany has found it necessary to substitute silk therefor in a number of forms of important military operations; that the Allied Governments, particularly French, British and Italian, contemplate further restrictions concerning exports of these silks to Switzerland. Such restrictions, however, are likely to produce disastrous effects upon this important Italian industry, hence the Italian Government asks some sort of compensation for such further restrictions. The conference, upon the suggestion of Mr. Clémentel, French Minister of Commerce and Mr. Cochin, Undersecretary of State for the Blockade, proposes instituting at Lyon under the direction of the Lyon Chamber of Commerce and the silk associations of Turin and Milan, under supervision of representatives of British, French, Italian and American Governments, a bureau undertaking to purchase certain standard grades of Italian silks at a price of 90 francs per kilogram for so-called standard qualities of Milan and Turin organzine silks and a proportionate scale for other staple grades. It is further proposed that silks thus purchased shall not be sold under 100 francs per kilo for the basic quality before April 30, 1918. It is estimated that the maximum possible purchases under arrangement cannot exceed 1,000,000 or 1,500,000 kilos, a value of 90,000,000 to 135,000,000

francs; that European banks will loan upon warrants up to three-fourths of this value. The possible maximum losses would therefore be for the three guaranteeing Governments about 30,000,000 francs which it is proposed to divide equally in case of loss between the French, British and American Governments. In case of profits these would be shared by the above Governments as proposed.

Since the Chamber of Commerce at Lyon which will have charge of directing the operations, legally has no funds for this purpose and the initial operations will require a working capital it is estimated that each guaranteeing Government should make available the sum of 10,000,000 francs. Tomorrow's meeting has arranged to ratify kinds of silk and the quantities thereof whose exportation from Italy to Switzerland will still be permitted. Since it is assumed that the United States annually purchases over 12,000,000 kilos of silks, it has been suggested that possibly the United States could devise means of absorbing a considerable portion of the Italian output which it is proposed to cut off from Switzerland. It is proposed to subject the whole organization and its operation to the control of representatives of the four Governments although actual commercial operations are intrusted to the Lyon Chamber of Commerce and the silk associations of Milan and Turin and the French Chambers of Commerce at Turin and Milan. The cost of the organization for personnel is estimated at a maximum of 30,000 francs per annum, the traveling expenses of each representative to be borne by the organization. The representatives of the Allied Governments are desirous of learning the decision, at as early a date as possible, of the American Government in regard to the proposal already made at the sittings of yesterday and today, especially as the sale of cocoons takes place shortly and it will be necessary to put into effect without delay the agreement about to be reached at this conference.

In principle the proposal outlined above is acceptable to the representatives of the three Governments. I will report to-morrow or the next day the result of the deliberations of the next two meetings which it is contemplated will terminate the conference.

SHARP

File No. 033.5411/1

The Minister in Switzerland (Stovall) to the Secretary of State

[Telegram]

BERNE, June 7, 1917, 3 p. m.

[Received June 8, 8.20 p. m.]

1012. The Minister for Foreign Affairs informs me that a special mission will accompany Minister Sulzer to the United States in order

to explain the peculiar economic conditions of Switzerland in connection with the possible restriction of foodstuff shipments from America. It will be composed of Federal Councilor Syz, president of the Swiss Chamber of Commerce; William Rappard, professor of political economy in Geneva and exchange professor of Harvard University; and Lieutenant Colonel Staempfli of Berne, president of the Central Committee for the Occupation of Internes.

STOVALL

File No. 600.119/121

The Secretary of State to the Swiss Minister (Ritter)

No. 482

WASHINGTON, June 19, 1917.

SIR: I have the honor to acknowledge the receipt of your note of June 13, 1917,¹ with reference to the adoption by Congress of the Espionage bill with a provision conferring upon the President of the United States authority to declare an embargo on the exports of certain goods to certain countries and the possible effect of the act upon the receipt of supplies by Switzerland.

It is not the intention of the Government of the United States to interfere with the exportation of needed supplies to Switzerland or other neutral European countries where measures have been adopted to prevent the reshipment of such supplies to Germany and its allies, subject always, of course, to the paramount needs of this country and its allies in connection with the prosecution of the war.

I am forwarding a copy of your note and the enclosure thereto to the Secretary of Commerce for his information and at such time as the President shall make proclamation under the authority conferred upon him in the provision of the Espionage bill referred to and the selection of the personnel of the division to deal specifically with this question shall have been made, a representative of the Government of the United States dealing with this matter will be glad to confer with a representative of your Legation in regard thereto.

Accept [etc.]

For the Secretary of State:

FRANK L. POLK

¹ Not printed.

File No. 763.72112/3864

The French Ambassador (Jusserand) to the Secretary of State

[Translation]

WASHINGTON, June 19, 1917.

[Received June 23.]

MR. SECRETARY OF STATE: AS I had the honor orally to state at your Department, the régime established in Switzerland with a view to preventing supplies from reaching the enemy through that country has, all in all, yielded important results. These were brought about in particular by the undertakings subscribed to by Switzerland which restrict her liberty to export to the Central Empires: Among these are the convention relative to the Swiss Society of Surveillance for imported products, the fixed quota of imports taking into account the national production and the recent arrangement relative to agricultural products.

It seems, however, in the opinion of my Government that these measures could be, with advantage, made more effective if the Government of the United States would join us in asking Switzerland to confirm in a final manner the revocable undertakings it has already entered into in the matter of letting no merchandise similar to that imported through the S.S.S. be reexported to the countries at war with the Allies. This would merely be asking Switzerland to confirm a state of affairs already accepted in regard to that class of products.

On the other hand, certain exports against which the Entente has all along protested, such as that of sausage made of Swiss pork, fats of Swiss origin, might be stopped by new regulations without, as it seems, involving any perceptibly awkward consequence to the Helvetic Confederation in its exchange policy with Germany.

I venture in compliance with instructions received to commend these suggestions to Your Excellency's attention and should be much obliged to you if you would let me know whether you have, as my Government hopes, found it possible to take them into consideration.

Be pleased to accept [etc.]

JUSSERAND

File No. 600.001/112

*Agreement of June 9, 1917, between France, Great Britain, Italy, and the United States, Relative to Silks and Silk Goods*¹

[Translation—Extract]

The Delegates of the American, British, French and Italian Governments met together in Paris, in order to put an end to the

¹ Received June 28 with Ambassador Sharp's despatch No. 5543 of June 15, which is not printed.

exportation via Switzerland of silks and silk goods destined for the enemy Empires, have, at the termination of the conferences held June 5, 6, 7, 8 and 9, 1917, recommended to their Governments the following resolutions:

I. The Allied Governments will prohibit the exportation of articles comprised in the general designation of silks and silk goods that are not now affected by any measure of this sort, which is notably the case as regards worked or thrown silks, including tussore silks.

This prohibition does not apply to shipments from Allied countries to Allied countries, nor to exports destined for Spain and neutral transatlantic states for which a general exception is granted. It will apply only to neutral countries bordering upon enemy states or situated in the north of Europe.

This prohibition will take effect on and after June 25, 1917.

II. The prohibition of the exportation of thrown and reeled silks being liable to work injury to the principal export trade of Italy, the contracting Governments adopt the system suggested jointly by the French and Italian Ministers of Commerce and Industry which consists in fixing for such silks a minimum price, upon the basis of which, pending the duration of the prohibitive measures, an inter-Allied purchasing bureau would become the buyer of these goods, thus preventing a decline in the quotation below this limit.

This operation would be conducted at the expense and risk of France, America and Great Britain, the necessary advances of funds being shared equally among these three states, as well as any possible losses when the silk is resold. In case of any profit, one-fourth each of the total amount will be allotted to France, Great Britain and America, the last fourth being reserved for Italy, this distribution being justified in view of the sacrifices accepted by Italy and in spite of the fact that she takes no part in the advance of funds nor in possible losses.

XII. Pursuant to the foregoing measures, article 10, paragraph C, No. 2 of the interior regulations of the S.S.S. shall be revised.

The Allied Governments will endeavor to obtain from the Swiss Federal Government the following amendment to the present text:

Done at Paris, in four originals, signed by the representatives of the four contracting Governments.

[No signatures indicated]

June 9, 1917.

File No. 600.001/121

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

[Telegram]

WASHINGTON, *July 17, 1917, 5 p. m.*

2456. President has set aside necessary sum to cover expenses silk conference proposals.

POLK

File No. 763.72112/4063

The French Ambassador (Jusserand) to the Secretary of State

[Translation]

WASHINGTON, July 16, 1917.

[Received July 18.]

MR. SECRETARY OF STATE: I am advised by my Government that an American citizen named Benziger is at present actively engaged in procuring the shipment of foodstuffs to Switzerland. It seems that he is receiving the support of the Swiss Consul at New York.

In compliance with instructions received, I have the honor to say to Your Excellency, for all pertinent purposes, that we cannot permit foodstuffs to be shipped to Switzerland that are not consigned to the Swiss Society of Surveillance or exceed the quantities allotted.

Be pleased to accept [etc.]

JUSSERAND

File No. 654.119/7

The British Ambassador (Spring Rice) to the Counselor for the Department of State (Polk)

WASHINGTON, August 8, 1917.

MY DEAR MR. COUNSELLOR: In handing to you the enclosed memoranda on Swiss war trade questions,¹ I should like to make it quite clear that the fact that the Allied Governments have concluded an agreement with the Swiss Government is not to be construed as indicating that the Allied Governments are content that the Swiss Government should supply the enemy with produce and livestock, etc., left free under such agreements.

His Majesty's Government also wish to make it clear that while in previous communications they have not suggested any particular action by the Government of the United States in regard to Swiss exports to Germany, they do not wish to be understood to recommend that the United States should be content with the situation as it stands. Indeed it is obvious that the Allied Governments would welcome any arrangements by which the export of Swiss native produce to the enemy could be curtailed and if the United States Government has any proposals to make with this end in view, His Majesty's Government would be very glad to consider them.

Believe me [etc.]

CECIL SPRING RICE

¹ Not printed.

File No. 600.001/141

*Agreement of August 9, 1917, between the Swiss Federal Government and France, Great Britain, Italy, and the United States Relative to Silks and Silk Goods*¹

[Translation—Extract]

The delegates of the American, British, French, Italian and Swiss Governments, assembled at Paris, have at the termination of the conferences held July 30, August 2 and 7, 1917, agreed as follows:

ARTICLE 1

Pursuant to the general prohibition of export adopted by the Entente powers in regard to silks and silk goods, article 10, paragraph C, No. 2 of the interior regulations of the S.S.S. is amended as follows:

Silk Tissues and Goods, manufactured in Switzerland, enumerated here below:

[Here follows the enumeration.]

The aggregate exportation of all these articles from Switzerland to enemy states may not exceed 2,500 quintals per annum, which will be apportioned at the rate of 625 quintals per quarter.

The Federal Government will immediately and absolutely prohibit the exportation from Switzerland of all silken goods other than those mentioned in the new article 10, paragraph C-2, irrespective of their origin.

ARTICLE 2

The apportionments of imports allotted to Switzerland for silks and silk goods are established as follows:

[Here follow the tabulated apportionments.]

ARTICLE 3

The above provisions shall take effect from August 15, 1917.

The Federal Government reserves to itself the right to renounce them if, within a period of one month, the experts of the Allied Governments have not made arrangements to add to paragraph 10-C-2 of the S.S.S. regulations a certain number of the articles proposed by the Swiss delegates, presenting no military importance but of particular interest for Swiss industry. (See the minutes of the meeting of August 2, 1917.)²

During the month in the course of which the Federal Government reserves to itself the right to renounce the agreement, the quantities of silk authorized by the Allies to enter Switzerland shall be fixed at one-twelfth of the annual apportionments.

¹Received Aug. 23 with Ambassador Sharp's despatch No. 5599 of Aug. 10, which is not printed.

²Not printed.

Made at Paris in five originals, signed by the representatives of the five contracting Governments, August 9, 1917.

United States of America: ROBERT WOODS BLISS

France:

D. COCHIN

Great Britain:

JOSEPH ADDISON
J. T. MEADOWS SMITH

Italy:

DELL 'ABBADESSA

Switzerland:

GROBET-ROUSSY

A. CAILLER

ERNST LAUR

HEER

File No. 654.119/10

*The French Ambassador (Jusserand) to the Secretary of State*¹

[Translation]

WASHINGTON, August 25, 1917.

[Received August 29.]

MR. SECRETARY OF STATE: My Government informs me that upon the recommendation of the International Commission on Quotas that has been approved by the Allied Governments represented thereon, it has been decided to set the quota of machine tools for Switzerland at zero. The measure is intended to prevent the Swiss factories that are working for the enemy from receiving appliances which they could put to that use.

On the other hand, it is important to have exceptions made in favor of the factories that are working for the Allies. To accomplish this the Government of the Republic suggests that the following principle be adopted: No machine tools will be allowed to be exported to Switzerland without a permit from the French and Italian Commissions on Exceptions; these commissions furthermore would not allow the passage through the territory of their respective countries except upon investigations by and the recommendation of the technical departments of the Allied Legations at Berne. The transit license issued by them in such cases would constitute a certificate of legitimate destination which should be taken into account in the exporting country. The Allied technical departments at Berne would thus be relieved of any actual accountability for the refusals met by some applications, which they themselves would not be called upon to render.

Since nearly all machine tools come from the United States at present, I am instructed to inquire of Your Excellency whether the

¹A similar communication was received from the Italian Ambassador Sept. 8 (File No. 654.119/15). A British memorandum received Sept. 8 endorsed the position of the French Government (File No. 654.119/14).

Federal Government would be inclined to concur in this procedure and only allow machine tools to be exported to Switzerland when a transit license shall have been issued by the French or Italian Commission on Exceptions, that is to say when a friendly destination shall have been proved.

In emergency cases the transit license would be delivered at the American Embassies at Paris or at Rome to enable them to notify by cable the American customs that they should allow the machinery to go.

In asking me to formulate this request, my Government directs me to make it clear that no decision will be reached with respect to such shipments without a previous understanding among the Allied departments at Berne and that it is only intended to utilize existing services in obtaining the common goal, which is to prevent by every available means our adversaries from making, through neutrals, use of the resources at the command of the Allies.

I should be very thankful to Your Excellency if you would let me know at your earliest convenience whether the Federal Government is, as the French Government fondly hopes it is, disposed to concur in its views and adopt the above-stated procedure.

Be pleased to accept [etc.]

JUSSERAND

File No. 654.119/18

*The Secretary of State to the French Ambassador (Jusserand)*¹

No. 950^c

WASHINGTON, September 21, 1917.

EXCELLENCY: Referring to Your Excellency's communication of August 25, 1917, in regard to the exportation of machine tools to Switzerland, I have the honor to quote for your information the following communication received from the Exports Administrative Board, under date of September 13, 1917:

Resolved that the Exports Administrative Board hereby declares its acceptance of the principle suggested by the French and Italian Governments, through the French Ambassador to the United States, with respect to controlling the exportation of machine tools from the United States to Switzerland, as set forth in the communication addressed, under date of August 25, 1917, by the French Ambassador to the Secretary of State;

Further resolved that, so soon as the principle so suggested has been adopted, the exportation of machine tools from the United States to Switzerland shall be permitted only when there has been secured from the French Commission on Exceptions or the Italian Commission on

¹ The same, *mutatis mutandis*, on the same date, to the Italian Ambassador (No. 313).

Exceptions a transit license issued as provided in the above-mentioned communication from the French Ambassador to the Secretary of State.

Accept [etc.]

ROBERT LANSING

File No. 600.001/157

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

[Telegram]

PARIS, September 21, 1917, 6 p. m.

[Received September 22, 3.45 a. m.]

2523. My 2382, August 10, 6 p. m.¹ Foreign Office notifies me that the Swiss Legation at Paris renounced in the name of its Government the silk agreement of August 9 because the Allied Governments had not approved the arrangement signed by their delegates on September 4 which was reached in conformity with article 3 of the agreement of August 9.² The agreement of September 4 was contained in my despatch No. 5664 of September 8,¹ but on account of no steamer having sailed from Bordeaux for three weeks there has been no opportunity to forward it; it will be sent in pouch leaving to-night. Foreign Office note, which is being forwarded by pouch, states that I will be notified eventually of the attitude which the Government of the Republic will adopt in replying to subject.

In conversation with Foreign Office the belief was expressed that this renunciation was made by the Swiss Government to secure early approval of signatory Governments to the arrangements of September 4 and that Swiss Government would accept agreement when informed that approval had been given.

SHARP

File No. 600.001/161

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

[Telegram]

PARIS, October 1, 1917, 5 p. m.

[Received October 2, 3.30 a. m.]

2550. My 2523, September 21, 6 p. m. Foreign Office informs me that it has received notification from the Swiss Chargé d'Affaires

¹ Not printed.

² The agreement of Sept. 4, not printed, is essentially the same as that of Aug. 9 except that the Swiss ration is increased. The final article of the agreement of Sept. 4 provides: "The present agreement is to be substituted for that of the 9th August 1917 and will go into force as soon as approved by the interested Governments." (File No. 600.001/166.)

at Paris that the Swiss Government has ratified on the 17th September the arrangement between the Federal Government and the [Associated Governments] of September 4 relative to silks and silk goods.¹

Foreign Office adds that the note from Swiss Chargé d'Affaires stated that he would be glad to learn of the ratification of the arrangement by the Government of the United States.

SHARP

[Regarding the negotiations with the Swiss representatives at Washington, the following statement was made to the Allied blockade authorities in a conference at Paris, November 23, 1917 (minutes attached to Mr. McCormick's report to Colonel House, File No. 763.72/13416), by Dr. A. E. Taylor:

When the Swiss Minister at Washington expressed the desire to negotiate concerning the rationing of his country, the delegates of the [War Trade] Board decided that they could make no definite decision without first consulting the French Government, which was so much more vitally interested because of her proximity to the Confederation. They obtained from the Ambassadors of the Allies at Washington the statement of the conditions by which the allowance to Switzerland had already been regulated; then they endeavored to agree as nearly as possible as to the extent of exportation and even to reduce this figure to the minimum.

On October 26, 1917, the War Trade Board presented to the Swiss Minister a memorandum of agreement (File No. 654.119/844) in terms substantially similar to those of the final agreement signed December 5, *post*, page 1185.]

File No. 033.5411/7a

The Secretary of State to the Chargé in Switzerland (Wilson)

[Telegram]

WASHINGTON, October 31, 1917, 5 p. m.

1075. You may state informally to the Government and paraphrase discreetly for publicity purposes that the Swiss commissioners who are departing for Europe have left a most favorable impres-

¹ See footnote 2 to preceding document. Notice of France's ratification of the agreement of Sept. 4, 1917, was communicated by the French Ambassador under date of Sept. 22 (File No. 600.001/158); no record has been found of ratification by Great Britain, Italy, and the United States. However, in Art. V of a new general agreement with Switzerland, embodied in a joint memorandum of Jan. 22, 1919, "the agreement concluded on August 9, 1917," is referred to as one of the arrangements in effect limiting Swiss exports to the Central powers (File No. 654.119/690).

sion here; that cordial relations were immediately established between them and the American officials due in large measure to the natural sympathy existing between two republics; and as a result the conferences were conducted in a frank and friendly spirit and with a full appreciation of the respective difficulties of the two countries. It is hoped and believed that the problems, which have vexed the two Governments, will be satisfactorily solved in a way which will not do violence to the neutral policy of Switzerland or materially affect the measures which the United States has adopted in prosecuting the war. To such an adjustment of interests the Swiss commissioners have greatly contributed.

LANSING

File No. 654.119/34

The Secretary of State to the Swiss Minister (Sulzer)

No. 31

WASHINGTON, November 6, 1917.

SIR: I have the honor to state, in reply to your note dated October 12, 1917,¹ relative to the Swiss Government's need of cavalry horses, that the War Trade Board, to whom the matter was referred for consideration, informs me under date of October 31, 1917, that the matter was satisfactorily arranged at a personal conference between yourself and Dr. Alonzo Taylor, of the War Trade Board, upon the basis of an exportation to Switzerland of 1,700 horses per annum.

Accept [etc.]

LANSING

File No. 103.96/83a

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

[Telegram]

WASHINGTON, November 14, 1917.

5812. For McCormick from War Trade Board:

7. Since your departure Swiss have submitted suggested agreement differing in substance as well as form from one worked out by Taylor. We are convinced Swiss agreement should be negotiated and concluded by you and Taylor in Paris in conference with committees there with full knowledge of the situation. Grimpel and Percy² coincide with this view. Prompt answer necessary.

LANSING

¹ Not printed.

² Temporarily attached to the French and British Embassies, respectively.

File No. 103.96/83

*The Special Representative of the War Trade Board (McCormick)
to the Secretary of State*

[Telegram]

LONDON, November 15, 1917, 4 p. m.

[Received November 15, 3.40 p. m.]

For War Trade Board:

Your 5812, our 3. Taylor and I will negotiate and will try to
close Swiss agreement in Paris.

McCORMICK

File No. 763.72/7855

The Swiss Minister (Sulzer) to the Secretary of State

WASHINGTON, November 22, 1917.

[Received November 23.]

SIR: At a conference held on November 16, 1917, with Mr. John Beaver White and Mr. Thomas L. Chadbourne, representing the War Trade Board, I was informed that a cable had been received from the American mission now in Europe to the effect that it is their intention to transfer to Paris the negotiations heretofore carried on between the War Trade Board and myself with regard to an agreement governing exports to Switzerland.

I have the honor to inform Your Excellency that I have communicated this information to my Government and am now directed to say that the Swiss Government will gladly comply with this request and take up negotiations with the American mission in Europe. My Government believes that these negotiations would be greatly facilitated if the members of the mission designated would visit Berne so that, through personal observation, they may become thoroughly familiar with the actual conditions under which Switzerland is endeavoring to keep up her economic life in relation to the belligerent nations and exercising the most conscientious control over all imports and exports.

I, therefore, beg leave, in accordance with the instructions from my Government, to request Your Excellency to ask these gentlemen to honor Switzerland with their visit.

Accept [etc.]

HANS SULZER

File No. 763.72/7862

The Chargé in Switzerland (Wilson) to the Secretary of State

[Telegram]

BERNE, November 22, 1917, 10 a. m.

[Received November 23, 8.30 a. m.]

2089. Since break of Italian line, feeling in Switzerland has become daily more nervous and the realization of the possibility of a sudden attack by Germany is daily more widespread. As previously reported, people in the Basel district are apparently convinced that Switzerland will shortly be dragged into the war. Consular agent at Lausanne reports that in his district people are terrified at the prospect. The consular agent learned from an officer in one of the higher training schools which has just been disbanded that it was drummed into the students that Switzerland would be in the war within a month. Added to this is the uneasiness caused by the riots in Zürich, which I have reported, and possibility of similar outbursts in Geneva. There seems to be some grounds for belief that these riots are provoked by German agents. I have previously reported that the President spoke to me with an air of utter discouragement and I now find that this atmosphere pervades the Foreign Office. I have been urged both at the British Legation and by the French Ambassador that no unbearable demands should be made on Switzerland at the present time in view of the prevailing uneasiness.

In a discussion of the general situation, the French military attaché stated that since the Italian defeat he regarded intervention from Germany as daily more probable although he believed that a certain time must elapse before the attempt was made but that there is an extreme probability that the attempt will be made before America can be an effective factor in land forces. He believes that the blow will come with lightning rapidity with no warning and with a force of at least half a million men mobilized 100 to 150 miles back of the frontier. He states that France has foreseen and laid plans against this eventuality and that every precaution had been taken. What causes particular uneasiness at present are the facts that five German divisions cannot be located at present and are supposed to be in the Trentino, that a demonstration is being made in upper Alsace which would give an excuse for mobilization near the Swiss border and that it would appear strategically advantageous to endeavor to smash the Italian line in the Trentino coupled with a simultaneous dash for the St. Gotthard Pass in order

to push two columns of troops into the Lombardy plain behind the Allied line on the Piave or Adige. He feels, and his belief is backed by the best information at my disposal, that the Swiss would make a loyal effort to repel the Germans . . .

Please see my 1969, November 1, 5 p. m.¹

I do not believe that any time could be more opportune for a declaration by President Wilson in the sense indicated by Mr. Ador.

WILSON

File No. 763.72/7862

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

[Telegram]

WASHINGTON, November 23, 1917, 4 p. m.

2846. For Auchincloss:

An important and interesting cable just received from Berne in regard to Swiss situation. Have directed that it be repeated to Paris for information of Mr. House and McCormick. Suggest to McCormick that he consider it in connection with negotiations of Swiss Government and discuss matter with foreign representatives. Quick action would seem to be necessary to reassure these people. Also ask McCormick and Taylor to cable their views as to whether in their opinion United States should agree to supply necessary wheat to Switzerland for two months. Swiss Minister states they have only wheat enough to last until end of January and it would be impossible to arrange for supply from Argentina in time to take care of wheat supply for February and March. After Department receives your recommendations matter will be taken up with Hoover.

LANSING

File No. 654.119/54

The Chargé in Switzerland (Wilson) to the Secretary of State

[Telegram]

BERNE, November 24, 1917, 3 p. m.

[Received November 26, 11 a. m.]

3011. President summoned me yesterday and handed me following *aide-mémoire*:

Federal Council has received from its Minister at Washington alarming news concerning the revictualment of Switzerland in wheat. According to despatch the Government of the United States would not be able for several reasons, specifically because of shortage of provisions, to decide upon the authorization of exportation of wheat destined for Switzerland.

¹ Vol. I, p. 755.

Since last July Switzerland has not been able to make purchases of wheat and for several months transportation of this merchandise from the United States to Cette has been interrupted. All the stocks which were in this port have entered Switzerland. The country continues to live entirely on the modest stocks that it already has in reserve and on the scanty provisions that the home crop furnishes. Without new importation of wheat from the United States all Swiss provisions will be exhausted in the coming spring and the country will be in a very critical condition.

Persuaded that the Government of the United States which several times already has shown its friendliness to Switzerland, will relieve Switzerland from the grave situation which menaces it, the Federal Council has charged its Minister at Washington to beg the American Government to authorize the exportation of 240,000 tons of wheat, an extremely modest quantity which would not sensibly reduce the provisioning of the United States and its Allies.

The Swiss Ministry has also informed the Federal Council that in accordance with the declaration of the American Government, Switzerland could in the future appeal especially to the Argentine crop to cover its needs in wheat but the Argentine purchases are extremely difficult. The length of the double trip cuts in half the already insufficient tonnage which is at our disposition, besides the transportation of Argentine wheat is extremely problematical. The Federal Council will be very grateful to the Legation of the United States at Berne to be kind enough to intervene with its Government and point out the unhappy situation in Switzerland. Without the aid of the American Government this situation would be aggravated rapidly and would make a profound impression on the Swiss population which has always counted on shipments from the United States.

The President stated that the bread ration for December would be 225 grammes and for January 200 grammes. I have previously reported that disturbances had occurred in Zürich and were threatened in Geneva. The continued reduction of the bread ration will doubtless increase these difficulties and bring about a decided reaction of sentiment against the United States and the general cause of the Entente. Please see my No. 2089 of November 22, 10 a. m. Department will note that Allied representatives here are anxious that Switzerland should not be pressed too hard in these conditions. The possibility must be considered of Germany offering necessary quantities of food as exchange for use of St. Gotthard. If food were unobtainable elsewhere this would place Federal Council in a most difficult situation.

In view of the above it would seem highly desirable that small quantities at least of wheat be authorized for exportation pending conclusion of negotiations since a small quantity will at least be definite evidence of good will of the United States and serve to calm popular uneasiness.

WILSON

File No. 654.119/62a

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

[Telegram]

WASHINGTON, November 27, 1917, 6 p. m.

2865. For Taylor from Hoover:

Our wheat situation is such that we simply cannot supply Switzerland. We can send some barley and rye for present and after January 1 considerable corn, although exportable surplus is proving very much less than we contemplated. It is absolutely critical that they should draw their grain supplies except corn from India, Australia and the Argentine and that no supplies should be pledged to other neutrals from North America.

LANSING

File No. 103.97/57

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

[Telegram]

PARIS, November 28, 1917, 11 a. m.

[Received November 29, 2 a. m.]

2814. For Hoover from [Taylor]:

Very important to give Swiss some kind of grain until Argentine grain ready, to the limitations of their tonnage. They need for the year 240,000 tons. Allied requirements will be reduced. Strongly urge this for military reasons.

SHARP

File No. 654.119/58

*The Special Representative of the War Trade Board (McCormick)
to the Secretary of State*

[Telegram]

PARIS, November 28, 1917, 2 p. m.

[Received November 29, 8.30 a. m.]

2817. Our 19. Have received from Berne telegram No. 2089 of November 22, 10 a. m. Dresel arrived yesterday morning confirming and elaborating upon information contained therein; are conferring daily with Allies upon this situation. Have requested the Swiss Minister in Paris to request his Government to send some one with authority to negotiate with Taylor and me while here; have also requested our Legation in Berne to make the same request. It may be necessary for us to agree to advance grain until Argentine crop available in accordance with Taylor cable to Hoover.

[McCORMICK]

File No. 103.97/60

The Special Representative (House) to the Secretary of State

[Telegram]

PARIS, November 30, 1917, 7 p. m.

[Received December 1, 12.55 p. m.]

Our 25. For Hoover from Taylor:

Swiss not to receive wheat from you. Other neutrals the same. Marked reduction in cereal rations are to be introduced by Allies. They need from market [*North America*] during December, January and February [1,] 100,000 tons of mixed cereals per month, then they draw from Argentina and India. Argentine wheat must be secured.

EDWARD HOUSE

File No. 654.119/71

The Food Administrator (Hoover) to the Assistant Secretary of State (Phillips)

WASHINGTON, December 1, 1917.

[Received December 3.]

DEAR MR. PHILLIPS: I inclose some documents from the Swiss Minister,¹ and a reply that I propose to make if it meets your approval.² I have gone farther than I should have with anybody else.

Faithfully yours,

HERBERT HOOVER

[Enclosure]

The Food Administrator (Hoover) to the Swiss Minister (Sulzer)

WASHINGTON, December 1, 1917.

YOUR EXCELLENCY: The situation as to our supplies of many commodities mentioned upon the list of pending applications for export to Switzerland is so critical in other circumstances the applications would of necessity be refused at the present time. On the other hand we have every desire to meet your situation in every

¹ Not printed.

² The Department's approval was given in a letter to Mr. Hoover of Dec. 3 (same file number as above), and on Dec. 6 Mr. Hoover replied: "I am instructing the War Trade Board to release the articles to the Swiss embodied in the list attached to my letter of the first." (File No. 654.119/74.)

way in our power and we are recommending to the War Trade Board to grant the applications for the following commodities:

500 tons of lard substitutes
 93 tons oleo stock
 12½ tons oleo oil
 200 tons cottonseed oil
 500 tons beef products
 3¼ tons and 93 packages meat extract
 80 tons sausage casings
 200 tons of tallow
 42 tons cornstarch
 6 puncheons Jamaica rum
 20 tons dextrine white
 0.288 tons breath perfume and chewing gum
 39 tons Bon Ami
 2 tons baking powder
 0.69 tons brown wax
 10 lbs. China tea
 20 tons malt extract

I have also Your Excellency's letter of November 30,¹ on the subject of our action to liquidate hoards of cottonseed oil held here by private citizens. I think Your Excellency will grant that we cannot differentiate between violators of the food law on the ground of nationality. All such holdings in this country must be subject to our law.

Yours faithfully,

[No signature indicated]

File No. 654.119/66

The Special Representative (House) to the Secretary of State

[Telegram]

PARIS, December 5, 1917, 7 p. m.

[Received December 6, 6.50 a. m.]

From McCormick for War Trade Board: Swiss agreement signed this afternoon.

HOUSE

File No. 600.001/177

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

[Telegram]

WASHINGTON, December 8, 1917.

2934. Your 2854, December 5¹ Department has apparently not been informed of formal adhesion of British and Italian Govern-

¹ Not printed.

ments to silk agreement [of June 9, 1917].¹ Ascertain whether this adhesion has been formally given and inform Department. When Great Britain, Italy and France have formally adhered thereto and are ready to deposit their quotas you are authorized to draw on Department and deposit this Government's quota as suggested in last paragraph of your 2854.

LANSING

File No. 654.119/84, 90

*The Chairman of the War Trade Board (McCormick) to the
Secretary of State*

WASHINGTON, December 20, 1917.

[Received December 21.]

DEAR MR. SECRETARY: I enclose herewith a memorandum between the War Trade Board and the Swiss Government in regard to exports from the United States to Switzerland, which was signed by Cailler, Roussy and Heer for the Swiss Government and myself as chairman of the War Trade Board, in Paris, December 5, 1917.²

Yours very truly,

VANCE C. MCCORMICK

[Enclosure]

*Memorandum of December 5, 1917, between the War Trade Board and
the Swiss Government in Regard to Exports from the
United States to Switzerland*³

The War Trade Board, an administrative agency empowered by Executive order of the President of the United States to license exports in certain cases, and the Swiss Minister, Mr. H. Sulzer, have considered the requirements of Switzerland for exports from the United States for the twelve months beginning October 1, 1917, and ending September 30, 1918. In order to set forth in definite form a statement of the quantities of such exports from the United States to Switzerland for which licenses may be granted by the said War Trade Board, and the conditions, rules, and regulations, under and

¹ Printed in part, *ante*, p. 1169.

² For a brief narrative of the negotiation of this agreement, see Mr. McCormick's report to Colonel House, Vol. I, p. 400.

³ Certain corrections, indicated as errata in the War Trade Board print of this agreement, have been made herein. The phrases as they appear in the original document are given in the footnotes which follow.

in accordance with which such export licenses may be issued, it is hereby stated and declared:

I

1. It is the desire of said War Trade Board that Switzerland shall receive the maximum requirements of the several articles, commodities, material, and substances hereinafter enumerated in the several schedules annexed in so far as (1) the same are not required for consumption in the United States and Allied countries¹ and (2) will not, if their exportation is permitted, directly or indirectly benefit any country or ally of any country with which United States is at war.

2. The statement of said War Trade Board in regard to issuing licenses, and the allotment of the designated quantities of the several articles, commodities, material, and substances as set forth in the annexed schedules A, B, C, D, E, F, G, H, and within the limits of the contingents are not intended and shall not be held and construed to constitute an agreement or contract on the part of the United States with the Swiss Government; but shall be held, construed, and regarded as a declaration merely of the domestic or internal administrative action of the said board pertaining to the licensing of shipments from the United States. Said board does not assume the power or authority to make contracts or agreements binding upon the Government of the United States, nor does it assume to deal in regard to the policy of the United States relating to foreign affairs.

II

The granting of licenses for the exportation from the United States to Switzerland of the quantities of articles, commodities, material, and substances as set forth in the several schedules attached is conditioned upon the undertaking of the Swiss Government to fulfill faithfully and observe each of the following stipulations and conditions:

1. It is stipulated and understood that the distribution of any and all articles, commodities, material, and substances described in the next schedule shall be subject to the condition that such distribution must in every case be authorized by and shall be made pursuant to the rules and statutes of the Société Suisse de Surveillance Economique hereinafter designated as S. S. S. Such articles, commodities, material, and substances shall in no event be delivered to agents, dealers, or purchasers in greater quantities than can be accounted for by the genuine requirements of stipulated Swiss consumption.

¹ Original reads "their allies."

2. That full information shall be given to any accredited representative of the United States with respect to any distribution or delivery made or proposed to be made of the articles, commodities, material, and substances dealt with hereunder. If any question shall arise as to such distribution, it is agreed that the Swiss Government will give any such accredited representative of the United States full information on the subject, which will include the production of any such books or documentary evidence as bears thereon. And at the request of any such accredited representative of the United States, the Swiss Government will furnish full particulars in regard to the enforcement of the Swiss prohibitions and regulations concerning exports from Switzerland and will afford every facility within its power and co-operate in any inquiry concerning the effective enforcement of such prohibition, regulations and restrictions.

3. The articles, commodities, material, and substances for which export licenses shall be granted pursuant to the stipulations herein contained are based upon the estimated total requirements of Switzerland for the period mentioned, and since the same are to be withdrawn from the already restricted supplies in the United States, it is especially stipulated that if Switzerland is able to obtain elsewhere supplies of the same goods of American origin, the amounts thus elsewhere obtained shall be subtracted from the quantities set forth in the schedules annexed.

4. The right is reserved to determine the distribution of the allotments for export both as to time and port of sailing, but due consideration shall be given to any requests or representations of the Swiss Government that may be made in regard to the most advantageous use by the Swiss Government of vessels under Swiss charter and employed in the ocean carriage of such articles, commodities, material, and substances.

This article does not apply to the allotment of grains (Schedule B) concerning which special arrangements are made below.

5. The Swiss Government obligates itself to transport at the actual cost of such transportation from any port or ports of the United States that may be designated, 1,000 tons of cargo each month destined for the American Red Cross in Switzerland (prisoners of war), it being understood that these cargoes shall not absorb more than 5 per cent of the monthly tonnage available for Switzerland in United States ports.

6. In the event the Swiss Government shall be unable to secure adequate ocean tonnage facilities to transport her supplies from this country, such aid shall be extended in securing additional tonnage facilities of neutral ownership as may be possible, consistent with the tonnage requirements of the United States and Allied Governments.

7. The Swiss Government recognizes that it is undesirable that vessels under Swiss charter should proceed in ballast or only partially loaded to a United States port. Spanish vessels chartered by the Swiss Government to carry cargoes to France destined for the Swiss Government shall, when westward bound,¹ whenever possible, carry cargoes consisting in whole or in part of pyrites from Spain. In the event other acceptable cargo is available, such other cargo may be substituted. The Swiss Government will co-operate in every way that lies within its power in order that all vessels inward bound to the United States shall carry full cargo.

8. It is further expressly stipulated that any articles, commodities, material or substances which may be in transit, or which may have arrived at any port in France from the United States, shall not until such time as this memorandum shall finally become effective, pass beyond such French ports in the course of transportation to Switzerland. Any export license in the meantime issued for such above-mentioned articles, commodities, material or substances from the United States, whether so² recited therein or not, shall be subject to the conditions expressed in this paragraph. Cargoes licensed from the first day of October, 1917, and until this agreement becomes effective, shall provisionally remain in the custody of the French Government or its representatives until released by them for final transportation to their destination in Switzerland.

9. That the importation into Switzerland of the articles, commodities, material, and substances herein mentioned is for consumption in Switzerland, and the amounts and quantities³ thereof (notwithstanding the maximum quantities stated in the schedules A, B, C, D, E, F, G⁴) shall at all times be limited by the genuine internal requirements of Switzerland, with due regard to the importation into Switzerland from other countries than the United States of articles, commodities, material, and substances capable of use as substitutes for those described in the annexed schedules.

10. That except as set forth hereinafter, none of the articles, commodities, material, or substances imported from the United States and no product, by-product, or waste and no alloy, compound, or ingredient thereof, shall, subject only to specific exceptions hereinafter designated, be directly or indirectly consigned or exported to, or used for the benefit or advantage of Germany, Austria-Hungary, Bulgaria or Turkey.

¹ The phrase "when westward bound" not in original.

² Original reads "or".

³ Original reads "qualities".

⁴ Original reads "H".

11. The following exceptions applying to (a) countries, and allies of countries at war with the United States and (b) neutral European countries, are made:

(a) The undertaking of the Swiss Government in regard to prohibitions and restrictions against exports from Switzerland and of countries and allies of countries at war with the United States shall be subject to the following and no other exceptions:

The prohibitions of exports shall not apply to articles manufactured in Switzerland and included within the category of articles specified in article 10, paragraphs (a) and (c) 1, 2, 3, 7, 8, 9, 10, 11, 12, 13 of the [by-laws of the] S.S.S. subject always to any modifications which may subsequently be made.

Further, the prohibition of exports shall not apply to the quantities of copper, the export of which is allowed as an integral part of machines, in virtue of article 12 of the by-laws of the S.S.S. in its present form as modified by the agreement of March 20, 1917, between the Allied Governments and Switzerland; nor to the metal of which the export is allowed as a *perfectionnement* traffic in conformity with article 13 of said by-laws.

In accordance with the provisions of article 10(c) of the S.S.S. by-laws the right is always reserved to open negotiations with the Swiss Government with the object of introducing in the provisions of the above-mentioned articles of the by-laws such modifications as may tend to ensure a limitation of the quantities of goods authorized for export to the countries at war with the Allies.

(b) Subject to the condition that the export of articles, commodities, material or substances to neutral European countries through any country or ally of country at war with the United States shall in no event be permitted, except by special arrangement or agreement, the undertaking of the Swiss Government to prohibit exports shall not apply to cotton goods wholly manufactured in Switzerland from American cotton and exported to Holland, Denmark, Norway, Sweden or other neutral European countries, provided allotments have been made by this board to meet the requirements of such neutral countries. But in all cases exports from Switzerland, exports from the United States and from any other neutral country shall be added together to determine whether the total allotment made by this board has been exceeded. Full information shall be given from time to time upon request of the quantities so exported from Switzerland.

Such re-export of articles so manufactured in Switzerland from material imported into Switzerland from the United States shall be made only to the neutral countries herein mentioned and provided that the manufactured articles so exported from Switzerland shall be consumed in the neutral country to which they are exported. In esti-

inating the quantity required by any neutral including Switzerland, the quantity imported by such neutral from other neutral countries importing from the United States will in every case be subtracted from the amounts allotted by the War Trade Board.

III

In consideration of the foregoing stipulations and conditions and subject to the approval of the French Government of the plan and arrangements herein expressed, said War Trade Board hereby makes the following declaration of policy in regard to granting export licenses to meet the requirements of Switzerland, and hereby establishes the rules and regulations which shall govern the issuance of licenses from the United States of articles, commodities, material and substances described in the annexed schedules.

If quantities equal to those set forth in said annexed schedules are not deemed available for exportation from the United States at the designated time or times at which licenses for the export thereof shall be requested, according to the policy and rules and regulations of the said board as herein declared, then licenses shall be granted for as great a proportion thereof as are available for export, consistent with the policy herein declared. The maximum quantities for which such licenses shall be issued are calculated upon the ascertained requirements for Swiss consumption as specified in said annexed schedules.

Considerations shall be given to any application for license to export to Switzerland articles not specified in said schedules, and if such are not now, and now and shall not hereafter be placed upon general embargo, it shall be the policy of the said board to issue such licenses in due course, subject always to all other conditions hereof, and to the internal requirements of the United States, and the policy of the said board in respect to such exports.

Because of the better information possessed by the representatives of the French Government this trade agreement¹ shall not become effective until it shall receive the formal approval of the French Government.²

SCHEDULES SHOWING QUANTITY OF ASCERTAINED REQUIREMENTS

EXPLANATORY NOTE

1. Wherever definite quantities of the requirements as set forth in the following schedules are not stated, but the expressions "by

¹ Original reads "that this trade agreement."

² The letter of the French Minister of Blockade approving the agreement is printed as an annex hereto, *post*, p. 1196.

agreement," or "to be determined," or "as may be determined," or other equivalent form of expression is appended, it is understood that no declaration of policy is made by said board and no rule or regulation is established in regard to the quantity for which license will be issued. The quantities shall in each such instance be hereafter determined in the ordinary routine consideration for export licenses.

2. Wherever the statement of the quantity in the annexed schedules is recited to be "subject to British guaranty" it is understood that no declaration of policy is made or rule or regulation is established by the board in respect to licensing such exports except conditioned upon favorable recommendation by the British Government.

3. Special conditions and provisions are hereinafter stated in particular instances modifying the declaration of policy and rules and regulations. But said special conditions and provisions shall be limited to the specific articles, commodities, material or substances to which they refer.

4. The quantities indicated in the following schedules refer to the allotments agreed to by United States and form part of the total rations made to the S. S. S. by the Allied Governments. Nothing in this agreement shall be considered as being in contradiction with the present or future S. S. S. rations.

Articles	SCHEDULE A—METALS	Metric tons
Antimony-----		52
Antimony sulphide-----		80
Copper—sheets, fling, pipes, wire, etc. (none from Japan)-----		10, 000
Copper, fabricated-----		800
Copper sulphate-----		2, 500
Lead-----		2, 000
Zinc-----		200
Iron sheets, galvanized, etc., except tin less than 3 mm. thick-----		6, 000
Iron sheet between 3 mm. and $\frac{3}{8}$ inch-----		7, 000
Steel forgings, machines, machine parts, without prejudice to arrangements already made by the Allies-----		Special
Aluminum sulphate-----		2, 000
Round steel bars, hot rolled, forged-----	By agreement	
Square steel bars " "-----	" "	
Seamless tubing, exclusive boiler tubes, welded tubing, lap and butt-welded pipes-----	" "	
Watch cases, raw and finished-----	" "	
Agricultural small tools-----		800

The allotments of the articles in this schedule are subject to the following express conditions, in addition to the conditions hereinbefore set forth and applicable to all schedules.

1. Allotments of steel forgings may be made only after special application in case of each export for which license is asked.

2. None of the machines, forgings or machine parts for which export licenses may be granted, shall be employed either directly or

indirectly in the manufacture of arms or parts thereof, ammunitions, gunpowder, or explosives of any kind destined for export to a country or ally of a country at war with the United States.

SCHEDULE B—GRAINS

Articles	Metric tons
Wheat and rye.....	300, 000
Oats.....	120, 000
Barley.....	31, 500
Corn.....	140, 000
Malt.....	30, 000
Oatmeal, semolina, etc.....	3, 500
Flour.....	2, 500
Grass seed, etc.....	1, 100
Linseed.....	2, 000
Oil-cake and oil-seed meal.....	46, 000

The following special conditions apply to the articles in this schedule.

In addition to the general conditions applicable to all schedules, the following conditions shall apply to grains licensed for export to Switzerland.

1. From December 1, 1917, until September 1, 1918, in accordance with a proposal adopted at the recent meeting of the Section of Revictualling of the Inter-Allied Conference, Switzerland is to receive a guaranteed allotment of 240,000 tons of cereal bread-stuffs ($\frac{3}{4}$ to $\frac{2}{3}$ s of which to consist of wheat).

This allotment is, if possible, to be shipped to the port of Cette and to be supplied under the same conditions as the cereal bread-stuff supplied to the Allies. These supplies are to be transported on Allied ships or on ships supplied to Switzerland by the Allies for this purpose, subject to an arrangement made or to be made between the Wheat Executive and the Inter-Allied Chartering Executive. This stipulation is not to be considered as in any way affecting the existing arrangements under which the Swiss Government agrees to charter neutral ships for Swiss services through the intermediary of the International Chartering Executive.

It is understood that the fourth or the third of the above-mentioned allotment of 240,000 tons of cereal bread-stuff which may consist of other than wheat, is not to be deducted from the allotments above mentioned.

2. Shipments of grain are to be distributed as evenly as possible throughout the year. Said shipments not to begin prior to November 15, 1917.

3. All purchases of grain other than wheat made in the United States for export to Switzerland shall be made from the grain corporation in the department of the Food Administrator of the United States and vessels engaged in carrying such tonnage shall

receive such grain at any Atlantic or Gulf coast port that may be designated by said grain corporation.

4. It is specifically stipulated and declared by the Swiss Government that the imports of grain, food-stuffs or feeding-stuffs in this schedule described shall in no event operate to release any grains, feeding-stuffs, or food-stuffs of Swiss origin, or now contained in Swiss stocks for export from Switzerland to any of the following countries: Germany, Austria-Hungary, Bulgaria, Turkey, Holland, Denmark, Norway and Sweden.

5. The issuance of license for export from the United States to Switzerland of oil-cake and oil-seed meal shall be subject to the proviso that the existing agreement between the Swiss Government and the Governments of Great Britain and France respecting the supply of condensed milk from Switzerland shall be fully carried out.

6. Considering that the existing stocks of cereal bread-stuffs in Switzerland will be completely depleted by February of the coming year, considering the time required under present conditions for the transportation of supplies from American ports to Switzerland, a minimum quantity of 30,000 tons of bread grain (to be deducted from the 240,000 guaranteed tons) is to be shipped by the competent organs in the course of the month of December, 1917, without prejudice to the origin of these products.

SCHEDULE C—MINERAL OILS, ETC.

Articles	Metric tons
Crude oil, kerosene, gasoline, including 10,500 tons benzene-----	75, 000
Paraffin, vaseline, etc-----	1, 500
Lubricating oils-----	20, 000
Nitro-benzene, naphthol and its derivatives (for the use of the Swiss Government)-----	Up to 300
Bitumen-----	1, 200

The Swiss Government expressly guarantees that none of the substances, articles, commodities, and material mentioned in this schedule shall be used directly or indirectly in the manufacture of arms or parts thereof, gunpowder, ammunitions, explosives, projectiles, and war materials in general destined for export from Switzerland to any country or ally of any country at war with the United States.

SCHEDULE D—SUGAR

Articles	Metric tons
Sugar-----	60, 000

The Swiss Government agrees and undertakes to make its purchases of sugar in the western hemisphere through the Food Administrator of the United States in accordance with the regulations of said Food Administrator and from such ports as he may designate. It is understood that the contracts for sugar already made in Brazil can be executed without the intervention of the said Food Administrator. If so determined by the Food Administrator a part of the

allotment herein provided for shall be obtained by the Swiss Government from Java.

SCHEDULE E—LEATHER

Articles	Metric tons
Raw hides, all kinds.....	800
Tanned hides.....	20
Sole leather.....	2, 000
Leather for uppers.....	1, 000
Leather for harness.....	150
Leather belting.....	30
Saddle leather and metal parts.....	50
Shoes and parts in rubber, leather, etc.....	1, 000

It is expressly stipulated and guaranteed by the Swiss Government that the export from ¹ Switzerland shall be prohibited of leather or rubber, shoes, boots, slippers and parts thereof, soles, uppers, harness and parts thereof, saddles and parts thereof, and raw hides or prepared leather, to Germany, Austria-Hungary, Bulgaria, or Turkey.

SCHEDULE F—COTTON

Articles	Metric tons
Cotton (as cotton or cotton goods).....	18, 000

The Swiss Government expressly declares and guarantees that it will prohibit the exportation to Germany, Austria-Hungary, Turkey, or Bulgaria, of all American cotton, including raw cotton, cotton linters, cotton waste, and all cotton goods and fabric containing cotton in any proportion, and of all goods and articles manufactured from cotton.

This declaration shall not apply at present to the goods specified in article 10(c), paragraphs 4 and 6, of the by-laws of the S. S. S. In accordance with article 10(c) of the S. S. S. by-laws the right is always reserved to open negotiations with the Swiss Government with the object of examining (aided by American experts) the possibility of modifying the provisions of said article 10(c), paragraphs 4 and 6, in conformity with the exigencies of the war.

SCHEDULE G—FATS

Articles	Metric tons
Edible fats.....	8, 000
Cottonseed oil and other edible oils.....	8, 000
Linseed oil.....	2, 000
Fatty acids.....	1, 400
Tankage grease and bone fat.....	1, 400
Fatty acids for soap, oleine.....	1, 400
Beeswax.....	25

All purchases in the United States by the Swiss Government of fats must be made through the Food Administrator of the United States, or in accordance with instructions, recommendations, or regulations of the Food Administrator.

¹ Original reads "that in consideration of the grant of licenses for the quantities in this schedule set forth, the export from."

Where fats or oleaginous substances of any kind are required for use in Switzerland for any purpose for which palm oil may be a substitute, then the allotment herein referred to may be reduced by specifying the quantities of such palm oil which may be obtained by Switzerland from the African west coast.

SCHEDULE H—ARTICLES NOT INCLUDED IN THE ABOVE GROUPS

Articles	M.T.	Remarks
Alcohol, absolute-----		Subject to approval of Munitions Board
Coal and wood tar-----	50	
Canned vegetables-----	75	
Poultry, not over-----	2, 500	As may be determined
Dried fruits-----	2, 000	
Tobacco-----	8, 700	
Jute-----	1, 200	Subject to British guaranty
Jute thread-----	300	“ “ “ “
Starch, industrial, fecula, etc-----	5, 100	
Turpentine-----	1, 600	
Celluloid-----	60	To be obtained in the United States if not from France
Sporting arms and ammunition-----	47	
Miners' wicks, lamp-----	100	
Acetic acid, lactic acid, pyridin bases, etc., up to-----	1, 300	Acetone excluded
Bromine and iodine for pharmaceutical use, up to-----	69	
Bicycles and automobiles-----		Occasional orders
Sausage casings, except beef casings, etc., up to-----	600	
Feathers, fowl-----	300	
Telegraph and telephone equipment-----	100	
Machines for agriculture-----	1, 540	
Pure rubber, up to-----	270	To be obtained from Great Britain
Articles of rubber, including toys, erasers, suspenders, garters, etc-----	110	To be obtained in the United States ¹ if it cannot be delivered from France. Contingent upon receiving permit from Great Britain for rubber, quantities according to agreement.
Automobile tires-----	110	For Federal Army only
Sashes and doors-----		To be determined
Cabinet lumber-----		To be determined
Raw furs, domestic-----		By agreement
Kodak films, up to-----	300	
Dental and other special apparatus-----		By agreement
Asbestos-----	1, 000	
Tanning materials-----	1, 000	
Binding twine-----	1, 000	
Sisal-----		
Chemical products for pharmaceutical use-----	160	By agreement
Oil and wax cloth-----	20	
Liquid and solid extract for dyeing purposes-----	400	
Hair felt-----	50	
Denatured formaldehyde-----	300	

¹ Original reads "To be obtained here."

United States of America: WAR TRADE BOARD
VANCE C. McCORMICK, *Chairman*
Switzerland: A. CAILLER
GROBET-ROUSSY
HEER

December 5, 1917.

[Annex—Translation]

*The French Minister of Blockade and of the Liberated Regions
(Lebrun) to the American Delegation at Paris*

S. G. E.

PARIS, *December 5, 1917.*

MEMORANDUM BETWEEN THE WAR TRADE BOARD AND SWITZERLAND

I have taken note of the text of the "memorandum between the War Trade Board and the Swiss Government relating to exports from the United States to destinations in Switzerland which must be authorized by the said War Trade Board."

The text of this document as it has been established in the conferences which have lately taken place, first among the Allied delegates, and later with the Swiss delegates, is in complete harmony with the various existing arrangements with Switzerland and calls for no remarks from me.

I have, therefore, the honor of informing you that I give it the formal approval of the French Government, as is required in the last paragraph of Section III of this agreement.

I congratulate myself heartily on having been able thus to take part in the conclusion of an arrangement which marks so happily the participation of the United States in the economic negotiations made necessary by present circumstances.

A. LEBRUN

File No. 763.72/8310a

The Secretary of State to the Chargé in Switzerland (Wilson)

[Telegram]

WASHINGTON, *December 21, 1917, 5 p. m.*

1257. You are authorized to cooperate fully with your British, French, and Italian colleagues in assisting them to secure loans for their Governments from Switzerland. Explain to Swiss Government that this Government hopes that mutual cooperation evidenced by the agreement lately entered into by War Trade Board and Swiss Government will be continued and further developed by financial arrangements made by Switzerland with those associated with us in the war.

LANSING

File No. 654.119/83

The Swiss Minister (Sulzer) to the Secretary of State

WASHINGTON, December 21, 1917.

[Received December 22.]

SIR: In confirmation of the statement made by me in the conversation I had with Your Excellency yesterday, I now have the honor to give official notice of the formal acceptance by my Government of the memorandum agreed upon by the chairman of the War Trade Board, Mr. Vance McCormick, and the delegates of the Government of Switzerland, governing the importation of American products into Switzerland.

In this connection, I am especially directed by my Government to convey its highest appreciation of this further evidence on the part of Your Excellency's Government of the friendship the United States has always shown to my country.

It is needless to assure Your Excellency that the Swiss Government shall not fail to adhere scrupulously to the obligations it has assumed under this agreement which is of such vital importance to the solution of her food problems. Switzerland feels confident that the same mutual friendly spirit which marked the negotiations will be maintained in carrying out its provisions.

Accept [etc.]

HANS SULZER

File No. 600.001/185

*Protocol of December 17, 1917, Added to the Agreement of June 9, 1917, Relative to Silks and Silk Goods*¹

[Translation]

The delegates of the American, British, French and Italian Governments met in Paris in order to determine the putting into force of the agreement of June 9, 1917, relative to silks and silk goods:

1. They took note of the subsequent decision of the Italian Government to participate in the operation provided for in Article II of the above-mentioned agreement by making payment of a quota equal to that of the other Allied Governments who signed the agreement.

The quotas to be paid, the expenses and risks of the operation will thus be divided into four parts and no longer into three parts between the interested states.

2. They also took note of the fact that as a consequence of the negotiations conducted between the French and Italian Governments and the intervention of technical delegates from both par-

¹ Received Jan. 7, 1918, with Ambassador Sharp's despatch No. 5891 of Dec. 21, 1917, which is not printed. Agreement of June 9 printed in part, *ante*, p. 1169.

ties, it had been admitted that the organization and working of the inter-Allied purchase bureau provided for in Articles II, IX and X of the agreement of June 9, 1917, would be realized in accordance with the provisions of the regulation added to the present protocol.¹

3. In accordance with the provisions of Article IX of the agreement of June 9, 1917, the American, British, French and Italian Governments will designate as soon as possible, and in the proportion of one or two delegates for each country intervening, the representatives destined to compose a committee which will be entrusted with the duty of assuring the liaison between the bureau at Lyons and the interested Governments.

This committee, which will itself fix the practical conditions of its working, will meet either at Lyons or at Paris as often as one of the members or the bureau at Lyons may require it. The presidency will be given to the French delegate.

4. The delegates promised to submit as soon as possible to the approbation of their respective Governments the present protocol, the ratification of which will comprise, *ipso facto*, that of the agreement of June 9, 1917.²

Done at Paris in four originals by the representatives of the four contracting Governments, on December 17, 1917.

United States of America: ROBERT WOODS BLISS

France:

A. LEBRUN
DELAUVAUD
CHASSERIAU

Great Britain:

JOSEPH ADDISON
J. T. MEADOWS SMITH

Italy:

ANT. DELL'ABBADESSA

¹ Regulation not printed.

² Telegram No. 4235 (File No. 600.001/255), June 18, 1918, from the Ambassador in France, contains the following statement:

I am informed by Ministry of Blockade that under date of January 8, the British Government notified the French of its adhesion to the protocol of December 17, 1917; that adhesion of the Italian Government is implied by the evidences that it subscribed on April 17, to deposit its quota of 2,500,000; furthermore the French competent departments have been instructed to settle the details of their Government's participation in the expenses of the inter-Allied bureau, thus implying the recognition of the said agreement by France; that the Ministry of Blockade therefore assumes that the status of it is similar to the two latter; and the statement made by Mr. Bliss, on receipt of the Department's telegram No. 2934, December 8, 1917, that the Government of the United States was ready to pay its quota, is understood as the acceptance of the protocol by the American Government.

NEGOTIATIONS WITH SPAIN: THE QUESTION OF PURCHASES IN
SPAIN BY THE AMERICAN EXPEDITIONARY FORCE

File No. 652.119/9

Memorandum of the Counselor for the Department of State (Polk)

May 8, 1917.

The Spanish Ambassador called and said he had seen some statements in the papers in regard to this Government's embargoing wheat and coal to neutrals. I told him that nothing had been settled by this Government; as yet the matter was being considered and discussed. I told him for his confidential information that while we had come to no conclusion it was being urged that this Government use the embargo to control the export of necessities, not to embargo the neutrals further than was necessary for our own protection, that we were considering the proposition of asking certain neutrals to get their wheat for instance from Australia so the neutral shipping could be used and relieve shipping of the belligerents. I said that it had been suggested that this country take over the supply of coal to South America and Spain, but of course if this were done we would be most careful not to interfere with any reciprocal arrangements existing with the European belligerents. That is to say, if any neutral was giving anything to Great Britain in exchange for coal it would be necessary that that agreement be carried out then we would [not?] supply the coal, otherwise we would be in a position of supplying neutrals and depriving our allies of necessary supplies. He thought it was all very reasonable and said he could quite see why this Government would refuse to give supplies to neutrals if as the result of these supplies being sent to neutrals they would be relieved of arrangements now existing with Great Britain and France.

F[RANK] L. P[OLK]

File No. 652.119/8

*Mr. Balfour, for the British Special Mission, to the Secretary of
State*

WASHINGTON, May 5, 1917.

[Received May 9.]

DEAR MR. SECRETARY: You will remember that at our conference yesterday we touched on the question of the difficulties which Spain

was making in regard to the export of iron ore to Great Britain and of the assistance which the United States Government could render us in inducing the Spanish Government to take a more friendly attitude. It may be useful if I summarize the position in writing.

Until the declaration of the German submarine blockade, Spanish ships brought iron ore to the United Kingdom and took back coal. They have since been taken out of this trade and have been put into safer trades such as that of carrying coal from the United States. In order to obtain Spanish ore we had, therefore, to use Allied ships, diverting them from other essential work. They were sent with coal to France and Italy and brought back ore on their homeward voyage. Spain then, however, refused to allow our ships to load ore unless they brought coal for her and relied on her power to obtain coal from the United States in the event of our refusing. As the need of coal for France and Italy is urgent not only for ordinary civil purposes but also for munitions work, we could not take colliers from the French and Italian trade without very seriously prejudicing our belligerent position.

An agreement known as the Cortina agreement has, indeed, been signed with the Spanish Government. Its terms are, briefly, as follows:

Article 1. The British Government undertake to licence 150,000 tons of coal, including coke and patent fuel, per month to Spain, with a possible increase of 30,000 tons a month if Allied interests permit.

Art. 2. The Spanish Government undertake to allow the British Government or British firms to time-charter 400,000 tons dead weight of Spanish shipping. If this total amount is not time-chartered the obligations of the British Government under article 1 are proportionately reduced.

Art. 3. The Spanish Government undertake not to prohibit or hinder or place duty on the export of iron ore, and to allow the export of pyrites and lead under the conditions at present in force.

Art. 4. The Spanish Government will not hinder the acquisition on voyage or time-charter by the British Government or British interests of Spanish vessels for trade between Spain and the United Kingdom except for 100,000 tons retained for Spanish use. The British Government will allow the chartering of other neutral vessels to trade between Spain and the United Kingdom, France and Italy on certain conditions.

Art. 5 grants an option of purchase of Spanish vessels laid up in British ports from February 7.

Art. 6. The British Government agree to the purchase by the Spanish Government or firms of the steamships *Brasilian* and *Frankenwald* for the Spanish coasting trade during the war. Retransfer to any third party can only take place with the consent of the British Government.

Arts. 7, 8, 9, and 10 deal with the importation into Great Britain from Spain of potatoes, forage, oranges and wine.

Art. 11 states that no licences can be given at present for the export of sulphate of ammonia to Spain but future urgent needs of Spain will be borne in mind.

Art. 12. Subject to home requirements the British Government will licence 300 tons of tin plates a month and will agree to the direct importation into Spain from the United States of a further quantity by vessels of the *Compañía Transatlántica*. In return the Spanish Government will place no difficulties in the way of exportation to the United Kingdom and her allies.

Art. 13. Subject to home requirements and those of the Allies the British Government will allow 120 tons a month of ferro-manganese to Spain and will increase this quantity if the Spanish Government show that the export of steel to the United Kingdom, France and Italy is above the average.

Art. 14 is general and states that each Government will do their best to provide the requirements of the other.

The agreement was signed by both parties but is subject to ratification. So far the Spanish Government have delayed ratification owing, it is thought, to pro-German opposition and the British Government doubt, in fact, whether it will ever take place. The Spanish Government state that the agreement must be submitted to the Cortes.

The position has now become even more serious for, according to a Reuter message from Madrid, the Spanish Government have issued a prohibition of the export of metals. This would most gravely affect the Ministry of Munitions particularly with regard to lead and copper which are urgently required from Spain. Even if iron ore and pyrites are not included in the prohibition, the position would still be one of gravity.

The United States Government will readily understand that the regular supply of Spanish iron ore is absolutely vital to the conduct of the war and that it is, therefore, essential that the Cortina agreement should be put into force without delay or, at any rate, that strong pressure should be brought on the Spanish Government if further difficulties are placed in the way of the export of iron ore and pyrites to the United Kingdom and France.

In these circumstances the British Government would very greatly appreciate it if the United States Government would intimate to the Spanish Government, in any manner that seem proper to them, that they are entirely in accord with the views of the British Government with whom, they understand, an arrangement has been made by which British coal can be supplied to Spain on certain conditions. It might be pointed out that in view of this and of the extreme importance to the Allies of economizing tonnage, the United States do not see their way to allowing the export of coal to Spain, now that ample provision has been made for the necessary supplies to be obtained from the United Kingdom which entails a much

shorter sea voyage. It might, perhaps, also be hinted that other essential supplies from the United States would be dependent on a satisfactory attitude of the Spanish Government in regard to the shipment of iron ore and pyrites to Great Britain.

I need not emphasize the point that the support of the United States Government in this matter is of the first importance, and I should like to assure you that if the United States Government could see their way to take action on the above lines, it would be a source of extreme gratification to the British Government.

Believe me [etc.]

ARTHUR JAMES BALFOUR

File No. 600.119/96

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, May 14, 1917, 4 p. m.

[Received May 15, 7 a. m.]

544. Minister of Hacienda inquires whether United States could furnish Spain with coal, what quantity and what price. Spain to furnish the ships for transport. Suggest reply be dependent on needs of Allies and attitude of Spain towards Allies and United States.

WILLARD

File No. 600.119/82

The Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, May 22, 1917, 6 p. m.

481. Department advised by British commission now here that the Spanish Government may be inclined to refuse to Great Britain iron ore which is greatly needed for the manufacture of munitions, since Spain believes she no longer needs to obtain coal from Great Britain because she can obtain it from the United States. You may, at an opportune moment, say to the Foreign Minister that the recent reports of Spanish attempts to purchase coal in the United States make it important to bring to his notice the fact that American coal is being increasingly needed owing to the exigencies of war, not only in the United States, but for the supply of our co-belligerents, and that it may be necessary, therefore, for this Government to restrict or prohibit the exportation of coal to neutrals. Add that this advance notice is given in order that the Spanish Government may be fully cognizant of the situation, and may understand the nature of the prohibition should it be declared. Add also that if Spain is willing to continue to export iron ore to Great Britain as heretofore, so as to relieve as much as possible the large exportations of iron and iron

products, including tubing, from the United States to Great Britain and her allies it may be possible to facilitate the exportation of limited amounts of coal to Spain.

Cooperate fully and informally with the British Ambassador in this matter and report by cable.

For your own information. The British commission here believe that the Spanish Government is inimical to Great Britain and is likely to embarrass her by curtailing her supply of iron ore, which is essential to her munitions factories, and to impose other restrictions. The United States is not desirous of assisting Spain to obtain coal here while her refusal to furnish ore to Great Britain will make a larger demand upon American iron and iron products, which are much needed here. Reference is made to tubing because it is understood that Spanish buyers are negotiating for large purchases of that material in the United States at the present time.

LANSING

File No. 600.119/84

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, May 25, 1917, 4 p. m.

[Received May 26, 4 a. m.]

572. Substance of Department's 481, May 22, 6 p. m., communicated to Minister of State as directed. Have also conferred with British Ambassador. He seemed optimistic as to probability of agreement being reached between Spanish and British Governments allowing export of iron from Spain and certain quantities of coal from England per month. Minister of State also appeared hopeful that British and Spanish Governments would come to satisfactory understanding regarding iron and coal situation. It has been respectfully suggested however that pending a formal agreement between these two countries on the subject no definite agreement should be made whereby Spain may be assured regular coal supply from United States.

WILLARD

File No. 611.529/158

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

[Telegram]

WASHINGTON, May 31, 1917, 3 p. m.

4902. Owing shortage tonnage and difficulty our sulphuric acid manufacturers procuring sufficient Spanish pyrites Shipping Board have offered to turn over Department Commerce for bringing pyrites several steamers. Layton of British mission cabled last week asking if British Government would permit mine owners to sell necessary

pyrites but so far no answer received. Must have prompt action or Shipping Board will use steamers elsewhere. Please endeavor expedite matter and secure consent British Government.

LANSING

File No. 600.119/268

The Secretary of the British Embassy (Percy) to the Assistant to the Counselor for the Department of State (Auchincloss)

WASHINGTON, June 21, 1917.

DEAR MR. AUCHINCLOSS: May I write you a word about the pyrites situation which I know is causing Mr. Polk some anxiety in connection with the question of Spain and shipments of coal to that country.

We had yesterday a conference at the Department of Commerce, where I think all the interested parties were present. You will doubtless hear the results of that conference from Doctor Pratt,¹ but I think I may say that our discussion showed two things: first, that the present rate of imports is higher than had been supposed, and secondly, that there is no reason to suppose that our Ministry of Shipping cannot help you out with sufficient ships for your needs in the immediate future. We have already, about a fortnight ago, placed at your disposal four ships—the *Clara Mennig* and *Armenian* and two others—for this trade. Besides the ships we control, there are those controlled by the French and Italian Governments which can be called on in case of need to bring cargoes from Huelva on the westward voyage. There is, further, a possible margin in the fact that the United States appears recently to have been taking much more iron ore from Spain and much less than usual from Sweden. We can probably enable you to carry far more ore from Sweden, thus relieving the pressure on the tonnage between this country and Spain. Meanwhile, the Spanish Government is, so far as we know, placing no difficulties in the way of the export of pyrites, so that that Government is not in a position to offer any remedy to the situation. The real remedy appears to be that we should rely on our joint coal pressure, imposed silently and without threats as a measure of conservation of resources, to bring Spanish tonnage speedily into the Allied market, as proposed in the Cortina agreement; and that you should rely, during the intervening period before this pressure becomes effective, on yourselves and your allies to provide the necessary tonnage to tide over your immediate needs. I feel sure we can meet the situation in this way.

With apologies for troubling you with these views,

Yours sincerely,

EUSTACE PERCY

¹ Edward E. Pratt, Chief, Bureau of Foreign and Domestic Commerce, U. S. Department of Commerce.

File No. 600.119/269

The Secretary of the British Embassy (Percy) to the Assistant to the Counselor for the Department of State (Auchincloss)

WASHINGTON, June 22, 1917.

DEAR MR. AUCHINCLOSS: With reference to my previous letter of June 21 about pyrites, I am now glad to be able to inform you that we have heard from the Minister of Munitions that no serious difficulty need be apprehended in securing necessary supplies for you from Spain. Mr. Phillips of the Ministry, who, as you know, is now here, is taking the question up with the Department of Commerce, and as soon as we can ascertain what shipments the importers in this country already have in prospect and what they need in addition in the immediate future, we shall be in a position to help you. We are only waiting for precise information.

Very truly yours,

EUSTACE PERCY

File No. 611.529/160

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

[Telegram]

LONDON, July 7, 1917, 4 p. m.

[Received July 7, 3.04 p. m.]

6678. My 6386, June 7.¹ Foreign Office now states that a letter has been received from the Ministry of Munitions setting forth that the question raised in your 4902 is still being considered and that in the meantime supplies of Spanish pyrites are available and can be had if and when tonnage is procurable, adding that Minister of Munitions has been urged to do everything possible to facilitate American purchases of this material. Foreign Office further states it has been informed by Ministry of Shipping that steps have already been taken to load some additional cargoes of pyrites to American ports and that further tonnage will be provided as opportunity occurs.

PAGE

File No. 652.119/22

The Chairman of the Exports Administrative Board² (McCormick) to the Assistant to the Counselor for the Department of State (Auchincloss)

WASHINGTON, August 10, 1917.

DEAR GORDON: Your letter of the 7th received concerning request of the Spanish Government for license for the exportation of an

¹ Not printed.

² See footnote 1 to Executive order of Aug. 21, 1917, *ante*, p. 927.

additional 25,000 tons of coal per steamers *Sardinero* and *Hercules* from Norfolk, Va.¹ I suggested to Mr. Polk that before agreeing to issue the licenses for these applications that we communicate with the Spanish Government and endeavor to secure an equal amount of tonnage of pyrites for the return trip of these vessels. We are sorely in need of tonnage for this commodity and must put forth every effort to secure same. I have written to the Shipping Board about this matter, but hope you can assist in making this arrangement.

Yours very truly,

VANCE C. McCORMICK

File No. 611.529/171

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

[Telegram]

WASHINGTON, *September 10, 1917, 4 p. m.*

5408. Your 7127, September 7.¹ Inform Foreign Office that Department has already made investigation of domestic sulphur supplies which indicates that latter are being utilized to full extent and are not capable of increased production at present. United States in urgent need of quantities of Spanish pyrites in addition thereto and no present prospect of reduction of requirements therefor.

LANSING

File No. 852.6362/1

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, *September 15, 1917, 11 a. m.*

[*Received September 16, 3.30 p. m.*]

788. Minister for Foreign Affairs has asked that the United States Government grant to Spain a credit of 500,000 tons coal to be drawn upon from time to time during the next six months (he will however be glad to accept much smaller credit). I responded that I

¹ Not printed.

could submit such request only upon following conditions to apply to each separate permit for coal:

- (1) That the United States' needs be supplied;
- (2) That our co-belligerents' needs be supplied;
- (3) That the present favorable attitude of Spain to our co-belligerents continue, especially concerning the shipment of iron ore to England;
- (4) That any such undertaking shall be agreeable to our co-belligerents, Great Britain;
- (5) That before any permit for the exportation of such coal be granted, said permit shall be submitted by telegraph and approved by this Embassy in order to prevent possibility of such coal reaching the hands of parties, Spaniards or others, engaged directly or indirectly in rendering assistance to our enemies.

Minister of State added that he is informed Trasatlántica steamers between New York and Spanish ports are encountering difficulty in securing bunker coal for return voyages, as well as cargoes; that Spanish Ambassador in Washington has been instructed to make representations to the Department and requested the Embassy to support them. I responded that rumors, though unconfirmed, had reached the Embassy that the Trasatlántica Co. was very pro-German and its officers engaged in unneutral acts. He stated that while it was possible that certain officials were pro-German in their sympathies, yet he assured me no officers were violating nor would these be permitted to violate Spanish neutrality. It should be borne in mind that the present Ministry in Spain is distinctly pro-Ally in its attitude as well as its sentiments. I therefore respectfully suggest Department's prompt and favorable consideration of the above request of the Minister for Foreign Affairs, on the following grounds:

- (1) That such understanding will facilitate interchange of commodities between Spain and England;
- (2) That it will generally improve present and future commercial relations between the United States and Spain;
- (3) That it will tend to enable the Embassy to secure reciprocal privileges from Spanish Government for exportation of embargoed commodities desired from time to time by our Government and our citizens.

File No. 652.119/66

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, *September 21, 1917, 12 noon.*

[Received September 23, 1.40 a. m.]

797. Minister for Foreign Affairs requests that Embassy urge that Spanish vessel *Bartolo*, destined for Chile from Norfolk with coal and Chile to Spain with nitrates, be supplied with desired coal as said nitrates are necessary to insure next Spanish crop of wheat and sugar. He requests also release of *Cataluña*, loaded since August 28 with petroleum for Pasajes, where he states that the supply is now nearly exhausted. Embassy respectfully suggests that such concession in regard to the first above-named ship as Department may see fit to make would be of advantage here in insuring the present liberal attitude of Spanish Government towards our co-belligerents, facilitate shipment of iron ore and other necessary commodities, and strengthen our influence with Spain. Spain now recognizes her immediate dependence upon us and is most anxious for close commercial and other relations. In an interview with His Majesty yesterday he so expresses himself very earnestly. Furthermore concerning coal desired for *Bartolo*, it should be borne in mind that such coal cannot reach our enemies. However regarding *Cataluña* and desired release of its cargo of petrol Embassy cannot recommend release without further investigation as to the consignees for fear that part of such cargo might be supplied to German submarine boats. Embassy requests instructions.

WILLARD

File No. 652.119/66

The Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, *October 5, 1917, 5 p. m.*

697. Your 797, September 21, 12 noon. At present cannot facilitate departure *Bartolo*, as United States needs coal and nitrates.

Pending settlement of British-Spanish agreement regarding fuel and iron ore cannot release oil and coal for Spain. Therefore cannot release *Cataluña*. Further, cannot release oil or gasoline unless assured as to consignees.

LANSING

File No. 652.119/106

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, October 8, 1917, 12 noon.

[Received 9.15 p. m.]

819. Department's 697, October 5, 5 p. m., concerning British-Spanish agreement fuel and iron ore. British Ambassador handed me today memorandum in which appears following:

The British Government understands that unless supplies reach Spain shortly, the position of the present Government, which is friendly, may be seriously affected, owing to the urgent need of coal.

WILLARD

File No. 652.119/139a

The Secretary of State to the Spanish Ambassador (Riaño)

WASHINGTON, October 13, 1917.

MY DEAR MR. AMBASSADOR: Referring to your further oral inquiry regarding the policy of this Government in the matter of allowing the exportation of petroleum, I regret to say that the Department is advised by the Exports Administrative Board that it is unwilling at the present time to permit the exportation of petroleum to Spain. The whole situation regarding exports of petroleum is under investigation but at the present time it is felt that there is no means whatsoever of ascertaining the destination of the petroleum and the uses to which it is to be applied. The board further states that in view of the submarine situation these exports can not be allowed until more data and more accurate means of following up the consignments are made available.

I am [etc.]

ROBERT LANSING

File No. 652.119/126

The Acting Secretary of the Treasury (Crosby) to the Secretary of State

WASHINGTON, October 12, 1917.

[Received October 16.]

MY DEAR MR. LANSING: I beg leave to acknowledge receipt of memorandum of your Department dated October 10¹ transmitting a communication from Ambassador Willard, in relation to possible demands for the export of gold to Spain, which demands the Am-

¹ Not printed.

bassador thinks may be in the interest of certain persons who are very close to Germany.

In response permit me to say that since the embargo was placed on gold, no shipments of gold to that country have been licensed, and all applications now being received by the board for Spain are refused.

Sincerely yours,

OSCAR CROSBY

File No. 652.119/121

The Secretary of State to the Spanish Ambassador (Riaño)

WASHINGTON, October 19, 1917.

MY DEAR MR. AMBASSADOR: In reply to your note of October 8,¹ in which you request that no obstacle be placed in the way of the exportation of 350 bales of upland cotton by Middleton & Co., of Charleston, to Barcelona, Spain, I have the honor to inform you that the War Trade Board, under date of October 10, 1917, states that no restriction at any time has been placed on the shipment of cotton to Spain so long as the consignor and consignee were acceptable to the board. It adds that this specific application has been granted and special instructions issued to expedite the shipment.

I am [etc.]

ROBERT LANSING

File No. 652.119/156

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, October 24, 1917, 10 a. m.

[Received October 25, 12.50 a. m.]

840. Following note received from Minister of State:

I have received from Señor Riaño news which has made a deep impression.

The American Government continues to refuse to give authority for the departure of the steamers *Aragon* and *Cataluña* whose cargoes of petroleum are so needed in Spain that I fear that in a short time a serious condition will arise on account of lack of gasoline.

Also our Ambassador tells me that the American Government refuses to grant licenses to sailing ships of any country for European waters² without taking into consideration that for this class

¹ Not printed.

² See resolution of Exports Administrative Board, Sept. 19, as amended Oct. 4, *ante*, p. 957.

of ships there is no question about coal. This attitude calls for a most energetic protest on the part of His Majesty's Government as among the sailing ships anchored in American ports are some Spanish ones with cargoes for this country. Only from the fact that the transmitter of this information is His Majesty's Ambassador, could I accept this news as authentic as I should have been inclined to suppose that this report of the application to neutral vessels of a friendly country, which, in the exercise of their legitimate rights and trusting to the respect due to them and to their flag, have entered American jurisdiction, was a mistake.

The matter is settled and although pending advice I have instructed Señor Riaño to present a due protest and secure the repeal of this measure in as far as it affects Spanish ships, I have not thought that this should prevent my calling the matter to Your Excellency's attention, sure that, in view of your desire for the maintenance of and strengthening of the relations between our two countries, you would be the interpreter to your Government of the bad impression and displeasure that this attitude has produced on His Majesty's Government.

As to the mineral oil our Ambassador was told that if we allowed the same amount of pyrites to be sent to the United States those ships would be permitted to come with the desired oil. The assurance was given but then Riaño was informed that the prohibition was general and no exception could be made until the wants of the market could be studied.

Please instruct.

WILLARD

File No. 652.119/590

The Spanish Ambassador (Riaño) to the Secretary of State

WASHINGTON, October 25, 1917.

MY DEAR MR. SECRETARY: With further reference to the subject of exportation of crude petroleum to Spain per steamers *Cataluña*, *Aragon*, *Barendrecht* and *Tambre*, in again calling your attention to the great need of this product in Spain, and to the assurances regarding its destination which I gave you in my note of October 17.¹ I am instructed by my Government to point out to you that, as I had the honor to inform Mr. Auchincloss in the conversation I had with him on October 12 ultimo, the Spanish Government had accepted the condition proposed to me by Mr. Auchincloss on October 1, that a tonnage of pyrites, equivalent to the tonnage of crude petroleum on board the four ships in New York, should be released from Spain.

His Majesty's Government having accepted this condition, and being prepared to execute it, hopes that the *Cataluña*, *Aragon*, *Ba-*

¹ Not printed.

rendrecht and *Tambre* may be permitted to leave New York as soon as possible, thus completing the arrangement tentatively proposed by Mr. Auchincloss.

Believe me [etc.]

JUAN RIAÑO

File No. 652.119/207

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

[Telegram]

PARIS, November 12, 1917, 11 a. m.

[Received November 14, 4.30 a. m.]

2722. My No. 2607, October 16.¹ Further referring to the subject matter of my telegram: Lieut. Col. Charles G. Dawes, purchasing agent for the American Army in France, has handed me copy of a letter from Mr. John R. Christie from which I quote in part as follows:

As a result of my two weeks' investigation into conditions in Spain, political and commercial, and conference had with officials our Government and of the British and French Governments, I have to report that no purchases of importance to the American Expeditionary Forces in France may be effected unless the Government at Washington agrees with the Spanish Government for the release by America of materials urgently needed by Spain and its special export taxes [*exportation?*]. I therefore urge as I did in my memorandum dated September 21¹ that pressure be immediately brought to bear on Washington for action in the above sense. Without such *quid pro quo* the supplies we can draw will be of little assistance to the Army. The key to whole situation is held at Washington.

2. Materials urgently required: Of these are cotton, lubricating oil, petroleum, fats, coal, phosphates, jute, machinery, and in particular, parts for repairing railway engines; boiler tubes are so badly wanted that unless some are had within six weeks, two of the great railway systems carrying traffic of vital necessity to the Allies will come to a standstill.

3. Supplies obtainable in Spain: Grain, vegetables, fruit, wine, ores, metals, pyrites, charcoal, railroad ties, lumber construction materials, etc., but with one or two exceptions no goods can be exported owing to the embargo mentioned in paragraph No. 1.

Colonel Dawes is very strongly of the opinion that not only are certain products—particularly bulky stuff like lumber, general construction material and cross ties—greatly needed from Spain but that the situation there is such that this want can only be supplied with some sort of reciprocal arrangement by our Government as recommended by Mr. Christie in his letter. Colonel Dawes himself has just informed me that in a telephone conversation last

¹ Not printed.

night General Pershing had authorized him to make a statement to me showing the great importance of securing the supplies from Spain and Switzerland. As to the quantity of lumber required, Colonel Dawes left me a memorandum from which I quote as follows.

As indicating the importance of the lifting of the embargo upon cotton to Spain where the same can be used in exchange for concessions as to lumber importations to France for the American Expeditionary Force, I will state that the needs of the Army in lumber have been estimated for six months as 165,000,000 feet. As against this it is estimated that we can secure in Europe, unless we have concessions from Spain and Switzerland, only about 35,000,000 feet. It is evident, therefore, that to supply the needs of the Army the different branches of the service will have to requisition the United States for 130,000,000 feet of lumber which, at the rate of 2,500,000 feet for a 5,000-ton ship, will require 54 ships at a ship transportation cost of between fifty and one hundred dollars per 1,000 feet which we believe will cover the cost of any Spanish or Swiss lumber delivered in France. We can not estimate as yet how much lumber we can secure in Spain and Switzerland but should have the lever of embargo concessions to secure all possible lumber. [Lumber] is selected only as an example to indicate the importance of the results which can be obtained under the reciprocity arrangement which the State Department is endeavoring to consummate.

The ability to obtain this very necessary material from Spain would obviously greatly relieve the [demands] upon the tonnage coming from America, and also very much expedite its delivery. From my talks with those having to deal with the problem of construction work for the American Army, I learn that the greatest kind of difficulty is being encountered in getting needed [lumber] already. An undertaking has been brought about between Colonel Dawes' purchasing board and the French Government by which a free hand, under certain stated limitations, may be used by him in the purchase of certain necessary materials from Spain.

In connection with the question of the exportation of cotton from the United States Ambassador Willard who is now stopping in Paris very strongly [urges] that whatever action is taken in reference thereto by our Government he should have authority to control the negotiations in bringing about the object to be attained in securing in exchange the best concessions possible in the shipment of materials from Spain. Being on the ground and thoroughly familiar with conditions at Madrid, it would seem to me that such authority would not only be desirable but necessary under the circumstances.

In adding my own emphatic recommendation for some kind of favorable action being taken, whereby war material may be secured

from Spain, I do so with the conviction, from my talks with those in a position to know these needs, that the matter is of extreme importance.

SHARP

File No. 652.119/207

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

[Telegram]

WASHINGTON, November 15, 1917, 5 p. m.

2816. Your 2722 November 12: Repeat to London for information of McCormick.

Subject is so important Department is surprised that French Government has made no representation. Representations have been made here in regard to importance of Spanish commerce for Allies by individuals and by Spanish Ambassador. Department asked French Government for information in regard to trade with Spain, but have so far received no satisfactory reply. Suggest that you discuss subject with French Government and keep Ambassador Willard informed.

LANSING

File No. 652.119/207

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

[Telegram]

WASHINGTON, November 22, 1917, 8 p. m.

2843. Your 2722, November 12, 11 a. m., discussed with War Trade Board, which concurs in your recommendations as to using the embargo regulations as a means of securing necessary concessions from Spain. The board is prepared to make thoroughgoing concessions in the furnishing of commodities to Spain by way of exchange for supplies needed by our army in France, although some of the commodities mentioned in your telegram are difficult to obtain. Before acting the board would like detailed information as to bulky commodities which can be most advantageously secured in Spain for the use of our army. Can not this information be obtained through Colonel Dawes and Christie as well as through Embassy at Madrid? Please inform Willard.

LANSING

File No. 652.119/266

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, November 28, 1917, noon.

[Received November 29, 4 a. m.]

899. I called yesterday President of the Council and Minister of State. He promptly asked that I recommend to my Government its release of certain oils purchased in the United States by Spanish importers stating that Spain greatly needed them. I replied that while my Government was most anxious to supply Spain with such commodities as she might need and thereby continue and extend the cordial commercial relations already existing yet there was great need on our own part and on the part of our co-belligerents of certain of these commodities, especially cotton, coal and oil, and that it might be necessary in the near future to curtail, if not prohibit, such exportations. I told him that the fact that our many applications for permits to export cotton thread, waste and other articles from Spain to the United States, to which you had been unable to secure any replies from the Spanish Government, was not conducive in my judgment to the best advantage securing of such permits as he desired. I begged him to permit me to say unofficially and in the most friendly spirit that the apparent attitude of the Spanish Government in connection with activities of German and other enemy subjects in Spain and the unrestricted submarine activities in the immediate vicinity, if not in Spanish waters, had not produced a good impression in my country, and that in this connection I should be very glad to learn from him as soon as possible, for transmission by cable to my Government, the attitude of the Spanish Government in respect to the representations of the Allied Embassies and ourselves concerning the interning of the crews of all German merchant vessels now in Spanish waters. I concluded by assuring him that I was at all times anxious to cooperate with him in establishing and furthering the most cordial relations commercially and otherwise between the United States and Spain.

In the absence of instructions to the contrary I shall reiterate my above statement to His Majesty with whom I have asked an audience when I see him and shall add that my Government has determined to use to fullest extent its entire economic strength in the prosecution of this war to a successful conclusion; a war which it sought earnestly to avoid and into which it has now entered without ambition to secure territorial, political or other gain.

WILLARD

File No. 652.119/267

The Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, December 1, 1917, 6 p. m.

769. Your 902 November 30.¹ Department assumed that you knew that no licenses were being granted for cotton or oils and many other commodities for Spain at present. Everything is being held up that can be held up without giving impression of complete embargo. Statement made to the Spanish Ambassador here that some understanding would be necessary before trade could be completely reestablished. Department understood that you would take up with McCormick and representatives of the Army and representatives of France and Great Britain details of some agreement with Spain.

In view of possible delay in coming to an understanding the Department would like your views as to advisability of releasing limited amount of cotton owing to danger of financial losses to shippers of this country. Would in your opinion 30,000 bales spread over a period of several weeks be undesirable? Please cable immediately what discussions you had in Paris with representatives of the Allies and Army, and whether negotiations have been begun.

LANSING

File No. 652.119/278

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, December 3, 1917, 1 p. m.

[Received December 4, 9.58 a. m.]

910. Until receipt of Department's 769, December 1, 6 p. m., this Embassy has been without information concerning the granting of licenses to export cotton, oil and other commodities to Spain. During my stay in Paris I took up with McCormick and representatives of the United States Army details of possible agreement with Spain concerning purchases and rate of exchange, but I did not feel that I had authority to approach representatives of France and Great Britain upon these subjects.

Replying to Department's request for my opinion concerning immediate shipments of cotton to Spain, Embassy will reply as soon as information, which has been asked for, can be secured from Barcelona as to existing stock of raw cotton in Spain.

¹ Not printed.

The Embassy is informed from Paris that representatives of our Army and of the Allies are now in negotiation with United States commission concerning Spanish situation.

WILLARD

File No. 652.119/357

The Spanish Ambassador (Riaño) to the Secretary of State

[Translation]

WASHINGTON, December 4, 1917.

[Received December 5.]

MR. SECRETARY: The Minister of State instructs me by telegram to communicate to Your Excellency the following note:

His Majesty's Government, realizing the difficulties and inconveniences arising from the situation created by the present extraordinary circumstances in the matter of reciprocally meeting the needs of Spain and the United States thinks that the two countries might find advantage in coming to an agreement on the manner of harmonizing their respective conveniences.

Should the Government of the United States coincide in this view, His Majesty's Government would be disposed promptly to examine in the best spirit such proposals as the Government of the United States may deem best adapted to the end above suggested.

I avail myself [etc.]

JUAN RIAÑO

File No. 652.119/285

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, December 5, 1917, 11 p. m.

[Received December 6, 2 a. m.]

913. Embassy's 910 December 3, 1 p. m. Consul General informs Embassy about 88,000 bales of cotton in Spain. Embassy respectfully suggests no more permits to export cotton be granted until January 1, and until after further exchange of views. Embassy further respectfully suggests that refusals to grant such permits be based entirely upon the ground of our own needs, of our co-belligerents', and that no ground be given for the charge of retaliation on part of United States. Barcelona also reports average daily consumption in Spain 1,000 bales.

WILLARD

File No. 652.119/306

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, December 12, 1917, 11 a. m.

[Received December 13, 9.55 a. m.]

923. Paris Embassy's 2740, November 14, 11 a. m.¹ Department is doubtless informed that Anglo-Spanish agreement to exchange iron ore, coal, and other commodities was signed 6th instant.² Therefore, and in response to request of King and Foreign Office, Embassy earnestly recommends that the following pending permits be granted to export: 8,000 tons petroleum to Society of Compras and Fletamentos, Madrid, which petroleum is now on board Spanish boats *Aragon* and *Andalusia* and Dutch tank boat *Barendrecht*; 1,200 tons paraffin to municipality of Barcelona; 1,000 stacks boiler tubes, 44,000 tons steel boiler tubes, 800 tons material for other tubes, and 4,852 steel wheel tires to Northern Railway Co., provided however that consignment to Northern Railway can be spared; and that Embassy be instructed to inform Foreign Office that these permits have been granted. Embassy after investigation is satisfied that consignees do not come within prohibition of Trading with Enemy Act, approved October 6, 1917. British and French Ambassadors approve.

Prompt granting of these permits will contradict German propaganda that Allies and United States are endeavoring to starve out Spain, will make good impression generally, and will strengthen Embassy's influence with King and Foreign Office.

WILLARD

File No. 652.119/325

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

[Telegram]

PARIS, December 16, 1917, 12 noon.

[Received December 17, 6.20 a. m.]

2902. My telegram No. 2846, December 12, 4 p. m.¹ Ministry of Blockade informs me that Ambassador Jusserand has been requested by telegraph to submit to you considerations to show im-

¹ Not printed.² A modification, eliminating the clauses regarding shipping, of the "Cortina agreement" summarized in Mr. Balfour's letter of May 5, *ante*, p. 1199. It was effected by an exchange of notes between the British Secretary of State for Foreign Affairs and the Spanish Ambassador at London. (File No. 641.5231/6.)

portance of a conference between representatives of America, France and Spain, relative to purchases of the Allies from the latter country. Ministry considers this of greatest urgency and has requested that I bring the matter to your attention with a view to a discussion of the matter to be held here between representatives of our Government and France in order to reach a definite agreement and then confer with Spanish delegates here. The British Government has recently signed an agreement of this nature with Spain which does not in any way interfere with a similar agreement which we might make. It is believed by the Ministry of Blockade that the three Governments could consolidate on one agreement at a later date. As the Department will readily understand the object of the proposed conference is to reach a definite agreement whereby through the creation of an inter-Allied bureau working under a definite agreement with Spain purchases will be made on behalf of the Allies without competition occurring between the latter. It is felt also that such an arrangement would tend greatly to assure the stability of the economic situation in Spain which at present gives rise to certain apprehensions.

SHARP

File No. 652.119/2656

*The Commercial Adviser of the British Embassy (Crawford) to
the Counselor for the Department of State (Polk)*

WASHINGTON, December 14, 1917.

[Received December 17.]

MY DEAR MR. COUNSELLOR: With reference to your letter of the 30th of October last¹ regarding a communication from the United States Ambassador in Madrid, in which the manager of the Vacuum Oil Co. is quoted as stating that there was a shortage of oil in Spain, we have now received a telegram on the subject from London, in which the British Ambassador was informed on December 3 that there was only about a fortnight's supply.

I am desired to point out that His Majesty's Government consider it important, without cutting supplies off entirely, that these supplies should be kept as low as possible, thus increasing Spanish dependence upon the Allies, who are the only source from which lubricating oil can be obtained.

Believe me [etc.]

RICHARD CRAWFORD

¹ Not printed.

File No. 652.119/369a

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

[Telegram]

WASHINGTON, December 21, 1917, 3 p. m.

2971. For Colonel Dawes:

Please advise at once whether you have been granted licenses for exports of supplies from Spain. The embargo upon exports from this country to Spain is becoming embarrassing and we desire to remove same unless it is absolutely necessary for your purpose.

Advise also progress made in organization of purchasing committee recommended by the Allied Conference in Paris.

The following cable just sent to Ambassador Willard:¹

Your cable December 12 recommending granting of licenses for certain exports. McCormick does not understand this request in view of your recommendation to him to withhold licenses for exports until satisfactory arrangements have been made for the purchase of materials from Spain for Allied account in France. Please advise us whether such purchases are being made and Spain permitting their export. It is becoming embarrassing here to withhold licenses for exports from this country in accordance with arrangements made with McCormick, and this plan will be discontinued at once unless it is absolutely necessary to secure supplies for ourselves and Allies in France.

In view of the great importance of our securing Spanish ship tonnage would it be advisable to open negotiations for agreement between Spain and Allies covering tonnage question, as well as purchase of supplies. If this policy determined upon is it wise for us to continue as at present along the lines agreed upon by McCormick and yourself in Paris.

LANSING

File No. 652.119/348

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, December 23, 1917, 12 noon.

[Received December 24, 12.14 p. m.]

945. Department's 796, December 21, 5 p. m.² Embassy made suggestions contained in its 923, December 12, 11 a. m., because the Anglo-Spanish agreement concerning the exchange of coal and iron ore, so important to England, had just been signed, after many months of negotiations; at the personal request of the King; at the request of the Prime Minister and Minister of State; with the approval of the British and French Ambassadors; for the express purpose of combating in advance any chances either of retaliation or

¹ Telegram No. 796 of Dec. 21, 5 p. m. (File No. 652.119/306.)

² See preceding telegram.

unfriendliness toward Spain; and believing that the release of some of Spain's many purchases in the United States, without changing our general policy of embargo, would create a good impression here. (Special reference is here made to last clause of Embassy's 923¹ and to Embassy's 788, September 15, 11 a. m.²). I had also explained at great length to both the King and the Prime Minister and Minister of State that our embargo was not a retaliatory measure but for the protection of ourselves and our cobelligerents; that while we needed all these commodities, especially cotton, oils, and coal, yet if the Spanish Government felt that it was able to respond to the suggestion of ourselves and the Allies relative to a more repressive policy toward Germans interned in Spain and regarding permits to export of purchases made in Spain by Allies and purchases probably to be made by our Army in France, that then it might be possible for my Government to make the necessary sacrifices and to permit the exportation of certain commodities desired by Spain. Embassy's course seems to have clearly demonstrated its good faith and created good impression since several newspapers now hold Government responsible for Spain's failure to secure exports from United States, especially cotton.

Embassy has been informed by French Embassy that arrangements between United States and France looking to the purchase of supplies in Spain are now being considered in Paris. France is constantly making such purchases in Spain but French Ambassador is encountering great difficulty in securing permission to export. Embassy was on 20th instant informed of purchases here of dried beans and rice by American Army in France, and at the request of purchasing agent, American Expeditionary Forces, has asked Foreign Office for permission to export. However it is not anticipated that desired permits will be secured unless our embargo is strictly enforced in United States and Embassy instructed to negotiate reciprocal exchanges thereunder directly with Foreign Office. This Ministry is not friendly to the Allies or United States and no concessions can be secured otherwise than upon the basis of an exchange of whatever commodities respectively needed by the Allies and United States and by Spain. If withholding of licenses to export from the United States is discontinued, quoting threat in Department's 796, then no permits to export purchases made in Spain for American Army in France can now be secured, and it is feared that such policy will materially weaken cobelligerents' efforts to secure their desired permits to export. Therefore the Embassy feels that it is absolutely necessary to enforce our embargo

¹Ante, p. 1218.

²Ante, p. 1206.

(with such modifications from time to time as were suggested in Embassy's 923) in order to secure supplies for ourselves and allies freely.

Replying to last paragraph, Department's 796 under consideration, Embassy is not informed as to Department's policy or wishes in regard to our securing Spanish ship tonnage, although it has general knowledge of England's desire and efforts to secure such tonnage. While in Paris I discussed Spanish situation freely but informally with McCormick and his associates, yet no lines were agreed upon between us; on the contrary McCormick stated to me that the general situation would be carefully considered and when definite conclusions as to policy were reached this Embassy would be instructed from Washington. Since that time I have received personal letter from McCormick in reply to letter from this Embassy regarding exchange situation here suggesting that I might get in touch with Crosby of Treasury Department now in London. Embassy has however taken no such steps but is anxiously awaiting Department's definite instructions. Embassy is firmly of opinion that no concessions can be obtained from Spanish, chiefly owing to [omission] under this Ministry except along lines above indicated and as has been repeatedly suggested by this Embassy.

WILLARD

File No. 652.119/353

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, December 24, 1917, 11 p. m.

[Received December 25, 1.35 p. m.]

949. Embassy's 945, December 23, 12 a. m. King sent to-day for French Ambassador and asked that he urge his Government to request our Government to permit exports of cotton to Spain. French Ambassador replied that he was not in a position to accede to King's wishes, because it was impossible for him to secure from His Majesty's Government permits to export the purchases made here by French authorities. King then stated that he was anxious for an arrangement under which desired exchanges could be made. French Ambassador has telegraphed his Government fully. Embassy respectfully suggests thorough and immediate understanding between United States and French Government on this subject, renews suggestions contained in its 945 December 23, 12 a. m., and its request for definite instructions.

WILLARD

File No. 652.119/352

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, *December 25, 1917, 8 p. m.*

[Received December 26, 5.10 a. m.]

950. Embassy's No. 945, December 23, 12 noon, and 949, December 24, 11 p. m. Situation here may become delicate. King's wishes as he expressed them to French Ambassador yesterday should be promptly met. In meantime Embassy should have authority, with approval of French Ambassador, to make with Foreign Office reciprocal exchanges of permits to export. Nevertheless, it would be fatal at this juncture to discontinue or to lift embargo, especially on cotton. This is our strongest lever to induce reciprocal action on part of Spain and is just beginning to be felt, and if withdrawn will leave Embassy without influence with present Government. It should be used with care and tact but first [*firmness*]. Embassy is carefully watching general political effect. I therefore beg Department's prompt attention and its definite instructions.

WILLARD

File No. 652.119/353

The Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, *December 26, 1917, 6 p. m.*

802. Your 949, December 24, 11 p. m., and 950, December 25, 8 p. m. You are authorized to make with Foreign Office with approval of French Ambassador reciprocal exchanges of permits to export. McCormick has been advised and states that War Trade Board will cooperate in operation of embargo especially on cotton.

LANSING

File No. 652.119/372

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

[Telegram]

PARIS, *December 26, 1917, 1 p. m.*

[Received December 28, 6.27 a. m.]

2951. Following from Dawes:

Following is Spanish situation since September 30. Export permits from Spain have involved material of less than \$250,000 value chiefly for engineers. We have request for permission to export

pending on 4,000,000 pounds rice and dried beans concerning which Willard, Ambassador, wired me on December 20 as follows:

Embassy here requesting Foreign Office permission to export articles requested for use in American Army in France but fears until definite policy concerning use of our embargo here shall have been decided upon by our Government desired permits will not be granted. Embassy, however, will keep you informed. Willard.

We have made contract in Spain for 200,000 blankets for which will soon desire export permits. We also have located lumber and other materials in connection with Franco-American Purchasing Bureau we have been strongly urging action upon the French. General Pershing last week personally called upon Clemenceau and after naming the American member of supplies bureau again requested prompt nomination of French members so that all purchases in Spain and Switzerland commencing January 1 may be made by this bureau, the existence of which had been definitely agreed upon by them with Mr. McCormick and the A.E.F. We are daily expecting the nomination of the French members of the bureau. In the meantime entirely in coordination with the existing British and French agencies and in order that precious time may not be lost we are locating and purchasing supplies in Spain subject to securing export permits.

Cannot emphasize too much the importance to the A.E.F. of the Spanish market which the State Department and Mr. McCormick are endeavoring to open for us. In this connection invite attention to cablegram from Darling, December 11, to War Department, relative supplies in Spain. Can you not secure general agreement from Spanish Government for export permits and assistance in securing supplies suggested therein. We have named American member on Inter-Allied Wood Committee and are already receiving the benefit of the McCormick commercial treaty negotiations in wood importations from Switzerland which in January we expect to still more largely increase.

SHARP

File No. 652.119/390c

The Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, December 28, 1917, 6 p. m.

806. In accordance with the suggestion to French Ambassador, Department is wiring Paris to request that Dawes act for this Government and begin negotiations at once with Spanish officials in Paris, our representative to act with the French. This we under-

stand to be in accordance with the arrangement made by you and the French Ambassador in Spain. Please send by mail to our Embassy in Paris contents of your various telegrams on this subject for its information and guidance. In the meantime War Trade Board is considering a general agreement covering all needs of Allies including finance and Department will keep you posted of further developments.

LANSING

File No. 652.119/380

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, December 29, 1917, 3 p. m.

[Received December 30, 1.30 p. m.]

961. French Embassy is just in receipt of telegraphic information from its Government that Maucière, Director of Service of Power and Explosives, has been appointed president French delegation Inter-Ally Bureau of Purchases in Spain and will shortly come to Madrid for the purpose of negotiating arrangement referred to in Embassy's 960, December 29, 11 a. m. Maucière is already in touch with Dawes representing Pershing. In order to simplify situation and to keep United States as much as possible in background, Embassy suggests that Maucière be authorized through his Government to represent our interests in proposed negotiations.

WILLARD

File No. 652.119/378

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, December 29, 1917, 11 a. m.

[Received December 30, 3.30 p. m.]

960. Department's 802 December 26, 6 p. m. After full discussion with French Ambassador he will make agreement, between Allies and the United States on one side and Spain on the other, such as is desired by the King (see Embassy's 950 December 25, 8 p. m.) and as is reported by French Ambassador to be now under consideration by the Allied representation in Paris; authority is requested to inform Foreign Office immediately as follows: that on account of our growing needs and the needs of our cobelligerents and after January 1, 1918, the embargoes against the exportation of certain commodities as proclaimed by the President under date of July 9 and August 27, 1917, respectively,¹ will be enforced and that

¹ See *ante*, pp. 903 and 933, respectively.

no amendment to exceptions thereto will be made except in exchange for reciprocal permits to export those articles the exportation of which is prohibited here.

The Embassy ventures again to suggest that the enforcement of our embargo especially on cotton is absolutely essential in order to secure these commodities. It appears that our embargo up to the present time has not been enforced for the Embassy is informed through newspapers, and otherwise, that there is now in transit from the United States and due in Barcelona within next fortnight more than 30,000 bales of cotton.

If this policy is followed all attempts to secure from the Foreign Office reciprocal exchanges of embargoed commodities are useless. . . .

Referring again to Inter-Allied Conference now being held in Paris as reported by French Ambassador, but concerning which this Embassy is without information, such negotiations should include the important question of rate of exchange between respective countries, parties thereto. Embassy agrees with King and Foreign Office that negotiations should be promptly inaugurated and if possible definite arrangements consummated. However, in meanwhile and supplemental to above suggestion, Embassy submits following *modus vivendi*:

When application from any source is made to War Trade Board for permit to export to Spain and if War Trade Board feels justified (in view of our needs, needs of cobelligerents and other countries not directly applicable to Spain) in granting requested permit, that before doing so the application be submitted through the Department to the Embassy, first for its investigation concerning political activities of consignees and possible ultimate destination of commodities involved and second as a basis of exchange with Foreign Office, that War Trade Board withhold said permit until the receipt of Embassy's confidential report; and finally that such permit be granted or refused in accordance with Embassy's report, but without comment.

By this method Embassy will avoid undesirable charge of operating black list here and will in each case of refusal be able to set up our own needs as defense against the charge of retaliation. Embassy will also be in position, as much to be desired, of approving confidentially through Department applications to export to our friends in Spain and for disapproving those to our enemies. Instructions are anxiously awaited.

WILLARD

File No. 652.119/391a

The Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, December 31, 1917, 7 p. m.

811. War Trade Board states it will issue licenses for 8,000 tons petroleum to be sent to Spain by Spanish vessels. Matter of *Barendrecht* is still subject of negotiation; probably she will not be allowed to go to Spain. The *Aragon* and *Andalusia* probably will be the boats which will carry this oil. You may use this at your discretion in continuing your negotiations.

LANSING

File No. 652.119/386

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

[Telegram]

PARIS, December 30, 1917, 2 p. m.

[Received January 1, 1918, 4.37 p. m.]

2973. At a meeting in my office yesterday at which were present Colonel Dawes and other members of the Franco-American Bureau of Purchases a copy of the following resolutions was handed me with the request that it be telegraphed to the Department.

The Franco-American Bureau of Purchases in Spain, intended to assure unity of action in that country for the purpose of their procuring the resources which it can furnish for the needs of France and the American Army, was constituted today, December 28, 1917, Paris.

A mission sent by the French Government to Madrid will immediately enter into negotiations for the purpose of obtaining from the Spanish Government the necessary facilities for purchases and exportation as well as for financial agreements enabling these purchases to be effected.

The bureau considers that in order to facilitate these negotiations—

- (1) The United States without declaring an effective embargo upon all exportations from the United States to Spain should nevertheless suppress the system of exceptional permits now in force;
- (2) The United States should place in the hands of the American Ambassador at Madrid and in his hands alone the power of delivering export permits from the United States to Spain;
- (3) This Ambassador should receive instructions to make use of the power placed in his hands with a view to facilitating the negotiations above mentioned;
- (4) In all matters relating to purchases in Spain for the needs of France and of the American Army the Ambassador

should act in perfect agreement with the Franco-American Bureau, Paris, and should always confer with it in advance.

A full discussion followed between the members of the bureau as to the best means of giving effect to these resolutions and particularly as to what action should be taken in reference to sending representatives down to Spain to discuss the subject with Ambassador Willard. Mr. J. R. Christie and Mr. August Belmont were selected as the American representatives while a list of those to represent France was at the same time submitted. By experience and knowledge of conditions in Spain, Mr. Christie is peculiarly qualified for the duties entrusted to him and the fact that Mr. Belmont will soon, after his visit to Spain, return to America will enable him to report to the Department very fully the result of his observations. The utmost harmony of views between all those present and the necessity for the greatest expedition in acquittance was voiced. I understand recently certain measures of interdiction against purchases in Spain have been formulated by the French Government and some action will have to be taken in modifying these measures. It was reported by the French delegates present that the French Ambassador, Mr. Thierry, had just telegraphed that the Spanish Government was very much concerned over the situation all around both as it concerns getting cotton and oil from the United States as well as the exportation of Spanish products to France. The opinion was expressed that it was an opportune time to get the concessions from Spain.

Those chosen to go to Spain are expected to leave within the next three or four days.

SHARP

File No. 652.119/393a

The Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, January 2, 1918, 8 p. m.

812. Department's views of the various phases of the Spanish situation are as follows:

1. Purchases in Spain for the account of the American Expeditionary Force: With the approval of the Secretary of War, the Department has nominated as its representative on the Inter-Allied Board for Purchases in Spain, Colonel Dawes, or such appointee as he may designate. Department is perfectly satisfied to have Inter-Allied Board for Purchases in Spain organized in such manner as the members deem wise and if Dawes or his appointee believes negotiations for purchases for

American account should be carried on through Maucière this Department has no objection whatever provided Maucière keeps in close touch with Ambassador Willard.

2. Financial arrangements incident to purchases in Spain for the account of the British, French and the United States: Department has been informed that Lord Cunliffe is proceeding to Spain in behalf of British Government. Inasmuch as Assistant Secretary of the Treasury Crosby is at present in Europe, Department believes that you should consult him and request that he or his appointee cooperate on financial side of any negotiations that may be entered into.

3. Embargo operated by the War Trade Board for the purpose of assisting both first and second, *supra*: Department is not willing to permit this country to be represented in such negotiations by M. Maucière or any other person not a citizen of this country. The negotiation of a comprehensive trade agreement between the War Trade Board and the Spanish Government providing for reciprocal exchanges of permits to export between this country and Spain is highly desirable and you are authorized to begin such negotiations at the earliest possible date, working in conjunction with persons representing this country under first and second, *supra*. War Trade Board will be glad to have any suggestions you may care to make as to persons either in Europe or in this country whom you desire to have help you in this matter.

First, second, and third, *supra*, are so closely related that negotiations with respect to all should be carried on simultaneously.

For your preliminary information, Department has been requested by the War Department to secure the assistance of the Spanish Government in expediting the purchasing and transporting from Spain to France during the next six months the following supplies and materials for the account of the American forces in France:

Blankets	-----	300, 000
Mules	-----	20, 000
Lumber and timber products	-----feet	10, 000, 000
Beans	-----tons	3, 000
Onions	-----do	4, 000
Raisins	-----do	2, 000
Charcoal	-----do	10, 000
Rice	-----do	2, 000
Saddle blankets	-----	20, 000
Canvas	-----yards	240, 000
Castile soap	-----pounds	20, 000
Grease	-----do	100, 000
Oils	-----gallons	20, 000
Bridles, leather background	-----	20, 000
Collars, " "	-----	20, 000
Harness leather	-----pounds	100, 000

The War Department states that the foregoing is based on present information as to possibilities of Spanish market and on requirements of our own forces in France.

War Trade Board for past six weeks has issued no export licenses for cotton for Spain. Such cotton as you mention in your 965, December 31, noon,¹ is exported under a 60-day license issued more than six weeks ago.

You are authorized discreetly to inform the Foreign Office verbally pursuant to suggestion made in your 960, December 29, 11 a. m., that on account of our growing needs and the needs of our co-belligerents and after January 1, 1918, the embargoes against the exportation of certain commodities as proclaimed by the President under date of July 9 and August 27, 1917, respectively,² will be enforced and that no amendment or exceptions thereto will be made except in exchange for reciprocal permits to export those articles, the exportation of which is prohibited here.

War Trade Board is willing to grant licenses along lines suggested in your No. 960, December 29, 11 a. m.

In your negotiations with the Spanish Government under third, *supra*, you should bear in mind the desirability of securing from Spain charters of such Spanish tonnage as is not absolutely necessary to Spain. If a satisfactory commercial agreement can be entered into with Spain, there will, in all probability, be a considerable surplus after providing for all Spanish needs, of which surplus it should be our aim to secure a share in return for concessions we may make in issuing export licenses. Department believes that it will be very difficult to secure this tonnage for Allied needs from the Spanish, but wishes you to have this point in mind during your negotiations.

LANSING

CENSORSHIP OF WIRELESS TELEGRAPHY, CABLES, AND MAILS

Executive Order No. 2585, April 6, 1917, Taking Over the Control of All Radio Stations

WHEREAS, the Senate and House of Representatives of the United States of America, in Congress assembled, have declared that a state of war exists between the United States and the Imperial German Government; and

WHEREAS it is necessary to operate certain radio stations for radio communication by the Government and to close other radio stations not so operated, to insure the proper conduct of the war against the Imperial German Government and the successful termination thereof

Now, therefore, it is ordered by virtue of authority vested in me by the Act to Regulate Radio Communication, approved August 13,

¹ Not printed.

² See *ante*, pp. 903 and 933, respectively.

1912, that such radio stations within the jurisdiction of the United States as are required for naval communications shall be taken over by the Government of the United States and used and controlled by it, to the exclusion of any other control or use; and furthermore that all radio stations not necessary to the Government of the United States for naval communications, may be closed for radio communication.

The enforcement of this order is hereby delegated to the Secretary of the Navy, who is authorized and directed to take such action in the premises as to him may appear necessary.

This order shall take effect from and after this date.

WOODROW WILSON

THE WHITE HOUSE,
6 April, 1917.

File No. 811.711/27

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

[Telegram]

LONDON, April 13, 1917, 1 p. m.

[Received 11.30 p. m.]

5988. My 5602, February 5, 4 p. m.¹ For Harrison from Bell:²

Have had conference with War Office regarding postal and cable censorship. British method based on geographical conditions is to have main office and control in London with branch office at Liverpool for censorship of mail to and from America. French are obliged to have branches at Paris, Marseille, Swiss and Spanish frontiers, and at Brest and Havre for cable service, thus losing advantage English censor has in reading answer to the letter or cable he has already seen, which advantage is great in the detection of codes concealed in commercial phraseology, and in the detection of plans to trade in contraband. I hope it will be possible to arrange that all United States foreign mail may pass through say two ports each on Atlantic, Gulf of Mexico, and Pacific coasts where branches might be established which will relieve us of difficulties and obviate necessity for establishment of censorship at inland points, such as Chicago, *et cetera*.

War Office inform me they and the French both hope our earliest efforts at censorship may be directed at the Central and South American and the Far Eastern mails and cables, virgin fields hitherto untouched by the Allies and of the greatest importance. British and French can continue with the transatlantic censorship indefinitely until we are ready for business.

¹ Not printed.

² Edward Bell, Secretary of Embassy at London.

Major Dansey of the Intelligence Department, War Office, attached to Balfour's mission, is taking copious memoranda on censorship. He personally may be well acquainted with the theory but can have but little practical knowledge. War Office have promised me that, if our Government requests it, they will lend us their best technical experts capable of explaining to ours the organization and practical workings of this vitally important department. Frank Worthington, deputy chief censor, second in command, who understands this work better than any Englishman living, has promised me he will go to America if asked. . . .

I consider this a splendid opportunity to start our censorship right and can not sufficiently urge importance of doing so and of profiting by the knowledge gained by bitter experience here.

War Office agree with me no need await arrival of Dansey to decide this matter. Please consult proper people and have Ambassador officially instructed to ask for loan of Worthington and assistants if you want them. If so I suggest all expenses be paid and per diem allowance made by our Government, proportionate to their present pay.

Please consult Gibson and Patchin¹ and refer to military attaché's recent telegrams to War Department. He is too overwhelmed with work to attend to this really military matter and has asked me to take it over.

I sincerely hope that suggestion may be adopted. Please telegraph early intimation of our Government's probable decision so that, if favorable, Worthington and others may be prepared to leave immediately it is settled. Time is precious.

PAGE

File No. 811.711/27

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

[Telegram]

WASHINGTON, April 17, 1917, 7 p. m.

4710. Your 5988, April 13, 1 p. m. For Bell from Harrison:

Many thanks valuable information and excellent suggestion. Will make a point of seeing Major Dansey. Appreciate War Office's offer of Worthington.

So far no censorship here at all except wireless. Hoping to get approval establish cable and land telegraph lines censorship. Considerable opposition from many sources. Will keep you advised.

LANSING

¹ Hugh S. Gibson and Philip H. Patchin, Co-chiefs of the Division of Foreign Intelligence.

File No. 841.731/1769

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

[Telegram]

LONDON, April 21, 1917, 6 p. m.

[Received April 22, 3.05 p. m.]

6059. Your telegram 1107, February 10, 1915.¹ British Government understands that United States telegraph censorship includes control of censorship established at Panama Canal controlling correspondence between North and South.

We contended in 1915 that the British censorship could not effectively control telegrams between North and South owing to existing alternative routes free from censorship and that partial control merely caused irritation without corresponding advantage. British authorities therefore abandoned censorship on their lines between points named.

Foreign Office now represents that if United States has established censorship at Panama Canal it would be possible for this to be evaded by use of British lines and in these circumstances enquires of me whether it would not be desirable to reestablish British censorship which was relaxed. Please instruct me.

PAGE

*Executive Order No. 2604, April 28, 1917*CENSORSHIP OF SUBMARINE CABLES, TELEGRAPH AND TELEPHONE
LINES

WHEREAS, the existence of a state of war between the United States and the Imperial German Government makes it essential to the public safety that no communication of a character which would aid the enemy or its allies shall be had,

Therefore, by virtue of the power vested in me under the Constitution and by the Joint Resolution passed by Congress on April 6, 1917, declaring the existence of a state of war, it is ordered that all companies or other persons, owning, controlling or operating telegraph and telephone lines or submarine cables, are hereby prohibited from transmitting messages to points without the United States, and from delivering messages received from such points, except those permitted under rules and regulations to be established by the Secretary of War for telegraph and telephone lines, and by the Secretary of the Navy for submarine cables,

¹ *Foreign Relations*, 1915, Supplement, p. 705.

To these Departments, respectively, is delegated the duty of preparing and enforcing rules and regulations under this order to accomplish the purpose mentioned.

This order shall take effect from date.

WOODROW WILSON

THE WHITE HOUSE,
28 April, 1917.

File No. 811.711/31

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

[Telegram]

LONDON, May 2, 1917, 8 p. m.

[Received 9.30 p. m.]

6138. For Gibson from Bell:

Your 4760, April 26, 7 p. m.¹ All experience here shows postal censorship should be under military and not under postal authorities since the act of censorship is the very negation of the postman's duties. I strongly urge that War Department be given charge of this duty and Lassiter² is telegraphing to the same effect.

PAGE

File No. 841.731/1769

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

[Telegram]

WASHINGTON, May 21, 1917, 12 noon.

4856. Your 6059, April 21, 6 p. m. Re-establishment British censorship desirable. Please so inform British Government and request they designate representative, if practicable a member of the commission now here, to confer with United States chief cable censor with a view to uniformity of regulations, efficiency of operation and exchange of information.

LANSING

File No. 841.731/1796

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

[Telegram]

LONDON, June 8, 1917, 5 p. m.

[Received June 8, 12 noon.]

6407. Your 4856, May 21, 12 noon. Foreign Office states that the control of telegraphic communications between North and South

¹ Not printed.

² Col. William Lassiter, military attaché at London.

America has now been restored in respect of such messages as pass over British-controlled cables.

In regard further particulars Lord Robert Cecil understands that certain questions which have been raised in the United States have been submitted by Lieutenant Colonel Dansey to the chief cable censor at the War Office and adds that while Colonel Dansey is in possession of a memorandum on cable censorship his knowledge of its principles and practice is not complete and indeed it is doubtful whether the conference suggested could be undertaken satisfactorily by any other officer than the chief cable censor himself accompanied by his technical adviser. Lord Robert requests me to realize that the prolonged absence from their posts of officers who control such a world-wide organization as the British cable censorship would cause considerable inconvenience, but should further experience emphasize the urgent necessity of the suggested conference the British Government will be happy to make every endeavor to fall in with your wishes.

In the meantime, however, it is understood that the inauguration of a commission in this country is under consideration with a view to studying the operation of various British intelligence and counter-espionage organizations and it is thought that by this means it may be possible more effectively to secure unanimity of aim and uniformity of practice than by sending British officials to the United States on a visit which would necessarily be limited to a few weeks' duration.

PAGE

File No. 841.711/2084a

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

[Telegram]

WASHINGTON, June 27, 1917, 3 p. m.

5051. Consul General reports that all letters from United States addressed to American consular officers in United Kingdom are still opened by British censors. Make discreet inquiry and report treatment accorded correspondence of consuls of France and other Allies.

LANSING

File No. 841.711/2085

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

[Telegram]

LONDON, June 28, 1917, 5 p. m.

[Received June 28, 4.30 p. m.]

6561. Your 5051, June 27, 3 p. m. The British Government's position is that they hold themselves free to censor all mail addressed

to consuls whether of neutral or Allied countries but as an act of courtesy they refrain from examining communications from the consul's government or from his government's diplomatic representative in this country, all other mail whether or not addressed to consuls in their official capacity is subject to censorship in respect to mail leaving this country. British consuls abroad are subject to same regulations as other consuls.

I understand that by special arrangement with French censorship mail from France is not censored on arrival in this country but in the absence of postal censorship in the United States I fear no similar arrangement is possible for us. Present system is inconvenient as it involves examination by British authorities of commercial inquiries from the United States. Would it be possible privately to circularize Chamber of Commerce and other business organizations and suggest that all such inquiries, particularly those relating to trade after the war, be made through the Department?

PAGE

File No. 811.731/145

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

[Telegram]

WASHINGTON, July 3, 1917, 8 p. m.

5087. Your 6540, June 26, 4 p. m.¹ United States censors do not exercise jurisdiction over transatlantic cables originating in or addressed to points in continental United States, but do have jurisdiction over messages in transit through continental United States for transatlantic points. Messages with test word in transit through the United States to or from transatlantic points will not be censored as to test word qualifications by United States censors.

LANSING

File No. 841.731/1817

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

[Telegram]

LONDON, July 6, 1917, 5 p. m.

[Received July 6, 2.05 p. m.]

6663. My 6407, June 8, 5 p. m. Foreign Office informs me that in consequence of a further request from our Navy Department this matter has been reconsidered and subject to your concurrence it is proposed to send to the United States an officer of the British cable censorship to act as liaison officer between the two censorships, place

¹ Not printed.

his experience at the disposal of the United States chief censor and serve as a channel for communication between the latter and the chief cable censor at the War Office. He would be accompanied by an officer of the British post office who has acted as confidential adviser to the chief cable censor on technical matters throughout the war and who has complete knowledge of the principles on which the British cable censorship is based. The liaison officer could remain in America as long as his services were required. Does this course meet with your approval?

PAGE

File No. 841.731/1823

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

[Telegram]

LONDON, July 13, 1917, 11 p. m.

[Received July 13, 6.18 p. m.]

6732. Foreign Office deferring departure two British cable censorship officials pending your approval plan set forth in my 6663, July 6, 5 p. m. Naval attaché states that Navy Department telegraphed him July 3, designating No. 15003, to get both officials.

PAGE

File No. 841.731/1823

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

[Telegram]

WASHINGTON, July 14, 1917, 3 p. m.

5152. Your 6663 and 6732. Department concurs. Please express to Foreign Office appreciation detail these officers.

POLK

File No. 701.03/14a

The Acting Secretary of State to the Heads of Diplomatic Missions at Washington

CIRCULAR MEMORANDUM

It will be readily understood that since the entrance of the United States into war the Government of the United States is under the necessity of taking measures not contemplated in normal times. The Acting Secretary of State, presenting his compliments to Their Excellencies and Messieurs, the Heads of Diplomatic Missions at Washington, has, therefore, the honor to request them to agree to

the following restrictions in the dispatch of their diplomatic mail to countries abroad.

That only the official correspondence of the Diplomatic Mission shall be sent under official cover or seal of office.

That diplomatic pouches shall contain no private letters except those of diplomatic or consular officers *de carrière*.

For the fulfilment of this arrangement the Department of State is confident that the Heads of the Diplomatic Missions will exercise all necessary vigilance.

WASHINGTON, *July 25, 1917.*

*Cable Censorship Regulations No. 6*¹

1. No cablegrams will be accepted for transmission to Germany or to any country assisting Germany in the prosecution of the war.

2. *Language.* (a) Transatlantic cablegrams must be in plain English or French, or in Italian in the case of telegrams originating in or destined to Italian territory (whether originating in the United States or in transit through), except that authorized codes (see par. 3) may be used in cablegrams to countries cooperating with the United States in the prosecution of the war.

(b) Cablegrams to Central and South America, to the West Indies, and to points reached by the Pacific routes, must be written in plain English, French, or Spanish, or in one of these languages translated into one of the codes enumerated in paragraph 3.

3. *Codes.* The following authorized codes may be used, conditioned on their acceptability under the censorship regulations in effect in the foreign countries concerned. The name of the code shall be written in the check and will be signaled free:

1. A.B.C., fifth.
2. Scott's tenth edition.
3. Western Union (not including five-letter edition).
4. Lieber's (not including five-letter edition).
5. Bentley's complete phrase code (not including the oil and mining supplements).
6. Broomhall's imperial combination code.
7. Broomhall's imperial combination code, rubber edition.
8. Meyer's Atlantic cotton code, thirty-ninth edition.
9. Riverside code, fifth edition.
10. A.Z. (not authorized on cablegrams to British possessions).

4. *Addresses.* The address must be complete, but code addresses properly registered before July 1, 1914, may be used on transatlantic

¹ *The Official Bulletin*, Washington, July 25, 1917 (Vol. 1, No. 64), p. 3. Regulations issued by the Director of Naval Communications, to become effective upon establishment of censorship over Atlantic cables; see following telegram. Previous regulations, superseded by these, not printed.

cablegrams, and code addresses properly registered before January 1, 1917, may be used on all cablegrams not passing over transatlantic cables.

5. *Signatures.* All cablegrams must be signed; in the case of an individual, by the surname at least; in the case of a firm or organization, by the surname of a responsible member of the firm or officer of the organization, when satisfactory information regarding him is on file with the censor; or by an abbreviated signature of two or more words from the incorporated title when understandable (examples: "Pacific Mail" for the Pacific Mail Steamship Co., "Second National" for the Second National Bank, or "Studebaker Corporation" for the Studebaker Corporation of America). The full name of sender must appear on space provided on blank. Code addresses as signatures are not permitted.

6. *Address and signature in full.* Every sender of a cablegram must place his full name and address on the face of the cablegram, and likewise the full name and address of the addressee. In so far as it relates to authorized code addresses and to signatures, this information will not be considered a part of the cablegram, but is for the information of censorship.

7. *Vessel's name required.* If the message refers to a shipment or to a voyage, the name of the vessel concerned must appear on the message, but will not be considered a part of the cablegram.

8. Cablegrams without text will not be passed.

9. Single-word cablegrams will be passed when censor is satisfied of plain English word or when a single code word translates into two or more words understandable to the censor.

10. *Suppressions, delays, etc.* All cablegrams are accepted at sender's risk, and may be stopped, delayed, or otherwise dealt with at the discretion of the censor and without notice to the senders. No information respecting the transmission, delivery, or other disposal of any cablegram shall be given by paid service, and requests made by mail must be addressed to the telegraph or cable companies and must be passed upon by the censor. Telegraphic or post acknowledgments of the receipt (P.C. or P.C.P. services) are suspended to all countries.

11. *Information to senders.* The cable company will notify the station of origin by free service when a message does not conform to the censorship regulations. Any explanation of a test word or words, etc., required by the censor from the sender in the United States or Canada shall be obtained by a collect message from the censor to the sender and by a paid reply from the sender of the cablegram.

12. Coded cablegrams filed directly at cable offices where a cable censor is stationed, as at New York, Key West, Galveston, and San

Francisco, should be accompanied by a translation, and if it is certified by some responsible member of a firm it will tend to expedite the transmission of the message.

13. *Figures.* Unrelated numbers or code words which translate into unrelated numbers are prohibited, except as set out in paragraph 14.

14. Serial numbering of cablegrams will be permitted under the following conditions: Cablegrams may be numbered from 1 to 999, inclusive, in plain figures or authorized code translating into plain figures, but the serial number must begin with number 1 on the first day of each month. At option of the sender, two additional figures may be added to serial number, indicating the day of the month, and these figures may be in plain figures or in authorized code translating into figures, but on the first nine days of the month the numeral shall be preceded by a zero. The serial number when used shall be the last word in the message preceding the signature. Nothing herein requires any cablegrams to have a serial number.

15. *Test word.* (a) In order to safeguard the interests of responsible individuals and organizations transmitting money by cable, the use of test words will be permitted, and to relieve them of the necessity for furnishing copies of their systems of test words affidavit will be accepted to cover use of such test words.

(b) Organizations and individuals desiring to use test words to authenticate their messages and to act as a check on the amount of money transmitted must furnish to the chief cable censor, Navy Department, Washington, an affidavit sworn to before a properly constituted authority covering substantially the following allegations:

The test word will be the first word in the body of the message. Such test word will have no other meaning or use than that of authenticating the amount of money transmitted or that of preventing fraud by unauthorized payments of money.

(c) A test word is permitted in any cablegram addressed to or sent by a bank, firm, or other organization which has qualified by complying with the regulations herein prescribed.

(d) Foreign firms are privileged to qualify if they so desire, but even though not qualified they may use test words when addressing qualified banks, firms, or other organizations.

(e) Qualification of an American firm, bank, or other organization will include its foreign branches.

16. *Commodity.* As a general rule the commodity should be included in the message. It may be omitted at the discretion of the censor if it appears in the translation filed by the sender in a man-

ner satisfactory to the censor. If it is omitted in a message arriving from a foreign source, then the censor, if he thinks it expedient, may demand the commodity from the addressee, as proposed in paragraph 11.

17. *Prohibits.* In addition to the other above regulations, the following are prohibited:

- (a) Military information.
- (b) Aid to the enemy.
- (c) Information of all transocean movements of vessels.
- (d) Private codes.
- (e) Cablegrams obscure and not understandable to the censor.

18. Strict conformity with the above instructions is required by United States censorship, but will not insure the passage of messages by foreign censorship.

File No. 811.731/208

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

[Telegram]

WASHINGTON, August 15, 1917, 3 p. m.

5301. Your 6938, August 13, 1 p. m.¹ Beginning midnight July 25-26, naval cable censorship began to censor all cablegrams passing over Atlantic cables to, from, or in transit through, the United States. Notwithstanding this added censorship, the Department would not deem it wise for the British authorities to relax in any way their censorship.

LANSING

File No. 841.711/2177a

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

[Telegram]

WASHINGTON, September 20, 1917, 3 p. m.

5454. Just informed by Swedish Chargé, Lundbohm, special Swedish delegate, states that four diplomatic pouches are being held at Halifax for instructions from London. Suggest to British Government as far as possible the advisability of releasing pouches as the effect on Swedish people in Sweden and here would be most unfortunate. British Ambassador is communicating with his Government.

LANSING

¹ Not printed.

File No. 841.711/2178

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

[Telegram]

WASHINGTON, October 4, 1917, 7 p. m.

5533. British Chargé states in connection with Swedish mail bags now held in Halifax that they will be sent to British Embassy here and opened in presence of representative of Swedish Legation and State Department. Department probably will not be represented as we feel that the Swedish Government is being pressed a little too hard. Mr. Barclay also informed us that the British Government had no objections to Swedish Minister communicating with his Government through State Department if the State Department wished to forward messages. Department will probably forward message from Minister on subject of bags mentioned above and giving his views as to the necessity of Swedish Government making a more adequate explanation on the whole subject. He was advised informally that the latter will be helpful to their case. Swedish Secretary is leaving this week with pouches for Swedish Foreign Office. Department feels that nothing could be gained particularly by holding these pouches up if properly sealed. Department realizes that treatment of these pouches is solely within the jurisdiction of the British Government and expresses its views for your guidance in the event of a possible discussion of the question.

LANSING

Executive Order No. 2729-A, October 12, 1917[Extract ¹]

CENSORSHIP BOARD

XIV. I hereby establish a Censorship Board to be composed of representatives, respectively, of the Secretary of War, the Secretary of the Navy, the Postmaster General, the War Trade Board, and the Chairman of the Committee on Public Information.

XV. And I hereby vest in said Censorship Board the executive administration of the rules, regulations and proclamations from time to time established by the President under subsection (d) of Section 3, of the Trading with the Enemy Act, for the censorship of communications by mail, cable, radio or other means of transmission passing between the United States and any foreign country from time to time specified by the President, or carried by any vessel, or

¹ Printed in full, *ante*, p. 963.

other means of transportation touching at any port, place or territory of the United States and bound to or from any foreign country.

XVI. The said Censorship Board is hereby authorized to take all such measures as may be necessary or expedient to administer the powers hereby conferred.

File No. 841.711/2178

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

[Telegram]

WASHINGTON, *October 17, 1917, 3 p. m.*

5608. In regard to detention of Swedish mail by British Government, you may unofficially and informally approach the British Government and say that this Government feels that nothing is being gained by holding up delivery of these pouches. The contents of the pouches can not be of such a character as to do any serious damage to Great Britain or this country, and this Government is disposed to accept the assurances of the Minister. Negotiations between Sweden and the United States are being seriously hampered by the failure to get the data stated to be among this mail, and there is feeling in this country that the Swedes have been punished enough. The President is taking a personal interest in the matter and spoke to me this morning substantially along the lines stated above.

LANSING

File No. 841.711/2237

Memorandum of the Counselor for the Department of State (Polk)

October 23, 1917.

Mr. Barclay, of the British Embassy, called and read me a despatch from his Government to the effect that the Embassy was to deliver the pouches that were being held to the Swedish Minister, with the statement that they were delivering them not because they were satisfied as to their contents, but because they did not wish to inconvenience this Government in the negotiations carried on with the Swedes. The British Government also would not give any guarantee that bags would not be held up in the future.

F[RANK] L. P[OLK]

File No. 841.711/2238

*Memorandum of the Counselor for the Department of State (Polk)**October 24?, 1917.*

The Swedish Minister called and told me that he had received the bags that had been held at the British Embassy, and he wished to thank me for the assistance that we had rendered. He said that the British Ambassador had told him that the bags had been delivered in view of the fact that the Swedish Government had changed and a more friendly government was in control. The Ambassador apparently made no mention of the fact that the British Government was not satisfied as to its contents. The Minister said he had opened the bags and had not bothered me to have anyone represent the Department. He also wished to assure us there was nothing in the bags of an improper nature. He asked whether I thought that his course had been wise, and I told him that personally I thought that he had made a mistake in not having some one present so the papers could be assured as to their contents; as far as we were concerned, we did not wish to be present, but it would have been a great protection to him, and I thought personally he had made a great mistake. He told me of one letter in the pouch which he said would not be delivered.

F[RANK] L. P[OLK]

File No. 841.711/2240

*The Counselor for the Department of State (Polk) to the Swedish Minister (Ekengren)**WASHINGTON, November 9, 1917.*

MY DEAR MR. MINISTER: I beg to acknowledge the receipt of your personal letter to me of October 29, 1917,¹ enclosing two letters transmitted in the Swedish diplomatic pouch.

The letter to Mr. Alexander Britten has been forwarded to the Censorship Board. I beg to return to you the letter addressed to Mr. Einar Ekstrand, the Consul of Sweden in Chicago, and refer to Department circular memorandum of July 25, 1917.²

I am [etc.]

FRANK L. POLK

¹ Not printed.² *Ante*, p. 1237.

THE TAKING OVER OF GERMAN MERCHANT SHIPS IN AMERICAN PORTS—THEIR STATUS IN FOREIGN COURTS

File No. 862.85/1664

*The Assistant Commissioner of Customs (Dow) to the Deputy Commissioner of Accounts and Deposits of the Treasury (Bell)*¹

No. 102574

WASHINGTON, October 22, 1928.

DEAR MR. BELL: Reference is made to your telephone call asking for copies of circular telegrams to collectors of customs during April, 1917, in regard to the taking over of German ships.

We have been unable to locate copies of the circular telegrams themselves, but there is quoted below part of an office memorandum dated May 28, 1920, which contains the information desired:

There was no public notice ever given by the Treasury Department as disclosed by the office files, relative to the taking over of the German and Austrian vessels, the instructions to collectors issued by Secretary McAdoo in this connection having been given in code. On April 3, 1917, in anticipation of the declaration of war on Germany, the following telegram was sent by Secretary McAdoo to collectors of customs of districts located along the seaboard, including Porto Rico and Hawaii, viz.:

Strictly confidential. In the event that German vessels your port should be requisitioned for use of the Government you are hereby instructed to be prepared upon receipt of telegram take possession of said vessels and put on board as many men as may be necessary and to hold until further instructions. Telegraphic notice to take necessary action will be conveyed by the word Namreg in a telegram signed by Secretary of the Treasury. Department of Justice and Department of Labor will be instructed to cooperate with you. You are not to act until you receive telegram with word Namreg and then you will act promptly. These instructions must be kept confidential. How many available men have you for the purpose referred to.

The various collectors having reported to the Secretary of the Treasury the number of men available in their districts for handling the situation, a further telegram in code was sent them by Secretary McAdoo on April 4, 1917, as follows:

Referring confidential telegram consult immediately with nearest commanding officer Army or Navy or both and request that they furnish assistance if necessary. Put guards on German vessels when you receive instructions to take such action. If Army or Navy force not available call upon U.S. marshal for assistance and if this is impracticable arrange to have sworn in temporary inspectors or guards. Consult with immigration officials and arrange for close cooperation. Do not act until you receive code word contained in confidential telegram but make all arrangements. Instructions do not apply to Austrian vessels. Keep these plans strictly confidential.

On April 5, 1917, the following telegram was sent in code:

Referring confidential telegrams April 3 and April 4, be prepared to receive and execute instructions at any hour day or night.

¹ Transmitted to the Secretary of State, Oct. 25, 1928, by the Under Secretary of the Treasury. (File No. 841.51/874.)

On the morning of April 6, 1917 (3.14 a. m.), the code word "Namreg" was sent to the various collectors of customs by the Secretary in accordance with the prearranged plan, and replies were received from them that the instructions had been carried out.

With respect to the taking over of the Austrian vessels, Secretary McAdoo on April 8, 1917, dispatched the following telegram in code to collectors of customs at ports where Austrian vessels were lying, viz.:

Strictly confidential. You are instructed to be prepared upon receipt of telegram containing word Nartusa take possession of Austrian merchant vessels in like manner as you proceeded with respect to German vessels.

On April 9, 1917, Secretary McAdoo telegraphed the coded word "Nartusa" to collectors at New York, Boston, Philadelphia, Norfolk, Tampa, New Orleans and Galveston, and the Austrian vessels were accordingly taken over by the customs authorities.

Very truly yours,

FRANK DOW

File No. 763.72111/4787

The Department of State to the British Embassy

MEMORANDUM

The Department of State acknowledges receipt of the British Embassy's memorandum of April 12, 1917,¹ wherein inquiry is made as to what procedure the Government of the United States proposes to adopt with reference to the German ships laid up in ports of the United States, information being particularly desired as to whether it is proposed to take these vessels before a prize court and whether the provisions of the Hague Convention No. 6 will be applied.

In reply the Department of State advises the British Embassy that it is expected that Congress will empower the President to take over these ships by requisition for use during the present war to supply the needs of water transportation rendered urgent by the ravages of submarine warfare.

WASHINGTON, April 17, 1917.

File No. 862.85/82a

The Secretary of State to the Attorney General (Gregory)

WASHINGTON, April 28, 1917.

MY DEAR MR. ATTORNEY GENERAL: Your Department has submitted three questions for the opinion of the law officers of the State Department regarding the seizure and condemnation of the refugee

¹ Not printed.

German merchantmen in United States ports at the outbreak of war. These questions will be considered in the order of their submission.

First. Is there any rule of international law binding on the United States which would require that the merchant ships now in the harbors of the United States belonging to alien enemies be condemned in prize courts rather than by action of Congress?

This question involves the confiscation of enemy private property found within the United States as a belligerent on the outbreak of war. It might be argued that inasmuch as these vessels are subsidized by the German Government and are more or less under its control, they partake of the nature of enemy public property, which is confiscable by the belligerent in whose possession it is found; but I think this would be regarded as a strained interpretation of their character, and I would, therefore, prefer to regard the vessels as privately-owned enemy property. As to the disposition of enemy private property thus situated, there are two views among authorities on international law. According to the one view, there is an obligation that they should be exempt from confiscation except in the exigency of military necessity, public safety, or reprisal. This is the European Continental view.

According to the Anglo-American view, the sovereign possesses the right to require confiscation if this should be found necessary, but leans toward a general policy of exemption. The difference in effect between these two views is not very great. In practice, however, nations as a rule seem to recognize the exemption of private property as a policy which ought to be followed save in exceptional cases. Confiscation in the nature of *reprisal* is a well-established method of international practice by which one nation obtains redress for injuries inflicted by another nation when other means of satisfaction have failed.

The confiscation of enemy private property within the jurisdiction of the United States upon the outbreak of war has been stated by the Supreme Court of the United States to be contrary to "the modern usage of nations which has become law." (*Brown v. U. S.*, 8 Cranch 110; *U. S. v. Percheman*, 7 Peters 51.) In *Brown v. U. S.* Chief Justice Marshall said—

That war gives to the sovereign full right to take the persons and confiscate the property of the enemy wherever found, is conceded. The mitigations of this rigid rule, which the humane and wise policy of modern times has introduced into practice, will more or less affect the exercise of this right, but cannot impair the right itself. That remains undiminished, and when the sovereign authority shall chuse to bring it into operation, the judicial department must give effect to its will.

Oppenheim, the learned British authority on international law, states—

In former times International Law empowered States at the outbreak of war to lay an embargo upon all enemy merchantmen in their harbours in order to confiscate them. . . .¹ As regards enemy merchantmen in the harbours of the belligerents, it became, from the outbreak of the Crimean War in 1854, a usage, if not a custom, that no embargo could be laid on them for the purpose of confiscating them, and that a reasonable time must be granted them to depart unmo-lested; . . . (*Vol. 2, p. 140; see also "The Chile," 1914, 31 T.L.R. 3.*)

In the United States, therefore, it has been deemed necessary to have Congress specially authorize the confiscation of enemy property. Congress passed confiscatory acts during the War of Independence and the Civil War—the acts of August 6, 1861, July 17, 1862, March 3, 1863, and the Joint Resolution of July 17, 1862. These acts were passed presumably under the power delegated by the Constitution to Congress to make rules concerning "captures on land and water." (*8 Cranch 110; 1 Dallas 69; 5 Blatch. 231; 16 Wall. 483; 96 U. S. 279; 97 U. S. 594.*)

It may be said, however, in behalf of prize procedure, that it is a procedure understood and recognized throughout the world in condemnation of enemy property. It is also well understood that a prize court is a municipal court, set up by the sovereign and subject to his will. In the absence, however, of municipal laws controlling the action of a prize court, it is supposed to administer the law of nations, and on this supposition its international standing is based. There are, however, many instances in which prize court decisions have been objected to by one belligerent, re-heard in international arbitrations, and overruled. But, being set up by municipal law and subject to municipal law, it is difficult to perceive why a decision of a prize court should be in principle more highly regarded by foreign countries than any other act of a sovereign in harmony with the rights accorded him by international law, one of which rights is to confiscate enemy property or to requisition it upon payment of just compensation.

It seems to have been the practice of British and American prize courts to regard as *prize* (strictly so called) only such property as is seized by the naval forces of the belligerents, whether on the high seas, in foreign waters, in home waters, or in their own territory, unless a different rule has been set up by the sovereign. In the United States it seems that a different rule has been established for the consideration of seizures of property on "inland waters" by the following sections of the Revised Statutes:

¹ Omission indicated in the Secretary's letter.

Sec. 5310. No property seized or taken upon any of the inland waters of the United States by the naval forces thereof shall be regarded as maritime prize; but all property so seized or taken shall be promptly delivered to the proper officers of the courts.

Sec. 5311. The Attorney-General, or the attorney of the United States for any judicial district in which such property may at the time be, may institute the proceedings of condemnation, and in such case they shall be wholly for the benefit of the United States; or any person may file an information with such attorney, in which case the proceedings shall be for the use of such informer and the United States in equal parts.

The only question before a prize court is whether the captured property is good prize or not; that is, whether it should be condemned as hostile property or released as innocent property. If the German ships lying in United States ports should turn out to be partly owned by American citizens or neutral subjects, the interest in the vessels so owned would not ordinarily be condemned, but the vessels would be condemned for the use of the United States subject to any such interest.

It was formerly the custom to condemn a prize for the benefit of the officers and men making the captures. This distinguished the proceeding from that of other forfeitures. This was the practice in the United States up to 1899, when the right of the captors to prize money or bounty was abolished by the act of March 3, 1899 (*30 Stats. 1007*).

Answering the question specifically, I am of the opinion that there is no rule of international law requiring that the ships in question be condemned in prize courts rather than by any other procedure selected by Congress with opportunity for neutral and American owners to be heard in court. For example, the sentence of a foreign court of admiralty has been recognized by United States courts in the following cases: *Williams v. Armroyd* (1813), 7 *Cranch* 423; *The Mary* (1815), 9 *Cranch* 126.

In case Congress should decide not to enact laws to confiscate these ships, but should, on the contrary, follow the more moderate custom of requisitioning the vessels as enemy private property upon payment of compensation, I offer the following comments upon the subject of requisition:

It is, I believe, the modern view that enemy private property should be requisitioned when necessary upon the payment of compensation rather than confiscated. This is the rule agreed to by the nations at The Hague in Convention No. 6, 1907, relating to the status of enemy merchant ships at the outbreak of hostilities. The United States, however, did not sign this convention, on the ground, among others, that it did not give complete freedom for vessels of the enemy in port at the outbreak of hostilities to depart. In this connection,

moreover, it should be considered that the German vessels in question are generally so disabled as to render departure impossible, and that they would be immediately seized on the ocean by Allied cruisers if they did depart.

It may be argued that the treaties of 1828, 1799, and 1785 would be violated by requisitioning the German refugee vessels. The only stipulation of these treaties bearing on this point is article 23 of the treaty of 1799, providing that—

If war should arise between the two contracting parties, the merchants of either country then residing in the other shall be allowed to remain nine months to collect their debts and settle their affairs, and may depart freely, carrying off all their effects without molestation or hindrance; and all women and children, scholars of every faculty, cultivators of the earth, artisans, manufacturers, and fishermen, unarmed and inhabiting unfortified towns, villages, or places, and in general all others whose occupations are for the common subsistence and benefit of mankind, shall be allowed to continue their respective employments, and shall not be molested in their persons, nor shall their houses or goods be burnt or otherwise destroyed, nor their fields wasted by the armed force of the enemy, into whose power by the events of war they may happen to fall; but if anything is necessary to be taken from them for the use of such armed force, the same shall be paid for at a reasonable price.

(See Rev. Stat. 4068, for the enforcement of treaties of this sort.)

As most of the German vessels were, on April 6, owned by non-resident German corporations, with only operating agents here, only two or three vessels lying in our insular ports being possibly owned by Germans residing there, and as they are not to be taken for the use of the "armed force" of the United States, it would seem that this stipulation of the treaty would, as a practical matter, have little application to vessels in United States ports. I have not exact data, however, as to the resident ownership of these vessels.

I find no case in which, as Commander in Chief, the President has requisitioned property of the enemy within United States territory not in control of armed forces. Many cases of requisitions of goods for the use of American forces have occurred, of course, but these have been within territory occupied by the Army in the Mexican and Civil Wars. In the Mexican and Civil Wars, goods were requisitioned without an act of Congress by order of the President as Commander in Chief, but receipts for the goods taken, or money payments were generally made, though the right was asserted that requisition might be made without compensation. (7 *Moore's Digest*, 262, *et seq.*) The Supreme Court of the United States has held in cases coming before it that compensation must be made for taking private property by the armed forces during military occupation. (13 *Howard* 115; 13 *Wallace* 623.) The power of the Presi-

dent to requisition under military occupation is, I take it, different from the right of requisition of goods in the United States for commercial purposes in time of war. There appear to be on the books no statutes giving the President direct authority to requisition enemy property for such purposes, and I am of the opinion that such authority by Congress in the circumstances is necessary.

Second. If there be no such rule requiring condemnation in prize courts, and if the possession and title of the vessels can be taken over to the United States by action of Congress, how would such a proceeding be viewed in the foreign courts, say, of an ally like England or of a neutral country like Norway? Would such foreign courts uphold the action of Congress authorizing the taking over of such ships? In other words, would the foreign courts look to our law and sustain such taking?

By whatever procedure the German vessels in question were condemned or requisitioned in the United States, whether by prize court or other proceedings, there would be no means of preventing the offended owner from instituting in a foreign country libel or similar proceedings to determine his ownership of the vessel should she arrive in that country. In the case of the Italian ship *Attualità*, requisitioned by the Italian Government and plying between the United States and Italy for the Government, the vessel was libeled in the District Court of the United States by the owners of a Greek steamer to recover damages and losses resulting from a collision between his vessel and the *Attualità* in the Mediterranean Sea. The court assumed jurisdiction of the case, and upon appeal the upper court affirmed its right to take jurisdiction.¹

Assuming that a foreign court can take jurisdiction of the case of a German vessel taken over by the United States, it has been stated that—

The sentence of a foreign court of admiralty, though avowedly made under a decree subversive of the law of nations, binds the property on which it acts. This principle was applied to sentences under the Milan decree, which both the Executive and the Congress of the United States had declared to constitute a flagrant violation of the law of nations, the court observing that Congress, while making this declaration in regard to the decree, had not declared that the sentences pronounced under it should be considered as void. (*Williams v. Armroyd* (1813), 7 Cranch 423.)²

Whether a foreign court would take the same view of a title divested by an act of Congress without admiralty proceedings, I can-

¹ See Supplement 1, pp. 675 *et seq.*

² The foregoing paragraph is not a direct quotation from the opinion of the court, but a summary printed in Moore's *International Law Digest*, Vol. VII, p. 638.

not answer, as I have been unable in the time at my disposal to find any cases in which a foreign or United States court has examined the validity of direct seizure and confiscation of vessels by an act of the legislature or a decree of the sovereign.

But the rightfulness of the seizure and confiscation by the law of nations is not settled by a decision of a prize or admiralty court or an act of Congress. The nation aggrieved may prosecute the matter diplomatically and have it reviewed by arbitration.

The defendants say, further, the condemnation cannot be illegal because made by a prize court having jurisdiction, and the decisions of such courts are final and binding. This proposition is of course admitted so far as the *res* is concerned; the decision of the court, as to that, is undoubtedly final, and vests good title in the purchaser at the sale; not so as to the diplomatic claim, for that claim has its very foundation in the judicial decision, and its validity depends upon the justice of the court's proceedings and conclusion. It is an elementary doctrine of diplomacy that the citizen must exhaust his remedy in the local courts before he can fall back upon his Government for diplomatic redress; he must then present such a case as will authorize that Government to urge that there has been a failure of justice. The diplomatic claim, therefore, is based not more upon the original wrong upon which the court decided than upon the action and conclusion of the court itself, and, diplomatically speaking, there is no claim until the courts have decided. That decision, then, is not only not final, but, on the contrary, is the beginning, the very corner-stone, of the international controversy. (*Gray, Admr., v. United States*, 21 Ct. Cls. 340, 402; see also *Cushing v. U. S.*, 22 Ct. Cls. 1; *I Moore, "Int. Arb."*, 336; *III, id.*, 3180, 3209, 3210; *V, id.*, 4555.)

What in a particular case would be the result of a foreign court taking jurisdiction can not, of course, be foretold, but it is believed that the foregoing sets forth the principles which should govern the decision of such a court, and upon which the United States would be bound to maintain its seizure and disposition of the ships in question.

Third. These ships, when taken over by the United States, may be used by it in any service, or they may be chartered by it to others for use in ordinary commerce; assuming the proposition to be correct that when a government goes into a business it is generally subject to the same rules that would apply to an individual conducting such a business, would those principles be applied by foreign courts? Would they hold that because the ship is used in commerce then the same could be seized in foreign courts by any alien or neutral claimant and the title thereto be tried out in such court? Would the fact that our Government claimed to own such vessel under the action taken by Congress probably prevent this seizure in a foreign court or make it reasonably sure that on the assertion or claim of ownership by our nation the court would dismiss

the proceeding and restore the vessel to the charterer from the United States?

Judging from decisions of British courts (*Vavas seur v. Krupp*, 9 Ch. D. 351) and the representations made by the Italian (*Attualità* case referred to above) and Russian Governments (*Johnson Lighterage Co.*, 231 Fed. 365) in regard to the public property of a foreign government, those countries and possibly other Continental countries of Europe would be inclined to adhere to the rule of exemption of public property from judicial process. The United States courts, however, would seem to limit the exercise of jurisdiction over government-owned property to cases in which the possession of the property by the court could only be assumed without taking it out of the actual official possession of the government (*Long v. Tampico*, 16 Fed. 491; "*The Davis*," 10 Wall. 15; *Johnson Lighterage Co.*, 231 Fed. 365). The diplomatic correspondence of the United States in the *Attualità* case, moreover, was based on the principle that even government-owned ships, if engaged in ordinary commerce, were subject to the rules and regulations of ordinary commercial vessels. In both the *Attualità* case and the Russian case the court took jurisdiction, but the Governments concerned did not have actual official possession of the vessels.

I believe that it is sound principle that when a government enters into business it should be generally subject to the same rules which would apply to individuals conducting the same business (*U. S. v. Planters' Bank*, 9 Wheaton 904; *Carolina Dispensary Cas.*, 199 U. S. 437). But it can not be said that this principle has been generally adopted by foreign nations, and it is possible at the present time that foreign governments would accede to representations of the United States based upon government ownership of the German ships in question. The United States, however, believing that the principle just stated is sound, and having based its correspondence in the *Attualità* case upon this principle, would be in a difficult position if it made such representations to a foreign government whose courts had assumed to take jurisdiction of a German vessel condemned to the United States.

ROBERT LANSING

File No. 763.72111/4966

The Counselor for the Department of State (Polk) to the Commercial Adviser of the British Embassy (Crawford)

WASHINGTON, May 8, 1917.

DEAR SIR RICHARD CRAWFORD: I am in receipt of your letter to me of April 30, 1917,¹ wherein you state that the British Government

¹ Not printed.

have received an inquiry from the Agent General for Queensland as to whether facilities can be obtained for the discharge from the German ship *Elsass*, at Pago Pago, of cargo to Queensland consignees at Brisbane, and that the Embassy would be grateful if I would inform it whether such facilities can be given and, generally, what arrangements the Government of the United States propose to make for the recovery of British cargoes on enemy vessels seized by the authorities in this country.

In reply I beg to advise you that legislation with regard to the seizure of enemy vessels found within the territorial jurisdiction of the United States at the outbreak of war, is now pending before Congress. As soon as this becomes a law your inquiry with regard to the arrangements to be made for the recovery of British cargoes on these enemy vessels will be submitted to the proper officials, and upon receipt of their reply, you will be further informed in the matter. In the meantime I would like to be informed what arrangements were made by His Majesty's Government for the disposition of neutral or Allied cargoes on board enemy vessels similarly seized in British ports.

Yours very sincerely,

FRANK L. POLK

File No. 763.72112/3619

*The Commercial Adviser of the British Embassy (Crawford) to the
Counselor for the Department of State (Polk)*

WASHINGTON, May 11, 1917.

[Received May 14.]

DEAR MR. COUNSELLOR: In your letter to me of May 8 you enquired what arrangements were made by His Majesty's Government for the disposition of neutral cargoes or Allied cargoes on board enemy vessels seized in British ports.

We duly cabled to the Foreign Office and have now received a reply stating that arrangements were made at the outbreak of war for the speedy release of such cargoes on production to the Procurator General of proofs of ownership and particulars of freight, whether paid or unpaid. The United States Ambassador has been furnished with memoranda showing in detail the simplicity of the procedure followed in various cases.

Believe me [etc.]

RICHARD CRAWFORD

Executive Order No. 2619-A, May 14, 1917

It is hereby ordered that through the Secretary of the Navy there be taken over to the United States the immediate possession and title

of and to the German vessel *Odenwald* and the German vessel *Praesident* now lying in the harbor of San Juan in the Island of Porto Rico, and until further directions the Secretary of the Navy is ordered to operate and equip such vessels in the service of the Navy of the United States.

This order shall take effect from date.

WOODROW WILSON

THE WHITE HOUSE,
May 14, 1917.

Executive Order No. 2621, May 16, 1917

In accordance with a request of the Secretary of the Navy, concurred in by the United States Shipping Board, the Secretary of the Treasury is hereby directed to transfer the German vessel *Atlas*, now at San Francisco, to the Commandant of the Twelfth Naval District, for use in harbor patrol.

WOODROW WILSON

THE WHITE HOUSE,
16 May, 1917.

Executive Order No. 2624, May 22, 1917

It is hereby authorized that through the Secretary of the Navy there shall be taken over to the United States the immediate possession and title to the German vessels *Kronprinz Wilhelm* and *Prinz Eitel Friedrich* now at the Navy Yard, Philadelphia, the *Liebenfels* now at the Navy Yard, Charleston, and the *Geir* and *Locksen* now at the Naval Station, Hawaii, and until further directions, the Secretary of the Navy is ordered to operate and equip such vessels in the service of the Navy of the United States.

This order shall take effect from date.

WOODROW WILSON

THE WHITE HOUSE,
May 22, 1917.

Executive Order No. 2625, May 22, 1917

In accordance with a request of the Secretary of the Navy, concurred in by the United States Shipping Board, the Secretary of the

Treasury is hereby directed to transfer the following German vessels to the Navy for use as colliers and cargo carriers:

Hohenfelde
Frieda Leonhardt
Nicaria
Kiel
Rudolf Blumberg
Vogesen
Breslau
Saxonia.

WOODROW WILSON

THE WHITE HOUSE,
22 May, 1917.

File No. 863.85/10

The Secretary of State to the Swedish Minister (Ekengren)

No. 231

WASHINGTON, June 11, 1917.

SIR: Referring to your two notes of May 9, 1917,¹ in which you submitted the protests from Capt. S. Kehrler, of the Hungarian steamer *Budapest*, and Capt. Louis Rakos, late of the Hungarian steamer *Morawitz*, on account of the seizure of those vessels by United States authorities, I have the honor to inform you that the Secretary of the Treasury, to whom the substance of your notes was communicated, has replied by stating that these vessels were not seized by the Treasury Department but were merely taken possession of, and guards or other caretakers placed on board in order to preserve the vessels from injury.

Accept [etc.]

For the Secretary of State:

FRANK L. POLK

File No. 763.72111/5144

The Assistant Secretary of State (Phillips) to the Commercial Adviser of the British Embassy (Crawford)

WASHINGTON, June 20, 1917.

DEAR SIR RICHARD CRAWFORD: In further reply to your communication of May [April] 30, 1917,¹ communicating the inquiry made by the Agent General for Queensland as to what facilities may be obtained for the release of cargo from the German ship *Elsass* for Queensland consignees, I beg to advise you of the receipt of a letter, dated June 16, 1917, from the Secretary of the Treasury, in substance as follows:

The *Elsass* was taken into custody at Pago Pago, Samoa, by the Navy Department, which has had the vessel taken to Honolulu for

¹ Not printed.

repairs. The Secretary of the Navy informs the Secretary of the Treasury, under date of June 8, that the Navy Department, although repairing the vessel for service, has issued no instructions about the cargo which, he states, will remain in the ship and be turned over to the representatives of the Treasury Department with the vessel.

So far as the Treasury Department is informed at present, the German vessels which are or have been at Honolulu, are the only ones that have any foreign cargoes. The collector of customs at that port was recently instructed to take possession of such cargoes and send them to general order [*sic*] under Section 2880, Revised Statutes, and that if application should be made by the owners for permission to make entry, such applications should be submitted to the Treasury Department, stating the names of the owners and what disposition they propose to make of the goods.

The Attorney General has advised the Treasury Department that the Joint Resolution of May 12, 1917,¹ which authorized the President to take possession and title of certain vessels evidently does not apply to the cargoes of the vessels. It appears, therefore, no longer necessary to consider the cargoes in connection with this Joint Resolution.

So far as the customs laws are concerned, the cargoes may be either entered for consumption upon the production of proper bills of lading and invoices or for warehouse and immediate exportation under article 247 of the Customs Regulations of 1915, without the production of bills of lading.

The Secretary of the Treasury adds that, if your Embassy will indicate which of the consignments it desires to go forward, the collector of customs will be instructed to accept entry therefor.

Very sincerely yours,

WILLIAM PHILLIPS

Executive Order No. 2651, June 30, 1917

WHEREAS the following Joint Resolution adopted by Congress was approved by the President May 12, 1917:

“Joint Resolution Authorizing the President to take over for the United States the possession and title of any vessel within its jurisdiction, which at the time of coming therein was owned in whole or in part by any corporation, citizen, or subject of any nation with which the United States may be at war, or was under register of any such nation, and for other purposes.

“Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President

¹ Quoted in Executive order of June 30, 1917, *infra*.

be, and he is hereby, authorized to take over to the United States the immediate possession and title of any vessel within the jurisdiction thereof, including the Canal Zone and all territories and insular possessions of the United States except the American Virgin Islands, which at the time of coming into such jurisdiction was owned in whole or in part by any corporation, citizen, or subject of any nation with which the United States may be at war when such vessel shall be taken, or was flying the flag of or was under register of any such nation or any political subdivision or municipality thereof; and, through the United States Shipping Board, or any department or agency of the Government, to operate, lease, charter, and equip such vessel in any service of the United States, or in any commerce, foreign or coastwise.

"SEC. 2. That the Secretary of the Navy be, and he is hereby, authorized and directed to appoint, subject to the approval of the President, a board of survey, whose duty it shall be to ascertain the actual value of the vessel, its equipment, appurtenances, and all property contained therein, at the time of its taking, and to make a written report of their findings to the Secretary of the Navy, who shall preserve such report with the records of his department. These findings shall be considered as competent evidence in all proceedings on any claim for compensation."

And WHEREAS the following vessels were, at the time of coming into the jurisdiction of the United States owned in whole or in part by a corporation, citizen or subject of the Empire of Germany, a nation with which the United States is now at war, or were flying the flag of or under the register of the Empire of Germany, or of a political subdivision or municipality thereof:

Vaterland	Grosser Kurfurst	Sachsen
Amerika	Barbarossa	Suevia
Kaiser Wilhelm II	Friedrich der Grosse	Steinbeck
President Grant	Rhein	Elsass
Pennsylvania	Konig Wilhelm II	Indra
Bulgaria	Koln	Setos
Prinzess Irene	Prinz Oskar	Holsatia
Hamburg	Ockenfels	Staatssekretar Kraetke
Neckar	Arcadia	Borneo
Bohemia	Pisa	Marudu
Rhaetia	Prinz Joachim	Tsintau
Wittekind	Harburg	Andalusia
Armenia	Portonia	Camilla Rickmers
Adamsturm	Clara Mennig	Clara Jebsen
Willehad	Pommern	Elmshorn
Serapis	Neptun	Johanne
Allemannia	O. J. D. Ahlers	Mark
Nassovia	Prinz Waldemar	Rajah
Maia	Loongmoon	Sambia
Arnoldus Vinnen	Gouverneur Jaeschke	Tubingen
Ottawa	Darvel	Dalbek
Grunewald	Princess Alice	Magdeburg
Sachsenwald	Wiegand	Matador
Staatssekretar Solf	Bochum	Kurt
Aroa (Lighter)	Carl Diederichsen	Andromeda
George Washington	Coblentz	Prinz Sigismund
Kronprinzessin Cecile	Esslingen	Savoia
President Lincoln	Lyeemoon	Arni (Lighter)
Cincinnati	Pongtong	Argus (Lighter)

It is therefore ordered that through the United States Shipping Board there be taken over to the United States the possession and title of the aforementioned vessels. The United States Shipping Board is further hereby authorized to repair, equip and man the said vessels; to operate, lease or charter the same in any service of the United States, or in any commerce, foreign or coastwise; and to do and perform any and all things that may be necessary to accomplish the purposes of the Joint Resolution above set forth.

WOODROW WILSON

THE WHITE HOUSE,
30 June, 1917.

File No. 862.85/100a

The Acting Secretary of State to the Ambassador in Chile (Shea)

[Telegram]

WASHINGTON, July 9, 1917, 3 p. m.

Two unarmed sailing vessels, the *Arnoldus Vinnen*, which has been renamed *Gamecock*, and the *Kurt*, now renamed *Dreadnought*, are in Pacific coast ports of the United States about ready to sail for Chilean ports with merchant cargoes for delivery there, and to return with cargoes obtained there. The United States Government has no interest in the cargoes. These vessels were German merchant ships lying in the territorial waters of the United States at the outbreak of the war, and have been seized under the authority of the Joint Resolution of Congress of May 12, 1917, authorizing the President to take possession and title of such ships—the question of compensation to be determined later by Congress. These ships are under time-charter for this voyage, but the title to the vessels is in the United States, and they are under the control of and are being operated by the United States Shipping Board. The masters and crews are appointed by the Shipping Board and are therefore in the employ of the United States. It is feared that these vessels might be libeled or otherwise drawn into litigation upon arrival in Chile by Germans or other persons claiming title or interest in them, with resulting delay and loss of the use of the ships. What, in your opinion, is the chance of these vessels discharging and loading in Chilean ports without litigation being instituted? Is it advisable to obtain from the Chilean Government an assurance that if litigation is instituted, the vessels will not be delayed or held on that account, but will be released without bail? If such an assurance be obtained, is there likelihood that it would be violated, or if the courts did take jurisdiction, would the Government force the release of the vessels in accordance with the assurance?

Please telegraph promptly your views at the earliest moment without presenting the matter formally to any Government officials. In formulating your views, there is no objection to your sounding out orally persons connected with the Government or others in whom you have confidence and who may be trusted in this matter.

POLK

File No. 862.85/101

The Ambassador in Chile (Shea) to the Secretary of State

[Telegram]

SANTIAGO, July 17, 1917, 10 p. m.

[Received 10.19 p. m.]

Your cipher telegram of July 9, 3 p. m. I have the assurance of Minister of Foreign Affairs that if ships mentioned come to Chile with regular merchantmen papers and flying the flag of the United States they will receive full protection of the Chilean Government. He gives it as his opinion that the civil courts will have no jurisdiction. I feel therefore that under all ordinary conditions the ships may come to these ports with safety.

SHEA

File No. 862.85/160

The Swiss Minister (Sulzer) to the Secretary of State

MEMORANDUM

The Minister of Switzerland representing German interests in the United States presents his compliments to the Secretary of State, and has the honor to enclose copy and translation of a *note verbale* addressed by the Imperial German Foreign Office to the Swiss Legation in Berlin, requesting to be informed of the intentions of the Government of the United States with regard to the question of ownership of German merchant vessels recently taken over by the Government of the United States and with regard to the question of compensation.¹

WASHINGTON, September 6, 1917.

¹ This memorandum bears the following annotation by Bert L. Hunt, Assistant Solicitor: "1-16-18. This was shown to the Secretary on or about Sept. 27, 1917, and he said we 'should not discuss the matter' with the German Government at that time. B.L.H."

[Enclosure—Translation]

The German Foreign Office to the Swiss Legation at Berlin

III. a. 13486. 106390

NOTE VERBALE

According to the *note verbale* of the Swiss Legation of May 30, 1917, No. A. VII. 3./3974, the Government of the United States informed the Swiss Legation in Washington on March 10, 1917, that the seizure of certain German merchant vessels lying in several American harbors was done merely for the protection of American life and property and that this seizure in no sense represented a transfer of ownership.

On the other hand, it appears from the telegram of the Swiss Legation in Washington to the Political Department in Berne, dated April 6, 1917, and transmitted to the Foreign Office by *note verbale* of April 9, 1917, No. A. VII 3./1600, that all of the German vessels lying in American harbors had been seized. Furthermore, according to *The Official Bulletin*, Washington, June 4, 1917, transmitted to the Foreign Office by *note verbale* of July 6, 1917, No. A. VII 3./5770, the American Navy Department has given new names to fourteen of the German vessels seized.

It appears from this, that the American Government has proceeded actually to seize the German ships lying in American harbors for the purpose of appropriating them. The Imperial Government desires to know what, according to the views of the American Government, is the significance of this seizure and particularly whether the Government has in fact requisitioned the German vessels with the intention of acquiring title or merely for a temporary use, and in either case how the Government purposes to regulate the question of compensation.

The Foreign Office would be indebted to the Swiss Legation if it could obtain information with reference to this matter, from the Government of the United States through the medium of the Swiss Legation in Washington.

BERLIN, *July 29, 1917.*

File No. 862.85/172

The Secretary of State to the Ambassador in Chile (Shea)

[Telegram]

WASHINGTON, *October 6, 1917, 5 p. m.*

The Government of the United States intends to assign to the trade between the United States and Chile to bring nitrates from

Chile to this country some of the German ships formerly laid up in United States ports, but now taken over and operated by the United States Shipping Board.

While Chilean Government has informally assured you that it would grant full protection to former German merchant ships as reported your telegram July 17, the Government of the United States considers it advisable before sending these other German merchantmen to Chile to obtain a formal agreement from the Chilean Government that it will recognize such ships as public ships of the United States and protect them from seizure or interference either by individuals or by the courts while in Chilean ports and that they will be immediately released without bail in case a civil court takes jurisdiction of a libel against any of them.

You are instructed to procure if possible such a formal agreement and cable it to Department.

LANSING

File No. 862.85/184

The Ambassador in Chile (Shea) to the Secretary of State

[Telegram]

SANTIAGO, October 11, 1917, 3 p. m.

[Received 9.35 p. m.]

I was invited to the Moneda late yesterday afternoon to discuss with the President my note to the Foreign Office requesting agreement with respect to arrival of German vessels taken over by the United States as directed by your cipher telegram of October 6, 5 p. m. . . . within two hours time there was delivered to the Embassy a *note verbale* of the following tenor:

In answer to the Embassy's note No. 100 of the 8th instant¹ the Ministry of Foreign Affairs of Chile assures the most excellent Ambassador of the United States that the vessels to which reference is made in his above-mentioned communication may come to our ports sure to find therein the facilities and guarantees which are solicited and which the Government of Chile is glad to give.

My judgment is that the references in this note to the subject matter of my note and the specific guarantees therein requested under ordinary circumstances make a complete contract.

SHEA

¹ Not printed.

PART III
NEUTRAL DUTIES

PART III

NEUTRAL DUTIES

THE MAINTENANCE OF NEUTRALITY IN THE PANAMA CANAL ZONE: REGULATIONS APPLYING TO WARSHIPS AND MERCHANT SHIPS

*Proclamation No. 1371, May 23, 1917: Rules and Regulations for the
Regulation, Management, and Protection of the Panama Canal
and the Maintenance of Its Neutrality*

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

WHEREAS the United States exercises sovereignty in the land and waters of the Canal Zone and is responsible for the construction, operation, maintenance, and protection of the Panama Canal:

NOW, THEREFORE, I, WOODROW WILSON, President of the United States of America, do hereby declare and proclaim the following Rules and Regulations for the regulation, management and protection of the Panama Canal and the Maintenance of its Neutrality which are in addition to the general "Rules and Regulations for the Operation and Navigation of the Panama Canal and Approaches Thereto, including all Waters under its jurisdiction" put into force by Executive Order of July 9, 1914.

Rule 1. A vessel of war, for the purposes of these rules, is defined as a public armed vessel, under the command of an officer duly commissioned by the government, whose name appears on the list of officers of the military fleet, and the crew of which are under regular naval discipline, which vessel is qualified by its armament and the character of its personnel to take offensive action against the public or private ships of the enemy.

Rule 2. An auxiliary vessel, for the purposes of these rules, is defined as any vessel, belligerent or neutral, armed or unarmed, which does not fall under the definition of Rule 1, which is employed as a transport or fleet auxiliary or in any other way for the direct purpose of prosecuting or aiding hostilities, whether by land or sea; but a vessel fitted up and used exclusively as a hospital ship is excepted.

Rule 3. A vessel of war or an auxiliary vessel of a belligerent, other than the United States, shall only be permitted to pass through the Canal after her commanding officer has given written assurance to the Authorities of the Panama Canal that the Rules and Regulations will be faithfully observed.

The authorities of the Panama Canal shall take such steps as may be requisite to insure the observance of the Rules and Regulations by auxiliary vessels which are not commanded by an officer of the military fleet.

Rule 4. Vessels of war or auxiliary vessels of a belligerent, other than the United States, shall not revictual nor take any stores in the Canal except so far as may be strictly necessary; and the transit of such vessels through the Canal shall be effected with the least possible delay in accordance with the Canal Regulations in force, and with only such intermission as may result from the necessities of the service.

Prizes shall be in all respects subject to the same Rules as vessels of war of a belligerent.

Rule 5. No vessel of war or auxiliary vessel of a belligerent, other than the United States, shall receive fuel or lubricants while within the territorial waters of the Canal Zone, except on the written authorization of the Canal Authorities, specifying the amount of fuel and lubricants which may be received.

Rule 6. Before issuing any authorization for the receipt of fuel and lubricants by any vessel of war or auxiliary vessel of a belligerent, other than the United States, the Canal Authorities shall obtain a written declaration, duly signed by the officer commanding such vessel, stating the amount of fuel and lubricants already on board.

Rule 7. Fuel and lubricants may be taken on board vessels of war or auxiliary vessels of a belligerent, other than the United States, only upon permission of the Canal Authorities, and then only in such amounts as will enable them, with the fuel and lubricants already on board, to reach the nearest accessible port, not an enemy port, at which they can obtain supplies necessary for the continuation of the voyage. Provisions furnished by contractors may be supplied only upon permission of the Canal Authorities, and then only in amount sufficient to bring up their supplies to the peace standard.

Rule 8. No belligerent, other than the United States, shall embark or disembark troops, munitions of war, or warlike materials in the Canal, except in case of necessity due to accidental hindrance of the transit. In such cases the Canal Authorities shall be the judge of the necessity, and the transit shall be resumed with all possible dispatch.

Rule 9. Vessels of war or auxiliary vessels of a belligerent, other than the United States, shall not remain in the territorial waters of the Canal Zone under the jurisdiction of the United States longer than twenty-four hours at any one time, except in case of distress; and in such case, shall depart as soon as possible.

Rule 10. In the exercise of the exclusive right of the United States to provide for the regulation and management of the Canal, and in order to ensure that the Canal shall be kept free and open on terms of entire equality to vessels of commerce and of war, there shall not be, except by special arrangement, at any one time a greater number of vessels of war of any one nation, other than the United States, including those of the allies of such nation, than three in either terminal port and its adjacent terminal waters, or than three in transit through the Canal; nor shall the total number of such vessels, at any one time, exceed six in all the territorial waters of the Canal Zone under the jurisdiction of the United States.

Rule 11. The repair facilities and docks belonging to the United States and administered by the Canal Authorities shall not be used by a vessel of war or an auxiliary vessel of a belligerent, other than the United States, except when necessary in case of actual distress, and then only upon the order of the Canal Authorities, and only to the degree necessary to render the vessel seaworthy. Any work authorized shall be done with the least possible delay.

Rule 12. The radio installation of any public or private vessel or of any auxiliary vessel of a belligerent, other than the United States, shall be used only in connection with Canal business to the exclusion of all other business while within the waters of the Canal Zone, including the waters of Colon and Panama Harbors.

Rule 13. Air craft, public or private, of a belligerent, other than the United States, are forbidden to descend or arise within the jurisdiction of the United States at the Canal Zone, or to pass through the air spaces above the lands and waters within said jurisdiction.

Rule 14. For the purpose of these rules the Canal Zone includes the cities of Panama and Colon and the harbors adjacent to the said cities.

Rule 15. In the interest of the protection of the Canal while the United States is a belligerent no vessel of war, auxiliary vessel, or private vessel of an enemy of the United States or an ally of such enemy shall be allowed to use the Panama Canal nor the territorial waters of the Canal Zone for any purpose, save with the consent of the Canal authorities and subject to such rules and regulations as they may prescribe.

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

DONE at the city of Washington this twenty-third day of May in the year of our Lord one thousand nine hundred and seventeen, and of the Independence of the United States of America the one hundred and forty-first.

WOODROW WILSON

By the President:

ROBERT LANSING,
Secretary of State.

File No. 763.72/5145

The British Embassy to the Department of State

MEMORANDUM

The British Embassy have received instructions to ask that the dry dock and repair shops at Balboa may be made available for ships of the British Pacific Squadron and that they may be supplied with coal, oil and stores as necessary.

His Majesty's Government suggest that it would probably save tonnage if colliers could be filled with Pocahontas coal at Balboa in order to supply the British Pacific Squadron.

WASHINGTON, June 5, 1917.

File No. 841.3319/-

The Minister in Panama (Price) to the Secretary of State

No. 1496

PANAMA, July 31, 1917.

[Received August 10.]

SIR: I have the honor to enclose (enclosure No. 1) a copy of a translation of a note from the Panaman Foreign Office soliciting the Department's acquiescence in a compliance by Panama with a request of the British Minister accredited here that British warships be permitted to remain at Taboga Island, which is located in the Bay of Panama about 12 miles from the city of Panama and from the Pacific end of the Panama Canal, for longer periods than the 24-hour limitation applying in the Canal Zone waters and in neutral ports.

The British Minister has expressed to me in the past his earnest desire that this might be possible and I am sure all of us would be glad to see the privilege extended if it would be consistent with international obligations and usage.

I respectfully solicit as prompt an expression of opinion as convenient from the Department.

I have [etc.]

WM. JENNINGS PRICE

[Enclosure—Translation]

*The Panaman Secretary of Foreign Affairs (Garay) to the
American Minister (Price)*

PANAMA, July 31, 1917.

MR. MINISTER: I have the honor to transmit herewith to Your Excellency a copy of a confidential memorandum which His Excellency Sir Claude Mallet, Envoy Extraordinary and Minister Plenipotentiary of His Britannic Majesty, has presented to me.¹

As this is an international matter in which the Government of Panama desires to proceed in accord with that of the United States of America, I would greatly thank Your Excellency if you would kindly solicit confidentially the opinion of the Department of State on the subject so that it may be taken into account in answering Minister Mallet.

I venture to add that it would be particularly pleasing to this Government to accede to the request referred to, and it is my opinion that, considering the distance which separates the Island of Taboga from the Panama Canal, the neutrality provided for in the Canal treaty and in the Hay-Pauncefote treaty, between the United States and Great Britain, is not effective in this case. I believe likewise that, as the agreement concerning neutrality signed in Washington October 10, 1914,² between the Secretary of State of the United States of America and the Minister Plenipotentiary of Panama was concluded, as is stated therein, for the purpose of maintaining the obligations of the two Governments as neutrals, and that neutrality has in fact disappeared by our having affiliated ourselves with one of the two belligerent parties, Panama may well accede to the request of the Britannic Government, if Your Excellency's Government sees no objection thereto.

I avail myself of this opportunity [etc.]

NARCISO GARAY

File No. 763.72111/6809

The British Embassy to the Department of State

MEMORANDUM

His Majesty's Consul at Colon reports that the proclamation of neutrality of Canal Zone is still considered to be in force, and that troop transports and naval auxiliaries can only be supplied with sufficient coal to take them to the nearest British port, namely Jamaica. His Majesty's Consul adds that Canal authorities have

¹ Not printed.

² *Foreign Relations*, 1914, Supplement, p. 556.

plenty of coal available, and are willing to supply it, if special arrangements can be made through diplomatic channel. Relying on the assurances of the United States Government that no objection would be raised on their part, His Majesty's Government have made arrangements for the carriage of Australasian troops through the Canal. Two transports are due at Colon on August 30th and another on September 4th, each requiring to take on board there 2,000 tons of coal.

A situation of great embarrassment will arise if the United States Government now insist on applying to our transports rules of proclamation of neutrality of Canal Zone. This will wreck the whole scheme for transport of Australasian troops through the Canal, and anticipated saving of tonnage under that scheme will be thrown away.

The United States Government hold, no doubt, that they are justified, by their sovereignty in Canal Zone, in relieving their own men-of-war and transports of restrictions. But if this contention is well founded, as would seem to be the case, the United States Government would be equally justified in relieving men-of-war and transports of their co-belligerents, in extending to them the same treatment as they would be given in United States territory proper.

His Majesty's Government does not desire to raise the question as to the right to differentiate in favour of United States vessels in the Canal, which of course has been already the subject of prolonged negotiation; but they express the hope that under present circumstances such differentiation will not be applied to the disadvantage of Great Britain, in a matter of such vital importance to the conduct of the war.

In this connection attention is called to the request made on June 5th that the dry dock and repair shops at Balboa may be made available for the ships of the British Pacific Squadron, and that they may be supplied with the coal, oil and stores which may be required.

The matter is of urgent importance and an answer is requested as soon as possible.

WASHINGTON, *August 13, 1917.*

File No. 763.72/7272

The Department of State to the British Embassy

MEMORANDUM

By its communications of June 5 and August 13, His Britannic Majesty's Embassy inquires whether the dry dock and repair shops at Balboa may be made available for the ships of the British Pacific

Squadron, and whether they may be supplied with coal, oil and stores as required; and whether transports carrying troops will be allowed transit facilities through the Canal.

There is enclosed a copy of the President's proclamation of May 23, 1917, for the "Regulation, Management, and Protection of the Panama Canal and the Maintenance of Its Neutrality,"¹ which appears to cover the inquiry of His Majesty's Embassy.

From this proclamation it will be observed that fuel and lubricants may be taken on board by vessels of a belligerent in the Canal in amounts sufficient to reach the nearest accessible port, not an enemy port, at which they can obtain supplies necessary for the continuance of the voyage. It is the Department's opinion that if it is not possible for British vessels to obtain coal, oil, etc., in sufficient quantities at British ports other than those in England, British vessels could, under the proclamation, be allowed to take on sufficient amounts to reach ports in the British Isles.

As to the passage of transports through the Canal with troops, there is perceived to be no objection so long as the reasonable provision of the proclamation in regard to the embarkation and disembarkation of troops, munitions of war or warlike materials and the other provisions of the proclamation relating to passage through the Canal are complied with.

As to the use of the dry dock and repair shops at Balboa, it will be observed that the proclamation restricts the use of such facilities to cases of "actual distress."

As the provisions of the proclamation in this respect and in others are based upon the treaties of the United States covering the status of the Isthmus and the diplomatic correspondence on the same subject with the countries concerned which, in a word, place upon the United States the duty and responsibility for maintaining the "neutrality" or "neutralization" of the Canal and its approaches, the Department of State regrets that, in its opinion, to allow the unlimited use of the dry dock and repair shops at Balboa by the British Pacific Squadron would be an infringement of the peculiar status of the Canal which the United States is under obligation to maintain. The Canal and its approaches, in the opinion of the Department, should not be made a rendezvous for belligerent ships or a base of naval equipment and repair.

WASHINGTON, *August 15, 1917.*

¹ *Ante*, p. 1265.

File No. 763.72/6487

The British Embassy to the Department of State

MEMORANDUM

With reference to the memorandum of the Department of State of August 15th and to previous correspondence regarding the arrangements to be made for the passage of Australian and New Zealand troops through the Panama Canal, the British Embassy has received instructions from London to ascertain whether the United States authorities would be able to arrange hospital accommodation at Panama for invalids from the transports carrying these troops and could also provide for the replenishment of medical stores. Should it be considered preferable, however, and should there be no objection thereto, the Australian Government would be ready to establish a temporary hospital at Panama.

An early reply would be appreciated as the matter is one of some urgency.¹

WASHINGTON, August 22, 1917.

War Trade Board Files: Panama Canal, License Control

The Assistant Director of the Bureau of Exports (Van Sinderen) to the Shipping Board Representative (Munson)

MEMORANDUM

WASHINGTON, October 15, 1917.

Referring to your memorandum of October 12,² I beg to advise you that the procedure for instructions to Panama was established last July, and that we can now give those in authority there any instructions which the board may desire, and have them carried out immediately.

At present the collectors at the ports of Panama and Colon are acting in accordance with the decision of the Exports Council of July 9 which is quoted below:

It was decided that "transit of cargoes and shipments through the Panama Canal would not require export licenses."

The collectors are at present allowing all vessels in transit through the Canal to bunker as heretofore regardless of destination.

[H. B. VAN SINDEREN]

¹An attached memorandum by the Assistant Secretary of State, dated Aug. 29, reads in part that "the British Embassy has been orally informed that the question of hospital accommodations is to be left to the requirements of each shipload. In other words, when a British transport arrives in Panama the Embassy is to be informed of what is needed, whereupon the Secretary of War, as an act of humanity, will issue the necessary instructions to the Zone authorities. In this way the Department feels that the proclamation of neutrality need not be modified to meet the British needs."

²Not printed.

War Trade Board Files : Panama Canal, License Control

The Solicitor for the Department of State (Woolsey) to the Counselor for the War Trade Board (Chadbourne)

MEMORANDUM

WASHINGTON, November 3, 1917.

In reply to your inquiry respecting the right to require licenses from vessels passing through the Panama Canal under any treaties with foreign nations, allow me to say that the status of the Panama Canal is determined by the treaty between the United States and Colombia of 1846, the Hay-Pauncefote treaty with Great Britain of 1901, and the treaty with Panama of 1903; and by our diplomatic correspondence with these countries. In these treaties and this correspondence the United States guaranteed, among other things, the "neutrality" or "neutralization" of the Canal, and that it should be "free and open" under certain rules. As the licensing of vessels merely passing through the Canal and not stopping for supplies is in the nature of a war measure aimed at the destruction of the enemy, it is logical to conclude that the application of such a measure to vessels passing through the Canal would be inconsistent with the neutrality or neutralized status of the Isthmus. In this I am not considering vessels passing to and from other portions of American territory.

Any vessels passing through the Canal desiring to take on supplies therein could, I believe, be controlled by license, as the conservation of such supplies might be regarded as in the nature of a domestic measure for the protection of the Canal, the duty and responsibility of protection being conceded to the United States by treaty and diplomatic correspondence. In so far as vessels passing through the Canal desire to take on supplies, so far, I believe, the War Trade Board can control those vessels by its licensing system, at least in respect to the articles taken on board, their use, destination, *et cetera*.

L. H. WOOLSEY

War Trade Board Files : Panama Canal, License Control

The Director of the Bureau of Transportation (Richards) to the Acting Chief of the Washington Office of the Panama Canal (Flint)

WASHINGTON, November 9, 1917.

DEAR SIR: Replying to your favor of the 26th instant [*ultimo*],¹ I would be very glad if you will inform Colonel Harding, Governor of the Panama Canal, that we will give advices just as soon as the board

¹ Not printed.

passes a lot of new regulations which they are now considering, and adopt special application and license forms.

Meantime, I think a fairly safe procedure to follow regarding neutral ships will be to allow any of them to pass through into the Pacific, without restriction, when they have come direct from some United States port, but if they have arrived from any other than a United States port, bound into the Pacific to hold them and cable us full particulars and await our instructions regarding license.

I also think it would be best for the present to have him hold up any neutral vessels coming into the Canal from the Pacific if they are bound to any other than United States ports, and cable to us for special instructions in each instance, stating the name of the steamer, nationality, register of tonnage (in case there may be more than one vessel of the same name), destination and total quantity of bunkers desired aboard when leaving the Canal, or in case of a sailing vessel, hold her by refusing license for ships' stores. Any neutral vessel, however, that is bound directly to the United States allow to continue without restriction.

Very truly yours,

[L. L. RICHARDS]

File No. 841.3319/3

The Secretary of State to the Minister in Panama (Price)

No. 444

WASHINGTON, November 19, 1917.

SIR: Referring to your No. 1496 of July 31 last,¹ in which you enclosed a copy of a note from the Panaman Foreign Office asking this Government's acquiescence in a compliance by the Government of Panama with a request made by the British Minister that British warships be permitted to remain at Taboga Island, Bay of Panama, for longer periods than the 24-hour limitation applying in the Canal Zone waters and in neutral ports, I have to say that this Government sees no objection to the Government of Panama permitting the warships of Great Britain to remain at Taboga Island outside of the Canal Zone for longer periods than the 24-hour limitation.

You will so advise the Government of Panama.

I am [etc.]

For the Secretary of State:

FRANK L. POLK

¹*Ante*, p. 1268.

File No. 841.3319/2

The Minister in Panama (Price) to the Secretary of State

No. 1697

PANAMA, November 28, 1917.

[Received December 15.]

SIR: Referring to my confidential despatch No. 1496 of July 31 last, reporting the request of the British Government through their Minister here to the Government of Panama to be permitted to keep British warships in the neighborhood of Taboga Island, in the Bay of Panama, for longer periods than 24 hours, and enclosing a copy of a note from the Panaman Foreign Office expressing the hope that our Government would acquiesce in granting said request, I have the honor to enclose (enclosure No. 1) a copy of another note recently sent to the Panaman Foreign Office by Sir Claude Mallet, the British Minister in this Capital. A short time after the delivery of the note Secretary Garay promised to give me a copy but neglected to do so until now, same being obtained after another request made by me. He claims to have overlooked the matter and doubtless did.

About the time he told me of the receipt of the note, Sir Claude Mallet visited the Legation, showing me a letter from the British Embassy in Washington quoting the Assistant Secretary of State in the sense stated in his note which accompanies this. He wanted to know if I had heard from the Department and I answered him that I had not.

I made inquiry of Col. Chester Harding, Governor of the Panama Canal, as to whether he had had any response from the War Department relative to this matter. He replied that there had been no formal response but that he had been let know informally that the Department of War would be glad to have this courtesy extended to the British Government but that it was desired not to give an expression of this in any formal or written manner. I then consulted with . . .

Governor Harding and I both concluded after conferring, that it would be best to let Panama convey, in an unwritten and informal manner to the British Minister, its willingness to have the British Government exercise this privilege, in accordance with their expressed desire to permit them to have it, but for us not to give an expression regarding same in any formal or written way. I have followed this method in another informal talk with the Secretary of Foreign Affairs of Panama and I have acted upon the theory, in view of the Department failing to respond to my despatch of last July, that the

procedure mentioned would be the one most acceptable to the Department.

I have [etc.]

WM. JENNINGS PRICE

[Enclosure]

The British Minister in Panama (Mallet) to the Panaman Secretary for Foreign Affairs (Garay)

PANAMA, October 9, 1917.

MONSIEUR LE MINISTRE: With reference to the pending inquiry as to whether the ruling that "hospitality extended in the waters of the Republic of Panama to a belligerent vessel of war . . . ¹ shall serve to deprive such vessel of like hospitality in the Panama Canal Zone for a period of three months or vice versa" is an impediment to British warships entering the ports of the Republic of Panama now that the latter nation is a belligerent, I have the honor to state that according to a private opinion expressed recently by the Assistant Secretary of State at Washington to His Majesty's Ambassador, the ruling in question, as far as the United States is concerned, is considered to be no longer in effect *ipso facto* from the moment the Republic of Panama became a belligerent.

In view of the foregoing, I take it for granted that there is no longer any objection on the part of the Government of Panama to British warships using the ports of the Republic, in case of necessity, for refitting and revictualling, notwithstanding that they may have entered a Canal Zone port within the period of three months.

I profit by this occasion to renew [etc.]

C. MALLET

File No. 841.3319/2

The Counselor for the Department of State (Polk) to the Minister in Panama (Price)

No. 457

WASHINGTON, December 22, 1917.

SIR: The Department acknowledges the receipt of your No. 1697 of November 28, 1917, marked confidential, enclosing a copy of the note addressed by the British Minister at Panama to the Secretary of Foreign Affairs of Panama, requesting that the Government of Panama permit British warships to remain in the neighborhood of Taboga Island in the Bay of Panama for longer periods than 24 hours.

The action taken by you in this matter is approved.

I am [etc.]

FRANK L. POLK

¹ Omission indicated on the original enclosure.

File No. 841.3319/4

The Minister in Panama (Price) to the Secretary of State

No. 1718

PANAMA, December 17, 1917.

[Received January 9, 1918.]

SIR: I have the honor to report that there was received on December 6 the instruction of the Department dated November 19, and numbered 444, to advise the Panaman Government that no objection existed on the part of our Government to the Government of Panama permitting British warships to remain off Taboga Island more than 24 hours.

The Secretary of Foreign Affairs of Panama had already before its receipt conveyed in an informal verbal manner to the British Minister here an expression as to there being no objection in this matter.

As far as I can learn the British authorities have not yet exercised the privilege. Unless instructed to the contrary, I shall permit the informal manner of my communication with the Secretary of Foreign Affairs of Panama relative to this, which I reported in my despatch No. 1697, of November 28, constitute a compliance with the Department's instruction.

I have [etc.]

WM. JENNINGS PRICE

War Trade Board Files: Panama Canal, License Control*The Acting Governor of the Panama Canal (Feuille) to the Bureau of Exports of the War Trade Board*

BALBOA HEIGHTS, December 18, 1917.

SIRS: Referring to letter No. 1 of November 12, and various communications addressed to you since that date, regarding export control in the Canal Zone,¹ to none of which any letter reply has been received, please be advised that, in the absence of any special instructions, it has been necessary to formulate a policy for the control of cargo originating in, or in transit through, the Canal Zone, based on the information already received and in accord with local conditions.

Under date of November 28, a circular, three copies of which are attached, was addressed to all concerned on the subject of export licenses, although exports had been under control and licenses granted here for some time prior to this date, as your records will show. A second circular was issued under date of December 12, three copies of which are also attached, together with three copies of the form of shipper's export declaration referred to in the last mentioned cir-

¹ Not printed.

cular.¹ This declaration is submitted in quadruplicate, and one copy affixed to each copy of cargo license. With the triplicate copy of the declaration, and the triplicate copy of the cargo license, there will be forwarded to your office a copy of the vessel's manifest in each case.

Of course, this arrangement is possible in the Canal Zone only, because all cargo at Canal Zone ports is unladed, transferred, and laded by the Panama Railroad Co., which is a U. S. Government corporation.

Furthermore, in any consideration of the question of export control in the Canal Zone it should be borne in mind that the Panama Canal, a department of the U. S. Government, maintains an effective control over the movement of all shipping in Canal waters; therefore, if it is decided, for instance, to grant bunkers to any particular ship, the captain of the port, who is a Canal official, is so advised, and the actual issuance of the paper form of license is not deemed necessary, as the coal is supplied by the Panama Canal.

In the same way, it is believed that the matter of transit and transhipped cargo can be handled in the manner indicated in the Governor's circular of December 12, without the necessity of actually issuing form licenses except for cargo in classes Nos. 7 and 8. Since the main desire is to control exports, and since the issuance of the paper form is only incidental to this control, it is believed that the arrangement whereby all shipping papers for cargo in the classes indicated in the circular of December 12 are submitted to the Bureau of Customs for notation upon the papers as to whether or not the cargo may go forward, should be satisfactory.

The Bureau of Customs is a branch of the Division of Civil Affairs, the Chief of which has charge of export control in the Canal Zone, as you have been previously advised, and all actions of customs inspectors are naturally subject to his supervision. Furthermore, the Panama Railroad Co., whose receiving and forwarding agent signs the export declarations referred to, is a corporation all of whose employees are employees of the United States Government, and who are just as keenly interested in the proper administration of exports control as are the employees of the Bureau of Customs or any other branch of the Government.

It should be understood that under the present arrangement the only cargo laded is that which falls in class 1 or 2, or has either been passed for export by the Bureau of Customs or covered by regular license, and that the receiving and forwarding agent of the Panama Railroad Co. submits a statement to that effect with the outgoing manifest. Although the circular states that the cargo of classes 1 and

¹ Shipper's export declaration not printed.

2 may be laded freely, an arrangement exists whereby the receiving and forwarding agent notifies the Bureau of Customs of any shipments in these classes which appear suspicious, even when the shipments are covered by export license from the United States or Allied countries. Such cargo is then examined, and held, if deemed necessary, pending advice from the War Trade Board.

You will note that transhipped cargo under class 2 is being handled in the same way as you have already authorized in the case of cargo of the same nature which is merely being carried through the Canal by vessels not stopping at either port. The authorization referred to was contained in your letter of November 13 to the Washington Office of the Panama Canal.¹

Should any feature of the method now in effect here be misunderstood or deemed unsatisfactory, it is requested that the objection be referred to this office before any definite action is taken.

Respectfully,

FRANK FEUILLE

[Enclosure 1]

Circular on the Subject of Export Licenses, Issued on November 28, 1917, by the Governor of the Panama Canal (Harding)

BALBOA HEIGHTS, November 28, 1917.

TO ALL STEAMSHIP AGENTS, EXPORTERS, AND OTHERS CONCERNED:

You are advised that, effective at once, no cargo, excepting that originating in the United States or possessions, and covered by export license, or cargo destined to the United States or possessions, shall be exported from Canal Zone ports without license or permission from the Chief of the Division of Civil Affairs.

Applications shall be made in all cases to the chief customs inspector at the port of exportation upon forms provided for that purpose. Before accepting cargo for shipment carriers should request the consignor to apply for license, attaching copies of the ocean bill of lading to the application. If license is granted the bill of lading will be stamped with the license number, and if license is not required, the bill of lading will be so marked. The original license will be delivered to the applicant, who should hand it to the steamship company's agent, with the completed bill of lading. There is a stub upon this license which shall be detached and completed by the chief customs inspector at the port of consignment, and all bills of lading covering local or trans-shipped cargo, together with all export licenses, and a complete manifest

¹ Not printed.

of all local and trans-shipped cargo must be furnished to the chief customs inspector at the port of departure at least one hour before schedule time of sailing of the vessel. The customs office will check the bills of lading against the manifest and return all papers excepting the manifest to the proper officers of the vessel.

For all trans-shipped cargo not originating in, or destined to, the United States, or its possessions, it will be necessary for the steamship company's agent to make application for export license in the absence of a regularly accredited agent of the consignor, or the consignee on the Isthmus.

Please note that the stipulation relative to outgoing manifest changes the present regulations, in that the manifest must be submitted at least 1 hour before sailing time of the vessel, instead of 48 hours afterward, and must contain a complete list, not only of local cargo, but of all cargo trans-shipped at a Canal Zone port.

CHESTER HARDING

Governor

[Enclosure 2]

Circular on the Subject of Export Licenses, Issued on December 12, 1917, by the Governor of the Panama Canal (Harding)

BALBOA HEIGHTS, December 12, 1917.

TO ALL STEAMSHIP AGENTS, EXPORTERS, AND OTHERS CONCERNED:

Referring to my circular of November 28, relative to export licenses, please be advised that cargo will be divided into classes as follows:

1. Cargo originating in or destined to the United States or its possessions;
2. Cargo both originating in the United Kingdom, France, Italy, or possessions, and destined to same;
3. Cargo originating in the United Kingdom, France, Italy, or possessions, and destined to neutral countries;
4. Cargo originating in or destined to Entente Allies other than those already mentioned;
5. Cargo originating in European neutral countries destined anywhere except to the United States or possessions;
6. Cargo both originating in and destined to neutral countries other than European neutrals;
7. Cargo destined to European neutrals;
8. Cargo originating in or reexported from the Republic of Panama.

The receiving and forwarding agent of the Panama Railroad Co. has been instructed that cargo of classes 1 or 2 may be unladed, transferred and laded freely.

For cargo of classes 3, 4, 5 and 6 the receiving and forwarding agent will submit all through bills of lading or accountable receipts or similar papers to the Bureau of Customs for inspection before the cargo is laded and as soon as possible after it is received. The chief customs inspector will indicate upon the bill of lading or accountable receipt whether or not the cargo may go forward.

All cargo of class 7, destined to European neutrals, must be covered by an export license for each commodity and each consignee, application for which should be made to the Bureau of Customs as far in advance of shipment as possible. In the absence of a regularly accredited agent of the consignor or the consignee on the Isthmus, it will be necessary for the agent of the connecting carrier to make such application.

For all cargo of class 8 applications for export licenses shall be made by consignors as far in advance of date of shipment as possible to the Bureau of Customs, which will indicate whether or not license is required and furnish the necessary forms.

Instead of presenting bills of lading with the outgoing manifest, which must be submitted at least one hour prior to the ship's departure, the receiving and forwarding agent shall hand the chief customs inspector a shipper's export declaration to the effect that all cargo shown on the manifest has been properly passed upon. The chief customs inspector will then issue an export license to the vessel in question covering the entire cargo as shown in the manifest.

Please note that under this arrangement, in many cases, individual shipments of cargo in classes such as 7 and 8 will be covered by export license, irrespective of the general cargo license which will be granted to a vessel upon its departure.

CHESTER HARDING

Governor

War Trade Board Files: Panama Canal, License Control

*The Director of the Bureau of Transportation (Richards) to the
Acting Chief of the Washington Office of the Panama Canal
(Flint)*

WASHINGTON, January 11, 1918.

SIR: Reply to your letter of November 15, 1917,¹ and to the cablegram which your office received on the 10th of November from the Governor of the Panama Canal,¹ has been delayed because of the necessity of conferring with another branch of the Government.

¹ Not printed.

We will be pleased if you will inform the Governor of the Panama Canal that:

1. Vessels under foreign flags which are merely passing through the Panama Canal, and which do not take on bunker fuel, port, sea or ships' stores or supplies of any kind, may be allowed to pass through without conditions attached thereto. Vessels which take on bunker fuel or port, sea or ships' stores or supplies of any kind, at the Canal (including water for drinking or other purpose), shall be required to obtain licenses for what is taken aboard.

2. Reasonable quantities of bunker fuel and ships' stores may be granted to ships of the regular Spanish line from Barcelona, Spain, via Cuba and Porto Rico, calling regularly at Cristobal and returning to Barcelona, Spain, via Atlantic coast ports of Colombia and Venezuela. In all instances of Spanish boats, however, please cable us at once and give us full advices regarding such boats and their movements.

3. Sailing vessels plying between Canal Zone ports and Central and South American countries, may be granted reasonable quantities of ships' stores and supplies, provided the owners or agents of the vessels file guarantee that the vessels—

- (a) Will return to the Canal Zone; or
- (b) Will return to a port of the United States, and will in no case make voyage to ports included in the war zone.

4. Neutral vessels chartered by American firms plying between South and Central American ports via the Canal, may be granted licenses for bunker fuel and stores, provided the Canal authorities receive satisfactory guarantee that the vessels in question will be restricted to the designated trade.

5. Vessels of Chilean and Peruvian lines plying between the west-coast ports of South America and the Canal Zone, carrying cargo north for the United States, and cargo south from the United States, may be granted licenses for reasonable quantities of bunker fuel and ships' stores, provided the cargo carried by these vessels consists solely, or mainly, of cargo of the United States or the Allies.

6. The Governor of Panama will please make weekly reports to the Bureau of Transportation, War Trade Board, Washington, D. C., of bunker and stores licenses that he issues.

Respectfully yours,

[L. L. RICHARDS]

THE TREATMENT OF ARMED MERCHANT SHIPS IN NEUTRAL PORTS

File No. 763.72111/4976

The Secretary of War (Baker) to the Secretary of State

WASHINGTON, May 5, 1917.

SIR: The suggestion has been made that on account of the great importance of securing nitrates for military and agricultural purposes the vessels engaged in supplying the military and civil necessities of the Panama Canal should be utilized by being given a return cargo of nitrate from Chilean or other nitrate ports so that the full tonnage capacity of these vessels may be utilized on their outgoing and returning trips. Coal and other military supplies will furnish a sufficient cargo from the United States to the Isthmus, but there is not sufficient commercial or other business offering at that point to afford a full return cargo for the vessels required, and I believe that the use of this cargo capacity for nitrates is imperative.

The question has arisen as to whether these vessels which are owned by the United States would be interned if they should proceed to neutral ports. It is proposed that the vessels all be operated by the Panama Railroad Co., a corporation incorporated under the laws of the State of New York, most of the stock of which is owned by the United States.

There is enclosed herewith a memorandum from the Chief of Office of the Panama Canal which sets forth the status of all the vessels operated by this company with respect to ownership.¹

I would request that you advise me as to whether in your opinion the proposed undertaking could be safely carried on without any risk being incurred of the vessels being interned in the neutral ports which they would have to visit.

Very respectfully,

NEWTON D. BAKER

File No. 763.72111/4976

The Secretary of State to the Secretary of War (Baker)

WASHINGTON, May 14, 1917.

SIR: I understand from your letter of May 5 and conversations with Major Brown of the Panama Canal Office that your Depart-

¹ Not printed.

ment desires to know whether any risk of internment in neutral ports would arise in case of vessels owned by the United States or by the Panama Railroad Co. and operated by that company and engaged in supplying the military and civil necessities of the Panama Canal, which, after delivering their cargo at the Isthmus, should proceed to South American ports for the purpose of bringing back nitrates for the use of the United States Government, and which, both in the carriage of military and civil necessities to the Isthmus and the carriage of the nitrates on the return voyage, are paid therefor by the Government freight charges in the same manner as any other commercial vessels. In reply I have the honor to advise you that in my opinion such vessels engaged in commerce and submitting to the rules and regulations of neutral ports applicable to merchant ships, not flying the naval or transport flag, not armed, and not under command of naval or army officers, would not be properly subject to internment by a neutral country. As a neutral the United States has taken this position in the present war and has not interned vessels chartered by the British Admiralty, but forming no part of the military fleet and plying under the merchant flag and subject to rules and regulations applicable to merchant vessels in United States ports.

I should add, however, that there is, of course, always the possibility that neutral governments may detain such vessels for purposes of investigation and out of abundant caution endeavor to place them in the category of public auxiliary ships of the armed forces of a belligerent. In view of this possibility, I will be glad to make inquiry of the neutral governments concerned as to their attitude toward the vessels in question if you should desire me to do so.

ROBERT LANSING

File No. 763.72111/5022

The Secretary of War (Baker) to the Secretary of State

WASHINGTON, May 16, 1917.

SIR: I acknowledge receipt of your letter of May 14, in reply to mine of the 5th, with reference to the proposed extension of the vessels of the Panama Railroad Co. to neutral ports, and complying with the suggestion contained in the last paragraph thereof I beg to request that your Department make inquiry of neutral governments, especially the Governments of Colombia, Peru, and Chile, as to what would be their attitude towards vessels in question in case of the proposed extension of the Panama Railroad Steamship Line.

I may note in this connection that it is probable that some of the vessels will be equipped with six-pounder guns as a protection

against possible submarine activities, and this fact should be taken into consideration in passing upon the questions presented to you.

Very respectfully,

NEWTON D. BAKER

File No. 763.72111/4976

The Secretary of State to the Ambassador in Chile (Shea)

[Telegram]

WASHINGTON, May 18, 1917, 5 p. m.

Ascertain from Chilean Government what its attitude would be toward vessels calling for nitrates at Chilean ports, which vessels are owned by the United States Government but operated by the Panama Railroad Co., the carriage on the nitrates to be paid by the Government in same manner as carriage on supplies on any other commercial vessels entering United States ports, engaged in commerce and submitting to rules and regulations of neutral ports applicable to merchant ships not flying naval or transport flag, not armed and not under command of naval or army officers.

Such vessels have not been regarded by United States Government, when it was neutral, as properly subject to internment.

LANSING

File No. 763.72111/5035

The Ambassador in Chile (Shea) to the Secretary of State

[Telegram]

SANTIAGO, May 19, 1917, 5 p. m.

[Received 10 p. m.]

Department's telegram May 18, 5 p. m. I am assured by the Minister for Foreign Affairs that the arrangement suggested is entirely satisfactory.

SHEA

File No. 763.72111/5035

The Secretary of State to the Ambassador in Chile (Shea)

[Telegram]

WASHINGTON, May 24, 1917, 6 p. m.

Department's May 18, 5 p. m. Your May 19, 5 p. m. Probably some of these vessels will be equipped with six-pounder guns as protection against possible submarine activities. Ascertain attitude of Chilean Government toward such vessels calling at Chilean ports for nitrates. Such vessels have not been regarded by the United States Government, when it was neutral, as properly subject to internment.

LANSING

File No. 763.72111/5060a

*The Secretary of State to the Minister in Peru (McMillin)*¹

[Telegram]

WASHINGTON, May 24, 1917, 6 p. m.

Ascertain from Peruvian Government what its attitude would be toward vessels calling at Peruvian ports, which vessels are owned by the United States Government but operated by the Panama Railway Co., the carriage of the articles carried by these vessels to be paid by the United States Government in the same manner as carriage on supplies by any other commercial vessels entering United States ports, engaged in commerce and submitting to rules and regulations of neutral ports applicable to merchant ships not flying naval or transport flag, and not under command of naval or army officers, but it is probable that some of the vessels will be equipped with six-pounder guns as a protection against possible submarine activities.

LANSING

File No. 763.72111/5059

The Ambassador in Chile (Shea) to the Secretary of State

[Telegram]

SANTIAGO, May 28, 1917, 6 p. m.

[Received 9.30 p. m.]

My cipher telegram May 25, 5 p. m.² Have received memorandum from the Foreign Office to the effect that merchant vessels armed for their own defense will be treated in Chilean ports as merchant vessels provided their Government previously notifies Chilean Government of the name of the ship and provided that its distribution armament, absence of army or navy officers, or men, passenger list and merchandise, make the ship appear to really be a merchant vessel.

SHEA

File No. 763.72111/5062

The Minister in Peru (McMillin) to the Secretary of State

[Telegram]

LIMA, May 29, 1917, 11 a. m.

[Received 5.10 p. m.]

Department's May 24, 6 p. m. Peruvian Minister for Foreign Affairs replies as follows:³

¹ The same, *mutatis mutandis*, on the same date, to the Chargé in Colombia.
² Not printed.

³ The quotation has been revised after comparison with the Spanish text later received as an enclosure to a despatch. (File No. 763.72111/5134.)

In reply I am pleased to inform Your Excellency that my Government will consider the above-mentioned ships as merchant vessels, even though they are the property of the Government of the United States, in consideration of their being operated by an industrial company solely for peaceful commercial purposes, not extending any privilege to the American Government, and not flying the naval flag or being under the command of officers of the Fleet or the Army. Armament with guns of small caliber will not deprive these ships of their mercantile nature, provided the number and location of the guns gives this armament the character of being exclusively for defense against submarine attacks.

McMILLIN

File No. 763.72111/5061

The Chargé in Colombia (Belden) to the Secretary of State

[Telegram]

BOGOTÁ, May 29, 1917, 7 p. m.

[Received May 30, 11.30 a. m.]

Department's telegram May 24, 6 p. m. They may call as armed merchant vessels.

BELDEN

File No. 763.72111/5654a

The Secretary of State to the Diplomatic Representatives in Argentina, Chile, Colombia, Ecuador, Paraguay, Peru, and Venezuela

[Circular telegram]

WASHINGTON, October 9, 1917, 3 p. m.

Inform Department by cable what restrictions, if any, are imposed by Government of country to which you are accredited upon entrance into its ports of armed American merchantmen engaged in commerce.

LANSING

File No. 763.72111/7349

The Ambassador in Chile (Shea) to the Secretary of State

[Telegram]

SANTIAGO, October 10, 1917, 5 p. m.

[Received 7.10 p. m.]

Your cipher telegram of October 9, 3 p. m., my cipher telegram May 28, 6 p. m., my despatch No. 134, May 29.¹ I have received memorandum from the Foreign Office to the effect that merchant vessels armed for their own defense will be treated in Chilean ports as merchant vessels provided their Government previously notifies

¹ Despatch not printed.

Chilean Government of the name of the ship and provided that itinerary, distribution, armament, absence of army or navy officers or men, passenger list and merchandise make the ship appear to really be a merchant vessel.

SHEA

File No. 763.72111/5654

The Ambassador in Argentina (Stimson) to the Secretary of State

[Telegram]

BUENOS AIRES, October 11, 1917, 12 a. m.

[Received 7.40 p. m.]

Your October 9, 3 p. m. The following will be the reply of the Argentine Government if formal inquiry is made.

No restrictions will be placed on armed North American merchant vessels in entering Argentine ports provided said vessels are armed solely for purpose of defense of themselves. Excepting in the case of the port of Buenos Aires said ships cannot bring their powder into the Argentine Republic but must first place it on board an Argentine station ship near Buenos Aires while the merchant vessel is in the docks.

STIMSON

File No. 763.72111/5656

The Chargé in Paraguay (Sussdorff) to the Secretary of State

[Telegram]

ASUNCIÓN, October 11, 1917, 2 p. m.

[Received 10.45 p. m.]

Referring to Department's circular telegram of October 9, 3 p. m. Minister for Foreign Affairs informed me to-day that the Paraguayan Government imposes no restrictions on the entrance into Paraguayan ports of armed American merchant vessels engaged in commerce. The Minister added that his Government considers the arming of merchant vessels necessary in view of German submarine warfare.

SUSSDORFF

File No. 763.72111/5659

The Chargé in Colombia (Belden) to the Secretary of State

[Telegram]

BOGOTÁ, October 12, 1917, 5 p. m.

[Received October 13, 10.50 a. m.]

Department's telegram October 9, 3 p. m. Vessels would be regarded as ordinary merchantmen.

BELDEN

File No. 763.72111/5670

The Minister in Peru (McMillin) to the Secretary of State

[Telegram]

LIMA, October 15, 1917, 10 a. m.

[Received 1.35 p. m.]

Department's circular of October 9, 3 p. m. On receipt I called upon Minister for Foreign Affairs for information sought and have received note containing following ruling—

That ships of every class of the Marine of the United States can enter Peruvian ports without any restriction, whatsoever be the operations to which they are dedicated.

McMILLIN

File No. 763.72111/5683

The Minister in Venezuela (McGoodwin) to the Secretary of State

[Telegram]

CARACAS, October 17, 1917, 8 p. m.

[Received October 18, 11 p. m.]

Department's October 9, 3 p. m. Venezuelan Government admits freely armed merchantmen. Regulations go forward by mail to-day.

McGOODWIN

File No. 763.72111/5687

The Minister in Ecuador (Hartman) to the Secretary of State

[Telegram]

QUITO, October 19, 1917, 11 a. m.

[Received October 20, 3.40 a. m.]

Department's circular October 9, 3 p. m. No restrictions imposed by Ecuador.

HARTMAN

THE TREATMENT OF BELLIGERENT SUBMARINES IN NEUTRAL
PORTS — SUGGESTED INTERNMENT OF CREWS OF REFUGEE
MERCHANT SHIPS

File No. 763.72111Sp1/52

The Consul at Seville (Gracey) to the Secretary of State

[Telegram]

SEVILLE, June 12, 1917, 3 p. m.

[Received June 13, 7 a. m.]

German submarine now at Cadiz is UC-52. British Vice Consul, Cadiz, has suggested to his Ambassador that he should apply for

internment submarine on the grounds that submarine should not have the same privileges as a man-of-war and Spanish neutral port should not be used as base of supplies for such. Suggests advisability of all the Allied Ambassadors making same request for great effect on Spanish authorities. Have communicated with Ambassador.

GRACEY

File No. 763.72111Sp1/52

The Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, June 14, 1917, 5 p. m.

529. Consul at Seville reports that German submarine has arrived in damaged condition at Cadiz. Please immediately request the Spanish Government to state whether the submarine will be interned; if not, how long she will be permitted to remain in port; whether she will be allowed to make repairs and to take on supplies. Cable reply and keep Department informed concerning submarine.

LANSING

File No. 763.72111Sp1/5

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, June 22, 1917, 11 p. m.

[Received June 23, 8.30 a. m.]

631. Embassy's telegram 622, June 16, 12 a. m. [6 p. m.].¹ Minister for Foreign Affairs has just informed me personally Spanish Government has decided, and orders to that effect have been issued, to permit such repairs to be made to German submarine now at Cadiz as may be necessary in order to enable it to proceed to its nearest German or allied German base. This decision is based upon (1) the failure of the Hague convention to make any distinction between a submarine and any other style of war vessel and (2) upon the precedent set by the Spanish Government in the Cartagena submarine case of some months ago. A time limit has been set on or before the expiration of which said repairs must be completed and submarine must set out for its base, but Minister for Foreign Affairs declines to name the time limit. He states that time limit was set as a result of careful investigation by Spanish naval experts of repairs necessary, which examination disclosed that damages were not result of any hostile encounter but were incident to ocean travel, that commander of submarine stated [no?] action was had on the date on which British Ambassador claims submarine was engaged with Eng-

¹ Not printed.

lish torpedo-boat destroyer, and otherwise confirmed by results of examination made by Spanish experts. British Embassy states it has evidence, confirmed by French Embassy, that submarine has already unloaded and deposited in Spanish arsenal, Cadiz, six tons of explosives. British Ambassador through his Secretary desires this Embassy to support his vigorous protest made several days ago to Spanish Government and strenuously renewed this afternoon under further instructions from his Government. This Embassy has replied that it will await instructions from Department before taking such action. My impression is that Spanish Government, before actual release is granted, will demand guarantees from the German Government that submarine will do no hostile act *en route* to its home base. Embassy awaits instruction.

WILLARD

File No. 763.72111Sp1/9

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, June 26, 1917, 6 p. m.

[Received June 27, 8.30 a. m.]

638. Embassy's 631, June 22, 11 p. m. Minister for Foreign Affairs informs me personally that German Government has given satisfactory guarantee that submarine now Cadiz will not attack merchant ship *en route* to its home base and German Government will notify Spanish Government of its arrival at said base; also that submarine will therefore be allowed to proceed to its base when repairs are completed within time limit set by Spanish Government. Minister for Foreign Affairs declined to affirm or deny that June 29 was date fixed before which such repairs must be completed. Consular agent at Cadiz informs Embassy that he understands that date has been fixed. Minister for Foreign Affairs states that explosives unloaded from submarine and stored in Government arsenal and no other will be taken on board before its departure.

WILLARD

File No. 763.72111Sp1/58

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, June 29, 1917, 10 a. m.

[Received 3.55 p. m.]

645. Embassy's 638, June 26, 6 p. m. Submarine sailed 3 o'clock this morning.

WILLARD

File No. 763.72111Sp1/15

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, June 29, 1917, 10 p. m.

[Received June 30, 1 a. m.]

648. The King this afternoon signed the following Royal decree:

Article 1. Submarines of every class of all belligerent nations are prohibited in Spanish jurisdictional waters and entrance into Spanish ports.

Art. 2. All submarines included in the previous article which enter Spanish jurisdiction for whatsoever reason shall be interned until the close of the war.

Art. 3. Neutral submarines entering Spanish jurisdictional waters must navigate on the surface and show plainly the national flag.

Art. 4. The Royal decree of November 23, 1914, shall remain in force in so far as it is not modified by the present decree.

WILLARD

File No. 763.72111Sp1/10

The Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, July 2, 1917, 4 p. m.

566. It has been reported to the Department that a number of Allied and neutral merchant vessels have recently been destroyed by German submarines within Spanish territorial waters. Please ask Foreign Office if such is the fact, and what measures, if any, the Spanish Government is taking to protect their neutrality in this respect. It is a matter of grave importance to this Government inasmuch as among other considerations our trade with Spain carried on by means of American ships is endangered. Obtain and forward the sworn statements and all other evidence of these violations of neutral waters from your British colleague. In all cases of reports of violations of Spanish neutrality the Department must have a complete, detailed and authentic statement of facts before it can assume to act.

LANSING

File No. 763.72111Sp1/21

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, July 8, 1917, 10 a. m.

[Received July 9, 12.30 a. m.]

668. Replying to inquiry made in accordance with Department's 562, June 30, 2 p. m. [566, July 2, 4 p. m.], Minister of State has sent, under a misapprehension, following written statement:

It is indisputable that submarines of the Central powers display great activity in proximity to Spanish waters but notwithstanding the protests and reclamations made by some of the Allied Governments based chiefly on the declarations of captains of ships which have been sunk or detained near Spain, the investigations carried on by the naval authorities show that the territorial waters have not been violated except in one case, viz., the Norwegian steamer *Tiger*. The Government of His Majesty on the occasion of the detention of the above-mentioned ship within Spanish waters presented to the Cabinet at Berlin an energetic protest warning it that it was determined to prevent the repetition of such cases and would employ to that end the most energetic means which might be necessary. The German Government while sustaining that the detention and sinking of the *Tiger* took place, according to its information, on the high seas stated nevertheless that it had given new and strict instructions to Imperial naval forces to rigidly respect neutral Spanish waters and to abstain from every act of hostility within them.

The Government of His Majesty exercises by every means in its power and tries to increase as far as possible the most severe vigilance in order to avoid the violation of its territorial waters, having issued for this purpose the Royal decree of June 29 last prohibiting the entrance of submarines.

WILLARD

File No. 763.72111Sp1/24

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, July 31, 1917, 2 p. m.

[Received August 1, 11.20 a. m.]

714. German submarine *B-23* entered Corunna July 29, 3 p. m. British and Guatemalan Consuls telegraphed Captain General at Ferrol requesting internment. He replied ordering submarine to Ferrol where it will be interned until close of war.

WILLARD

File No. 763.72111Sp1/21

The Acting Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, August 1, 1917, 4 p. m.

626. Your 668, July 8, 10 a. m. Please state formally to Foreign Office that whereas the Spanish Government has made the definite statement that the Norwegian steamer *Tiger* is the only vessel which has been sunk by German submarines within Spanish territorial waters, the Department is now in possession of affidavits sworn to by American citizens, who were members of the crews, that the Nor-

wegian steamship *Voss* was sunk on May 7, 1917, by a submarine within a radius of about one-quarter mile of the Spanish coast and that the Norwegian steamer *Tromp* was sunk by a submarine on April 30, 1917, about a mile and half from the Spanish coast.

Please request the Spanish Government to conduct an investigation concerning these specific instances and inform you of the results.

POLK

File No. 763.72111Sp1/74

*The Spanish Minister of State (De Lema) to the American Ambassador (Willard)*¹

[Translation]

No. 402

SANTANDER, August 28, 1917.

EXCELLENCY: In reply to Your Excellency's kind note No. 57-A of the 6th instant,² I have the honor to enclose herewith two statements³ relative to the sinking of the Norwegian steamers *Voss* and *Tromp*, in whose crews, Your Excellency states, were American citizens.

From the contents of these documents, Your Excellency can perceive that said ships were destroyed outside of Spanish territorial waters, and that the information furnished to the Embassy, fixing respectively at a quarter of a mile and a mile and a half the distance from the coast at which the above-mentioned ships were sunk, cannot be admitted as exact.

I avail myself of the occasion [etc.]

MARQUÉS DE LEMA

File No. 763.72111Sp1/79

The Consul at Seville (Gracey) to the Secretary of State

[Telegram]

SEVILLE, September 17, 1917, noon.

[Received 11.55 p. m.]

Consular agent, Cadiz, reports German submarine *U-293* which entered Cadiz September 9, 7 a. m., will be interned; wireless has been removed, munitions unloaded, officer on parole, members are going to San Fernando; damage was broken propeller shaft.

GRACEY

¹ Copy enclosed in the Ambassador's despatch No. 791, Aug. 31 (received Sept. 22).

² See telegram to the Ambassador, No. 626, Aug. 1, *supra*.

³ Not printed.

File No. 763.72111Sp1/88

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, October 6, 1917, 12 p. m.

[Received October 7, 6.05 a. m.]

815. Naval attaché just received following telegram from consular agent at Cadiz: "German submarine interned Cadiz escaped."

WILLARD

File No. 763.72111Sp1/94

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, October 8, 1917, 11 a. m.

[Received October 9, 3.20 a. m.]

818. Embassy's 816, October 7, 10 a. m.¹ Spanish Government has suspended all naval authorities Cadiz. President of Council states publicly that rigid investigation will be held. English and Italian Ambassadors have written Minister for Foreign Affairs expressing their keen disappointment and expect that immediate steps will be taken to prevent escape of German submarine interned at Ferrol, in response to which Government has given desired assurances. Embassy will make no representations to Spanish Government pending instructions. Escape of this submarine number *U-293* has created profound impression here. Apparently Spanish Government deeply regrets occurrence, betrays great resentment towards Germany and towards Spanish officers who have been disloyal to their country. French naval attaché states that Spanish officials Cadiz recently gave submarine ten tons fuel oil upon request of its commander to enable him to test out accumulators under repairs. Submarine was also supplied with provisions but apparently no ammunition. Further information will be telegraphed when it can be accurately secured.

WILLARD

File No. 763.72111Sp1/94

The Secretary of State to the Ambassador in Spain (Willard)

[Telegram]

WASHINGTON, October 9, 1917, 4 p. m.

704. Your 818, October 8, 11 a. m. You may take action similar to that of your British and Italian colleagues and express to the Minister of Foreign Affairs the profound regret of this Government at the escape of the German submarine from Cadiz.

LANSING

¹ Not printed.

File No. 763.72111Sp1/32

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, October 22, 1917, 5 p. m.

[Received October 23, 6.50 a. m.]

836. Department's 718, October 20, 4 p. m.¹ Spanish Government has of its own accord taken action suggested by Department. Officers and crew of German submarine *B-23* which entered Corunna in July have just been sent to Alcalá de Henares, a few miles from Madrid for internment. Submarine remains under Spanish surveillance at Ferrol.

WILLARD

File No. 763.72111/6994

The British Embassy to the Department of State

MEMORANDUM

The recent Allied Naval Conference in London recommended that steps should be taken to ensure the close cooperation between Allied Ministers in neutral countries with a view to making such representations as will ensure adequate action to prevent submarines or suspicious enemy vessels from being succoured or allowed to make use of territorial waters.

The British Embassy are instructed to ask that such instructions may be sent to the United States representatives in neutral countries. The French, Italian, Russian and Japanese Governments are being approached in the same sense.

WASHINGTON, October 25, 1917.

File No. 763.72111Sp1/33

The Ambassador in Spain (Willard) to the Secretary of State

[Telegram]

MADRID, October 27, 1917, 10 a. m.

[Received 9.50 p. m.]

852. French Ambassador acting under instructions from his Government has asked Spanish Government to intern crews of all German merchant ships now in Spanish ports, as he stated that they are centers of German espionage and intrigue and used in furnishing supplies to submarines.

WILLARD

¹ Not printed.

File No. 763.72/7581

The Ambassador in Argentina (Stimson) to the Secretary of State

[Telegram]

BUENOS AIRES, November 5, 1917, 11 a. m.

[Received 3.41 p. m.]

British Minister has addressed a note to me inviting me to attend a meeting of plenipotentiaries Entente powers November 8 to discuss attitude they are to assume with regard to Argentina on the submarine question. It [appears] that on August 25, 1916, Ministers of France, Russia, England and Italy presented a joint memorandum to the Argentine Government on the subject claiming principally that the rules previously existing in international law should not be applied as to belligerent submarines but that any submarine touching at a neutral port even for less than 24 hours should be interned.

The note further states that he has just received a telegram from the British Minister for Foreign Affairs stating that it is probable that large German submarines will soon commence to operate in South American waters, that in case one such should arrive in Argentine territorial waters it is necessary that "the Allied Ministers" should be in concert in order to obtain its immediate internment by Argentine authorities.

Respectfully request immediate instruction, (1) whether to attend the conference, (2) whether Department desires to give me any special instructions if I do attend.

STIMSON

File No. 763.72/7581

The Secretary of State to the Ambassador in Argentina (Stimson)

[Telegram]

WASHINGTON, November 6, 1917, 4 p. m.

Your November 5, 11 a. m. Department considers it inadvisable for you to attend conference to which you refer. You are directed to make no expressions of opinion either personally or officially in connection with this matter.

LANSING

File No. 763.72111Sp1/50

The Chargé in Spain (Wilson) to the Secretary of State

[Telegram]

MADRID, November 13, 1917, noon.

[Received November 14, 12.05 p. m.]

879. The British Ambassador called an informal meeting to-day at which were present chiefs of missions of France, Italy, Russia,

United States, Japan, Belgium, Serbia, Greece, and Portugal, to discuss the question of urging the Spanish Government to intern the crews of German merchant vessels now in Spanish ports. Although without actual proof, it was unanimously agreed that these ships are used as bases where German submarines receive supplies, information, and even crews. It was further agreed that all above representatives should request authorization of their Governments to support the note of the French Ambassador (see Embassy's telegram 852, October 27, 10 a. m., and despatch 909, November 1¹), suggesting the advisability of interning such merchant crews. The opinion seemed to be that there was little hope that the suggestion would be accepted but that it was worth while to make an attempt and put the Spanish Government on record. If this internment spontaneous, I believe it would remove the chief abuse of which the Department complains in its confidential telegram 746, November 10, 7 p. m.² Therefore request Department's instruction to send note in the mentioned [sense]. The British Ambassador has secured such authorization. In his note to Minister of State he will suggest as alternative to internment of crews if that is impossible, that the Spanish Government send all German vessels to one port, preferably Algeciras, where they could be carefully watched and could not be used as submarine bases. Personally I do not think Spanish Government will consider this latter request.

WILSON

File No. 763.72111Sp1/105

The Acting Secretary of State to the Chargé in Spain (Wilson)

[Telegram]

WASHINGTON, November 19, 1917, 5 p. m.

755. Your 879 and 880.³ You may join with the Allied Ambassadors in similar representations urging the Spanish Government to intern the crews of German vessels now in Spanish ports.

POLK

¹ Telegram *ante*, p. 1296; despatch not printed.

² Not printed.

³ No. 880 not printed.

File No. 763.72111Sp1/109

*The American Chargé (Wilson) to the Spanish Minister of State
(De Alhucemas)*¹

No. 109-A

MADRID, November 21, 1917.

EXCELLENCY: On October 26 last, the French Ambassador transmitted to Your Excellency's predecessor, the Marqués de Lema, a note in regard to a suggestion which he had previously made concerning the signals made by the German merchant ships *Belgrano* and *Fangsturm*. This suggestion was to the effect that the only means of preventing the vessels above mentioned, and other German ships in Spanish ports, from giving assistance to German submarines in their operations against Allied and Spanish ships was to cause their crews to be interned in the interior of Spain.

I am to-day in receipt of a telegram from my Government, stating that it agrees with the views expressed by the French Government through its Ambassador in the above-mentioned note of October 26 last.

My Government has reasons for believing that these German interned ships are used as a channel of communication with German submarines, and that by means of signals they give information concerning arrivals, departures, and whereabouts of Spanish and Allied ships, many of which are attacked and sunk.

My Government feels that these German ships, by using Spanish ports as bases of intelligence for submarine operations against vessels of nations with which His Majesty's Government is at peace, are endangering the neutrality of that Government, and I am accordingly instructed to express the hope that His Majesty's Government will accept the suggestion of the French Government, and intern in the interior of the country the crews of German merchant ships now in Spanish ports.

I avail [etc.]

[No signature indicated]

File No. 763.72/8275

The Minister in Sweden (Morris) to the Secretary of State

[Telegram]

STOCKHOLM, December 24, 1917, 3 p. m.

[Received December 25, 1 a. m.]

1221. At a recent meeting of the Allied Ministers in Stockholm the British Minister read the following which he had received from his Government:

¹ Copy enclosed in the Chargé's despatch No. 945, Nov. 21 (received Dec. 17), not printed.

Recommendations were made at the recent Allied Naval Conference in London regarding the necessity of close cooperation between Allied Ministers in neutral countries in order that when occasion demands such representations may be made as will ensure adequate action to prevent submarines or suspicious enemy vessels being succored or allowed to make use of territorial waters. His Majesty's Government in bringing the foregoing to the knowledge of Sir E. Howard have instructed him to act in concert with his colleagues and have at the same time requested the United States, French, Italian, Japanese and Russian Governments to send similar instructions to their representatives.

French Minister has received similar instructions while the Italian Minister and myself having received no instructions regarding the above, have informed our colleagues we would cable for instructions.

MORRIS

File No. 763.72/8275

The Secretary of State to the Minister in Sweden (Morris)

[Telegram]

WASHINGTON, December 29, 1917, 6 p. m.

471. Your 1221, December 24, 3 p. m. Respecting matter of submarines, see Department's memorandum of August 31, 1916, in reply to Allied memorandum of August 21, 1916, regarding status of submarines,¹ published in White Books. You may say to your colleagues that as this Government is not in a position to change its views as then expressed, you will be unable to join them in representations, unless the cases involve a violation of neutrality. In such cases report facts fully to Department and make no representations without instructions.

LANSING

¹ *Foreign Relations*, 1916, Supplement, pp. 769-771.

INDEX

INDEX

- Afghanistan, affected by peace terms proposed by Allied powers, 495, 497
- Aircraft. *See under* Military cooperation, United States and Allied powers: U.S. provision of war materials.
- Albania, affected by peace terms proposed by Allied powers, 498-499
- Alien Property Custodian, U.S., establishment and duties, 969-970
- Allied Chartering Committee. *See under* Shipping cooperation, United States and Allied powers: Administrative organizations.
- Allied Provisions Export Commission. *See under* Food cooperation, United States and Allied powers: Administrative organizations.
- "Ally of enemy" ships. *See under* Shipping cooperation, United States and Allied powers: Provision of tonnage: Employment of existing tonnage.
- Alsace-Lorraine. *See under* Peace: Terms and attitude.
- American Expeditionary Force. *See under* Military cooperation, United States and Allied powers: U.S. provision of military units.
- American Federation of Labor:
 Message to Russian labor, 57-59
 Reply to invitation to Conference of Socialists at Stockholm, 745
- American Peace Society, statement of policy suggested, 250
- Anderson, Frank E. (Special Agent of United States). *See under* United States: Missions abroad, special.
- Angary. *See* Shipping cooperation, United States and Allied powers: Provision of tonnage: Employment of existing tonnage: Enemy ships in United States.
- Apponyi, Count Albert, interviews with U.S. Special Agent, 478-482
- Argentina:
 German submarines, question of internment, 1297
 U.S. armed merchant ships, attitude toward, 1288
- Armed merchant ships in neutral ports. *See under* United States.
- Armenia (*see also* Peace: Terms and attitude: Turkish Empire):
 National delegation: national aspirations, 792-794; representation in France, 791-792; representation in United States, 795-796
- Asia Minor. *See* Peace: Terms and attitude: Turkish Empire.
- Austria-Hungary (*see also* Peace, Pope Benedict XV, and Publicity and propaganda):
 Emperor of: approval of new people's party movement in Germany, reported, 277; conference with German Kaiser at Vienna, reports on, 129, 130, 148; interviews with Professor Foerster, 201-205; speech, May 31, at convening of Parliament, 82
- Food situation, 160, 161, 463-464, 465, 480
- Germany, efforts to prevent friction in relations, 129, 130, 160
- Military operations on Italian front, 281-282, 283-284, 286-287, 288-289, 296-297, 298, 301, 320, 465
- Minister for Foreign Affairs (Czerinin), gist of speech on peace terms, 224; German press comments, 224-225, 232
- Netherlands, commercial agreements with, 274, 1146-1147
- Peace:
 Attitude, statements and reports on, 82, 113, 130, 135, 145, 148, 198, 201-205, 224, 257-258, 274, 277-278, 297, 323-324, 333, 454, 463-464, 479, 480
- Proposals: Apponyi, Count, interviews with U.S. Special Agent, 478-482; Foerster, Professor, 201-205, 332-333; Károlyi, Count, interview with U.S. Chargé in Switzerland, 322-325; Meinel, Julius, interviews with Americans, 483-484, 511, 512; overtures to Russia, 156-157; other approaches to United States and Allied powers, 195, 289
- Political situation, 82, 113, 160, 253, 277, 322-324, 463-465, 479, 513-514
- Relations with United States, severed by Austria-Hungary, 15-16; with Greece, severed by Greece, 113, 117
- Ships in enemy and neutral ports, treatment of. *See under* Shipping cooperation, United States and Allied powers: Provision of tonnage.

Austria-Hungary—Continued.

War with United States and Allied powers: aims, statements and reports on, 113; armistice with Russia, December 17, 459*n*; declaration of war by United States, December 7, 446, 459, 470-471, 472, 473

Balfour, Arthur James (*see also* Great Britain: Mission to United States):

Head of British mission to United States, 9, 20

Letter to Lord Rothschild on Jewish national home in Palestine, 317, 473, 483

Barthelme, Dr. George (former correspondent of *Cologne Gazette*), arrest in United States, 216

Belgium (*see also* Financial cooperation, United States and Allied powers; Peace; *and* Pope Benedict XV):

Commission for Relief in Belgium, provision of supplies for, 880, 881, 887-888, 954-955, 988-989, 996, 1042-1043, 1044-1045, 1049, 1052, 1076, 1120-1121, 1122-1124, 1127-1134, 1139, 1152

Deportations, 61

Mission, special, to United States, 80

Peace attitude, statements and reports on, 165-166

Restoration resolution of Belgian manufacturers, U.S. attitude, 321-322

Bernhard, Georg, publication of articles on U.S. attitude toward Russia's dismemberment, 82, 87, 89

Blankenstein (Netherland newspaper correspondent in Berlin), effort to open peace negotiations between Russia and Central powers, 156-157

Blockades:

Central powers. *See* Economic isolation of Central powers.

Greece by Allied powers. *See under* Greece.

Bulgaria (*see also* Peace; *and* Publicity and propaganda):

Maintenance of relations with United States, attitude of other Balkan states, 476-477; of Bulgaria, 67; of United States, 446, 450-454, 465-466

War with Allied powers: aims, statements, and reports on, 450, 477-478, 514; armistice with Russia, December 17, 459*n*; reaffirmation by Greece of state of war, 113, 117

Bunker coal control. *See under* Trade regulation by Allied powers; *and* Trade regulation by United States. Bunker Committee. *See under* Trade regulation by Allied powers: Administrative organizations.

Bureau of Foreign Agents. *See under* Trade regulation by United States: Administrative organizations.

Bureau of Foreign and Domestic Commerce. *See under* Trade regulation by United States: Administrative organizations.

Canada, steel for shipbuilding program, 373, 595, 596-597

Carnegie Endowment for International Peace:

Statement of policy suggested, 250

Statement supporting U.S. war policy, 299-300, 310

Censorship:

British practices concerning: American news, U.S. attitude, 353; communications for U.S. consular officers, 1235-1236; European mails, 804-805; Swedish cables, 1048; Swedish diplomatic pouches, U.S. attitude, 1048, 1241-1242, 1243-1244

Cooperation of United States and Great Britain, 853, 870, 1231-1233, 1234-1235, 1236-1237, 1241

United States practices concerning: cable, telegraph, and telephone communication, 1233-1234, 1236, 1238-1241; Censorship Board established, 966, 1242-1243; diplomatic mail, 1237-1238; postal censorship, question of, 1234; radio stations taken over, 1230-1231

Central Organization for a Durable Peace at the Hague Tribunal, proposed peace conferences at Berne and Geneva, 310-311

Chile, attitude toward U.S. armed merchant ships, 1285, 1286, 1287-1288

China (*see also* Financial cooperation, United States and Allied powers; Military cooperation, United States and Allied powers; Shipping cooperation, United States and Allied powers; *and* Trade regulation by United States):

Educational program, continuance assured, 688-689

Enemy aliens, plans for deportation to Australia, 694, 703-704, 705-708, 709, 713, 720, 721; U.S. support, 707-708, 709, 720, 721

Military resources, U.S. attitude toward retention of Chinese control, 695-696

Peace attitude, statements and reports on, 708, 709

Policy of Japan, 146-147, 292, 293

China—Continued.

- War with Central powers, declaration urged by Allied powers, 685-687; Chinese attitude and reply, 694, 701-703; limited participation by United States, 688-689, 689-690
- Colombia, attitude toward U.S. armed merchant ships, 1287, 1288
- Commission for Relief in Belgium. *See under* Belgium.
- Committee for chartering neutral and Allied tonnage. *See under* Shipping cooperation, United States and Allied powers: Administrative organizations.
- Committee for coordinating shipping program. *See under* Shipping cooperation, United States and Allied powers: Administrative organizations.
- Committee for Restricting the Provisioning and Commerce of the Enemy. *See under* Trade regulation by Allied powers: Administrative organizations.
- Committee on Maritime Transport. *See under* Inter-Allied Conference at Paris (November-December): Resolutions and decisions.
- Conference of Allied shipping representatives at London. *See under* Shipping cooperation, United States and Allied powers: Administrative organizations.
- Conference of European neutrals at Stockholm:
 - Attitude of Denmark, 1037-1038; of France, 1040; of Italy, 1040; of Switzerland, 164
 - Invitations issued, 164, 1037
 - Purpose, 164, 1037-1038, 1039
- Conference of German and Russian Socialists at Copenhagen concerning peace terms, 19
- Conference of ministers of northern neutrals at Stockholm, 1018-1019
- Conference of Socialists at Stockholm, attitude of United States and Allied powers, 88, 150-151, 277, 738-755
- Conferences for peace at Berne and Geneva under auspices of pacifist organization at The Hague, 310-311; attitude of United States and Great Britain, 311
- Continuous voyage, application by British prize courts, 822-823
- Contraband of war, 799*n*
- Convoy, Danish ships included under U.S. protection, 1077
- Council of Workmen's and Soldiers' Deputies. *See under* Russia: Peace: Proposals.

Denmark (*see also* Financial cooperation, United States and Allied

Denmark—Continued.

- powers: Financial blockade of Central powers; Shipping cooperation, United States and Allied powers; Trade regulation by Allied powers; *and* Trade regulation by United States):
- Conference of European neutrals at Stockholm, attitude, 1037-1038
- Conference of ministers of northern neutrals at Stockholm, 1018-1019
- King of, meeting of Scandinavian kings at Christiania, 1066-1067, 1070-1071, 1071-1072, 1084, 1096-1100; visit of Swedish King, 1064
- Special trade representatives to United States, 1049
- Deportations from Belgium, 61
- Diplomatic cooperation, United States and Allied powers:
 - Instructions to missions of France, 912; of Great Britain, 304-305, 891-892, 905; of United States, 325, 883, 885, 905, 907, 915
- Economic isolation of Central powers by United States and Allied powers. *See* Financial cooperation, United States and Allied powers; Shipping cooperation, United States and Allied powers; Trade regulation by Allied powers; *and* Trade regulation by United States.
- Ecuador, attitude toward U.S. armed merchant ships, 1289
- Enemy aliens and property, treatment of. *See under* China; Germany; Shipping cooperation, United States and Allied powers: Provision of tonnage; *and* United States.
- Exports Administrative Board. *See under* Trade regulation by United States: Administrative organizations.
- Exports control. *See under* Trade regulation by United States.
- Exports Control Committee. *See under* Trade regulation by United States: Administrative organizations.
- Exports Council. *See under* Trade regulation by United States: Administrative organizations.
- Far East, relation of, to war. *See* China; Japan; *and* Siam.
- Financial cooperation, United States and Allied powers (*see also* Supplies procurement, United States and Allied powers):
- Administrative organizations:
 - Administration of U.S. activities given to Secretary of Treasury, 965-966

Financial cooperation—Continued.

Administrative organizations—Con.

Inter-Allied Council on War Purchases and Finance:

Delegates, appointment, 572-574, 574-575, 576, 581

Formation proposed by United States, 544, 546-548, 563, 567; agreement of France and Great Britain, 568-569; reply of Allied governments, 555-558

Greek loan, factor in hastening formation, 570-572

Modifications suggested by France, 398-400, 586; U.S. attitude, 586, 587, 588

Organization, 589

Reports on meetings, 395-400, 996

Financial blockade of Central powers:

British policy, 809, 852-853

French policy, 877-878, 900

Proposal of Allied committee in London, 898-902, 925-926:

Attitude of France, 959; of Great Britain, 393, 899-900, 924-926, 941-942, 959-960; of Russia, 959; of United States, 393, 404, 590, 911, 918-919, 938, 940-941, 942-943, 946, 985

Revision recommended by Crosby, 1005-1006

U.S. policy, 393, 404, 590, 814-816, 870, 911, 918-919, 938, 940-941, 942-943, 946, 985

Loans:

Great Britain to other Allied powers, extent, 550-551, 554, 584

Japan, cooperation with other Allied powers, question of, 398, 580, 582

Neutral nations to Allied powers, arrangements for, 1060, 1146; U.S. attitude, 392-394, 398, 578-579, 1196

United States negotiations with and advances to—

Allied powers, suggestions, 12-13, 145, 516-518

Belgium, 526-527, 529, 531, 536, 541-542, 560, 561, 574, 577-578, 580, 581, 583, 592

China, 692, 698, 700, 710, 712

France, 519-520, 520-522, 524ⁿ, 525, 528, 536, 560, 561, 574, 590, 591, 592

Great Britain, 519, 524, 525-526, 527-528, 529-531, 532-536, 539-545, 548-554, 558-560, 561-564, 569, 574, 579, 580, 582, 583-584, 587, 589-592: inadequacy of sums ad-

Financial cooperation—Continued.

Great Britain—Continued.

vanced, representation, 533-535; U.S. replies, 539-545; increased assistance, justification of request, 549-554; U.S. reply, 561-564; Morgan overdraft, question of taking up, 534-536, 542-544, 549-550, 579, 582, 584, 587, 591

Greece, 396-397, 564-565, 569-571, 571-572, 575, 576, 579-580, 582, 587-588

Italy, 518-519, 520, 522-523, 524ⁿ, 528-529, 530, 536, 561, 574, 577, 580-581, 583, 584-585, 589, 591, 592

Portugal, 397

Rumania, 396, 578, 580, 583, 722-723, 723-725, 725-736

Russia, 73-74, 280, 397-398, 524ⁿ, 536, 541-542, 561, 574, 577, 592

Serbia, 536, 561, 574, 580, 583, 592

Nitrate purchases, financing of, 583, 668

U.S. restrictions on exports of coin, bullion, and currency, 943-945

Foerster, Prof. Friedrich Wilhelm, peace overtures to Allied powers, 201-205, 332-333

Food cooperation, United States and Allied powers:

Administrative organizations:

Allied food control machinery in London, 423-426, 656

Allied Provisions Export Commission, 656ⁿ

Inter-Allied Commission on Scientific Alimentation, 429-430, 664-666; U.S. representation, 664-665, 665-666

International Sugar Committee, 655, 656, 657

U.S. Food Administration, 655; delegation of food purchases in United States by Purchasing Commission for Allies in United States, 657-658

Food situation: in Belgium, *see* Belgium: Commission for Relief in Belgium; in France, 357, 372, 428-429; in Great Britain, 25, 357, 426-428; in Greece, 66; in Italy, 428-429; in United States, 376

Suggestions for U.S. assistance, 374-375, 652-655, 813-814

Wheat crisis, U.S. measures to meet, 308, 654-655, 658-664

France (*see also* Diplomatic cooperation, United States and Allied powers; Financial cooperation,

France—Continued.

- Food cooperation, United States and Allied powers; Inter-Allied conferences; Military cooperation, United States and Allied powers; Naval cooperation, United States and Allied powers; Peace; Pope Benedict XV; Publicity and propaganda; Shipping cooperation, United States and Allied powers; Supplies procurement, United States and Allied powers; Trade regulation by Allied powers; Trade regulation by United States; *and* Treaties, secret):
- Armenian National Delegation, representation in France, 791
- Conference of European neutrals at Stockholm, attitude, 1040
- Greece, policy toward. *See* Greece.
- High Commissioner to United States, 65, 76
- Military situation, 334, 370
- Mission, special, to United States, arrangements and arrival, 8, 13-15, 20-21; conferences, notes and reports on, 40-45
- Morale of people, 357, 429
- Palestine, Anglo-French understanding regarding, 483
- Peace:
 - Attitude, statements and reports on, 88-89, 508, 1037
 - Proposals, conference of Socialists at Stockholm, attitude, 88, 150-151, 738-739, 747-748, 750-751, 752
- Polish affairs, attitude, 508, 766, 767, 776
- Rumania, policy toward, 484, 508
- Society of nations, request for President Wilson's views on organization, 140-141; President Wilson's reply, 153
- U.S. declaration of war on Austria-Hungary, desire for, 333-334
- War with Central powers, statements and reports on aims, 88-89, 208-209, 507-508
- Frankfurter, Felix. *See under* United States: Missions abroad, special: Morgenthau-Frankfurter mission.
- "Freedom of the seas." *See under* Peace: Terms and attitude.
- Gerard, James W., controversy over attributed statements on U.S. attitude toward Russia, 82, 87, 89
- Germany (*see also* Peace; Pope Benedict XV; Publicity and propaganda; Submarine warfare; *and* Treaties, secret):
- Austria-Hungary, efforts to prevent friction in relations, 129, 130, 148, 160
- Belgium, deportations, 61

Germany—Continued.

- British ministerial crisis, effect in Germany, 314
- Chancellors:
 - Bethmann-Hollweg, resignation (July), 244, 264-265
 - Hertling, appointment (November), 289-290; speech, 328-331
 - Michaelis, appointment (July), 265; break with Reichstag majority, 173-174, 176, 273-276; speeches, 135-137, 169-170, 215-216
- Crews of merchant ships in Spain, question of internment, 1215, 1296, 1297-1299
- Crown Prince, unpopularity, 266-267, 272
- Economic conditions, reports on, 240, 241-242, 252, 261-264, 271, 293, 303, 314, 315, 488, 513
- Enemy property, question of liquidation of U.S. enterprises in Germany, 488
- Financial conditions, reports on, 259-261, 293, 315
- Food situation, reports on, 137, 193, 200, 241-242, 262, 303, 312, 463, 488, 512, 513, 1039
- Health conditions, reports on, 216, 226, 269-270
- Japanese policy in China, comments on, 292-293
- Kaiser of: conference with Austrian Emperor at Vienna, 129, 130, 148; message to Constantine I, purported, 134-135; offer to abdicate, 217; unpopularity and influence, 265-266, 272, 516; proclamation on parliamentary reform, July 12, 126-127
- Lansdowne letter, attitude toward, 332
- Lithuanian policy, 254, 257, 312, 330
- Luxburg telegrams, comments on, 206, 271, 314
- Military situation, 238-240, 246, 247, 249-250, 269-272, 303, 328-329, 369-370, 463, 513
- Morale of people, 29-30, 37, 240-242, 248, 249, 266, 268, 272, 275, 356, 463, 512
- Naval situation, 245-247
- Netherlands, commercial agreements with, 233, 274, 1145-1146
- Norway, treatment of, 108
- Parliamentary reforms, democratic institutions, 128, 191, 195, 248-249, 250-252, 264-266, 273-276, 289-291, 293-294, 302-303, 311-313, 315-316, 329, 480, 482, 511
- Peace:
 - Attitude, statements and reports on, 29-30, 37, 39-40, 65-66, 106, 128, 129, 136-137, 139-140, 169-170, 173-174, 176,

Germany—Continued.

Peace—Continued.

Attitude—Continued.

183-186, 189, 191-193, 199-200, 205-206, 224-226, 228, 231-233, 236-237, 242, 248-249, 251-254, 266, 273-274, 275, 292, 313, 330-331, 485-488, 515-516

Proposals: agent in Switzerland, overtures to United States, 318; German Radical Socialist, 39-40; intimation by neutral diplomat in Denmark, 189; overtures to Great Britain through Spain, reported, 226-227, press comments on failure, 485-486, publication of correspondence by Bolsheviks, 455; overtures to Russia, 156-157; Professor Jaffe's overtures, 255-273; Russian appeal for general peace, attitude, 313-314, 330, 513; Russian "Without annexation or indemnity," reaction to, 106, 128, 129, 136-137, 139-140, 152, 313; Von der Heydt, overtures to United States, 473-474, 489

Polish affairs, attitude, 160, 193, 200, 233, 253-254, 256-257, 312, 330

Prussian electoral reforms, struggle over, 29-30, 37, 126-127, 128, 137, 199, 216, 291, 294, 316, 329, 462, 484, 516

Ships in enemy and neutral ports, treatment of. *See under* Shipping cooperation, United States and Allied powers: Provision of tonnage.

Switzerland, commercial agreement with, 260

Trade boycott after war, German fears, 870-871

U.S. treatment of neutrals, views on, 314-315

U.S. war mission, press comments on, 315

War with United States and Allied powers: aims, statements and reports on, 97-100, 106, 128, 135-137, 139-140, 152, 215-216, 330, 331-332; armistice on Russian front, December 17, 459n, 486-487; attitude toward participation of United States, 37, 65, 86, 92-93, 215, 242, 246, 250, 267, 291; declaration of war by United States, April 6, 11; reaffirmation by Greece of state of war, 113, 117, 157; prisoners, 271, 303; Riga, capture of, 192, 198, 200

Gompers, Samuel (*see also* American Federation of Labor), suggested to head U.S. delegation to conference of Socialists at Stockholm, 150

Great Britain (*see also* Censorship; Diplomatic cooperation, United States and Allied powers; Financial cooperation, United States and Allied powers; Food cooperation, United States and Allied powers; Inter-Allied conferences; Military cooperation, United States and Allied powers; Naval cooperation, United States and Allied powers; Panama Canal; Peace; Pope Benedict XV; Publicity and propaganda; Shipping cooperation, United States and Allied powers; Submarine warfare; Supplies procurement, United States and Allied powers; Trade regulation by Allied powers; Trade regulation by United States; *and* Treaties, secret):

Greece, policy toward. *See* Greece.

Ministerial crisis, importance in Germany, 314; Lloyd George's speech at Paris, November 12, 338-339, 358-366

Mission to United States, (Balfour), arrangements and arrival, 9, 14-15, 20; conferences, notes and reports on, 55-57, 59-60, 67-71, 74, 596-599, 828-870, 871-876, 1199-1202

Morale of people, 357, 428

Northcliffe mission to United States, 85-86

Palestine, Balfour letter to Rothschild regarding Jewish national home, 317; Anglo-French understanding, 483

Peace:

Attitude, statements and reports on, 317, 327-328

Proposals: Austro-Hungarian unofficial proposal, attitude, 289, 351; conferences at Berne and Geneva under auspices of pacifist organization at The Hague, attitude, 311; conference of Socialists at Stockholm, attitude, 150-151, 738-739, 741-742, 747-749, 750, 751-752, 752-753, 754; German overtures through Spain, attitude and reply, 227-229, 455

Polish affairs, attitude, 759-760, 762, 766, 769, 775

Reading mission to United States, 206

U.S. military and naval units, reception on arrival, 77-80, 84-85, 89

Great Britain—Continued.

War with Central powers, statements and reports on aims, 228-229, 344

Greece (*see also* Financial cooperation, United States and Allied powers; Food cooperation, United States and Allied powers; Inter-Allied conferences; Peace; *and* Pope Benedict XV):

Blockade by Allied powers: intercession of United States, request for, 48; raising suggested to end food shortage, 66; raised by Allied powers, 107

Cabinet changes:

Lambros cabinet, resignation of, 31
Venizelos cabinet, foreign policy, 112-113; views of Venizelos, 110

Zaimis cabinet, assurances requested, 31; consent of Zaimis, 55; foreign policy, explanation of, 64; U.S. acknowledgment, 81; *pourparlers* with Venizelos, 109; resignation, 110

Conditions in, 478

King of:

Abdication of Constantine I, agreement of protecting powers, 87, 90, 91, 102-103, 131; arrival of High Commissioner and assumption of control, 91, 95, 132; departure of King, 94, 103, 133; High Commissioner's ultimatum, 91, 95, 102-103, 132, acceptance by King, 92, 103, 133, explanation by U.S. minister, 133-134; German Kaiser's purported note of sympathy, 135; rumors concerning abdication, 95

Succession of Alexander I, 94-95

Military situation in Balkans, views of Venizelos, 319

Occupied territories:

Corinth, Isthmus of, Allied occupation, 95, 102

Epirus, Italian occupation and Greek protests, 91, 147; Venizelos's appeal for arbitration of Allied powers, 142-144

Macedonia, British forces, withdrawal, 85; occupation by Bulgaria, 113

Saloniki, British and French policy differences, 147-148, 149, 154

Thessaly, Anglo-French occupation, 90, 95, 102

Parliamentary situation, reports on, 48, 50, 109

Peace attitude, statements and reports on, 168

Greece—Continued.

Provisional government, commission to secure volunteers in United States, 49, U.S. attitude, 52; report on government, 28

Relations with Austria-Hungary, severance, 113, 117; with Turkey, severance, 117

U.S. war with Bulgaria urged, 476-477

War with Central powers, reaffirmation of state of war with Bulgaria, 113, 117; with Germany, 113, 117, 157

Hague Conventions cited:

V (1907), rights and duties of neutral powers and persons in case of war on land, 1025

VI (1907), status of enemy merchant ships at the outbreak of hostilities, 1246, 1249

XIII (1907), rights and duties of neutral powers in naval war, 1290

Haskell, E. B., statement on Bulgaria and Turkey, 453

Heydt, Von der, unofficial peace overtures to United States, 473-474, 489

Hoover, Herbert:

Appointment as chairman, U.S. Food Commission, 652; U.S. Food Administrator, 655

Recommended for appointment as European shipping expert, 10

Reputation in Europe, 430, 652

Suggestions for U.S. cooperation with Allied powers in administration of shipping, 594-595; in supply and distribution of food, 652-655

House, Col. Edward M. *See under* United States: Missions abroad, special: War Mission (November-December).

Inter-Allied Blockade Committee. *See under* Trade regulation by Allied powers: Administrative organizations.

Inter-Allied Bureau of Documentation. *See under* Trade regulation by Allied powers: Administrative organizations.

Inter-Allied Commission at Berne. *See under* Trade regulation by Allied powers: Administrative organizations.

Inter-Allied Commission of Supplies. *See under* Trade regulation by Allied powers: Administrative organizations.

Inter-Allied Commission on Scientific Alimentation. *See under* Food cooperation, United States and Allied powers: Administrative organizations.

Inter-Allied conferences:

Conference of Allied shipping representatives at London. *See under* Shipping cooperation, United States and Allied powers: Administrative organizations.

Inter-Allied Conference at Paris (April), 28, 31, 34

Inter-Allied Conference at Paris (July) on Balkan affairs:

Adjournment, 150

Issues, 144-148, 149-150, 154, 155-156; French request for U.S. views on, 144-146

Participation of small nations, question of, 146-147, 149-150

Participation of United States, question of: British views of importance; invitations to attend, 114, 118-119, U.S. replies, 118*n*, 123-124; unofficial representation urged, 131, 150, President Wilson's attitude, 138

Inter-Allied Conference at Paris (November-December):

Postponement, question of, 254, 276, 279, 280, 284-285, 304, 308, 336, 337

Procedure, 348, 349, 349-351, 353

Purpose: French proposal, 222; Russian peace program, 276-277, 279-280, 284-285, Rumanian protest, 285-286; U.S. statements, 286, 295-296

Representation of Great Britain, 254; of Italy, 254; of Russia, 254, 276, 277; of smaller Allied nations, question of, 280-281, 282-283, 284, 301, 308; of United States, 222-223, 254, 278, 295

Resolutions and decisions: resolutions of Committee on Maritime Transport, 416, 420-423; resolutions on war aims, proposed by United States, 328, 331, 352, 353; various decisions, 414-415, 429-430, 650-651, 665, 995-996

Inter-Allied conference on war aims, proposed by Russia, 119-120, 145, 197; attitude of Allied powers, 119-120

Inter-Allied Naval Conference. *See under* Naval cooperation, United States and Allied powers.

Rapallo conference of Allied generals and ministers. *See under* Military cooperation, United States and Allied powers: Supreme War Council.

Inter-Allied Council on War Purchases and Finance. *See under* Financial cooperation, United States and Allied powers: Administrative organizations.

Inter-Allied Munitions Council. *See under* Supplies procurement, United States and Allied powers: Administrative organizations.

Inter-Allied Parliamentary Union, U.S. refusal to participate, 194

International Committee on Contingents. *See under* Trade regulation by Allied powers: Administrative organizations.

International Sugar Committee. *See under* Food cooperation, United States and Allied powers: Administrative organizations.

Italy (*see also* Financial cooperation, United States and Allied powers; Food cooperation, United States and Allied powers; Inter-Allied conferences; Military cooperation, United States and Allied powers; Peace; Pope Benedict XV; Publicity and propaganda; Shipping cooperation, United States and Allied powers; Submarine warfare; Supplies procurement, United States and Allied powers; Trade regulation by Allied powers; Trade regulation by United States; *and* Treaties, secret):

Conference of European neutrals at Stockholm, attitude, 1040

Demonstrations of Socialists and clerics feared, 34

Greece, policy toward. *See* Greece. King of, views on U.S. cooperation in war, 101

Military situation on Austrian front, Austrian successful offensive, 281-282, 283-284, 286, 286-289, 296-298, 301, 320, 369-370, effect within Italy, 282, 283, 286, 287, 288, 289, 297, 297-298, 301-302, 429; strike of Second Army, 286-287, 288

Mission, special, to United States, 34, 47, 59

Polish affairs, attitude, 775, 778

Swiss neutrality, declaration of respect for, 755-756

War with Central powers, statements and reports on aims, 147, 155, 235-236, 277-278, 320

Jaffe, Professor, unofficial peace overtures to Allied powers, 255-273

Japan (*see also* Financial cooperation, United States and Allied powers; Inter-Allied conferences; Military cooperation, United States and Allied powers; Naval cooperation, United States and Allied powers;

Japan—Continued.

- Shipping cooperation, United States and Allied powers; Supplies procurement, United States and Allied powers; *and* Treaties, secret):
- China, policy toward, 146-147, 292-293
- Mission, special, to United States, 62-63, 75, 93, 95-96, 103-104, 110-111; U.S. attitude, 63
- Peace attitude, statements and reports on, 708, 709
- Jewish national home. *See* Palestine.
- Jewry, American, message to Russian Jewry on possibility of separate peace with Central powers, 25; reply of Russian Provisional Government, 39
- Joffre, Marshal Joseph J., member French mission to United States, 8, 20-21; suggestions for military cooperation, 40-45
- Jonnart, C. C., High Commissioner of protecting powers in Greece, 87, 90, 91, 94, 95, 102-103, 131-133
- Károlyi, Count Michael, interview with U.S. Chargé in Switzerland, 322-325
- Lansdowne, Lord, peace letter, 327-328; German attitude toward, 332
- League of Nations. *See* Society of nations.
- Lithuania, German policy concerning, 254, 257, 312, 330
- Loans. *See under* Financial cooperation, United States and Allied powers.
- Lusitania*, reference to sinking, 242-244
- Luxburg telegrams, comments on, 206, 271, 314
- Meinl, Julius, interviews with Americans, 483-484, 511-512
- Military cooperation, United States and Allied powers:
 - Chinese troops, discussions regarding dispatch, 691-692, 693, 696-697, 698, 700-701, 710-711, 712, 720-721
 - Crisis on Austro-Italian front: British aid to Italy, 283, 286, 287, 288, 297, 301, 307; French aid to Italy, 281, 283, 286, 287, 288, 297, 301, 307; U.S. aid to Italy urged, 282, 283, 286, 287-288, 302, U.S. attitude, 305-306
 - Japanese troops, discussions regarding dispatch, 696; U.S. attitude, 696*n*
 - Needs of Allied powers and suggestions for cooperating with France, 26, 27, 40-45, 145, 356-357, 442-445; with Great Brit-

Military cooperation—Continued.

- Needs of Allied powers—Continued.
 - ain, 6-9, 13, 26, 31-32, 55-57, 59-60, 67-69, 84, 92, 356-357, 369-370, 374, 442-445; with Italy, 443-445
- Permanent Committee on Munitions and Aviation, proposed, 445
- Supreme War Council:
 - Attitude of France, 317, 318, 347, 348-349; of Great Britain, 339, 340, 341, 347-349, 358-366; of United States, 308, 317-318, 331, 339-341, 347, 357, 387-388, 391
 - Creation of, 298, 301, 306-307
 - First meeting, 352-353; U.S. participation, 492
 - Modification of original plan, 347-348, 348-349
 - Rapallo conference of generals and ministers, 288, 297, 298, 301, 306-307
- U.S. provision of military units:
 - Base hospital unit, arrival of first, 32*n*, 84-85
 - Expeditionary force, departure and arrival in London, 66-67, 89; question of unity of, 356-357, 475-476
 - Mechanics, request for, 84
 - Program of United States, 76-77, 379
 - Recommendations of General Bliss, 386-391
 - Saw-mill units, donation of, 100-101
- U.S. provision of war materials:
 - Aircraft construction, 92, 94, 373-374, 376-378, 390, 439-440, 443-445
 - Munitions, report of War Industries Board representative, 431-445; suggestions, 59-60, 68-69, 374, 390
 - Port facilities in France, question of, 112, 141, 385, 390, 418
 - Program of United States, 76-77
 - Recommendations of General Bliss, 386-391; of War Industries Board representative, 441-442
- Montenegro (*see also* Peace: Terms and attitude), request for representation at Inter-Allied Conference at Paris (July) on Balkan affairs, 146
- Morgan overdraft. *See under* Financial cooperation, United States and Allied powers: Loans: United States negotiations with and advances to Great Britain.
- Morgenthau, Henry, mission to Palestine, *see under* United States: Missions abroad, special; suggestions concerning relations with Turkey, 11

Naval cooperation, United States and Allied powers:

Inter-Allied Naval Conference: British attitude, 151; preparations for, 172; proposed by United States, 151; recommendations, 1296, 1300; U.S. delegation, 151, 161

Inter-Allied Naval Council, formation, 384

Japanese patrol of Hawaiian waters for United States, 697-698

Needs of Allied powers and suggestions for cooperation: British statements, 5-6, 13, 70; Russian statements, 32-33, 48-49, 101, U.S. attitude, 52, 57, 83, 123; suggestions of U.S. Ambassador in Great Britain, 5-6, 46-47, 106-107, 111-112; U.S. War Mission (November-December), report, 384-386

U.S. naval mission at London: departure of Admiral Sims, 8; President Wilson's criticisms of British naval policy, 117-118, reply and report of Admiral Sims, 124-126; reports and recommendations of mission, 23-25, 28-29, 34-35, 37-38, 46, 47, 60-61, 83

U.S. provision of naval units and supplies, arrival of first naval unit at Queenstown, 77-80; policy of United States, 116-117; program of United States, 77, 376, 377, 384-385

Netherlands (*see also* Financial cooperation, United States and Allied powers: Financial blockade of Central powers; Shipping cooperation, United States and Allied powers; Trade regulation by Allied powers; *and* Trade regulation by United States):

Commercial agreements with Austria-Hungary, 274, 1146-1147; with Germany, 233, 274, 1145-1146

Special commission to United States, 1124-1125, 1129

Nitrate of Soda Executive. *See under* Supplies procurement, United States and Allied powers: Administrative organizations.

Northcliffe, Lord, mission to United States, 85-86

Norway (*see also* Financial cooperation, United States and Allied powers: Financial blockade of Central powers; Shipping cooperation, United States and Allied powers; Trade regulation by Allied powers; *and* Trade regulation by United States):

Norway—Continued.

Conference of ministers of northern neutrals at Stockholm, representation, 1018-1019

Germany, attitude toward, 314; harsh treatment by, 108

King of, meeting of Scandinavian kings at Christiania, 1066-1067, 1070-1071, 1071-1072, 1084, 1096-1100

Special minister to United States for trade negotiations, 1022, 1035-1036

Pact of London, question of U.S. signature, 10

Palestine: Anglo-French understanding, 483; Balfour letter to Rothschild regarding Jewish national home, 317, 473; United States as protecting power, suggestion, 483

Panama, British special privileges in Panaman waters, 1268-1269, 1276; U.S. attitude, 1274, 1275, 1276, 1277

Panama Canal, maintenance of neutrality:

Export license control, policy concerning, 1272-1274, 1277-1282

Regulations applying to warships, 1265-1268; British requests for exceptions, 1268, 1269-1270, 1272; U.S. replies, 1270-1271, 1272*n*

Paraguay, attitude toward U.S. armed merchant ships, 1288

Peace (*see also* Peace under individual countries, *and* Pope Benedict XV):

Efforts to establish: by Austria-Hungary, *see under* Austria-Hungary: Peace proposals; by conferences at Berne and Geneva under auspices of pacifist organization at The Hague, 310-311; by Conference of German and Russian Socialists, 19; by Germany, *see under* Germany: Peace proposals; by Pope's appeal for peace, *see under* Pope Benedict XV; by Russia, *see under* Russia: Peace proposals.

Terms and attitude, stated or attributed toward—

Afghanistan, by Allied powers, 495, 497

Albania, by Allied powers, 498-499

Alsace-Lorraine, by Allied powers, 105, 153, 228, 504-505; by Austria-Hungary, 323, 464; by Conference of German and Russian Socialists, 19; by France, 88-89, 208, 508; by Germany, 39, 139-140, 152, 158, 189, 236-237, 249, 256,

Peace—Continued.

Alsace-Lorraine—Continued.

273-274, 511; by Great Britain, 229; by Russia, 110, 276; by United States, 331

Austria-Hungary, by Allied powers, 105, 497-499; by Austria-Hungary, 202-203, 323, 464; by Conference of German and Russian Socialists, 19; by Italy, 157, 235-236; by Serbia, 157, 235-236, 320-321

Belgium, by Conference of German and Russian Socialists, 19; by Germany, 61, 129, 158, 210, 225, 233, 248, 251, 257, 273, 464, 511, 512; by Great Britain, 229; by Pope Benedict XV, 163; by Russia, 157, 276

France, northern, by Conference of German and Russian Socialists, 19; by France, 88-89; by Germany, 257; by Pope Benedict XV, 163

"Freedom of the seas," by Austria-Hungary, 224; by Germany, 139-140, 218, 259; by Russia, 276

German colonies, by Germany, 40, 139-140, 158, 189, 257, 464; by Great Britain, 344; by Pope Benedict XV, 163

German Rhineland, by Allied powers, 105, 158, 159, 504-505; by Germany, 136-137, 139-140, 189

Greece, by Bulgaria, 477

Italy, by Austria-Hungary, 289

Montenegro, by Allied powers, 498-499; by Conference of German and Russian Socialists, 19; by Germany, 258

Persia, by Allied powers, 494, 495, 497

Poland, by Allied powers, 159, 501; by Austria-Hungary, 202, 323-324; by Conference of German and Russian Socialists, 19; by France, 508; by Germany, 39, 158, 256-257, 330, 512; by Great Britain, 229; by Pope Benedict XV, 163

Rumania, by Austria-Hungary, 202; by Bulgaria, 477-478; by France, 508; by Germany, 158, 258; by United States, 325

Russia, by Austria-Hungary, 324; by Conference of German and Russian Socialists, 19; by Germany, 189, 330

Peace—Continued.

"Self-determination of peoples," by Austria-Hungary, 113; by Germany, 330, 511; by Russia, 54-55; by United States, 72-73

Separate peace, Allied agreement not to negotiate for, 18

Serbia, by Allied powers, 105-106; by Austria-Hungary, 202-203; by Bulgaria, 477; by Conference of German and Russian Socialists, 19; by France, 508; by Germany, 158, 258; by Great Britain, 229

Turkish Empire, by Allied powers, 105, 169-170, 258, 490-492, 494-496, 499-502, 506-507; by Armenian National Delegation, 792-794; by Conference of German and Russian Socialists, 19; by France, 508; by Germany, 258, 270, 511-512; by Great Britain, 344; by Pope Benedict XV, 163; by Turkey, 258, 270; by United States, 331

War indemnities, by Allied powers, 159-160; by Austria-Hungary, 224; by France, 88-89; by Germany, 40; by Pope Benedict XV, 163; by United States, 328

"Without annexation or indemnity," by Austria-Hungary, 113, 198; by France, 21, 88-89; by Germany, 39-40, 66, 106, 128, 129, 136-137, 139-140, 152, 200, 205, 313, 515; by Great Britain, 21; by Russia, 22-23, 54-55, 106, 110; by United States, 58, 469

Peet, William W., statements on Turkey and Bulgaria, 449, 451-452

Permanent Committee on Munitions and Aviation. *See under* Military cooperation, United States and Allied powers.

Permanent International Committee of Economic Action. *See under* Trade regulation by Allied powers: Administrative organizations.

Permanent Technical Mission. *See under* Trade regulation by Allied powers: Administrative organizations.

Persia, affected by peace terms proposed by Allied powers, 494, 495, 497

Peru, attitude toward U.S. armed merchant ships, 1286-1287, 1289

Polish affairs (*see also* Peace):

British proposal of Polish recognition, 759-760

Polish affairs—Continued.

German policy, 160, 193, 200, 233, 253-254, 256-257, 312, 330

Polish National Committee at Paris:
Agency in United States approved, 790

Creation of, 761-762

Plans for recruiting in United States approved, 765

Proposal for political offensive against Central powers, 785-790

Recognition by France, 766, 767, 776; by Great Britain, 766, 769, 775; by Italy, 775, 778; by Russia, 769-771, 773-774, 775, 776-778, 779; by United States, 762-764, 765-769, 771-775, 776-778

Reports on situation in Poland, 462-463, 779-785

Russian declaration of Polish independence, 769, 775; confirmation by Allied powers, 775-776

U.S. proposal for establishment of Polish provisional government in United States, 760-761

Pope Benedict XV:

Appeal for peace, August 1, 162-164:

Attitude of Austria-Hungary, 176, 190; of Belgium, 165-166, 172; of France, 165, 170-171, 175-176; of Germany, 169, 170, 173, 190, 215-216, 330-331; of Great Britain, 167-168; of Greece, 168; of Italy, 167; of Rumania, 189-190; of Russia, 166, 175, 180; of Serbia, 180-181; of United States, 165, 166

Reply of—

Austria-Hungary, 219-220; Austrian press comment, 253

Belgium, 175

Germany, 217-219; German press comment, 253; postscript on Belgium and northern France, 213, 214; Belgian reaction, 214, 223; German disavowal of postscript, 218

Great Britain, 167-168

Turkey, 221-222

United States, 177-179; reception in Austria-Hungary, 191, 196, 198; in France, 182; in Germany, 183-186, 191, 192, 195, 196-197, 199-200, 210, 216-217, 252, 268, 276; in Great Britain, 181; text garbled in European press, 186-188, 193-194, 197, 200, 207

Rumors concerning origin, 190, 270
British inquiries referred to Central powers, 198

Pope Benedict XV—Continued.

Defense of peace attitude, report, 326

Note transmitting to Great Britain replies of Austria-Hungary and Germany, 229-231

Portugal, desire for U.S. loan, 397; provision of supplies, 1066

Publicity and propaganda by—

Austria-Hungary, in Italy, 289, 298
France, in Russia, 21-22, 35

Germany, in Germany, 158-160, 236-237; in Italy, 287, 298, 302; in Russia, 19, 26-27, 62, 82, 87, 89, 104-106, 156-157, 183; in Sweden, 1055

Great Britain, in Austria-Hungary and Bulgaria, considered, 108; in Russia, 21-22, 35

United States, in Germany, urged, 242, 250, 269; in Italy, urged, 302; in Russia, 25, 30, 38, 57-59, 71-73, 82, 89; statement of Carnegie Endowment for International Peace, 299-300, 310; in Turkey, among Kurdish tribes, proposed, 295, 304.

Purchasing Commission for Allies in United States. *See under* Supplies procurement, United States and Allied powers: Administrative organizations.

Rapallo conference of Allied generals and ministers. *See under* Military cooperation, United States and Allied powers: Supreme War Council.

Rationing Committee. *See under* Trade regulation by Allied powers: Administrative organizations.

Reading, Lord, mission to United States, 206

Requisition. *See* Shipping cooperation, United States and Allied powers: Provision of tonnage: Employment of existing tonnage: Enemy ships in United States.

Rumania (*see also* Financial cooperation, United States and Allied powers; Inter-Allied conferences; Peace; and Pope Benedict XV):

Aid from Allied powers, appeal for, 177, 309, 474-475

Aid from United States: assurances sought by King, 309; permission sought to recruit in United States, 722; requested by U.S. Chargé, 152, 156; Root mission, 130, 177, 726, 727; U.S. promises of assistance, 325, 473

Armistice with Central powers: attitude of Allied powers, 457, 459-461, 734-735; attitude of United States, 458; consent of Allied powers requested, 456-

Rumania—Continued.

Armistice with Central powers—Con.
457; concluded, 457-458, 471,
472, 484, 490; rumors con-
cerning, 396

Diplomatic relations with United
States, establishment of legation
in United States, 721, 723, 725,
727, 728, 731, 733, 736-738

Evacuation of Government and
Army into Russia, question of,
152, 154, 166, 211-213, 309, 458,
459-461, 469-470, 471, 472, 724,
734

Military situation, 152, 156, 177,
210-211, 456-457, 475, 490, 509-
510, 723-724, 729-730

Mission to United States, unofficial,
85, 114, 138-139

Peace:

Attitude, statements and reports
on, 484, 510, 728, 729

Proposals, Russian instructions to
Inter-Allied Conference dele-
gates, opposition to, 285-286

U.S. war with Bulgaria urged, 476-
477

Vice President of Council, Take
Jonesco, action of Allied minis-
ters at Jassy in regard to de-
parture, 490

Russia (*see also* Financial coopera-
tion, United States and Allied
powers; Inter-Allied conferences;
Naval cooperation, United States
and Allied powers; Peace; Pope
Benedict XV; Publicity and propa-
ganda; Shipping cooperation,
United States and Allied powers;
Supplies procurement, United
States and Allied powers; Trade
regulation by Allied powers;
Trade regulation by United States;
and Treaties, secret):

Bolsheviks, possible accession to
power, 285

Military situation, 150, 197, 198, 369

Mission to United States, U.S. atti-
tude, 50-51

Peace:

Attitude, statements and reports
on, 16, 17, 22-23, 30-31, 35-37,
38, 39, 53-55, 60, 81, 110, 157,
166, 269, 279-280, 284-285

Proposals: appeal for general
peace, 330; Conference of
Socialists at Stockholm, atti-
tude, 277, 740, 741, 747, 753-
754, 755; Council of Work-
men's and Soldiers' Deputies,
instructions to delegates to
Inter-Allied Conference, 276;
overtures by Central powers,
response to, 157

Polish affairs, attitude, 769-771,
773-774, 775, 776-778, 779

Russia—Continued.

Provisional Government, foreign
policy, 52, 53-55, 60, 76, 110

Rumania, extension of privileges in
Russia to King of, 154

War with Central powers: aims,
statements and reports on, 22-
23, 53-55, 60, 110; armistice,
December 17, 459*n*; Riga, cap-
ture by Germany, 192, 198, 200

Serbia (*see also* Financial cooperation,
United States and Allied powers;
Inter-Allied conferences; Peace;
and Pope Benedict XV):

Italian ambitions in Adriatic, fear
of, 147, 155, 234-236

Military situation, 234

Mission, special, to United States,
147, 208, 214-215, 223-224, 278,
305

U.S. war with Bulgaria urged, 476-
477

War with Central powers, state-
ments and reports on aims, 233-
236

Shipping cooperation, United States
and Allied powers (*see also* Trade
regulation by Allied powers *and*
Trade regulation by United
States):

Administrative organizations:

Allied Chartering Committee, ques-
tion of U.S. representation,
604, 840

Committee for chartering neutral
and Allied tonnage, proposed,
594-595

Committee for coordinating ship-
ping programs, proposed and
established, 415, 416, 420-423

Conference of shipping representa-
tives at London, proposed by
Great Britain, 608; U.S. atti-
tude, 609

U.S. Shipping Board, empowered
to acquire and control ships,
603-604

U.S. Shipping Board Emergency
Fleet Corporation, empowered
to acquire and control ships,
603-604; established, 603*n*

Control of shipping. *See* Trade
regulation by Allied powers *and*
Trade regulation by United
States.

Losses of Allied powers. *See* Sub-
marine warfare: Effect upon
situation of Allied powers.

Needs of Allied powers and sugges-
tions for supplying: Allied pow-
ers in general, 420-423, 610-612;
France, 617-621, 646-647; Great
Britain, 12, 13, 69-70, 370-373,
593-594, 595-599, 602-603, 627-

Shipping cooperation—Continued.

Needs of allied powers—Continued.

631, 647-649, U.S. tanker policy, 637-638; Italy, 600, 601-602, 632-633; Russia, 595, 600-601, U.S. provision, 602

Provision of tonnage:

Construction programs: of Canada, steel for, 373, 595, 596-597; of Great Britain, 7, 372-373, 379, 412-413, 595, 596-597; of Japan, steel for, 595, 596-597, 682-685, 693, 713-720; of United States, 12, 372, 376, 378, 379, 422, 598-599, 650; U.S. restriction of exports of iron and steel to Allied powers, 919-920

Employment of existing tonnage:

Allied ships: British in Allied service, extent, 12, 370; elimination of transshipment through war zone, 874, 987-988; Japanese, negotiations for, 596-597, 684, 685, 713-720; United States, diversion for war purposes, 379, 413-414, 422-423, 811; U.S. requisition of ships completed in U.S. yards on foreign orders, 604-605; British protest, 605-607

"Ally of enemy" ships, taking over of Austrian ships, 1246; of Hungarian ships, 1256

Enemy ships in United States:

Allied cargoes, disposition of, 1253-1254, 1256-1257; German inquiry concerning, 1260-1261; taking over and utilization, attitude of foreign nations, question of, 1252-1253, 1259-1260, 1261-1262; method, question of, 1246-1252; ordered by President Wilson, 1254-1256, 1257-1259; taking over of ships, 1245-1246, 1256; suggested, 12

Former German and Austrian ships abroad, negotiations in China, 687-688, 689, 690-691, 693-694, 698-699, 703; in Siam, 689, 694-695, 698-699, 703, 713; in South America, 417-418; in Spain, 627

Neutral ships:

Negotiations and agreements:

Great Britain with Denmark, 835, 916-917, 951-952; with Nether-

Shipping cooperation—Continued.

Great Britain—Continued.

lands, 917, 1119-1120, 1122-1124, 1126-1128; with Norway, 916, 1058; with Spain, 1200; with Sweden, 917

United States with Denmark, 635, 636, 643, 1076-1077, 1101, 1103, 1105-1107; with Netherlands, 837, 1079, 1129-1135, 1138-1139, 1144, 1147, 1150, 1151-1153, 1154-1158; with Norway, 834, 1058, 1067; with Spain, 1220, 1230; with Sweden, 645, 651, 830, 832, 1020-1021, 1079, 1081, 1091-1092, 1094-1096, 1114-1115, 1151-1152, 1153

Pooling, question of, 380, 381-382, 408-404, 413-416, 421, 608, 609, 625-627, 635-637, 638-641, 642-645, 650-651

U.S. requisition of ships completed in U.S. yards on foreign order, 604-605

Uncompleted ships:

British, in U.S. yards, ownership, question of, 69-70, 598-599, 604-607, 613-617, 622-623, 812-813; request for speed in construction, 597, 617

French, in U.S. yards, proposal of French High Commissioner, 617-621; U.S. attitude, 623

U.S. requisition of all merchant ships under construction in U.S. yards, 613-616; British representations, 622-623; U.S. reply, 624-625; measure accepted by British, 633-634

Siam, negotiations for former German and Austrian ships, 694-695, 698-699, 703, 713

Sims, Admiral W. S.:

Departure for London, 8

Instructions of President Wilson, 117-118; reply and report of Admiral Sims, 124-126

Reports and recommendations, 23-25, 28-29, 34-35, 37-38, 46, 47, 60-61, 83

Socialist conferences. *See* Conference of German and Russian Socialists at Copenhagen and Conference of Socialists at Stockholm.

- Society of nations, French request for President Wilson's views on formation of, 140-141; President Wilson's reply, 153
- Spain (*see also* Financial cooperation, United States and Allied powers: Financial blockade of Central powers; Shipping cooperation, United States and Allied powers; Submarine warfare; Supplies procurement, United States and Allied powers; Trade regulation by Allied powers; *and* Trade regulation by United States):
- Internment of crews of German merchant ships, request, 1215, 1296, 1297-1299
- King of, intimation of German peace terms to Allied powers, 158
- Transmittal of German peace overtures to Great Britain, 226-227
- Submarine warfare:
- Activity in neutral waters and ports: acts of aggression, reports on, 1215, 1292-1293, 1293-1294, 1295; Allied representations, cooperation in, 1296, 1297, 1299-1300; internment, question of, in Argentina, 1297; in Spain, 1290-1291, 1292, 1294, 1295, 1296
- Counter-measures of Allied powers, success of, 83, 373
- Effect upon situation of Allied powers as revealed by Admiral Sims, 23-25, 28-29, 34-35, 37-38, 46, 47, 60-61, 83; by British Cabinet controversy, 118; by British Embassy in United States, 115, 607, 629-630; by German Chancellor, 169; by German Secretary of Navy, 62; by Italian Ambassador to United States, 632; by U.S. Ambassador at London, 46-47, 106-107, 111-112, 602-603; by U.S. Shipping Board representative, 410-412, 419-420; by U.S. War Mission, 371-372, 379
- German policy, 62, 135-136, 244-246, 264-265, 267, 291, 329
- Hospital ships, 29, 31
- Lusitania*, reference to sinking, 242-244
- Sukhomlinov confession and trial, 183, 185, 192
- Supplies procurement, United States and Allied powers (*see also* Financial cooperation, United States and Allied powers *and* Food cooperation, United States and Allied powers):
- Administrative organizations:
- Franco-American Purchasing Bureau, 1224-1225, 1227-1228
- Supplies procurement—Continued.
- Administrative organizations—Con.
- Inter-Allied Council on War Purchases and Finance. *See under* Financial cooperation, United States and Allied powers: Administrative organizations.
- Inter-Allied Munitions Council, proposed, 537-539
- Nitrate of Soda Executive: British proposal, 666-669; French, Italian, and Russian agreement, 669; participation of Japan, 675, 677; U.S. modifications and conditions, 670-673, 675-677; British concessions, 673-674; Nitrate Executive's concessions, 674-675, 677-678
- Purchasing Commission for Allies in United States: agreements of Allied governments, 565-568, 579, 581-582; delegation of food purchases to U.S. Food Administration, 657-658; U.S. proposal, 544, 546-547, 563; reply of Allied governments, 555-558
- Cooperative measures: agreement preventing export of silk and silk goods to Central powers, 1162, 1166-1167, 1169-1170, 1184-1185, 1197-1198; elimination of competition, question of, 67; nitrate agreement, formulated by Executive, 678-680, U.S. acceptance, 680-682; priorities in neutral nations, question of, 399; purchases in Spain and Switzerland for A.E.F., 1212-1214, 1216, 1217, 1218-1219, 1220, 1221, 1222, 1223-1226, 1227-1229; uniform prices for United States and Allied powers, question of, 74
- Needs of Allied powers, British statement, 13
- Supreme War Council. *See under* Military cooperation, United States and Allied powers.
- Sweden (*see also* Censorship; Financial cooperation, United States and Allied powers: Financial blockade of Central powers; Publicity and propaganda; Shipping cooperation, United States and Allied powers; Trade regulation by Allied powers; *and* Trade regulation by United States):
- Commercial delegation to United States, arrangements, 1017, 1038, 1041-1042; reports and suggestions, 1020-1021, 1022-1023

Sweden—Continued.

Conference of European neutrals at Stockholm, invitations issued for, 164

Conference of ministers of northern neutrals at Stockholm, 1018-1019

King of, meeting of Scandinavian kings at Christiania, 1066-1067, 1070-1071, 1071-1072, 1084, 1096-1100; visit to King of Denmark, 1064

Representation of interests of United States in Turkey, 35

Switzerland (*see also* Financial cooperation, United States and Allied powers: Financial blockade of Central powers; Supplies procurement, United States and Allied powers; Trade regulation by Allied powers; *and* Trade regulation by United States):

Conference of European neutrals at Stockholm, attitude, 164

Germany, commercial agreement with, 260; possibility of attack by, 1179-1180

Mission, special, to United States, 1167-1168, 1176-1177

Neutrality: Italian declaration of respect for, 755-756; U.S. declaration of respect for, 758; Swiss attitude and reply, 466, 758-759

Political situation, 466

Tardieu, André, arrival in United States, 65*n*, 76

Trade regulation by Allied powers (*see also* Shipping cooperation, United States and Allied powers *and* Trade regulation by United States):

Administrative organizations:

British Ministry of Blockade, U.S. cooperation, 604, 908

Bunker Committee, question of U.S. representation, 840

Committee for Restricting the Provisioning and Commerce of the Enemy, 817, 818-819; U.S. representation, 818, 820

Inter-Allied Blockade Committee, proposed, 953

Inter-Allied Bureau of Documentation, proposed, 953

Inter-Allied Commission at Berne, 405, 406-407; U.S. representation, 406, 996

Inter-Allied Commission of Supplies, 953

International Committee on Contingents, 405, 406, 817, 819; U.S. representation, 406, 819, 820, 988, 996, 1006-1007, 1160

Trade regulation—Continued.

Permanent International Committee of Economic Action, 817, 819-820; U.S. representation, 820, 882, 1006-1007

Permanent Technical Mission, proposed, 877; U.S. representation, 877, 878

Rationing Committee, 848; U.S. representation, 870

War Trade Statistical Department, 848, 863-865; U.S. representation, 870, 885, 892

Agreements with neutral nations:

Agreements and negotiations, Denmark, 914, 915, 948, 950, 1056; Netherlands, 914, 948, 950-951, 954-955, 1125-1126, 1135-1136, 1140, 1142-1143, 1153-1154; Norway, 914, 915, 948, 1016, 1052; Spain, 1199-1202, 1209, 1218, 1219; Sweden, 830-832, 915, 1032-1034; Switzerland, 1161, 1162-1163, 1171-1173; U.S. request for information on, 912-913; British replies, 920-922, 927-933

Consignment of goods to trustworthy societies in neutral nations, Allied practice, 819, 821-822, 825, 826, 953-954, 1016, 1171; U.S. cooperation urged, 827-828, 1003-1004, 1169

Effect in neutral nations of restrictive measures. *See under* Trade regulation by United States: Agreements with neutral nations.

Rationing of neutral nations: Allied practice, 822-825, 826-827, 847-849, 911, 949; U.S. attitude, 865-867, 908-910; U.S. cooperation requested, 886-891, 980-982

Black list: Allied practice, 825, 827, 846, 851-854, 857-858; U.S. attitude, 804, 806, 807, 808, 869, 883, 884, 885, 898; U.S. cooperation suggested, 851-854; withdrawal of names of U.S. firms, question of, 801-803, 807, 816-817, 873, 942, 946, 974, 980

Bunker coal control: "Bunkering Conditions," 811, 839, 840, 841-846, 849-850, 857-862; ships' black list, 840, 857-858, 860; ships' white list, 840, 842-843, 858-859, 860, 862; other control measures, 812, 839-840

Letters of assurance (navicerts), British practice, 804, 806, 849, 873, 877, 906, 929-930, 931-932, 984, 1043, 1052; U.S. attitude, 804, 867, 882, 906, 985-986, 988, 995, 1050

Trade regulation by United States (*see also* Shipping cooperation, United States and Allied powers *and* Trade regulation by Allied powers):

Administrative organizations:

Bureau of Foreign Agents, established, 971-973

Bureau of Foreign and Domestic Commerce, utilization of, 855-856

Exports Administrative Board, established August 21, 1927, 1007; powers and duties transferred to War Trade Board, October 12, 1964, 1008

Exports Control Committee, recommended, 799-801, 855-857

Exports Council, established June 22 and August 21, 883-884, 927

War Trade Board, established October 12, 1963-1965, 1008; agreement of December 5 with Swiss Government, 1185-1196; report for period ending December 31, 1007-1014

War Trade Committee, 799n, 801

War Trade Council, established October 12, 1965

Agreements with neutral nations:

Agreements of August 9 and September 4 between Swiss Federal Government and France, Great Britain, Italy, and the United States relative to silk and silk goods, 1172-1173, 1175-1176; agreement of December 5 between War Trade Board and Swiss Government in regard to exports from United States to Switzerland, 1185-1196, 1197

Commercial importance of neutral nations:

Trade with Central powers:

Denmark, 834-835, 848, 889, 890-891, 1023-1027, 1027-1028; Netherlands, 836-837, 888, 889, 890, 950, 951, 1118; Norway, 833, 887, 889, 890, 951, 1016, 1039; Sweden, 829, 890, 896, 951, 971, 1027-1028, 1029-1030, 1031, 1038-1039, 1041, 1042, 1047-1048, 1050-1051; Switzerland, 838; U.S. investigating force established, 971-973

Trade with United States and Allied powers: Denmark, 835-836, 890, 1025-1027; Netherlands, 837-838; Norway, 833-834, 887; Spain, 833; Sweden, 830-831, 890, 951

Trade regulation—Continued.

Commercial importance—Contd.

Arrangements for exchange of information with Allied powers, 863-865, 870, 878, 882-883, 885, 891-892, 905, 907, 911, 912, 913, 915, 947-951

Effect in neutral nations of restrictive measures imposed by United States and Allied powers:

British denial of likelihood of serious consequences, 892-898, 971, 1031-1032, 1039

Denmark, 274, 807, 976-977, 994, 1015, 1023-1027, 1037-1038, 1045-1046, 1051-1052, 1064

Joint responsibility of United States and Allied powers for restrictive measures, British attitude, 291, 976-978; U.S. attitude, 956, 960, 976-977

Netherlands, 314-315, 994, 1117-1118, 1135, 1147-1150

Norway, 834, 994, 1016-1017, 1039, 1054, 1083, 1111

Spain, 892

Sweden, 832, 892, 994, 1022-1023, 1036-1037, 1041, 1055, 1062

Switzerland, 405, 514, 956, 994, 1159-1160, 1162-1165, 1179-1180

Negotiations with—

Denmark, 402, 407, 408, 864, 880, 948, 976-977, 994, 1046, 1048, 1051, 1056, 1057-1058, 1059, 1060, 1063, 1064-1065, 1066, 1067, 1070, 1074-1077, 1078, 1080, 1081, 1102-1107, 1151; suggestions, 835-836, 880, 1015, 1026-1027, 1078, 1108-1110

Netherlands, 402-403, 407-408, 864, 880, 948, 994, 1011-1012, 1048, 1065, 1067, 1078, 1079-1080, 1081, 1120-1125, 1129-1135, 1136-1139, 1143-1144, 1151, 1155-1158; suggestions, 880, 1079-1080, 1118-1119, 1121-1122, 1125-1127, 1136, 1140-1141, 1142-1143, 1153-1154

Norway, 402, 408, 864, 880, 948, 986, 988, 994, 1011, 1048, 1050, 1053, 1058-1060, 1063, 1065-1066, 1067, 1068-1070, 1072-1074, 1078, 1081-1082, 1083, 1087-1091, 1110-1111, 1151; suggestions, 834, 880, 887, 1016-1017, 1028-1029, 1053, 1067, 1078, 1083, 1111, 1112-1113

Trade regulation—Continued.

Agreements—Continued.

Negotiations with—Continued.

Spain, 881, 1066, 1202-1212, 1214, 1215, 1216, 1217, 1218-1219, 1220, 1221, 1222, 1223, 1224, 1225-1226, 1227, 1228, 1229, 1230; suggestions, 832-833, 881, 1201-1202, 1203, 1204, 1207, 1209, 1212-1214, 1222-1223, 1224

Sweden, 403, 407-408, 864, 880-881, 994, 1011-1012, 1017-1018, 1021, 1038, 1040, 1041, 1042-1043, 1044-1045, 1047-1048, 1049, 1052, 1057, 1061-1063, 1065, 1067, 1071, 1078-1079, 1080, 1081, 1084-1087, 1091-1096, 1107, 1111, 1113-1115, 1151, 1243-1244; suggestions, 831-832, 880, 1017-1018, 1019-1020, 1028, 1030, 1034-1035, 1047, 1050-1051, 1053, 1061-1063, 1078-1079, 1080

Switzerland, 404-405, 406, 864, 948, 988, 994, 995, 1009-1010, 1065, 1066, 1162, 1167-1169, 1172-1173, 1175-1178, 1180-1197; suggestions, 838, 1160-1161, 1164-1165, 1169, 1171, 1181

Black list:

British suggestions, 802-803, 878, 902, 983-984

Enemy trading list of firms for Latin America: application, 1004-1005, 1007; instructions to consular officers, 997-1002, 1003; publication, 997, 1010

Trade with suspected firms, U.S. attitude, 853, 881, 884, 906-907, 911, 922-924, 963, 973, 1002

Bunker coal control: British suggestions, 811-812, 839-846, 850-851, 859, 861-862, 872, 874-876, 949; policy of United States, 867-869, 874-876, 958; suggestions of Herbert Hoover, 594-595; U.S. bunker license rules, 939

Exports control:

British suggestions, 802, 803, 810-811, 846, 849, 854-857, 872, 905-906, 928-929, 932-933

Exports licenses: establishment and scope, 903-905, 933-937, 945-946, 956-957, 962, 989-990; replacement of navicerts proposed, 984, 985-986, 988, 995; specific application to certain commodities, 949, 978-979, 1173-1175, to sailing vessels, 946-947, 957, 1006

Trade regulation—Continued.

Policy, U.S. statements and explanations of, 799-801, 806-807, 867, 873, 882, 885*n*, 886, 908-910, 919, 922-924, 937-938, 1009-1010, 1043, 1050, 1165-1166, 1168, 1199

Special restrictions on exports to—

Northern neutrals: application by United States, 939, 955, 962, 1051, British and French adherence, 950, 952-955; British attitude, 879, 962, 994; Chinese participation, Allied invitation for, 700, 705, U.S. attitude, 701; Christmas concessions, 1080, 1100-1102, 1115-1116; Italian attitude, 976; Russian protest, 961-962; suggestions of U.S. Minister in Norway, 1044; U.S. explanation of policy, 960-961, 974-976

Spain: application by United States, 1202-1203, 1206-1207, 1208, 1209-1210, 1214-1217, 1220, 1223, 1227, 1229, 1230; Spanish protests, 1210-1212; suggestions and recommendations, 1202, 1204, 1205-1206, 1207, 1208, 1209, 1212-1214, 1217, 1218, 1219, 1220-1223, 1224, 1225-1226, 1227-1228

Imports control: imports licenses, establishment and scope, 990-992, 1010; suggestions on, 982-983; U.S. explanation of policy, 992-993

Treaties, secret:

Russo-Japanese secret treaty of July 3, 1916, publication by Bolsheviks, 709-710; statement of Japan, 711

Secret agreements of Allied powers (1915-1917): discussions concerning existence, 18-19, 105-106, 110, 151, 157; partial revelation by France, 145, 155; publication by Bolsheviks, 327, 446-447, 455, German attitude, 330, 332, 462, 515; report of U.S. Special Agent at Cairo, 490-492; substance, 447; texts, 493-507; U.S. attitude, 493*n*, 494*n*

Turkey (*see also* Peace; Pope Benedict XV; and Publicity and propaganda):

Economic situation, 465

Germany, attitude toward, 449-450, 465, 514

Peace attitude, statements and reports on, 16-17, 121-122, 449-450

Political situation, 450, 465

Turkey—Continued.

Relations with United States, maintenance, 11, 18, possibility of war declaration, 446, 448-450, 451-454, 465, severance by Turkey, 35; with Greece, severance by Greece, 117

United States (*see also* Censorship; Diplomatic cooperation, United States and Allied powers; Financial cooperation, United States and Allied powers; Food cooperation, United States and Allied powers; Inter-Allied conferences; Military cooperation, United States and Allied powers; Naval cooperation, United States and Allied powers; Panama Canal; Peace; Pope Benedict XV; Publicity and propaganda; Shipping cooperation, United States and Allied powers; Submarine warfare; Supplies procurement, United States and Allied powers; Trade regulation by Allied powers; Trade regulation by United States; *and* Treaties, secret):

Alien Property Custodian, establishment and duties, 969-970

Armed merchant ships in neutral ports: inquiries concerning treatment, 1283-1285, 1286, 1287; replies of Argentina, 1288; of Chile, 1285, 1286, 1287-1288; of Colombia, 1287, 1288; of Ecuador, 1289; of Paraguay, 1288; of Peru, 1286-1287, 1289; of Venezuela, 1289

Armenian National Delegation, representation in United States, 795-796

Belgian manufacturers' restoration resolution, U.S. attitude, 321-322

China. *See* China.

Enemy aliens, treatment, 472*n*

Enemy property, treatment (*see also* Shipping cooperation, United States and Allied powers: Provision of tonnage: Employment of existing tonnage): Alien Property Custodian established, 969-970; property liquidation suggested, 902-903

Espionage Act, June 15, orders and proclamations issued under authorization of, 903-905, 933-937, 943-945, 963, 964, 966, 989-990

Greece, policy toward, 52, 81, 90

Inter-Allied Parliamentary Union, refusal to participate, 194

Missions abroad, special:

Anderson, Frank E. (Special Agent), mission in Europe: Arrangements, 209

United States—Continued.

Anderson, Frank E.—Contd.

Reports and suggestions, 249-250, 277, 454

Visit to Austria-Hungary: arrangements, 454, 461; report of interviews, 478-482; U.S. attitude, 458, 466-467, 492; U.S. Chargé in Switzerland, attitude, 461

Morgenthau-Frankfurter mission: Aims, 108, 121, 129; rumors concerning, 181-182, 194

Conference at Gibraltar, 109, 120-122

Departure from Spain for France, 127

President Wilson's comments and instructions, 129, 139; reply, 130-131

Return to United States, 131, 194

Naval mission at London, departure of Admiral Sims, 8; reports and recommendations, 23-25, 28-29, 34-35, 37-38, 46, 47, 60-61, 83

Root commission to Russia, 51, 63, 72, 130, 177, 726, 727

War Mission (November-December):

Aims, 295-296

Arrangements and arrival, 278, 295*n*, 298-299, 335-336

Conferences at London, 298-299, 304, 337-344, 392-395

Conferences at Paris, 317-318, 346-355, 395-400

German press comment, 315

Personnel, 334-335

Reports of mission, 334-445;

Colonel House, 334-357;

conference with British War

Cabinet, 366-384; Food Ad-

ministration representative

(Taylor), 423-431; Lloyd

George's speech, 358-366;

Navy Department representa-

tive (Benson), 384-386;

Shipping Board representa-

tive (Colby), 409-423;

Treasury Department representa-

tive (Colby), 392-400;

War Department representa-

tive (Bliss), 386-391;

War Industries Board representa-

tive (Perkins), 431-

445; War Trade Board representa-

tive (McCormick),

400-409

Return to United States, 355

Missions of foreign nations to United States. *See under individual nations.*

United States—Continued.

Navy, instructions governing maritime warfare, 799*n*

Neutrals, treatment of, German comments, 314-315

Palestine, suggestion of United States as protecting power, 483

Peace:

Attitude, statements and reports on, 160, 177-179, 183, 299-300, 326

Proposals: Conference of Socialists at Stockholm, attitude, 739-740, 742-747, 751, 752, 754-755; conferences at Berne and Geneva under auspices of pacifist organization at The Hague, attitude, 311; overtures by Germany through agent in Switzerland, attitude, 327; overtures by Germany through agent in Netherlands, attitude, 474

Polish affairs. *See* Polish affairs.

Political affairs in foreign nations, information requested, 140

Preparation for entrance into war, arrangements for suggestions and information, 3-10

President. *See* Wilson, Woodrow.

Probable delegates to peace conference at close of war, information requested, 321

Relations with—

Austria-Hungary, severance, 15-16

Bulgaria: Bulgarian attitude, 67; U.S. policy, 446, 450-454, 465-466; war declaration urged by Balkan states, 476-477

Turkey: interests intrusted to Sweden, 35; maintenance, 11, 13; severance by Turkey, 35; U.S. policy, 129, 304, 446, 448-450, 451-454

Rumania. *See* Rumania.

Secret agreements of Allied powers, information requested, 151

Swiss neutrality, declaration of respect for, 755-756, 758; Allied attitude, 756-758; Swiss attitude and reply, 466, 758-759

Trading with the Enemy Act, October 6, orders and proclamations issued under authorization of, 963-970, 990-993, 997-1002, 1010-1011, 1242-1243

U.S. Food Administration. *See* under Food cooperation, United States and Allied powers: Administrative organizations.

U.S. Shipping Board. *See* under Shipping cooperation, United States and Allied powers: Administrative organizations.

United States—Continued.

U.S. Shipping Board Emergency Fleet Corporation. *See* under Shipping cooperation, United States and Allied powers: Administrative organizations.

War with Austria-Hungary and Germany:

Aims, statements and reports on, 72-73, 76, 80, 81, 82, 87, 89, 104-106, 328, 331, 462

Declaration of war with Austria-Hungary, December 7, 446, 459, 470-471, 472, 473, urged, 282, 286, 288, 298, 302, 333-334; with Germany, April 6, 11

Effectiveness of U.S. participation, German press comments, 37, 65, 86, 92-93, 215, 291

Venezuela, attitude toward U.S. armed merchant ships, 1289

Visit and search, 799*n*

War Trade Board. *See* under Trade regulation by United States: Administrative organizations.

War Trade Committee. *See* under Trade regulation by United States: Administrative organizations.

War Trade Council. *See* under Trade regulation by United States: Administrative organizations.

War Trade Statistical Department. *See* under Trade regulation by Allied powers: Administrative organizations.

Westwego (American steamer), encounter with submarines denied by Germany, 206

Wilson, Woodrow:

Addresses:

Flag Day address, June 14, 96-100

Message to Congress, December 4, recommending war with Austria-Hungary, 446; reception in Germany, 467-469; reception in Great Britain, 454-455

Executive orders: empowering Shipping Board and Emergency Fleet Corporation to acquire and control ships (July 11), 603-604; establishing cable, telegraph, and telephone censorship (April 28), 1233-1234; establishing Exports Council (June 22), 883-884; establishing Exports Council and Exports Administrative Board (August 21), 926-927; establishing War Trade Board, and taking other measures under authority of Espionage and Trading with the Enemy Acts (October 12), 963-970, 1242-1243; seizing and uti-

Wilson, Woodrow—Continued.

Executive orders—Continued.

lizing enemy vessels in U.S. ports (May 14, 16, 22, June 30), 1254-1256, 1257-1259; taking over control of radio stations (April 6), 1230-1231

Instructions to—

Admiral Sims, criticizing British naval policy, 117-118

Chairman McCormick of War Trade Board, 986

Colonel House, on Supreme War Council, 308, 331; on war aims resolution, 331; on wheat negotiations, 308

Special Agent Morgenthau, 129, 139

Message to Russian Provisional Government on U.S. war aims, May 22, 72-73; arrangements for publication, 80

Proclamations, further restricting exports (August 27), 933-937:

Wilson, Woodrow—Continued.

Proclamations—Continued.

further restricting exports (November 28), 989-990; requiring licenses for certain imports (November 28), 990-992; restricting exports (July 9), 903-905; restricting exports of coin, bullion, and currency (September 7), 943-945; state of war with Austria-Hungary, 472ⁿ

Remarks on reception of Norwegian Special Minister, 1036; of Rumanian Minister, 737-738

Reply to Pope's appeal for peace, 177-179

Society of nations, views on organization of, 153

Statements concerning U.S. exports control policy, 885ⁿ, 886, 937-938

Yugoslavia, mission to United States proposed by committee in London, 208, 223-224, 278; U.S. attitude, 215





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